

Anpartsselskabet ASX af 28. August 2014

Kalsholtvej 14
8600 Silkeborg
CVR No. 36076194

Annual report 01.10.2023 - 30.09.2024

The Annual General Meeting adopted the annual
report on 09.01.2025

Jacob Kjær

Chairman of the General Meeting

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Entity details

Entity

Anpartsselskabet ASX af 28. August 2014

Kalsholtvej 14

8600 Silkeborg

Business Registration No.: 36076194

Registered office: Silkeborg

Financial year: 01.10.2023 - 30.09.2024

Board of Directors

Jacob Kjær, chairman

Anne Mette Kjær

Niels Aage Kjær

Pernille Kjær Johansen

Søren Kjær

Executive Board

Niels Aage Kjær

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

City Tower, Værkmestergade 2

8000 Aarhus C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Anpartsselskabet ASX af 28. August 2014 for the financial year 01.10.2023 - 30.09.2024.

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

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 30.09.2024 and of the results of their operations and the consolidated cash flows for the financial year 01.10.2023 - 30.09.2024.

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.

Galten, 09.01.2025

Executive Board

Niels Aage Kjær

Board of Directors

Jacob Kjær
chairman

Anne Mette Kjær

Niels Aage Kjær

Pernille Kjær Johansen

Søren Kjær

Independent auditor's report

To the shareholders of Anpartsselskabet ASX af 28. August 2014

Opinion

We have audited the consolidated financial statements and the parent financial statements of Anpartsselskabet ASX af 28. August 2014 for the financial year 01.10.2023 - 30.09.2024, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement presented on page 14-50. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 30.09.2024 and of the results of their operations and the consolidated cash flows for the financial year 01.10.2023 - 30.09.2024 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 consolidated financial statements and the parent financial statements" section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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 consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent 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 consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and 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 consolidated financial statements and the parent 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 consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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 consolidated financial statements and parent 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 consolidated financial statements and the parent 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 Group's and 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 consolidated financial statements and the parent 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 Group's and 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 consolidated financial statements and the parent 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 Group and the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 consolidated financial statements and the parent 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 consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent 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 by relevant law and regulations.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements in the relevant law and regulations. We did not identify any material misstatement of the management commentary.

Aarhus, 09.01.2025

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Henrik Vedel

State Authorised Public Accountant
Identification No (MNE) mne10052

Kasper Vildrich Jessen

State Authorised Public Accountant
Identification No (MNE) mne42784

Management commentary

Financial highlights

	2023/2024 t.kr.	2022/2023 t.kr.	2021/2022 t.kr.	2020/2021 t.kr.	2019/2020 t.kr.
Key figures					
Income statement					
Net Sales	9.029.654	7.943.506	7.588.146	6.417.551	6.043.865
<i>Annual growth percentage</i>	13,7%	4,7%	18,2%	6,2%	4,1%
EBITDA	1.249.197	1.079.243	1.020.865	980.745	774.561
<i>Annual growth percentage</i>	15,7%	5,7%	4,1%	26,6%	11,1%
Depreciations	375.181	299.729	289.231	301.132	272.894
Operating profit	874.016	779.514	731.634	679.613	501.667
<i>Annual growth percentage</i>	12,1%	6,5%	7,7%	35,5%	14,3%
Financial items, net	(176.816)	(132.452)	(43.255)	(47.303)	(93.354)
Profit before tax	709.206	660.861	709.298	640.610	411.828
<i>Annual growth percentage</i>	7,3%	-6,8%	10,7%	55,6%	11,7%
Profit for the year	504.149	471.279	513.160	478.985	289.037
<i>Annual growth percentage</i>	7,0%	-8,2%	7,1%	65,7%	11,3%
Balance					
Fixed assets (excl. goodwill)	3.457.974	2.707.365	2.676.383	2.352.032	2.229.802
<i>Annual growth percentage</i>	27,7%	1,2%	13,8%	5,5%	2,1%
Shareholders' equity	2.522.339	2.298.217	2.120.278	1.764.623	1.487.644
<i>Annual growth percentage</i>	9,8%	8,4%	20,2%	18,6%	6,7%
Minority interests	1.593.978	1.447.661	1.318.860	1.056.455	834.414
Balance sheet totals	8.597.603	7.471.794	7.771.109	6.215.426	5.491.299
<i>Annual growth percentage</i>	15,1%	-3,9%	25,0%	13,2%	-1,0%
Cash flows					
Operating activities	959.346	901.604	(67.911)	575.443	637.907
Investment activities	(1.158.843)	(361.969)	(604.161)	(459.561)	(346.174)
Investment in fixed assets hereof	(466.400)	(366.073)	(397.525)	(394.432)	(247.596)
Financing activities	219.778	(503.501)	691.798	21.916	(136.814)
Employees					
Average number of full-time employees	5.345	4.882	4.889	4.575	4.393
Ratios					
EBITDA margin	13,83%	13,6%	13,5%	15,3%	12,8%
Operating profit margin	9,68%	9,8%	9,6%	10,6%	8,3%
Return on assets	10,88%	10,2%	10,5%	11,6%	9,1%
Equity ratio	47,88%	50,1%	47,6%	49,6%	45,6%
Return on equity	11,68%	11,7%	14,8%	16,5%	10,9%

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

Primary activities

The ASX Group primarily consists of the AVK Holding Group. In addition to the business areas of the AVK Holding Group, the ASX Group's activities consist of property investments as well as other investments.

The AVK Group has three main business units: AVK Water, AVK Industrial and AVK Advanced Manufacturing.

AVK Water is the Group's largest activity with development, production and marketing of valves, hydrants and accessories for water and gas supply, as well as wastewater treatment, fire protection and irrigation. AVK has a world-leading position within water supply and strong positions in the other segments. AVK Water is present in all parts of the world with sales and/or production companies in all important markets.

AVK Industrial consists of various production companies with strong niche positions within valve solutions for industrial water treatment. In addition, AVK Industrial has sales companies in selected markets, offering a comprehensive programme of valve solutions to industrial customers within, amongst others, the energy sector, oil and gas, the marine sector, mining, pulp and paper, the chemical industry and air separation.

AVK Advanced Manufacturing includes the development, production and marketing of rubber, plastic, and metal components to industrial customers such as the wind energy industry, the transport and logistic sector, and the food industry. The plastics products are mostly based on recycled material, which is used for pallets and other products. In addition to the external sales, several of these companies supply components for the Group's valve production.

Further, the Group includes the Danish company Flonidan, which produces and sells gas meters, and has a strong position within smart gas meters, and Q-System with internal transport solutions to optimise production and logistic processes.

Production and sales take place through the Group's network of companies in Europe, the Middle East, North and South America, Australia, Asia, and Africa.

At the beginning of the year, AVK acquired the remaining part of the Talis Group with the two operational companies of Bayard and Belgicast, based in France and Spain, respectively, and subsidiaries in Portugal, Italy, and China. AVK did already in 2022 acquire the British company Atlantic Plastics, which was also part of the Talis Group. The acquired companies are all part of the consolidated results for the full year of 2023/24 and have a positive impact on both sales and the profit for the year.

Development in activities and finances

Net sales amounted to DKK 9,029.7 million corresponding to a growth of 13,7% compared to last year. The acquisition of companies during the year has contributed 12.9%, while changes in exchange rates at the consolidation of net sales caused a negative impact of 0.5%, hence the organic growth rate adjusted for exchange rate in net sales is 1.3%.

The year was still impacted by the slowdown in the economy in several of the group's markets, which also impacted negatively in the previous year. We did see an improvement in the second half of the year helping the organic growth to be positive for the full year and the year ended with an upward trend in the order intake. Cost prices have stabilised with somewhat lower raw material prices, but a negative impact of the increase in freight rates following the closing of the Red Sea.

AVK Water continued the positive development with a growth of 28.0% including the positive impact of the

acquired companies and helped by the continued strong sales development in the Middle East, UK, and the United States. The Group's largest order so far for large diameter valves for a water transmission line for an irrigation project in Egypt was delivered during the year. The project activity in the other Asian markets which were most impacted by Covid-19 has been increasing and most markets realised a positive sales development and ended the year with a stronger order book. Investments in water infrastructure remained at a high level in China during the year, but the pressure on the economy is limiting the funds available for investments, and we expect lower project activity in China in the coming year.

The newly acquired companies, which were formerly part of Talis, contributed positively to the sales development of the year, although AVK Water generally had some headwinds in Continental Europe with the general economy in most markets at a lower level. Overall, sales for Continental Europe remained on level as the year before, helped among others by strong sales to the irrigation market in Italy.

AVK Industrial realised slightly lower sales than the year before, which however was very strong for the business unit. The activities are spread over many industries and markets with different developments, and the focus is on the growing market segments. Order intake has recovered somewhat at the end of the year, and we expect a positive development for the coming year.

The sales development for Advanced Manufacturing was negative impacted by especially the lower activity for wind energy components, but the slowdown in the European economy also had a general negative impact on this business unit. Sales of pallets based on recycled plastics kept growing. Sales of rubber components to the food industry recovered well during the year and helped offset the otherwise negative trend in sales of rubber and metal components.

Flonidan had a challenging year with the expiry of major contracts in the Benelux and a general delay in the roll-out of smart gas meters compared to the politically agreed timetables.

Profit/loss for the year in relation to expected developments

The annual operating profit amounted to DKK 874,0 million compared to DKK 779,5 million in 2022/23, i.e., an improvement of 12,5% and a profit margin of 9.7%. The profit margin reduced slightly from last year due to amortisation of goodwill, acquired intangible assets and trademarks related to the Talis Group acquisition and one-off costs related to restructuring activities in some companies. The underlying profit margin developed positively and reflects the ongoing efforts for operational improvements across the Group.

The result of financial items was a negative DKK 171.3 million against DKK 126.9 million the year before. The main reason for the increase in financial costs was the funding of the acquisition of the Talis companies. The net loss on conversion of balance sheet items in foreign currency came to DKK 41.1 million, somewhat higher than last year as the DKK kept strengthening versus USD and related currencies. The interest rates for the full year were higher than the year before but reducing during the second half of the year and the positive cash flow also helped to lower financial costs towards the end of the year.

The effective tax rate was 28.9% compared to 28.7% in the previous year. The tax rate is impacted by the split of income between the individual countries and varying tax rates in these countries. There are still companies with losses where we have chosen not to capitalize the carry forward tax losses, which contribute to the high tax rate. The Group has on-going initiatives to improve the profitability of these companies and we expect the tax rate to keep lowering.

The net profit increased by 6.3% to DKK 504.1 million.

The cash flow from operating activities was significantly positive for the year by DKK 959,3 million. The operating profit before depreciation and amortisation (EBITDA) increased by 6.4% and contributed well to the cash flow along with a positive development in the working capital being reduced by DKK 57.9 million.

The combined investments in fixed assets amount to DKK 437.5 million and the high level of investments from the last two years continued. Considerable investments are made to support growth and operational improvements for the many companies across the Group, with an increasing share of investments to reduce the energy consumption to support the target of being CO2 neutral in 2030. This year, particular investments were made in a new domicile for the sales companies in Belgium and Czech Republic, as well as expansion and optimisation of production capacity at factories in countries such as China, the UK, the United States, Norway, the Netherlands, and Denmark. Further investments were made in product development and the Group's IT platform. Following the acquisition and integration of the former Talis companies, considerable investments were made to expand capacity, optimise production and upgrade facilities in both UK, France, and Spain.

The net interest-bearing debt has increased by net DKK 315.5 million due to the acquisition of the Talis companies partly offset by the positive effect of the cash flow from operations net of investments in fixed assets.

The equity including minority interests amounts to DKK 4,116.3 million at the end of the financial year and the equity ratio was 47.9% decreasing from 50.1% the year before due to the consolidation of the acquired companies.

The overall development and results for the year are considered satisfactory, growth is slightly below expectations, but cash flow, net profit and operating profit margin have developed more positively than expected.

Outlook

As mentioned above, the past year started with a negative development in the organic growth as more of the Group's markets were negatively impacted by the slowdown in the economy, although with a more stable development towards the end of the year and upward trend in the order intake.

The growth in sales for AVK Water in the coming year will be helped by the high order book in many Asian countries as projects for improving the water supply are released. This includes India, the Middle East, and South-East Asia. All regions with a strong need of improvements in water supply, with a growing population, still many households without tap water and high leakage rates in the water distribution network. Wastewater treatment is another major challenge in many of these countries. AVK is well positioned to both support and benefit from this development with the broad product package for water supply and wastewater treatment, products of high quality and intelligent solutions (Smart Water systems), which help detect leakages and improve the efficiency of the water supply network.

In the more mature markets in Europe, North America, and Australia, we also expect a positive development, however, more modest than in the emerging markets. AVK Water's market position in Europe has been strongly strengthened with the acquisition of the Talis companies and the ongoing expansion of the Group's product range is also helping AVK to gain market shares, which support the expected growth in the mature markets. The leakage rates are high in many countries, and the increasing challenges with lack of rain and in other areas the risk of floodings ensure an increasing demand for the Group's products for water supply, irrigation, and flood control.

The market for gas products has been negatively impacted in more countries in Europe by the conversion to district heating and heat pumps. There is still a considerable network of gas pipelines to be maintained but we do not expect growth overall for this segment in mature markets, but gas is still being rolled out for household cooking in many emerging markets.

Overall, AVK Water expects a positive organic growth in 2024/25.

AVK Industrial sells to several market segments and countries, and the development for these will vary considerably. The slowdown in the general economy in the last year had a negative impact on sales for AVK Industrial, but the order intake improved during the year and the coming year is expected to show a positive development. This will be supported by the development of new markets and the strengthening of the industrial companies' market position. We expect a positive contribution from more market segments as the energy sector, where increasing electrification requires investments in semiconductor and transformer plants, where the Group's valve program is used. AVK also has increasing sales for industrial water treatment and desalination plants, to which the acquisition of Belgicast has contributed, as well as new construction of naval vessels.

Within Advanced Manufacturing, the production and sales of pallets based on recycled plastic waste is expected to continue the strong growth driven by more companies wanting to recycle their own plastic waste and support sustainability using products based on recycled waste. The other segments of the business will vary more in development depending on the general economy, the wind industry and shipbuilding for AVK Tooling, and the food industry for AVK Gummi. We expect all companies in the business unit to develop positively for the coming year.

Flonidan has been through difficult times with the impact of Covid-19 restricting the installation of new smart meters, and the launch of the new ultrasound meter for gas. A major contract has been won in the Netherlands starting in the coming year, which along with an expansion of the markets for Flonidan is expected to support a positive development for the coming year.

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 contribution. AVK's products already contribute significantly to a lower CO₂ footprint through reduction of water loss (less energy consumption) and recycling of materials for both metal and plastic products in the Group. The increased attention to sustainability is considered a long-term growth factor for the Group.

A significant investment programme is planned for the next year to ensure capacity for continued growth, to comply with national requirements for local production and sourcing in an increasing number of markets, and to optimise the Group's operations as well as the green transition. We do see the trend of more protectionism continuing in most regions of the world. In the United States, we are establishing both a foundry and a rubber factory to ensure a fully local supply chain, which is required to sell products to projects with federal funding, including the present Bipartisan Infrastructure Deal. We see this trend only being escalated with a new president of the United States.

The investments include the development and roll out of a new IT platform for the Group based on D365 FO, the continuous development of the product range in all business units, and automation of the production processes. We expect further acquisitions to support the growth of the Group, which includes companies extending the product offer, giving access to new markets, or allowing for synergies in sales and operations.

LEAN tools are widely used in the Group to strengthen the delivery performance, operating profit, and cash flow.

Overall, net sales is expected to grow by 5% to 7% with a positive contribution from all business units. Any acquisitions during the year will have a positive impact on net sales but this is not expected to have any major impact during 2024/25. We expect stable cost prices and a limited impact of inflation on sales prices, so the growth in net sales will mostly be volume driven in the coming year.

Ongoing efforts to improve the operational performance are expected to continue to have a positive impact on the operating profit margin. However, the growth ambition and related investments in new markets and segments will have a negative impact on the profit margin, as the lead time in establishing new profitable market positions is long, especially for AVK Water. The profit margin is therefore expected to improve only slightly compared to the past year and remain at a level of 9.7% to 9.8%.

The level of financial costs will strongly depend on the development in the interest rate level, as the major share of the Group's financing has short term interest rates. The net debt is expected to decrease, which will have a positive impact on financial costs, and exchange rate changes can have both a positive and negative impact. We expect the interest rates to be lower in 2024/25 compared to last year, and with a lower net debt, financial costs will be reduced, which, together with the sales growth, will support a positive development in the net profit for the coming year.

Special risks

The Group's most significant commercial risk relates to market developments and the ability to be strongly positioned in the markets, where the Group's products are sold. The global market presence makes the Group less sensitive to specific markets. Product and market development are subject to ongoing investments with the aim of ensuring a continuous positive development of sales and profit. A broadly founded growth in both Water, Industrial and Advanced Manufacturing ensures a significant spreading of risks across products, market segments and countries. The acquisition of companies also contributes to a widening of the Group's product range and market position.

The most important raw material is cast iron. Although the price development for cast iron and other raw materials such as plastics, stainless steel, bronze, and rubber has an immediate, significant effect on the profit, price fluctuations for the mentioned raw materials will normally be reflected in the market prices of the finished products and offset the positive or negative impact on cost changes. Competing products will essentially be subject to the same sensitivity to raw material prices as for AVK.

The development in exchange rates will continue to influence the Group's profits. Under "other financial income" and "other financial expenses", gains and losses on the translation of foreign currency amounts on the balance sheet are mentioned, which can have a significant impact on net financial costs. The Group only uses FX contracts when a binding customer contract or order in foreign currency has been made. Otherwise, the risks related to sales in foreign currencies are mitigated through same-currency sourcing/production and securing full transparency on the cost impact of changes in exchange rates to allow fast adjustment of prices to offset any changes in local currency purchasing prices.

A substantial share of the raw material purchases is in USD and CNY, which for USD is partly compensated for by substantial sales in USD and related currencies. There is a considerable net income in EUR, GBP, AUD, and Scandinavian currencies.

The Group's financing is managed centrally to obtain the optimum overall financing structure and reduce risks relating to both currencies and interest rates. During the past year, AVK has entered into a new syndicated loan facility which secures funding of the Group's continued operations and allows opportunities for growth in the coming years. Presently, a major part of the financing is in short term interest rates, but over time the aim is to have the interest rates fixed for half the net debt secured through long term interest rate swaps.

Environmental performance

The statutory CSR Report is appended to the annual report p. 50.

Statutory report on corporate social responsibility

The statutory CSR Report is appended to the annual report p. 50.

Statutory report on the underrepresented gender

	2023/24	2022/23
Supreme management body		
Total number of members	5	5
Underrepresented gender (%)	40.00	40.00

The company has an equal gender distribution in the supreme management body, which is why the company has not set targets for this.

The company 1 member of Other management levels as of 30. September 2024.

Statutory report on data ethics policy

The statutory report on data ethics policy is appended to the annual report on p. 50.

Events after the balance sheet date

Since the balance sheet date at 30 September 2024 and until today, no events have occurred that affect the evaluation of the annual report.

Consolidated income statement for 2023/24

	Notes	2023/24 DKK'000	2022/23 DKK'000
Revenue	2	9,029,654	7,943,506
Production costs		(5,867,078)	(5,284,778)
Gross profit/loss		3,162,576	2,658,728
Distribution costs		(1,273,587)	(1,064,718)
Administrative expenses	3	(1,014,973)	(814,496)
Operating profit/loss		874,016	779,514
Income from investments in associates		6,517	8,221
Income from other fixed asset investments		5,489	5,578
Other financial income	5	80,461	118,367
Other financial expenses	6	(257,277)	(250,819)
Profit/loss before tax		709,206	660,861
Tax on profit/loss for the year	7	(205,057)	(189,582)
Profit/loss for the year	8	504,149	471,279

Consolidated balance sheet at 30.09.2024

Assets

	Notes	2023/24 DKK'000	2022/23 DKK'000
Completed development projects	10	76,389	56,946
Acquired intangible assets		183,388	4,205
Acquired trademarks		70,207	0
Goodwill		361,874	248,766
Development projects in progress	10	73,241	41,677
Intangible assets	9	765,099	351,594
Land and buildings		1,136,270	1,018,280
Plant and machinery		836,582	752,761
Other fixtures and fittings, tools and equipment		142,941	117,534
Leasehold improvements		29,409	26,624
Property, plant and equipment in progress		206,988	139,978
Prepayments for property, plant and equipment		220	0
Property, plant and equipment	11	2,352,410	2,055,177
Investments in associates		90,741	95,213
Receivables from associates		31,323	20,349
Other investments		40,420	37,537
Deposits		22,659	15,497
Other receivables		11,241	11,631
Deferred tax	13	144,081	120,367
Financial assets	12	340,465	300,594
Fixed assets		3,457,974	2,707,365
Raw materials and consumables		1,221,418	1,095,929
Work in progress		130,778	169,712
Manufactured goods and goods for resale		928,319	913,098
Inventories		2,280,515	2,178,739

Trade receivables		1,925,052	1,655,459
Receivables from associates		19,794	40,466
Other receivables		245,342	247,952
Tax receivable		28,806	18,490
Prepayments	14	32,093	35,577
Receivables		2,251,087	1,997,944
<hr/>			
Cash		608,027	587,746
<hr/>			
Current assets		5,139,629	4,764,429
<hr/>			
Assets		8,597,603	7,471,794
<hr/>			

Equity and liabilities

	Notes	2023/24 DKK'000	2022/23 DKK'000
Contributed capital	15	300	300
Translation reserve		11,589	22,804
Reserve for fair value adjustments of hedging instruments		47,985	60,713
Retained earnings		2,432,465	2,184,400
Proposed dividend for the financial year		30,000	30,000
Equity belonging to Parent's shareholders		2,522,339	2,298,217
Equity belonging to minority interests		1,593,978	1,447,661
Equity		4,116,317	3,745,878
Provisions for pension liabilities etc.	16	68,914	53,368
Deferred tax	13	137,469	40,826
Other provisions	17	67,697	45,366
Provisions		274,080	139,560
Mortgage debt		411,176	392,197
Bank loans		978,279	714,938
Lease liabilities		106,372	104,978
Payables to associates		7,024	7,371
Other payables		17,662	28,354
Non-current liabilities other than provisions	18	1,520,513	1,247,838

Current portion of non-current liabilities other than provisions	18	375,186	571,754
Bank loans		607,259	375,721
Trade payables		794,522	672,522
Payables to associates		42,215	45,219
Tax payable		106,450	85,782
Other payables		641,349	507,250
Deferred income	19	119,712	80,270
Current liabilities other than provisions		2,686,693	2,338,518
Liabilities other than provisions		4,207,206	3,586,356
Equity and liabilities		8,597,603	7,471,794
Events after the balance sheet date	1		
Staff costs	4		
Financial instruments	21		
Unrecognised rental and lease commitments	22		
Contingent liabilities	23		
Assets charged and collateral	24		
Non-arm's length related party transactions	25		
Subsidiaries	26		

Consolidated statement of changes in equity for 2023/24

	Contributed capital DKK'000	Translation reserve DKK'000	Reserve for fair value adjustments of hedging instruments DKK'000	Retained earnings DKK'000	Proposed dividend for the financial year DKK'000	Equity belonging to Parent's shareholders DKK'000	Equity belonging to minority interests DKK'000	Total DKK'000
Equity beginning of year	300	22,804	60,713	2,184,400	30,000	2,298,217	1,447,661	3,745,878
Effect of mergers and business combinations	0	0	0	(7,558)	0	(7,558)	(26,600)	(34,158)
Increase of capital	0	0	0	0	0	0	988	988
Ordinary dividend paid	0	0	0	0	(30,000)	(30,000)	(26,255)	(56,255)
Exchange rate adjustments	0	(11,215)	0	0	0	(11,215)	(11,311)	(22,526)
Fair value adjustments of hedging instruments	0	0	(16,267)	0	0	(16,267)	(11,391)	(27,658)
Value adjustments	0	0	0	4,170	0	4,170	(4,170)	0
Tax of entries on equity	0	0	3,539	0	0	3,539	2,360	5,899
Profit/loss for the year	0	0	0	251,453	30,000	281,453	222,696	504,149
Equity end of year	300	11,589	47,985	2,432,465	30,000	2,522,339	1,593,978	4,116,317

Consolidated cash flow statement for 2023/24

	Notes	2023/24 DKK'000	2022/23 DKK'000
Operating profit/loss		874,016	779,514
Amortisation, depreciation and impairment losses		375,181	299,533
Working capital changes	20	77,741	238,995
Cash flow from ordinary operating activities		1,326,938	1,318,042
Financial income received		86,516	122,818
Financial expenses paid		(257,847)	(249,690)
Taxes refunded/(paid)		(219,126)	(220,312)
Other cash flows from operating activities		22,865	(69,424)
Cash flows from operating activities		959,346	901,434
investments in intangible assets		(50,034)	(32,005)
Sale of intangible assets		199	212
Investments in property, plant and equipment		(416,366)	(341,205)
Sale of property, plant and equipment		26,124	6,925
Investments in fixed asset investments		(11,011)	(9,960)
Sale of fixed asset investments		10,432	10,782
Acquisition of enterprises		(718,563)	0
Dividends received from associates		376	3,282
Cash flows from investing activities		(1,158,843)	(361,969)
Free cash flows generated from operations and investments before financing		(199,497)	539,465

Loans raised	1,171,202	144,982
Repayments of loans etc.	(1,136,817)	(190,591)
Dividend paid	(56,256)	(41,974)
Changes in financial overdraft facilities	241,649	(415,918)
Cash flows from financing activities	219,778	(503,501)
<hr/>		
Increase/decrease in cash and cash equivalents	20,281	35,964
Cash and cash equivalents beginning of year	587,746	551,782
Cash and cash equivalents end of year	608,027	587,746
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Cash and cash equivalents at year-end are composed of:		
Cash	608,027	587,746
Cash and cash equivalents end of year	608,027	587,746
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Notes to consolidated financial statements

1 Events after the balance sheet date

No events have occurred subsequent to the balance sheet date that could significantly affect the financial statements as of September 30, 2024.

2 Revenue

	2023/24	2022/23
	DKK'000	DKK'000
EMEA	6,616,023	5,728,058
Asia Pacific	1,470,322	1,368,874
North & South America	943,309	846,574
Total revenue by geographical market	9,029,654	7,943,506
AVK Water	6,203,481	4,845,364
AVK Industrial	1,530,545	1,583,380
AVK Advanced Manufacturing	1,059,742	1,161,700
Other	235,886	353,062
Total revenue by activity	9,029,654	7,943,506

3 Fees to the auditor appointed by the Annual General Meeting

	Deloitte	Other	Total
	2023/24	2023/24	2023/24
	DKK'000	DKK'000	DKK'000
Statutory audit services	6,722	5,600	12,322
Other assurance engagements	407	447	854
Tax services	1,402	400	1,802
Other services	1,557	582	2,139
	10,088	7,029	17,117

	Deloitte	Other	Total
	2022/23	2022/23	2022/23
	DKK'000	DKK'000	DKK'000
Statutory audit services	5,625	5,184	10,809
Other assurance engagements	90	372	462
Tax services	1,385	421	1,806
Other services	680	336	1,016
	7,780	6,313	14,093

4 Staff costs

	2023/24	2022/23
	DKK'000	DKK'000
Wages and salaries	1,851,355	1,565,395
Pension costs	120,915	108,422
Other social security costs	251,163	181,955
	2,223,433	1,855,772
Average number of full-time employees	5,345	4,880

	Remuneration of Manage- ment	Remuneration of Manage- ment
	2023/24	2022/23
	DKK'000	DKK'000
Total amount for management categories	1,572	1,504
	1,572	1,504

Remuneration of Group Management consists of directors' remuneration as well as remuneration, etc. to the Parent's Executive Board and Board of Directors.

5 Other financial income

	2023/24	2022/23
	DKK'000	DKK'000
Other interest income	32,645	16,632
Exchange rate adjustments	47,816	101,735
	80,461	118,367

6 Other financial expenses

	2023/24	2022/23
	DKK'000	DKK'000
Other interest expenses	168,341	115,455
Exchange rate adjustments	88,936	135,364
	257,277	250,819

7 Tax on profit/loss for the year

	2023/24	2022/23
	DKK'000	DKK'000
Current tax	217,627	197,470
Change in deferred tax	(7,902)	(7,749)
Adjustment concerning previous years	(4,668)	(139)
	205,057	189,582

8 Proposed distribution of profit/loss

	2023/24	2022/23
	DKK'000	DKK'000
Ordinary dividend for the financial year	30,000	30,000
Retained earnings	251,456	228,674
Minority interests' share of profit/loss	222,693	212,605
	504,149	471,279

9 Intangible assets

	Completed development projects DKK'000	Acquired intangible assets DKK'000	Acquired trademarks DKK'000	Goodwill DKK'000	Development projects in progress DKK'000
Cost beginning of year	275,461	25,301	0	858,365	41,677
Addition through business combinations etc	9,689	198,283	78,007	175,397	15,320
Exchange rate adjustments	763	16	0	(1,233)	(241)
Transfers	13,497	0	0	0	(9,388)
Additions	16,847	3,683	0	4,284	26,022
Disposals	(13,607)	0	0	0	(149)
Cost end of year	302,650	227,283	78,007	1,036,813	73,241
Amortisation and impairment losses beginning of year	(218,515)	(21,096)	0	(609,599)	0
Exchange rate adjustments	(231)	4	0	956	0
Amortisation for the year	(21,073)	(22,803)	(7,800)	(66,296)	0
Reversal regarding disposals	13,558	0	0	0	0
Amortisation and impairment losses end of year	(226,261)	(43,895)	(7,800)	(674,939)	0
Carrying amount end of year	76,389	183,388	70,207	361,874	73,241

10 Development projects

Development projects include the development of new products and IT for use within the Group. The capitalized development projects are amortized over a period of 3-5 years, and during the financial year, amortization totaling DKK 21,073k have been recognized. It is anticipated that the capitalized development projects will be utilized within the group's existing market, and the progress of the development projects is in accordance with an established project plan. The recognized value as of 30.09.2024 reflects the expected future accumulated earnings from the projects.

Management have not identified any indication of impairment of the carrying amount.

11 Property, plant and equipment

	Land and buildings DKK'000	Plant and machinery DKK'000	Other fixtures and fittings, tools and equipment DKK'000	Leasehold improvements DKK'000	Property, plant and equipment in progress DKK'000
Cost beginning of year	1,723,832	2,478,186	351,375	58,726	139,978
Addition through business combinations etc	120,139	35,097	14,848	124	15,096
Exchange rate adjustments	(2,888)	(10,818)	2,892	(1,281)	(10,917)
Transfers	861	36,808	8,870	2,485	(53,297)
Additions	55,842	177,571	37,779	10,269	182,430
Disposals	(1,744)	(38,765)	(19,623)	0	(66,236)
Cost end of year	1,896,042	2,678,079	396,141	70,323	207,054
Depreciation and impairment losses beginning of year	(705,552)	(1,725,425)	(233,841)	(32,102)	0
Exchange rate adjustments	1,212	12,491	(1,765)	267	0
Transfers	0	(123)	(17)	(243)	0
Impairment losses for the year	218	0	0	0	(66)
Depreciation for the year	(56,207)	(164,665)	(34,289)	(8,836)	0
Reversal regarding disposals	557	36,225	16,712	0	0
Depreciation and impairment losses end of year	(759,772)	(1,841,497)	(253,200)	(40,914)	(66)
Carrying amount end of year	1,136,270	836,582	142,941	29,409	206,988

	Prepayments for property, plant and equipment DKK'000
Cost beginning of year	0
Addition through business combinations etc	0
Exchange rate adjustments	0
Transfers	0
Additions	220
Disposals	0
Cost end of year	220
Depreciation and impairment losses beginning of year	0
Exchange rate adjustments	0
Transfers	0
Impairment losses for the year	0
Depreciation for the year	0
Reversal regarding disposals	0
Depreciation and impairment losses end of year	0
Carrying amount end of year	220

Certain production facilities and machines are funded by finance leases. The carrying amount of assets held under a finance lease amounts to DKK 116,577k.

12 Financial assets

	Investments in associates DKK'000	Receivables from associates DKK'000	Other investments DKK'000	Deposits DKK'000	Other receivables DKK'000
Cost beginning of year	84,625	25,268	37,537	16,657	14,611
Exchange rate adjustments	0	0	(2)	0	0
Transfers	0	0	(9,471)	0	0
Additions	0	6,513	2,267	8,477	980
Disposals	(4,209)	0	(4,092)	(1,305)	0
Cost end of year	80,416	31,781	26,239	23,829	15,591
Revaluations beginning of year	27,800	0	0	0	0
Exchange rate adjustments	1,315	0	0	0	0
Transfers	(7,091)	0	9,471	0	0
Adjustments on equity	(865)	0	0	0	0
Share of profit/loss for the year	5,034	0	0	0	0
Dividend	(376)	0	0	0	0
Revaluations for the year	0	0	5,494	0	0
Reversal regarding disposals	0	0	(784)	0	0
Revaluations end of year	25,817	0	14,181	0	0
Impairment losses beginning of year	(17,212)	(4,919)	0	(1,160)	(2,980)
Exchange rate adjustments	(124)	(193)	0	(10)	0
Transfers	0	4,654	0	0	0
Share of profit/loss for the year	1,483	0	0	0	0
Dividend	(661)	0	0	0	0
Impairment losses for the year	(637)	0	0	0	(1,370)
Reversal regarding disposals	1,659	0	0	0	0
Impairment losses end of year	(15,492)	(458)	0	(1,170)	(4,350)
Carrying amount end of year	90,741	31,323	40,420	22,659	11,241

Associates	Registered in	Ownership %
Shimizu Koguo Co. Ltd.	Japan	40.00
Hydro-Cos S.r.l.	Italy	24.00
Premier Valves Mining Pty. Ltd.	South Africa	48.00
AVK Industrial Pty. Ltd.	South Africa	48.00
Zenzele Valves Manufacturing	South Africa	29.00
LucaValves S.L.	Spain	39.00
Ahirant Technoast India Pvt.	India	30.50
AH Aviation	Denmark	33.00
International Casting Investments	Spain	31.00
Orbinox South East Asia PT	Indonesia	46.22
GH-Fusion Limited	British Virgin Islands	46.00
Glenfield Asia Pacific Pty. Lrd.	Australia	26.00
Incotel-Electronica de Gestao, Ltd.	Portugal	35.00
AWT Fusion Malaysia	Malaysia	46.42

13 Deferred tax

Changes during the year	2023/24 DKK'000	2022/23 DKK'000
Beginning of year	79,541	67,474
Recognised in the income statement	7,902	7,749
Recognised directly in equity	5,141	(610)
Adjustments concerning previous years	(2,787)	(114)
Opening balance for acquired companies and other regulations	(84,868)	7,300
Exchange rate adjustment	1,683	(2,258)
End of year	6,612	79,541

Deferred tax has been recognised in the balance sheet as follows	2023/24 DKK'000	2022/23 DKK'000
Deferred tax assets	144,081	120,367
Deferred tax liabilities	(137,469)	(40,826)
	6,612	79,541

Deferred tax assets

Management expects that the relevant companies will generate taxable profits within 3 to 5 years, allowing the tax asset to be utilized to offset the taxable profits of these companies. The remaining deferred tax assets consist of usual temporary differences on intangible and tangible fixed assets.

14 Prepayments

Prepayments consists of prepaid expenses related to rent, insurance premiums, leasing etc.

15 Contributed capital

	Number	Par value DKK'000	Nominal value DKK'000
A-shares	15,000	0.001	15
B-shares	285,000	0.001	285
	300,000		300

16 Provisions for pension liabilities etc.

Provisions for pension liabilities etc., refer to situations where certain companies have an obligation to pay pensions to selected employees.

17 Other provisions

Other provisions primarily relate to provisions for warranty commitments and restructurings.

18 Non-current liabilities other than provisions

	Due within 12 months 2023/24 DKK'000	Due within 12 months 2022/23 DKK'000	Due after more than 12 months 2023/24 DKK'000	Outstanding after 5 years 2023/24 DKK'000
Mortgage debt	22,113	38,620	411,176	294,808
Bank loans	330,320	508,281	978,279	92,972
Lease liabilities	22,553	20,035	106,372	31,922
Payables to associates	0	0	7,024	0
Other payables	200	4,818	17,662	12,930
	375,186	571,754	1,520,513	432,632

19 Deferred income

Deferred income consists of prepayments from customers, which are recognized as revenue in line with the transfer of risk.

20 Changes in working capital

	2023/24 DKK'000	2022/23 DKK'000
Increase/decrease in inventories	127,079	361,239
Increase/decrease in receivables	18,022	3,921
Increase/decrease in trade payables etc.	(6,836)	(86,754)
Other changes	(60,524)	(39,411)
	77,741	238,995

21 Derivative financial instruments

Other receivables include positive fair values of derivative financial instruments amounting to DKK 11,492k (2022/23: DKK 38,725k). These instruments are used to hedge interest rate risk on variable-rate loans with a fixed interest rate and to hedge currency risk on sales of goods within a short-term period. Fair value adjustments, after

tax, are recognized directly in equity.

The agreements have a remaining maturity of between 1 year and 15 years.

These agreements have been entered into with the Group's existing banks.

Term of the loans	<1 year DKK'000	1-5 years DKK'000	5-10 years DKK'000	>10 years DKK'000	Total DKK'000
Bank loans in DKK	138	249	0	0	387
Bank loans in EUR	43	6,870	0	0	6,913
Bank loans in other currencies	121	0	0	0	121
Mortgage loans in DKK	325	1,299	1,625	1,233	4,482
Exchange rate adjustments	(411)	0	0	0	(411)
Fair value	216	8,418	1,625	1,233	11,492

22 Unrecognised rental and lease commitments

	2023/24 DKK'000	2022/23 DKK'000
Total liabilities under rental or lease agreements until maturity	299,725	262,367

23 Contingent liabilities

The group is a party to a few pending lawsuits. Management has assessed the most likely outcome of these lawsuits on a case-by-case basis and has allocated the estimated amounts accordingly. The outcome of legal proceedings and disputes may be inherently different from that on the balance sheet date.

24 Assets charged and collateral

The mortgage debt of DKK 431m (DKK 442 in 2022/23) is secured by owner's mortgages. The pledges also comprises the plant and machinery deemed part of the property. The carrying amount of the assets pledged is DKK 926m (DKK 774m in 2022/23).

Assets have been provided for bank debt amounting to DKK 208m (DKK 366m in 2022/23). The carrying amount of the assets pledged is DKK 235m (DKK 193m in 2022/23).

The group has pledged its shares in a subsidiary as collateral to the bank. The accounting value of the subsidiary shares amounts to DKK 22m.

The Group has provided guarantee of payments for the credit facilities amounting to DKK 1,935m (DKK 873m in 2022/23).

25 Non-arm's length related party transactions

Only non-arm's length related party transactions are disclosed in the annual report. No such transactions were conducted during the financial year.

Niels Aage Kjær has controlling interest in Anpartsselskabet ASX af 28. August 2014.

26 Subsidiaries

	Registered in	Ownership %
AVK International	Denmark	100.00
Vatech 2000	Denmark	80.00
AVK Norge	Norway	100.00
AVK Sverige	Sweden	100.00
AVK Finland	Finland	100.00
AVK France	France	100.00
AVK Haut Marnaise	France	100.00
AVK Nederland	Netherlands	100.00
AVK Industrial NL	Netherlands	100.00
Cyl Knife Valves	Spain	100.00
AVK Válvulas	Spain	100.00
AVK Belgium	Belgium	100.00
AVK Polska	Poland	100.00
AVK Armadan	Poland	100.00
AVK Vod-Ka	Czech Republic	100.00
ACMO Technologie Integrate	Italy	54.00
AVK Armatura	Russia	100.00
AVK Russia Investment	Russia	100.00
AVK Armaturen	Germany	100.00
ACMO	Italy	60.00
ASW-ATI	Italy	55.00
AVK Flow Control Australia	Australia	75.00
Furnes Jernstøperi	Norway	51.00
Randers Jernstøberi	Denmark	51.00
Aqua-Gas Manufacturing	UK	100.00
Bryan Donkin Valves	UK	100.00
AVK Syddal	UK	100.00
AVK UK	UK	100.00
Glenfield Invicta Valves	UK	100.00
Glenfield Middle East	UK	100.00
Fusion Investco UK	UK	92.84
Fusion Group UK	UK	92.84
Fusion Group Limited	UK	92.84

	Registered in	Ownership %
Fusion Plastics UK	UK	92.84
Fusion Holdings Australia	Australia	92.84
Fusion Plast Australia	Australia	92.84
Fusion Italia	Italy	92.84
Fusion Polska	Poland	92.84
AVK Syntec	China	100.00
Atlantic Plastics	UK	100.00
AVK Saudi Valves Man.	Kingdom of Saudi Arabia	100.00
AVK Gulf	United Arab Emirates	100.00
AVK Flow Control Middle East	Qatar	100.00
WATECOM	United Arab Emirates	100.00
AVK Fusion Eqypt	Eqypt	100.00
AVK Valves Southern Africa	South Africa	98.31
Premier Valves	South Africa	98.31
AVK Australia Holding	Australia	75.00
PV Engineering	South Africa	98.31
AVK Valves Korea	Korea	100.00
Cementation Engineering	South Africa	98.31
AVK Valve Tech (Maanshan) Co.	China	100.00
AVK Manufacturing South Africa	South Africa	98.31
AVK Holding Southern Africa	South Africa	98.31
American AVK	United States	100.00
AVK Valvulas do Brasil	Brazil	70.00
AVK Valves Australia	Australia	100.00
AVK Currumbin	Australia	100.00
AVK CTS	Australia	100.00
AVK Australia Civil	Australia	100.00
AVK New Zealand	New Zealand	100.00
AVK Philippines	Philippines	100.00
AVK Valves Man. Malaysia	Malaysia	100.00
AVK Vietnam	Vietnam	100.00

	Registered in	Ownership %
AVK Singapore	Singapore	100.00
AVK Fusion Indonesia PT	Indonesia	80.00
AVK Valves Hong Kong	Hong Kong	100.00
AVK Valves Taiwan	Taiwan	100.00
AVK Valves India	India	100.00
ACMO Water Technology (Nexcite Water India)	India	85.35
AVK Valves (Anhui)	China	100.00
AVK Advanced Castings (Anhui)	China	100.00
AVK Valves (Shanghai)	China	100.00
I.C. Valves (Nanjing)	China	100.00
AVK Holding	Denmark	100.00
Talis Beteiligungs GmbH	Germany	100.00
Talis Industrial Holding France	France	100.00
Bayard	France	100.00
Talis Flow Control (Shanghai)	China	100.00
Belgicast Internacional	Spain	100.00
Belgicast Italia	Italy	100.00
Industra - Comercio de Equipamentos Industriais	Portugal	100.00
Talis Asia Pte.	Singapore	100.00
Talis Management	UK	100.00
Wouter Witzel EuroValve	Netherlands	95.50
InterApp AG	Switzerland	100.00
InterApp Technics	Switzerland	100.00
InterApp Ges.m.b.H	Austria	100.00
InterApp Italiana	Italy	100.00
InterApp Valvulas	Spain	100.00

	Registered in	Ownership %
ASX 14145 Holding	Denmark	60.00
Orbinox UK	UK	77.03
Orbinox Deutschland	Germany	77.03
Damper Technology UK	UK	65.48
Damper Technology India	India	62.54
Damper Technology Canada	Canada	65.48
Damper Technology Europe	Denmark	65.48
Orbe Canada	Canada	77.03
Orbinox India	India	76.23
Orbinox Valves (Ningbo) Co.	China	77.03
Orbinox Brasil Industria e Comércio	Brazil	77.03
Orbinox Chile	Chile	77.03
Orbinox France	France	77.03
Orbinox Valves International	Spain	77.03
Orbe Valve	United States	77.03
Orbinox Peru	Peru	77.02
CCAG	Denmark	100.00
OMV-INDOIL Croatia	Croatia	70.00
OMV-INDOIL Bosnia	Bosnia	70.00
Flonidan	Denmark	100.00
Science Flow Lab	Denmark	100.00
Q-PALL Tooling	Netherlands	70.00
Q-PALL	Netherlands	70.00
Q-PALL Germany	Germany	70.00

	Registered in	Ownership %
AVK Components	Poland	100.00
AVK GUMMI	Denmark	100.00
AVK Sealing (Kunshan)	China	100.00
AVK Ravestein	Netherlands	100.00
AVK GUMMI US	United States	100.00
JCH	Denmark	100.00
Jern Ejendomme	Denmark	51.00
RJ Ejendon	Denmark	51.00
Furnes Eiendom	Norway	51.00
Ejendomsselskabet Ole Rømers Vej 6	Denmark	100.00
Ejendomsselskabet Ole Rømers Vej 8	Denmark	100.00
AVK Tech (Anhui)	China	100.00
AVK Holding (HKG)	Hong Kong	100.00
Dalglen (No. 787)	UK	100.00
InterApp Armaturen Holding	Switzerland	100.00
AVK Holding Spain	Spain	88.87
AVK Foundry Holding	Denmark	100.00
AVK Brazil Holding	Denmark	100.00
AVK Italy Holding	Italy	100.00
AVK Furnes Holding	Denmark	51.00
AVK Indonesia Holding	Denmark	80.00
AVK Armatura Holding	Denmark	100.00
AVK Property Holding	United States	100.00
ACE Plastics Eqypt	Egypt	64.99
Glenfield Invicta Ltd.	UK	100.00
Fusion Group Manufacturing Limited	UK	92.84
Fusion India Pvt Ltd	India	92.84
Selskabet af 22. februar 2022 A/S	Denmark	100.00
InterApp Valvulas SA	Spain	100.00
Selskabet af 1. Maj 2023 A/S	Denmark	100.00
AVK Flow Control L.L.C.	Qatar	100.00
Mandrinox	Spain	75.39

	Registered in	Ownership %
AVK Elastomer Technology Inc.	United States	100.00
GLZ Lost Foam Machines (Kunshan) Co. Ltd	China	100.00
Q-Transportmateriel	Denmark	100.00
Q-System Sverige	Sweden	100.00
Flonlskra	Netherlands	50.00
TEC Artec	Germany	100.00
AVK Industrial (Australia)	Australia	100.00
AVK Plastics	Netherlands	100.00
AVK Tooling	Denmark	100.00
InterApp Deutschland	Germany	100.00
InterApp Poland	Poland	100.00
InterApp China	China	100.00
ASX 14145 ApS	Denmark	100.00
InterApp US	United States	90.00
Orbinox S.A.	Spain	77.03
Orbinox Comercial	Spain	61.63
AVK Wang Components	Australia	100.00

Parent income statement for 2023/24

		2023/24	2022/23
	Notes	DKK'000	DKK'000
Administrative expenses		(205)	(219)
Operating profit/loss		(205)	(219)
Income from investments in group enterprises		30,000	20,000
Other financial income		66	110
Profit/loss before tax		29,861	19,891
Tax on profit/loss for the year	2	55	0
Profit/loss for the year	3	29,916	19,891

Parent balance sheet at 30.09.2024

Assets

	Notes	2023/24 DKK'000	2022/23 DKK'000
Investments in group enterprises		304,751	304,751
Financial assets	4	304,751	304,751
Fixed assets		304,751	304,751
Joint taxation contribution receivable		31	0
Receivables		31	0
Cash		296	4,430
Current assets		327	4,430
Assets		305,078	309,181

Equity and liabilities

	Notes	2023/24	2022/23
		DKK'000	DKK'000
Contributed capital		300	300
Retained earnings		274,066	274,150
Proposed dividend for the financial year		30,000	30,000
Equity		304,366	304,450
Payables to group enterprises		532	4,594
Payables to owners and management		10	10
Other payables		170	127
Current liabilities other than provisions		712	4,731
Liabilities other than provisions		712	4,731
Equity and liabilities		305,078	309,181
Staff costs	1		
Contingent liabilities	5		
Non-arm's length related party transactions	6		

Parent statement of changes in equity for 2023/24

	Contributed capital DKK'000	Retained earnings DKK'000	Proposed dividend for the year DKK'000	Total DKK'000
Equity beginning of year	300	274,150	30,000	304,450
Ordinary dividend paid	0	0	(30,000)	(30,000)
Profit/loss for the year	0	(84)	30,000	29,916
Equity end of year	300	274,066	30,000	304,366

Notes to parent financial statements

1 Staff costs

	2023/24	2022/23
	DKK'000	DKK'000
Average number of full-time employees	0	0

2 Tax on profit/loss for the year

	2023/24	2022/23
	DKK'000	DKK'000
Adjustment concerning previous years	(24)	0
Refund in joint taxation arrangement	(31)	0
	(55)	0

3 Proposed distribution of profit and loss

	2023/24	2022/23
	DKK'000	DKK'000
Ordinary dividend for the financial year	30,000	30,000
Retained earnings	(84)	(10,109)
	29,916	19,891

4 Financial assets

	Investments in group enterprises DKK'000
Cost beginning of year	304,751
Cost end of year	304,751
Carrying amount end of year	304,751

Investments in group enterprises are specified in the notes to the consolidated financial statements.

5 Contingent liabilities

The Company serves as the administration company in a Danish joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company 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 these entities.

6 Non-arm's length related party transactions

Only non-arm's length related party transactions are disclosed in the annual report. No such transactions were conducted during the financial year.

Accounting policies

Reporting class

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

The accounting policies applied to these consolidated financial statements and parent 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.

Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence. Enterprises in which the Group, directly or indirectly, holds between 20% and 50% of the voting rights and exercises significant, but not controlling, influence are regarded as associates.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements. Minority interests' pro rata shares of the profit/loss and the net assets are disclosed as separate items in Management's proposal for the distribution of net profit/loss and equity, respectively.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the acquisition date, with net assets having been calculated at fair value.

Derivative financial instruments

On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value, which has been calculated as the discounted value of expected future net cash flows by using an approximate risk-free interest rate adjusted for any factors that a potential market participant would attribute value to when acquiring the instrument. Derivative financial instruments are recognised in other receivables or other payables.

For derivative financial instruments that do not comply with the requirements for being treated as hedging instruments, changes in fair value are recognised currently in the income statement as financial income or financial expenses.

Changes in the fair value of derivative financial instruments applied for hedging net investments in independent foreign subsidiaries or associates are recognised directly in the translation reserve in equity.

Income statement

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.

Production costs

Production costs comprise expenses incurred to earn revenue for the financial year. Production costs comprise direct and indirect costs for raw materials and consumables, wages and salaries, rent and lease, and amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment included in the production process. In addition, the item includes normal writedown of inventories.

Distribution costs

Distribution costs comprise costs incurred for sale and distribution of the Entity's products, including wages and salaries for sales staff, advertising costs, travelling and entertainment expenses, etc., and amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment involved in the distribution process.

Administrative expenses

Administrative expenses comprise expenses incurred for the Entity's administrative functions, including wages and salaries for administrative staff and Management, stationery and office supplies, and amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment used for administration of the Entity.

Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intra-group profits or losses.

Income from investments in associates

Income from investments in associates comprises the pro rata share of the individual associates' profit/loss after pro rata elimination of intra-group profits or losses.

Income from other fixed asset investments

Income from other fixed asset investments comprises gains in the form of interest, dividends, etc. on fixed asset investments which are not investments in group enterprises or associates.

Other financial income

Other financial income comprises interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, 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.

The Parent is jointly taxed with all of its 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**Goodwill**

Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. Useful lives are reassessed annually. The amortisation periods used are 5-10 years.

Goodwill is written down to the lower of recoverable amount and carrying amount.

Intellectual property rights etc.

Intellectual property rights etc. comprise development projects completed and in progress with related intellectual property rights, acquired intangible assets and acquired patents.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred less deferred tax is taken to equity in the reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 5 years. For development projects protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant 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 on a straight-line basis over the term of the agreement.

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

Property, plant and equipment

Land and buildings, plant and machinery, and other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

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.

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:

	Useful life
Buildings	20-30 years
Plant and machinery	10 years
Other fixtures and fittings, tools and equipment	5 years
Leasehold improvements	5 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.

Investments in group enterprises

Investments in group enterprises are measured at cost. Investments are written down to the lower of recoverable amount and carrying amount.

Investments in associates

Investments in associates are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the associates' equity value plus unamortised goodwill and plus or minus unrealised pro rata intra-group profits and losses.

Associates with negative equity value are measured at DKK 0. Any receivables from these associates are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant associate, and it is probable that such obligation will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

Upon distribution of profit or loss, net revaluation of investments in associates is transferred to the reserve for net revaluation according to the equity method in equity.

Investments in associates are written down to the lower of recoverable amount and carrying amount.

Investments in associates fall within the definitions of both participating interests and associates, yet in these consolidated financial statements they have been presented as investments in associates because this designation reflects more accurately the Group's involvement in the relevant entities.

Receivables

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

Other investments

Other investments comprise listed securities which are measured at fair value (market price) at the balance sheet date, and unlisted equity investments measured at the lower of cost and net realisable value.

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.

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 on 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.

Tax payable or receivable

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Joint taxation contributions payable or receivable

Current joint taxation contributions payable or receivable are recognised in the balance sheet, stated as tax computed on this year's taxable income, 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.

Prepayments

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

Cash

Cash comprises cash in hand and bank deposits.

Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

Minority interests

On initial recognition, minority interests are measured at the minority interests' share of the acquiree's net assets measured at fair value. No goodwill related to the minority interests' equity interests in the acquiree is recognised.

Provisions for pension liabilities etc

Provisions for pension liabilities etc are measured at net realisable value equal to the present value of expected payments by the individual pension plans etc.

Other provisions

Other provisions comprise anticipated costs of non-recourse guarantee commitments, returns, loss on contract work in progress, decided and published restructuring, etc.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

Non-recourse guarantee commitments comprise commitments to remedy defects and deficiencies within the guarantee period.

Mortgage debt

At the time of borrowing, mortgage debt to mortgage credit institutions is measured at cost which corresponds to the proceeds received less transaction costs incurred. Mortgage debt is subsequently measured at amortised cost. This means that the difference between the proceeds at the time of borrowing and the nominal repayable amount of the loan is recognised in the income statement as a financial expense over the term of the loan applying the effective interest method.

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.

Deferred income

Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities, and cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes, and financial income, financial expenses and income tax paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments, and purchase, development, improvement and sale, etc. of intangible assets and property, plant and equipment.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs, and the raising of loans, repayments of interest-bearing debt, including lease liabilities, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk.

Formulas used for ratio calculations

Profit margin (EBITDA) (%):

$$\frac{\text{EBITDA} * 100}{\text{Revenue}}$$

Profit margin (Operating income) (%):

$$\frac{\text{Operating income} * 100}{\text{Revenue}}$$

Return on assets (%):

$$\frac{\text{Operating income} * 100}{\text{Average assets}}$$

Return on equity (%):

$$\frac{\text{Profit/loss for the year excl. minority interests} * 100}{\text{Average equity excl. minority interests}}$$

Equity ratio (%):

$$\frac{\text{Equity incl. minority interest} * 100}{\text{Total assets ultimo, excl. cash and cash equivalents end of year}}$$



AVK
SUSTAINABILITY REPORT
2023/2024



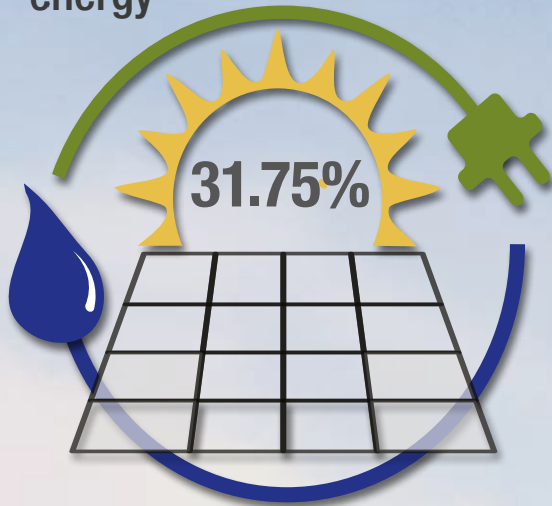


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2023/24 IN HIGHLIGHTS

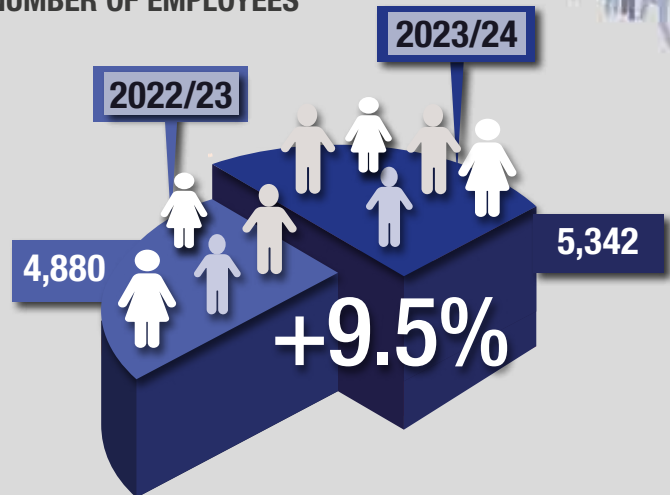
Share of renewable energy



AVK Group Sustainability function established



NUMBER OF EMPLOYEES

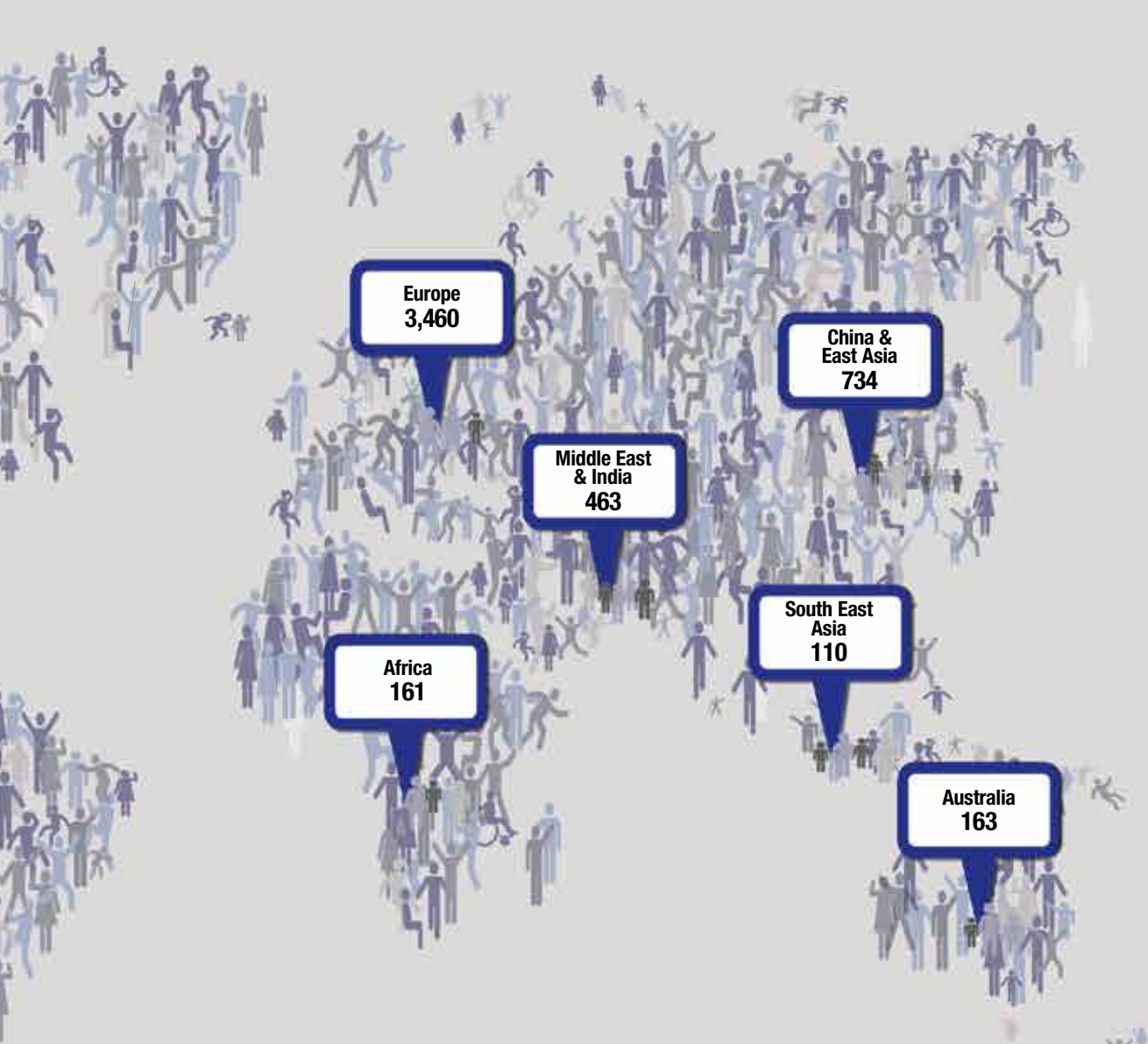


56 Electric cars 79



Accidents measured in LTAFR decreased





EPD[®]
 Environmental Product Declaration

15

The logo features a horizontal bar with three segments in shades of green and white. To the right is a circular icon containing the number '15' and a checkmark.

2% TO 4%

Self-produced electricity doubled

The graphic shows a blue industrial building with a power plug icon, solar panels, and green trees.



Søren Kjær
CTO, AVK Group

Lars Kudsk
CFO, AVK Group

Bo Johansen
COO, AVK Group

INTRODUCTION BY THE EXECUTIVE DIRECTORS

We are pleased to present our latest sustainability report which reflects our commitment to sustainability and responsible governance. This report is a testament to our efforts to integrate environmental, social, and governance principles into our business strategy.

During the past year, the global economy has faced several challenges that have significantly impacted our business. Geopolitical tensions increased uncertainty and disrupted global supply chains, while persistent inflation in many countries has driven up raw materials and energy costs. Changes in interest rates have reduced investments, and regulatory shifts have affected our operations. Additionally, extreme climate events and a growing demand for sustainable practices have further complicated the landscape.

In response, we are investing in local production and supply chains to maintain a strong presence in key markets. Despite these challenges, we have achieved satisfactory results this year, focusing on long-term, sustainable investments that benefit our company, employees, customers, and the environment.

Founded in 1941, AVK is built on the core values: quality, innovation, reliability, sustainability, and customer service. Thus, sustainable development is a cornerstone of our business strategy.

In October 2023, Niels Aage Kjær stepped down as CEO of the AVK Group after 53 years, passing the leadership to the new Executive Directors. At the same time, a Group Executive Board was established, with the overall responsibility for the Group. Here the Chairman of the three business units along with AVK Holding directors and the Executive Directors are represented. Niels Aage Kjær has assumed the role as Chairman of the Board, ensuring our continued commitment to sustainable development.

Also in October 2023, we made our largest acquisition to date, welcoming over 500 new colleagues from the companies Bayard and Belgicast into the AVK Group.

AVK's purpose is to develop, produce, and market high-quality, long-lasting products essential for vital infrastructure, including water supply, wastewater management, and energy supply, as well as various industrial applications. These efforts contribute to a sustainable development, public health, and a better environment.

AVK operates globally through three business units: AVK Water, AVK Industrial, and AVK Advanced Manufacturing. Our companies provide diverse solutions, including innovative products like PolyAI, made from recycled drinking cartons, which we incorporate into our plastic pallets. This report highlights how our products support sustainable development across multiple sectors.

We are committed to optimising processes and reducing our environmental impact. Significant investments in automation across our manufacturing units have enhanced quality and productivity as well as work processes. This year, we were honoured with the DIRA Automation Award 2024, recognising our long-term commitment to advanced automation.

In the 2023/24 financial year, we have initiated a strategic implementation of the EU Corporate Sustainability Reporting Directive (CSRD). As part of the process, AVK has initiated a double materiality assessment. The purpose of the double materiality assessment is to identify and prioritise our most significant impacts, risks, and opportunities and highlight materiality topics and areas we need to focus on.

We are focused on environmental efforts, having obtained several Environmental Product Declarations (EPDs) that calculate CO₂e emissions throughout our value chain for a given product, during the last year. We aim to minimise energy consumption while increasing our use of green energy sources through

investments in solar panels and low-energy solutions, and we are phasing out fossil fuel-powered passenger cars. In addition, we focus on waste management and the use of recycled materials in the production of high-quality products.

With operations in various countries, our diverse workforce is a strength that enhances our local and global development. We embrace this diversity, fostering a dynamic and enriching work environment. AVK is committed to being a healthy, professionally challenging, and safe workplace, actively working to reduce work-related accidents.

AVK operates in several business areas that are pivotal to driving sustainable development worldwide. In recent years, there has been an increasing focus on the management of drinking water and wastewater, which has an enormous impact on health and quality of life, as well as energy consumption and climate.

This past year, AVK has demonstrated resilience and a strong commitment to sustainability amid challenges. Our leadership transition and recent acquisition position us for future growth, enhancing our capabilities and market presence.

We remain dedicated to our core values, ensuring our products benefit both customers and the environment. By fostering a diverse and safe workplace, we empower our employees to drive innovation.

As we look ahead, we are excited about the opportunities to continue leading in sustainability and excellence. Thank you for your support as we move forward together.

Søren Kjær, Lars Kudsk and Bo Johansen, Executive Directors, AVK Holding.

OUR HISTORY, PURPOSE, AND **BUSINESS UNITS**

AVK is a family-owned Group with headquarters in Galten, Denmark. It is built on the foundation of an 80+ year old machine shop founded in 1941 by Aage Valdemar Kjær, hence the name AVK. Today, the global Group employs 5,342 people and consists of 108 manufacturing and sales companies.

Our purpose

It is our purpose to develop, manufacture, and market products of a high quality and with a long lifespan.

The products are used in vital infrastructure, including water supply, wastewater treatment, energy supply as well as a wide range of industrial applications that contribute to sustainable development, human health, and a better environment.

Business units

AVK is divided into three business units: AVK Water, AVK Industrial, and AVK Advanced Manufacturing. All three units consist of companies with a strong product portfolio and competencies used in many different business segments around the world. To accommodate the needs of our customers, we design, manufacture, and market our products ourselves.

AVK Water

AVK Water is a group of companies that develop, manufacture, and supply valves and solutions for water supply, wastewater treatment, natural gas supply and biogas, irrigation, fire protection, and HVAC (Heating, Ventilation, Air Conditioning), as well as AVK Smart Water.

We deliver to markets and customers all over the world, but that does not mean our solutions are universal. On the contrary, we always deliver unique solutions specifically tailored to meet local conditions and requirements according to local standards and approvals.

AVK Water accounts for most of the turnover in AVK.

AVK Industrial

AVK Industrial is a group of companies that develop, manufacture, and sell a wide range of valves for industrial segments. Many of the products are components for applications that contribute to development in a variety of industries. Specific examples include water and air purification systems, remote cooling and heating, energy supply, mining, pulp and paper, process industry, dams and reservoirs, hydropower, and water management solutions for flood control.

AVK Industrial accounts for around a quarter of the turnover in AVK.

AVK Advanced Manufacturing

AVK Advanced Manufacturing consists of companies that manufacture processed components made of steel, cast iron, aluminium, bronze, rubber, and plastic. As the components are partly included in the broad product range of AVK Water and AVK Industrial, the business units support each other.

In addition, the components are used in various industrial applications. Processed components made of steel, iron, aluminium, and bronze are used in the transportation and wind turbine industries, among others. Rubber components and solutions are used in equipment for the food and healthcare industries. Our plastics companies produce waste containers and pallets, among other products, with a focus on increasing the share of recycled plastic in products.

For more information, please refer to our financial report and overview of the companies in the AVK Group, which can be found under "Downloads" on our website.

OUR VALUES

At the core of AVK's DNA is our five values that act as our guiding principles and set the direction for how we run our business. These values are the foundation for our growth and results.

The five core values ensure a healthy company and constantly commit us to remaining industry leaders by developing our business, solutions, and people continuously.

AVK is global in scale when it comes to manufacturing and design. We serve our customers locally, offering full-line partnership and a single-entry point to a world of products and solutions.

Because of our solid know-how and decades of experience, it is safe to expect more from us - now and in the years to come. We make a difference by assuring progress for our customers.

The five core values serve as guiding principles for all in the AVK Group.

The foundation we share

Quality
We strive for quality in everything we do

Innovation
We innovate to make a difference

Reliability
We strive to be credible and consistent

Sustainability
We have a long-term approach

Customer Service
We strive to be our customers' preferred partner

AVK

OUR BUSINESS MODEL

Our business model reflects our dedication to employee engagement, technological innovation, responsible sourcing and production, and stakeholder engagement.

RESOURCES

EMPLOYEES

We hire qualified employees who support the business with their knowledge and competences, and we focus on long-term relations, diversity, and development.

INNOVATION AND DEVELOPMENT

We develop products with extended lifespan and are committed to continuous improvement and innovation in our processes, solutions, and business areas.

SOURCING

We source materials and components responsibly from local as well as global suppliers and partners, and have high standards regarding people, the environment, and business ethics.

ACTIVITIES



AVK WATER



AVK INDUSTRIAL



AVK ADVANCED MANUFACTURING



SOCIETY

Our products are part of vital infrastructure including water supply, wastewater treatment, and energy supply as well as a variety of industrial applications, all contributing to the sustainable development of society, the health of people, and a better environment.

CUSTOMERS

We deliver solutions, not just products. We aim to build long-term relationships and to continuously optimise our solutions to fulfil our customers' needs and requirements.

VALUE CREATION

PRODUCTION

We manufacture high-quality products and operate our production in a responsible way within the Lean framework, with care for the environment and our stakeholders.

STAKEHOLDER ENGAGEMENT

Our relationships are built on trust and long-term relations - always with shared value creation in mind.



FINANCIAL YEAR 2023/24

FINANCIAL YEAR 2023/24
Turnover: DKK 9,027m
Employees: 5,342
Operational companies: 108
Represented in 39 countries

ACTIVITIES

EMPLOYEES

We focus on being a healthy and safe workplace, providing attractive jobs and creating the best framework for employee development and well-being.

SHAREHOLDER VALUE

We prioritise reinvestment and active ownership as well as creating value for our shareholders.

AVK is a global Group. We operate in various segments and under different conditions. As we will describe in the section “Our risks and opportunities”, we are very conscious of the risks that come with being a global Group. Therefore, we monitor our own and external manufacturing units to ensure that the specified criteria for the environment and human rights are complied with.

Our foundation is to act in a responsible manner towards employees, the environment, and the surrounding community.



**INNOVATION AND
DEVELOPMENT WITHIN
OUR BUSINESS AREAS**

Economic growth, social development, and climate action are heavily dependent on investments in infrastructure, sustainable industrial development, and technological progress. The global manufacturing industry is considered as a driver of overall economic growth. Source: UN

A stream of disruptive events like decarbonisation of energy systems, economic slowdown, political aspects, digitalisation, and AI is reshaping the business environment and the organisations. The effects of these trends will be uneven across markets and industries. For most companies, navigating the new landscape will require increased flexibility along with changes in strategy, financing, and talent.

The industrial market thus requires constant adaptability to ensure responsible and economic growth, while investing in green transformation, digitalisation of processes, and automation to ensure competitiveness. All these factors place great demands on innovation and development in AVK's manufacturing companies. As a result, we continuously invest in product development and optimisation of processes throughout the value chain, including automation and digitalisation of production.

Product development

In the AVK Group, innovation and development of new and improved high-quality products with a long lifespan and recycling in mind play a crucial part. As described on the coming pages, our focus on innovation affects many industries. Our primary business area is the development, manufacturing, and sale of valves and solutions for clean drinking water supply, wastewater treatment, fire protection, and irrigation. In recent years, there has been an increased focus on expanding the product portfolio with intelligent valve products, defined and controlled by AVK Smart Water.

We are constantly working on optimising and developing our product range. AVK continues to invest in product portfolio for desalination applications as we expect the extraction of seawater for drinking water production to become an important business area in the years ahead.

An example of our continuous focus on product optimisation is the development of a range of 3D printed metal moulds for producing valves in plastic at AVK Plast A/S.

For the past 20 years, the components for the series 16 POM valve have been manufactured in the same way, a way that often required machining before assembling the valve. Additionally, the moulding process carried a

risk of voids forming in the valves, highlighting the need for product development. Metal 3D printing technology proved to be the solution, enabling us to create a moulding tool with a core featuring a precisely designed critical internal structure.

To regulate the temperature, the core was designed with built-in cooling channels running like a metro system under the part's surface. These channels allow us to blow cold air through the part, lowering the temperature. Additionally, an insulating layer surrounds the central inlet where the hot plastic flows, ensuring that the plastic in the inlet does not cool and solidify before reaching the mould.

Due to lack of space, metal 3D printing is a good solution as we can make very precise cooling channels as well as channels for sensors. In this way, we have complete control over the temperature and are able to get the right quality.

By the means of metal 3D printing, we can now control the heat development in the tool as we have complete control over the process. As a result, we can achieve a higher quality, reduce the number of discarded valves due to flaws, and as a natural benefit save energy and raw materials.

The new metal 3D printed moulds were developed in a collaboration between Danish Technological Institute, the Tech department in AVK Holding A/S, AVK International A/S, and AVK Plast A/S.

Stable and more efficient production with robots

At AVK, we continuously work to optimise and develop our work processes. Robotics is one of the technologies we use to achieve a higher and more uniform quality of the products as well as a more efficient and stable production to secure future competitiveness.

Robotic solutions are often used for tasks where many similar products need to be produced. This means repetitive tasks, also known as unilateral-reciprocal work, which can be exhausting and demotivating for employees.

Robots have been a part of AVK's manufacturing for decades, and we now have

an advanced robotic system that handles multiple processes simultaneously. With high demands regarding the consistency of the components delivered to AVK, the installation of the robotic system has helped to strengthen the quality requirements throughout the process. There is zero tolerance for deviations which means that processes and tasks prior to the robotic system must be completed to ensure consistent quality of the components. At the same time, the process of implementing new technology and digitalisation makes us develop new workflows. We are continuously working on how the logistics process needs to be adapted and what system changes need to be implemented to ensure that the entire manufacturing works together in the best possible way.

The robotic system ensures stable production with a high level of quality and optimised work processes. At the same time, it frees up employee resources enabling us to increase productivity.

In September 2024, AVK International was honoured with the DIRA (Danish Industrial Robot Association) Automation Award for our innovative robotic solution, seamlessly integrating 16 processes into one solution.

Innovation in the Industrial Business Unit

Likewise, in our Industrial Business Unit, there is a need for constant innovation and development to meet customer demands.

The global electrification of the automotive industry is generating high demands for microchips, an industry that has already been characterised by a lack of supply for several years. This, in combination with the political development requiring local microchip production, creates good business opportunities for AVK as our ball and butterfly valves are used in the production for cleaning microchips. A production process that puts high demands on all technical equipment.

The geopolitical conflicts have created new national standards and specifications for products used in shipbuilding. Therefore, we have adapted our butterfly valve product range to meet the new requirements.

Increased competition demands a higher level of automation in our production and digitalisation of our processes. Hence, we have initiated the development of a completely new design for our industrial knife gate valves to ensure the possibility of further automation in our production.



INTRODUCTION TO AVK'S ESG ORGANISATION AND CORPORATE SUSTAINABILITY REPORTING DIRECTIVE

We see sustainability as an integrated part of our business, and it is one of the global focus areas for the Group supported by AVK Holding. Activities and requirements are coordinated across all the companies of the Group.

ESG organisation

As a global Group, we are encountering increased demands related to sustainability initiatives which necessitates enhancing our data collection and documentation process across the organisation. To meet these challenges, we have allocated additional resources for the 2023/24 financial year to prepare and future-proof our operations, ensuring compliance with evolving ESG standards and reporting requirements driven by customer expectations and the EU Corporate Sustainability Reporting Directive (CSRD).

Establishment of Sustainability & ESG function

From February 1, 2024, a dedicated central Group Sustainability & ESG function has been established with reference to AVK Holding's top management.

The function, which will ensure anchoring sustainability across the organisation, has access to resources from the other AVK Holding functions (Group Finance - Legal - Communications - Supply chain - IT) as well as staff from our global companies.

Preparing for the CSRD

In the financial year 2023/24, AVK initiated a strategic implementation of the EU Corporate Sustainability Reporting Directive (CSRD). A significant focus area for AVK has been the

compilation of a double materiality assessment. The purpose of the double materiality assessment is to identify and prioritise the Group's most material impacts, risks, and opportunities and to guide our focus on key sustainability topics for further development in our effort.

In August 2024, we initiated the process of a double materiality assessment with a top-down focus from the AVK Holding organisation to underlying operating companies and their individual value chains.

As a part of the assessment, a detailed analysis of our companies and our value chains including global suppliers will be conducted.

Once the materiality assessment is completed, we will perform a gap assessment. The purpose of the gap assessment is to evaluate our current position in relation to the requirements of the Environmental, Social, and Governance Reporting Standards (ESRS) of the CSRD.

This evaluation is crucial to identify areas where we need to optimise and adjust our internal processes and reporting systems to ensure compliance with the ESRS. It also serves as the foundation for the preparation of the overall AVK Sustainability Roadmap which is expected to be completed in early 2025.

The work with the double materiality assessment and the gap assessment will continue in the financial year 2024/25.



OUR VALUE CHAIN

The AVK Group is a global leader in valve manufacturing and operates across a range of industries such as water supply, wastewater management, energy, and industrial applications. In our value chain, we emphasise sustainable practices, including using recycled materials, enhancing production efficiency, and focusing on the environmental impact throughout the manufacturing processes.

Raw materials and procurement

AVK sources a wide range of raw materials, including metals, plastics, rubber, and other components essential for our product lines like valves, hydrants, and fittings. Purchases are made from global suppliers based on our material specifications.

The use of recycled materials, particularly in cast iron and plastic products, is a focus area to minimise environmental impact.

Manufacturing

Our global manufacturing facilities are operated in an advanced and energy-efficient manner that utilise modern technologies and automation to improve manufacturing efficiency and product quality.

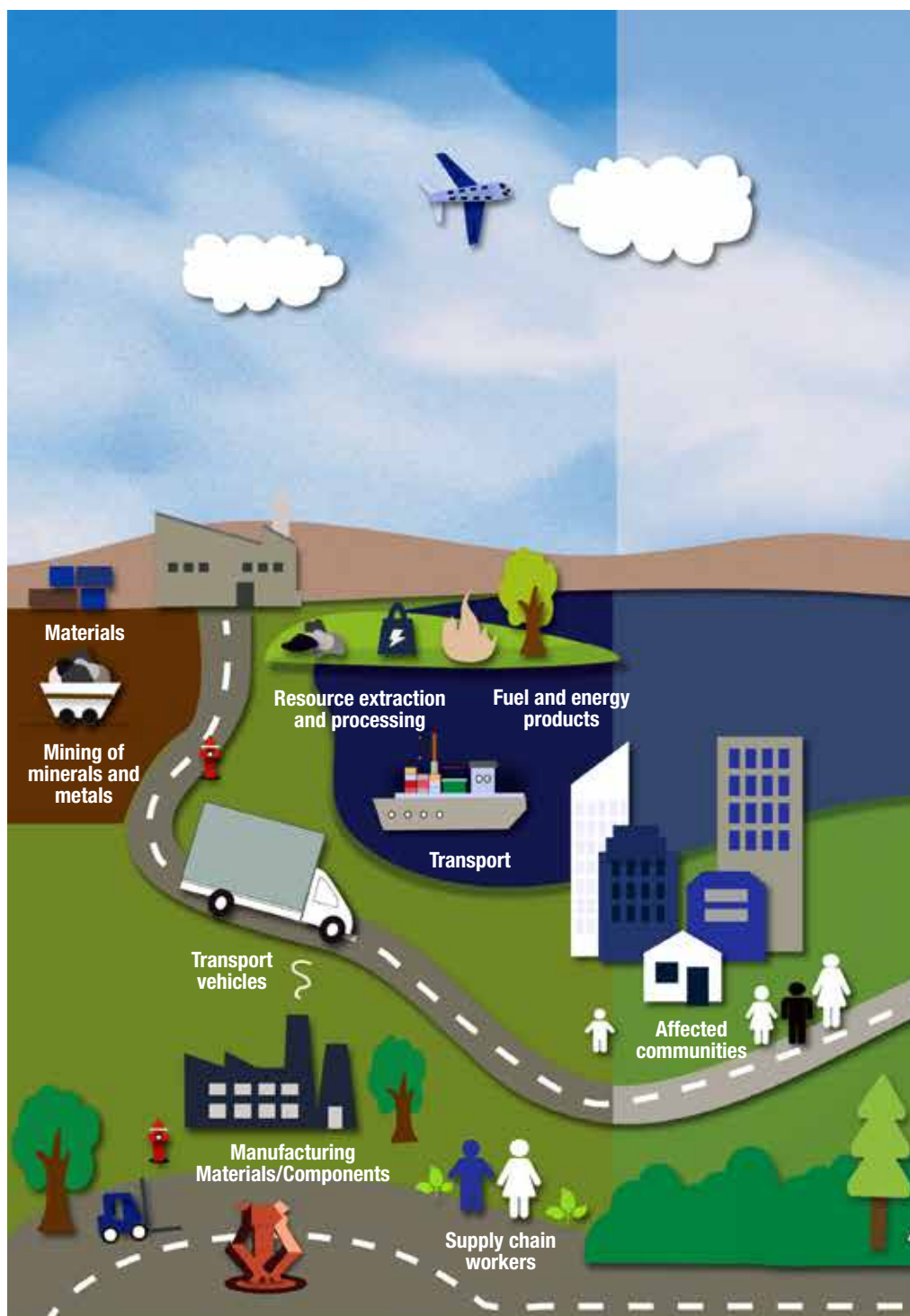
We prioritise processes that integrate circular economy principles, such as reusing materials from manufacturing waste to minimise environmental impact and support sustainability.

Logistics

AVK has a robust logistics network designed to deliver products efficiently to global markets. Logistics is optimised through technological solutions to track inventory and manage global shipments via road, sea, and air, supporting our international operations and customers.

Customers

AVK's customer base includes national as well as local municipal authorities, utilities, and industries in need of water, wastewater, and energy infrastructure solutions.





OUR RISKS AND OPPORTUNITIES

All companies face risks and opportunities. For a company to grow, making the right choices at the right time is crucial. As an industrial Group of companies with sales in many market segments and all over the world, AVK is relatively resilient to fluctuations in individual markets. Furthermore, customer relationships are long-lasting and provide additional stability to AVK's business.

The general development of the global economy presents both opportunities and risks. This includes political decisions regarding infrastructure investments, especially in the water sector.

The global economy

The global economy has been affected by several factors in the past years, and it is expected that these factors will continue to have an impact on the economy in the coming years. The global supply chain crisis, initially triggered by the COVID-19 pandemic and further exacerbated by ongoing geopolitical conflicts, has significantly driven up costs, heavily affecting the financial outcomes of many projects. Supply chains have stabilised, but subsequent inflation and higher interest rates have had a negative impact on investment in most markets. There is still much uncertainty on the general economic development, but we have seen prices stabilise and partly reduce in the last year, and we expect a more positive development for our markets in the coming year helped by lower interest rates. Geopolitical conflicts and new governments in many of the important markets for AVK can impact our business.

We see increased protectionism with trade barriers and political demands for local supply chains. For AVK, this means further investments in local manufacturing and supply chains, but overall, we are well positioned with our global network of companies and manufacturing presence in most major markets.

The Group's products hold substantial long-term potential, driven by the growing need for infrastructure investments in the water, wastewater, and energy sectors, particularly across Asia, Africa, and South America. An essential prerequisite for a safe supply of clean drinking water and less water waste is the use of quality products in the distribution network. Here, AVK has an advantage with our diverse product portfolio.

Many developed markets also experience significant water wastage, leading to both water loss and increased energy costs for pumping. The increasing focus on sustainability and thus reduced energy consumption increases the demands on the water supply and a reduction in the loss rate from waterworks to consumer. Therefore, there is a need for continued investment in renovating and improving the water supply. Likewise, there will be an increasing focus on intelligent products for water supply (Smart Water Systems) that ensure better monitoring and control of the distribution network.

Organisational development

The AVK Group consists of more than 100 companies that largely act as independent entities, enabling the local companies to adjust to local business.

At AVK, sustainability is an integral part of our business and a key global focus for the Group. This commitment is supported by AVK Holding, reflected in our activities, and reinforced through coordinated requirements across all Group companies. The policies and

initiatives related to sustainability are governed by the Executive Directors and managed by a dedicated Group Sustainability and ESG function.

The AVK Sustainability Policy

Our global presence requires high ethical standards and a strong coordination to ensure that we act in the same way across all countries.

We want to be a responsible and credible company that balances economic, environmental, and social matters. This is mirrored in our Sustainability Policy.

Group Policies

AVK has established Group Policies that define how the individual companies are to comply with our sustainability efforts within the areas: environment, social, and governance.

The policies are available in the Group's management system (QHSE) and communicated to all companies in the Group.

In addition, through our Supplier Code of Conduct, we have defined principles and guidelines for environmental protection and human rights compliance that our suppliers are required to live up to.

In this way, we constantly strive to be a credible and ethically responsible partner for our customers and suppliers, a supportive workplace for our employees, and a responsible actor towards all other stakeholders.

Our global presence

As we operate in countries where compliance with human rights, occupational health and safety, environmental and climate protection as well as anti-corruption are not necessarily a given due to existing culture and legislation, we are aware of the risk that our Group values are violated.

Because of this, we focus on compliance with our policies in all Group companies, and we support this effort with ongoing audits in our management systems. The most significant risks will be assessed in the following sections.

Environment and climate

We estimate that the main risk related to climate impact is a lack of attention to minimising energy consumption. In addition, it is important to focus on material use and waste management to minimise the impact on the local environment and support a circular economy.

To minimise our climate impact, we have developed an environmental and climate strategy. We are focused on ensuring compliance with our environmental policy and work to continuously strengthen the policy to minimise the environmental and climate impact of the Group and our suppliers. We elaborate further in the section “Our environmental and climate effort”.

Employee relations

As a Group of companies with numerous industrial production facilities, we consider

work-related accidents a significant risk and hence a high priority area. Additionally, individual companies within AVK will pay attention to mental health and safety. Read more about initiatives within both areas in this report under the section “Our social responsibility”.

Human rights

We assess that the risk of human rights violations is most pronounced among workers further down the value chain, particularly in cases involving forced labour and unequal rights. We have more control over the suppliers in the value chain the closer they are to us. That is why we work systematically on registration, control, and follow-up via audits and further development of the collaboration with our suppliers. This is further elaborated on in the section “Our governance”.

Anti-corruption and bribery

As a global Group of companies, we assess corruption risks in some of the countries in which we operate. AVK does not accept any kind of action that may be considered corruption or bribery. We have zero tolerance for such incidents and consider it a gross misconduct that may result in disciplinary actions. The management of all our companies have signed our compliance manual with a requirement of compliance with national and international laws on anti-corruption and bribery. We will address this in the section “Our governance”.

The AVK Sustainability Policy

We recognise that our global presence requires high ethical standards throughout our organisation and in all our actions.

We want to be a responsible and credible company with the ability to balance economic, environmental, and social matters.

This means that:

- The AVK Group supports the UN Sustainable Development Goals (SDG). Our main area of attention is the goals relating to clean water and sanitation (SDG 6) and industry, innovation, and infrastructure (SDG 9) as these areas represent our core business. In addition, AVK also contributes to other goals. We consider SDG 17 on partnerships for sustainable development to be crucial to achieving the other SDGs.
- We ensure that sustainable initiatives are fundamental to our production and that we have a healthy and safe work environment. We focus on the environment and long-lasting solutions and have achieved certifications that we are proud of:
 - ISO 9001 – Quality management
 - ISO 29001 - Quality management in the oil and gas industry
 - ISO 14001 – Environmental management
 - ISO 45001 – Occupational health and safety
 - ISO 50001 – Energy management



OUR CONTRIBUTION TO THE UN SUSTAINABLE DEVELOPMENT GOALS

The UN 17 Sustainable Development Goals (SDGs) are the framework for the global sustainable development efforts until 2030. The goals recognise that social, economic, and environmental development are closely interlinked, and that achieving sustainable development outcomes requires a concerted global effort. At AVK, we recognise that we have a shared responsibility. The SDGs 6 and 9 are particularly relevant to our business model, but we also work with other goals, either at a strategic level or through decentralised activities as described below.

Our product portfolio in AVK Water is a direct extension of UN SDG 6. This goal aims to ensure that everyone has access to clean drinking water and sanitation and that this is managed sustainably.



All three business units of AVK contribute to this goal as we design and manufacture innovative products, some of which are part of recycling initiatives and processes for energy, water, and infrastructure solutions.

Water influences health and quality of life.



Our valve solutions help ensure clean drinking water in well-established water supply systems by providing reliable, long-lasting, and dependable water management and helping to reduce water waste and energy consumption. AVK products and solutions are applied to various processes aimed at ensuring responsible wastewater treatment and avoiding risks to the environment and health.

By operating in the water and wastewater industry, we indirectly contribute to UN SDG 3 which is about ensuring healthy lives and promoting well-being. Water-related diseases are a major problem worldwide and wastewater can contaminate drinking water sources.

UN SDG 9 is concerned with developing reliable infrastructure, promoting sustainable industries, and investing in scientific research and innovation.



Sustainable energy is the core of SDG 7. This goal aims to ensure that by 2030 all people have access to affordable, reliable, sustainable, and modern energy. It specifies that the share of renewable energy in the global energy mix must increase significantly by 2030.



Our valves for wastewater treatment, biogas, and hydroelectric energy production contribute to a greater share of renewable energy.

We work with UN SDG 8 which is about decent jobs and economic growth. This means that we must provide healthy and safe workplaces for our employees both in Denmark and internationally and respect their right to equal and fair working conditions.



We only want to co-operate with suppliers who guarantee compliance with human rights legislation and our ethical standard, the Code of Conduct.

As a financially robust and responsible company, we make significant investments to strengthen our competitiveness and maintain our market share.



Our product portfolio contributes to clean water and sanitation which are the foundation for ensuring more sustainable cities and communities. Equally, our solutions can help cities adapt to extreme rainfall by using underground drainage systems to prevent flooding. In this way, we support SDG 11 on sustainable cities and communities.



UN SDG 12 is about responsible consumption and production. We support this goal by conducting life cycle assessments and by identifying methods and processes that enable us to recycle materials from our factories. We also apply large quantities of recycled materials in our production, both metals and plastics.



UN SDG 13 on climate action is concerned with reducing the increase in global average temperature and strengthening resilience and adaptation to climate change.



As a player in the water and wastewater industry, we contribute to this goal by addressing the link between water consumption and energy usage. The energy consumption for pumping water is reduced when our valve solutions reduce water loss and the pressure management in the distribution network is efficiently handled.

In the energy sector, our valves can be used in the distribution of water for district heating, biogas production, hydroelectric energy, and conversion of wastewater into green energy. To adapt society to extreme rainfall, climate adaptation solutions for flooding are needed.

This is another area where AVK companies can contribute with valve solutions.

In addition, we have developed an environmental and climate strategy with the primary aim of reducing CO₂ emissions through energy reduction in the life cycle of our products and investing in green energy sources.

We consider SDG 17 to be crucial for the success of the other sustainability goals. At AVK, we want to be part of creating a sustainable water and energy supply and build a community where circular economy plays a greater role. Collaboration across local, national, and international organisations, authorities, industries, and professions is necessary, and this is what we do through partnerships.



WATER LOSS: PROBABLY THE MOST CRITICAL RESOURCE CHALLENGE OF OUR TIME

Water has a significant impact on health, quality of life, energy consumption, and on our climate. “Clean water and sanitation for all” is UN SDG 6 which emphasises that water is a vital resource. In fact, water plays a crucial role in solving many of the underlying problems that have led to all UN’s Sustainable Development Goals.

Today, we are wasting tomorrow’s water

Water is a scarce resource in many parts of the world. Yet, in some countries, between 30 and 60% of the treated water is wasted on its way to consumers. When up to 60% of the treated water is wasted before reaching its destination, the same amount of energy used for production and distribution is wasted too. By 2040, approximately 79% more energy will be used for water management compared to 2014 if we continue to operate as we do now.

Non-revenue water (NRW) is produced, cleaned water lost somewhere in the water distribution system, never reaching its destination. This means water not used or paid for, affecting local economies as well as local resources available and wasted energy for pumping water.

The reasons for water loss are many, ranging from leakages, pipe bursts, poor water management to illegal connections and unauthorised consumption. Likewise, many solutions are available.

The technologies are there – we just need the initiative

In Denmark, legislation does not allow a water loss rate of more than 10%. Over time, this has resulted in one of the world’s lowest average water waste rates of 7.8% and has placed

Denmark as a front-runner in water technology and solutions.

As water sources are already overexploited and populations are increasing, we need to apply better management. And what better way to start than by minimising our waste of water.

The revised EU Drinking Water Directive, which addresses water loss, drinking water quality, and infrastructure risk assessment requirements, gives hope that more decision makers will see the positive effects of legislation in crucial areas such as water infrastructure.

A conservative estimate is that the level of NRW is between 30 and 60% in some countries. This means that between 30 and 60% of the water pumped into the pipes from the waterworks is not billed, either because it is lost due to leaks or because of unauthorised consumption.





AVK SMART WATER PROVIDES ACCESSIBLE AND RELIABLE DATA

Water utilities' primary duty is to ensure a safe and reliable supply of drinking water for their consumers. To do this, they must ensure reliable operations and functionality of the water distribution network and be able to react quickly when unwanted changes occur.

Nowadays, many utilities have installed metres that can measure water consumption which is essential to ensure correct billing and to reduce the amount of Non-Revenue Water (NRW). However, there is potential to collect and utilise a larger amount of data from the utility network by installing sensors, such as those AVK has developed in our Smart Water solutions. By applying AVK Smart Water solutions to key network assets such as valves or fittings, data can be delivered directly to a dedicated software platform where it is transformed into valuable knowledge and insight, saving both time, water, energy, and labour resources.

Collecting valuable data

The AVK Smart Water solution is a combination of sensors and software. Our software allows easy integration with a preferred IT system as well as visualisation in AVK Smart Water's own platform, VIDI Cloud.

The sensors are designed for our gate valves, fittings, and hydrants. Once installed, they can provide data about pressure, flow, temperature, or open/closed position directly from applications in the distribution network. This way of monitoring network activities makes it possible to save resources, minimise water loss as well as optimise operation and maintenance activities, for example by quickly informing about leaks.

The sensors use the wireless IoT technology NB-IoT (Narrowband Internet of Things) to

ensure good coverage and long battery life. NB-IoT can penetrate closed structures such as wells, chambers, and other underground structures.

Dividing the water network into sections

Leaks in pipes and other equipment caused by, for example, bursts or breaks are some of the main causes of water loss. When a leak occurs, it can take days, weeks, and even years before it is detected, and finding the exact area in a large, wide-reaching network is no easy task.

Therefore, dividing the supply network into separate sections, also referred to as District Metering Areas – DMA, is an effective technique that makes it possible to get an overview of what is going on underground. Water loss can be calculated in the sections individually, and operators can better plan and prioritise their efforts.

Improved NRW calculations and support for active leakage control with VIDI Positioner

As part of the LEAKman project, VIDI Positioners, battery-operated devices, are installed on valves located at the boundaries of the DMAs. Here, they provide reliable data on valve status and opening ratio which is vital information for the water balance and NRW level calculations.

The LEAKman partners identified at an early stage the need for knowing if - and when -

The LEAKman project

The LEAKman project (LEAKage MANagement) intends to demonstrate Danish solutions to reduce the loss of clean drinking water and to pave the way for new Danish water technology.

Read more in the chapter on "Our partnerships for sustainable development" or at <https://leakagemanagement.net/>.

the DMA boundary valves are operated as this affects NRW management and often leads to false results when conducting the water balance assessment and the minimum nighttime flow monitoring.

Water balance calculations are highly dependent on valid data. It is a well-known issue that if the boundary valves have been opened for maintenance, they are sometimes not brought back to the closed position afterwards. In other words, monitoring the open/closed position of boundary valves can help prevent unmeasured flow between DMAs and thereby ensure more reliable data and calculations.

Pressure adjustment techniques to minimise leaks and reduce energy consumption

Pressure adjustment is considered an important and cost-effective leakage management activity. The higher the pressure, the more water is lost through bursts and leakages. Furthermore, most pipe bursts occur not only due to high pressure, but rather due to pressure fluctuations that cause pipes to constantly contract or expand, resulting in stress fractures.

Pressure adjustment is also a way to reduce unnecessary energy consumption. By allowing lower pressure in general, especially during off-peak hours, energy consumption for pumping can be reduced. The pressure can be adjusted to the critical point at a strategic consumer in the DMA which means that no energy will be used to pump water to a higher level than necessary.

Manually monitored Pressure Reducing Valves (PRVs) requires the utility to go to the valve location and manually check the pressure gauge. This is time-consuming and in principle, PRVs can fail within minutes of being manually inspected, meaning the pressure is not reduced correctly. Using wireless battery-powered pressure sensors, PRVs can be monitored every minute or every five minutes, achieving a constant online monitoring.

WATER SUPPLY NETWORK OF THE FUTURE – SMART GATE VALVES INSTALLED IN THE NETHERLANDS

AVK Nederland and Evides have enjoyed a good customer-supplier relationship for many years. Evides, a provider of drinking water, is continuously working on making its business operations more sustainable. As part of the "Pipeline Network of the Future" research programme, they have investigated different techniques that help gain insights into the water supply network to secure that future investment can be made in a well-founded, targeted, and cost-effective manner, including attention to making various assets 'smart'.

In this context, Evides installed and tested eight AVK VIDI Positioner on four gate valves in Oud-Beijerland. The purpose of this installation was to smarten up the water supply network and to ensure that more information about the status of the gate valve could be collected.

The installation

The VIDI Positioners are installed in combination with an AVK extension spindle on multi-turn valves and transmits data wirelessly to Evides.

The starting position of the valve in question is activated via the AVK Assist app on any smartphone. As soon as the extension spindle is turned, the VIDI Positioner registers the movements. The device transmits data immediately via NB-IoT communication network (band 8 & 20) and retransmit the position after 5 and 10 minutes and after 1, 6, 12, and 24 hours. A live signal is transmitted every 24 hours if the position has not changed.

Successful pilot at Evides

On valves that are not a part of the test, the preferred position of each valve is noted in writing. If the position changes, this is processed manually which means that information is not always up to date. If the actual valve position does not correspond to the one noted down, this can lead to problems in the event of malfunctions: an adjustment of the valve position can then cause more complaints.

After completing all the steps, the installation of the positioners went smoothly with good support from AVK. Likewise, the installation of the AVK Assist app was straightforward. The pilot has now lasted more than six months, and the positioners have been working flawlessly ever since transmitting the valve positions accurately and on time.

The conclusion of the pilot at Evides highlights that the VIDI Positioner improves the efficiency of the registration of the valve position and ensures that the registered position is correct. The VIDI Positioner also functions as an alarm when the valve is in a position other than the preferred position. Installing VIDI Positioners can therefore save a lot of time.

Evides supplies drinking water to 2.5 million consumers and companies in the provinces South Holland, Zeeland, and North Brabant.



WASTEWATER AS A RESOURCE

The UN Environment Programme (UNEP), the leading environmental agency of the UN, reports that approximately 42% of all household wastewater is not treated properly, damaging ecosystems and human health. Source: UN

CASE

At the same time wastewater can generate biogas, heat, and electricity. It can produce about five times more energy than is required for its treatment – enough to provide electricity for around half a billion people per year. Source: UNEP, 2023.

AVK develops, manufactures, and markets products specifically designed to handle the substances in wastewater management.

AVK VALVES HELP PRESERVE THE YANGTZE RIVER

As part of China's commitment to sustainable development, the Zhujiqiao Wastewater Treatment Plant was recently upgraded and expanded. It is now equipped with various valves from AVK.

Protecting the country's lifeline

The significance of the Yangtze River is immense. It is the longest river in Asia and

China's largest water system. In addition, many of China's largest cities, including Shanghai, Wuhan, and Chongqing, are situated along the river. However, for some time, the ecological environment of the Yangtze River has faced severe challenges such as chemical encirclement and industrial wastewater discharge. And now, the situation is deteriorating.

In response to General Secretary Xi Jinping's call for "focusing on protection, not excessive



development”, various cities along the Yangtze River have shown their commitment to the protection and restoration of the river’s ecological environment.

Pilot city for green development

Wuhu, located on the banks of the Yangtze River, has in recent years made a continuous effort to restore the ecological environment of the Yangtze River. In July 2018, the Three Gorges Corporation selected Wuhu as one of the first pilot cities for the Yangtze River protection efforts – an action that not only sets the tone for the future development of the city, but also marks a new historical stage in ecological protection and sustainable development in the Yangtze River area.

As the largest wastewater treatment plant in southern Anhui, the Zhujiqiao Wastewater Treatment Plant undertakes the comprehensive task of treating domestic wastewater from Wuhu and its surrounding area. To improve efficiency, achieve higher discharge standards, and enhance the regional water ecological environment, the plant has undergone multiple phases of upgrading and expansion. Phases I and II have a total treatment capacity of

220,000 m³/day, while Phase III added an additional 115,000 m³/day, bringing the total capacity to 335,000 m³/day. The long-term design capacity is 450,000 m³/day.

AVK valves for complex solutions

The project of upgrading the plant involves adding advanced treatment units after the existing secondary treatment process, adopting further advanced and complex techniques in each of the project’s phases.

Amidst the phases, there are several technical processes such as precise control of biological treatment, achieving efficient flocculation and sedimentation, and implementing MBR flat membrane technology.

AVK Valves in Shanghai delivered a variety of valve solutions for the expansion project including gate valves, butterfly valves, check valves, and knife gate valves, ranging from DN50 to DN2000 – in total more than 400 units.

The AVK valves for wastewater treatment with precision control capabilities and corrosion resistance support stable and efficient biological treatment.

Enhanced capacity and environmental benefits

Following the project, the plant has improved its treatment capacity. Now, the treated water lives up to the national Class A discharge standard. This means that the treated wastewater can be safely discharged into the Yangtze River, reducing its negative impact on the ecological environment.

Also, the project has positively influenced the surrounding aquatic environment, especially at the Wuhu Jiangdong Water Ecological Park which now receives 40,000 tons of tailwater daily from the plant. Through ecological purification facilities such as subsurface flow constructed wetlands, the nitrogen and phosphorus contents are reduced, elevating the water quality to meet the Surface Water Quality Standard Class IV. This cleaned water is then discharged into the surrounding Banshengyan and Baoxingyan water systems. By feeding the cleaned water into the urban river system, a constant source of freshwater is provided, improving the water environment, and achieving water pollution control, ecological restoration, and resource protection.



RECYCLED PLASTIC IN OUR PRODUCTION

Recycled plastics is a value-adding component in the product manufacturing process in the AVK Plastics companies where thousands of tonnes of recycled plastics go into production every year.

The mission of the AVK Plastics group of companies is to contribute to a circular economy of plastics through the development, manufacturing, and sales of injection moulded products from recycled plastics.

AVK Plastics' major product categories are transport pallets, surface boxes, and waste containers. In addition to marketing their own

products, AVK Plastics also manufacture products and components for other companies within the AVK Group as well as outside the group.

Circularity of materials is becoming increasingly important, and recycling is an important part of AVK's business. The growth of the world's population and our current way of living is

causing us to consume natural resources faster than they can be generated. Environmental pollution from end-of-life product waste is another major topic, especially for materials as lasting as plastics. Implementing circularity also reduces CO₂ emissions significantly. All good reasons to work with recycling.

CASE

COLLABORATION TO INCREASE THE QUANTITY OF RECYCLED PLASTICS

In the financial year 2023/24, AVK Plastics recycled 33,000 tonnes of post-consumer plastics, an 18% increase from the previous year. AVK Plastics actively pursue value chain cooperation to develop product applications for unused plastic waste streams to support increased recycling levels. One example is the partnership with Recon Polymers that focuses on recycling beverage cartons.

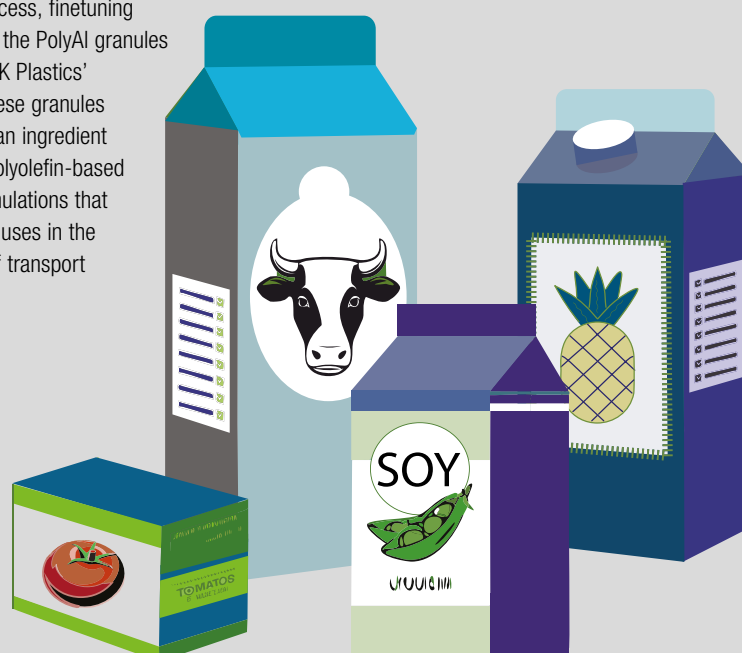
Beverage cartons, commonly used for packaging various beverages, pose a recycling challenge. In 2023, Tetrapak, a major brand in this sector, alone sold 179 billion packages. In response to increasing demands for recycling, Tetrapak invests €40 million annually to improve the collection and recycling of these packages. In 2023, about 1.3 million tonnes of beverage cartons were collected for recycling, an 8% increase resulting in a global collection rate of 27%. Source: TetraPak Sustainability Report FY23 p.34

A typical beverage carton, e.g. used for juice, consists of 70% paper, with plastic used in the closure system and a plastic-aluminium barrier layer in the wall of the package to extend shelf

life. During the recycling process at paper mills, a plastic residue containing aluminium, known as PolyAl, remains.

Establishing a pilot production in 2017, Recon Polymers, based in the Netherlands, has developed an efficient process to recycle PolyAl. Since early 2022, AVK Plastics has worked with Recon Polymers to optimise this recycling process, finetuning properties of the PolyAl granules for use in AVK Plastics' factories. These granules are used as an ingredient for several polyolefin-based material formulations that AVK Plastics uses in the production of transport pallets.

With financial support from Tetrapak, Recon Polymers' pilot production has become a commercial manufacturing facility. Meanwhile, AVK Plastics has invested in material handling equipment at their Balk operation and has over the past financial year used about 3,000 tonnes of PolyAl.



LIFE SCIENCE – WHEN SAFETY, HIGH PURITY, AND STERILITY IS PARAMOUNT

The life science industry encompasses companies that operate in the research, development, manufacturing, and commercialisation of products that improve health and quality of life.

In this field, the importance of safety, purity, and sterility is crucial. AVK Group's products are designed to meet these stringent requirements, enabling safe and efficient production processes for food and life science products. This is achieved through valves manufactured with materials approved under FDA regulations, EN 1935/2004, and EU No. 10/2011.

CASE

EFFICIENT SUGAR PRODUCTION — MINIMUM DOWNTIME WITH SPECIALISED VALVES

The AVK company, InterApp, supplies a wide range of valves for the life science industry.

Südzucker AG, a customer of InterApp, is the parent company of the Südzucker Group which is divided into five diverse segments: sugar, special products, CropEnergies, starch, and fruit. The company is adept at transforming agricultural raw materials into an array of high-quality products, primarily targeting both industrial customers and end consumers. The product range extends beyond food items to include animal feed and various other goods for sectors across both food and non-food industries. A crucial aspect of Südzucker's operations is the complete and efficient utilisation and refinement of these raw materials.

Effective maintenance of production facilities as well as reliable production cycles are vital to avoid any interruptions during peak manufacturing periods. In response to this need, the Südzucker AG manufacturing site of Offenau has integrated InterApp valves into its operational framework due to the high reliability and easy maintenance of these valves.

InterApp has supplied an extensive range of valves. These include:

- For handling chemicals, Bianca butterfly valves from DN 50 to DN 200
- For various processes such as vapour generation, evaporation, etc., Desponia® butterfly valves from DN 50 to DN 1000
- For evaporation of syrups and vacuum, Desponia® plus butterfly valves from DN 50 to DN 500
- For beet processing and centrifugation, knife gate valves from DN 150 to DN 700
- For biogas production and pump protection, Rhea swing check valve from DN 100 to DN 300

Both manual and pneumatic actuators are used ensuring optimal functionality and automation.

This collaboration not only strengthens Südzucker's operational integrity, but also ensures a production with the highest quality and safety standards throughout the year. InterApp sees itself as a partner, collaborating with Südzucker to develop solutions that further optimise the manufacturing site. This partnership highlights a shared commitment to enhancing reliability and promoting sustainability in production processes.



OUR PARTNERSHIPS FOR SUSTAINABLE DEVELOPMENT

It is difficult to create change on your own, and the sustainable transition is one of the biggest change management projects facing public and private companies, governments and the like. That is why we consider SDG 17, Partnerships for Sustainable Development, to be crucial for achieving the goals of the other SDGs.

At AVK, we therefore co-operate with partners across industries, governments, authorities, civil society, and the academic world. In recent years, we have had a special focus on partnerships in the water industry and thus, a special focus on SDG 6.

Read more about our formal partnerships in the next sections.

Water Valley Denmark

Water Valley Denmark (WVDK) is a co-operation between Dansk Industri (Confederation of Danish Industry), DI Water (Confederation of Danish Industry - Water), water supply companies, universities, research units, and manufacturing companies, including AVK. The purpose of WVDK is to bring together the most skilled players to help create a CO₂ and climate neutral water sector, to develop solutions for the water industry, and to unlock the Danish water sector's potential to become a world leader and double the export of water technology by 2030.

REACT-EU is recovery aid to areas in Europe supporting investment projects that promote crisis management measures and contribute to a green, digital, and resilient economic recovery. The aid is an extension of the crisis preparedness and crisis management measures that have been implemented in response to the coronavirus.

AVK is one of the founding partners of WVDK and holds a position on the steering committee. Water Valley Denmark has received DKK 57 million as a part of the REACT-EU programme for the development of equipment and techniques, including the Water Living Lab (WLL). At AVK, we see great opportunities to further develop our Smart Water solutions as participation in WLL provides the opportunity to test innovative technologies, both hardware and software, together with other manufacturers, suppliers, utilities, consultants, and universities.

Danish-Middle Eastern education collaboration established in Dubai

Since 2019, AVK has been a part of the Advanced Water Cycle Management Course

(AWCMC) collaboration with participants from all over the world. Water challenges have led the Dubai Municipality to contact the AWCMC to establish a similar initiative locally. In September 2024, representatives from Dubai and Danish stakeholders signed the MoU agreement to secure the new collaboration.

In the United Arab Emirates, all fresh water is based on desalinated seawater – an expensive and energy-intensive way of obtaining drinking water. In addition, the Emirates want to increase the production of their own food as approximately 80% of the current food supply is imported. To achieve this goal, even more freshwater is needed putting pressure on the current system.



As a result, Dubai Municipality has taken inspiration from AWCMC and now seeks to establish a collaboration agreement to develop a similar educational programme.

The purpose is to establish a Danish-Middle Eastern education collaboration, initially with a focus on Dubai. The new partnership is named the Danish Middle East Water Academy and will be developed in close collaboration between Be Pro Training Institute LLC and Ferskvandscentret in Denmark together with a strong Danish setup of Danish companies and organisations including AVK. WEMA (Water Efficiency Middle East Alliance) is a supporting collaborator as well, and the Danish Consulate General in Dubai has played a decisive role in facilitating the partnership.

AWCMC is a partnership between Grundfos, Kamstrup, DHI, Niras, IGIS, Clean, Aarhus University, WATEC Aarhus University Centre for Water Technology, Aarhus Vand, Danida Fellowship, Water Valley Denmark, and AVK. Read more about the Advanced Water Cycle Management Course and our effort within education in the section “Our social responsibility”.

The LEAKman project

LEAKman was initiated to demonstrate how Danish solutions can reduce loss of drinking water and pave the way for innovative technology. The LEAKman project has been developed by a confederation of nine Danish partners representing consultants, water supplies, the Technical University of Denmark (DTU), and technology suppliers such as AVK.

The LEAKman initiative aims to showcase Danish solutions for minimising losses in drinking water systems while paving the way for innovative technologies. Its goal is to create a state-of-the-art leakage management solution.

Denmark’s Ministry of the Environment has expressed interest in launching a LEAKman 2.0 project to showcase the latest advancements in water technology. All LEAKman partners unanimously agree that this initiative should be carried out through Water Valley Denmark.

Danish Water Forum’s participation in the largest conference in recent UN history

The Danish Water Forum (DWF) is dedicated to advancing research, development, and innovation in the water sector both in Denmark and internationally. Its mission is to strengthen Denmark’s position in the global water agenda by sharing Danish expertise and insights with international water organisations and initiatives within the industry.

Since spring 2023, AVK has held a seat on the board of DWF, enabling active involvement in decision-making processes. In 2023, AVK also participated as a representative of DWF at the annual meeting of the Ukrainian Water Association in Lviv to present Danish water competencies and solutions.

This year at Lviv Eco Forum, DWF signed a MoU with the Ukrainian Water Association with the title “Roadmap to sustainable water infrastructure”. The first two activities are already in the planning: Ukrainian-Danish Water Days in Ukraine, and a fact-finding trip to Denmark for water utilities and wastewater companies.

On World Water Day, March 22, 2023, a global water conference was held at the UN headquarters in New York. Approximately 6,500 delegates attended over the three days, and around 200 side events were held. It was the first dedicated water conference in 50 years. AVK participated as part of the DWF delegation and took part in the side events arranged by DFW and the World Bank.

At this year’s International Water Association (IWA), held in Toronto, August 2024, AVK in collaboration with WWD and DWF instigated a groundwater seminar with the themes “Strengths and weaknesses of a groundwater-based water supply”, “Hidden opportunities of a groundwater-based water supply”, and “Imminent threats of a groundwater-based water supply”.

Green strategic partnership between India and Denmark

DWF plays an active role in a green strategic partnership between India and Denmark, collaborating with DI Vand and the Danish Embassy in India to strengthen connections between water stakeholders in both countries. DWF contributes by organising workshops and conferences in India where Danish water technology is in focus.

In September 2020, Narendra Modi, the Prime Minister of India, and Mette Frederiksen, the Prime Minister of Denmark, signed an agreement through which Denmark and India entered a strategic partnership.

On May 3, 2022, Prime Minister Narendra Modi visited Denmark and met with representatives from leading Danish companies driving the green transition, including Niels Aage Kjær, Chairman of the Board and owner of AVK. At the meeting, Niels Aage Kjær exchanged a letter of intent with Larsen & Toubro (L&T),

an Indian multinational engineering and construction company. The purpose of the agreement is to strengthen the partnership for projects and opportunities within water and wastewater projects, thus creating a more reliable water supply for the people of India.

Since then, the Danish embassy, Dansk Industri, and Danish Water Forum have arranged delegation meetings for both India and Denmark. Likewise, the letter of intent has resulted in a Non-Revenue Water (NRW) project in the Indian city of Pune where AVK Valves India Pvt. Ltd. joined forces with L&T and several other stakeholders to reduce NRW from 30% to 15% using District Metering Areas. The project has ended, but it has captured the attention of other regions in India that are now seeking funding to undertake similar initiatives.

India has approximately 1.4 billion inhabitants and overtook China in 2023 as the most populated country in the world. Around 35 million people in India lack access to safe water and 678 million people lack access to a safe toilet.
Source: water.org.

Water Technology Alliance

The Water Technology Alliance (WTA) offers knowledge sharing between the North American and Danish water industry to promote the exchange of views and experiences within the water and wastewater field. It is a collaboration between American utilities and authorities and Danish players, utilities, and companies, including AVK. The collaboration originates in an agreement between the Californian state government and the Danish government signed in 2016.

Both AVK Holding A/S and American AVK actively participate in this collaboration. In Denmark, we host delegations on so-called fact-finding trips where we share insights into our role in Danish water supply and wastewater treatment. These insights are then adapted to the American context, with American AVK taking a leading role. The collaboration has significantly elevated the AVK brand in the U.S. market.

OUR ENVIRONMENTAL AND CLIMATE EFFORT

Our commitment to the environment and climate

We have already identified specific focus areas that require extra attention and will be prioritised:

- Reduction of CO₂ emissions according to Scope 1 and 2
- Mapping, tracking, and measuring the CO₂ emissions in our operations and per product
- Increasing the rate and use of green energy sources

Moving forward, we will implement processes and initiatives aimed at reducing energy consumption across both our own operations and those of our suppliers, thereby contributing to:

- Minimal energy consumption as a criterion during the design and production process
- Low energy consumption as a preferred criterion for investments
- A set level of our investments targeted towards energy savings
- Implementation of ISO 50001 in energy management by 2026
- Initiating Scope 3 data baseline in the coming year

Note: ISO definitions are given in the section 'AVK's ISO certifications'.

Energy effort

Tracking and measuring CO₂ emissions

At AVK, we aim to analyse, track, and measure our carbon footprint in relation to our products, processes, buildings, and value chains. We address both the CO₂ emission of operations and on individual products. This is in accordance with the UN SDG 12 on sustainable production.

We will begin by mapping the energy consumption of production processes across our manufacturing companies. This will be followed by an ongoing review and incremental

Key highlights of 2023/24

- Three companies have maintained certification for the ISO 50001 Energy Management System
- Several additional Environmental Product Declarations (EPDs) have been achieved during this finance year and the AVK Group now has 15 EPDs, all approved by a third party
- The share of renewable green electricity has increased from 28.5% in 2022/23 to 31.75 % in 2023/24
- A global company car policy will be implemented over the next 3 years as cars are replaced where the use of electric vehicles (EVs) are possible due to availability of infrastructure for charging. The number of EVs in AVK has increased by 41%
- The number of ISO 14001 certifications has increased from 39 to 48 certificates

* For further details see Environmental under Tables, comments, and accounting policies

Future goals and activities

- We expect further implementation of ISO 14001 and ISO 50001 during the next years
- We will increase the number of EPDs to cover more of our product range
- We will install solar cell systems on additional manufacturing buildings
- We will implement a baseline calculation for Scope 3 for our larger EU companies in 2024/25
- We will continue to reduce water consumption, especially in countries with scarce water resources and AVK companies with high water consumption

improvements to individual processes, aimed at reducing both direct and indirect energy usage. The work will be conducted through local energy audits, which will enable us to define best practices and workflows for AVK companies. To ensure relevant implementation and retention of energy-improving initiatives, we will increase the share of certified companies according to the energy management system ISO 50001 in the coming years.

Environmental Product Declaration

The demand for Environmental Product Declarations (EPDs) is driven by multiple factors, including customer requirements and an increasing focus on sustainability. Specifically, the construction and infrastructure

sectors are leading the demand for these declarations. Customers are seeking documentation of a product's environmental impact to make more sustainable choices. Four AVK companies have implemented processes to calculate CO₂ equivalents (CO₂e) emissions across their value chain of the products. This process helps us as a company to integrate minimal energy consumption and CO₂ impact as criteria in design and production.

Furnes Jernstøperi and AVK International were the first companies in the AVK Group to create and receive third-party certification for an environmental product declaration (EPD). Since then, other companies have obtained EPDs. These declarations document the environmental impact of our products, including emissions

from transportation and manufacturing processes.

Companies within the AVK Group are currently preparing EPDs, and we will monitor global EPD projects moving forward. Starting in 2024/25, we will implement measures to track EPD availability on an ongoing basis. The number of EPDs with third-party approval continues to rise, and the AVK Group currently have 15 EPDs.

Increased use of green energy sources

Green power and solar cells remain a focal point of our climate strategy to reduce our carbon footprint, especially in countries where the public energy supply is primarily based on a high proportion of fossil fuels.

Currently, the share of green power generated from renewable energy sources accounts for 31.75% of the AVK Group's total energy consumption. In our efforts to reduce CO₂ emissions, we will both purchase and produce green power ourselves. Some of our companies, such as Furnes Jernstøperi, AVK Armaturen, and Wouter Witzel EuroValve already use 100% certified green power.

The installation of solar cell systems at AVK companies is an ongoing effort, and it remains a key element of our climate strategy to equip our manufacturing sites with renewable energy solutions.

By the end of 2023/24, approximately 2.4% of our energy will be generated by our own installed solar cell systems. Overall, the share of green energy from solar cells continues to grow.

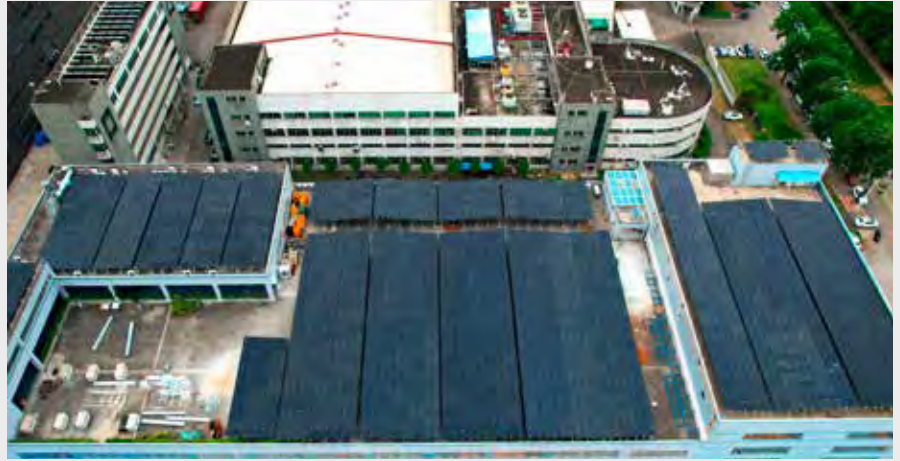
Scope 3

A central objective for AVK is to establish a baseline for the Group's value chain emissions, also known as Scope 3 emissions.

Mapping Scope 3 is a large and complex task as our companies' value chains are diverse with great variation in the raw materials purchased and their carbon footprint. Therefore, we will strive to create a consistent approach in our Scope 3 data setup.

We will increase focus on AVK's total value chain emissions, Scope 3, and in 2024/25, we will define and calculate selected significant Scope 3 emissions based on a materiality assessment. Likewise, we will take necessary actions to reduce CO₂ emissions.

Mapping these emissions is a comprehensive task as we operate with multiple value chains



across our business divisions. Therefore, it is essential to ensure a consistent and robust approach.

As part of the project, our internal data systems will be upgraded to collect and report on Scope 3 emissions. The goal is for our larger EU companies to have a baseline calculation for Scope 3 ready by the end of 2024/25.

As previously described, we have launched a global initiative regarding Environmental Product Declarations (EPDs) to collect CO₂e emissions calculations throughout the entire value chain of a given product. The decision to start working on EPDs before working on Scope 3 was partly made in response to requests from our customers.

Electric vehicles as company cars

It is our ambition to reduce the total amount of environmentally harmful emissions, including CO₂ and particles from our car fleet. At the same time, we strive for an optimal operating economy for the car fleet.

In 2023/24, we have implemented a company car policy in Denmark. This means that from 2025, we will only use electric vehicles (EVs) as company cars. The policy has initially been implemented in our companies in Denmark, but it will subsequently be implemented in countries where the infrastructure for charging electric vehicles is in place. The policy will only apply to passenger cars.

This will allow us to gradually phase out passenger cars that use fossil fuels as current leases expire. By 2030, all AVK passenger cars that use fossil fuels in Denmark will be phased out. By the end of this financial year, we have 79 EVs globally, which is a 41% increase compared to 2022/23 when we had 56 EVs.

See Figure 1 on the following page.

Additionally, some companies within the AVK Group have installed charging stations for electric vehicles as well as electric bikes and electric scooters which is a growing trend both in Europe and Asia.

CASE

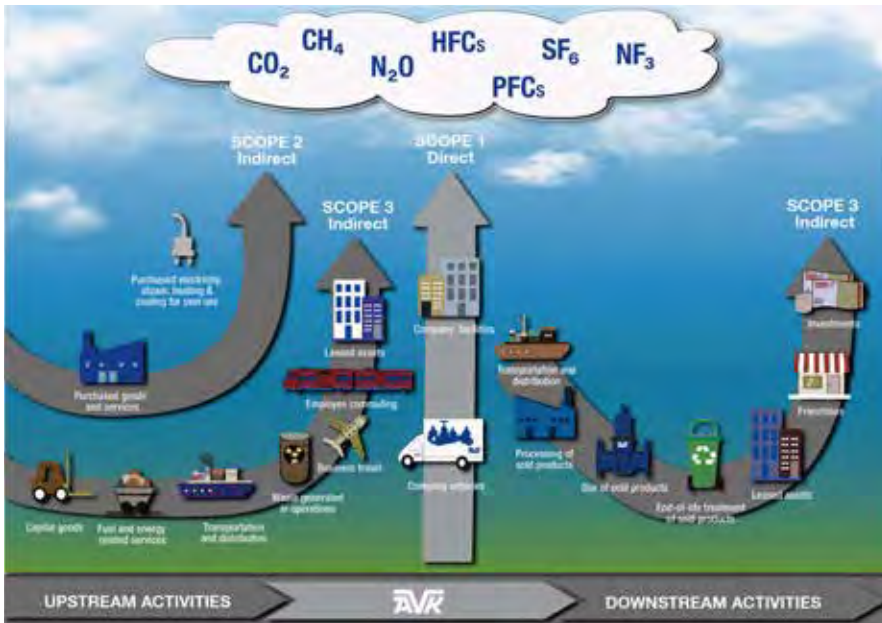
AVK UK HARNESS SOLAR ENERGY

A year ago, a 600-panel solar cell system was installed on the roof of the AVK UK manufacturing and assembly site at Staveley, Chesterfield.

Solar power generation naturally fluctuates with the seasons and from year to year. Electricity production saw a significant increase starting in March as daylight hours extended. However, 2024 saw lower-than-average sunshine hours in the UK, with summer temperatures 1.55°C cooler than the long-term average. This stood in contrast to the record-breaking heat experienced across much of continental Europe. Despite these conditions, surplus electricity

was generated during months with longer daylight hours, contributing to a steady rise in the amount of electricity sold back to the grid. Based on average sunshine hours, the solar array is expected to boost generation by 5-7% in future years.

Revenue from selling surplus electricity helps offset the initial installation costs of the solar cell system. Additionally, it supports the procurement of the remaining electricity needed from carbon-neutral sources, further advancing sustainability goals.



ISO 14001 – Environmental management

Our major manufacturing companies maintain a continuous focus on implementing and upholding the environmental management system ISO 14001. This system helps to ensure environmental policies, procedures, and routines. The number of ISO 14001 certifications has increased this year from 39 to 44.

As a Group, we are aware that some of our industrial manufacturing companies have resource-intensive manufacturing processes.

Greenhouse Gas Protocol (GHG)

The Greenhouse Gas Protocol (GHG) is the leading international standard for how CO₂ emissions are measured and reported as CO₂ equivalents (CO₂e). You measure according to three types of emissions, referred to as Scope 1, 2, and 3.

Scope 1

Direct emissions from activities that the company itself controls, i.e. emissions from own vehicles and own heat and energy manufacturing facilities.

Scope 2

Indirect emissions from supplied energy, including electricity and district heating. The emission happens elsewhere, e.g. at local heat and power stations or district heating sites.

Scope 3

Indirect emissions from the company's value chain.

Source: Klimakompasset

We will continuously strive to minimise our energy consumption, expand the use of renewable energy sources, promote recycling of materials and products, and manage waste in an environmentally responsible way. Our ongoing efforts are documented through data collection and continuously set new targets for improvement.

Recycling and circularity

In our manufacturing sites and foundries, equipped with ISO 14001 certified environmental management systems, we have implemented waste reduction and recycling programmes. These initiatives focus on sorting waste into appropriate fractions and ensuring efficient recycling processes.

Internally, we have initiated a data collection project to get the full overview of the total amount of waste in our Group. This includes both the waste that is reused and recycled as

Electric cars

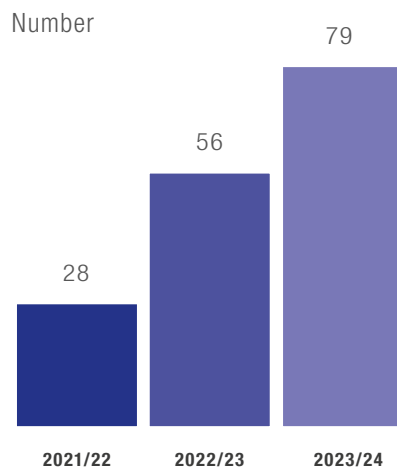


Figure 1

well as the non-recycled waste. As we achieve a valid amount of data, we will start monitoring the handling and performance of the individual sites.

A large part of the iron used in our manufacturing comes from recycled cast iron. For example, at the AVK company, Furnes Jernstøperi, in Norway, 97% of the materials used in new products are made from recycled cast iron.

Our goal remains to ensure that over 65% of our waste is recycled and reused, with non-recyclable waste accounting for no more than 35% of our total waste volume by 2025.

To achieve this goal, we will continue to identify methods and processes to reduce waste and to reuse and recycle materials in our factories. It is our expectation that our work with Environmental Product Declarations (EPDs) will lead to the identification of new materials for recycling, both internally in the Group and in close co-operation with our suppliers.

Other environmental and climate initiatives

Our approach to reducing our energy consumption also includes performing energy audits, switching to more energy-efficient equipment, and optimising operational processes. We continue to update LED lighting in all facilities and use programmable lighting and thermostats in offices and facilities. One way to do this is through energy audits where we collect best practices and identify innovative ways to save and reuse energy. When expanding manufacturing capacities and facilities, we carefully consider and include energy optimisation as a parameter when choosing solutions. A good example is at AVK Brasil where they have switched from gas powered forklifts to electric forklifts.

Water

Water is primarily used as a resource in our pressure testing processes and for cleaning and sanitation purposes. We want to keep water consumption monitored and managed and to reduce wherever possible – for example through recycling in close circuits or similar initiatives.

In the coming years, we will focus on reducing water consumption. Particularly in countries with limited water resources and in AVK companies with high water usage.

REFURBISHMENT OF VALVES AS A BUSINESS CASE

In addition to recycling the waste generated in the manufacturing and to use recycled materials in our cast iron and plastic production, Glenfield Invicta, part of the AVK Group, refurbishes old Glenfield valves that would otherwise be scrapped.

Glenfield Invicta has been providing valve, penstock, and engineering site solutions across a wide range of water, wastewater, and non-utility infrastructure projects for over 170 years. Some of the valves installed through the past many years could use a refurbishment. A case of such refurbishment is the two 24" gate valves from Munnoch Reservoir.

Munnoch Reservoir is a small 25.8ha/63 acres service reservoir located in Scotland. The reservoir was decommissioned in 2008. In 2022, work on the site was commissioned to lower water levels and rewild the surrounding area. The reservoir now acts as a flood prevention measure.

When the conservation works were being undertaken, two 24" gate valves were found hidden in dense undergrowth. Although nobody can say for sure, it is possible that the valves were removed when the reservoir was decommissioned in 2008. The original use of the valves is likely to have been scour protection or reservoir drawdown.

Scope of works

Scottish Water, a waterworks supplying more than 5 million customers with drinking water in Scotland, contacted Glenfield Invicta to check if the valves could be refurbished. The valves were delivered to Glenfield Invicta's manufacturing site in Kilmarnock where they were cleaned, disassembled, and all components were subjected to a detailed condition assessment.

Whilst the valves carried the Glenfield markings of that era, there was no mark or date on the casting to identify when it had been manufactured. However, the flange configuration and the use of coach-type bolts indicated that the valves were probably the originals installed when Munnoch Reservoir was built in 1902.

Once cleaned, the valves were disassembled into their component parts which, on visual inspection alone, appeared to be in good overall condition. Glenfield Invicta's engineers then completed a detailed condition assessment. Scottish Water agreed with the report's suggestion to refurbish the valves and gearboxes because it was a cost-effective option.

The refurbishment process took six weeks. Firstly, the valves' castings were shotblasted and spray coated with repeated protective layers of paint that is used on our current valve range, and the seat rings were cleaned manually.

During reassembly, the original fasteners were replaced with new, as were the non-metallic seals and packing.

The benefits of refurbishing legacy valves

Benefits of valve refurbishment, when compared to new replacement valves, include carbon emission savings from the casting process and transport of the components, lower costs, and faster turnaround. Returning a refurbished valve to its original location and function also ensure that the dynamics of the pipework/system configuration remain unchanged.

In recent years, Glenfield Invicta refurbished around 10 valves annually. However, now there is a growing number of refurbishment inquiries from the UK market.



OUR SOCIAL RESPONSIBILITY

Key highlights of 2023/24

- The number of ISO 45001 certificates on management of occupational health and safety has increased from 31 to 33
- The 2023/24 goal of a Lost Time Accident Frequency Rate (LTAFR) below 5.0 has been reached with a rate of 4.63
- In 2023, AVK established the People & Leadership function which focuses on inclusion and diversity, amongst other leading priorities
- During the financial year of 2023/24, we have launched a succession planning process to structure our approach to talent management and leadership development
- We have stated developing a Code of Conduct for employees. This will supplement the already existing Code of Conduct for external partners

Future goals and activities

- We expect further implementation of ISO 45001 in 2024/25
- We will intensify our safety work to reach our target of an LTAFR of less than 3.0 by 2030
- We will set global measurements of sick leave and monitor the status
- We will implement our Code of Conduct for employees in all our companies

* For further details see Social under Tables, comments, and accounting policies

Our employees

As an international Group, we take our social responsibility seriously. This means that we provide attractive jobs and want to create a solid framework for employee development and well-being. Our employee handbook and policies aim to set the guidelines and provide reassurance for employees to better understand their opportunities, rights, and obligations.

The AVK Group has over 5,300 employees working in our companies across the world. As a result, we are characterised by a high degree of diversity, and our employees represent many different professional functions and backgrounds. We consider diversity to be a strength, and we respect and value everyone regardless of age, gender, ethnicity, religious beliefs, or sexual orientation.

Our employees are an invaluable resource. Since we work with innovative solutions and complex products for many different types of customers, and very often in both an international and local regulated context, it places great demands on our overall competencies. This requires close collaboration throughout the organisation and continuous development of employees, both professionally and personally. Therefore, maintaining a high level of commitment to employee well-being as well as ongoing education and training remains a priority for us.

As we want to focus further on the development of our employees, we established an AVK Group People & Leadership function in AVK Holding A/S in 2023. This function will set the direction within this field through several global initiatives. One of the initiatives is the

launch of “The AVK Way of Leadership” which, in addition to focusing on our five core values, also lists our seven leadership principles. These principles will guide how we practice good leadership in the AVK Group. “The AVK Way of Leadership” will form the basis for our future work with succession planning, leadership development, talent management, recruitment and much more.

Occupational health and safety

Workplace safety has always been a high priority in AVK, and we are committed to taking good care of our employees. This is achieved by implementing relevant safety processes and necessary safety equipment at and around the workplace.

Management systems and work environment organisations

In the largest of our manufacturing companies, the internationally recognised occupational health and safety standard, ISO 45001, has been implemented to ensure and improve employee health and safety. The aim is to support our systematic efforts to maintain a positive work environment while ensuring ongoing evaluation and improvement.

The ISO 45001 occupational health and safety management system ensures, through established procedures and processes, that our management remains focused on minimising occupational accidents and their negative consequences. This happens through causal analysis and the establishment of action plans on security as well as ongoing improvement activities.

At both office and manufacturing facilities, internal work environment organisations perform local evaluations and improvement throughout the company to maintain attention to security and reduce the number of accidents.

The number of ISO 45001 in management of occupational health and safety has increased this year from 31 to 33.

Safety First

Several AVK companies operate within the process industry or involve varying degrees of manual labour, making workplace health and safety a particularly critical focus in these areas. The processes are not considered high risk, but accidents can occur. Therefore, Safety First is a priority at AVK.

Through various initiatives, we want to maintain and improve security behaviour among our managers and employees. Our goal is to ensure that no one takes unnecessary risks and that everyone reports unsafe conditions, unsafe actions, and near-miss incidents, actively contributing to accident prevention.

In workshops, we focus on how to proactively identify safety risks, developing a strong safety culture, and implementing measures in our factories to enhance employee safety.

Locally, we have focused on the implementation of frequent safety walks as part of a proactive approach to safety. Some of our latest initiatives are safety walks that focus on communication, training, and visibility of safety and improvements.

It is an important parameter to learn from previous accidents. Therefore, we use SQDIPP

boards (Safety, Quality, Delivery, Inventory, Productivity and People) in the ongoing follow-up.

We continuously work with selected companies within the AVK Group to implement local processes such as ensuring registration of near-misses and unsafe acts. Ultimately, to create the right level of safety.

In 2022/23, our focus has been on implementing preventive safety activities, and our dedicated efforts within this area will continue in 2024/25.

Safety First

“Safety First” is a programme designed by AVK Holding as a way of working with workplace safety for the individual companies within the AVK Group. The programme focuses on improving workplace safety by reducing accidents and enhancing the safety culture within the organisations.

Through targeted workshops, the Safety First programme promotes proactive identification, reporting of risks, and ensuring employees are engaged in maintaining a safe work environment.

The programme includes analysing the current safety situation, verifying safety activities, and collecting staff input on risks and unsafe practices.

Via continuous safety improvement, the goal is to establish a strong safety culture, minimise accidents, and reduce absenteeism caused by injuries.

Work environment

Everyone deserves a safe workplace, and we remain dedicated to our goal of minimising accidents. In the coming year, we will focus on reducing the frequency rate of occupational accidents. Our goal is to achieve an accident rate of Lost Time Accident Frequency Rate (LTAFR) below 3 by 2030, and efforts and improvements are still needed to reach this ambitious goal. To reach this goal, security work will be further intensified during 2023/24 and in the following years.

Sick leave

To strengthen our focus on global well-being, we will begin collecting standardised global sickness absence data starting in 2024/25. We anticipate that this data will enable us to set goals and share targeted global initiatives in this area moving forward.

Lost Time Accident (LTA) is an injury sustained by an employee that results in loss of productive work in the form of absenteeism or tardiness (> 8 hours of absence).

Lost Time Accident Frequency Rate (LTAFR) is the number of LTAs that occur in a workplace per one million hours worked. An LTAFR of 7 shows that there have been seven cases of lost time due to injury in a workplace for every one-million hour worked.

Safe physical work environment and improved ergonomic

Ensuring an economically efficient and safe physical work environment is a top priority for AVK when planning and establishing new or refurbished manufacturing and warehouse facilities.

At AVK, we prioritise minimising repetitive tasks and reducing injury risks by implementing solutions such as overhead cranes for lifting, height-adjustable tables in manufacturing areas, warehouses, and offices, as well as other measures to limit monotonous work. While we always comply with local regulations, AVK adheres to its own set of standards. For instance, we install overhead cranes when handling items weighing more than 15 kilograms. As a rule, the stricter of either local regulations or AVK standards must always be followed.

The AVK Group Project Department assists in the process of planning and setting up new manufacturing and warehouse facilities and finds solutions that can aid the employees in their work. Likewise, good work procedures are incorporated into our warehouse management system.

Employee well-being

The AVK Group operates with a decentralised structure, comprising many companies worldwide, each managing its own business. As a result, a diverse range of initiatives is implemented across our companies to enhance employee well-being. This ranges from creating meaningful and interesting tasks, well-being policies, mental health promotion activities, employee benefits of various kinds, sports activities, team building events, and social activities arranged by staff associations. In addition, we actively participate in charitable giving with a diverse focus, supporting a wide range of causes that align with our values and demonstrate our commitment to making a positive impact in the community.

FOCUS ON OCCUPATIONAL HEALTH AND SAFETY

In January 2024, AVK Belgium moved into their new location in Lokeren, Belgium. As the previous facility became too small, a new location was identified. Only, the new location needed to be updated to meet the requirements of AVK Belgium. When designing and upgrading the new facility, AVK Belgium joined forces with the AVK Group Project Department to ensure the focus on improving employee safety, comfort, and ergonomics. At AVK, we believe that a well-designed workspace boosts well-being as well as productivity.

In the offices, we have installed height-adjustable desks, allowing employees to alternate between sitting and standing, which

helps alleviate the strain of prolonged sitting. Additionally, the entire office block is heated by underfloor heating powered by heat-pumps, ensuring a comfortable indoor environment.

In the warehouse and assembly areas, we have installed six overhead cranes, one for each workstation, along with an ergonomic screw system for flange connections. These upgrades significantly reduce the need for manual lifting and lower the risk of injuries.

Safety is a top priority. We have equipped our forklifts and reach trucks with maintenance-free NexSys Pure batteries that pose no safety risks to employees. In addition, all refrigerants in the HBC controller are stored outside the building, ensuring the safety of those inside in case of a leak. These measures are all part

of our commitment to enhancing workplace safety.

To ensure a healthy indoor environment at the facility, our climate control and ventilation systems constantly monitor the air quality. Additionally, to promote a healthy lifestyle and support the sustainability goals, we have installed 16 charging stations for electric bikes in a dedicated bicycle shed. To further encourage cycling to work, we offer a wide range of lease bikes to our employees.

By focusing on ergonomics, safety, and comfort, AVK Belgium aims to provide a safe, healthy, and productive environment for all employees.

AVK is a family-owned Group with strong values and traditions dating back to the founding of the company. Based on our five core values; quality, innovation, reliability, sustainability, and customer service, we want to create the best framework for employee development and well-being. Many of our employees celebrate 25 or even 40 years with us, which we see as a testament to being more than just a workplace.

Human rights

We adhere to the UN declaration of human rights, including equal rights regardless of gender, religion, or political views, as a core aspect of our commitment to social responsibility. This commitment is reflected internally in our Code of Conduct for employees.

In 2023/24, in response to increasing customer demands and the upcoming ESRS requirements, we undertook a comprehensive update of our internal Code of Conduct and global policies. Several sections, including the section on fundamental human rights, such as the prohibition of child and forced labour and the right to collective bargaining, have been clarified and expanded with new and updated policies.

The revised Code of Conduct will be implemented globally in 2024/25.

Diversity

At AVK, the recruitment and appointment of managers are based on the principle of selecting the most qualified candidate for the

role. However, the technical and industrial nature of our industry has historically been male-dominated, resulting in a gender imbalance both at the management level and among employees overall. Recognising this, we are committed to making our company more appealing to women and promoting greater gender diversity.

In the coming years, we will intensify our focus on inclusion and diversity. The responsibility is embedded into all senior management positions and is anchored in the newly established People

& Leadership function. During the financial year of 2023/24, we launched a succession planning process to structure our approach to talent management and leadership development.

At the same time, we will improve our diversity data. Initially, our measurements will focus primarily on the gender composition of the management team. However, we will adopt a broader understanding of diversity that include age, seniority, nationality, and other relevant parameters for which we will begin data collection.

FOCUSED WORK WITH INCLUSION AND DIVERSITY CREATES GREAT VALUE

Welcoming new colleagues from different countries can indeed bring significant benefits to a company. The AVK company Furnes Jernstøperi in Norway has recognised this, which is why they received the annual Integration Award from Stange Kommune, the local municipality. This award acknowledges their efforts in promoting integration and confirms the value of their long-term commitment to creating an inclusive work environment.

The value of investing in diversity, communication and unity is evident. Through internal Norwegian courses and training in the foundry trade, the aim is to give all the employees the opportunity to participate actively in the company's development.

The Integration Award is an annual award that honours individuals, organisations or companies that have made significant contributions to promoting the inclusion and integration of minority language and multicultural individuals in the workforce and local community. This award has been presented every year since 2007.

Today, Furnes Jernstøperi consists of 137 employees, of which 38% come from countries outside Norway, and they have employees from 13 different countries.

The award inspires us to keep investing in diversity and inclusion. We strongly believe that by creating a workplace where everyone feels seen and heard, we build a stronger and more forward-thinking company.



CASE

LAURA, A COMMITTED INDUSTRIAL TECHNICIAN

In June 2024, Laura Husted Andersen, a newly graduated industrial technician, was honoured with the Regional Apprentice Award from Dansk Industri (The Confederation of Danish Industry).

Laura completed her apprenticeship with both AVK International A/S and the Tech Department at AVK Holding A/S. Her nomination highlighted Laura's strong commitment both at AVK and during her time at school, where she consistently performed tasks with exceptional care and a keen focus on quality. In addition, she is a well-liked colleague who has always been ready to welcome and help the new apprentices at AVK.

Laura is an excellent role model who effectively shares her passion for the field with other young people. She actively participates in educational fairs and events, promoting both the industrial technician profession and the opportunities available at AVK. At the same time, she is a young woman in a male-dominated field, and in this way, she challenges traditionally gender roles, inspiring others to pursue careers in similar areas.



As women are underrepresented in leadership positions within the AVK Group, we have focused on highlighting women in our industry in connection with International Women's Day over the past few years. On this day, we share stories through internal and external media that showcase the contribution of several female employees across different companies in the AVK Group.

For more information on gender balance in management, please see the "Report on unequal gender representation in management" in the section on "Policies and ESG reporting".

Education

We strive towards achieving a culture of knowledge by making it easy for our employees to update their knowledge and strengthen their competencies. We do this to help them feel equipped to perform their job and act according to the values of the AVK Group. Therefore, we have developed an e-learning universe for all employees, the AVK Academy.

The AVK Academy is an increasingly important part of employee training. It is part of the onboarding process for new hires and ongoing employee training. Furthermore, it offers management a platform to deliver online training to a wide group of employees. This includes mandatory courses, such as IT security, which all employees with PC access are required to complete. And as mentioned in the section about occupational health and safety, all manufacturing employees must complete a safety training module to avoid accidents.

Additionally, new key employees in the Group participate in an in-depth introduction course to provide a thorough insight into AVK and our expectations to them as managers.

Educating the next generation

We do not only focus on the education of our employees. We believe it is our responsibility to educate the next generation of employees and partners and to create a forum where we can share the latest knowledge, technologies, and trends within the water industry. Likewise, we always have trainees and student workers among our employees.

For the past few years, AVK Holding has participated in the Danish nationwide campaign "Girls' Day in Science", now "Science Day", which aims to inspire more young people to choose an education in the field of science, technology, engineering, or mathematics (STEM education) and ensure more diversity in education choices and in Danish workplaces. As part of the campaign, we invite local students to a one-day event at the AVK Academy & Visitor Centre to spark their interest in our industry and introduce them to a variety of job opportunities.

Bachelor of Business and Water Technology

The water industry is experiencing a growing demand for sales people and advisors with expertise in business and the latest water technology. For years, AVK Holding has advocated for a more business-oriented education that highlights the opportunities within the water industry and emphasises understanding the various business cases surrounding water's journey through society. We aim to inspire young people to take an interest in good water infrastructure and contribute to the changes needed for better and more efficient water management.

In collaboration with Aarhus Water and Aarhus Business Academy, we have been actively involved in the development of the new bachelor's degree in Business and Water Technology, from the initial concept

to ministerial approval. In August 2024, the programme welcomed its second cohort of students.

Advanced Water Cycle Management Course

Since 2019, AVK Holding has participated in the summer school course "Advanced Water Cycle Management" alongside other companies and utilities from Eastern Jutland, Denmark, all of which contribute their knowledge and expertise. This is an international course designed to upgrade the students' skills within water management, while also improving knowledge and giving a wider understanding of water resource management, water distribution, wastewater treatment, and recycling of resources.

The course is offered by the Centre for Water Technology at Aarhus University, Denmark, and counts for 5 ECTS credits. This year, 45 participants of 14 different nationalities participated.

Interest has been shown from countries such as India, Morocco, and Ukraine to host local versions of the Advanced Water Cycle Management Course, and the city government of Dubai has been inspired and now intent to enter into a cooperation agreement to set up a similar education.

Read more about the Danish-Middle Eastern education collaboration in the chapter "Our partnerships for a sustainable development".



Charity and humanitarian efforts

The AVK Group is involved in various kinds of charity, handled locally by both the management and through employee involvement. This social responsibility is reflected locally, nationally, and internationally through humanitarian work.

Local commitment and support to charity organisations

As a global Group, it is impossible to highlight all the charitable initiatives undertaken by our individual companies, but a selection of key initiatives is detailed below.

At AVK Holding, we support numerous associations and initiatives that make a difference within health, community spirit, art, culture, and sports. We support both local sports clubs, such as Galten Forenede Sportsklubber, and elite sports teams, including Skanderborg AGF Handball for men and Skanderborg Handball for women and youth.

The AVK Group also supports many charities such as cancer societies, the Danish Heart Foundation, the Danish Blind Society, the Make-a-Wish Foundation, Families with cancer-affected children, Danish Hospital Clowns, and the World Wildlife Fund WWF.

We also contribute to foundations that support individuals with mental disabilities or families in need, helping them celebrate their child's birthday or cover expenses for tuition and schoolbooks.

Other forms of support include donations of food, toiletries, or similar essentials for the homeless or those in need. Finally, we support parasports and associations for individuals with disabilities, participate in local and beach clean-up initiatives, and take part in donation events.

Additionally, we take part in various national fundraising campaigns, such as "Danmarks Indsamling," a televised event where AVK contributes DKK 100,000. Alongside other companies and private individuals, we support the efforts of 12 charitable organisations working to aid the world's most vulnerable populations.

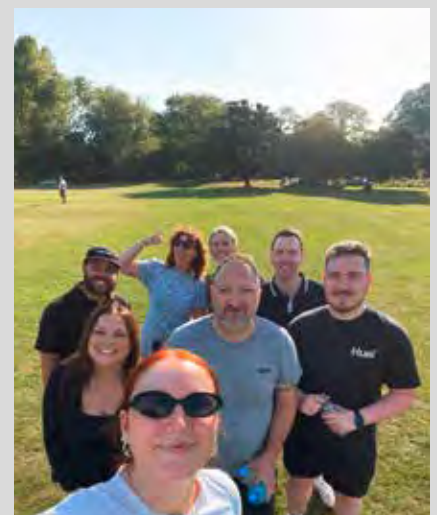
AVK UK PARTNERS WITH AQUABOX TO PROVIDE CLEAN WATER AND AID

Over the spring and summer months, each AVK UK based company has organised a Walk4Water and associated communal activities. As well as bringing colleagues together, Walk4Water has raised funds for the amazing charity, Aquabox.

Whenever a natural disaster occurs such as an earthquake or flooding, or in times of armed conflict, displaced people often have little choice other than to collect water from whatever local sources they can find, such as streams, rivers, and random well. Such water is often contaminated, unsafe to drink, and carries the risk of water-borne diseases like cholera.

In the UK, the population are extremely privileged in having a constant supply of treated potable water, and it can be extremely difficult to imagine the trauma and difficulties faced by those in need of water. The last indigenous case of cholera in England, for example, was in 1893. That is over 130 years ago!

Since it was established back in 1992, Aquabox has despatched over 125,000 water filters to disaster areas and conflict zones in over 50 different countries. It is estimated that the filters have converted 2bn litres of contaminated water into safe, clean drinking water.



OUR GOVERNANCE

ESG management structure at AVK

As a global company, we face growing demands related to sustainability and ESG responsibilities which require strengthening our processes and procedures for data collection and documentation. Sustainability and ESG are, and will continue to be, a focus. On 1 February 2024, a dedicated central Group Sustainability & ESG function was established, reporting directly to AVK Holding's top management.

With the establishment of this new ESG function, AVK has allocated additional resources to ensure the organisation is prepared and future-proofed for compliance with evolving ESG regulations and reporting standards, including customer expectations and the EU Sustainability Directive (CSRD).

Anti-corruption

AVK maintains a zero-tolerance policy against any form of corruption, extortion, or bribery. Such actions are regarded as gross misconduct and may lead to severe disciplinary actions.

Upon employment, it is standard practice for the general managers of all Group companies to sign our compliance policy which requires compliance with national and international anti-corruption and anti-bribery laws. This policy is reviewed annually during the board meetings of all companies to ensure that it remains a key point of attention in day-to-day business operations. Ultimately, these practices should ensure that we avoid breaches.

Supplier management and collaboration

During the financial year 2023/24, we have faced challenges with longer freight times between Asia and Europe and subsequent higher prices on freight due to the situation in the Red Sea. This has resulted in increased

Key highlights of 2023/24

- A central Group Sustainability & ESG function has been established
- 53 supplier audits have been conducted in 2023/24 as part of the 2023/24 audit plan
- A programme has been initiated to ensure the level of environmental certification for metal foundries in China
- Ongoing revision of our Code of Conduct for suppliers

* For further details see Governance under Tables, comments, and accounting policies

Future goals and activities

- We will develop an AVK Sustainability Roadmap based on the results of our double materiality assessment in 2024/25
- We will focus on our Code of Conduct for suppliers and initiate an internal audit process to ensure compliance in 2024/25
- We will review our Business Ethics Policy and Anti-Corruption and Anti-Bribery Policy in 2024/25

attention to supplier selection at AVK. Our top priority has been to live up to agreements and ensure timely delivery to our customers.

Part of this work has required an extra effort to ensure that both existing and new suppliers have been able to deliver while complying with agreed requirements and standards.

Despite the various challenges in our value chain, we have managed to deliver to our customers and integrate new suppliers. These suppliers have been subject to our normal approval processes, including supplier audits, to ensure responsible behaviour.

Code of Conduct

With the specified supplier requirements and the Code of Conduct, we want to make sure our suppliers are aware of and work on decreasing their environmental impact, that they respect human rights, and that they do not use forced labour or child labour. AVK's Code of Conduct is integrated into all purchase agreements with suppliers, it is part of our standard terms and conditions for purchase, and it must be accepted for all purchase orders.

If an AVK supplier or collaborator does not comply with our Code of Conduct, we will

initially notify them of non-compliance and initiate a dialogue to improve. In case of repeated non-compliance against our Code of Conduct and it is deemed that compliance is unlikely, we will move to terminate the collaboration with the supplier.

We are in the process of revising our supplier Code and Conduct, including process and documentation. This is to increase transparency in our supply chain and to ensure that we comply with relevant legislation and international standards.

Supplier selection

We only work with suppliers that guarantee compliance with all legislation on safety, environmental, climate, and human rights. Additionally, all selected suppliers must comply with our ethical standard outlined in the AVK Code of Conduct.

We work continuously with registration, control, follow-up, and further development of the supplier collaboration to ensure compliance with the Group's policies, including the Code of Conduct.



Auditing

Ongoing supplier audits are conducted on-site according to a set programme. The frequency of audits is based on an internal country and product-based risk assessment. Risk management is documented and managed in our internal ISO 9001 documentation.

Internal AVK auditors conduct supplier audits and consistently verify the ISO and third-party certifications required by our standards. We use a checklist that covers various topics and areas, which we continuously improve. We pay particular attention to countries with an increased risk of violating social and environmental responsibility.

In 2023/24, the global AVK purchasing organisation initiated a new programme to ensure the level of environmental certification for metal foundries in China. The purpose of the programme is to ensure that suppliers, managed by the AVK Group, have the minimum certification level. This helps minimise environmental impact while reducing supply chain risks, such as potential closures by local or national governments due to lack of certifications.

In the future, all existing foundries will be required to meet or exceed specific national standards. Additionally, any new potential supplier must fulfil the minimum requirements to qualify as an AVK supplier.

AVK Group Policies

AVK has established Group Policies outlining how individual companies should align with our sustainability efforts across environmental, social, and governance areas.

To ensure that the Business Ethics Policy and Anti-Corruption and Anti-bribery Policy match both our Code of Conduct for employees as

well as our Code of Conduct for suppliers, the two policies will be revised and shared with the companies in the AVK Group.

AVK's ISO certifications

AVK has been working with ISO since 1990 where we achieved our first ISO 9001 certification. Since then, ISO documentation has been integrated into our QEMS (Quality and Environmental Management System).

The ESG data overview at the end of the report provides a summary of how many of our manufacturing companies hold each certification. This overview is based on the certification descriptions provided by ISO.org, the International Organisation for Standardisation.

ISO 9001

ISO 9001 is a management tool ensuring that organisations of all sizes and sectors improve their performance, meet customer expectations, and demonstrate their commitment to quality. Its requirements define how to establish, implement, maintain, and continually improve a quality management system (QMS).

ISO 29001

ISO 29001 defines quality management system requirements for product and service supply organisations to the petroleum, petrochemical, and natural gas industries. This document is written as a supplement to ISO 9001. The supplementary requirements and guidance to ISO 9001 have been developed to manage supply chain risks and opportunities associated with the petroleum, petrochemical, and natural gas industries and to provide a framework for aligning requirements with complementary standards employed within the industries.

Improper handling of explosives and gases can lead to serious consequences for both people

and the environment. For this reason, AVK has chosen this ISO superstructure (of additional requirements) in our supply chain for the oil and gas industry to demonstrate a high-quality level and proper management of the company's processes.

ISO 14001

ISO 14001 is a management tool within environmental management which acts as the framework for the environmental performance. By adhering to this standard, we can ensure that we are taking proactive measures to minimise our environmental footprint, comply with relevant legal requirements, and achieve our environmental objectives. The framework encompasses various aspects, from resource usage and waste management to monitoring environmental performance and involving stakeholders in environmental commitments.

ISO 45001

ISO 45001 is an international standard that specifies requirements for an occupational health and safety (OH&S) management system. It provides a framework for organisations to manage risks and improve OH&S performance.

ISO 45001 utilises the Plan-Do-Check-Act methodology to systematically manage health and safety risks. It applies to organisations of all sizes and can be integrated with other ISO management system standards.

ISO 50001

ISO 50001 is an international standard for energy management. The purpose of ISO 50001 is to specify requirements for establishing, implementing, maintaining, and improving an energy management system (EnMS). The intended outcome is to enable an organisation to follow a systematic approach in achieving continual improvement of energy performance and the EnMS.



ESG KEY FIGURES – TABLES, COMMENTS, AND ACCOUNTING POLICIES

The data compiled in this report is from the financial year 2023/24 and include activities from the AVK Group. The report details initiatives, any new initiatives launched, and the results we have achieved over the past year. This is part of the AVK Group's annual report for 2023/24 which covers a mandatory section on social responsibility, gender balance in management, and data ethical policy.



ENVIRONMENTAL

Table 1: Environmental data, results

	Unit	Water	Industry	Advanced	AVK Group 2023/24	2023/24 Without acquisitions	AVK Group 2022/23	Development %	Description (2023/24 figures)
CO ₂ e, Scope 1	Tonnes	12,430	1,265	608	14,748	12,664	10,218	44.33 (23.94*)	Direct emissions from burning of e.g., natural gas, oil, and petrol. *Development % without acquisitions.
	Tonnes CO ₂ per DKKm (turnover)	2.00	0.83	0.57	1.63	1.57	1.29	26.36	
CO ₂ e, Scope 2	Local based Tonnes	16,393	1,499	9,063	27,620	26,946	23,254	18.78	Indirect emissions from purchase of energy, e.g. electricity and district heating.
	Marked based Tonnes	16,871	1,265	16,656	36,229	35,681	33,588	7.86	
	Marked based tonnes CO ₂ per DKKm (turnover)	2.71	0.82	15.71	4.01	4.43	4.29	-6.53	
Energy consumption (Electricity)	MWh	56,737	2,391	40,002	104,032	100,261	91,508	13.69	Of these, 33,038 MWh (31.75% ↑) derive from renewable energy sources with certificate and own solar cell systems.
	MWh per DKKm (turnover)	9.14	1.56	37.73	11.52	12.45	11.52	0.04	
Heat consumption (District heating)	MWh	2,151	0	520	2,966	1,305	940	215.53	
	MWh per DKKm (turnover)	0.34	0	0.49	0.33	0.16	0.12	173.81	
Heat consumption (Natural gas)	M ³	3,826,114	465,775	155,641	4,557,320	3,615,028	3,198,366	42.49	Of these, 183,865 M3 (4% ↑) derive from biogas.
	M ³ per DKKm (turnover)	616.81	304.22	146.83	504.85	448.79	402.77	25.35	
Water consumption	M ³	152,679	11,134	36,420	206,088	194,547	166,948	23.44	
	M ³ per DKKm (turnover)	24.61	7.27	34.35	22.83	24.15	21.02	8.61	
ISO 14001-certifications	Number	26	11	7	44		39	14.71	AVK consists of 108 production and sales companies.
ISO 50001-certifications	Number	1	1	1	3		3	0	AVK consists of 108 production and sales companies.
EPD certification	Number	14	0	1	15		1	1400	Applicable for all AVK production companies.

* We have a few companies outside the three mentioned business segments – these companies are included in Total AVK Group.

Comments to Environmental

All figures are based on total consumption for all companies.

Greenhouse gas emissions and recalculation of CO₂e emissions

For the past five years, we have measured Scope 1 and Scope 2 emissions in accordance with the Greenhouse Gas Protocol (GHG). Finding the method for calculating CO₂e emissions is an ongoing process, and for some locations, we previously had to rely on best estimates due to the unavailability of specific data or accurate emission factors.

This year's Scope 1 and Scope 2 emissions have been calculated using international standards, resulting in an observed upward trend in reported CO₂e emissions. To ensure consistency, we have also recalculated the 2022/23 results using updated global emission factors.

Some countries still depend on coal to produce electricity and heating, which cause increasing CO₂e emission factors. Our focus on local production combined with an increased dependence on coal due to geopolitical instability is the reason why AVK has experienced an increase in Scope 1 and Scope 2 CO₂e emissions.

In 2023, Scope 1 CO₂e emissions increased in some countries due to higher energy consumption driven by a colder winter and continued reliance on fossil fuels and gas.

The total Scope 2 CO₂e impact (measured in tonnes) has increased, primarily due to acquisitions and higher energy-related emissions.

Emissions data from newly acquired companies has been incorporated into the 2023/24

Scope 1 - CO₂ emissions

Tonnes CO₂ per DKK million (turnover)

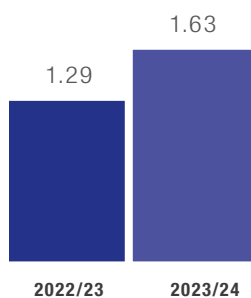


Figure 2

figures, but was not included in the 2022/23 figures. To compare 2023/24 figures with last year, 2023/24 figures without acquisitions have been included in Table 1.

Scope 1 emissions increased in the financial year 2023/24, driven primarily by acquisitions, fossil fuels, and a significant rise in natural gas consumption for heating. To address this, we are actively pursuing a global transition from gas to low-energy solutions, including the implementation of heat pumps.

Scope 2 emissions have increased slightly, partly due to acquisitions. We remain committed to increasing our procurement of certified renewable energy, expanding self-generated electricity through solar cell systems, and optimising energy efficiency across our operations.

The overall CO₂ intensity, measured as the emissions intensity, reflects mixed trends. The Scope 1 index increased from 1.29 to 1.63, while the Scope 2 index decreased from 4.29 to 4.01.

See Figure 2 and Figure 3.

Scope 2 - CO₂ emissions

Tonnes CO₂ per DKK million (turnover)

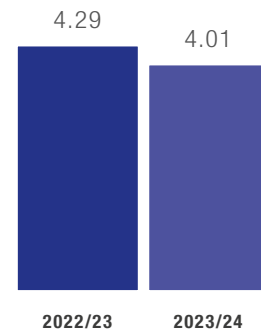


Figure 3

Energy consumption

The table and charts below show the AVK Group's electricity consumption in the last four years.

Our total electricity consumption has increased in 2023/24, with the overall electricity index showing a slight increase compared to last year.

This increase in total energy consumption is primarily due to acquisitions. Data from acquired companies is integrated in 2023/24 accounts.

Environmental data (consumption) - Electricity

MWh per DKK million (turnover)

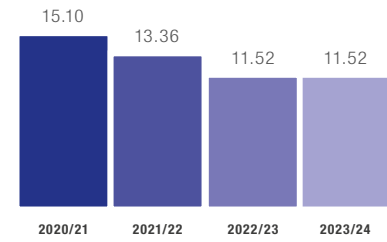


Figure 4

Environmental data (consumption) - Water

M³ per DKK million (turnover)

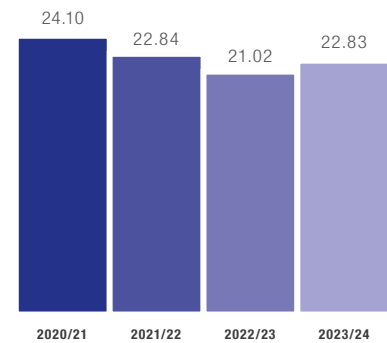


Figure 5

31.75% of our total energy consumption is sourced from renewables, supported by certificates of origin and our own solar cell systems.

Water consumption

The total water consumption has increased, partly due to acquisitions. Additionally, some AVK companies have reported higher water usage than last year.

The overall water consumption index shows an increase of 8.61% compared to last year. We remain committed to minimising water consumption, prioritising efforts on companies with the highest usage levels relative to their total turnover in DKKm.

See Figure 4 and Figure 5

Accounting policies (E)

Greenhouse gas emissions

Reporting of greenhouse gas emissions is based on the GHG Protocol. The reporting follows the GHG Protocol's division into Scope 1 and Scope 2. Scope 3 emissions are not yet included in group-level reporting.

The reporting includes emissions of greenhouse gases specified in the GHG Protocol such as carbon dioxide, methane, nitrous oxide, HFCs,

and others. These are reported together in CO₂ equivalents (CO₂e).

Scope 1 covers all direct emissions. These are greenhouse gas emissions associated with the burning of fossil fuels such as gas, diesel or the like. The figures are calculated based on data from purchases and consumption.

Consumption figures are calculated by multiplying usage data with the relevant emission factors. Company cars are included in Scope 1 emissions if they are owned or leased. The companies directly collect fuel consumption data.

For hybrid and electric vehicles, electricity consumption is collected and multiplied by the emission factors for the country where the car is registered. This is then included in Scope 2 emissions.

This is not yet reported as a separate entry but will be implemented starting with the 2024/25 financial statements. Registered electric vehicles are only 100% electric vehicles.

Scope 2 covers indirect emissions from the consumption of electricity, district heating, or cooling purchased from external providers.

Consumption data from companies is collected from energy bills or meters to calculate energy usage.

Reporting follows both location-based and market-based CO₂e accounting methods. Location-based calculations are based on emission factors from the IEA and market-based on other sources both in compliance with the GHG Protocol. The location-based method reflects the emissions intensity of the electricity grid where we operate, while the market-based method accounts for the emissions from the energy contracts we purchase, including renewable energy.

Energy consumption

Energy consumption data is collected locally from all our companies through the monthly financial reporting which is based on globally defined specifications and definitions. Both direct and indirect energy consumption is reported as well as the amount of energy from renewable and non-renewable sources.

Share of renewable energy

To classify electricity as sourced from renewables, appropriate certificates are required to verify an emission factor of 0 for the specific electricity consumption. Renewable energy sources include wind, solar, nuclear power, biogas, or green hydrogen.

Emission and Energy intensity

The emission intensity is the total greenhouse gas emissions in tonnes of CO₂e (scope 1 and scope 2) divided by the total turnover in DKKm.

Energy intensity is a measure of energy expenditure in relation to a measure of activity. Energy intensity per turnover is defined as the total energy consumption in MWh or M³ divided by the turnover in DKKm.

Water consumption

Water consumption data is collected locally from all our companies through the monthly financial reporting which is based on global described specifications and definitions. Water consumption is collected via local meter reading and invoices.

Environmental Product Declarations (EPDs)

EPDs are prepared locally in accordance with international standards such as 14025/EN15804.

The scope of the EPD includes the full product life cycle or specified life cycle stages (e.g., cradle-to-grave, cradle-to-gate). The data is collected directly from the manufacturing process, including energy consumption, material usage, and emissions.

The EPD is independently verified by a qualified third party to ensure compliance with applicable standards and accuracy of the declared data. The EPD includes a validity period (typically five years) and can be subject to revision if there are significant changes to the product or processes.



SOCIAL

Table 2: Social data, resultat

	Unit	Water	Industry	Advanced	AVK Group 2023/24	AVK Group 2022/23	Development %	Description (2023/24 figures)
Number of employees	Number	3,256	1,130	638	5,342	4,880	9.47	The average number of full-time employees in the AVK Group as per 30 September 2024.
Fatalities	Number	0	0	0	0	0	0	All AVK companies.
Number of work-related accidents resulting in absence	LTA	29	9	9	47	49	-4.08	LTA = Lost Time Accident = number of accidents with >1 day's absence. All AVK companies.
Number of accidents per 1 million working hours	LTAFR	4.69	4.19	7.42	4.63	5.28	-12.31	1,900 working hours are used as an average (ref. OECD). All AVK companies.
ISO 45001 certifications	Number	16	10	4	33	30	11.11	Applicable for all AVK production companies.

* We have a few companies outside the three mentioned business segments – these companies are included in Total AVK Group.

Comments to Social

Work accidents

To reach our 2030 goal of reducing the Lost Time Accident Frequency Rate (LTAFR) to below 3.0, we have established several milestone targets. LTAFR shows the number of accidents per one million working hours. Read more about our goal for decreasing our work accidents in the chapter "Our social responsibility".

The goal for 2023/24 was to reduce the Lost Time Accident Frequency Rate (LTAFR) to below 5.0. By the end of the year, the LTAFR had decreased to 4.63 accidents per million hours worked, down from 5.28 in 2022/23.

It is important to emphasise that the accidents that have occurred this year are all minor and have not led to long-term absence.

Figure 6 provides an overview of the accident frequency rate in the past four years, taking into account changes in the number of employees.

Health and Safety management (ISO 45001)

ISO 45001 plays a key role in strengthening our Health & Safety (H&S) structure and to ensure continuous improvement. Already, 35 of our companies have achieved this international certification, emphasising our commitment to the systematic management of workplace health and safety.

Safety performance

Number of accidents per 1 million working hours

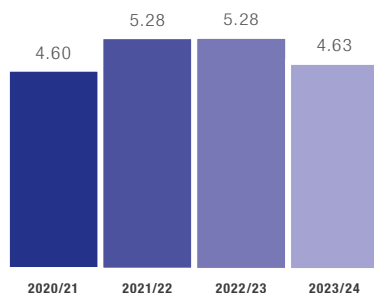


Figure 6

We are actively working to increase the number of certified companies in the AVK Group to ensure a consistent approach to health and safety across all business units. This effort supports our long-term strategy to promote a safe and healthy work environment for all employees, reduce work-related risks, and enhance our compliance with regulatory and customer-specific requirements.

Accounting policies (S)

Accidents, Lost Time Accident Frequency Rate, and fatalities

Information on accidents is collected locally from all our companies through monthly financial reporting, following globally defined specifications and definitions. The specifications

and definitions of accidents resulting in lost time are outlined in AVK H&S document 01.020.

Reported accidents are verified by the AVK Group's Sustainability & ESG function to secure that reported accidents are inside the scope of accidents with lost time definition. Details about accidents and causes are documented.

The total number of accidents refers to work-related incidents that led to absences extending beyond the day of occurrence. Lost Time Accident frequency (LTAFR) is calculated as the number of accidents per million working hours.

Lost Time Accident Frequency Rate = (Total Working Hours/Total Number of Accidents) × 1,000,000

To ensure consistency and transparency across our global operations, AVK set an average of 1,900 annual working hours per employee. The benchmark of 1,900 annual working hours per employee is based on the global OECD standard for average working hours. This figure is adjusted to reflect the geographic distribution of our workforce, with the majority based outside the EU, including in China, and considers regional variations in working hours and labour legislation.

Fatalities are defined as accidents that occur at the workplace or while performing tasks directly related to one's employment.

GOVERNANCE

Table 3: Management data, resultat

	Unit	Water	Industry	Advanced	AVK Group 2023/24	AVK Group 2022/23	Development %	Description (2023/24 figures)
ISO 9001-certifications	Number	36	16	7	67	63	6.35	Number of companies with said ISO certification.
ISO/TS 29001 certifications (Gas)	Number	6	2	1	11	11	0	Valid for all AVK companies that design, manufacture, and supply products for gas.
Supplier management and audits	Number				53	72	-27.78	Our Code of Conduct applies to all suppliers, but we audit based on a risk assessment in risk areas.

* We have a few companies outside the three mentioned business segments – these companies are included in Total AVK Group.

Comments to Governance

Supplier management

In the financial year 2023/24, we performed 53 on-site supplier audits at selected suppliers, a decrease from 72 audits in 2022/23.

Ongoing supplier audits are conducted on-site according to a set programme. The frequency of audits is based on an internal country and product-based risk assessment. Risk management is documented and managed in our internal ISO 9001 documentation.

No major incidents were identified among the audited AVK suppliers that warranted the issuance of major non-compliance statements or other corrective actions.

See Figure 7

Anti-corruption

No confirmed cases of corruption or bribery have been reported in the Group.

Accounting policies (G)

Board of directors

Diversity on the board of directors' level is measured as the ratio of women to men among the elected board members of AVK Holding A/S, the ultimate parent company not including employee elected members.

This is calculated at the end of the financial year.

Anti-corruption

Anti-corruption is measured by the proportion of the relevant workforce – typically management, sales, purchasing, and others with external contact – who have formally confirmed their adherence to the policy.

Registrations are made directly by the local companies, and their share is reported to the parent company.

Personal data protection

A Group-level Data Ethics Policy is applicable to all companies within the AVK Group.

Supplier audits

Number

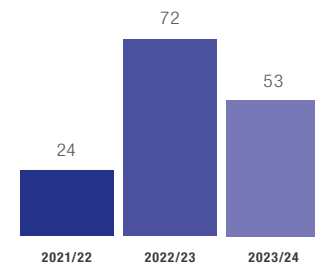


Figure 7



POLICIES AND ESG REPORTING

Risk assessment

We are closely monitoring the upcoming requirements related to the implementation of CSRD and ESRS. We fully understand the obligations this place on us as a Group, including the need for a future risk assessment. AVK will develop a comprehensive risk assessment applicable to the entire Group.

During 2023/24, the work with a double materiality assessment was initiated to align the ESG themes and the upcoming requirements of CSRD. The work on the double materiality assessment as well as the gap-analysis will extend over the next year.

We will identify our risks and align them with relevant policies

Existing and new policies must be assessed and determined in each of the three areas (E, S and G) in accordance with the requirements of the CSRD, ESRS, and the future CSDDD. In the AVK Group, we have several policies, however, particular attention will be paid to policies in the following areas:

- E: Environment and Climate Policy
- S: Ethics/Human Rights Policy; Diversity Policy, Employment Relations Policy and Work-Related Health and Safety Policy
- G: Business Ethics Policy and Anti-Corruption & Anti-Bribery Policy

Report on unequal gender representation in management

When recruiting and appointing managers at AVK, we adhere to the principle of selecting the most qualified candidate for the role. However, the technical and industrial nature of our industry has traditionally been male-dominated, resulting in a gender imbalance both at the management level and among employees overall. As such, we also have a responsibility to make our company more attractive to women and ensure a better balance between men and women.

Therefore, we have set a target of achieving 25% female representation on the Board of Directors in 2025/26. In the financial year 2023/24, women make up 17% of the Board of Directors excluding employee representatives.

On 1 October 2023, a new management team came into force with a Group Executive Board. On this board, two out of eight members are women, representing a proportion of 25%.

Management level 2 is AVK Holding Management Group. The AVK Holding Management Group comprises department managers from AVK Holding. The group demonstrates a gender diversity rate of 40%, with 4 of its 10 managers being women.

In all three management levels the gender composition remained unchanged compared to 2022/23.

To further reduce the gender diversity gap, management ensures, whenever possible, that qualified female candidates within the candidate pool are included in the final interviews for management positions at AVK Holding. At the same time, we want to strengthen efforts to increase the number of women in global leadership positions. Therefore, we pay special attention to gender equality when promoting

managers in the Group and reflect this in the succession planning process.

Report on Data Ethical Policy

In line with digital developments, such as artificial intelligence, machine learning, and the increasing cyber threats, the AVK Group is increasingly focusing on the use of data and how to ensure that physical persons remain at the centre of the processing. A responsible data culture involves, among other things, ensuring transparency, protecting privacy, being accountable for data usage, and staying informed about digital developments, cyber threats, and the tools employed. Therefore, AVK adopted a Data Ethical Policy in the financial year 2021/22, revised in the financial year 2023/24.

Our Data Ethical Policy reflects AVK's core values regarding data usage, ensuring that we handle data with respect for individuals. The policy is accessible on the AVK Group's intranet.

AVK Holding	2023/2024	2022/2023
AVK Boards of Directors:		
Total number of members	6	6
Percentage of underrepresented gender	17	17
Target %	25	
Target year	2026	
Group Executive Board (level 1):		
Total number of members	8	8
Percentage of underrepresented gender	25	25
Target %	25	
Target year	2026	
Management Group (level 2):		
Total number of members	10	10
Percentage of underrepresented gender	40	40
Target %	40	
Target year	2026	

OUR FUTURE ACTIVITIES AND AREAS OF ACTION

In the AVK Group, innovation and development of new and improved high-quality products with a long lifespan and recycling in mind play a crucial part. At the same time, it is in our DNA to act responsibly towards both employees, the environment, and the society around us.

Below is a summary of planned activities and efforts we have set out for the coming years.

Our environmental and climate effort

In the coming years, we will implement processes and initiatives in line with the AVK Sustainability Roadmap. This includes prioritising minimal environmental impact and energy consumption as key criteria in both the design and production processes.

Planned activities for the coming years to reduce our environmental and energy impact include:

- Further implementation of ISO 14001 and ISO 50001 during the next years
- Increase the number of EPDs to cover more of our product range
- Continuing the installation of solar panels on manufacturing buildings
- Implementation a baseline calculation for Scope 3 for our larger EU companies in 2024/25
- Continuing efforts to reduce water consumption, especially in countries with scarce water resources and AVK companies with high water consumption

Likewise, we will continue to work on identifying methods to reuse and recycle materials in our factories. We will engage in partnerships that can ensure that we receive sufficient recycled materials for production, such as plastics and metals.

To reduce our energy consumption, we will conduct energy audits and update to LED lighting as well as implement programmable lighting and thermostats.

Our social responsibility

As a global Group, we take our social responsibility seriously. This means that we provide attractive jobs and want to create the

best framework for employee development and well-being.

Planned activities for the coming years related to our social responsibility include the following:

- Further implementation of ISO 45001 in 2024/25
- To reach our safety target of an accident frequency rate (LTIFR) of less than 3.0 by 2030, safety work will be further intensified during 2024/25 and in the future
- Set global measurement of sick leave and monitor status
- Implementation of our Code of Conduct for employees in all our companies

Minimising the number of occupational accidents and ensuring the health and well-being of our employees remain a high priority for us. To achieve this goal, we will continue to focus on health and safety during 2024/25 and the following years. In addition, we strive to enhance safety behaviour by prioritising internal communication and training and by increasing visibility around safety and improvements.

Moreover, in our ongoing commitment to ensure that our suppliers act respectfully and adhere to our Ethics and Human Rights Policy, we will implement a newly revised Code of Conduct for employees and provide training on human rights policies and procedures.

AVK aim to remain an attractive workplace by fostering an environment that supports employee development and well-being. The newly created People & Leadership function will continue to set the direction for how we conduct good leadership in the AVK Group as well as how we work strategically with processes for succession planning, leadership development, talent management, and recruitment. In addition, we will improve our diversity data. Initially, the measurement is

primarily on the gender composition of the management team, but diversity in this context is understood more broadly to include age, seniority, nationality, and other parameters on which we will initiate data collection.

Similarly, to enhance our focus on global well-being in the future, we will begin collecting global sickness absence data, using a standardised definition, starting in 2024/25. We expect to be able to use collected data, set goals, and share targeted global efforts within this area in the future.

Our governance

ESG must be a fundamental aspect of our business. As a company, we are committed to meeting the legislative requirements set forth by CSRD, ESRS, and CSDDD in the coming years. Consequently, during 2024/25, we will develop an AVK Sustainability Roadmap based on our findings of our double materiality assessment. This roadmap will provide a comprehensive overview of requirements and integration of activities.

Planned activities for the coming years related to governance include:

- Develop an AVK Sustainability Roadmap based on the findings in our double materiality assessment
- Increased focus on our Code of Conduct for suppliers and initiate an internal audit process to ensure compliance
- Review of our Business Ethics Policy and Anti-Corruption and Anti-Bribery Policy

In the coming years, we will optimise our process and documentation around the Code of Conduct as well as for anti-corruption and anti-bribery. We work continuously and systematically with registration, control, follow-up, and further development of the supplier collaboration to ensure compliance with the Group's policies, including the Code of Conduct.

At the same time, we will ensure positive communication with our employees, our customers, and other stakeholders to achieve the support and commitment needed to succeed on the future sustainability and ESG journey.

OBJECTIVES FOR THE FINANCIAL YEAR 2024/25

Table 4: Environmental data, objectives

Environmental data	Unit	Result 2023/24	Objective 2024/25	Action (Description)
CO ₂ e , Scope 1 + scope 2 (Marketbased)	Tonnes	50,977	5% ↓	Reduction of CO ₂ emissions by phasing out fossil-fuelled company vehicles and natural gas, increasing our use of renewable electricity, and installing solar energy systems. Reduction in number of fossil company vehicles and natural gas.
Water consumption	M ³	206,088	1% ↓	Local improvement initiatives such as recycling of water at test stations and water-economical lavatories.
Waste for reuse/recycling	%	46%	> 65%	Degree of waste that can be recycled. Monitor local waste fractions and thus increase recyclability.
ISO 14001 certified production companies (number of total)	Number	48	49	One additional AVK company in the process of achieving its ISO 14001 certification.
ISO 50001-certifications	Number	3	>6	Three additional AVK companies are in the process of achieving ISO 50001 certification.
EPD certification	Number	15	>15	Applicable for all AVK production companies.



Table 5: ESG key figures, objectives for the financial year 2024/2025 →

Social data	Unit	Result 2023/24	Objective 2024/25	Action (Description)
Number of employees	Number	5,342	--	The average number of full-time employees in the AVK Group as per 30 September 2024.
Number of work-related accidents resulting in absence	LTA	47	<45	LTA = Lost Time Accident = number of accidents with >1 day's absence. All AVK companies.
Number of accidents per 1 million working hours	LTAFR	4.63	<4.5	1,900 working hours are used as an average (ref. OECD).
ISO 45001 certifications	Number	33	35	Three additional AVK companies in the process of achieving their ISO 45001 certification. Applicable for all AVK production companies.

Table 6: ESG key figures, objectives for the financial year 2024/2025 →

Management data	Unit	Result 2023/24	Objective 2024/25	Action (Description)
ISO 9001 certifications	Number	67	68	Applicable for all AVK production companies.
ISO/TS 29001 certifications (Gas)	Number	11	11	All AVK gas companies have implemented ISO 29001.
Supplier management and audits	Number	53	>50	We audit based on a risk assessment in risk areas. We will expand our activities to other countries such as India and Brazil.



