

Sunds Textiles A/S
Navervej 3, 7451 Sunds

Company reg. no. 15 80 82 41

Annual report
2023

The annual report was submitted and approved by the general meeting on the 21 May 2024.

John Nielsen
Chairman of the meeting

Notes:

- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

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Management's statement

Today, the board of directors and the managing director have presented the annual report of Sunds Textiles A/S for the financial year 2023.

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

We consider the accounting policies appropriate and, in our opinion, the financial statements provide a fair presentation of the company's assets, equity and liabilities, and financial position at 31 December 2023 and of the company's results of activities and cash flows in the financial year 1 January – 31 December 2023.

We are of the opinion that the management commentary presents a fair account of the issues dealt with.

We recommend that the annual report be approved at the Annual General Meeting.

Sunds, 21 May 2024

Managing Director

Claus Vang Nielsen

Board of directors

John Nielsen

Claus Vang Nielsen

Preben Vang Nielsen

Maja Maria Sobieraj

Independent auditor's report

To the Shareholders of Sunds Textiles A/S

Opinion

We have audited the financial statements of Sunds Textiles A/S for the financial year 1 January - 31 December 2023, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity, statement of cash flows and notes, for the Company. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2023, and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company 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 Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Independent auditor's report

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

Independent auditor's report

In connection with our audit of the financial statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that Management's Review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of Management's Review.

Herning, 21 May 2024

Partner Revision

State Authorised Public Accountants
Company reg. no. 15 80 77 76

Peter Vinderslev

State Authorised Public Accountant
mne32848

Company information

The company	Sunds Textiles A/S Navervej 3 7451 Sunds
	Phone 97141322 Web site sunds.com E mail mail@sunds.com
	Company reg. no. 15 80 82 41 Established: 16 January 1992 Domicile: Sunds, Denmark Financial year: 1 January - 31 December
Board of directors	John Nielsen Claus Vang Nielsen Preben Vang Nielsen Maja Maria Sobieraj
Managing Director	Claus Vang Nielsen
Auditors	Partner Revision statsautoriseret revisionsaktieselskab Industrivej Nord 15 7400 Herning
Bankers	Sydbank A/S, Dalgasgade 22, 7400 Herning
Parent company	PVN Holding A/S
Subsidiaries	Sunds Textiles Ukraine SC, Ukraine Sokalska Hosiery Factory JSC, Ukraine Sunds Textiles Poland Sp. z o.o., Polen Sunds Textiles México, S. de R.L. de C.V., Mexico

Financial highlights

DKK in thousands.	2023	2022	2021	2020	2019
Income statement:					
Revenue	610.981	674.673	600.350	549.954	471.911
Gross profit	98.878	127.734	128.767	118.259	111.280
Profit from operating activities	77.856	106.475	107.763	98.381	92.016
Net financials	-24.184	-28.616	-8.655	6.162	-6.782
Net profit or loss for the year	37.765	54.853	75.038	83.533	65.632
Statement of financial position:					
Balance sheet total	654.313	678.106	684.341	454.051	424.553
Investments in property, plant and equipment	576	4.634	1.439	725	543
Equity	475.638	417.793	358.331	275.520	206.521
Cash flows:					
Operating activities	76.967	167.995	-6.587	99.882	33.092
Investing activities	-30.754	-85.417	-109.044	-38.722	-28.141
Financing activities	-46.212	-82.578	-9.203	-23.631	-15.127
Total cash flows	0	0	-124.833	37.529	-10.177
Employees:					
Average number of full-time employees	29	28	27	27	26
Key figures in %:					
Gross margin ratio	16,2	18,9	21,4	21,5	23,6
Profit margin (EBIT-margin)	12,7	15,8	18,0	17,9	19,5
Solvency ratio	72,7	61,6	52,4	60,7	48,6
Return on equity	8,5	14,1	23,7	34,7	38,5

Calculations of key figures and ratios follow the recommendations of the Danish Association of Finance Analysts.

Management's review

The principal activities of the company

The company's activity consists of purchase, sale and product development of textile goods as well as the sale of textile goods. Furthermore, the company is the parent company for 4 foreign production companies located in Ukraine, Mexico and Poland.

Uncertainties about recognition or measurement

The continuing war in Ukraine and uncertainties associated with it, means that there is a certain amount of uncertainty with the recognition of the group's assets in Ukraine. The events are considered not to have effect on the recognition of the assets per 31.12.2023. The valuation of the group's assets in Ukraine subsequently depends on the development of the war and the impact on security, supply, etc.

Assets relating to activities in Ukraine are per 31.12.2023 are valued at 163 million DKK, and is recognized as subsidiary and a further 10,8 million DKK recognized as receivables from subsidiaries.

Development in activities and financial matters

The revenue for the year totals DKK 611,0m against DKK 674,7m last year. Profit after tax totals DKK 37,8m against DKK 54,9m last year. Management considers the profit for the year satisfactory.

The expectation for the current year was a turnover of between DKK 650-720 million.

The profit expectation was a profit between DKK 45-65 million. The liquidity draw was expected to be comparable with 2022.

The result ended up at 40 million DKK. The result decreased due to general uncertainty in markets, resulting in increased costs. The liquidity draw has been improved compared to the expectations in the annual report for 2022, which is due to a strong liquidity contribution from the company's operations.

Financial risks and the use of financial instruments

The management assesses that the group is not affected by special risks other than those normally occurring in the industry. Currency risks, interest rate risks and price risks are explained below.

Foreign currency risks

Sales and investments abroad mean that the result, cash flows and equity are affected by exchange rates and interest rate development for a number of currencies. It is the group's policy that currency risks are not hedged.

Currency rate adjustments of investments in group enterprises that are independent entities are recognized directly in equity. Exchange rate risks that relate to this are, as a general rule, not hedged, as it is the group's opinion that an ongoing price hedging of such long-term investments will not be optimal from an overall risk and cost perspective.

Interest rate risks

Since the interest-bearing debt has a variable interest rate, a change in the interest rate will have a direct effect on the result. Only limited hedging of interest rate risks is carried out.

Management's review

Commodity risks

The company is continuously working on streamlining production and purchasing to ensure competitive prices.

Research and development activities

The company does not carry out research, but there is continuous development and improvement of the company's production processes and products.

Expected developments

The company expects a slightly declining level of activity compared to 2023. Revenue is expected to be in the range of DKK 600-650 million. The profit expectation is a profit of DKK 50-65 million. The company's liquidity draw is expected to be at the level of 2023.

Events occurring after the end of the financial year

After the end of the financial year, no events have occurred which could change the Group's financial position significantly.

Corporate social responsibility report pursuant to section 99 a of the Danish Financial Statements Act

The group has no formalized general policy for social responsibility. The objectives we work towards with, is a natural extension of existing activities that are relevant to our work with social responsibility. The primary theme of our account below is to concentrate the account regarding matters linked to environmental and climate impact as well as employee relations.

Business model and engagement

The group wants to develop its core business and meet its strategic challenges on an economic and socially responsible way. The group has a number of written policies regarding social responsibility (Code of Conduct, STeP by ØKO-TEX and ISO 9001, ISO 45001 and ISO14001 certifications). These policies imply that the group complies with the country's laws as a minimum (primarily Denmark, Ukraine, Mexico and Poland) including working environment laws, laws for safety and the environment, as well as laws relating to minimum wages and human rights.

Environmental issues – including climate change

Policies

The group wants to support and contribute to society's reduction of climate-damaging emissions. Work is thus carried out, in connection with various ongoing environmental certification projects, with mapping and reduction of the production companies' impact on the climate.

The group works continuously with initiatives to ensure cleaner and more environmental friendly production in all of the production companies.

Management's review

It is the group's policy to seek to minimize energy consumption and consumption of chemicals, just as we seek to develop new products based on environmentally friendly raw materials and processes.

There are not observed conditions or injunctions of an environmental nature that give cause for comments.

Action taken

The company does everything it can to reduce e.g. energy consumption. This is achieved, for example, by installation of solar cells and the likes.

Social issues and employee issues

Policies

The company aims to be one of the industry's best and most attractive workplaces. This requires that we constantly focus on all aspects of the employees' everyday life - not least the working environment, safety, well-being and health. The company continuously tries to improve the working environment, employee development and employee well-being through safety committees, work committees and employee interviews.

The company continuously focuses on ensuring that employees are not exposed to unnecessary physical strain subsequent occupational injuries as a result.

Through agreements with pension corporations, has helped to ensure that the company's employees build up retirement savings. It is checked that the agreements comply with the respective countries collective agreements and applicable legislation.

The company is willing to contribute financially to relevant further training so that employees can improve their skills for the job and thus increase job satisfaction.

Action taken

Continuous work is being done to upgrade the company's employees to ensure personnel well-being. In addition, work is also ongoing to ensure that employees are socially insured via pension schemes, collective agreements etc.

Human rights

Policies

The company focuses on the company's activities being carried out with respect for fundamentals human rights. We support and respect the protection of internationally proclaimed human rights within the company's area of influence. This must help to ensure orderly relations both at the company and our business relations.

Action taken

During the course of our business, we have not registered any violation of the internationally recognized human rights.

Management's review

Anti-corruption and bribery

Policies

The company distances itself from all forms of corruption and bribery. It is a fundamental part of the value set in the company, that the company's employees are instructed not to receive or offer values or the like with the aim of obtaining unfair advantages.

The company has an open-door policy, and the individual employee always has the option of going to HR or immediate manager if there is doubt about a breach of the company's anti-corruption policy.

Action taken

No breach of the rules has been detected during the financial year or after the end of the financial year.

Overall assessment of social responsibility

The group's CRS work is audited and certified according to the STeP by Øko-Tex standard, which is a certification system for production facilities in the textile industry. The goal of STeP is to implement environmentally friendly production processes in the long term, improve health and safety and promote social responsible working conditions at production sites. STeP is a transparent and reliable certification of sustainable production, comprehensive analysis of all relevant areas - chemical management, handling of environmental impact, environmental management, working environment and safety, social responsibility and quality management.

Target figures and policies for the underrepresented gender

Target figures for the company's top management

It is the company's objective that the underrepresented gender must make up at least 20% of the board at the latest in 2023.

The company complies with the objective that a minimum of 20% of the senior management is comprised of it underrepresented gender.

Report on the company's policy on data ethics according to section 99 d of the Danish Financial Statements Act

Data ethics and machine learning

The company handles general data in the form of customer data and employee data. Data is processed in compliance with GDPR and our privacy and information security policies. The company in addition primarily sells B2B and has extremely limited data processing of a personal sensitive nature, it is the company's assessment that there is no need for a data ethics policy. The company will continuously assess whether a policy is necessary.

Accounting policies

The annual report for Sunds Textiles A/S has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class C enterprises (large enterprises).

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

No consolidated financial statements have been prepared pursuant to section 112 (1) of the Danish Financial Statements Act. The financial statements of Sunds Textiles A/S and its group enterprises are included in the consolidated financial statements for PVN Holding A/S, Sunds, CVR nr. 15808292.

Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, writedowns for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

Foreign currency translation

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials. If currency positions are considered to hedge future cash flows, the value adjustments are recognised directly in equity in a fair value reserve.

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

Accounting policies

Translation adjustment of balances with group enterprises abroad that are considered part of the total investment in group enterprises are recognised directly in equity in the fair value reserve. Likewise, foreign exchange gains and losses on loans and derived financial instruments for currency hedging independent group enterprises abroad are recognised directly in equity.

Income statement

Revenue

The enterprise will be applying IAS 11 and IAS 18 as its basis of interpretation for the recognition of revenue.

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Revenue is measured at the fair value of the consideration promised exclusive of VAT and taxes and less any discounts relating directly to sales.

Cost of sales

Cost of sales comprises costs concerning purchase of raw materials and consumables less discounts and changes in inventories.

Other operating income

Other operating income comprises items of a secondary nature as regards the principal activities of the enterprise, including lease income from temporary production facilities leased out profit from the disposal of intangible and tangible assets, as well as salary reimbursements received.

Other external costs

Other external costs comprise costs incurred for distribution, sales, advertising, administration, premises, loss on receivables, and operational leasing costs.

Staff costs

Staff costs include salaries and wages, including holiday allowances, pensions, and other social security costs, etc., for staff members.

Depreciation, amortisation, and writedown for impairment

Depreciation, amortisation, and writedown for impairment comprise depreciation on, amortisation of, and writedown for impairment of tangible assets.

Accounting policies

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, financial expenses from financial leasing, realised and unrealised capital gains and losses relating to securities, debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

Results from investments in subsidiaries

After full elimination of intercompany profit or loss less amortised consolidated goodwill, the investment in the individual entities are recognised in the income statement as a proportional share of the entities' post-tax profit or loss.

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

The company is subject to Danish rules on compulsory joint taxation of Danish group enterprises.

The current Danish income tax is allocated among the jointly taxed companies proportional to their respective taxable income (full allocation with reimbursement of tax losses).

Statement of financial position

Property, plant, and equipment

Property, plant, and equipment are measured at cost less accrued depreciation and write-down for impairment. Land is not subject to depreciation.

The depreciable amount is cost less any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, the depreciation is discontinued.

If the amortisation period or the residual value is changed, the effect on amortisation will, in future, be recognised as a change in the accounting estimates.

The cost comprises acquisition cost and costs directly associated with the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing, and the individual component representing a material part of the total cost.

Accounting policies

Depreciation is done on a straight-line basis according to an assessment of the expected useful life and the residual value of the individual assets:

	Useful life	Residual value
Buildings	20-25 years	20 %
Plant and machinery	5-10 years	0-20 %
Other fixtures and fittings, tools and equipment	3-5 years	0-20 %

Minor assets with an expected useful life of less than 1 year are recognised as costs in the income statement in the year of acquisition.

Profit or loss derived from the disposal of property, land, and equipment is measured as the difference between the sales price less selling costs and the carrying amount at the date of disposal. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

Property, plant, and equipment in progress

Property, plant, and equipment in progress are measured and recognised as the total costs incurred. When the work has been completed, the total value is transferred to the relevant item under property, plant, and equipment and is amortised from the date of entry into service.

Leases

All leases are regarded as operating leases. Payments in connection with operating leases and other lease agreements are recognised in the income statement for the term of the contract. The company's total liabilities concerning operating leases and lease agreements are recognised under contingencies, etc.

Investments

Investments in subsidiaries

Investments in subsidiaries are recognised and measured by applying the equity method. The equity method is used as a method of consolidation.

Investments in subsidiaries are recognised in the statement of financial position at the proportionate share of the enterprise's equity value. This value is calculated in accordance with the parent's accounting policies with deductions or additions of unrealised intercompany gains and losses as well as with additions or deductions of the remaining value of positive or negative goodwill calculated in accordance with the acquisition method. Negative goodwill is recognised in the income statement at the time of acquisition of the equity investment. If the negative goodwill relates to contingent liabilities acquired, negative goodwill is not recognised until the contingent liabilities have been settled or lapsed.

To the extent the equity exceeds the cost, the net revaluation of equity investments in subsidiaries transferred to the reserve under equity for net revaluation according to the equity method. Dividends from subsidiaries expected to be adopted before the approval of this annual report are not subject to a limitation of the revaluation reserve. The reserve is adjusted by other equity movements in subsidiaries.

Accounting policies

Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible fixed assets as well as equity investments in subsidiaries are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. Writedown for impairment is done to the recoverable amount if this value is lower than the carrying amount.

The recoverable amount is the higher value of value in use and selling price less expected selling cost. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the asset group and expected net cash flows from the sale of the asset or the asset group after the end of their useful life.

Inventories

Inventories are measured at cost on the basis of weighted measured average prices. In cases when the net realisable value is lower than the cost, the latter is written down for impairment to this lower value.

Costs of goods for resale, raw materials, and consumables comprise acquisition costs plus delivery costs.

Costs of manufactured goods and work in progress comprise the cost of raw materials, consumables, direct wages, and indirect production costs. Indirect production costs comprise indirect materials and wages, maintenance and depreciation of machinery, factory buildings, and equipment used in the production process, and costs for factory administration and factory management. Borrowing expenses are not recognised in cost.

The net realisable value for inventories is recognised as the estimated selling price less costs of completion and selling costs. The net realisable value is determined with due consideration of negotiability, obsolescence, and the development of expected market prices.

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value.

In order to meet expected losses, impairment takes place at the net realisable value. The company has chosen to use IAS 39 as a basis for interpretation when recognising impairment of financial assets, which means that impairments must be made to offset losses where an objective indication is deemed to have occurred that an account receivable or a portfolio of accounts receivable is impaired. If an objective indication shows that an individual account receivable has been impaired, an impairment takes place at individual level.

Accounting policies

Accounts receivable for which there is no objective indication of impairment at the individual level are evaluated at portfolio level for objective indication of impairment. The portfolios are primarily based on the debtors' domicile and credit rating in accordance with the company's and the group's credit risk management policy. Determination of the objective indicators applied for portfolios are based on experience with historical losses.

Prepayments and accrued income

Prepayments and accrued income recognised under assets comprise incurred costs concerning the following financial year.

Cash on hand and demand deposits

Cash on hand and demand deposits comprise cash at bank and on hand.

Equity

Dividend

Dividend expected to be distributed for the year is recognised as a separate item under equity.

Income tax and deferred tax

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

The company is jointly taxed with consolidated Danish companies. The current corporate income tax is distributed between the jointly taxed companies in proportion to their taxable income and with full distribution with reimbursement as to tax losses. The jointly taxed companies are comprised by the Danish tax prepayment scheme.

According to the rules of joint taxation, Sunds Textiles A/S is unlimitedly, jointly, and severally liable to pay the Danish tax authorities the total income tax, including withholding tax on interest, royalties, and dividends, arising from the jointly taxed group of companies.

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisable value.

Accounting policies

Liabilities other than provisions

Financial liabilities other than provisions related to borrowings are recognised at the received proceeds less transaction costs incurred. In subsequent periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value when using the effective interest rate. The difference between the proceeds and the nominal value is recognised in the income statement during the term of the loan.

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.

Statement of cash flows

The cash flow statement shows the cash flows for the year, divided in cash flows deriving from operating activities, investment activities and financing activities, respectively, the changes in the liabilities, and cash and cash equivalents at the beginning and the end of the year, respectively.

The effect on cash flows derived from the acquisition and sale of enterprises appears separately under cash flows from investment activities. In the statement of cash flows, cash flows derived from acquirees are recognised as of the date of acquisition, and cash flows derived from sold enterprises are recognised until the date of sale.

Cash flows from operating activities

Cash flows from operating activities are calculated as the company's share of the profit adjusted for non-cash operating items, changes in the working capital, and corporate income tax paid. Dividend income from equity investments are recognised under "Interest income and dividend received".

Cash flows from investment activities

Cash flows from investment activities comprise payments in connection with the acquisition and sale of enterprises and activities as well as the acquisition and sale of intangible assets, property, plant, and equipment, and investments, respectively.

Cash flows from financing activities

Cash flows from financing activities include changes in the size or the composition of the company's share capital and costs attached to it, as well as raising loans, repayments of interest-bearing payables and payment of dividend to shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and shortterm financial instruments with a term of less than 3 months, which can easily be converted into cash and cash equivalents and are associated with an insignificant risk of value change.

Income statement 1 January - 31 December

All amounts in DKK.

<u>Note</u>	<u>2023</u>	<u>2022</u>
2 Revenue	610.981.466	674.672.701
Change in inventories of finished goods and work in progress	-9.863.811	-5.269.846
Other operating income	1.731.767	1.537.840
Costs of raw materials and consumables	-473.734.569	-508.895.386
Other external costs	-30.237.308	-34.311.695
Gross profit	98.877.545	127.733.614
4 Staff costs	-19.978.232	-20.229.975
Depreciation and impairment of property, land, and equipment	-1.043.129	-1.028.564
Operating profit	77.856.184	106.475.075
Income from equity investments in subsidiaries	-17.828.338	-25.782.864
Other financial income from group enterprises	2.425.422	4.250.456
Other financial income	34.537	8.493
5 Other financial expenses	-8.815.464	-7.092.444
Pre-tax net profit or loss	53.672.341	77.858.716
6 Tax on net profit or loss for the year	-15.907.174	-23.005.529
7 Net profit or loss for the year	37.765.167	54.853.187

Balance sheet at 31 December

All amounts in DKK.

<u>Note</u>	<u>2023</u>	<u>2022</u>
Assets		
Non-current assets		
8 Land and buildings	13.514.659	13.900.290
9 Plant and machinery	177.073	95.762
10 Other fixtures, fittings, tools and equipment	1.298.747	1.461.999
11 Property, plant and equipment in progress and prepayments for property, plant and equipment	<u>0</u>	<u>141.530</u>
Total property, plant, and equipment	<u>14.990.479</u>	<u>15.599.581</u>
12 Investments in group enterprises	367.353.338	365.101.642
13 Receivables from group enterprises	<u>30.311.260</u>	<u>24.941.505</u>
Total investments	<u>397.664.598</u>	<u>390.043.147</u>
Total non-current assets	<u>412.655.077</u>	<u>405.642.728</u>
Current assets		
Raw materials and consumables	72.986.571	96.546.635
Work in progress	1.115.914	1.297.492
Manufactured goods and goods for resale	104.296.354	114.341.743
Prepayments for goods	<u>6.920.590</u>	<u>8.420.473</u>
Total inventories	<u>185.319.429</u>	<u>220.606.343</u>
Trade receivables	52.329.920	44.429.287
Receivables from group enterprises	2.688.024	6.178.467
14 Prepayments and accrued income	<u>1.320.227</u>	<u>1.249.538</u>
Total receivables	<u>56.338.171</u>	<u>51.857.292</u>
Total current assets	<u>241.657.600</u>	<u>272.463.635</u>
Total assets	<u>654.312.677</u>	<u>678.106.363</u>

Balance sheet at 31 December

All amounts in DKK.

<u>Note</u>	<u>2023</u>	<u>2022</u>
Equity and liabilities		
Equity		
15 Contributed capital	70.000.000	70.000.000
Retained earnings	405.638.450	347.793.249
Total equity	<u>475.638.450</u>	<u>417.793.249</u>
Provisions		
16 Provisions for deferred tax	1.745.568	1.759.860
Total provisions	<u>1.745.568</u>	<u>1.759.860</u>
Liabilities other than provisions		
17 Mortgage loans	6.593.480	7.014.973
Total long term liabilities other than provisions	<u>6.593.480</u>	<u>7.014.973</u>
Current portion of long term liabilities	421.492	418.608
Bank loans	1.653.731	47.447.505
Trade payables	12.465.781	11.365.963
Payables to group enterprises	131.931.324	160.230.869
18 Income tax payable	15.921.466	22.613.580
Other payables	7.941.385	9.461.756
Total short term liabilities other than provisions	<u>170.335.179</u>	<u>251.538.281</u>
Total liabilities other than provisions	<u>176.928.659</u>	<u>258.553.254</u>
Total equity and liabilities	<u>654.312.677</u>	<u>678.106.363</u>

1 Uncertainties concerning recognition and measurement

3 Fees, auditor

19 Charges and security

20 Contingencies

21 Related parties

Statement of changes in equity

All amounts in DKK.

	<u>Contributed capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity 1 January 2022	70.000.000	288.330.701	358.330.701
Retained earnings for the year	0	54.853.187	54.853.187
Price adjustment primo of subsidiaries	0	4.609.361	4.609.361
Equity 1 January 2022	70.000.000	347.793.249	417.793.249
Retained earnings for the year	0	37.765.167	37.765.167
Price adjustment primo of subsidiaries	0	20.080.034	20.080.034
	<u>70.000.000</u>	<u>405.638.450</u>	<u>475.638.450</u>

Statement of cash flows 1 January - 31 December

All amounts in DKK.

<u>Note</u>	<u>2023</u>	<u>2022</u>
Net profit or loss for the year	37.765.167	54.853.187
22 Adjustments	41.134.146	52.544.712
23 Change in working capital	<u>27.036.570</u>	<u>86.624.686</u>
Cash flows from operating activities before net financials	105.935.883	194.022.585
Interest received, etc.	2.459.958	4.258.950
Interest paid, etc.	<u>-8.815.464</u>	<u>-7.092.444</u>
Cash flows from ordinary activities	99.580.377	191.189.091
Income tax paid	<u>-22.613.580</u>	<u>-23.194.292</u>
Cash flows from operating activities	<u>76.966.797</u>	<u>167.994.799</u>
Purchase of property, plant, and equipment	-575.557	-4.633.833
Sale of property, plant, and equipment	0	155.195
Purchase of fixed asset investments	0	-216.763.019
Change of long-term interim accounts with affiliated companies	<u>-30.178.857</u>	<u>135.824.828</u>
Cash flows from investment activities	<u>-30.754.414</u>	<u>-85.416.829</u>
Repayments of long-term payables	-418.609	-1.470.028
Changes in short-term bank loans	<u>-45.793.774</u>	<u>-81.107.942</u>
Cash flows from investment activities	<u>-46.212.383</u>	<u>-82.577.970</u>
Change in cash and cash equivalents	0	0
Cash and cash equivalents at 31 December	<u>0</u>	<u>0</u>
 Cash and cash equivalents		

Notes

All amounts in DKK.

1. Uncertainties concerning recognition and measurement

The continuing war in Ukraine and uncertainties associated with it, means that there is a certain amount of uncertainty with the recognition of the group's assets in Ukraine. The events are considered not to have effect on the recognition of the assets per 31.12.2023. The valuation of the group's assets in Ukraine subsequently depends on the development of the war and the impact on security, supply, etc.

Assets relating to activities in Ukraine are per 31.12.2023 are valued at 163 million DKK, and is recognized as subsidiary and a further 10,8 million DKK recognized as receivables from subsidiaries.

2. Revenue

Information on business segments and geographic markets has been omitted as it is management's assessment that such information could potentially cause significant damage to the company.

3. Fees, auditor

Total remuneration for Partner Revision, State Authorised

Public Accountants	177.500	162.700
	<hr/>	<hr/>
Fees for auditors performing statutory audit	165.000	147.500
Tax-related consulting	12.500	15.200
	<hr/>	<hr/>
	177.500	162.700
	<hr/>	<hr/>

4. Staff costs

Salaries and wages	17.293.535	17.630.941
Pension costs	2.333.479	2.219.003
Other costs for social security	351.218	380.031
	<hr/>	<hr/>
	19.978.232	20.229.975
	<hr/>	<hr/>

Average number of employees	29	28
	<hr/>	<hr/>

Compensation to the management for the financial year 2023 amounts to a total of DKK 1,324 thousand.

Compensation to the management for the financial year 2022 amounts to DKK 1,169 thousand.

Notes

All amounts in DKK.

	<u>2023</u>	<u>2022</u>
5. Other financial expenses		
Financial costs, group enterprises	5.988.408	3.807.960
Other financial costs	<u>2.827.056</u>	<u>3.284.484</u>
	<u>8.815.464</u>	<u>7.092.444</u>
6. Tax on net profit or loss for the year		
Tax on net profit or loss for the year	15.921.466	22.613.580
Adjustment of deferred tax for the year	<u>-14.292</u>	<u>391.949</u>
	<u>15.907.174</u>	<u>23.005.529</u>
7. Proposed distribution of net profit		
Transferred to retained earnings	<u>37.765.167</u>	<u>54.853.187</u>
Total allocations and transfers	<u>37.765.167</u>	<u>54.853.187</u>
8. Land and buildings		
Cost 1 January	61.883.466	57.805.378
Additions during the year	<u>282.393</u>	<u>4.078.088</u>
Cost 31 December	<u>62.165.859</u>	<u>61.883.466</u>
Depreciation and write-down 1 January	-47.983.176	-47.524.894
Amortisation and depreciation for the year	<u>-668.024</u>	<u>-458.282</u>
Depreciation and write-down 31 December	<u>-48.651.200</u>	<u>-47.983.176</u>
Carrying amount, 31 December	<u>13.514.659</u>	<u>13.900.290</u>
Public land assessment value at 1 October 2023	<u>55.700.000</u>	<u>55.700.000</u>

Notes

All amounts in DKK.

	<u>31/12 2023</u>	<u>31/12 2022</u>
9. Plant and machinery		
Cost 1 January	3.819.275	3.819.275
Additions during the year	<u>137.033</u>	<u>0</u>
Cost 31 December	<u>3.956.308</u>	<u>3.819.275</u>
Depreciation and write-down 1 January	-3.723.513	-3.692.914
Amortisation and depreciation for the year	<u>-55.722</u>	<u>-30.599</u>
Depreciation and write-down 31 December	<u>-3.779.235</u>	<u>-3.723.513</u>
Carrying amount, 31 December	<u>177.073</u>	<u>95.762</u>
10. Other fixtures, fittings, tools and equipment		
Cost 1 January	4.576.227	4.444.615
Additions during the year	156.131	414.215
Disposals during the year	<u>0</u>	<u>-282.603</u>
Cost 31 December	<u>4.732.358</u>	<u>4.576.227</u>
Depreciation and write-down 1 January	-3.114.228	-2.807.693
Amortisation and depreciation for the year	-319.383	-539.683
Reversal of depreciation, amortisation and impairment loss, assets disposed of	<u>0</u>	<u>233.148</u>
Depreciation and write-down 31 December	<u>-3.433.611</u>	<u>-3.114.228</u>
Carrying amount, 31 December	<u>1.298.747</u>	<u>1.461.999</u>
11. Property, plant and equipment in progress and prepayments for property, plant and equipment		
Cost 1 January	141.530	233.177
Additions during the year	0	141.530
Transfers	<u>-141.530</u>	<u>-233.177</u>
Cost 31 December	<u>0</u>	<u>141.530</u>
Carrying amount, 31 December	<u>0</u>	<u>141.530</u>

Notes

All amounts in DKK.

	<u>31/12 2023</u>	<u>31/12 2022</u>
12. Investments in group enterprises		
Cost 1 January	413.088.203	196.325.184
Additions during the year	<u>0</u>	<u>216.763.019</u>
Cost 31 December	<u>413.088.203</u>	<u>413.088.203</u>
Writedown, opening balance 1 January	-47.986.561	-8.107.861
Net profit or loss for the year before amortisation of goodwill	-17.828.338	-25.782.864
Conversion to end-of-year exchange rate	<u>20.080.034</u>	<u>-14.095.836</u>
Writedown 31 December	<u>-45.734.865</u>	<u>-47.986.561</u>
Carrying amount, 31 December	<u>367.353.338</u>	<u>365.101.642</u>
Group enterprises:		
	Domicile	Equity interest
Sunds Textiles Ukraine SC	Ukraine	100 %
Sokalska Hosiery Factory JSC	Ukraine	100 %
Sunds Textiles Poland Sp. z o.o.	Polen	100 %
Sunds Textiles México, S. de R.L. de C.V.	Mexico	100 %
13. Receivables from group enterprises		
Receivables from Sokalska Hosiery Factory JSC, Ukraine	10.857.112	10.434.787
Receivables from Sunds Textiles México, S. de R.L. de C.V.	<u>19.454.148</u>	<u>14.506.718</u>
	<u>30.311.260</u>	<u>24.941.505</u>
14. Prepayments and accrued income		
Accruals are made up of costs relating to the coming financial year. These are normally occurring costs.		
15. Contributed capital		
The contributed capital consists of shares of DKK 10,000 and multiples thereof. The capital is not divided into classes.		

Notes

All amounts in DKK.

	<u>31/12 2023</u>	<u>31/12 2022</u>
16. Provisions for deferred tax		
Provisions for deferred tax 1 January	1.759.860	1.367.911
Deferred tax relating to the net profit or loss for the year	<u>-14.292</u>	<u>391.949</u>
	<u>1.745.568</u>	<u>1.759.860</u>
 The following items are subject to deferred tax:		
Property, plant, and equipment	1.764.887	1.779.905
Borrowing costs	<u>-19.319</u>	<u>-20.045</u>
	<u>1.745.568</u>	<u>1.759.860</u>
 17. Mortgage loans		
Total mortgage loans	7.014.972	7.433.581
Share of amount due within 1 year	<u>-421.492</u>	<u>-418.608</u>
	<u>6.593.480</u>	<u>7.014.973</u>
 Share of liabilities due after 5 years	<u>4.878.268</u>	<u>5.311.497</u>
 18. Income tax payable		
Income tax receivables 1 January	22.613.580	23.194.292
Income tax paid concerning last year	-22.613.580	-23.194.292
Income tax calculated for the current year	<u>15.921.466</u>	<u>22.613.580</u>
	<u>15.921.466</u>	<u>22.613.580</u>

19. Charges and security

As collateral for mortgage loans, DKK 7.015.000, security has been granted on land and buildings representing a carrying amount of DKK 13.515.000 at 31 December 2023.

The company has issued mortgages deeds totalling DKK 19.719.000 as security for bank loans. The mortgages registered provide security on the above land and buildings.

Sunds Textiles A/S has provided a self-debtor guarantee against the parent company's engagement with a bank, which per 31/12 2023 amounts to DKK 0.

Notes

All amounts in DKK.

19. Charges and security (continued)

For bank loans, DKK 1.654.000 the company has provided security in company assets representing a nominal value of DKK 10.000.000. This security comprises the assets below, stating the carrying amounts:

	DKK in thousands
Inventories	185.319
Trade receivables	52.330
Property, plant, and equipment	1.299

20. Contingencies

Contingent liabilities

Lease liabilities

The company has entered into operational leases. The leases have 6-35 months to maturity and total outstanding lease payments total DKK 728.000.

Joint taxation

With PVN Holding A/S as administration company, the company is subject to the Danish scheme of joint taxation and unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for the total corporation tax.

The company is unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for any obligations to withhold tax on interest, royalties, and dividends.

The jointly taxed enterprises' total known net liability to the Danish tax authorities emerges from the financial statements of the administration company.

Any subsequent adjustments of corporate taxes or withholding tax, etc., may result in changes in the company's liabilities.

21. Related parties

Controlling interest

PVN Holding A/S	Majority shareholder
Navervej 3	
7451 Sunds	

Claus Vang Nielsen is ultimate main shareholder.

Notes

All amounts in DKK.

Transactions

Transactions in the group have taken place on market terms.

Consolidated financial statements

The company is included in the consolidated financial statements of PVN Holding A/S, Navervej 3, 7451 Sunds.

	<u>2023</u>	<u>2022</u>
22. Adjustments		
Depreciation, amortisation, and impairment	1.043.129	1.028.564
Profit from disposal of non-current assets	0	-105.740
Income from equity investments in subsidiaries	17.828.338	25.782.864
Other financial income	-2.459.959	-4.258.949
Other financial expenses	8.815.464	7.092.444
Tax on net profit or loss for the year	15.907.174	23.005.529
	<u>41.134.146</u>	<u>52.544.712</u>
23. Change in working capital		
Change in inventories	35.286.914	13.981.680
Change in receivables	-4.480.878	54.054.451
Change in trade payables and other payables	-3.769.466	18.588.555
	<u>27.036.570</u>	<u>86.624.686</u>

Claus Vang Nielsen

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Claus Vang Nielsen
Direktør
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Underskrevet med MitID



Claus Vang Nielsen

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Claus Vang Nielsen
Bestyrelsesmedlem
ID: faac5ef6-8432-4342-83e9-ac56ae33e2e6
Tidspunkt for underskrift: 22-05-2024 kl.: 12:54:11
Underskrevet med MitID



John Nielsen

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John Nielsen
Bestyrelsesformand
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Tidspunkt for underskrift: 22-05-2024 kl.: 13:28:33
Underskrevet med MitID



Preben Vang Nielsen

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Preben Vang Nielsen
Bestyrelsesmedlem
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Tidspunkt for underskrift: 23-05-2024 kl.: 14:15:32
Underskrevet med MitID



Maja Maria Sobieraj
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Peter Vinderslev

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Peter Vinderslev
Revisor
ID: 469127b9-61c3-4c3e-b511-6c48f46fea18
CVR-match med dansk MitID
Tidspunkt for underskrift: 23-05-2024 kl.: 15:03:02
Underskrevet med MitID



John Nielsen

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John Nielsen
Dirigent
ID: 6a334924-494d-4acc-b2bc-6e78897289ba
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