

AVK Plast A/S

Øster Vedsted Vej 26
6760 Ribe
CVR No. 78205628

Annual report 01.10.2020 - 30.09.2021

The Annual General Meeting adopted the
annual report on 15.11.2021

Knud Flemming Madsen
Chairman of the General Meeting

Contents

Entity details	2
Statement by Management	3
Independent auditor's report	4
Management commentary	7
Income statement for 2020/21	9
Balance sheet at 30.09.2021	10
Statement of changes in equity for 2020/21	12
Notes	13
Accounting policies	16

Entity details

Entity

AVK Plast A/S

Øster Vedsted Vej 26

6760 Ribe

Business Registration No.: 78205628

Registered office: Esbjerg

Financial year: 01.10.2020 - 30.09.2021

Board of Directors

Knud Flemming Madsen, Chairman

Poul Erik Olesen Schmidt

Søren Kjær

Arnoldus Franciscus Cornelis Kanters

Executive Board

Claus Koch Jensen, Managing Director

Deloitte Statsautoriseret Revisionspartnerselskab

City Tower, Værkmestergade 2

8000 Aarhus C

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of AVK Plast A/S for the financial year 01.10.2020 - 30.09.2021.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 30.09.2021 and of the results of its operations for the financial year 01.10.2020 - 30.09.2021.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Ribe, 15.11.2021

Executive Board

Claus Koch Jensen
Managing Director

Board of Directors

Knud Flemming Madsen
Chairman

Poul Erik Olesen Schmidt

Søren Kjær

Arnoldus Franciscus Cornelis Kanters

Independent auditor's report

To the shareholder of AVK Plast A/S

Opinion

We have audited the financial statements of AVK Plast A/S for the financial year 01.10.2020 - 30.09.2021, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 30.09.2021 and of the results of its operations for the financial year 01.10.2020 - 30.09.2021 in accordance with the Danish Financial Statements Act.

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 financial statements" section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with 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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity 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 about 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 the 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 these financial statements.

As part of an audit conducted in accordance with ISAs and the 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.
- 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 Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, 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 commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary 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 commentary.

Aarhus, 15.11.2021

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Henrik Vedel

State Authorised Public Accountant
Identification No (MNE) mne10052

Søren Marquart Alsen

State Authorised Public Accountant
Identification No (MNE) mne40040

Management commentary

Financial highlights

	2020/21	2019/20	2018/19	2017/18	2016/17
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Key figures					
Gross profit/loss	42,549	33,892	37,238	32,143	26,145
Operating profit/loss	7,527	2,329	3,867	2,814	2,173
Net financials	(205)	(223)	(465)	(474)	(517)
Profit/loss for the year	5,702	1,638	2,645	1,824	1,292
Total assets	76,896	69,540	70,574	82,947	58,210
Investments in property, plant and equipment	2,498	1,284	4,710	15,195	2,103
Equity	28,542	30,340	28,702	26,057	24,232
Ratios					
Return on equity (%)	19.37	5.55	9.66	7.25	5.48
Equity ratio (%)	37.12	43.63	40.67	31.41	41.63

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

Return on equity (%):

Profit/loss for the year * 100

Average equity

Equity ratio (%):

Equity * 100

Total assets

Primary activities

The company's principal activities comprise manufacture, secondary operation and finishing and sale of plastic products to the Industry.

The manufacture comprises mainly plastic moulding of very different plastic products in machines with clamp forces from 35 to 2,700 tonnes. The products are manufactured and sold with and with-out secondary operation and finishing.

The secondary operation and finishing comprises typically assembly work where, for example, plastic products and components are assembled to semi-products or finished products and are then delivered/sold.

The company has its own moulding facility which, besides dealing with maintenance work, manufactures and sells moulds and tools to its customers.

Development in activities and finances

Profit before taxes amounts to DKK 7,3 million and gross profit amounts to DKK 42,5 million.

AVK Plast A/S is certified according to the ISO 9001:2015 and ISO 14001:2015 standards. Advanced Product Quality Planning (APQP) has been implemented, including i.a. PPAP, FMEA, PSC and MSA.

Profit/loss for the year in relation to expected developments

The result is better than expected and the management consider it as satisfactory.

Outlook

Management expects an increase in revenue in 2021/22 and thus also an improved result, which is expected to be around DKK 6-8 million.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Income statement for 2020/21

	Notes	2020/21 DKK	2019/20 DKK
Gross profit/loss		42,549,271	33,892,096
Staff costs	1	(28,733,333)	(25,387,082)
Depreciation, amortisation and impairment losses		(6,288,663)	(6,176,161)
Operating profit/loss		7,527,275	2,328,853
Other financial income		109,099	116,317
Other financial expenses		(314,499)	(339,278)
Profit/loss before tax		7,321,875	2,105,892
Tax on profit/loss for the year	2	(1,619,696)	(468,182)
Profit/loss for the year	3	5,702,179	1,637,710

Balance sheet at 30.09.2021

Assets

	Notes	2020/21 DKK	2019/20 DKK
Acquired intangible assets		100,365	168,179
Intangible assets	4	100,365	168,179
Plant and machinery		29,419,160	32,963,363
Other fixtures and fittings, tools and equipment		0	0
Leasehold improvements		1,082,937	1,323,106
Property, plant and equipment	5	30,502,097	34,286,469
Receivables from group enterprises		500,000	500,000
Financial assets	6	500,000	500,000
Fixed assets		31,102,462	34,954,648
Raw materials and consumables		15,528,746	7,558,144
Work in progress		3,201,251	1,955,636
Manufactured goods and goods for resale		5,611,696	4,870,866
Inventories		24,341,693	14,384,646
Trade receivables		11,400,224	7,049,895
Contract work in progress		877,432	1,107,576
Receivables from group enterprises		8,295,873	11,177,796
Other receivables		524,474	521,466
Prepayments	7	349,159	341,196
Receivables		21,447,162	20,197,929
Cash		5,149	2,995
Current assets		45,794,004	34,585,570
Assets		76,896,466	69,540,218

Equity and liabilities

	Notes	2020/21 DKK	2019/20 DKK
Contributed capital		500,000	500,000
Retained earnings		28,042,005	29,839,826
Equity		28,542,005	30,339,826
Deferred tax	8	607,823	611,717
Provisions		607,823	611,717
Lease liabilities		19,999,083	23,046,151
Other payables		3,369,504	0
Non-current liabilities other than provisions	9	23,368,587	23,046,151
Current portion of non-current liabilities other than provisions	9	3,951,467	3,747,016
Prepayments received from customers		111,252	0
Trade payables		8,545,598	3,097,800
Payables to group enterprises		2,071,791	206,774
Joint taxation contribution payable		1,623,589	674,739
Other payables		8,074,354	7,816,195
Current liabilities other than provisions		24,378,051	15,542,524
Liabilities other than provisions		47,746,638	38,588,675
Equity and liabilities		76,896,466	69,540,218
Unrecognised rental and lease commitments	10		
Contingent liabilities	11		
Related parties with controlling interest	12		
Transactions with related parties	13		
Group relations	14		

Statement of changes in equity for 2020/21

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	500,000	29,839,826	30,339,826
Extraordinary dividend paid	0	(7,500,000)	(7,500,000)
Profit/loss for the year	0	5,702,179	5,702,179
Equity end of year	500,000	28,042,005	28,542,005

Notes

1 Staff costs

	2020/21 DKK	2019/20 DKK
Wages and salaries	24,406,072	21,354,557
Pension costs	3,176,545	3,026,142
Other social security costs	612,081	484,389
Other staff costs	538,635	521,994
	28,733,333	25,387,082
Average number of full-time employees	64	55

Referring to section 98b(3) of the Danish Financial Statements act, remuneration of management is not stated.

2 Tax on profit/loss for the year

	2020/21 DKK	2019/20 DKK
Current tax	1,623,590	674,740
Change in deferred tax	(3,894)	(206,558)
	1,619,696	468,182

3 Proposed distribution of profit and loss

	2020/21 DKK	2019/20 DKK
Retained earnings	5,702,179	1,637,710
	5,702,179	1,637,710

4 Intangible assets

	Acquired intangible assets DKK
Cost beginning of year	1,219,846
Cost end of year	1,219,846
Amortisation and impairment losses beginning of year	(1,051,667)
Amortisation for the year	(67,814)
Amortisation and impairment losses end of year	(1,119,481)
Carrying amount end of year	100,365

5 Property, plant and equipment

	Plant and machinery DKK	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
Cost beginning of year	61,465,067	24,999	2,491,908
Additions	2,497,736	0	0
Disposals	(54,800)	0	0
Cost end of year	63,908,003	24,999	2,491,908
Depreciation and impairment losses beginning of year	(28,501,704)	(24,999)	(1,168,802)
Depreciation for the year	(5,987,139)	0	(240,169)
Depreciation and impairment losses end of year	(34,488,843)	(24,999)	(1,408,971)
Carrying amount end of year	29,419,160	0	1,082,937
Recognised assets not owned by entity	21,930,272	0	0

6 Financial assets

	Receivables from group enterprises DKK
Cost beginning of year	500,000
Cost end of year	500,000
Carrying amount end of year	500,000

7 Prepayments

Prepayments comprise incurred costs relating to subsequent financial years.

8 Deferred tax

	2020/21 DKK	2019/20 DKK
Intangible assets	22,080	36,999
Property, plant and equipment	60,128	164,594
Inventories	448,800	335,060
Receivables	76,815	75,064
Deferred tax	607,823	611,717
	2020/21 DKK	2019/20 DKK
Changes during the year		
Beginning of year	611,717	818,275
Recognised in the income statement	(3,894)	(206,558)
End of year	607,823	611,717

9 Non-current liabilities other than provisions

	Due within 12 months 2020/21 DKK	Due within 12 months 2019/20 DKK	Due after more than 12 months 2020/21 DKK	Outstanding after 5 years 2020/21 DKK
Lease liabilities	3,951,467	3,747,016	19,999,083	5,189,255
Other payables	0	0	3,369,504	0
	3,951,467	3,747,016	23,368,587	5,189,255

10 Unrecognised rental and lease commitments

	2020/21 DKK	2019/20 DKK
Liabilities under rental or lease agreements until maturity in total	785,000	953,000
Liabilities under rental agreements or leases with group enterprises until expiry	1,542,000	1,469,000

11 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where Anpartsselskabet ASX af 28. August 2014 serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

12 Related parties with controlling interest

AVK Plastics BV, Netherlands holds all shares in AVK Plast A/S and so it has controlling interest.

The majority owner of the shares in Anpartsselskabet ASX af 28. august 2014 is Niels Aage Kjær.

13 Transactions with related parties

Only related party transactions not conducted on an arm's length basis are disclosed in the annual report. No such transactions have been conducted in the financial year.

14 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:
Anpartsselskabet ASX af 28. August 2014, Silkeborg

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
AVK Holding A/S, Skanderborg

Accounting policies

Reporting class

This annual report has been prepared in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

The accounting policies applied to these financial statements are consistent with those applied last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses. Plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories of finished goods and work in progress, other operating income, cost of raw materials and consumables and external expenses.

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Contract work in progress is included in revenue based on the cost price (billing method).

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities, including rental income and gains from the sale of intangible assets and property, plant and equipment.

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs

Staff costs comprise salaries and wages, and social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of intangible assets and property, plant and equipment.

Other financial income

Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, payables and transactions in foreign currencies, amortisation of financial assets, and tax relief under the DanishTax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities, and tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Entity is jointly taxed with all Danish group enterprises. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Intellectual property rights etc

Intellectual property rights etc comprise development projects completed and acquired intellectual property rights.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised on a straight-line basis over their remaining duration, and licences are amortised over the term of the agreement, but over no more than 20 years.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

Plant and machinery, and other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. For assets held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Plant and machinery	5-10 years
Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	5-10 years

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value, less writedowns for bad and doubtful debts.

Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation of and impairment losses relating to machinery, factory buildings and equipment used in the manufacturing process, and costs of factory administration and management. Finance costs are not included in cost.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Contract work in progress

Contract work in progress is measured at the cost price of the work carried out at the balance sheet date.

Revenue and expenses regarding the contract work is recognised in the income statement when delivery is made and risk has passed to the buyer.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Lease liabilities

Lease liabilities relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease liabilities are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

Operating leases

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

Joint taxation contributions payable or receivable

Current joint taxation contributions receivable or joint taxation contributions payable are recognised in the balance sheet, calculated as tax computed on the taxable income of the year, which has been adjusted for prepaid tax. For tax losses, joint taxation contributions receivable are only recognised if such losses are expected to be used under the joint taxation arrangement.

Cash flow statement

Referring to section 86 (4) of the Danish Financial Statements Act, AVK Plast A/S has not prepared any cash flow statements, given that there are cash flow statements in the consolidated financial statement of AVK Holding A/S.