

AVK Plast A/S

Øster Vedsted Vej 26 A
6760 Ribe
CVR No. 78205628

Annual report 01.10.2019 - 30.09.2020

The Annual General Meeting adopted the
annual report on 10.11.2020

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 2019/20	9
Balance sheet at 30.09.2020	10
Statement of changes in equity for 2019/20	12
Notes	13
Accounting policies	17

Entity details

Entity

AVK Plast A/S

Øster Vedsted Vej 26 A

6760 Ribe

CVR No.: 78205628

Registered office: Esbjerg

Financial year: 01.10.2019 - 30.09.2020

Board of Directors

Knud Flemming Madsen, Chairman

Poul Erik Olesen Schmidt

Arnoldus Franciscus Cornelis Kanters

Søren Kjær

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 01.10.2019 - 30.09.2020.

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 30.09.2020 and of the results of its operations for the financial year 01.10.2019 - 30.09.2020.

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, 10.11.2020

Executive Board

Claus Koch Jensen

Managing Director

Board of Directors

Knud Flemming Madsen

Chairman

Poul Erik Olesen Schmidt

Arnoldus Franciscus Cornelis Kanters

Søren Kjær

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 01.10.2019 - 30.09.2020, 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 30.09.2020 and of the results of its operations for the financial year 01.10.2019 - 30.09.2020 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, 10.11.2020

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Søren Alsen Lauridsen

State Authorised Public Accountant
Identification No (MNE) mne40040

Management commentary

Financial highlights

	2019/20	2018/19	2017/18	2016/17	2015/16
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Key figures					
Gross profit/loss	33,892	37,539	33,041	27,169	25,805
Operating profit/loss	2,329	3,867	2,814	2,173	588
Net financials	(223)	(465)	(474)	(517)	(348)
Profit/loss for the year	1,638	2,645	1,824	1,292	186
Total assets	69,540	70,574	82,947	58,210	56,700
Investments in property, plant and equipment	1,284	4,710	15,195	2,103	11,469
Equity	30,340	28,702	26,057	24,232	22,941
Ratios					
Return on equity (%)	5.55	9.66	7.25	5.48	0,8
Equity ratio (%)	43.63	40.67	31.41	41.63	40.46

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 2,1 million and gross profit amounts to DKK 33,9 million. The result is lower than expected but taking the corona situation into account the management consider it as satisfactory.

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.

Outlook

Management expects an increase in revenue in 2020/21 and thus also an improved result, which is expected to be around DKK 4 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 2019/20

	Notes	2019/20 DKK	2018/19 DKK
Gross profit/loss		33,892,096	37,539,145
Staff costs	1	(25,387,082)	(27,464,584)
Depreciation, amortisation and impairment losses		(6,176,161)	(6,207,906)
Operating profit/loss		2,328,853	3,866,655
Other financial income		116,317	24,159
Other financial expenses		(339,278)	(488,992)
Profit/loss before tax		2,105,892	3,401,822
Tax on profit/loss for the year	2	(468,182)	(756,489)
Profit/loss for the year	3	1,637,710	2,645,333

Balance sheet at 30.09.2020

Assets

	Notes	2019/20 DKK	2018/19 DKK
Acquired intangible assets		168,179	51,670
Intangible assets	4	168,179	51,670
Plant and machinery		32,963,363	37,664,880
Other fixtures and fittings, tools and equipment		0	0
Leasehold improvements		1,323,106	1,572,297
Property, plant and equipment	5	34,286,469	39,237,177
Receivables from group enterprises		500,000	500,000
Other financial assets	6	500,000	500,000
Fixed assets		34,954,648	39,788,847
Raw materials and consumables		7,558,144	8,636,977
Work in progress		1,955,636	2,130,934
Manufactured goods and goods for resale		4,870,866	4,851,310
Inventories		14,384,646	15,619,221
Trade receivables		7,049,895	11,455,533
Contract work in progress		1,107,576	272,297
Receivables from group enterprises		11,177,796	2,401,596
Other receivables		521,466	663,660
Prepayments	7	341,196	367,199
Receivables		20,197,929	15,160,285
Cash		2,995	5,432
Current assets		34,585,570	30,784,938
Assets		69,540,218	70,573,785

Equity and liabilities

	Notes	2019/20 DKK	2018/19 DKK
Contributed capital		500,000	500,000
Retained earnings		29,839,826	28,202,116
Equity		30,339,826	28,702,116
Deferred tax	8	611,717	818,275
Provisions		611,717	818,275
Finance lease liabilities		23,046,151	25,880,859
Non-current liabilities other than provisions	9	23,046,151	25,880,859
Current portion of non-current liabilities other than provisions	9	3,747,016	3,584,411
Trade payables		3,097,800	4,517,946
Payables to group enterprises		206,774	1,774,847
Joint taxation contribution payable		674,739	878,607
Other payables		7,816,195	4,416,724
Current liabilities other than provisions		15,542,524	15,172,535
Liabilities other than provisions		38,588,675	41,053,394
Equity and liabilities		69,540,218	70,573,785
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 2019/20

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	500,000	28,202,116	28,702,116
Profit/loss for the year	0	1,637,710	1,637,710
Equity end of year	500,000	29,839,826	30,339,826

Notes

1 Staff costs

	2019/20 DKK	2018/19 DKK
Wages and salaries	21,354,557	22,852,410
Pension costs	3,026,142	3,220,205
Other social security costs	484,389	600,264
Other staff costs	521,994	791,705
	25,387,082	27,464,584

Average number of full-time employees	55	55
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	Remuneration of management 2019/20 DKK	Remuneration of management 2018/19 DKK
Executive Board	160,000	0
Board of Directors	1,176,377	0
Total amount for management categories	0	1,564,489
	1,336,377	1,564,489

2 Tax on profit/loss for the year

	2019/20 DKK	2018/19 DKK
Current tax	674,740	878,607
Change in deferred tax	(206,558)	(122,118)
	468,182	756,489

3 Proposed distribution of profit and loss

	2019/20 DKK	2018/19 DKK
Retained earnings	1,637,710	2,645,333
	1,637,710	2,645,333

4 Intangible assets

	Acquired intangible assets DKK
Cost beginning of year	1,045,260
Additions	174,586
Cost end of year	1,219,846
Amortisation and impairment losses beginning of year	(993,590)
Amortisation for the year	(58,077)
Amortisation and impairment losses end of year	(1,051,667)
Carrying amount end of year	168,179

5 Property, plant and equipment

	Plant and machinery DKK	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
Cost beginning of year	60,428,298	24,999	2,491,908
Additions	1,283,669	0	0
Disposals	(246,900)	0	0
Cost end of year	61,465,067	24,999	2,491,908
Depreciation and impairment losses beginning of year	(22,763,418)	(24,999)	(919,611)
Depreciation for the year	(5,927,183)	0	(249,191)
Reversal regarding disposals	188,897	0	0
Depreciation and impairment losses end of year	(28,501,704)	(24,999)	(1,168,802)
Carrying amount end of year	32,963,363	0	1,323,106
Recognised assets not owned by entity	24,672,468	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

	2019/20	2018/19
	DKK	DKK
Intangible assets	36,999	11,367
Property, plant and equipment	164,594	461,450
Inventories	335,060	297,220
Receivables	75,064	48,238
Deferred tax	611,717	818,275

	2019/20	2018/19
	DKK	DKK
Changes during the year		
Beginning of year	818,275	940,393
Recognised in the income statement	(206,558)	(122,118)
End of year	611,717	818,275

9 Non-current liabilities other than provisions

	Due within 12	Due within 12	Due after	Outstanding
	months	months	more than 12	after 5 years
	2019/20	2018/19	2019/20	2019/20
	DKK	DKK	DKK	DKK
Finance lease liabilities	3,747,016	3,584,411	23,046,151	7,391,974
	3,747,016	3,584,411	23,046,151	7,391,974

10 Unrecognised rental and lease commitments

	2019/20	2018/19
	DKK	DKK
Liabilities under rental or lease agreements until maturity in total	953,000	541,000
Liabilities under rental agreements or leases with group enterprises until expiry	1,469,000	1,437,000

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 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 stage of completion so that revenue corresponds to the selling price of the performed in the financial year (the percentage-of-completion 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 Danish Tax 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.

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.

Finance lease liabilities

Lease commitments 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 commitments 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.

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.