

# **Beirholms Væverier A/S**

Nordager 20, 6000 Kolding

CVR no. 36 80 51 10

## **Annual report 2019/20**

Approved at the Company's annual general meeting on 10 December 2020

Chairman:

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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 2019 - 30 September 2020.

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 2020 and of the results of the Company's operations for the financial year 1 October 2019 - 30 September 2020.

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, 10 December 2020  
Executive Board:

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Peter Beirholm

Board of Directors:

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Jakob Blicher Ravnsbo  
Chairman

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Peter Beirholm

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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 2019 - 30 September 2020, 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 2020 and of the results of the Company's operations for the financial year 1 October 2019 - 30 September 2020 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.

## Independent auditor's report

- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- ▶ Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

### Statement on the Management's review

Management is responsible for the Management's review.

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

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

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

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

Kolding, 10 December 2020  
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 2019 - 30 September 2020
Board of Directors	Jakob Blicher Ravnsbo, Chairman Peter Beirholm Kamma Beirholm
Executive Board	Peter Beirholm
Auditors	EY Godkendt Revisionspartnerselskab Trindholmegade 2, 2. sal, 6000 Kolding, Denmark

## Management's review

### Financial highlights

DKK'000	2019/20	2018/19	2017/18	2016/17	2015/16
<b>Key figures</b>					
Revenue	241,776	324,136	315,000	332,600	291,100
Gross profit	26,261	62,694	59,100	66,700	64,000
Profit before interest and tax (EBITA)	2,515	28,425	32,611	34,873	32,469
<b>Profit for the year</b>	<b>590</b>	<b>21,202</b>	<b>24,700</b>	<b>24,200</b>	<b>22,900</b>
<b>Balance sheet</b>					
Fixed assets	84,319	87,038	89,600	86,500	90,900
Non-fixed assets	100,572	128,745	127,200	136,100	120,500
<b>Total assets</b>	<b>184,891</b>	<b>215,783</b>	<b>216,800</b>	<b>222,600</b>	<b>211,400</b>
Investment in property, plant and equipment	603	2,800	4,300	2,500	2,000
<b>Equity</b>	<b>78,293</b>	<b>137,875</b>	<b>132,600</b>	<b>128,400</b>	<b>118,400</b>
Non-current liabilities other than provisions	30,648	34,222	29,800	34,900	40,500
Current liabilities other than provisions	72,439	40,191	54,400	59,300	52,500
<b>Financial ratios</b>					
Operating margin	1.0%	8.8%	10.4%	10.5 %	11.2 %
Gross margin	10.9%	19.3%	18.8%	20.1%	22.0%
Return on assets	-3.3%	7.9%	7.9%	12.1%	12.2%
Equity ratio	42.3%	63.9%	61.2%	57.7%	56.0%
Return on equity	0.5%	15.7%	18.9%	19.6%	19.3%
<b>Average number of employees</b>	<b>66</b>	<b>71</b>	<b>72</b>	<b>66</b>	<b>63</b>

Financial ratios are calculated in accordance with the Danish Finance Society's recommendations. 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.

#### ***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.

Our products are manufactured taking into consideration ethical, social, environmental and climate-related conditions that we continuously work on improving.

### **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.

Historically, the HORECA industry has accounted for approx. 65% of our revenue, and the health services industry has accounted for approx. 35% of revenue.

The COVID-19 situation has had a large adverse effect on hotels' and restaurants' revenue, resulting in a decline in the need for textiles. The COVID-19 situation has also had a large adverse effect on our revenue from hospitals, as hospitals have earmarked much of their capacity to handle COVID-19 and thus cancelled or postponed other activities. This meant that hospital beds remained empty in many places and thus did not generate the usual consumption of textiles. The hospital market is currently recovering, but more COVID-19 waves may occur that will affect prioritisations at the hospitals. Generally, we expect that the HORECA markets will increase again, once a safe vaccine is available and consumer trust has returned.

It is our goal to emerge strengthened from the crisis, and we have therefore defined the most important areas that we will develop during the corona period.

In the short term, we have implemented immediate measures to ensure the revenue possible and at the same time minimise our losses in the period, including development of targeted COVID-19 concepts for particularly the health services segment and implementation of cost reductions.

To increase both revenue and productivity, we concurrently work on increased digitalisation and improved front-end facilities as well as new sales processes. On the product and concept side, we work on ensuring that we can offer the very best solutions to our customers, including plug & play sustainability solutions, when COVID-19 loosens its grip and markets re-emerge.

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



## **Management's review**

### ***Outsourcing***

In the past year, we outsourced our warehouse function to K Hansen in Vejen. We maintain and further develop our important functions Logistics and Sales & Operations Planning in-house at Beirholm.

### ***Award – Best Managed Companies***

This year, Beirholm won the Deloitte Best Managed Companies award. The award is presented to the strongest Danish medium-sized entities. The three factors characterising the winners are: sound financial results, strong and dynamic managements and, particularly for Beirholm, strong focus on sustainability.

In spring when COVID-19 closed down society, we once again demonstrated that we were able to act powerfully and dynamically. Combined with our sound financial results in previous years, we believe that we can navigate the COVID crisis and hold a strong position when the recovery starts.

### ***Financial performance***

The year was highly characterised by the still current COVID-19 pandemic which grabbed hold of Europe in the first quarter of 2020 and substantially affected activities and results for the year, particularly in the last seven months of the financial year. We started the year strong, but unfortunately saw a considerable decline in sales to our indirect customers, hotels and restaurants in Europe as the corona virus soared. Many hotels and restaurants in Europe have been idle for large parts of the year, which caused a decline in revenue from DKK 324 million in 2018/19 to DKK 242 million in 2019/20 –far below the budgeted DKK 342 million. We also experienced a decline in the hospital market driven by a large number of beds for corona patients that in some markets remained unused in the months of spring.

As soon as the extent of the pandemic became known in earnest in connection with the lockdown of Denmark in March 2020, we initiated a large-scale slowdown of initiated activities and planned necessary initiatives to address declining income and expectations of a double-digit loss in millions for the year. Unfortunately, this meant that we had to say goodbye to a number of valued employees during the spring, summer and autumn, and ongoing development projects were put on standby. One of the elements of cost reduction was to share available labour between employees under the government wage compensation schemes.

As a result of the prompt actions, it is a fact at the end of the financial year that we have been able to manage costs so well that we achieve a modest profit of DKK 0.6 million after tax, which is considerably better than feared but at the same time also far from the originally budgeted profit of DKK 11.4 million after tax.

Considering the COVID-19 pandemic and the current market situation, the profit is, however, considered very satisfactory.

As part of the commenced succession within the family a total dividend of DKK 60 million has been distributed during the year. Equity is 78.3 million and the equity ratio is 42.3 %at September 30, 2020.

## **Management's review**

### **Outlook**

Currently, the markets are still suffering due to the COVID-19 pandemic, whose second wave is surging through Europe this autumn. In spite of that, we have prepared ambitious sales budgets for the coming year, focusing on increasing our market shares in the European markets within our business area and based on our current product strategy.

One of the elements of increased market shares is a continued focus on improving the share of sales of our cutting-edge product qualities in Beirtex. Moreover, we will introduce a wider selection of sustainable raw materials/concepts, such as fair trade cotton, organic cotton and recycled polyester as well as longer life of our products. This includes other sustainable properties contributing to reduced resource consumption in the washing processes when choosing Beirholm's textile solutions – sustainability that is increasingly prioritised and demanded by our customers.

In terms of revenue and earnings, the budget for 2020/21 is in line with the financial statements for this year. In terms of revenue, the budget is moderate; however, we have chosen to continue our investment in product development and digitalisation of the Company by expanding and implementing our use of Business Central, Business Intelligence, web platforms, digital marketing and other digital solutions.

Our plan is to use the current market stagnation to bring ourselves to the forefront and to prepare ourselves for a normalised post-corona market. Based on the Company's business strategy/concept, market focus and the sustainable high-performing product platform, we believe that the Company has a sound basis for positioning itself further as the most preferred supplier of integrated textile solutions for the textile service industry.

If a COVID-19 vaccine and thus a normalised everyday life are a long time coming, we are confident that we will emerge strengthened on the other side. Thus, our core business is generally sound and competitive, and we have sound solvency and cash resources that will safeguard us even in the event of a long-term decline in activities.

### **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

### 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. The Company performs no specific hedging of this price risk as we strive to balance our selling prices in relation to the dynamics of commodity price trends.

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.

### Statutory CSR report

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

We actively support the organisations 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.a. 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 and DS49001 (ISO26000).

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, and most of our product range carry the Oeko-Tex 100 label. Moreover, the products are developed to reduce climate and environmental impact in the washing process, i.e. using as little water, energy, chemicals and resources as possible.

Our increasingly larger BeirTex range/qualities carry the EU Ecolabel without any extra charge.

## Management's review

In this financial year, we became certified to Oeko-Tex STeP. Moreover, our strategic linen and terry cloth manufacturers were also certified to Oeko-Tex STeP. If this certification is combined with products that are certified to Oeko-Tex 100, a product certification is achieved –Oeko-Tex Made in Green –that ensures that the product has been tested for harmful chemicals and manufactured in environmentally friendly factories under safe working conditions. We now offer this certification across our largest product categories: bedding, tablecloths, sheets and terry cloth products.

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 Made in Green without any extra charge.

### Human rights

We assess that the most significant risks relate to the producers' goods market and their subsuppliers. 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 subsuppliers 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 subsuppliers 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 2019/2020, one of our strategic manufacturers fell from category A to category C. At the same time, one of our other strategic manufacturers succeeded in advancing from category C to category B. The development is shown in the below table:

BSCI category	Number of manufacturers (2018/19)	Number of manufacturers (2019/20)
A	2	1
B	1	2
C	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 categorisation 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 wash plants.

#### ▶ Cultivation of cotton

Cotton is grown at 2-2.5% 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 2018/19, Better Cotton accounts for 22% of the global cotton production (19% in 2017/18). (The figures for 2019/20 will be available at the end of 2020). 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.

Our sustainable cotton purchasing strategy has resulted in an increase in our sustainable cotton consumption of 4% from 28% of total purchases in 2017/18 to 32% in 2018/19 and to 35% in 2019/20.

#### ▶ 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 fibres, chemicals, energy consumption and CO<sub>2</sub> 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 45% in 2019/20. 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 COVID-19.

After introducing Oeko-Tex Made in Green across our product categories without any extra charge, we expect even stronger sales of sustainable textiles going forward.

## Management's review

### ▶ Washing process at our customers – leased wash plants

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 (WECCO), 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 wash plants, 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. 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 2019/20, we introduced a new product for our terry cloth programme. Here, we combine a revolutionising colour technology with our BeirTex© performance technology. This combination gives our customers the option of a colourful terry cloth programme that ensures lasting colours, has a longer life and reduces drying time in the tumblers by up to 30%. Going forward, our customers can thus gain a 30% higher output using the same amount of energy as today or, conversely, save 30% on tumbler energy consumption drying the same volume.

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.

## Management's review

### *a) Development and marketing of sustainable textiles:*

In our industry, the CO<sub>2</sub> 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 wash plants. Therefore, Beirholm develops textiles with longer useful lives, which allows for enhanced capacity utilisation in the laundry and heavily reduced resource consumption.

Our most sustainable technology is BeirTex®, which has outcompeted 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 2019/20, the BeirTex® technology accounted for 51% of our total sales. In 2018/19 and 2017/18, it accounted for 43.5% and 39.1% respectively, of our total sales.

This year, we introduced a new terry cloth product with a reduced drying time of up to 30% compared to a sound market standard product. BeirTex® is one of the main technologies used in the product, and we therefore expect to increase our share of textiles based on the BeirTex® technology going forward, as it is economically sound to reduce energy consumption in wash plants and it implies large environmental benefits.

### *b) Reporting and reduction of CO<sub>2</sub> emissions at Beirholm, suppliers and customers:*

In our work with the UN's Sustainable Development Goals (SDG), 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 with the UN's 13th goal, Climate Action, which reads:

1. Become aware of own CO<sub>2</sub> 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 CO<sub>2</sub> emissions
4. Execute on prioritised initiatives and measure and report progress
5. Discuss and share knowledge with customers and suppliers

Scope	2017 (base year)	2018	2019
1	210	190	218
2	55	56	68
3	NA	NA	29,246
Total (tonnes CO <sub>2</sub> e)	265	246	29,532

\* The figures are stated in CO<sub>2</sub> equivalents (CO<sub>2</sub>e) in accordance with the Greenhouse Gas Protocol

\*\* The natural gas consumption (scope 2) is measured in the period April to March

\*\*\* The figures for scope 1 have been changed due to a new method of estimating fuel consumption for company cars

## Management's review

In 2019/2020, we specifically:

- ▶ incorporated our scope 3 emissions, including textile purchases, employee commuting, end-of-life treatment of textiles in our industry, logistics and business travels
- ▶ entered into a partnership with the Swedish company Reused Remade to provide our customers with a circular solution where we transform their used textiles into carrier bags to give new life to the textiles
- ▶ designed the first prototype of our Climate Dashboard, which is to form the basis for customer dialogues on CO2 emissions and reduction thereof in future.

Our total CO2 emissions therefore amount to 6.54 kg CO2e per kg textile sold in this financial year.

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

- ▶ prepare a CO2 roadmap to reduce CO2 emissions
- ▶ set goals for the reduction of CO2 emissions

## 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 are taking measures to address the challenges regarding workload and communication/acknowledgement. We have discussed the issues with the individual teams to understand and further improve job satisfaction going forward. We have worked on identifying how we can better leverage each other's strengths and have conducted three out of four modules in a seminar series regarding "Brain Smart Management" for the entire organisation.

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 organisation.

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. As shown, the absence increased in 2019. We expect that the absence will decrease to the usual level in 2020, however, subject to corona.

	Absence, excl. child's first day of illness and non-work-related long-term illness	Country average for Denmark <sup>2</sup>
2016	1.3 %	2.72 %
2017	1.7 %	2.76 %
2018	1.8 %	2.90 %
2019	2.1 %	Not published yet



## **Management's review**

We have formalised our job satisfaction policy where the goal for 2020/21 is to implement it in the entire organisation.

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 2020/21, 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.

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 2019/20, 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 2019/20, no travel expense reports gave rise to reprimands.

## **Management's review**

### **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 subsequent to the financial year-end.

## Financial statements 1 October 2019 - 30 September 2020

### Income statement

Note	DKK'000	2019/20	2018/19
2	<b>Revenue</b>	241,776	324,136
12	Production costs	-215,515	-261,442
	<b>Gross profit</b>	26,261	62,694
12	Distribution costs	-29,713	-39,520
12	Administrative expenses	-3,149	-6,081
	<b>Operating profit/loss</b>	-6,601	17,093
3	Other operating income	9,116	11,333
	<b>Profit before net financials</b>	2,515	28,426
4	Financial income	179	220
5	Financial expenses	-1,868	-1,386
	<b>Profit before tax</b>	826	27,260
6	Tax for the year	-236	-6,058
	<b>Profit for the year</b>	590	21,202

## Financial statements 1 October 2019 - 30 September 2020

### Balance sheet

Note	DKK'000	2019/20	2018/19
	<b>ASSETS</b>		
	<b>Fixed assets</b>		
7	<b>Property, plant and equipment</b>		
	Land and buildings	78,454	80,018
	Fixtures and fittings, other plant and equipment	1,226	2,197
		<u>79,680</u>	<u>82,215</u>
8	<b>Investments</b>		
	Other receivables	4,639	4,823
		<u>4,639</u>	<u>4,823</u>
	<b>Total fixed assets</b>	<u>84,319</u>	<u>87,038</u>
	<b>Non-fixed assets</b>		
	<b>Inventories</b>		
	Finished goods and goods for resale	41,905	50,502
	Prepayments for goods	28,693	40,784
		<u>70,598</u>	<u>91,286</u>
	<b>Receivables</b>		
	Trade receivables	17,574	22,198
	Receivables from group enterprises	1,973	778
	Other receivables	754	1,628
	Prepayments	311	437
		<u>20,612</u>	<u>25,041</u>
	<b>Securities and investments</b>	23	29
	<b>Cash</b>	<u>9,339</u>	<u>12,389</u>
	<b>Total non-fixed assets</b>	<u>100,572</u>	<u>128,745</u>
	<b>TOTAL ASSETS</b>	<u><u>184,891</u></u>	<u><u>215,783</u></u>

## Financial statements 1 October 2019 - 30 September 2020

### Balance sheet

Note	DKK'000	2019/20	2018/19
	<b>EQUITY AND LIABILITIES</b>		
	<b>Equity</b>		
9	Share capital	1,000	1,000
	Revaluation reserve	0	0
	Retained earnings	77,293	121,875
	Dividend proposed	0	15,000
	<b>Total equity</b>	<b>78,293</b>	<b>137,875</b>
	<b>Provisions</b>		
10	Deferred tax	3,511	3,495
	<b>Total provisions</b>	<b>3,511</b>	<b>3,495</b>
	<b>Liabilities other than provisions</b>		
11	<b>Non-current liabilities other than provisions</b>		
	Mortgage debt	28,803	31,797
	Other payables	1,845	2,425
		<b>30,648</b>	<b>34,222</b>
	<b>Current liabilities other than provisions</b>		
11	Short-term part of long-term liabilities other than provisions	3,011	3,036
	Bank debt	0	6,899
	Trade payables	6,560	7,728
	Payables to group enterprises	39,772	9,541
	Corporation tax payable	5,347	3,348
	Other payables	17,749	9,639
		<b>72,439</b>	<b>40,191</b>
	<b>Total liabilities other than provisions</b>	<b>103,087</b>	<b>74,413</b>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>184,891</b>	<b>215,783</b>

- 1 Accounting policies
- 13 Contractual obligations and contingencies, etc.
- 14 Collateral
- 15 Currency and interest rate risks
- 16 Related parties
- 17 Fee to the auditors appointed by the Company in general meeting
- 18 Appropriation of profit

## Financial statements 1 October 2019 - 30 September 2020

### Statement of changes in equity

Note	DKK'000	Share capital	Revaluation reserve	Retained earnings	Dividend proposed	Total
	Equity at 1 October 2018	1,000	3,400	116,550	15,000	135,950
18	Transfer, see					
	"Appropriation of profit"	0	0	6,202	15,000	21,202
	Value adjustments of hedging instruments	0	0	-1,125	0	-1,125
	Reversed revaluations for the year	0	-3,400	0	0	-3,400
	Tax on items recognised directly in equity	0	0	248	0	248
	Dividend distributed	0	0	0	-15,000	-15,000
	<b>Equity at 1 October 2019</b>	<b>1,000</b>	<b>0</b>	<b>121,875</b>	<b>15,000</b>	<b>137,875</b>
18	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	0	0	0	-15,000	-15,000
	Distributed extraordinary dividend recognised under equity	0	0	-45,000	0	-45,000
	<b>Equity at 30 September 2020</b>	<b>1,000</b>	<b>0</b>	<b>77,293</b>	<b>0</b>	<b>78,293</b>

## Financial statements 1 October 2019 - 30 September 2020

### Notes to the financial statements

#### 1 Accounting policies

The annual report of Beirholms Væverier A/S for 2019/20 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to large reporting class C entities.

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

#### Omission of a cash flow statement

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

#### Foreign currency translation

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

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

#### Derivative financial instruments

On initial recognition, derivative financial instruments are recognised at cost in the balance sheet and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are included in "Other receivables" and "Other payables", respectively.

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 as and qualifying for hedging of future assets or liabilities are recognised in other receivables or other payables, respectively, and in equity. If the hedged 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 hedged forecast transaction results in income or expenses, amounts previously deferred in equity are transferred to the income statement in the period in which the hedged item affects the profit/loss for the year.

### 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.

## Financial statements 1 October 2019 - 30 September 2020

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Production costs

Production costs comprise costs incurred in generating the revenue for the year. Such costs include direct and indirect costs of raw materials, consumables and production staff, rent and leases, as well as depreciation on production plant.

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
New line	years
Land and buildings	10-60 years
Fixtures and fittings, other plant and equipment	1-10 years
Investments properties	20-40 years

##### 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.



## Financial statements 1 October 2019 - 30 September 2020

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### 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.

##### Inventories

Inventories are measured at cost in accordance with the FIFO method. 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.

## Financial statements 1 October 2019 - 30 September 2020

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### 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

##### *Revaluation reserve*

The reserve comprises revaluations of property, plant and equipment/investments in subsidiaries and associates relative to cost net of deferred tax.

The revaluation reserve is reduced by the depreciation charges relating to the revaluation.

##### *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. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. 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.

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.

## Financial statements 1 October 2019 - 30 September 2020

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### 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 ratio	$\frac{\text{Gross margin} \times 100}{\text{Revenue}}$
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 2019 - 30 September 2020

### Notes to the financial statements

DKK'000	<u>2019/20</u>	<u>2018/19</u>
<b>2 Segment information</b>		
<b>Breakdown of revenue by business segment:</b>		
Sales to industrial laundries	234,851	317,175
Others	6,925	6,961
	<u>241,776</u>	<u>324,136</u>
<b>Breakdown of revenue by geographical segment:</b>		
Europe	241,776	324,136
	<u>241,776</u>	<u>324,136</u>
<b>3 Other operating income</b>		
Cost invoiced to group companies	8,805	11,128
Rental income from investment properties	44	205
Gain on the sale of property, plant and equipment	266	0
	<u>9,115</u>	<u>11,333</u>
<b>4 Financial income</b>		
Other financial income	179	220
	<u>179</u>	<u>220</u>
<b>5 Financial expenses</b>		
Interest expenses, group entities and shareholders	821	382
Other financial expenses	1,047	1,004
	<u>1,868</u>	<u>1,386</u>
<b>6 Tax for the year</b>		
Estimated tax charge for the year	220	5,647
Deferred tax adjustments in the year	16	411
	<u>236</u>	<u>6,058</u>
Specified as follows:		
Tax for the year	236	6,058
Tax on items recognised directly in equity	-48	-248
	<u>188</u>	<u>5,810</u>

## Financial statements 1 October 2019 - 30 September 2020

### Notes to the financial statements

#### 7 Property, plant and equipment

DKK'000	Land and buildings	Fixtures and fittings, other plant and equipment	Total
Cost at 1 October 2019	99,651	15,746	115,397
Additions	122	481	603
Disposals	0	-5,156	-5,156
Cost at 30 September 2020	99,773	11,071	110,844
Impairment losses and depreciation at 1 October 2019	19,633	13,549	33,182
Depreciation	1,686	801	2,487
Reversal of accumulated depreciation and impairment of assets disposed	0	-4,505	-4,505
Impairment losses and depreciation at 30 September 2020	21,319	9,845	31,164
<b>Carrying amount at 30 September 2020</b>	<b>78,454</b>	<b>1,226</b>	<b>79,680</b>
Recognised interest	1,300	0	

Note 14 provides more details on security for loans, etc. as regards property, plant and equipment.

#### 8 Investments

DKK'000	Other receivables
Cost at 1 October 2019	4,823
Disposals	-184
Cost at 30 September 2020	4,639
<b>Carrying amount at 30 September 2020</b>	<b>4,639</b>

#### 9 Share capital

Analysis of the share capital:

1,000 shares of DKK 1,000 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.

#### 10 Deferred tax

Deferred tax at 1 October	3,495	3,084
Changes of the year charges in the income statement	16	411
<b>Deferred tax at 30 September</b>	<b>3,511</b>	<b>3,495</b>

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

## Financial statements 1 October 2019 - 30 September 2020

### Notes to the financial statements

#### 11 Non-current liabilities other than provisions

DKK'000	Total debt at 30/9 2020	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Mortgage debt	31,814	3,011	28,803	16,704
Other payables	1,845	0	1,845	0
	<u>33,659</u>	<u>3,011</u>	<u>30,648</u>	<u>16,704</u>

DKK'000	2019/20	2018/19
<b>12 Staff costs</b>		
Wages/salaries	37,068	40,300
Pensions	2,556	2,600
Other social security costs	422	500
	<u>40,046</u>	<u>43,400</u>

Staff costs are recognised as follows in the financial statements:

Production	24,133	24,000
Distribution	14,163	15,000
Administration	1,750	4,400
	<u>40,046</u>	<u>43,400</u>
	<u>2019/20</u>	<u>2018/19</u>
Average number of full-time employees	<u>66</u>	<u>71</u>

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

#### 13 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

Operational leasing obligations against affiliated company amounts to DKK 372 thousand, of which, DKK 186 thousand falls due in the next financial year.

Operational leasing obligations against third parties amount to DKK 366 thousand of which DKK 234 thousand falls due in the next financial year.

The company has guaranteed for an affiliated company's bank liabilities. The bank deposit amounts to DKK 11,898 thousand per 30 September 2020.

The company has entered into other contractual obligations amounting to DKK 4,468 thousand of which DKK 2,045 thousand falls due in the next financial year.

## Financial statements 1 October 2019 - 30 September 2020

### Notes to the financial statements

#### 14 Collateral

Land and buildings at a carrying amount of DKK 70,086 thousand at 30 September 2020 have been put up as security for debt to mortgage credit institutions, totalling DKK 31,814 thousand

#### 15 Currency and interest rate risks

The company uses currency forward contracts and interest swaps in order 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 2020:

Currency (DKK'000)	Payment/ maturity	Receivable	Payables	Hedging transactions	Net position
USD	< 1 year	640	-1,731	1,091	0
EUR*	< 1 year	23,690	-145	0	23,545
NOK**	< 1 year	1,713	0	0	1,713
		<u>26,043</u>	<u>-1,876</u>	<u>1,091</u>	<u>25,258</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	
		2019/20	2018/19	2019/20	2018/19
USD	0-7 months	<u>6,915</u>	<u>10,800</u>	<u>-375</u>	<u>400</u>

##### Interest rate risks

The company entered into an interest swap contract in order to hedge interest risk on long term debt (annuity loan) with a remaining debt of DKK 23,296 thousand at a fixed interest rate of 1,55% till expiry of the loan in September 2029. The contract has a negative value of DKK 1,845 thousand. The negative fair value of the contract has been recognized in the equity.

## Financial statements 1 October 2019 - 30 September 2020

### 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 50 % of the share capital and 75 % 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 A/S (Norway), and Finansieringsselskabet Beirholm ApS.

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.

#### 17 Fee to the auditors appointed by the Company in general meeting

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

<b>DKK'000</b>	<u>2019/20</u>	<u>2018/19</u>
<b>18 Appropriation of profit</b>		
<b>Recommended appropriation of profit</b>		
Proposed dividend recognised under equity	0	15,000
Extraordinary dividend distributed in the year	45,000	0
Retained earnings/accumulated loss	-44,410	6,202
	<u>590</u>	<u>21,202</u>



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## Kamma Beirholm

### Bestyrelse

På vegne af: Beirholms Væverier A/S

Serienummer: PID:9208-2002-2-859182862326

IP: 77.234.xxx.xxx

2020-12-10 13:37:53Z

NEM ID 

## Peter Beirholm

### Direktion

På vegne af: Beirholms Væverier A/S

Serienummer: PID:9208-2002-2-952576375278

IP: 77.234.xxx.xxx

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## Peter Beirholm

### Bestyrelse

På vegne af: Beirholms Væverier A/S

Serienummer: PID:9208-2002-2-952576375278

IP: 77.234.xxx.xxx

2020-12-10 13:39:46Z

NEM ID 

## Jakob Blicher Ravnsbo

### Dirigent

På vegne af: Beirholms Væverier A/S

Serienummer: PID:9208-2002-2-860950055830

IP: 87.49.xxx.xxx

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## Jakob Blicher Ravnsbo

### Bestyrelse

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IP: 87.49.xxx.xxx

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## Jonas Kristiansen

### Statsautoriseret revisor

På vegne af: EY Godkendt Revisionspartnerselskab

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## Jon Midtgaard

### Statsautoriseret revisor

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