

Beirholms Væverier A/S

Nordager 20, 6000 Kolding

CVR no. 36 80 51 10

Annual report 2023/24

Approved at the Company's annual general meeting on 11 December 2024

Chair of the meeting:

.....
Jakob Blicher Ravnsbo

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Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Beirholms Væverier A/S for the financial year 1 October 2023 - 30 September 2024.

The annual report is prepared in accordance with 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 30 September 2024 and of the results of the Company's operations for the financial year 1 October 2023 - 30 September 2024.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

Kolding, 11 December 2024
Executive Board:

.....
Peter Beirholm
CEO

Board of Directors:

.....
Jakob Blicher Ravnsbo
Chairman

.....
Peter Beirholm

.....
Kamma Beirholm

.....
Andreas Beirholm

.....
Olavi Mogens Beirholm

.....
Johannes Beirholm

Independent auditor's report

To the shareholders of Beirholms Væverier A/S

Opinion

We have audited the financial statements of Beirholms Væverier A/S for the financial year 1 October 2023 - 30 September 2024, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 30 September 2024 and of the results of the Company's operations for the financial year 1 October 2023 - 30 September 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 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

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 as to 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 the financial statements.

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

- ▶ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

Independent auditor's report

- ▶ 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 note 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 the Management's review

Management is responsible for the Management's review.

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

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the 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 the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the 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 the Management's review.

Vejle, 11 December 2024
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Jon Midtgaard
State Authorised Public Accountant
mne28657

Management's review

Company details

Name	Beirholms Væverier A/S
Address, Postal code, City	Nordager 20, 6000 Kolding
CVR no.	36 80 51 10
Established	16 December 1950
Registered office	Kolding
Financial year	1 October 2023 - 30 September 2024
Board of Directors	Jakob Blicher Ravnsbo, Chairman Peter Beirholm Kamma Beirholm Andreas Beirholm Olavi Mogens Beirholm Johannes Beirholm
Executive Board	Peter Beirholm, CEO
Auditors	EY Godkendt Revisionspartnerselskab Lysholt Allé 10, 7100 Vejle, Denmark

Management's review

Financial highlights

DKK'000	2023/24	2022/23	2021/22	2020/21	2019/20
Key figures					
Revenue	397,917	465,185	431,978	202,043	241,776
Gross profit	55,435	81,001	82,988	32,604	26,261
Profit before interest and tax (EBIT)	21,567	55,037	63,989	15,954	2,515
Net financials	-3,120	-2,325	-1,522	-1,162	-1,689
Profit for the year	14,343	41,089	48,568	11,302	590
Balance sheet					
Fixed assets	4,305	4,805	4,929	4,980	84,319
Non-fixed assets	212,737	204,453	212,241	122,518	100,572
Total assets	217,042	209,258	217,170	127,498	184,891
Investments in property, plant and equipment	0	425	285	0	603
Equity	80,362	107,136	89,156	50,081	78,293
Current liabilities other than provisions	135,380	90,479	128,014	77,417	72,439
Financial ratios					
Operating margin	5.4%	11.8%	14.8%	7.9 %	1.0 %
Gross margin	13.9%	17.4%	19.2%	16.1%	10.9%
Return on assets	4.5%	19.2%	29.4%	4.2%	-3.3%
Equity ratio	37.0%	51.2%	41.1%	39.3%	42.3%
Return on equity	15.3%	41.9%	69.8%	17.6%	0.5%
Personnel					
Average number of full-time employees	71	65	57	53	66

For terms and definitions, please see the accounting policies.

Management's review

Business review

Principal activity

Beirholms Væverier A/S is engaged in product development and marketing of industrial textiles for the textile service industry, whose end customers are hotels, restaurants, hospitals, nursing homes and cruise liners, primarily in Europe.

We aim deliver the most profitable, viable and sustainable solutions on the market for industrial textiles.

Financial review

Development in activities and financial matters

We have a growth strategy which is primarily focused on the European markets, whose overall market is expected to grow due to the increase in the leasing level.

The reopening of society after the COVID-19 pandemic laid the foundation for two record-breaking years of activity in 2021/22 and 2022/23. This high activity was further amplified by our customers' above-normal investment in textiles to better support the hotel market's strong demand for textiles—a demand partly driven by recruitment challenges and reduced capacity in both the textile service and hotel industries following the COVID-19 lockdowns. Additionally, these years saw significant fluctuations in supply chains, leading to the buildup of textile inventories at all levels of the supply chain.

This overinvestment in textiles within the hotel and textile service industries has, in 2023/24, led to a reduced demand for textiles, as well as a seasonal normalization. We therefore view 2023/24 as a transitional year, defined by declining market mobility, but also an increased consolidation within the textile service industry.

Despite the decline in activity and financial results, we consider 2023/24 acceptable given the changed market conditions. We therefore believe that we have maintained and further expanded our market share in the European market.

Financial performance

Entering 2023/24, the first quarter was significantly impacted by a reduced demand for textiles in the market and by our customers' efforts to reduce capital tied up in their textile inventories, further intensified by high and rising financing costs.

Despite lower activity in 2023/24, we maintained a high level of investment in the organization, product development, and our customer and producer partnerships. We remain confident that our high-performance textiles support our customers' goals of even higher productivity combined with lower CO2 emissions, ensuring that we remain the preferred choice.

The year 2023/24 was marked by significant external changes, demanding a high degree of adaptability to support our customers' evolving needs and requests. Logistic challenges, in particular, have had a considerable impact. Overseas transport from Asia has been challenged by longer transit times and rising transportation costs, primarily due to Houthi attacks and interference with international commercial ships sailing through the Red Sea. We continuously strive to adapt to these changing circumstances to reduce time-to-market. This year, we have introduced combined Sea-Air transport while also increasing stock levels again.

According to the annual report 2022/23 revenue and result after tax for 2023/24 was expected in the range of 450-500 mDKK and 20-35 mDKK, respectively. Due to the general decline in demand for textiles, combined with our continued investments in the business, both revenue and result after tax were realized at a lower level than expected. However, given the circumstances, these results remain acceptable.

Management's review

Outlook

Following an operationally turbulent 2023/24, where inflation in our markets has been brought under control and interest rates are once again trending downward, we expect a more normalized 2024/25. However, it is clear that current global political tensions and conflicts are on the rise and could potentially evolve in unpredictable directions.

With these reservations in mind, we continue to see a world where the population is eager to travel, and where tourism is increasingly being invested in as an important industry. We observe high capacity utilization in the textile service industry, which supports the expectation of increased investments in capacity expansions and automation. Factors that, coupled with our strong and mature position in sustainability, strongly support a growing demand for our high performing textiles and our way of developing strong partnerships.

The budget for the coming year projects a revenue in an expected range of DKK 420-475 million. The major uncertainty in this context is the realization of our expectations related to macro-economic development, but also rising global political conflicts.

Operating on positive expectations for the future, we persist in investing substantial resources, leading to an anticipated increase in costs for the coming year. Consequently, earnings are projected to be slightly higher than this year, with a net result before tax in the range of DKK 20-35 million expected.

Knowledge resources

All of our work - our performance - is based on a belief in people and their potential. All responsibilities, tasks, work processes, IT systems and tools and our expectations of each other are based on this belief.

We believe in the importance of a high-performance level and in the continuous development and support of an environment that makes it possible to perform at a high level in our organisation. We believe that the individual is the most important building block in our company - his or her abilities, motivation, skill set and personal development. We strive to create an environment that combines the development of the individual and the organisation as a whole in order to be able to take on the challenges of the market.

We have a portfolio of very skilled employees in our organisation, which is characterised by a flat organisational structure based on process and market oriented teams with a high degree of delegation of responsibilities and competence.

In our opinion, these matters are vital to the Company's future success in an increasingly transparent, changeable and turbulent market.

Management's review

Financial risks and use of financial instruments

The main commercial risk is on macro-economic development, and thereby the demand for hotel stays and our textiles. On the positive side, we believe that we are well-positioned to take advantage of the situation due to our broad offering of BeirTex® performance textiles because they have the potential to increase output per machine/man-hour and reduce energy costs in the laundry.

The Company is exposed to currency risks as some parts of the Company's payments are made in USD, and some income is generated in NOK. The Company fully or partially hedges such risks using foreign currency hedges.

The Company is also exposed to risks related to fluctuations in cotton prices and other commodity prices. We do not use financial markets instruments to hedge this kind of risk. Instead, we balance and lock prices and quantities periodically with our suppliers to offer as much stability and predictability as possible.

The Company is further exposed to supply chain disruptions. To mitigate the risks, we constantly seek for alternatives within production and logistics.

Receivables from debtors are hedged by means of credit insurance of the majority of the portfolio, and appropriate insurance cover has been taken out to hedge the Company's other assets and operating activities.

Data ethics

Beirholms Væverier A/S does not currently have a data ethics policy, but is working on preparing and implementing such a policy as a supplement to our already existing policies within GDPR, IT and security etc.

It is of course our clear objective to comply with the laws in force at all times, including applicable data protection laws, and to have a strong focus on the collection, anchoring and use of data, including training of employees. We believe that the experience and principles from the GDPR work can form the basis for the further process, and are convinced that the basic behavior in the company ensures a good, secure and confidential handling of data.

We aim to draw up and implement a data ethics policy in the coming year.

Statutory CSR report

The statutory CSR Report, pursuant to section §99a of the Danish Financial Statements Act, is available at our homepage <https://beirholm.dk/sustainability/compliance-and-reporting>.

Management's review

Report on the gender composition of Management

Overview

	2023/24	2022/23
<i>Supreme governing body</i>		
Total number of members	6	6
Underrepresented gender in %	17	17
Target figure in %	29	29
Year in which the target figure is expected to be met	2027	2027
<i>Other levels of management</i>		
Total number of members	9	9
Underrepresented gender in %	44	44

Supreme governing body

The Board of Directors include 6 persons and consist of Kamma Beirholm and Peter Beirholm and their 3 sons, along with the company's lawyer. This means that the underrepresented gender amount to 17% (1 women and 5 men).

Although the Board primarily consist of family members it is still the Company's goal to have 2 women in the board before 2027, corresponding to a target figure of at least 29% (which can be fulfilled as either 2 of 6 persons or 2 of 7 persons).

Why the target has not been fulfilled: This financial year, no replacements have taken place in the Board of Directors, which could have made it possible to fulfill the target figure.

In connection with the next change in the Board of Directors, the Company will see whether there is a female candidate with suitable profile and experience to fulfill our target figure.

Other levels of management

The Company's other levels of management consist of the Executive Board as well as the heads of the organization's individual functions, who report directly to the Executive Board. The other levels of management include 9 persons, and consist of 5 women and 4 men, corresponding to 44%.

This financial year, no replacements have taken place in the other levels of management.

No gender is underrepresented at the Company's other management levels as each gender is represented by at least 40%. Therefore, no policy or target figure for increasing the underrepresented gender in other levels of management has been drawn up.

Events after the balance sheet date

No events materially affecting the Company's financial position have occurred after the financial year end.

Financial statements 1 October 2023 - 30 September 2024

Income statement

Note	DKK'000	2023/24	2022/23
2	Revenue	397,917	465,185
16	Production costs	-342,482	-384,184
	Gross profit	55,435	81,001
16	Distribution costs	-35,816	-27,665
16,4	Administrative expenses	-9,974	-12,429
	Operating profit	9,645	40,907
3	Other operating income	11,921	14,130
	Profit before net financials	21,566	55,037
5	Financial income	2,085	1,499
6	Financial expenses	-5,205	-3,824
	Profit before tax	18,446	52,712
7	Tax for the year	-4,103	-11,623
	Profit for the year	14,343	41,089

Financial statements 1 October 2023 - 30 September 2024

Balance sheet

Note	DKK'000	<u>2023/24</u>	<u>2022/23</u>
	ASSETS		
	Fixed assets		
9	Property, plant and equipment		
	Fixtures and fittings, tools and equipment	157	457
		<u>157</u>	<u>457</u>
10	Investments		
	Other receivables	4,148	4,348
		<u>4,148</u>	<u>4,348</u>
	Total fixed assets	<u>4,305</u>	<u>4,805</u>
	Non-fixed assets		
	Inventories		
	Finished goods and goods for resale	108,429	86,040
	Prepayments for goods	34,400	31,917
		<u>142,829</u>	<u>117,957</u>
	Receivables		
	Trade receivables	35,035	30,782
	Receivables from group entities	31,232	25,086
13	Deferred tax assets	1,523	0
	Other receivables	1,303	197
	Prepayments	218	0
		<u>69,311</u>	<u>56,065</u>
11	Securities and investments	<u>68</u>	<u>67</u>
	Cash	<u>529</u>	<u>30,364</u>
	Total non-fixed assets	<u>212,737</u>	<u>204,453</u>
	TOTAL ASSETS	<u>217,042</u>	<u>209,258</u>

Financial statements 1 October 2023 - 30 September 2024

Balance sheet

Note	DKK'000	2023/24	2022/23
	EQUITY AND LIABILITIES		
	Equity		
12	Share capital	1,000	1,000
	Hedging reserve	-4	113
	Retained earnings	79,366	65,023
	Dividend proposed	0	41,000
	Total equity	80,362	107,136
	Provisions		
13	Deferred tax	0	523
14	Other provisions	1,300	650
	Total provisions	1,300	1,173
	Liabilities other than provisions		
	Non-current liabilities other than provisions		
	Joint taxation contribution payable	0	10,470
		0	10,470
	Current liabilities other than provisions		
	Bank debt	9,959	0
	Trade payables	25,341	10,914
	Payables to group entities	79,790	55,984
	Joint taxation contribution payable	6,117	13,717
	Other payables	14,173	9,864
		135,380	90,479
	Total liabilities other than provisions	135,380	100,949
	TOTAL EQUITY AND LIABILITIES	217,042	209,258

- 1 Accounting policies
- 8 Appropriation of profit
- 17 Contractual obligations and contingencies, etc.
- 18 Security and collateral
- 19 Related parties

Financial statements 1 October 2023 - 30 September 2024

Statement of changes in equity

Note	DKK'000	Share capital	Hedging reserve	Retained earnings	Dividend proposed	Total
	Equity at 1 October 2022	1,000	222	64,934	23,000	89,156
8	Transfer, see "Appropriation of profit"	0	0	89	41,000	41,089
	Adjustment of hedging instruments at fair value	0	-140	0	0	-140
	Tax on items recognised directly in equity	0	31	0	0	31
	Dividend distributed	0	0	0	-23,000	-23,000
	Equity at 1 October 2023	1,000	113	65,023	41,000	107,136
8	Transfer, see "Appropriation of profit"	0	0	14,343	0	14,343
	Adjustment of hedging instruments at fair value	0	-150	0	0	-150
	Tax on items recognised directly in equity	0	33	0	0	33
	Dividend distributed	0	0	0	-41,000	-41,000
	Equity at 30 September 2024	1,000	-4	79,366	0	80,362

Financial statements 1 October 2023 - 30 September 2024

Notes to the financial statements

1 Accounting policies

The annual report of Beirholms Væverier A/S for 2023/24 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to large reporting class C entities.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Omission of a cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The Company's cash flows are reflected in the consolidated cash flow statement for the higher-ranking parent company Bindeballe Holding A/S.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

Derivative financial instruments

On initial recognition, derivative financial instruments are recognised at cost in the balance sheet and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are presented as separate items in the balance sheet.

Fair value adjustments of derivative financial instruments designated as and qualifying for recognition as a hedge of the fair value of a recognised asset or liability are recognised in the income statement along with changes in the fair value of the hedged asset or liability.

Fair value adjustments of derivative financial instruments designated and qualifying as hedging of future assets or liabilities are recognised as other receivables and other payables in the balance sheet and in the hedging reserve under equity. If the forecast transaction results in the recognition of assets or liabilities, amounts previously recognised in equity are transferred to the cost of the asset or liability, respectively. If the forecast transaction results in income or expenses, amounts previously recognised in equity are transferred to the income statement in the period in which the hedged item affects the income statement.

Financial statements 1 October 2023 - 30 September 2024

Notes to the financial statements

1 Accounting policies (continued)

Income statement

Revenue

The Company has chosen IAS 18 as interpretation for revenue recognition.

Income from the sale of goods for resale and finished goods is recognised in revenue when the most significant rewards and risks have been transferred to the buyer and provided the income can be measured reliably and payment is expected to be received. The date of the transfer of the most significant rewards and risks is based on standardised terms of delivery based on Incoterms® 2020.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Production costs

Production costs comprise costs, including depreciation, amortisation and salaries, incurred in generating the revenue for the year. Such costs include cost of sales, direct and indirect costs of raw materials, consumables, salaries, rent and leases.

Production costs also comprise research and development costs that do not qualify for capitalisation and amortisation of capitalised development costs.

Distribution costs

Distribution costs comprise costs related to the distribution of goods sold in the year and to sales campaigns, etc. carried out in the year, including costs related to sales staff, advertising, exhibitions and amortisation/depreciation. Sales and marketing costs are recognised in the income statement when the Company obtains control of the sales or marketing product.

Administrative expenses

Administrative expenses include expenses incurred in the year for company management and administration, including expenses relating to administrative staff, Management, office premises and expenses as well as amortisation/depreciation of assets used for administrative purposes.

Other operating income

Other operating income comprise items of a secondary nature relative to the Company's core activities, including gains on the sale of fixed assets and invoicing of shared costs to group entities.

Depreciation

The item comprises depreciation of property, plant and equipment.

The basis of amortisation/depreciation, which is calculated as cost less any residual value, is amortised/depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Software	3-5 years
Fixtures and fittings, tools and equipment	1-10 years

Depreciation is based on the residual value of the asset and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the acquisition date and are reassessed annually. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

Financial statements 1 October 2023 - 30 September 2024

Notes to the financial statements

1 Accounting policies (continued)

In the case of changes in the depreciation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that relate to the financial reporting period. The items comprise interest income and expenses, e.g. from group entities, declared dividends from other securities and investments, realised and unrealised capital gains and losses relating to other securities and investments, exchange gains and losses and amortisation of financial assets and liabilities.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The entity is jointly taxed with other group entities. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

Balance sheet

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Gains or losses are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses.

Leases

The Company has chosen IAS 17 as interpretation for classification and recognition of leases.

On initial recognition, leases for assets that transfer substantially all the risks and rewards incident to the ownership to the Company (finance leases) are measured in the balance sheet at the lower of fair value and the present value of the future lease payments. In calculating the net present value, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor. Assets held under finance leases are subsequently accounted for in the same way as the Company's other assets.

The capitalised residual lease liability is recognised in the balance sheet as a liability, and the interest element of the lease payment is recognised in the income statement over the term of the lease.

Financial statements 1 October 2023 - 30 September 2024

Notes to the financial statements

1 Accounting policies (continued)

Leases that do not transfer substantially all the risks and rewards incident to the ownership to the Company are classified as operating leases. Payments relating to operating leases and any other rent agreements are recognised in the income statement over the term of the lease. The Company's aggregate liabilities relating to operating leases and other rent agreements are disclosed under "Contingent liabilities".

Impairment of fixed assets

The carrying amount of property, plant and equipment is assessed for impairment on an annual basis. Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists.

Inventories

Inventories are measured at cost in accordance with the FIFO method. Goods for resale are measured at cost, comprising purchase price plus delivery costs. Where the net realisable value is lower than cost, inventories are written down to this lower value. The net realisable value of inventories is calculated as the sales amount less costs of completion and expenses required to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

Receivables

The Company has chosen IAS 39 as interpretation for impairment write-down of financial receivables. Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The objective evidence applied to portfolios is determined based on historical loss experience.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Financial statements 1 October 2023 - 30 September 2024

Notes to the financial statements

1 Accounting policies (continued)

Equity

Hedging reserve

The hedging reserve comprises the cumulative net change in the fair value of hedging transactions that qualify for recognition as a cash flow hedge and where the hedged transaction has not yet been realised. The reserve is dissolved when the hedged transaction is realised, if the hedged cash flows are no longer expected to be realised or if the hedging relationship is no longer effective. The reserve does not represent a limitation under company law and may therefore be negative.

Proposed dividends

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

Provisions

Provisions comprise expected costs related to warranties. Provisions for warranty commitments are measured at net realisable value and recognised based on past experience. Provisions that are expected to mature more than one year after the balance sheet date are discounted at average bond yields.

Liabilities

The Company has chosen IAS 39 as interpretation for liabilities.

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Other liabilities are measured at net realisable value.

Fair value

The fair value measurement is based on the principal market. If no principal market exists, the measurement is based on the most advantageous market, i.e. the market that maximises the price of the asset or liability less transaction and/or transport costs.

All assets and liabilities which are measured at fair value, or whose fair value is disclosed, are classified based on the fair value hierarchy, see below:

Level 1: Value in an active market for similar assets/liabilities

Level 2: Value based on recognised valuation methods on the basis of observable market information

Level 3: Value based on recognised valuation methods and reasonable estimates (non-observable market information).

If a reliable fair value cannot be stated according to the above levels, the asset or liability is measured at cost.

Financial statements 1 October 2023 - 30 September 2024

Notes to the financial statements

1 Accounting policies (continued)

Segment information

The allocation of revenue to activities and geographical markets is disclosed where these activities and markets differ significantly in the organisation of sales of goods and services.

Financial ratios

The financial ratios stated under "Financial highlights" have been calculated as follows:

Operating profit/loss	$\frac{\text{Profit/loss before net financials +/- Other operating income and other operating expenses}}{\text{Revenue}} \times 100$
Operating margin	$\frac{\text{Operating profit/loss (EBIT)}}{\text{Revenue}} \times 100$
Gross margin	$\frac{\text{Gross profit/loss}}{\text{Revenue}} \times 100$
Return on assets	$\frac{\text{Profit/loss from operating activities}}{\text{Average assets}} \times 100$
Equity ratio	$\frac{\text{Equity, year-end}}{\text{Total equity and liabilities, year-end}} \times 100$
Return on equity	$\frac{\text{Profit/loss after tax}}{\text{Average equity}} \times 100$

DKK'000	<u>2023/24</u>	<u>2022/23</u>
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2 Segment information

Breakdown of revenue by business segment:

Sales to industrial laundries	387,838	455,189
Others	<u>10,079</u>	<u>9,996</u>
	<u>397,917</u>	<u>465,185</u>

Breakdown of revenue by geographical segment:

Europe	<u>397,917</u>	<u>465,185</u>
	<u>397,917</u>	<u>465,185</u>

3 Other operating income

Cost invoiced to group companies	11,797	13,875
Other operating income	50	50
Gain on the sale of property, plant and equipment	<u>74</u>	<u>205</u>
	<u>11,921</u>	<u>14,130</u>

Financial statements 1 October 2023 - 30 September 2024

Notes to the financial statements

4 Fee to the auditors appointed in general meeting

Audit fees are not disclosed with reference to section 96(3) of the Danish Financial Statements Act. The fee is specified in the consolidated financial statements for Bindeballe Holding A/S.

DKK'000	2023/24	2022/23
5 Financial income		
Interest receivable, group entities	1,928	1,069
Other financial income	157	430
	<u>2,085</u>	<u>1,499</u>
6 Financial expenses		
Interest expenses, group entities and shareholders	4,739	2,568
Other financial expenses	466	1,256
	<u>5,205</u>	<u>3,824</u>
7 Tax for the year		
Estimated tax charge for the year	6,150	10,501
Deferred tax adjustments in the year	-2,047	1,122
	<u>4,103</u>	<u>11,623</u>
Specified as follows:		
Tax for the year	4,103	11,623
Tax on items recognised directly in equity	-33	-31
	<u>4,070</u>	<u>11,592</u>
8 Appropriation of profit		
Recommended appropriation of profit		
Proposed dividend recognised under equity	0	41,000
Retained earnings	14,343	89
	<u>14,343</u>	<u>41,089</u>

9 Property, plant and equipment

DKK'000	Fixtures and fittings, tools and equipment
Cost at 1 October 2023	10,725
Disposals	-190
Cost at 30 September 2024	<u>10,535</u>
Impairment losses and depreciation at 1 October 2023	10,268
Depreciation	233
Depreciation and impairment of disposals	-123
Impairment losses and depreciation at 30 September 2024	<u>10,378</u>
Carrying amount at 30 September 2024	<u>157</u>

Financial statements 1 October 2023 - 30 September 2024

Notes to the financial statements

10 Investments

DKK'000	<u>Other receivables</u>
Cost at 1 October 2023	4,348
Disposals	<u>-200</u>
Cost at 30 September 2024	4,148
Carrying amount at 30 September 2024	<u>4,148</u>

11 Securities and investments

Fair value information

DKK'000	<u>Securities</u>	<u>Hedging</u>
Fair value at 30 September	68	-5
Unrealised fair value adjustments for the year, recognised in the income statement	1	0
Unrealised fair value adjustments for the year, recognised in hedging reserve	0	-150
Fair value level	1	2

DKK'000	<u>2023/24</u>	<u>2022/23</u>
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12 Share capital

Analysis of the share capital:

1,000 shares of DKK 1,000.00 nominal value each	1,000	1,000
	<u>1,000</u>	<u>1,000</u>

The Company's share capital has remained DKK 1,000 thousand over the past 5 years.

13 Deferred tax

Deferred tax at 1 October	523	-599
Changes of the year charges in the income statement	-946	1,122
Other deferred tax	<u>-1,100</u>	<u>0</u>
Deferred tax at 30 September	<u>-1,523</u>	<u>523</u>

Deferred taxes includes temporary differences between book values and tax values of property, plant and equipment, inventories and other payables.

14 Other provisions

Other provisions comprise provisions for warranty commitments, totalling DKK 1,300 thousand (2022/23: DKK 650 thousand). Warranty provisions relate to expected warranty expenses in accordance with usual guarantee commitments applicable to the sale of goods. The main part of the obligation is expected to be settled within one year.

Financial statements 1 October 2023 - 30 September 2024

Notes to the financial statements

15 Derivative financial instruments

Currency risks

Analysis of the Company's balances in foreign currency as well as related hedging transactions at 30 September 2024:

Currency (DKK'000)	Payment/maturity	Receivable	Payables	Net position
USD*	< 1 year	257	-1,127	-870
EUR*	< 1 year	117,966	-24,132	93,834
NOK**	< 1 year	363	0	363
		<u>118,586</u>	<u>-25,259</u>	<u>93,327</u>

* The company does not hedge positions in EUR. Postions in USD are considered immaterial

**The net position in NOK corresponds to sales.

Forecast transactions

The company hedges currency risks on current order back-log and the next coming 6 month concerning sale of goods.

DKK'000	Period	Contractual value		Gains and losses recognised in equity	
		2023/24	2022/23	2023/24	2022/23
NOK	0-6 months	<u>-4,717</u>	<u>-10,432</u>	<u>-5</u>	<u>154</u>

DKK'000	2023/24	2022/23
16 Staff costs		
Wages/salaries	49,959	42,013
Pensions	3,137	2,889
Other social security costs	529	540
	<u>53,625</u>	<u>45,442</u>

Staff costs are recognised as follows in the financial statements:

Production costs	27,844	24,667
Distribution costs	21,101	13,274
Administrative expenses	4,680	7,501
	<u>53,625</u>	<u>45,442</u>
Average number of full-time employees	<u>71</u>	<u>65</u>

By reference to section 98b(3), (i), of the Danish Financial Statements Act, remuneration to the Executive Board and the Board of Directors are presented as a total.

Total remuneration to Management (6 persons): DKK 7.8 million (2022/23: DKK 3.5 million, 6 persons)

Financial statements 1 October 2023 - 30 September 2024

Notes to the financial statements

17 Contractual obligations and contingencies, etc.

Other contingent liabilities

The Company is jointly taxed with its parent, Bindeballe Holding A/S, which acts as management company, and is jointly and severally liable with other jointly taxed group entities for payment of income taxes as well as withholding taxes on dividends.

Other financial obligations

Rent obligations against affiliated company amounts to DKK 31,425 thousand, of which, DKK 4,489 thousand falls due in the next financial year.

Operational leasing obligations against third parties amount to DKK 1,624 thousand of which DKK 1,344 thousand falls due in the next financial year.

The company has guaranteed for an affiliated company's bank liabilities. At 30 September 2024 the affiliate has a net bank deposit.

The company has entered into other contractual obligations amounting to DKK 1,379 thousand of which DKK 1,379 thousand falls due in the next financial year.

18 Security and collateral

The Company has not provided any security or other collateral in assets at 30 September 2024.

19 Related parties

Beirholms Væverier A/S' related parties comprise the following:

Parties exercising control

Related party	Domicile	Basis for control
Beirholm Group A/S	Kolding	Holds the entire share capital of the Company.
Bindeballe Holding A/S	Kolding	Holds 10 % of the share capital and 66,67 % of the voting rights in Beirholm Group A/S
Kamma Beirholm and Peter Beirholm	Kolding	Ultimate owners in Bindeballe Holding A/S

Related party transactions

Bindeballe Holding A/S prepares consolidated financial statements.

Other related parties include Creadore A/S, Beirholms Væverier AS (Norway), Finansieringsselskabet Beirholm ApS and Ejendomsselskabet Beirholms Væverier A/S.

The Company solely discloses related party transactions that have not been carried out on an arm's length basis, cf. section 98c(7) of the Danish Financial Statements Act.

All transactions have been carried out on an arm's length basis.

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