

Beirholms Væverier A/S

Nordager 20, 6000 Kolding

CVR no. 36 80 51 10

Annual report 2022/23

Approved at the Company's annual general meeting on 13 December 2023

Chair of the meeting:

.....
Jakob Blicher Ravnsbo

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Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Beirholms Væverier A/S for the financial year 1 October 2022 - 30 September 2023.

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 2023 and of the results of the Company's operations for the financial year 1 October 2022 - 30 September 2023.

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

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

Kolding, 20 December 2023
Executive Board:

.....
Peter Beirholm

Board of Directors:

.....
Jakob Blicher Ravnsbo
Chairman

.....
Peter Beirholm

.....
Kamma Beirholm

.....
Andreas Beirholm

.....
Olavi Mogens Beirholm

.....
Johannes Beirholm

Independent auditor's report

To the shareholders of Beirholms Væverier A/S

Opinion

We have audited the financial statements of Beirholms Væverier A/S for the financial year 1 October 2022 - 30 September 2023, 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 2023 and of the results of the Company's operations for the financial year 1 October 2022 - 30 September 2023 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Management's responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Independent auditor's report

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

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

Statement on the Management's review

Management is responsible for the Management's review.

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

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

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

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

Vejle, 13 December 2023
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 2022 - 30 September 2023 |
| Board of Directors | Jakob Blicher Ravnsbo, Chairman Peter Beirholm Kamma Beirholm Andreas Beirholm Olavi Mogens Beirholm Johannes Beirholm |
| Executive Board | Peter Beirholm |
| Auditors | EY Godkendt Revisionspartnerselskab Lysholt Allé 10, 7100 Vejle, Denmark |

Management's review

Financial highlights

| DKK'000 | 2022/23 | 2021/22 | 2020/21 | 2019/20 | 2018/19 |
|--|----------------|----------------|----------------|----------------|----------------|
| Key figures | | | | | |
| Revenue | 465,185 | 431,978 | 202,043 | 241,776 | 324,136 |
| Gross profit | 81,001 | 82,988 | 32,604 | 26,261 | 62,694 |
| Profit before interest and tax (EBIT) | 55,037 | 63,989 | 15,954 | 2,515 | 28,426 |
| Net financials | -2,325 | -1,522 | -1,162 | -1,689 | -1,166 |
| Profit for the year | 41,089 | 48,568 | 11,302 | 590 | 21,202 |
| Balance sheet | | | | | |
| Fixed assets | 4,805 | 4,929 | 4,980 | 84,319 | 87,038 |
| Non-fixed assets | 204,453 | 212,241 | 122,518 | 100,572 | 128,745 |
| Total assets | 209,258 | 217,170 | 127,498 | 184,891 | 215,783 |
| Investments in property, plant and equipment | 425 | 285 | 0 | 603 | 2,800 |
| Equity | 107,136 | 89,156 | 50,081 | 78,293 | 137,875 |
| Current liabilities other than provisions | 91,129 | 128,014 | 77,417 | 72,439 | 40,191 |
| Financial ratios | | | | | |
| Operating margin | 11.8% | 14.8% | 7.9% | 1.0 % | 8.8 % |
| Gross margin | 17.4% | 19.2% | 16.1% | 10.9% | 19.3% |
| Return on assets | 19.2% | 29.4% | 4.2% | -3.3% | 7.9% |
| Equity ratio | 51.2% | 41.1% | 39.3% | 42.3% | 63.9% |
| Return on equity | 41.9% | 69.8% | 17.6% | 0.5% | 15.7% |
| Average number of full-time employees | | | | | |
| | 65 | 57 | 53 | 66 | 71 |

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 pandemic gave birth to the highest decline ever in activity in the hotel industry and accordingly at Beirholms Væverier A/S. Now the financial years 2021/22 and 2022/23 have financially shown full recovery for Beirholm on our way back from the pandemic close down. The demand for private leisure has been strong, conference hotels are back, with traditional business stays still suffering a bit compared to pre-pandemic level.

At the brink of 2022/23 we were looking into a year with great uncertainty because of the recent war in Ukraine. Energy crisis and high inflation and supply chain difficulties from especially sea freight were threatening another global setback. Despite great uncertainties including escalating interest rates designed to reduce global activity, 2022/23 showed to be the historical year where the revenue on group level incl. Creadore A/S passed 500 million DKK. We are proud of and satisfied with this achievement.

The achievements have been realized as a result of our long term strategy build on strong partnerships, an agile and highly competent organization, and industry leading products.

We rest assured that we can navigate another possible storm on the market given our experience from the lockdown periods during the pandemic.

Financial performance

As we entered the 2022/23 fiscal year, challenges stemming from uncertainties in energy supply, inflation, escalating interest rates, supply chain disruptions, and an overheated labor market emerged. This mix of uncertainties naturally heightened our concerns. Nevertheless, we remained confident that our overarching strategy would endure, positioning us to outperform the market.

Throughout 2022/23, notable developments included:

- ▶ Overseas transport challenges disappeared within the first weeks of the financial year, restoring sailing times and freight rates to near-normal levels. This strengthened our endlessly efforts to reduce time to market and at the same time reduce capital tied up in inventory.
- ▶ Escalating interest rates heightened the focus on reducing working capital tied-up, both internally and at our customer's end. The full impact of these interest rate increases is yet to be realized, particularly considering general activity levels in Europe, which could potentially reduce private purchasing power and demand for hotel accommodation.
- ▶ Shorter lead times, combined with higher capital costs and fluctuating prices for yarns and raw materials, led to a shift toward shorter but normalized order horizons among our customers. This resulted in a slightly lower second half of the year compared to a record-high first half.
- ▶ High inflation rates in Denmark and Europe, driven by energy and raw material prices, normalized toward the end of the year.
- ▶ Despite Denmark's record-high employment rate, we successfully attracted and filled new positions with highly skilled individuals, reinforcing our confidence in our future market position.

Management's review

Although we achieved a historic turnover at Beirholms Væverier A/S, the pre-tax result is slightly lower than last year, reflecting investments in additional personnel and other strategic activities.

According to the annual report 2021/22 revenue and result after tax for 2022/23 was expected in the range of 420 - 475 mDKK and 20 - 40 mDKK, respectively. Thus, revenue was realised within the higher end of the expected range and result after tax was realised a bit above the expected range.

Outlook

Looking into a challenging and unpredictable 2023/24, various opposing elements may affect our development.

While inflation has normalized, the full effects of increased interest rates are yet to be seen. In our primary markets, a less constrained labor market is anticipated, though not to an extent that would severely impact the economy. Consequently, we expect sustained robust demand for hotel accommodation, a fundamental driver of our business.

Continued investments in the laundry sector are still expected, although rising interest rates may naturally temper investments in new laundry capacity. As our products support improved energy utilization and enhanced capacity efficiency in laundries, we anticipate maintaining our status as the preferred choice of our customers.

The budget for the coming year projects a turnover at the level of 2022/23, with a certain margin, resulting in an expected range of DKK 450-500 million. The major uncertainty in this context is the realization of our expectations related to the macro-economic development.

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

Knowledge resources

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

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

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

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

Management's review

Financial risks and use of financial instruments

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

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

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

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

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

Data ethics

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

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

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

Statutory CSR report

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

Account of the gender composition of Management

The board has expanded from 3 to 6 members, with 5 being men. The board is composed of Kamma and Peter Beirholm and their 3 sons, along with Beirholms lawyer.

Although the Board now primarily consist of family member It is still Beirholms ambition to have 2 women in the board before 2026/27. An equal gender distribution has not been reached in the financial year, as Beirholm has prioritized af family structured Board.

No gender is underrepresented at the Company's other management levels as each gender is represented by at least 40%, except for the Executive Board, which comprises one person.

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 2022 - 30 September 2023

Income statement

| Note | DKK'000 | 2022/23 | 2021/22 |
|------|-------------------------------------|----------|----------|
| 2 | Revenue | 465,185 | 431,978 |
| 14 | Production costs | -384,184 | -348,990 |
| | Gross profit | 81,001 | 82,988 |
| 14 | Distribution costs | -27,665 | -23,455 |
| 14,4 | Administrative expenses | -12,429 | -8,947 |
| | Operating profit | 40,907 | 50,586 |
| 3 | Other operating income | 14,130 | 13,403 |
| | Profit before net financials | 55,037 | 63,989 |
| 5 | Financial income | 1,499 | 458 |
| 6 | Financial expenses | -3,824 | -1,980 |
| | Profit before tax | 52,712 | 62,467 |
| 7 | Tax for the year | -11,623 | -13,899 |
| | Profit for the year | 41,089 | 48,568 |

Financial statements 1 October 2022 - 30 September 2023

Balance sheet

| Note | DKK'000 | <u>2022/23</u> | <u>2021/22</u> |
|------|--|----------------|----------------|
| | ASSETS | | |
| | Fixed assets | | |
| 8 | Property, plant and equipment | | |
| | Fixtures and fittings, tools and equipment | 457 | 494 |
| | | <u>457</u> | <u>494</u> |
| 9 | Investments | | |
| | Other receivables | 4,348 | 4,435 |
| | | <u>4,348</u> | <u>4,435</u> |
| | Total fixed assets | <u>4,805</u> | <u>4,929</u> |
| | Non-fixed assets | | |
| | Inventories | | |
| | Finished goods and goods for resale | 86,040 | 120,263 |
| | Prepayments for goods | 31,917 | 32,537 |
| | | <u>117,957</u> | <u>152,800</u> |
| | Receivables | | |
| | Trade receivables | 30,782 | 45,236 |
| | Receivables from group entities | 25,086 | 12,714 |
| 12 | Deferred tax assets | 0 | 599 |
| | Other receivables | 197 | 317 |
| | Prepayments | 0 | 50 |
| | | <u>56,065</u> | <u>58,916</u> |
| 10 | Securities and investments | 67 | 52 |
| | Cash | <u>30,364</u> | <u>473</u> |
| | Total non-fixed assets | <u>204,453</u> | <u>212,241</u> |
| | TOTAL ASSETS | <u>209,258</u> | <u>217,170</u> |

Financial statements 1 October 2022 - 30 September 2023

Balance sheet

| Note | DKK'000 | <u>2022/23</u> | <u>2021/22</u> |
|------|--|-----------------------|-----------------------|
| | EQUITY AND LIABILITIES | | |
| | Equity | | |
| 11 | Share capital | 1,000 | 1,000 |
| | Hedging reserve | 113 | 222 |
| | Retained earnings | 65,023 | 64,934 |
| | Dividend proposed | 41,000 | 23,000 |
| | Total equity | <u>107,136</u> | <u>89,156</u> |
| | Provisions | | |
| 12 | Deferred tax | 523 | 0 |
| | Total provisions | <u>523</u> | <u>0</u> |
| | Liabilities other than provisions | | |
| | Non-current liabilities other than provisions | | |
| | Joint taxation contribution payable | 10,470 | 0 |
| | | <u>10,470</u> | <u>0</u> |
| | Current liabilities other than provisions | | |
| | Bank debt | 0 | 36,163 |
| | Trade payables | 11,564 | 15,070 |
| | Payables to group entities | 55,984 | 51,641 |
| | Joint taxation contribution payable | 13,717 | 16,541 |
| | Other payables | 9,864 | 8,599 |
| | | <u>91,129</u> | <u>128,014</u> |
| | Total liabilities other than provisions | <u>101,599</u> | <u>128,014</u> |
| | TOTAL EQUITY AND LIABILITIES | <u><u>209,258</u></u> | <u><u>217,170</u></u> |

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

Financial statements 1 October 2022 - 30 September 2023

Statement of changes in equity

| Note | DKK'000 | Share capital | Hedging reserve | Retained earnings | Dividend proposed | Total |
|------|---|---------------|-----------------|-------------------|-------------------|----------------|
| | Equity at 1 October 2021 | 1,000 | -285 | 39,366 | 10,000 | 50,081 |
| 18 | Transfer, see "Appropriation of profit" | 0 | 0 | 25,568 | 23,000 | 48,568 |
| | Adjustment of hedging instruments at fair value | 0 | 650 | 0 | 0 | 650 |
| | Tax on items recognised directly in equity | 0 | -143 | 0 | 0 | -143 |
| | Dividend distributed | 0 | 0 | 0 | -10,000 | -10,000 |
| | Equity at 1 October 2022 | 1,000 | 222 | 64,934 | 23,000 | 89,156 |
| 18 | Transfer, see "Appropriation of profit" | 0 | 0 | 89 | 41,000 | 41,089 |
| | Adjustment of hedging instruments at fair value | 0 | -140 | 0 | 0 | -140 |
| | Tax on items recognised directly in equity | 0 | 31 | 0 | 0 | 31 |
| | Dividend distributed | 0 | 0 | 0 | -23,000 | -23,000 |
| | Equity at 30 September 2023 | 1,000 | 113 | 65,023 | 41,000 | 107,136 |

Financial statements 1 October 2022 - 30 September 2023

Notes to the financial statements

1 Accounting policies

The annual report of Beirholms Væverier A/S for 2022/23 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to large reporting class C entities.

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

Omission of a cash flow statement

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

Foreign currency translation

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

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

Derivative financial instruments

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

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

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

Financial statements 1 October 2022 - 30 September 2023

Notes to the financial statements

1 Accounting policies (continued)

Income statement

Revenue

The Company has chosen IAS 11/IAS 18 as interpretation for revenue recognition.

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

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

Production costs

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

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

Distribution costs

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

Administrative expenses

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

Other operating income

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

Depreciation

The item comprises depreciation of property, plant and equipment.

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

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

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

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

Financial statements 1 October 2022 - 30 September 2023

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 2022 - 30 September 2023

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

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

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

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

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

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".

Liabilities

The Company has chosen IAS 39 as interpretation for liabilities.

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

Other liabilities are measured at net realisable value.

Financial statements 1 October 2022 - 30 September 2023

Notes to the financial statements

1 Accounting policies (continued)

Fair value

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

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

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

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

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

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

Segment information

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

Financial ratios

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

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

Financial statements 1 October 2022 - 30 September 2023

Notes to the financial statements

| DKK'000 | <u>2022/23</u> | <u>2021/22</u> |
|--|----------------|----------------|
| 2 Segment information | | |
| Breakdown of revenue by business segment: | | |
| Sales to industrial laundries | 455,189 | 422,525 |
| Others | 9,996 | 9,453 |
| | <u>465,185</u> | <u>431,978</u> |
| Breakdown of revenue by geographical segment: | | |
| Europe | <u>465,185</u> | <u>431,978</u> |
| | <u>465,185</u> | <u>431,978</u> |
| 3 Other operating income | | |
| Cost invoiced to group companies | 13,875 | 13,379 |
| Other operating income | 50 | 24 |
| Gain on the sale of property, plant and equipment | 205 | 0 |
| | <u>14,130</u> | <u>13,403</u> |
| 4 Fee to the auditors appointed in general meeting | | |
| Audit fees are not disclosed with reference to section 96(3) of the Danish Financial Statements Act. The fee is specified in the consolidated financial statements for Bindeballe Holding A/S. | | |
| 5 Financial income | | |
| Interest receivable, group entities | 1,069 | 254 |
| Other financial income | 430 | 204 |
| | <u>1,499</u> | <u>458</u> |
| 6 Financial expenses | | |
| Interest expenses, group entities and shareholders | 2,568 | 1,446 |
| Other financial expenses | 1,256 | 534 |
| | <u>3,824</u> | <u>1,980</u> |
| 7 Tax for the year | | |
| Estimated tax charge for the year | 10,501 | 13,717 |
| Deferred tax adjustments in the year | 1,122 | 182 |
| | <u>11,623</u> | <u>13,899</u> |
| Specified as follows: | | |
| Tax for the year | 11,623 | 13,899 |
| Tax on items recognised directly in equity | -31 | 143 |
| | <u>11,592</u> | <u>14,042</u> |

Financial statements 1 October 2022 - 30 September 2023

Notes to the financial statements

8 Property, plant and equipment

| DKK'000 | Fixtures and fittings, tools and equipment |
|--|--|
| Cost at 1 October 2022 | 10,630 |
| Additions | 425 |
| Disposals | -330 |
| Cost at 30 September 2023 | <u>10,725</u> |
| Impairment losses and depreciation at 1 October 2022 | 10,136 |
| Depreciation | 380 |
| Reversal of accumulated depreciation and impairment of assets disposed | -248 |
| Impairment losses and depreciation at 30 September 2023 | <u>10,268</u> |
| Carrying amount at 30 September 2023 | <u>457</u> |

9 Investments

| DKK'000 | Other receivables |
|---|---------------------|
| Cost at 1 October 2022 | 4,435 |
| Disposals | -87 |
| Cost at 30 September 2023 | <u>4,348</u> |
| Carrying amount at 30 September 2023 | <u>4,348</u> |

10 Securities and investments

| Fair value information DKK'000 | Stocks | Hedging |
|---|--------|---------|
| Fair value at 30 September | 67 | 145 |
| Value adjustments in the income statement | 15 | 0 |
| Changes recognised in the hedging reserve | 0 | -140 |
| Fair value level | 1 | 2 |

11 Share capital

Analysis of the share capital:

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

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

Financial statements 1 October 2022 - 30 September 2023

Notes to the financial statements

| DKK'000 | 2022/23 | 2021/22 |
|---|------------|-------------|
| 12 Deferred tax | | |
| Deferred tax at 1 October | -599 | -781 |
| Changes of the year charges in the income statement | 1,122 | 182 |
| Deferred tax at 30 September | 523 | -599 |

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

13 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 2023:

| Currency (DKK'000) | Payment/maturity | Receivable | Payables | Hedged by forward exchange contracts and currency swaps | Net position |
|--------------------|------------------|---------------|-------------|---|---------------|
| USD | < 1 year | 263 | 0 | 0 | 263 |
| EUR* | < 1 year | 53,628 | -847 | 0 | 52,781 |
| NOK** | < 1 year | 13 | 0 | -127 | -114 |
| | | 53,904 | -847 | -127 | 52,930 |

* 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 | |
|---------|------------|-------------------|---------------|---------------------------------------|------------|
| | | 2022/23 | 2021/22 | 2022/23 | 2021/22 |
| USD | 0-6 months | 0 | 3,659 | 0 | 155 |
| NOK | 0-6 months | -10,432 | -6,284 | 154 | 130 |
| | | -10,432 | -2,625 | 154 | 285 |

Financial statements 1 October 2022 - 30 September 2023

Notes to the financial statements

| DKK'000 | 2022/23 | 2021/22 |
|-----------------------------|---------------|---------------|
| 14 Staff costs | | |
| Wages/salaries | 42,013 | 34,611 |
| Pensions | 2,889 | 2,452 |
| Other social security costs | 540 | 537 |
| | <u>45,442</u> | <u>37,600</u> |

Staff costs are recognised as follows in the financial statements:

| | | |
|-------------------------|---------------|---------------|
| Production costs | 24,667 | 20,504 |
| Distribution costs | 13,274 | 12,727 |
| Administrative expenses | 7,501 | 4,369 |
| | <u>45,442</u> | <u>37,600</u> |

| | | |
|---------------------------------------|-----------|-----------|
| Average number of full-time employees | <u>65</u> | <u>57</u> |
|---------------------------------------|-----------|-----------|

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

Total remuneration to Management (6 persons): DKK 3.5 million (2021/22: DKK 1.6 million, 3 persons)

15 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 7,777 thousand, of which, DKK 1,111 thousand falls due in the next financial year.

Operational leasing obligations against third parties amount to DKK 1,225 thousand of which DKK 946 thousand falls due in the next financial year.

The company has guaranteed for an affiliated company's bank liabilities. At 30 September 2023 the affiliate has a net bank deposit.

The company has entered into other contractual obligations amounting to DKK 1,764 thousand of which DKK 1,564 thousand falls due in the next financial year.

16 Collateral

The Company has not provided any security or other collateral in assets at 30 September 2023.

Financial statements 1 October 2022 - 30 September 2023

Notes to the financial statements

17 Related parties

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

Parties exercising control

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

Related party transactions

Bindeballe Holding A/S prepares consolidated financial statements.

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

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

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

| DKK'000 | <u>2022/23</u> | <u>2021/22</u> |
|--|----------------|----------------|
| 18 Appropriation of profit | | |
| Recommended appropriation of profit | | |
| Proposed dividend recognised under equity | 41,000 | 23,000 |
| Retained earnings | 89 | 25,568 |
| | <u>41,089</u> | <u>48,568</u> |

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Jon Midtgaard

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Statsautoriseret revisor

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