



Hummel Holding A/S

Balticagade 20
8000 Aarhus C
CVR No. 15238712

Annual report 2022

The Annual General Meeting adopted the
annual report on 31.05.2023

Thor Stadil

Chairman of the General Meeting

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Entity details

Entity

Hummel Holding A/S

Balticagade 20

8000 Aarhus C

Business Registration No.: 15238712

Registered office: Aarhus

Financial year: 01.01.2022 - 31.12.2022

Board of Directors

Christian Nicholas Rosenkrantz Stadil

Thor Stadil

Marianne Schelde

Allan Vad Nielsen

Executive Board

Allan Vad Nielsen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Tværkajen 5

P. O. Box 10

5100 Odense

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Hummel Holding A/S for the financial year 01.01.2022 - 31.12.2022.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2022 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2022 - 31.12.2022.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Aarhus, 31.05.2023

Executive Board

Allan Vad Nielsen

Board of Directors

Christian Nicholas Rosenkrantz Stadil

Thor Stadil

Marianne Schelde

Allan Vad Nielsen

Independent auditor's report

To the shareholders of Hummel Holding A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of Hummel Holding A/S for the financial year 01.01.2022 - 31.12.2022, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2022 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2022 - 31.12.2022 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 consolidated financial statements and the parent financial statements" section of this auditor's report. We are independent of the Group 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent 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 consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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 these consolidated financial statements and parent 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 consolidated financial statements and the parent financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Entity'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 consolidated financial statements and the parent 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 Group's and the Entity'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 consolidated financial statements and the parent 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 Group and the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 commentary

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Odense, 31.05.2023

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Gert Rasmussen

State Authorised Public Accountant
Identification No (MNE) mne35430

Abdul Wahab Ashraf

State Authorised Public Accountant
Identification No (MNE) mne46664

Management commentary

Financial highlights

	2022	2021	2020	2019	2018
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Key figures					
Revenue	2,200,860	1,858,424	1,340,581	1,361,363	1,256,237
Gross profit/loss	282,565	391,396	165,895	347,545	289,142
Operating profit/loss	(88,121)	135,697	(48,810)	133,589	178,766
Net financials	(14,355)	(20,433)	(27,195)	(23,288)	(51,732)
Profit/loss for the year	(86,679)	99,014	(78,603)	83,023	41,586
Balance sheet total	2,068,838	1,531,822	1,333,788	1,282,799	1,207,718
Investments in property, plant and equipment	149,405	17,203	22,260	12,113	17,424
Equity	286,199	394,977	191,739	391,984	329,515
Equity excl. minority interests	261,171	377,070	174,133	370,176	329,104
Average number of employees	1,057	919	873	787	652
Ratios					
Gross margin (%)	12.84	21.06	12.37	25.53	23.02
Net margin (%)	(3.94)	5.33	(5.86)	6.10	3.31
Equity ratio (%)	12.62	24.62	13.06	28.86	27.25

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

Gross margin (%):

Gross profit/loss * 100

Revenue

Net margin (%):

Profit/loss for the year * 100

Revenue

Equity ratio (%):

Equity excl. minority interests * 100

Balance sheet total

Primary activities

The hummel Group develops and markets shoes and textiles within the categories Sport, Sport lifestyle, Sportfashion & Kidsfashion. Products are being marketed nationally and internationally under the trademarks hummel, newline, Halo & Sometime Soon. Sales & distribution is conducted through own entities and through external licensee & distribution agreements.

Hummel Holding A/S is the owner of the majority of Group trademarks and handles the lease and sale of trademarks. Furthermore, the Company holds equity investments in group entities and facilitates a series of financial activities within the group.

Development in activities and finances

The hummel Group has shown strong growth on market share, market presence and turnover during recent years. Despite challenging market conditions in 2022, the hummel Group achieved an all-time high revenue of DKK 2,201 million (2021; DKK 1,858 million).

Our wholesale, e-commerce and own retail activities all contributed positively to this top-line growth. With strong and sustainable growth comes a high demand for an effective and efficient supply chain. In 2022 hummel opened a new and modern warehouse facility in Denmark. The warehouse facility is highly automated and is an integral part of the future success of the Group.

The 2022 income statement for the Group shows a loss of DKK 87 million (2021; profit DKK 99 million). On 31 December 2022, the balance sheet of the Group shows equity of DKK 286 million (2021; DKK 395 million) including non-controlling interests of DKK 25 (2021; DKK 18 million).

Profit/loss for the year in relation to expected developments

The financial performance of the year does not meet expectations. The financial performance has suffered from significant start-up costs and temporary inefficiencies related to the opening our new warehouse facility as well as movement of existing stock from previous warehouse locations. At the same time sales margins have been challenged by adverse market conditions and high supply chain costs in terms of inbound freight and a stronger USD compared to DKK.

Uncertainty relating to recognition and measurement

Recognition and measurement in the Annual Report have not been subject to any uncertainty.

Unusual circumstances affecting recognition and measurement

The financial position on 31 December 2022 and the results of the activities of the Group for the financial year 2022 have not been affected by any unusual events.

Outlook

The Group has a well-balanced distribution of its investments relative to the growth expectations on individual markets. The group intends to further expand its market share on selected markets.

The coming years will show a gradual and significant growth in turnover, cash flow and significant improvement in earnings. This is based on our strong footprint in the market, our brands and the development we see in our supply chain and other areas of the business.

For the time being, external market conditions are volatile and challenging which will put pressure on earnings for 2023. However, we will start to benefit from our improved efficiency and effectiveness in our supply chain, and consequently see significantly improved financial performance in 2023 with positive numbers.

Use of financial instruments

The Group uses forward contracts to hedge the risk of future changes in the cash market related to Group USD purchases. In addition, some of the groups loan facilities are in foreign currency

Knowledge resources

The Group continuously recruits and retains competent employees, and learning and development activities are provided on a running basis.

Environmental performance

The Group's objective is actively to minimize its environmental impact related to its operations. In 2022 the Group has conducted a global CO2 emission assessment, measuring the groups direct & indirect carbon footprint. Hummel's main target is to reduce scope 3 GHG emissions from purchased goods and services by 55% per purchased item by 2031, while reducing its absolute scope 1 and scope 2 GHG emissions by 60%. Hummel's targets have been validated by the Science Based Targets Initiative.

Statutory report on corporate social responsibility

The Statement of corporate social responsibility is available on the Group's homepage

<http://www.thornico.com/Company-Karma>

Statutory report on the underrepresented gender

The Statement on gender composition is available on the Group's homepage.

<http://www.thornico.com/Company-Karma>

Statutory report on data ethics policy

The Groups policy on Data Ethics is available on the Group's homepage.

<https://www.thornico.com/contact/policies/>

Events after the balance sheet date

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Consolidated income statement for 2022

	Notes	2022 DKK'000	2021 DKK'000
Revenue	2	2,200,860	1,858,424
Other operating income	3	2,137	3,737
Cost of sales		(1,075,406)	(889,585)
Other external expenses	4	(845,026)	(581,180)
Gross profit/loss		282,565	391,396
Staff costs	5	(332,591)	(231,562)
Depreciation, amortisation and impairment losses		(38,095)	(24,137)
Operating profit/loss		(88,121)	135,697
Other financial income	6	21,518	35,762
Other financial expenses	7	(35,873)	(56,195)
Profit/loss before tax		(102,476)	115,264
Tax on profit/loss for the year	8	15,797	(16,250)
Profit/loss for the year	9	(86,679)	99,014

Consolidated balance sheet at 31.12.2022

Assets

	Notes	2022 DKK'000	2021 DKK'000
Completed development projects	11	17,919	13,091
Acquired trademarks		79,269	83,017
Acquired rights		336	523
Goodwill		50,530	56,402
Intangible assets	10	148,054	153,033
Other fixtures and fittings, tools and equipment		142,259	22,688
Leasehold improvements		23,052	13,151
Property, plant and equipment	12	165,311	35,839
Other investments		31	31
Financial assets	13	31	31
Fixed assets		313,396	188,903
Manufactured goods and goods for resale		953,098	555,300
Inventories		953,098	555,300
Trade receivables	14	562,219	607,756
Deferred tax	15	18,713	18,277
Other receivables		76,188	75,612
Tax receivable		22,597	0
Prepayments	16	46,063	40,928
Receivables		725,780	742,573
Cash		76,564	45,046
Current assets		1,755,442	1,342,919
Assets		2,068,838	1,531,822

Equity and liabilities

	Notes	2022 DKK'000	2021 DKK'000
Contributed capital	17	110,000	110,000
Translation reserve		(130,149)	(107,105)
Reserve for fair value adjustments of hedging instruments		39,597	37,638
Retained earnings		241,723	336,537
Equity belonging to Parent's shareholders		261,171	377,070
Equity belonging to minority interests		25,028	17,907
Equity		286,199	394,977
Deferred tax	15	19,686	28,125
Provisions		19,686	28,125
Bank loans		211,545	272,766
Lease liabilities		105,022	0
Payables to group enterprises		50,000	0
Other payables		8,013	7,714
Non-current liabilities other than provisions	18	374,580	280,480
Bank loans		672,698	323,636
Lease liabilities		7,077	0
Trade payables		396,445	329,473
Payables to group enterprises		209,010	64,775
Tax payable		8,419	5,110
Other payables		94,724	103,234
Deferred income	19	0	2,012
Current liabilities other than provisions		1,388,373	828,240
Liabilities other than provisions		1,762,953	1,108,720
Equity and liabilities		2,068,838	1,531,822

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Consolidated statement of changes in equity for 2022

	Contributed capital DKK'000	Translation reserve DKK'000	Reserve for fair value adjustments of hedging instruments DKK'000	Retained earnings DKK'000	Equity belonging to Parent's shareholders DKK'000	Equity belonging to minority interests DKK'000	Total DKK'000
Equity beginning of year	110,000	(107,105)	37,638	336,537	377,070	17,907	394,977
Exchange rate adjustments	0	(28,395)	0	0	(28,395)	(1,014)	(29,409)
Value adjustments	0	0	2,512	0	2,512	0	2,512
Tax of entries on equity	0	5,351	(553)	0	4,798	0	4,798
Profit/loss for the year	0	0	0	(94,814)	(94,814)	8,135	(86,679)
Equity end of year	110,000	(130,149)	39,597	241,723	261,171	25,028	286,199

Consolidated cash flow statement for 2022

	Notes	2022 DKK'000	2021 DKK'000
Operating profit/loss		(88,121)	135,697
Amortisation, depreciation and impairment losses		38,095	24,137
Working capital changes	20	(301,232)	(128,789)
Other adjustments		(23,544)	81,439
Cash flow from ordinary operating activities		(374,802)	112,484
Financial income received		21,518	35,762
Financial expenses paid		(35,873)	(56,195)
Taxes refunded/(paid)		(7,567)	5,801
Cash flows from operating activities		(396,724)	97,852
Acquisition etc. of intangible assets		(16,529)	(89,176)
Sale of intangible assets		0	2,557
Acquisition etc. of property, plant and equipment		(35,035)	(17,202)
Sale of property, plant and equipment		0	5,905
Acquisition of fixed asset investments		0	(9,674)
Cash flows from investing activities		(51,564)	(107,590)
Free cash flows generated from operations and investments before financing		(448,288)	(9,738)
Loans raised		592,286	17,880
Repayments of loans etc.		(110,210)	(70,929)
Finance lease payments		(2,270)	0
Cash flows from financing activities		479,806	(53,049)
Increase/decrease in cash and cash equivalents		31,518	(62,787)
Cash and cash equivalents beginning of year		45,046	107,833
Cash and cash equivalents end of year		76,564	45,046

Cash and cash equivalents at year-end are composed of:

Cash	76,564	45,046
Cash and cash equivalents end of year	76,564	45,046

Notes to consolidated financial statements

1 Events after the balance sheet date

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

2 Revenue

	2022 DKK'000	2021 DKK'000
Eurasia	2,134,990	1,808,751
Rest of the world	65,870	49,673
Total revenue by geographical market	2,200,860	1,858,424
Sport and Fashion	2,200,860	1,858,424
Total revenue by activity	2,200,860	1,858,424

3 Other operating income

	2022 DKK'000	2021 DKK'000
Compensation covid-19	0	1,492
Other operating income	2,137	2,245
	2,137	3,737

4 Fees to the auditor appointed by the Annual General Meeting

	2022 DKK'000	2021 DKK'000
Statutory audit services	1,150	257
Other assurance engagements	19	0
Tax services	327	215
Other services	28	280
	1,524	752

5 Staff costs

	2022	2021
	DKK'000	DKK'000
Wages and salaries	281,051	197,511
Pension costs	16,614	9,934
Other social security costs	22,144	18,008
Other staff costs	12,782	6,109
	332,591	231,562
Average number of full-time employees	1,057	919

Remuneration to the Executive Board has not been disclosed in accordance with section 98B(3) of the Danish Financial Statements Act.

6 Other financial income

	2022	2021
	DKK'000	DKK'000
Other interest income	4,449	12,453
Exchange rate adjustments	17,069	23,309
	21,518	35,762

7 Other financial expenses

	2022	2021
	DKK'000	DKK'000
Financial expenses from group enterprises	2,198	11,476
Other interest expenses	22,965	23,339
Exchange rate adjustments	10,710	21,380
	35,873	56,195

8 Tax on profit/loss for the year

	2022	2021
	DKK'000	DKK'000
Current tax	(18,069)	21,948
Change in deferred tax	990	5,769
Adjustment concerning previous years	1,282	(11,467)
	(15,797)	16,250

9 Proposed distribution of profit/loss

	2022	2021
	DKK'000	DKK'000
Retained earnings	(94,814)	95,315
Minority interests' share of profit/loss	8,135	3,699
	(86,679)	99,014

10 Intangible assets

	Completed development projects DKK'000	Acquired trademarks DKK'000	Acquired rights DKK'000	Goodwill DKK'000
Cost beginning of year	42,292	118,553	1,816	85,958
Exchange rate adjustments	(44)	0	0	(2,500)
Transfers	351	0	0	0
Additions	14,204	2,325	0	0
Disposals	(11,528)	0	0	0
Cost end of year	45,275	120,878	1,816	83,458
Amortisation and impairment losses beginning of year	(29,199)	(35,434)	(1,394)	(29,556)
Exchange rate adjustments	25	0	0	1,503
Transfers	(315)	0	0	0
Amortisation for the year	(9,395)	(6,175)	(86)	(4,875)
Reversal regarding disposals	11,528	0	0	0
Amortisation and impairment losses end of year	(27,356)	(41,609)	(1,480)	(32,928)
Carrying amount end of year	17,919	79,269	336	50,530

11 Development projects

Development projects primarily relate to the acquisition of a new IT system. The system has been completed and supports the Company's operations in the years ahead. The IT system has been recognised at cost and is amortised on a current basis in accordance with the Company's accounting policies. Based on the nature of the items, recognition and measurement of the expenses are not assessed to be subject to any special conditions.

12 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK'000	Leasehold improvements DKK'000
Cost beginning of year	87,584	24,445
Exchange rate adjustments	(12,725)	(37)
Transfers	(206)	(145)
Additions	133,525	15,880
Disposals	(9,294)	(2,618)
Cost end of year	198,884	37,525
Depreciation and impairment losses beginning of year	(64,896)	(11,293)
Exchange rate adjustments	11,167	15
Transfers	243	73
Depreciation for the year	(12,431)	(5,132)
Reversal regarding disposals	9,292	1,864
Depreciation and impairment losses end of year	(56,625)	(14,473)
Carrying amount end of year	142,259	23,052
Recognised assets not owned by Entity	110,982	0

13 Financial assets

	Other investments DKK'000
Cost beginning of year	31
Cost end of year	31
Carrying amount end of year	31

14 Trade receivables

Receivables fall due for payment more than 1 year after year end: DKK 57,606k (2021: 60,974k)

15 Deferred tax

	2022 DKK'000	2021 DKK'000
Changes during the year		
Beginning of year	(9,848)	19,770
Recognised in the income statement	(990)	(5,769)
Recognised directly in equity	13,317	(11,993)
Exchange rate adjustments	(19)	(11,856)
Adjustment concerning previous years	(3,433)	0
End of year	(973)	(9,848)

	2022	2021
Deferred tax has been recognised in the balance sheet as follows	DKK'000	DKK'000
Deferred tax assets	18,713	18,277
Deferred tax liabilities	(19,686)	(28,125)
	(973)	(9,848)

Deferred tax assets

Recognised tax assets relate to the timing differences between dates of deduction for accounting and tax purposes. Based on the nature of the item, the use of the asset and, thus, recognition and measurement are not subject to any special conditions.

16 Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

17 Contributed capital

	Number	Par value	Nominal
		DKK'000	value
			DKK'000
A class	10	110.00	1,100
B class	990	110.00	108,900
	1,000		110,000

18 Non-current liabilities other than provisions

	Due after	Outstanding
	more than 12	after 5 years
	months	after 5 years
	2022	2022
	DKK'000	DKK'000
Bank loans	211,545	0
Lease liabilities	105,022	66,521
Payables to group enterprises	50,000	0
Other payables	8,013	0
	374,580	66,521

19 Deferred income

Deferred income consists of payments received in respect of income in subsequent years.

20 Changes in working capital

	2022	2021
	DKK'000	DKK'000
Increase/decrease in inventories	(397,790)	(82,773)
Increase/decrease in receivables	39,814	(186,771)
Increase/decrease in trade payables etc.	56,744	52,526
Other changes	0	88,229
	(301,232)	(128,789)

21 Derivative financial instruments

Forward exchange contracts are used to hedge future cash flow in USD for 2023. At 31 December 2022 the fair value of the contracts amounts to DKK 12.276k (liability)

22 Unrecognised rental and lease commitments

	2022 DKK'000	2021 DKK'000
Total liabilities under rental or lease agreements until maturity	112,841	81,120

Rental and lease obligations, period of non-terminability 96 months.

23 Contingent liabilities

	2022 DKK'000	2021 DKK'000
Recourse and non-recourse guarantee commitments	9,996	9,199
Contingent liabilities	9,996	9,199

The Group is party to a limited number of disputes. In management's opinion these disputes will not significantly affect the financial position of the Group.

The Parent and the Danish subsidiaries participate in a Danish joint taxation arrangement in which Thornico Holding A/S serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Parent and the Danish subsidiaries are therefore liable for income taxes etc. for the jointly taxed entities, and also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

24 Non-arm's length related party transactions

Only non-arm's length related party transactions are disclosed in the annual report. No such transactions were conducted during the financial year.

25 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:

Name: Thornico Holding A/S
Place of registered office: Odense (Denmark)

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:

Name: Thornico A/S
Place of registered office: Odense (Denmark)

26 Subsidiaries

	Registered in	Corporate form	Ownership %
hummel A/S	Denmark	A/S	100.00
Ultra Bright Ltd.	Hong Kong	Ltd.	100.00
hummel International A/S	Denmark	A/S	100.00
Bee Sport A/S	Denmark	A/S	100.00
hummel Bodh Gaya A/S	Denmark	A/S	100.00
hummel North America ApS	Denmark	ApS	100.00
hummel Sport & Leisure Warenhandelsgesellschaft GmbH	Germany	GmbH	100.00
hummel UK Ltd.	United Kingdom	Ltd.	100.00
hummel Sweden AB	Sweden	AB	100.00
Bumblebee ApS	Denmark	ApS	100.00
hummel France	France	Sarl	100.00
hummel Spor Malzemeleri San. Ve Ticaret A.S.	Turkey	A.S.	75.00
Hummel Ibérica Sport & Fashion S.L.	Spain	S.L.	51.00
Performance Group Scandinavia A/S	Denmark	A/S	100.00
Markon A/S	Denmark	A/S	51.00
hummel sport and leisure CH GmbH	Switzerland	GmbH	100.00
hummel India Private Ltd	India	Ltd	100.00
hummel North America Inc.	USA	Inc.	100.00
Cella Logistik GmbH	Germany	GmbH	100.00
Bee Sport GmbH	Germany	GmbH	100.00
hummel Cenozoic ApS	Denmark	ApS	100.00
hummel Distribution Center A/S	Denmark	A/S	100.00

Parent income statement for 2022

	Notes	2022 DKK'000	2021 DKK'000
Revenue	2	3,962	5,958
Other external expenses		(6,005)	(6,094)
Gross profit/loss		(2,043)	(136)
Depreciation, amortisation and impairment losses		(5,811)	(425)
Operating profit/loss		(7,854)	(561)
Income from investments in group enterprises		(90,733)	84,236
Other financial income	3	26,749	34,140
Other financial expenses	4	(22,196)	(21,480)
Profit/loss before tax		(94,034)	96,335
Tax on profit/loss for the year	5	(780)	(1,021)
Profit/loss for the year	6	(94,814)	95,314

Parent balance sheet at 31.12.2022

Assets

	Notes	2022 DKK'000	2021 DKK'000
Acquired trademarks		75,994	79,480
Intangible assets	7	75,994	79,480
Investments in group enterprises		273,245	365,664
Receivables from group enterprises		105,790	92,865
Financial assets	8	379,035	458,529
Fixed assets		455,029	538,009
Trade receivables	9	66,404	72,823
Receivables from group enterprises		117,892	117,258
Other receivables		337	1,729
Tax receivable		7,256	12,599
Receivables		191,889	204,409
Cash		26	0
Current assets		191,915	204,409
Assets		646,944	742,418

Equity and liabilities

	Notes	2022 DKK'000	2021 DKK'000
Contributed capital		110,000	110,000
Translation reserve		(111,192)	(92,195)
Reserve for net revaluation according to equity method		76,217	169,039
Retained earnings		186,146	190,226
Equity		261,171	377,070
Deferred tax	10	18,790	16,070
Provisions		18,790	16,070
Bank loans		82,211	70,000
Payables to group enterprises		0	969
Non-current liabilities other than provisions	11	82,211	70,969
Bank loans		50,458	5,577
Payables to other credit institutions		37,789	37,789
Trade payables		1,006	951
Payables to group enterprises		195,337	233,932
Other payables		182	60
Current liabilities other than provisions		284,772	278,309
Liabilities other than provisions		366,983	349,278
Equity and liabilities		646,944	742,418
Events after the balance sheet date	1		
Employees	12		
Contingent liabilities	13		
Assets charged and collateral	14		
Related parties with controlling interest	15		
Transactions with related parties	16		

Parent statement of changes in equity for 2022

	Contributed capital DKK'000	Translation reserve DKK'000	Reserve for net revaluation according to the equity method DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	110,000	(92,195)	169,039	190,226	377,070
Exchange rate adjustments	0	(24,348)	(4,047)	0	(28,395)
Other entries on equity	0	0	1,959	0	1,959
Tax of entries on equity	0	5,351	0	0	5,351
Profit/loss for the year	0	0	(90,734)	(4,080)	(94,814)
Equity end of year	110,000	(111,192)	76,217	186,146	261,171

Notes to parent financial statements

1 Events after the balance sheet date

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

2 Revenue

	2022 DKK'000	2021 DKK'000
Royalty	3,962	5,959
Total revenue by activity	3,962	5,959

3 Other financial income

	2022 DKK'000	2021 DKK'000
Financial income from group enterprises	16,230	10,993
Other interest income	73	7
Exchange rate adjustments	10,446	23,140
	26,749	34,140

4 Other financial expenses

	2022 DKK'000	2021 DKK'000
Financial expenses from group enterprises	2,550	1,053
Other interest expenses	2,847	1,672
Exchange rate adjustments	16,799	18,755
	22,196	21,480

5 Tax on profit/loss for the year

	2022 DKK'000	2021 DKK'000
Current tax	(1,032)	1,653
Change in deferred tax	2,720	(503)
Adjustment concerning previous years	(908)	(129)
	780	1,021

6 Proposed distribution of profit and loss

	2022 DKK'000	2021 DKK'000
Retained earnings	(94,814)	95,314
	(94,814)	95,314

7 Intangible assets

	Acquired trademarks DKK'000
Cost beginning of year	114,914
Additions	2,325
Cost end of year	117,239
Amortisation and impairment losses beginning of year	(35,434)
Amortisation for the year	(5,811)
Amortisation and impairment losses end of year	(41,245)
Carrying amount end of year	75,994

8 Financial assets

	Investments in group enterprises DKK'000	Receivables from group enterprises DKK'000
Cost beginning of year	196,627	94,865
Exchange rate adjustments	0	(33,337)
Additions	400	44,262
Cost end of year	197,027	105,790
Revaluations beginning of year	169,039	0
Exchange rate adjustments	(4,047)	0
Adjustments on equity	1,959	0
Share of profit/loss for the year	(90,733)	0
Revaluations end of year	76,218	0
Carrying amount end of year	273,245	105,790

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

9 Trade receivables

Receivables fall due for payment more than 1 year after year end: DKK 57,606k (2021: 60,974k)

10 Deferred tax

	2022 DKK'000	2021 DKK'000
Changes during the year		
Beginning of year	16,070	16,573
Recognised in the income statement	2,720	(503)
End of year	18,790	16,070

Recognised tax assets relate to the timing differences between dates of deduction for accounting and tax purposes. Based on the nature of the item, the use of the asset and, thus, recognition and measurement are not subject to any special conditions.

11 Non-current liabilities other than provisions

	Due after more than 12 months 2022 DKK'000
Bank loans	82,211
	82,211

12 Employees

The Entity has no employees other than the Executive Board. The Executive Officer has not received any remuneration.

13 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement in which Thornico Holding A/S serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc. for the jointly taxed entities, and also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

14 Assets charged and collateral

The Entity has issued an unlimited guarantee for Hummel A/S and Hummel International A/S towards the Group's bank.

The Entity has submitted a statement of support and resignation to the subsidiaries Hummel International A/S and Hummel Bodh Gaya A/S.

15 Related parties with controlling interest

Thornico A/S, Denmark, Parent Company

Thornico Holding A/S, Denmark, Parent Company

Christian Nicholas Rosenkrantz Stadil, non-public adress, Ultimate Owner

16 Non-arm's length related party transactions

Only non-arm's length related party transactions are disclosed in the annual report. No such transactions were conducted during the financial year.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (large).

The accounting policies applied to these consolidated financial statements and parent financial statements are consistent with those applied last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence. Enterprises in which the Group, directly or indirectly, holds between 20% and 50% of the voting rights and exercises significant, but not controlling, influence are regarded as associates.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements. Minority interests' pro rata shares of the profit/loss and the net assets are disclosed as separate items in Management's proposal for the distribution of net profit/loss and equity, respectively.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the acquisition

date, with net assets having been calculated at fair value.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date. Goodwill is considered belonging to the independent foreign entity and is translated using the exchange rate at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates and out of the translation of income statements from average rates to the exchange rates at the balance sheet date are recognised directly in the translation reserve in equity.

Exchange adjustments of outstanding accounts with independent foreign subsidiaries, which are considered part of the total investment in the subsidiary in question, are recognised directly in the translation reserve in equity.

The company has operations in Turkey. Turkish Lira is a hyperinflationary currency. The Danish Financial Statement Act includes no requirements or guidance for inflation adjustments to the financial statements. Consequently, the Turkish operations are included in the consolidated financial statements following the same principles as prior years and explained above and hence, no inflation adjustment has been applied. In case inflation adjustment was applied based on IAS 29, Financial Reporting in Hyperinflationary Economies, the profit after tax for 2022 would have been adjusted by -1 to -6 mDKK and equity by 31 December 2022 would have been adjusted by 7 to 10 mDKK.

When recognising foreign subsidiaries that are integral entities, monetary assets and liabilities are translated using the exchange rates at the balance sheet date. Non-monetary assets and liabilities are translated at the exchange rate at the time of acquisition or the time of any subsequent revaluation or writedown. The items of the income statement are translated at the average rates of the months; however, items deriving from non-monetary assets and liabilities are translated using the historical rates applicable to the relevant non-monetary items.

Income statement

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary

activities.

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs

Staff costs comprise wages and salaries, and social security contributions, pension contributions, etc. for entity staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of intangible assets and property, plant and equipment.

Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intra-group profits or losses.

Other financial income

Other financial income comprises interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets, and tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities, and tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Balance sheet**Goodwill**

Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area.

For goodwill regarding the business in Turkey, the goodwill is amortised over 20 years, which is the useful life assessed by Management based on the large potential in Turkey and the Company's prime locations in Turkey expected to be utilised for 20 years. For other amounts of goodwill, it has not been possible to estimate useful

life reliably, for which reason such useful life has been set at 10 years. The amortisation periods used are 10-20 years.

Goodwill is written down to the lower of recoverable amount and carrying amount.

Intellectual property rights etc.

Intellectual property rights etc. comprise development projects completed, acquired intellectual property rights and trademarks.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred less deferred tax is taken to equity in the reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. For development projects protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights. The amortisation periods used are 3 years.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised on a straight-line basis over their remaining duration, and licences are amortised on a straight-line basis over the term of the agreement.

Intellectual property rights etc. are written down to the lower of recoverable amount and carrying amount.

Trademarks are measured at the lower of cost less accumulated amortiation and recoverable amount. The amortisation period equals the registration period.

Property, plant and equipment

Plant and machinery, and other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

	Useful life
Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	5-10 years

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises

Investments in group enterprises are recognised and measured in the parent financial statements according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus unamortised goodwill and plus or minus unrealised intra-group profits or losses.

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to the reserve for net revaluation according to the equity method in equity.

Goodwill is the difference between cost of investments and fair value of the pro rata share of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. For goodwill regarding the business in Turkey, the goodwill is amortised over 20 years, which is the useful life assessed by Management based on the large potential in Turkey and the Company's prime locations in Turkey expected to be utilised for 20 years. For other amounts of goodwill, it has not been possible to estimate useful life reliably, for which reason such useful life has been set at 10 years. The amortisation periods used are 10-20 years.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value, less writedowns for bad and doubtful debts.

Other investments

Other investments comprise listed securities which are measured at fair value (market price) at the balance sheet date, and unlisted equity investments measured at the lower of cost and net realisable value.

Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Tax payable or receivable

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Minority interests

On initial recognition, minority interests are measured at the minority interests' share of the acquiree's net assets measured at fair value. No goodwill related to the minority interests' equity interests in the acquiree is recognised.

Lease liabilities

Lease liabilities relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease liabilities are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Deferred income

Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities, and cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes, and financial income, financial expenses and income tax paid.

Cash flows from investing activities comprise payments in connection with activities and fixed asset investments, and purchase, development, improvement and sale, etc. of intangible assets and plant and equipment.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs, and the raising of loans, repayments of interest-bearing debt.

Cash and cash equivalents comprise cash.