

**EXPECT
GLOBAL LEADERSHIP**



FINANCIAL REPORT

2022/23

Main activities

The AVK Group is divided into three main business units: AVK Water, AVK Industrial and AVK Advanced Manufacturing. AVK Water is serving the markets of water and gas supply, sewage, and fire protection with an extensive product range of valves, hydrants, and accessories. AVK Industrial is built upon companies with strong niche positions with valve solution into industrial water treatment in segments as power generation, oil & gas, the marine sector, pulp and paper, mining, the chemical industry, and air separation. Advanced Manufacturing comprises companies supplying rubber, plastic, and metal components to both companies within the AVK Group and external customers in various industries including food, transport, and wind energy.

Production and sales take place via the AVK Group's network of more than 100 companies in 38 countries across Europe, the Middle East, North and South America, Australia, Asia, and Africa.

Development of key financial figures

The net sales amounted to DKK 7,9 billion in 2022/23, which is a growth of 4,7% from the previous year. Sales growth was achieved across all three business units, but many markets were impacted by a slowdown in the economic activity following a period during covid-19 and just after with a high activity level, not least in Europe and North America. A further negative impact came from stock reductions at customers after the supply chain disruptions the year before. Cost prices on materials etc. were more stable in the year and the inflationary impact on the net turnover was limited compared to the previous year.

The operating profit amounted to DKK 775 million, a 5,4% increase from the profit of 2021/22. The operating margin improved slightly to 9,8% with the normalisation of the supply chains, more stability in prices and the continued effort to improve the business operations based on lean, investments in automation and product development. The lower sales in more markets had a negative impact on the profit margin.

The investments in fixed assets continued at a high level during the year and amounted to DKK 343 million with further expansion and optimisation of production capacity in more countries, product development as well as extension and roll-out of the Group's IT platform and digital solutions. An increasing share of the investments are related to saving energy and reducing the CO₂ impact of AVK.

Expected AVK Group development

At the beginning of October, AVK completed the acquisition of the former Talis companies Bayard (France) and Belgicast (Spain) along with their subsidiaries in Italy, Portugal, and China, which follows the acquisition last year of Talis UK (now Atlantic Plastics). The acquisition of Bayard and Belgicast will contribute positive to the sales growth in 2023/24 and strengthen AVK in AVK Water's core business with their broad product range, market position in especially Southern Europe and the desalination market.

AVK will continue to focus on growing our business within all three business units. Overall, the turnover is expected to develop positive with a growth rate well above 10%, mostly driven by volume growth as inflation subsides. A more positive market outlook for many markets in Asia including the Middle East will help growth, but we still expect headwinds from the general economy in Europe. AVK will continue to invest in both new market development, products and operational improvements, and a high level of investment is again expected, which will help the Group to gain further market shares and support positive sales development. The profit is expected to develop positively with the growth in sales.

AVK supports the UN Sustainable Development Goals, and we have special focus on the goal related to clean water and sanitation (SDG 6). A reduction of CO₂-emission and sustainable solutions are getting more and more attention on the political agenda all over the world, and AVK is fully conscious of its responsibility and possible contributions. AVK's products already contribute greatly to a lower CO₂ footprint through reduction of water loss (less energy consumed) and recycling of materials for both the metal and plastics products of the Group. The increased attention to sustainability is considered a growth factor for the Group.

In AVK Water, the strong need of improving the water supply network and waste water treatment to fulfil the ambition of clean water and sanitation for all people in the world secures the AVK Group a strong platform for continuous growth. Smart products, that allow for better management and control of the water supply, will play a growing role in the product and service offer that reduces the leakage of water and the related energy consumption.

AVK Industrial is expanding into more markets with a strong combined product offer and will benefit from the increased consumption of electricity, which requires investments in transformers and semiconducting industry.

AVK Manufacturing is growing in plastic products based on recycled materials, which include pallets as well as service boxes for valves and hydrants.

We maintain the long-term ambition of an annual growth rate of 10%, which includes acquisitions contributing both with new market opportunities and expanding of the Group's product range.

The roll-out and implementation of Lean tools to improve customer service and optimise operations continue across the AVK Group, and most operational companies now benefit from these tools.

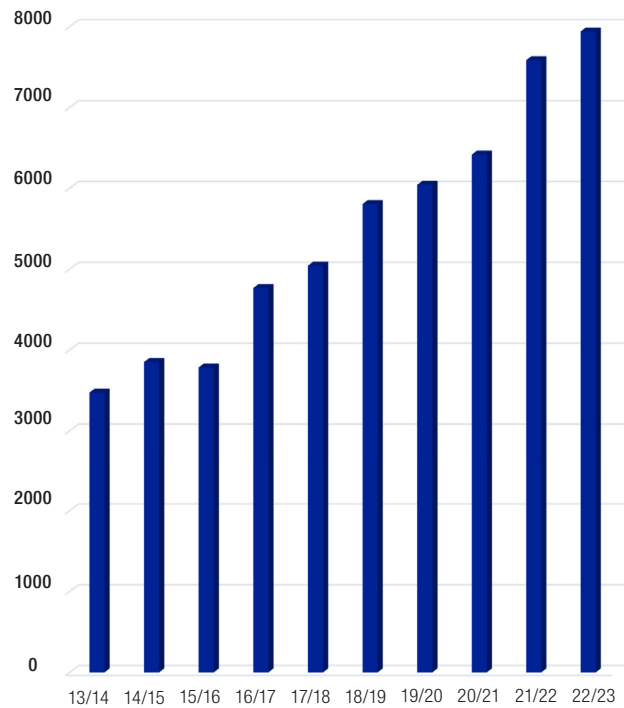
Digital solutions will have an increasing significance on the Group's interaction with and service to customers, and in addition contribute to the optimisation of the Group's supply chain and internal processes.

Overall, a positive development is expected for the Group in the coming year.

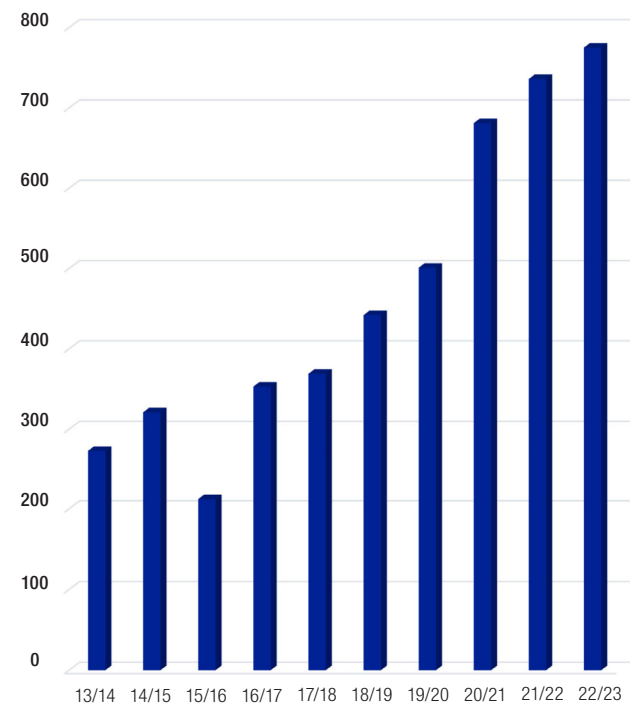
KEY FIGURES

2022/23

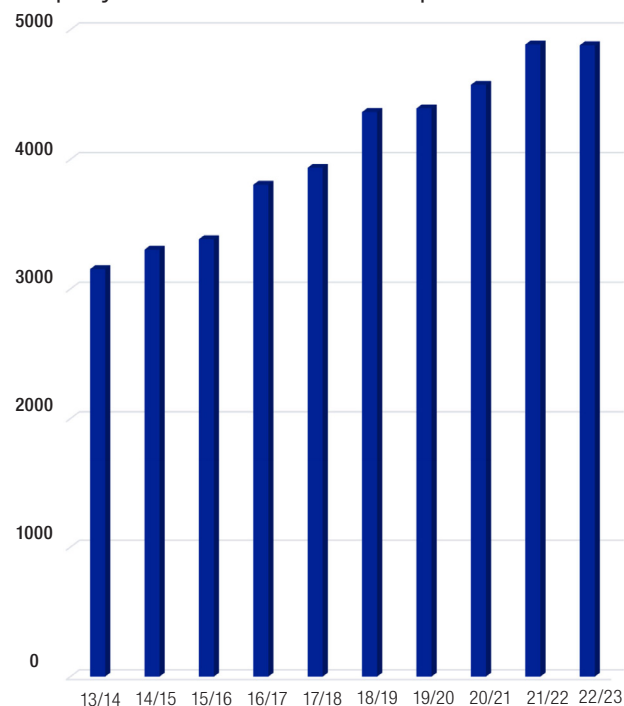
Net sales - million DKK



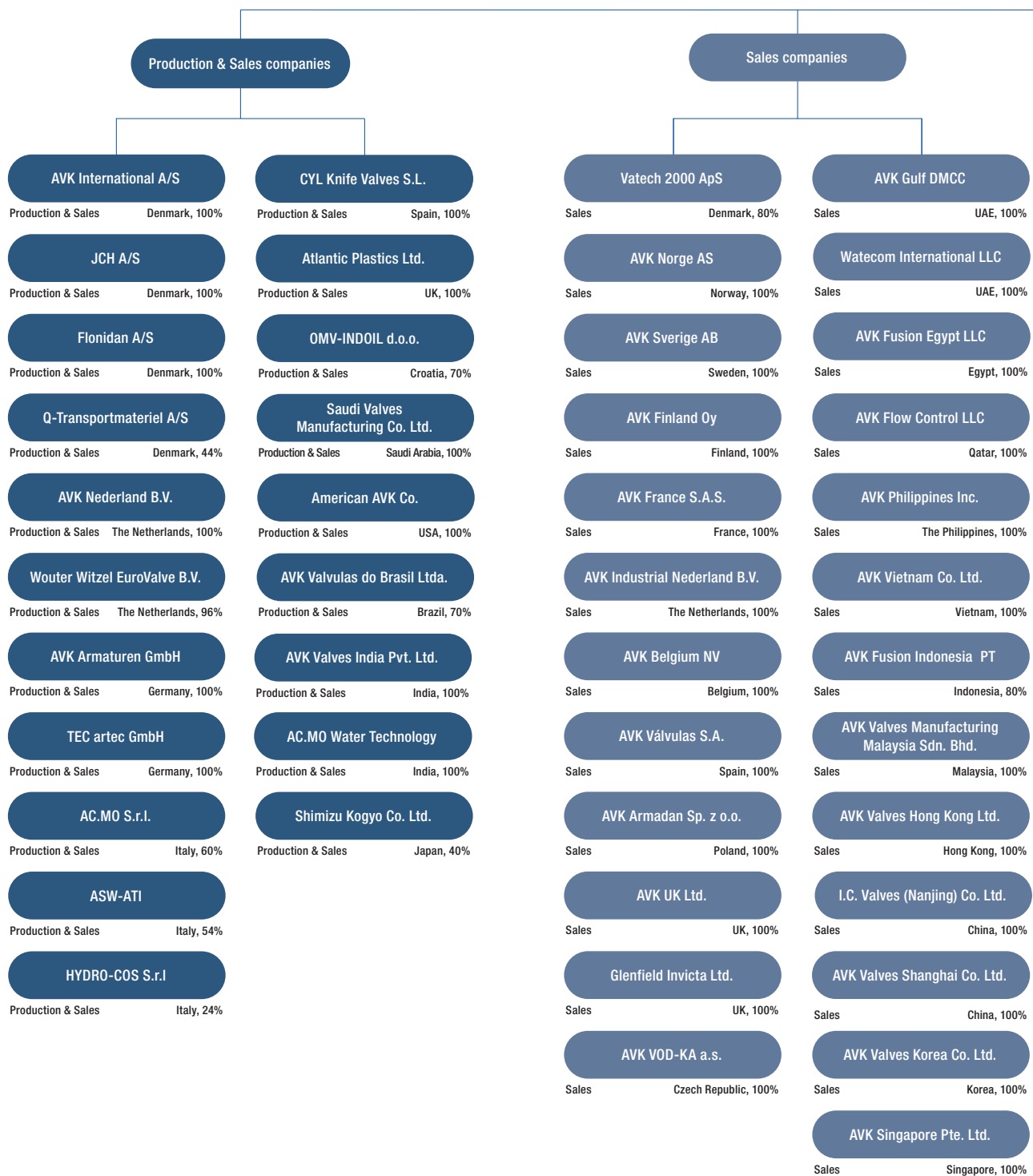
Operating profit - million DKK



Employees in the AVK Group



THE AVK GROUP OF COMPANIES



AVK Holding A/S

Production companies

AVK Polska Sp. z o.o.

Production Poland, 100%

AVK Haut Marnaise S.A.S.

Production France, 100%

Aqua-Gas Manufacturing Ltd.

Production UK, 100%

Bryan Donkin Valves Ltd.

Production UK, 100%

AVK Syddal Ltd.

Production UK, 100%

OMV-INDOIL Bosnia d.o.o.

Production Bosnia, 70%

AVK Valves Anhui Co., Ltd.

Production China, 100%

AVK Advanced Castings Anhui Co. Ltd.

Production China, 100%

Furnes Group

Furnes Jernstøperi AS

Production & Sales Norway, 51%

Randers Jernstøberi A/S

Sales Denmark, 51%

Southern Africa Group

AVK Valves Southern Africa Pty. Ltd.

Sales South Africa, 98%

Premier Valves Mining Pty. Ltd.

Sales South Africa, 48%

AVK Industrial Pty. Ltd.

Sales South Africa, 48%

Zenzele Valves Manufacturing

Production & Sales South Africa, 29%

Australia Group

Australia Holding Pty. Ltd. (AVK Civil)

Sales Australia, 75%

AVK Valves Pty. Ltd.

Production Australia, 75%

AVK Currumbin Pty. Ltd.

Production Australia, 75%

AVK Wang Pty. Ltd.

Production Australia, 75%

AVK CTS Pty. Ltd.

Sales Australia, 75%

AVK Industrial Pty. Ltd.

Sales Australia, 75%

Fusion Group

Fusion Group Ltd.

Sales UK, 93%

Fusion Plastics Ltd.

Production UK, 93%

Fusion Italia SRL

Sales Italy, 93%

Fusion Polska Sp. z o.o.

Sales Poland, 93%

Ace Plastic Company Ltd.

Production & Sales Egypt, 65%

Fusion Plast Pty. Ltd.

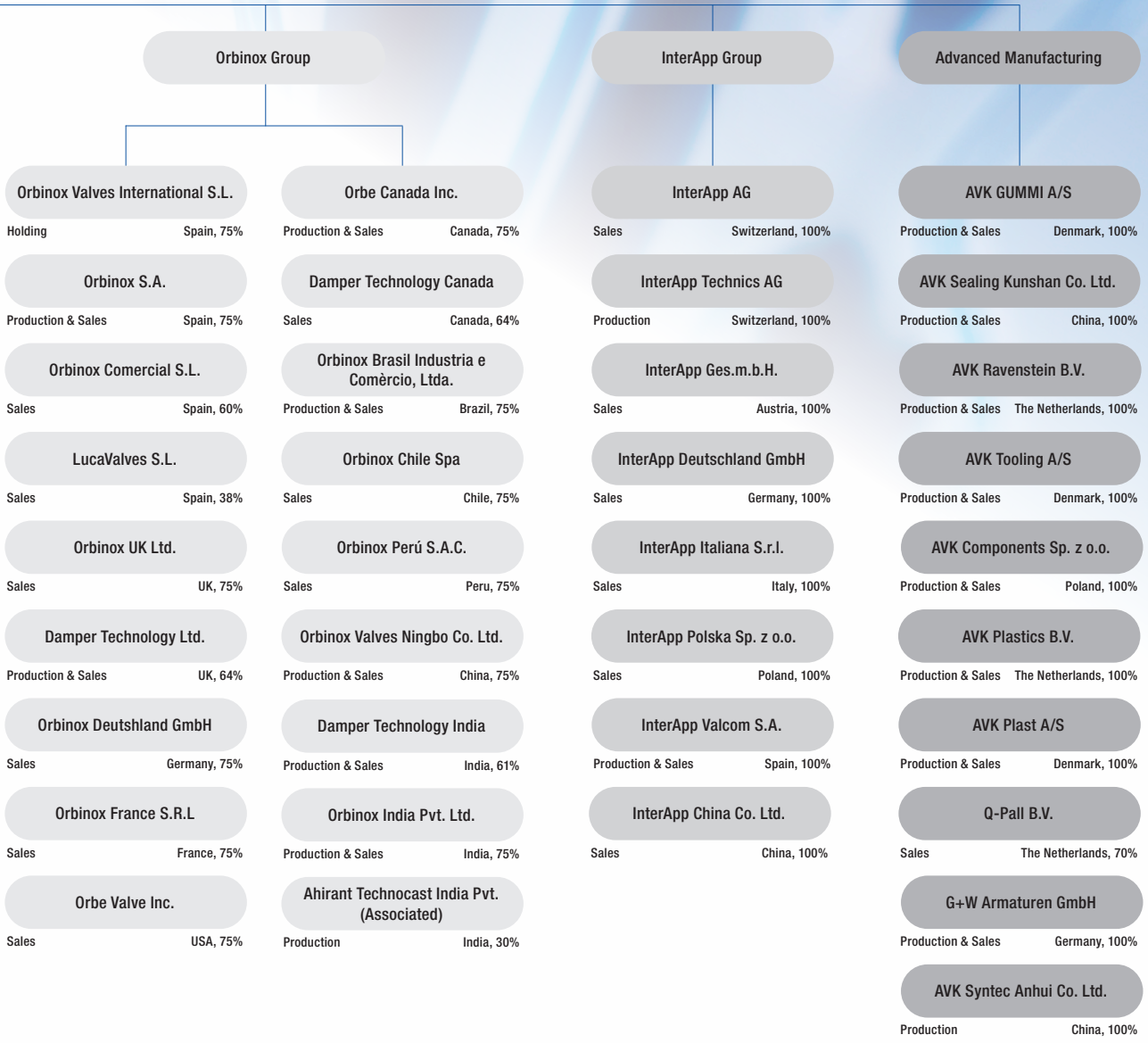
Sales Australia, 93%

AWT Fusion Sdn. Bhd.

Sales Malaysia, 46%

GH-Fusion Corp. Ltd.

Production & Sales China, 46%



Orbinox Group

Orbinox Valves International S.L.

Holding Spain, 75%

Orbinox S.A.

Production & Sales Spain, 75%

Orbinox Comercial S.L.

Sales Spain, 60%

LucaValves S.L.

Sales Spain, 38%

Orbinox UK Ltd.

Sales UK, 75%

Damper Technology Ltd.

Production & Sales UK, 64%

Orbinox Deutshland GmbH

Sales Germany, 75%

Orbinox France S.R.L.

Sales France, 75%

Orbe Valve Inc.

Sales USA, 75%

Orbe Canada Inc.

Production & Sales Canada, 75%

Damper Technology Canada

Sales Canada, 64%

Orbinox Brasil Industria e Comercio, Ltda.

Production & Sales Brazil, 75%

Orbinox Chile Spa

Sales Chile, 75%

Orbinox Perú S.A.C.

Sales Peru, 75%

Orbinox Valves Ningbo Co. Ltd.

Production & Sales China, 75%

Damper Technology India

Production & Sales India, 61%

Orbinox India Pvt. Ltd.

Production & Sales India, 75%

Ahiant Technocast India Pvt. (Associated)

Production India, 30%

InterApp Group

InterApp AG

Sales Switzerland, 100%

InterApp Technics AG

Production Switzerland, 100%

InterApp Ges.m.b.H.

Sales Austria, 100%

InterApp Deutschland GmbH

Sales Germany, 100%

InterApp Italiana S.r.l.

Sales Italy, 100%

InterApp Polska Sp. z o.o.

Sales Poland, 100%

InterApp Valcom S.A.

Production & Sales Spain, 100%

InterApp China Co. Ltd.

Sales China, 100%

Advanced Manufacturing

AVK GUMMI A/S

Production & Sales Denmark, 100%

AVK Sealing Kunshan Co. Ltd.

Production & Sales China, 100%

AVK Ravenstein B.V.

Production & Sales The Netherlands, 100%

AVK Tooling A/S

Production & Sales Denmark, 100%

AVK Components Sp. z o.o.

Production & Sales Poland, 100%

AVK Plastics B.V.

Production & Sales The Netherlands, 100%

AVK Plast A/S

Production & Sales Denmark, 100%

Q-Pall B.V.

Sales The Netherlands, 70%

G+W Armaturen GmbH

Production & Sales Germany, 100%

AVK Syntec Anhui Co. Ltd.

Production China, 100%