

Beirholms Væverier A/S

Nordager 20, 6000 Kolding

CVR no. 36 80 51 10

Annual report 2021/22

Approved at the Company's annual general meeting on 13 December 2022

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 2021 - 30 September 2022.

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 2022 and of the results of the Company's operations for the financial year 1 October 2021 - 30 September 2022.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters and the results of the Company's operations and financial position.

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

Kolding, 13 December 2022
Executive Board:

.....
Peter Beirholm

Board of Directors:

.....
Jakob Blicher Ravnsbo
Chair

.....
Peter Beirholm

.....
Kamma 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 2021 - 30 September 2022, 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 2022 and of the results of the Company's operations for the financial year 1 October 2021 - 30 September 2022 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.
- ▶ 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.

Independent auditor's report

- ▶ 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.

Kolding, 13 December 2022
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Jon Midtgaard
State Authorised Public Accountant
mne28657

Jonas Kirk Kristiansen
State Authorised Public Accountant
mne35475

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 2021 - 30 September 2022
Board of Directors	Jakob Blicher Ravnsbo, Chair Peter Beirholm Kamma Beirholm
Executive Board	Peter Beirholm
Auditors	EY Godkendt Revisionspartnerselskab Trindholmegade 4, 2. sal, 6000 Kolding, Denmark

Management's review

Financial highlights

DKK'000	2021/22	2020/21	2019/20	2018/19	2017/18
Key figures					
Revenue	431,978	202,043	241,776	324,136	315,000
Gross profit	82,988	32,604	26,261	62,694	59,100
Profit before interest and tax (EBIT)	63,989	15,954	2,515	28,426	32,611
Net financials	-1,522	-1,162	-1,689	-1,166	-1,500
Profit for the year	48,568	11,302	590	21,202	24,700
Balance sheet					
Fixed assets	4,928	4,980	84,319	87,038	89,600
Non-fixed assets	212,241	122,518	100,572	128,745	127,200
Total assets	217,169	127,498	184,891	215,783	216,800
Investments in property, plant and equipment	285	0	603	2,800	4,300
Equity	89,156	50,081	78,293	137,875	132,600
Current liabilities other than provisions	128,013	77,417	72,439	40,191	54,400
Financial ratios					
Operating margin	14.8%	7.9%	1.0%	8.8 %	10.4 %
Gross margin	19.2%	16.1%	10.9%	19.3%	18.8%
Return on assets	29.4%	4.2%	-3.3%	7.9%	7.9%
Equity ratio	41.1%	39.3%	42.3%	63.9%	61.2%
Return on equity	69.8%	17.6%	0.5%	15.7%	18.9%
Average number of full-time employees					
	57	53	66	71	72

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 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 pandemic still influences our end-customer markets. Conference hotels, for instance, are still not operating at pre-pandemic levels. Inflation is high and further amplified through the war in Ukraine. Supply chain disruptions - in particular on the air- and seafreight markets - still pose a challenge. The greatest commercial risk, however, is the possible lack of energy supply to the industry. To navigate in these times of extreme uncertainty:

- ▶ We continue promoting our BeirTex® performance textiles. BeirTex® textiles have the potential to increase laundry output per machine/man-hour while reducing energy costs in the laundry
- ▶ We seek to diversify our revenues across customer segments, end-customer markets (e.g. Healthcare) etc.
- ▶ We continue investing in and digitizing our business processes and products to reduce future costs and offer our customers smarter solutions
- ▶ We rest assured that we can navigate another possible storm on the market given our experience from the lockdown periods during the pandemic

Cooperative ways of working with customers

The Company continues the further development of new future proof cooperative ways of working with customers in a more transparent world. These cooperative ways of working include customer access to our competences within product development, product performance, design, sourcing, sustainability, and CSR. This model has proven its strength, as we can see that customers who leverage this way of working increase their profitability and win marketshare.

Management's review

Award - a Deloitte Best Managed Company winner 2022

Beirholm Group is again amongst the 16 Danish winners of Best Managed Companies 2022 - a global development process initiated by Deloitte. It is with great pride that we receive this prestigious award, which pays tribute to Denmark's best managed companies. Companies that show strategic craftsmanship accompanied by a solid ability to execute and create great results.

The winners are nominated by an independent jury, which particularly highlights Beirholm's ability to understand the company's own strengths and be aware of its significant role in the value creation network as well as the value the organisation creates. The jury also highlights Beirholm's corporate culture, which is driven by a strong team spirit and unity, which in turn creates a breeding ground for talent development.

Financial performance

The year has been a very strong year where all financial predictions and budgets were totally outperformed. Standing at the beginning of the year after two years with COVID-19 closing down we considered a budgeted activity increase of 36% as very ambitious. However, the markets have rebounded with a much faster pace and strength than anticipated, ending out with increased sales from 202.0 mDKK to 432.0 mDKK (+114%). Many factors have driven the change, however main contributors have been:

- ▶ The year has been influenced by larger project orders that were set on hold due to COVID-19 but now have been released.
- ▶ Apart from conference hotels, the hotel markets gradually turned back towards normal, though negatively influenced by challenges at hotels and laundries to attract employees after COVID-19 close down.
- ▶ Lack of employees at hotels and laundries especially in Germany has driven a general need for more textiles to make their businesses running, but also speaks clearly into our product range of high performing and energy efficient textiles.
- ▶ Our most important German market opened during spring 2022 and therefore gave birth for a second half year that significantly changed the picture.
- ▶ Due to great uncertainty about transport time on sea freight, we decided to increase our European stock level to meet our customers' increasing demand for textiles.
- ▶ During the year we have invested in more people to adapt to the higher activity level, but also to prepare for and embrace future demands.

Financially it has been a very strong year - in fact the best year ever. Therefore, we consider the result to be very satisfactory. The good result has been driven by a combination of greatly increased sales, but also rising costs, especially related to more hired people. However full-year effect from rising cost have not been reflected in the 2021/22-result.

The backside of increased activity is more cash tied up in stocks and receivables (working capital). However, the group is financially strong and has access to sufficient credit facilities to meet the future.

Management's review

Outlook

Currently, the markets are still suffering due to the COVID-19 pandemic. Hotel occupation rates have yet to fully recover; laundries, however, are working at full capacity. Most of them have also been able to pass on the rising costs. As a result, Beirholm has experienced a strong year. Looking ahead, the greatest commercial risk, however, is whether our demand markets are able to secure the necessary supply of energy to keep operating.

Despite the great uncertainty, our sales budget reflects a certain level of optimism. We believe that we are positioned well to take advantage of the current market situation - in particular due to our BeirTex® performance textiles. We are also confident that our current strategy is well-balanced with respect to short-, medium- and long term priorities and that we are able to adapt if the situation change for the worse.

Budget for the coming year 2022/23 was prepared during summer 2022 and shows expected sales in the level of 430 mDKK - a slight decrease from realized numbers for 2021/22. The budget has been prepared in a period with high uncertainty regarding potential negative impact from the war in Ukraine, energy supplies (especially gas in Germany), high inflation, increasing interest rates and potentially new variances of COVID. A big bowl of uncertainty that contains elements that individually has the potential to influence or hit our sales severely.

Given the difficult circumstances we expect a relatively broad span of activity, expecting the sales to be in the range 420 - 475 mDKK. During 2021/22 we have invested in more people but have also decided to continue and even expand our investments in digitizing and commercial related activities, driving the general cost base to a higher level. Therefore, we expect the net result after tax for 2022/23 to be in the range 20-40 mDKK.

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 the ability of our demand markets to secure the necessary supply of energy to keep operating. Should the markets be unable, Beirholm feels prepared to navigate the situation based on our recent pandemic experience. 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, which have been particularly clear this year. 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 in order to offer as much stability and predictability as possible.

The Company is further exposed to supply chain disruptions. To deal with these challenges, we have increased our stock levels at our European hub while tightly managing our 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 is available at our homepage <https://beirholm.dk/sustainability/compliance-and-reporting>, to which we refer.

Account of the gender composition of Management, cf. §99b

No gender is underrepresented at the Company's management levels as each gender is represented by at least 40%, except for the Executive Board, which comprises one person, and the Board of Directors, which comprises three persons. The goal is, however, that at least one person of each gender must be on the Board of Directors. The Company has achieved this goal.

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 2021 - 30 September 2022

Income statement

Note	DKK'000	2021/22	2020/21
2	Revenue	431,978	202,043
13	Production costs	-348,990	-169,439
	Gross profit	82,988	32,604
13	Distribution costs	-23,455	-19,705
13	Administrative expenses	-8,947	-6,338
	Operating profit	50,586	6,561
3	Other operating income	13,403	9,393
	Profit before net financials	63,989	15,954
4	Financial income	458	210
5	Financial expenses	-1,980	-1,372
	Profit before tax	62,467	14,792
6	Tax for the year	-13,899	-3,490
	Profit for the year	48,568	11,302

Financial statements 1 October 2021 - 30 September 2022

Balance sheet

Note	DKK'000	<u>2021/22</u>	<u>2020/21</u>
	ASSETS		
	Fixed assets		
7	Property, plant and equipment		
	Fixtures and fittings, tools and equipment	493	495
		<u>493</u>	<u>495</u>
8	Investments		
	Other receivables	4,435	4,485
		<u>4,435</u>	<u>4,485</u>
	Total fixed assets	<u>4,928</u>	<u>4,980</u>
	Non-fixed assets		
	Inventories		
	Finished goods and goods for resale	120,263	62,291
	Prepayments for goods	32,537	30,956
		<u>152,800</u>	<u>93,247</u>
	Receivables		
	Trade receivables	45,236	21,418
	Receivables from group enterprises	12,714	4,051
11	Deferred tax assets	599	781
	Other receivables	317	719
	Prepayments	50	134
		<u>58,916</u>	<u>27,103</u>
9	Securities and investments	<u>52</u>	<u>36</u>
	Cash	<u>473</u>	<u>2,132</u>
	Total non-fixed assets	<u>212,241</u>	<u>122,518</u>
	TOTAL ASSETS	<u><u>217,169</u></u>	<u><u>127,498</u></u>

Financial statements 1 October 2021 - 30 September 2022

Balance sheet

Note	DKK'000	<u>2021/22</u>	<u>2020/21</u>
	EQUITY AND LIABILITIES		
	Equity		
10	Share capital	1,000	1,000
	Hedging reserve	222	-285
	Retained earnings	64,934	39,366
	Dividend proposed	23,000	10,000
	Total equity	<u>89,156</u>	<u>50,081</u>
	Liabilities other than provisions		
	Current liabilities other than provisions		
	Bank debt	36,163	10,398
	Trade payables	15,069	8,667
	Payables to group enterprises	51,641	44,446
	Taxation	16,541	2,681
	Other payables	8,599	11,225
		<u>128,013</u>	<u>77,417</u>
	Total liabilities other than provisions	<u>128,013</u>	<u>77,417</u>
	TOTAL EQUITY AND LIABILITIES	<u>217,169</u>	<u>127,498</u>

- 1 Accounting policies
- 14 Contractual obligations and contingencies, etc.
- 15 Collateral
- 16 Related parties
- 17 Appropriation of profit

Financial statements 1 October 2021 - 30 September 2022

Statement of changes in equity

Note	DKK'000	Share capital	Hedging reserve	Retained earnings	Dividend proposed	Total
	Equity at					
	1 October 2020	1,000	0	77,293	0	78,293
	Disposals on demerger	0	0	-39,522	0	-39,522
17	Transfer, see					
	"Appropriation of profit"	0	0	1,302	10,000	11,302
	Adjustment of hedging instruments at fair value	0	-283	293	0	10
	Tax on items recognised directly in equity	0	-2	0	0	-2
	Equity at					
	1 October 2021	1,000	-285	39,366	10,000	50,081
17	Transfer, see					
	"Appropriation of profit"	0	0	25,568	23,000	48,568
	Adjustment of hedging instruments at fair value	0	650	0	0	650
	Tax on items recognised directly in equity	0	-143	0	0	-143
	Dividend distributed	0	0	0	-10,000	-10,000
	Equity at					
	30 September 2022	1,000	222	64,934	23,000	89,156

Financial statements 1 October 2021 - 30 September 2022

Notes to the financial statements

1 Accounting policies

The annual report of Beirholms Væverier A/S for 2021/22 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to medium sized reporting class C entities, and elective choice of certain provisions 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 2021 - 30 September 2022

Notes to the financial statements

1 Accounting policies (continued)

Income statement

Revenue

The Company has chosen IAS 11/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, as well as depreciation.

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 or losses on the sale of fixed assets.

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

Financial statements 1 October 2021 - 30 September 2022

Notes to the financial statements

1 Accounting policies (continued)

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 and associates, 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.

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. Impairment losses on goodwill are not reversed.

Financial statements 1 October 2021 - 30 September 2022

Notes to the financial statements

1 Accounting policies (continued)

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

Receivables are measured at amortised cost.

The Company has chosen IAS 39 as interpretation for impairment of financial receivables.

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.

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".

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Financial statements 1 October 2021 - 30 September 2022

Notes to the financial statements

1 Accounting policies (continued)

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

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).

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 statements 1 October 2021 - 30 September 2022

Notes to the financial statements

1 Accounting policies (continued)

Financial ratios

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

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

Financial statements 1 October 2021 - 30 September 2022

Notes to the financial statements

DKK'000	2021/22	2020/21
2 Segment information		
Breakdown of revenue by business segment:		
Sales to industrial laundries	422,525	191,981
Others	9,453	10,062
	<u>431,978</u>	<u>202,043</u>
Breakdown of revenue by geographical segment:		
Europe	431,978	202,043
	<u>431,978</u>	<u>202,043</u>
3 Other operating income		
Cost invoiced to group companies	13,379	6,708
COVID-19 Relief package	0	2,383
Other operating income	24	24
Gain on the sale of property, plant and equipment	0	277
	<u>13,403</u>	<u>9,392</u>
4 Financial income		
Interest receivable, group entities	254	19
Other financial income	204	191
	<u>458</u>	<u>210</u>
5 Financial expenses		
Interest expenses, group entities and shareholders	1,446	1,210
Other financial expenses	534	162
	<u>1,980</u>	<u>1,372</u>
6 Tax for the year		
Estimated tax charge for the year	13,717	2,509
Deferred tax adjustments in the year	182	981
	<u>13,899</u>	<u>3,490</u>
 Specified as follows:		
Tax for the year	13,899	3,490
Tax on items recognised directly in equity	143	2
	<u>14,042</u>	<u>3,492</u>

Financial statements 1 October 2021 - 30 September 2022

Notes to the financial statements

7 Property, plant and equipment

DKK'000	<u>Fixtures and fittings, tools and equipment</u>
Cost at 1 October 2021	10,344
Additions	285
Cost at 30 September 2022	<u>10,629</u>
Impairment losses and depreciation at 1 October 2021	9,849
Depreciation	287
Impairment losses and depreciation at 30 September 2022	<u>10,136</u>
Carrying amount at 30 September 2022	<u>493</u>

8 Investments

DKK'000	<u>Other receivables</u>
Cost at 1 October 2021	4,485
Disposals	-50
Cost at 30 September 2022	<u>4,435</u>
Carrying amount at 30 September 2022	<u>4,435</u>

9 Securities and investments

Fair value information

DKK'000	<u>Stocks</u>	<u>Hedging</u>
Fair value at 30 September	52	222
Value adjustments in the income statement	16	0
Changes recognised in the hedging reserve	0	650
Fair value level	1	1

10 Share capital

Analysis of the share capital:

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

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

Financial statements 1 October 2021 - 30 September 2022

Notes to the financial statements

DKK'000	2021/22	2020/21
11 Deferred tax		
Deferred tax at 1 October	-781	3,511
Changes of the year charges in the income statement	182	981
Deferred tax transferred due to demerger	0	-5,273
Deferred tax at 30 September	-599	-781

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

12 Derivative financial instruments

The company uses currency forward contracts to hedge recognized and non-recognized transactions.

Currency risks

Analysis of the Company's balances in foreign currency as well as related hedging transactions at 30 September 2022:

Currency (DKK'000)	Payment/maturity	Receivable	Payables	Hedged by forward exchange contracts and currency swaps	Net position
USD	< 1 year	0	-299	0	-299
EUR*	< 1 year	47,446	-8,299	0	39,147
NOK**	< 1 year	3,245	-17	-4,484	-1,256
		50,691	-8,615	-4,484	37,592

* The company does not hedge positions in EUR

**The net position in NOK corresponds to contracted sales orders.

Forecast transactions

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

DKK'000	Period	Contractual value		Gains and losses recognised in equity	
		2021/22	2020/21	2021/22	2020/21
USD	0-6 months	3,659	8,006	155	0
NOK	0-6 months	-6,284	-19,616	130	-365
		-2,625	-11,610	285	-365

Financial statements 1 October 2021 - 30 September 2022

Notes to the financial statements

DKK'000	2021/22	2020/21
13 Staff costs		
Wages/salaries	34,611	27,706
Pensions	2,452	2,238
Other social security costs	537	513
	<u>37,600</u>	<u>30,457</u>

Staff costs are recognised as follows in the financial statements:

Production	20,504	16,134
Distribution	12,727	9,659
Administration	4,369	4,664
	<u>37,600</u>	<u>30,457</u>
 Average number of full-time employees	 <u>57</u>	 <u>53</u>

By reference to section 98b(3), (ii), of the Danish Financial Statements Act, remuneration to Management is not disclosed.

14 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 and operational leasing obligations against affiliated company amounts to DKK 34,581 thousand, of which, DKK 4,450 thousand falls due in the next financial year.

Operational leasing obligations against third parties amount to DKK 1,436 thousand of which DKK 959 thousand falls due in the next financial year.

The company has guaranteed for an affiliated company's bank liabilities. At 30 September 2022 the affiliate has a net bank deposit.

The company has entered into other contractual obligations amounting to DKK 954 thousand of which DKK 742 thousand falls due in the next financial year.

15 Collateral

The Company has not provided any security or other collateral in assets at 30 September 2022.

Financial statements 1 October 2021 - 30 September 2022

Notes to the financial statements

16 Related parties

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

Parties exercising control

<u>Related party</u>	<u>Domicile</u>	<u>Basis for control</u>
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.

DKK'000	<u>2021/22</u>	<u>2020/21</u>
17 Appropriation of profit		
Recommended appropriation of profit		
Proposed dividend recognised under equity	23,000	10,000
Retained earnings	25,568	1,302
	<u>48,568</u>	<u>11,302</u>

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Peter Beirholm

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