

Beirholms Væverier A/S

Nordager 20, 6000 Kolding

CVR no. 36 80 51 10

Annual report 2020/21

Approved at the Company's annual general meeting on 8 December 2021

Chair of the meeting:

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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 2020 - 30 September 2021.

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 2021 and of the results of the Company's operations for the financial year 1 October 2020 - 30 September 2021.

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, 8 December 2021
Executive Board:

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Peter Beirholm

Board of Directors:

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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 2020 - 30 September 2021, 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 2021 and of the results of the Company's operations for the financial year 1 October 2020 - 30 September 2021 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' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

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, 8 December 2021
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 2020 - 30 September 2021
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	2020/21	2019/20	2018/19	2017/18	2016/17
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Key figures

Revenue	202,043	241,776	324,136	315,000	332,600
Gross profit	32,604	26,261	62,694	59,100	66,700
Profit before interest and tax (EBIT)	15,954	2,515	28,426	32,611	34,873
Profit for the year	11,302	590	21,202	24,700	24,200

Fixed assets	4,980	84,319	87,038	89,600	86,500
Non-fixed assets	122,518	100,572	128,745	127,200	136,100
Total assets	127,498	184,891	215,783	216,800	222,600
Investments in property, plant and equipment	0	603	2,800	4,300	2,500
Equity	50,081	78,293	137,875	132,600	128,400
Non-current liabilities other than provisions	0	30,648	34,222	29,800	34,900
Current liabilities other than provisions	77,417	72,439	40,191	54,400	59,300

Financial ratios

Operating margin	7.9%	1.0%	8.8%	10.4 %	10.5 %
Gross margin	16.1%	10.9%	19.3%	18.8%	20.1%
Return on assets	4.2%	-3.3%	7.9%	7.9%	12.1%
Equity ratio	39.3%	42.3%	63.9%	61.2%	57.7%
Return on equity	17.6%	0.5%	15.7%	18.9%	19.6%

Average number of full-time employees	53	66	71	72	66
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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 COVID-19 situation is still influencing our markets heavily which have only partly recovered over the summer. Despite having a more positive outlook this year compared to last year, due to an increasing vaccination rate, COVID-19 has created ripple effects with consequences for our supply chain and logistics set-up as well as a heavy increase in raw material costs.

To increase both revenue and productivity, we continue our work on increasing digitalisation and improving front end facilities as well as new sales processes and channels. On the product and concept side, we continue launching new products and concepts while further developing our sustainable offering.

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 are requesting this cooperative way of working are increasing their profitability and winning market shares.

Award - Finalist in the run-up for the German Sustainability Award

Beirholm has advanced as a finalist in the run-up for the 2021 German Sustainability Award in the category Design.

The jury of the German Sustainability Award writes the following about the innovative BeirTex® Q784B bed linen: "The robust BeirTex® Q784 hotel bed linen, produced for the German market, promises a significantly longer service life in daily hotel use than many conventional products, without guests having to compromise on feel, appearance and breathability. In addition to Fairtrade organic cotton and newly produced polyester fibers, part of the carefully thought-out, holistic brand and product philosophy is the fact, that for the bed linen produced in Pakistan the yarn from 20 recycled PET bottles is also processed per linen. With its BeirTex® Q784 hotel bed linen, manufacturer Beirholms Væverier not only offers an exceptionally high-quality and modern-looking product that meets even the highest demands, but also assumes a high degree of social and ecological responsibility by adhering to high standards along the entire value chain."

About the German Sustainability Award:

The German Sustainability Award is the "most coveted award of its kind. According to a recent study by the University of Hohenheim on the importance of sustainability and environmental competitions in Germany, the GSA is both the best-known and most coveted award in this field (ranking first in each case). There are currently around 200 competitions with a focus on sustainability." Source: Deutscher Nachhaltigkeitspreis website, University of Hohenheim, Dr. Beate Gebhardt, 2017.

Management's review

Financial performance

The year started first quarter with moderate positive sales expectations after a total COVID-19 close down all over Europe during the summer 2020 - so we saw moderate rising sales in the early fall of 2020. But the positive tones rapidly changed into declined activity as second and third wave of corona flushed over Europa in the last months of 2020 and first half year of 2021. Simultaneously, we experienced challenging supply chain disruptions as well as rapidly increasing raw materials-, logistics- and manufacturing costs.

Our strong and long-term partnerships with suppliers and customers as well as our organizational agility, processes and systems have demonstrated the necessary resilience to cope with the extreme business environment, in which we have been able to offer our customers a stable supply of competitive performance textiles.

During the final quarter, as infection numbers declined and restrictions were eased, we experienced increased sales. Despite a positive final sprint, the financial year ended with revenues significantly lower than expected - 202.0 mDKK versus last year's 241.8 mDKK.

However, given the lower activity level we are pleased to close the year with a better than expected net result after taxes, of 11.3 mDKK versus last year's 0.6 mDKK. The result is driven by multiple elements including the setup of a new sales channel in terms of a BtC web-shop, competitive price and cost level, ability to manage the extreme logistics situation, full year effects from a lower cost base, which was implemented in the previous fiscal year and the COVID-19 compensation package.

During the year we have continue the commenced succession plan within the family which has given some structural changes. The property with a booked value for 78.5 mDKK and debt 33.7 mDKK has been split out in a separate but still family-owned company, Ejendomsselskabet Beirholms Væverier A/S. As a consequence of the demerger, equity was reduced by 39.5 mDKK. This year transfer of ownership of the parent company Beirholm Group A/S has been accelerated, so that 6th generation of the family now owns 90% of the company. Voting and daily management of the group is still within the hands of 5th generation Peter and Kamma Beirholm.

Outlook

Currently, the markets are still suffering due to the COVID-19 pandemic. Hotel occupation rates have only partly recovered; thus, laundries are still working at low capacity. To fully recover, the vaccination rate has to increase, restrictions have to be eased including international travel, and labour markets need to return to normal so that laundries and hotels' capacities are not limited by the need for employees. In addition, global trade needs to stabilize before we can expect more stable raw material prices and supply chain activity.

Our sales budgets reflect this situation, focusing on increasing our market shares in the European markets within our business area and based on our current product strategy.

To cope with the supply chain challenges, we have increased our stock levels at our European logistics hub, we are tightly managing our logistics, and we have secured important capacity at our producers. Furthermore, we are in active dialogue with our customers to secure commitment and preference for Beirholm.

Lastly, we expect increased demand for our sustainable textiles. With the introduction of the next generation of BeirTex® textiles and a wider selection of sustainable raw material choices, we are well-positioned to accommodate this demand.

Budget for the coming year 2021/22 shows a significantly increased sales going from 202.0 mDKK to 277.0 mDKK (+36%) based on the assumption that the markets get back to "normal" albeit slowly. This being said, we do not expect a full recovery during 2021/22 due to the risk of periodic COVID-19 setbacks.

The budget also contains more investments in sustainability, digitalization and our organization in order to accommodate our getting back to "normal". We expect a positive net result after tax, however slightly lower than 2020/21.

Management's review

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.

Financial risks and use of financial instruments

Special Risks

The Company is exposed to currency risks as a significant part 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 increase 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.

Management's review

Statutory CSR report

Business model

Our Value Proposition is to engage the full potential of the entire value creating network to develop and deliver the most profitable textile solutions on the market to the textile service industry, its customers and consumers. The business model is based on building a bridge between the textile service industry and its end customers as well as the manufacturers who provide materials to the industry. We strive to make this process as smooth, unproblematic and efficient as possible.

Beirholm's innovative and durable BeirTex® textiles are engineered to offer the quality, comfort and CO₂e-savings desired by end customers and consumers while ensuring the laundry a high return on investment.

Through our holistic approach to sustainability, we ensure that our BeirTex® performance textiles are sustainable from the cotton farm to the laundry. For instance, our newest collection of BeirTex® textiles are - with their EU Ecolabel, Green Button, Oeko-Tex® Made in Green and Oeko-Tex® 100 certifications and our support of The Better Cotton Initiative - sustainable from raw cotton to the laundry and end user.

General

As most companies, we balance needs and costs in the daily business with investments in the future.

We actively support the organizations which are the driving forces in determining international standards. We have drawn up and implemented clear and specific policies in our own company. We turn good intentions into specific measures at our manufacturers by implementing clear and specific processes in their working day, and we continuously work closely together with them to achieve and further develop common goals.

We carry out those activities using two different interactive dynamics; the first one is to work within the formal, international standards for quality, environmental management and social development and to contribute to raising the bar for those standards; the other one is - together with selected partners - to achieve independent breakthroughs ahead of developments in our industry.

Beirholm lives up to the highest international standards in i.e. ISO standards, CSR strategy and working environment development. The common characteristics for them are that they are formal frameworks that are created through systematic discussions and consensus in international fora. We consider those standards minimum requirements which quality companies must comply with. Our internally developed customs and initiatives are, however, areas in which we, together with our partners, strive to excel in our performance to surpass the international standards.

Beirholm has developed its CSR strategy, including a Code of Conduct, which is based on internationally accepted conventions such as the UN Global Compact, the UN Convention of the Rights of the Child, the Universal Declaration of Human Rights and ILO.

In order to avoid any violation of human rights, Beirholm's Code of Conduct is implemented at our key manufacturers, who are primarily from Egypt, Pakistan and India. The manufacturers are audited regularly by an investigating officer from external international certification offices in accordance with a predefined auditing process. Improvement potentials are continuously discussed and documented after each audit.

Beirholms Væverier A/S is certified to ISO9001, ISO14001, ISO45001.

The Company's future product platform will be developed for purposes of supporting BCI cotton (Better Cotton Initiative). Several of our strategic products carry the EU Ecolabel, Oeko-Tex Made in Green, and Green Button labels.

Management's review

Moreover, the products are developed to reduce climate and environmental impact in the washing process, as they have the potential to reduce resource consumption, leading to a significant reduction of the laundries' emissions of CO₂e.

In this financial year, we as the first company outside Germany became certified according to the Green Button. The Green Button is a holistic certification in the way that it audits Beirholm's entire portfolio of suppliers, which no other labels do. The Green Button is issued by the German Government creating trust in the label. We expect that public procurement will start orienting themselves towards this label when procuring in the future.

Our goal is to continuously improve the sustainability of our entire product range. To ensure optimum conditions in terms of sustainability, we have chosen to also offer products certified to the Green Button without any extra charge.

Human rights

We assess that the most significant risks relate to the producers' goods market and their sub suppliers. We have worked actively with human rights since 2005 where we introduced our Code of Conduct, which describes the social, environmental and ethical standards which our manufacturers and their sub suppliers are expected to live up to. Our Code of Conduct seeks to lay down standards which are deemed universal by nature, and we expect that our partners also support and assume responsibility in respect of the underlying declarations and conventions, such as e.g. the Universal Declaration of Human Rights, the central labour conventions from the international labour organisations, the UN Convention of the Rights of the Child and the UN's Convention on Sustainable Development (the Rio declaration).

We consider these declarations and conventions absolute minimum requirements in the cooperation with Beirholm and have added two requirements to our Code of Conduct regarding the purchase of cotton from Uzbekistan and building safety.

a) Specifics regarding the purchase of cotton from Uzbekistan

As Uzbekistan is known for violating human rights, i.a. child labour in the cotton production, Beirholm does not accept cotton from Uzbekistan in our supply chain and in our products.

b) Specifics regarding building safety

As the world has seen collapses of production facilities in the clothing industry, Beirholm has decided, through our Code of Conduct, to request that all manufacturers and approved sub suppliers who have multi story production buildings present and document relevant approvals from local authorities in respect of construction, use and monitoring of building safety.

Business partners who do not commit themselves to our Code of Conduct will ultimately have to cease cooperating with us.

We work proactively to ease the process and ensure target fulfilment by offering guidance and assistance. We cooperate with the BSCI, Business Social Compliance Initiative, which is a member association for companies and industry associations. Through their work, the members promote a common monitoring and supplier development system to ensure compliance with the principles adopted and work on target fulfilment of the UN's Sustainable Development Goals.

In the financial year 2020/2021, one of our strategic manufacturers succeeded in advancing from category C to A, and another advanced from category B to A. The development is shown in the below table:

BSCI Category	Number of manufacturers		
	2020/21	2019/20	2018/19
A	3	1	2
B	1	2	1
C	0	1	1

Management's review

We are currently engaged in active dialogue with our strategic manufacturer who fell from A to C to identify the reason why and assist them in achieving a better categorization in future.

Two of our six strategic manufacturers are certified to SA8000. SA8000 is a stricter certification than BSCI and implies that those manufacturers are to be audited by SA8000 going forward as this certification inherently includes the BSCI certification requirements.

Environment

The most material risks in the industry relate to the growing of cotton, the textile manufacturing process and finally, the washing processes at the industrial laundries.

▶ Cultivation of cotton

Cotton is grown at 22.5% of the world's agricultural land and is the crop that requires most water to grow. The global cotton production is deemed to account for approx. 3% of the world's water consumption. Cotton is an environmentally harmful crop, and the world's cotton production accounts for 16.25% of the global use of pesticides/insecticides. It is far higher than what is used for any other crop worldwide. Pesticides are harmful to nature, and almost half of the pesticides used for cotton production is deemed to be so toxic that the WHO has classified them as "dangerous".

Beirholm has decided to join the BCI, which is the largest sustainable cotton initiative in the world. For 2019/20, Better Cotton accounts for 23% of global cotton production (22% in 2018/19 and 19% in 2017/18). The purpose of the initiative is to train cotton farmers in sustainable cotton cultivation to make cotton production better for the individuals who cultivate cotton, better for the environment where the cotton grows and better for the future of the entire cotton sector.

Earlier, we reported on our sustainable cotton purchasing strategy on a yearly basis. Last year, we decided to go beyond sustainable cotton sourcing to include other sustainable raw materials as well. Therefore, we will now report our progress in terms of preferred raw materials sourcing. The share of preferred raw materials is expressed as the share of raw materials sold in a fiscal year out of the total kilo of finished goods sold in that same fiscal year. Preferred materials are currently Better Cotton, Organic Cotton, Fairtrade Cotton, and Recycled Polyester. Our preferred raw materials sourcing strategy shows the following progress: 17% in FY2017/18; 19% in FY2018/19; 22% in FY2019/20; and 25% in the current FY2020/21.

▶ Textile production

Textile production has a negative impact on the environment, mainly due to water contamination, the use of harmful chemicals and high energy consumption. At Beirholm, we work actively to market our BeirTex products, which carry the EU Ecolabel. The EU Ecolabel focuses mainly on the manufacturing process and makes strict demands on the use of fibers, chemicals, energy consumption and CO2 emission in the manufacturing process and the handling of wastewater.

Our focus on selling products that carry the EU Ecolabel has resulted in a revenue share of 54% in 2020/21. In 2019/20 the share was 45%, in 2018/19, the share was 35%, and in 2017/18 the share was 32% of total sales. The increase is attributable to our strong focus on the sale of sustainable textiles, but perhaps it also reflects a new revenue mix due to COVID19.

After introducing Oeko-Tex Made in Green and Green Button across our product categories without any extra charge, we expect even stronger sales of sustainable textiles going forward. For the coming year, we will define a new and broader KPI-term for responsibly produced and certified textiles. Like the KPI-example of "preferred raw materials", we will develop a KPI that encompasses textiles sold that are certified, on a product level, with one or a combination of the following certificates: EU Ecolabel, Oeko-Tex Made in Green, and Green Button. While the EU Ecolabel is mostly focused on environmental issues, the Oeko-Tex Made in Green and Green Button incorporate both social- and environmental criteria related to textile manufacturing. Due to the growing amount of certification that Beirholm holds, we see it necessary to expand this KPI now and in the future, to be able to better capture our progress.

Management's review

► Washing process at our customers

In our industry, the washing process is the use phase of our products. There is a tendency towards a reduction of the consumption of water, electricity, coal, oil and gas (WECO), which are the typical energy sources that drive the washing process.

This means that the industry uses less resources than previously for washing one kg of textile. This is among others attributable to improved technology in the industrial laundries, but also increased awareness of the consequences of the textile chosen. For example, Beirholm's BeirTex technology has proven through several washing tests in 2018/19 that we can reduce the energy consumption by more than 10% within selected areas.

Furthermore, the combination of our revolutionising Pixel colour technology with our BeirTex performance technology give our customers the option of a colourful terry cloth program that ensures lasting colours, has a longer life time and reduces drying time in the tumblers by up to 30%.

We thereby prove the environmental and climate related potential of our technology, while we make our customers aware of the prudent choice of textile.

In that way, we aim to contribute to a sustainable, global development where we strive to influence our suppliers and customers to display environmentally sound and socially responsible behaviour.

Climate

Beirholm believes that global warming is the main and most urgent challenge of our time. If we do not proactively work on reducing our emission of greenhouse gases, the surface temperature of the Earth will most likely increase by 3 degrees Celsius compared with the temperature before the industrialisation, which will be devastating to our planet and its inhabitants.

The manufacturing of Beirholm's products is particularly exposed to short to medium term risks. In their Fifth Assessment Report (AR5), IPCC points out that, according to prognoses for temperature increases in South Asia, including Pakistan and India, where Beirholm sources most of its products, the increase will probably exceed the global average. This will in particular affect the timing and force of the monsoon rain and will have a derived impact on the agrarian sector's productivity and efficiency, which depend heavily on water.

Economies where the agrarian sector accounts for a considerable part, such as Pakistan and India, are therefore under threat (both countries are among the countries subject to the greatest climate risks according to the Global Climate Risk Index). The supply of cotton, which accounts for a considerable part of Beirholm's products, could therefore also easily be scarce, which would imply steep price increases.

These are just a few examples of ways in which Beirholm works actively on (a) creating the most sustainable textiles (b) in a sustainable way.

a) Development and marketing of sustainable textiles:

In our industry, the CO₂e emission for changing bedding on one bed for one year is 90 kg. Almost 24% of the emission relates to the manufacturing of the bedding and the remaining 76% from the washing process at our customers in the industrial laundries. Therefore, Beirholm develops textiles with longer useful lives, which allows for enhanced capacity utilization in the laundry and heavily reduced resource consumption.

Our most sustainable technology is BeirTex, which has outperformed standard market qualities in these parameters through numerous washing tests. We intend to make this technology the new market standard, as this can also contribute to a reduction of the emission of greenhouse gases going forward.

In 2020/21, the BeirTex Technology accounted for 54% of our total sales. In 2019/20, 2018/19 and 2017/18, it accounted for 51%, 44% and 39%, respectively, of our total sales.

Management's review

b) Reporting and reduction of CO2e emissions at Beirholm, suppliers and customers:

We strive to work proactively on reducing our emission of greenhouse gases and advising our suppliers and customers on how they can do the same. We have prepared a five-step strategy for our work on this topic:

1. Become aware of own CO2e emissions
2. Define base year and set goals for future reduction (e.g. science based targets as goal setting method)
3. Identify and prioritise initiatives with the highest impact on reduction of CO2 emissions
4. Execute on prioritised initiatives and measure and report progress
5. Discuss and share knowledge with customers and suppliers

The CO2e figures stated below are estimated in accordance with the Greenhouse Gas Protocol and are divided into scope 1, 2 and 3 (see figure below for a graphical representation of the scopes). The figures cover the operations of Beirholms Væverier A/S.

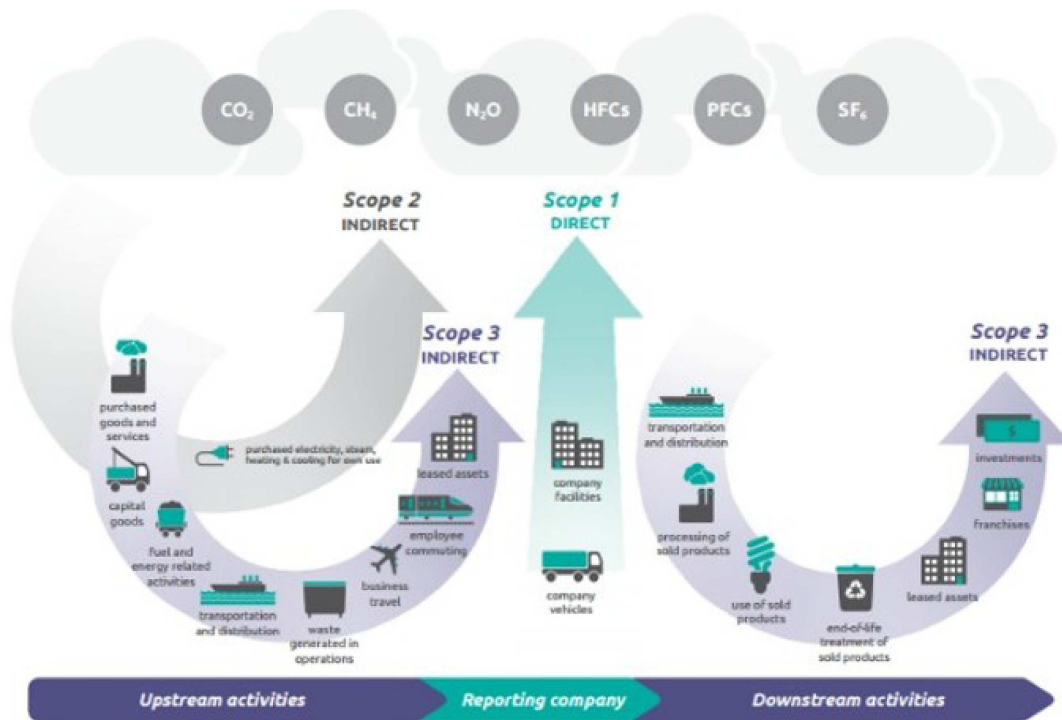


Figure 1 - source: Greenhouse Gas Protocol

Scope	2017 (base year)	2018	2019	2020
1	210	190	218	178
2	55	56	68	47
3	177.904	188.820	197.864	144.987
Total CO2e (tonnes)	178.170	189.065	198.149	145.212

* The figures are stated in CO2-equivalent emissions in accordance with the Greenhouse Gas Protocol

** Natural gas consumption is measured in the period april to march

*** Use of sold textiles has been included adding significantly to scope 3 emissions

Management's review

For transparency purposes, we have included a scope-wise breakdown of our CO2e emissions in tonnes for the calendar year 2020 below:

	CO2e (tonnes)
Calendar year 2020	145.212
Scope 1 total	178
Mobile combustion	178
Scope 2 total	47
Stationary combustion	47
Scope 3 total	144.987
Business travel	13
Employees commuting	374
End of life treatment of sold products	-27.011
Purchased goods and services	11
Use of sold products	109.144
Purchased goods and services	62.456

Comment on sources used for CO2e estimations:

We estimate our CO2e emissions on the basis of the Greenhouse Gas Protocol. For scope 1 and 2, we rely on internal data converted using publicly available tools from the Greenhouse Gas Protocol. For scope 3, we rely on supplier data, industry statistics as well as lifecycle analyses prepared in collaboration with Bureau Veritas.

Most companies will only report and work on their scope 1 and 2 emissions, but we go the extra step to work on the categories that drive the most impact. Since 75% of our scope 3 emissions, which again account for more than 99% of total emissions, stem from Purchased goods and services - the majority of which are from the purchase of textiles - it is important for Beirholm to actively work on reducing these emissions. Hence, preparing lifecycle analysis based on primary data from our manufacturers is essential to establish a baseline from which we can actively work together to reduce emissions. In FY20/21, we conducted lifecycle analyses amounting to 58% of the textiles that we sold, in terms of kilos. In FY21/22, we expect to hit a 65% coverage rate.

In 2020/21, we specifically:

- ▶ conducted lifecycle analysis at two of our main suppliers to derive the products' actual carbon footprint.
- ▶ entered a partnership with Green Key - a prestigious eco-label for establishments in the hospitality industry. The aim is to increase focus on the use of sustainable performance textiles in the industry.
- ▶ initiated discussions with key laundry customers advising them on how to purchase textiles in a climate friendly manner. This is a key step in our climate strategy, since 99% of our emissions occur in scope 3 (mainly use phase of textiles and manufacturing thereof)

Our total CO2e emissions therefore amount to 45.6 kg CO2e per kg textile sold in this financial year.

Management's review

For the coming financial year, it is our goal to:

- ▶ conduct lifecycle analyses at 1-2 extra key suppliers to have a solid foundation for devising reduction strategies
- ▶ educate our sales force to advise our customers on climate friendly purchasing strategies

Social matters

The work on promoting social matters comprises Beirholm's own office and our manufacturers and their local communities.

We consider our employees our most important asset, and our largest social risk would be a poor working environment.

We carry out employee satisfaction surveys every third year, and we also carry out the statutory workplace assessment survey. Our employee satisfaction survey in 2020 concluded: "Beirholms Væverier is a workplace with sound employee satisfaction. There are a few challenges in terms of workload and communication/acknowledgement. There are strong indicators that our employees are satisfied - high response rate, positive average for all areas, none of the measured areas stands out in terms of the "Highly disagree" answer".

The employee satisfaction survey ends with the following concluding question: "Overall, I am very satisfied with being employed at Beirholm". In both the 2014, 2017 and 2020 surveys, the score was 4.2 out of 5.

We have also established a function with a "go to person" trained as a Master Coach (Life & Business). The measure has been well received and implemented in the organization.

We are ISO45001 certified and have implemented a health and safety management system for purposes of preventing industrial accidents and increasing job satisfaction in the workplace. One of our financial ratios is the Company's overall sickness absence, which is shown in the below table. We have changed the definition of illness to more objective criteria which for comparison reasons has been recalculated for 2019 giving an increased average from 2.1 days to 2.4 days. As shown, the absence based on the new definition decreased from 2.4 days in 2019 to 1.4 days in 2020. Even though 2019 was relatively high due to some months with very high illness, 2020 has been characterized with very low illness during and after COVID-19 "repatriation".

	Absence, excl. child's first day of illness and non-work-related long-term illness		Country average for Denmark 2)
	Old definition	New definition	
2017	1.7%		2.76%
2018	1.8%		2.90%
2019	2,1%	2.4%	2.87%
2020		1.4%	Not <u>published yet</u>

2) Danmarks Statistik - Fraværsprocent i alt for virksomheder og organisationer ved egen sygdom på tværs af aldersgrupper

Management's review

To protect our employees and reduce general risk of our business related to COVID-19, we have set up and constantly adjusted guidelines on how to act as employee, and as business partners visiting our house. Lots of precautions have been taken, also precautions that goes beyond public recommendations.

The most important impact to our employees has been the mental impact from fluctuating activity in our business related to general lock down in the society and by our end-customers, but also from the periods where people partially have been working from home.

By the end of FY2020/21 the activity is going up and thereby we are on our way back to "normal", which of course gives additional pressure and a new dimension on the physical and mental well-being to handle.

We have implemented our job satisfaction policy - "Trivselspolitik", which addresses how we can support and secure the well-being, the work satisfaction, and the psychological work environment for the individual, the team and the organization. Among others, the policy includes topics such as sexual harassment and bullying. Cases like this will come to the surface via our yearly appraisal interviews, our go-to-person, our Health & Safety team, or via Management. Cases will be registered by Health & Safety. We have no cases this year.

Each year, we support a school for boys and girls in Pakistan through our cooperation with The Citizens Foundation. In Pakistan, the literacy rate is 58%. The reasons that so many are illiterate are insufficient education and poverty. Typically, parents cannot afford to send their children to school. This is a vicious circle as children's education is pivotal to a well paid job and a way out of poverty. We have therefore supported the U.I. Trust Campus in Karachi financially since 2009. Our donation ensures that 190 children can go to school from kindergarten to fifth grade. This way, we actively help paving a way out of poverty for the children and contribute to Pakistan's future.

For the financial year 2021/22, we have chosen to continue our support to The Citizens Foundation, but due to the corona situation and the limited financial possibilities resulting thereof, we have had to lower our contribution.

Anti corruption

At Beirholm, we consider (a) gifts and (b) bribery the two largest risks related to anti corruption.

a) To receive, be asked for or offer gifts or financial benefits with the expectation of receiving a favour or a benefit in return is considered corrupt behaviour. At Beirholm, we have a zero tolerance policy for corrupt behaviour regarding gifts. As a general rule, our employees are therefore prohibited from receiving gifts or favours (e.g. discounts, trips, etc.) from suppliers or customers. It is, however, acceptable to receive gifts in certain cases if (a) the gift is of low value (b) the gift is received in connection with local custom or if (a) the gift is of low value and (b) there is an objective reason for receiving the gift (e.g. job related, representative, professional, collaborative matters).

b) To give, receive, solicit, promise or offer something of value in order to influence business decisions and actions is considered bribery and corrupt behaviour. At Beirholm, it is considered unprofessional behaviour, which is also punishable under Danish law. Consequently, we have a zero tolerance policy for bribery.

Management's review

We prevent corruption through our code of conduct in relation to receipt of gifts or bribery and our zero tolerance for both. Our Code of Conduct states:

1. We will not receive, solicit or give gifts or favours that may be considered an attempt to influence our judgement or daily work.
2. We do not accept bribery, neither at our own company or at our suppliers.
3. We report any reasonable suspicion or evidence of corrupt behaviour.

In 2018/2019, we identified the countries with the highest risk of corrupt behaviour. We based it on the World Corruption Perceptions Index. India, Egypt and Pakistan are the three countries with the highest corruption perceptions scores among the countries in which we do business.

We hold annual sessions with those of our employees who work closest with our partners in the countries in question. Here, we discuss situations/cases in the area. In 2020/21, no such situations/cases were reported.

Our travel expense reports are based on receipts where tips "without receipt" are permitted to a limited extent. In 2020/21, no travel expense reports gave rise to reprimands.

Based on our findings for this year, for the coming years, we will stick to our annual sessions, where we revisit our anti-corruption policy, discuss, evaluate, and take actions on cases if any. Should we experience a rise in cases or severe cases, we will scale up on our efforts.

Account of the gender composition of Management

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 2020 - 30 September 2021

Income statement

Note	DKK'000	2020/21	2019/20
3	Revenue	202,043	241,776
13	Production costs	-169,439	-215,515
	Gross profit	32,604	26,261
13	Distribution costs	-19,705	-29,713
13	Administrative expenses	-6,338	-3,149
	Operating profit/loss	6,561	-6,601
4	Other operating income	9,393	9,116
	Profit before net financials	15,954	2,515
5	Financial income	210	179
6	Financial expenses	-1,372	-1,868
	Profit before tax	14,792	826
7	Tax for the year	-3,490	-236
	Profit for the year	11,302	590

Financial statements 1 October 2020 - 30 September 2021

Balance sheet

Note	DKK'000	<u>2020/21</u>	<u>2019/20</u>
	ASSETS		
	Fixed assets		
8	Property, plant and equipment		
	Land and buildings	0	78,454
	Fixtures and fittings, tools and equipment	495	1,226
		<u>495</u>	<u>79,680</u>
9	Investments		
	Other receivables	4,485	4,639
		<u>4,485</u>	<u>4,639</u>
	Total fixed assets	<u>4,980</u>	<u>84,319</u>
	Non-fixed assets		
	Inventories		
	Finished goods and goods for resale	62,291	41,905
	Prepayments for goods	30,956	28,693
		<u>93,247</u>	<u>70,598</u>
	Receivables		
	Trade receivables	21,418	17,574
	Receivables from group enterprises	4,051	1,973
11	Deferred tax assets	781	0
	Other receivables	719	754
	Prepayments	134	311
		<u>27,103</u>	<u>20,612</u>
	Securities and investments	<u>36</u>	<u>23</u>
	Cash	<u>2,132</u>	<u>9,339</u>
	Total non-fixed assets	<u>122,518</u>	<u>100,572</u>
	TOTAL ASSETS	<u><u>127,498</u></u>	<u><u>184,891</u></u>

Financial statements 1 October 2020 - 30 September 2021

Balance sheet

Note	DKK'000	2020/21	2019/20
	EQUITY AND LIABILITIES		
	Equity		
10	Share capital	1,000	1,000
	Hedging reserve	-285	0
	Retained earnings	39,366	77,293
	Dividend proposed	10,000	0
	Total equity	50,081	78,293
	Provisions		
11	Deferred tax	0	3,511
	Total provisions	0	3,511
	Liabilities other than provisions		
	Non-current liabilities other than provisions		
	Mortgage debt	0	28,803
	Other payables	0	1,845
		0	30,648
	Current liabilities other than provisions		
	Short-term part of long-term liabilities other than provisions	0	3,011
	Bank debt	10,398	0
	Trade payables	8,667	6,560
	Payables to group enterprises	44,446	39,772
	Corporation tax payable	2,681	5,347
	Other payables	11,225	17,749
		77,417	72,439
		77,417	103,087
	TOTAL EQUITY AND LIABILITIES	127,498	184,891

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

Financial statements 1 October 2020 - 30 September 2021

Statement of changes in equity

Note	DKK'000	Share capital	Hedging reserve	Retained earnings	Dividend proposed	Total
	Equity at 1 October 2019	1,000	0	121,875	15,000	137,875
17	Transfer, see "Appropriation of profit"	0	0	590	0	590
	Value adjustments of hedging instruments	0	0	-220	0	-220
	Tax on items recognised directly in equity	0	0	48	0	48
	Dividend distributed Distributed extraordinary dividend recognised under equity	0	0	0	-15,000	-15,000
		0	0	-45,000	0	-45,000
	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 30 September 2021	1,000	-285	39,366	10,000	50,081

Financial statements 1 October 2020 - 30 September 2021

Notes to the financial statements

1 Accounting policies

The annual report of Beirholms Væverier A/S for 2020/21 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.

Effective from the financial year 2020/21, the Company has implemented amending act no. 1716 of 27 December 2018 to the Danish Financial Statements Act. The implementation of the amending act has not affected the Company's accounting policies on recognition and measurement of assets and liabilities but has solely entailed a requirement for further disclosures. 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 separate items 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 2020 - 30 September 2021

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® 2010.

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
Land and buildings	10-60 years
Fixtures and fittings, tools and equipment	1-10 years

Financial statements 1 October 2020 - 30 September 2021

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 2020 - 30 September 2021

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 2020 - 30 September 2021

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.

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	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	$\frac{\text{Profit/loss after tax} \times 100}{\text{Average equity}}$

2 Special items

Profit for the year has been affected by DKK 2,383 thousand, received as part of the COVID-19 relief package. Furthermore the final settlement of the received COVID-19 relief package in prior year, showed a surplus of DKK 300 thousand. This has been expensed in this years financial statements. The net compensation of DKK 2,083 thousand has been presented in accordance with Danish GAAP as other operating income.

In prior year, DKK 3,400 thousand was received as part of the COVID-19 relief package and recognized as part of the administrative expenses.

Financial statements 1 October 2020 - 30 September 2021

Notes to the financial statements

DKK'000	<u>2020/21</u>	<u>2019/20</u>
3 Segment information		
Breakdown of revenue by business segment:		
Sales to industrial laundries	191,981	234,851
Others	10,062	6,925
	<u>202,043</u>	<u>241,776</u>
Breakdown of revenue by geographical segment:		
Europe	202,043	241,776
	<u>202,043</u>	<u>241,776</u>
4 Other operating income		
Cost invoiced to group companies	6,708	8,805
COVID-19 Relief package	2,383	0
Other operating income	24	44
Gain on the sale of property, plant and equipment	277	266
	<u>9,392</u>	<u>9,115</u>
5 Financial income		
Other financial income	210	179
	<u>210</u>	<u>179</u>
6 Financial expenses		
Interest expenses, group entities and shareholders	1,210	821
Other financial expenses	162	1,047
	<u>1,372</u>	<u>1,868</u>
7 Tax for the year		
Estimated tax charge for the year	2,509	220
Deferred tax adjustments in the year	981	16
	<u>3,490</u>	<u>236</u>
 Specified as follows:		
Tax for the year	3,490	236
Tax on items recognised directly in equity	2	-48
	<u>3,492</u>	<u>188</u>

Financial statements 1 October 2020 - 30 September 2021

Notes to the financial statements

8 Property, plant and equipment

DKK'000	Land and buildings	Fixtures and fittings, tools and equipment	Total
Cost at 1 October 2020	99,773	11,071	110,844
Disposals on demerger	-99,773	0	-99,773
Disposals	0	-727	-727
Cost at 30 September 2021	0	10,344	10,344
Impairment losses and depreciation at 1 October 2020	21,319	9,845	31,164
Depreciation	0	468	468
Reversal of prior year impairment losses	-21,319	-464	-21,783
Impairment losses and depreciation at 30 September 2021	0	9,849	9,849
Carrying amount at 30 September 2021	0	495	495

9 Investments

DKK'000	Other receivables
Cost at 1 October 2020	4,639
Disposals	-154
Cost at 30 September 2021	4,485
Carrying amount at 30 September 2021	4,485

10 Share capital

Analysis of the share capital:

1,000 shares of DKK 1,000.00 nominal value each	1,000	1,000
	1,000	1,000

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

11 Deferred tax

Deferred tax at 1 October	3,511	3,495
Changes of the year charges in the income statement	981	16
Deferred tax transferred due to demerger	-5,273	0
Deferred tax at 30 September	-781	3,511

Deferred taxes includes temporary differences between book values and tax values of tangible fixed assets, inventories and other payables.

Financial statements 1 October 2020 - 30 September 2021

Notes to the financial statements

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 2021:

Currency (DKK'000)	Payment/maturity	Receivable	Payables	Hedged by forward exchange contracts and currency swaps	Net position
USD	< 1 year	1,986	-1,045	0	941
EUR*	< 1 year	22,378	-10,907	0	11,471
NOK**	< 1 year	3,461	-180	-4,542	-1,261
		<u>27,825</u>	<u>-12,132</u>	<u>-4,542</u>	<u>11,151</u>

* 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	
		2020/21	2019/20	2020/21	2019/20
USD	0-6 months	8,006	6,915	0	-375
NOK	0-6 months	-19,616	0	-365	0
		<u>-11,610</u>	<u>6,915</u>	<u>-365</u>	<u>-375</u>

DKK'000	2020/21	2019/20
13 Staff costs		
Wages/salaries	27,706	37,068
Pensions	2,238	2,556
Other social security costs	513	422
	<u>30,457</u>	<u>40,046</u>

Staff costs are recognised as follows in the financial statements:

Production	16,134	24,133
Distribution	9,659	14,163
Administration	4,664	1,750
	<u>30,457</u>	<u>40,046</u>
	<u>2020/21</u>	<u>2019/20</u>
Average number of full-time employees	<u>53</u>	<u>66</u>

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

Financial statements 1 October 2020 - 30 September 2021

Notes to the financial statements

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 35,490 thousand, of which, DKK 4,039 thousand falls due in the next financial year.

Operational leasing obligations against third parties amount to DKK 450 thousand of which DKK 427 thousand falls due in the next financial year.

The company has guaranteed for an affiliated company's bank liabilities. The bank guarantee amounts to DKK 11,843 thousand per 30 September 2021.

The company has entered into other contractual obligations amounting to DKK 2,326 thousand of which DKK 1,736 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 2021.

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.

Financial statements 1 October 2020 - 30 September 2021

Notes to the financial statements

DKK'000	2020/21	2019/20
17 Appropriation of profit		
Recommended appropriation of profit		
Proposed dividend recognised under equity	10,000	0
Extraordinary dividend distributed in the year	0	45,000
Retained earnings/accumulated loss	1,302	-44,410
	11,302	590

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Peter Beirholm

Direktion

På vegne af: Beirholms Væverier AS

Serienummer: PID:9208-2002-2-952576375278

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2021-12-08 15:00:17 UTC

NEM ID 

Jakob Blicher Ravnsbo

Dirigent

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Bestyrelse

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Serienummer: PID:9208-2002-2-860950055830

IP: 80.62.xxx.xxx

2021-12-08 15:02:39 UTC

NEM ID 

Kamma Beirholm

Bestyrelse

På vegne af: Beirholms Væverier AS

Serienummer: PID:9208-2002-2-859182862326

IP: 188.180.xxx.xxx

2021-12-08 15:02:46 UTC

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Peter Beirholm

Bestyrelse

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Serienummer: PID:9208-2002-2-952576375278

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Jon Midtgaard

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Jonas Kristiansen

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