



Hummel Holding A/S

Balticagade 20
8000 Aarhus C
CVR No. 15238712

Annual report 2021

The Annual General Meeting adopted the
annual report on 10.06.2022

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: 01.01.2021 - 31.12.2021

Board of Directors

Christian Nicholas Rosenkrantz Stadil, Chairman

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 01.01.2021 - 31.12.2021.

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 31.12.2021 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2021 - 31.12.2021.

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, 10.06.2022

Executive Board

Allan Vad Nielsen

Board of Directors

Christian Nicholas Rosenkrantz Stadil
Chairman

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 01.01.2021 - 31.12.2021, 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 31.12.2021 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2021 - 31.12.2021 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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, 10.06.2022

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Gert Rasmussen

State Authorised Public Accountant
Identification No (MNE) mne35430

Management commentary

Financial highlights

	2021 DKK'000	2020 DKK'000	2019 DKK'000	2018 DKK'000	2017 DKK'000
Key figures					
Revenue	1,858,424	1,340,581	1,361,363	1,256,237	1,308,993
Gross profit/loss	391,396	165,895	347,545	289,142	344,276
Operating profit/loss	135,698	(48,810)	133,589	178,766	175,616
Net financials	(20,433)	(27,195)	(23,288)	(51,732)	(98,456)
Profit/loss for the year	99,014	(78,603)	83,023	41,586	53,414
Balance sheet total	1,531,824	1,333,788	1,282,799	1,207,718	1,081,097
Investments in property, plant and equipment	17,203	22,260	12,113	17,424	26,288
Equity	394,977	191,739	391,984	329,515	273,847
Equity excl. minority interests	377,070	174,133	370,176	329,104	276,563
Average number of employees	919	873	787	652	638
Ratios					
Gross margin (%)	21.06	12.37	25.53	23.02	26.30
Net margin (%)	5.33	(5.86)	6.10	3.31	4.08
Equity ratio (%)	24.62	13.06	28.86	27.25	25.58

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

Gross margin (%):

$\frac{\text{Gross profit/loss}}{\text{Revenue}} * 100$

Revenue

Net margin (%):

$\frac{\text{Profit/loss for the year}}{\text{Revenue}} * 100$

Revenue

Equity ratio (%):

$\frac{\text{Equity excl. minority interests}}{\text{Balance sheet total}} * 100$

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 2021 income statement for the group shows a gain of DKK 115,264,477 before tax, which is an increase of DKK 191,270,032 compared to last fiscal year (2020 DKK -76,005,555). At 31 December 2021, the balance sheet of the Company shows equity of DKK 385,687,612 and minority interest of DKK 17,906,515.

Material misstatements concerning the previous year has been corrected in the 2021 Financial Statement. Further information on the corrections is available under the section accounting policies, under the headline "Material errors in previous years"

Profit/loss for the year in relation to expected developments

The gain of the year is considered satisfactory and is realized above the group's original budget expectations. The majority of markets have recovered from the severe implications of the Corona crisis as most distribution channels have been re-opened. An increased momentum on key markets and the reopening of physical distribution is considered the main factors driving the strong financial performance during the year. Prior year's growth has continued across the distribution channels B2B Wholesale, Ecommerce & Own Retail. As a market highlight the Group has continued its expansion into own retail with the opening of 9 stores in Denmark in 2021.

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 2021 and the results of the activities of the Group for the financial year 2021 have not been affected by any unusual events.

Outlook

Despite the positive development the Group continues to face challenges on the supply side. The Group Management is expecting to see some bettering in the Global Supply Chain during 2022, but remain cautious on the current development. Considering the current realized Q1 financial performance, Group management expects to see increased earnings in 2022. The current estimate is a yearly result in the range of 115-150 million DKK.

Group management has a positive view on the expected financial development in 2022, but there is still some uncertainty related to COVID-19 and the potential implications of further lockdowns with potential impacts on both supply & demand side.

Use of financial instruments

The Group is buying & selling USD futures in order 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 the environmental impact related to its operations. In 2021 on this basis the Group conducted its first global CO2 emission assessment, measuring the groups direct & indirect carbon footprint. The aim of this assessment has been to define clear targets and explore how to reduce overall CO2 emission levels with 30% before 2030, with a view to commit publicly to the Science Based Targets Initiative in June 2022.

Statutory report on corporate social responsibility

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

<https://www.thornico.com/company-karma/sustainable-growth/>

Statutory report on the underrepresented gender

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

<https://www.thornico.com/company-karma/sustainable-growth/>

Statutory report on data ethics policy

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

<https://www.thornico.com/company-karma/sustainable-growth/>

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 2021

	Notes	2021 DKK	2020 DKK
Revenue	2	1,858,424,432	1,340,580,626
Other operating income	3	3,737,225	8,698,666
Cost of sales		(889,585,287)	(711,444,678)
Other external expenses	4	(581,179,965)	(471,939,230)
Gross profit/loss		391,396,405	165,895,384
Staff costs	5	(231,561,564)	(188,751,643)
Depreciation, amortisation and impairment losses		(24,137,028)	(23,889,156)
Other operating expenses		0	(2,064,917)
Operating profit/loss		135,697,813	(48,810,332)
Other financial income	6	35,762,097	3,927,984
Other financial expenses	7	(56,195,433)	(31,123,206)
Profit/loss before tax		115,264,477	(76,005,554)
Tax on profit/loss for the year	8	(16,250,443)	(2,597,713)
Profit/loss for the year	9	99,014,034	(78,603,267)

Consolidated balance sheet at 31.12.2021

Assets

	Notes	2021 DKK	2020 DKK
Completed development projects	11	13,092,212	11,606,433
Acquired trademarks		83,017,317	2,905,200
Acquired rights		523,846	523,846
Goodwill		56,401,643	63,690,043
Intangible assets	10	153,035,018	78,725,522
Other fixtures and fittings, tools and equipment		22,687,547	28,982,850
Leasehold improvements		13,151,544	7,995,262
Property, plant and equipment	12	35,839,091	36,978,112
Other investments		31,250	31,250
Financial assets		31,250	31,250
Fixed assets		188,905,359	115,734,884
Manufactured goods and goods for resale		544,551,815	453,066,920
Prepayments for goods		10,748,154	14,858,382
Inventories		555,299,969	467,925,302
Trade receivables	13	607,756,408	448,016,926
Receivables from group enterprises		0	4,358,654
Deferred tax	14	18,276,658	41,410,093
Other receivables		75,612,270	116,839,801
Tax receivable		0	10,578,293
Prepayments	15	40,927,965	21,092,052
Receivables		742,573,301	642,295,819
Cash		45,045,748	107,832,442
Current assets		1,342,919,018	1,218,053,563
Assets		1,531,824,377	1,333,788,447

Equity and liabilities

	Notes	2021 DKK	2020 DKK
Contributed capital		110,000,000	10,000,000
Translation reserve		(107,104,507)	(51,606,099)
Reserve for fair value adjustments of hedging instruments		37,637,775	(25,482,600)
Retained earnings		336,537,077	241,221,799
Equity belonging to Parent's shareholders		377,070,345	174,133,100
Equity belonging to minority interests		17,906,515	17,605,918
Equity		394,976,860	191,739,018
Deferred tax	14	28,124,526	16,579,968
Provisions		28,124,526	16,579,968
Bank loans		272,766,207	254,885,769
Other payables		7,714,494	6,166,666
Non-current liabilities other than provisions	16	280,480,701	261,052,435
Current portion of non-current liabilities other than provisions	16	71,251,387	0
Bank loans		252,384,986	394,565,376
Trade payables		329,473,040	265,241,889
Payables to group enterprises		64,775,002	38,773,097
Tax payable		5,109,761	16,210,382
Other payables		103,235,847	146,885,644
Deferred income	17	2,012,267	2,740,638
Current liabilities other than provisions		828,242,290	864,417,026
Liabilities other than provisions		1,108,722,991	1,125,469,461
Equity and liabilities		1,531,824,377	1,333,788,447
Events after the balance sheet date	1		
Financial instruments	19		
Unrecognised rental and lease commitments	20		
Contingent liabilities	21		
Transactions with related parties	22		
Group relations	23		
Subsidiaries	24		

Consolidated statement of changes in equity for 2021

	Contributed capital DKK	Translation reserve DKK	Reserve for fair value adjustments of hedging instruments DKK	Retained earnings DKK	Equity belonging to Parent's shareholders DKK
Equity beginning of year	10,000,000	(51,606,099)	(25,482,600)	259,161,778	192,073,079
Adjustment of material errors	0	0	0	(17,939,979)	(17,939,979)
Adjusted equity, beginning of year	10,000,000	(51,606,099)	(25,482,600)	241,221,799	174,133,100
Increase of capital	100,000,000	0	0	0	100,000,000
Exchange rate adjustments	0	(68,423,673)	0	0	(68,423,673)
Value adjustments	0	0	80,923,558	0	80,923,558
Other entries on equity	0	0	0	0	0
Tax of entries on equity	0	12,925,265	(17,803,183)	0	(4,877,918)
Profit/loss for the year	0	0	0	95,315,278	95,315,278
Equity end of year	110,000,000	(107,104,507)	37,637,775	336,537,077	377,070,345

	Equity belonging to minority interests DKK	Total DKK
Equity beginning of year	17,605,918	209,678,997
Adjustment of material errors	0	(17,939,979)
Adjusted equity, beginning of year	17,605,918	191,739,018
Increase of capital	0	100,000,000
Exchange rate adjustments	0	(68,423,673)
Value adjustments	0	80,923,558
Other entries on equity	(3,398,159)	(3,398,159)
Tax of entries on equity	0	(4,877,918)
Profit/loss for the year	3,698,756	99,014,034
Equity end of year	17,906,515	394,976,860

Consolidated cash flow statement for 2021

	Notes	2021 DKK	2020 DKK
Operating profit/loss		135,697,813	(48,810,332)
Amortisation, depreciation and impairment losses		24,137,338	25,294,181
Working capital changes	18	(128,788,833)	111,883,656
Other adjustments		81,439,104	(2,385,272)
Cash flow from ordinary operating activities		112,485,422	85,982,233
Financial income received		35,762,098	3,927,984
Financial expenses paid		(56,195,433)	(31,123,206)
Taxes refunded/(paid)		5,801,496	(5,066,282)
Cash flows from operating activities		97,853,583	53,720,729
Acquisition etc. of intangible assets		(89,176,680)	(4,981,611)
Sale of intangible assets		2,556,940	962,869
Acquisition etc. of property, plant and equipment		(17,202,977)	(22,259,985)
Sale of property, plant and equipment		5,905,187	4,494,128
Acquisition of fixed asset investments		(9,674,182)	(7,459,775)
Other cash flows from investing activities		0	(52,687,353)
Cash flows from investing activities		(107,591,712)	(81,931,727)
Free cash flows generated from operations and investments before financing		(9,738,129)	(28,210,998)
Loans raised		17,880,438	133,175,618
Repayments of loans etc.		(70,929,003)	(7,831,577)
Cash flows from financing activities		(53,048,565)	125,344,041
Increase/decrease in cash and cash equivalents		(62,786,694)	97,133,043
Cash and cash equivalents beginning of year		107,832,442	10,699,399
Cash and cash equivalents end of year		45,045,748	107,832,442
Cash and cash equivalents at year-end are composed of:			
Cash		45,045,748	107,832,442

Cash and cash equivalents end of year	45,045,748	107,832,442
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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

	2021
	DKK
Eurasia	1,808,750,583
Rest of the world	49,673,849
Total revenue by geographical market	1,858,424,432
Sport and Fashion	1,858,424,432
Total revenue by activity	1,858,424,432

3 Other operating income

	2021	2020
	DKK	DKK
Compensation covid-19	1,492,011	4,461,242
Other operating income	2,245,214	4,237,424
	3,737,225	8,698,666

4 Fees to the auditor appointed by the Annual General Meeting

	2021	2020
	DKK	DKK
Statutory audit services	257,266	835,284
Tax services	214,668	81,925
Other services	280,457	580,588
	752,391	1,497,797

5 Staff costs

	2021	2020
	DKK	DKK
Wages and salaries	197,510,852	163,000,716
Pension costs	9,933,915	8,539,527
Other social security costs	18,007,943	13,428,616
Other staff costs	6,108,854	3,782,784
	231,561,564	188,751,643

Average number of full-time employees	919	873
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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

	2021	2020
	DKK	DKK
Other interest income	12,453,335	2,140,692
Exchange rate adjustments	23,308,762	1,787,292
	35,762,097	3,927,984

7 Other financial expenses

	2021	2020
	DKK	DKK
Financial expenses from group enterprises	11,476,463	0
Other interest expenses	23,339,127	24,865,949
Exchange rate adjustments	21,379,843	6,257,257
	56,195,433	31,123,206

8 Tax on profit/loss for the year

	2021	2020
	DKK	DKK
Current tax	21,948,143	12,092,749
Change in deferred tax	5,768,979	(16,097,172)
Adjustment concerning previous years	(11,466,679)	6,602,136
	16,250,443	2,597,713

9 Proposed distribution of profit/loss

	2021	2020
	DKK	DKK
Retained earnings	95,315,278	(63,435,931)
Minority interests' share of profit/loss	3,698,756	(15,167,336)
	99,014,034	(78,603,267)

10 Intangible assets

	Completed development projects DKK	Acquired trademarks DKK	Acquired rights DKK	Goodwill DKK
Cost beginning of year	33,775,222	37,914,054	1,816,349	85,824,229
Changes in accounting policies	(22,318)	0	0	0
Transfers	0	0	0	263,784
Additions	8,538,415	80,638,265	0	0
Disposals	0	0	0	(129,932)
Cost end of year	42,291,319	118,552,319	1,816,349	85,958,081
Amortisation and impairment losses beginning of year	(22,168,789)	(35,008,854)	(1,292,503)	(22,134,186)
Changes in accounting policies	14,261	0	0	0
Addition through business combinations etc	(7,065,602)	0	0	0
Exchange rate adjustments	21,023	0	0	(2,577,963)
Amortisation for the year	0	(526,148)	0	(4,844,289)
Amortisation and impairment losses end of year	(29,199,107)	(35,535,002)	(1,292,503)	(29,556,438)
Carrying amount end of year	13,092,212	83,017,317	523,846	56,401,643

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	Leasehold improvements DKK
Cost beginning of year	83,085,821	16,671,803
Changes in accounting policies	253,204	0
Exchange rate adjustments	0	(598,904)
Additions	8,444,703	8,758,274
Disposals	(4,200,065)	(335,038)
Cost end of year	87,583,663	24,496,135
Depreciation and impairment losses beginning of year	(54,102,971)	(8,676,541)
Exchange rate adjustments	(5,963,999)	58,812
Depreciation for the year	(8,827,962)	(2,845,788)
Depreciation and impairment losses on assets disposed of	3,998,816	118,926
Depreciation and impairment losses end of year	(64,896,116)	(11,344,591)
Carrying amount end of year	22,687,547	13,151,544

13 Trade receivables

Receivables fall due for payment more than 1 year after year end: DKK 60.973.580 (2020: 74,496,186)

14 Deferred tax

	2021 DKK	2020 DKK
Changes during the year		
Beginning of year	19,770,130	(4,191,961)
Recognised in the income statement	(5,768,977)	16,097,172
Recognised directly in equity	(11,992,835)	12,924,914
Exchange rate adjustments	(11,856,186)	0
End of year	(9,847,868)	24,830,125

	2021 DKK	2020 DKK
Deferred tax has been recognised in the balance sheet as follows		
Deferred tax assets	18,276,658	41,410,093
Deferred tax liabilities	(28,124,526)	(16,579,968)
	(9,847,868)	24,830,125

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.

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.

15 Prepayments

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

16 Non-current liabilities other than provisions

	Due within 12 months 2021 DKK	Due after more than 12 months 2021 DKK
Bank loans	71,251,387	272,766,207
Other payables	0	7,714,494
	71,251,387	280,480,701

17 Deferred income

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

18 Changes in working capital

	2021 DKK	2020 DKK
Increase/decrease in inventories	(82,772,618)	(7,620,783)
Increase/decrease in receivables	(186,771,227)	105,704,179
Increase/decrease in trade payables etc.	52,525,812	101,971,360
Other changes	88,229,200	(88,171,100)
	(128,788,833)	111,883,656

19 Derivative financial instruments

Derivative financial instruments contracts in the form of forward exchange contracts have been concluded. At the balance sheet date, the fair value of derivative financial instruments amounts to:

Assets	DKK 55,559,200
Liabilities	0

The Company has entered into the forward exchange contracts to hedge future purchases of goods in USD. At the balance sheet date, the fair value of the forward exchange contracts amounts to DKK 55,559,200. The exchange gain has been recognised in equity. The forward exchange contracts have a term of up to 24 months.

20 Unrecognised rental and lease commitments

	2021 DKK	2020 DKK
Total liabilities under rental or lease agreements until maturity	81,120,022	43,425,125

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

21 Contingent liabilities

	2021 DKK
Recourse and non-recourse guarantee commitments	9,198,762
Contingent liabilities	9,198,762

As part of its normal operations the Group has entered into sponsorship agreements with a number of different clubs, individuals and federations.

Apart from the above, the Group has not granted any guarantees not normal for the trade.

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.

22 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.

23 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)

24 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 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

Parent income statement for 2021

	Notes	2021 DKK	2020 DKK
Revenue	2	5,958,800	5,376,803
Other external expenses		(6,094,392)	(8,535,174)
Gross profit/loss		(135,592)	(3,158,371)
Depreciation, amortisation and impairment losses		(425,100)	(429,866)
Operating profit/loss		(560,692)	(3,588,237)
Income from investments in group enterprises		84,236,150	(67,781,473)
Other financial income	3	34,141,113	20,671,995
Other financial expenses	4	(21,479,545)	(11,854,054)
Profit/loss before tax		96,337,026	(62,551,769)
Tax on profit/loss for the year	5	(1,021,746)	(884,163)
Profit/loss for the year	6	95,315,280	(63,435,932)

Parent balance sheet at 31.12.2021

Assets

	Notes	2021 DKK	2020 DKK
Acquired trademarks		79,480,100	2,905,200
Intangible assets	7	79,480,100	2,905,200
Investments in group enterprises		365,664,808	315,099,968
Receivables from group enterprises		92,864,800	117,008,000
Financial assets	8	458,529,608	432,107,968
Fixed assets		538,009,708	435,013,168
Trade receivables		72,821,859	72,844,344
Receivables from group enterprises		117,259,374	157,382,502
Other receivables		1,729,218	244,826
Tax receivable		12,598,666	10,157,111
Receivables		204,409,117	240,628,783
Cash		135	11,353,308
Current assets		204,409,252	251,982,091
Assets		742,418,960	686,995,259

Equity and liabilities

	Notes	2021 DKK	2020 DKK
Contributed capital		110,000,000	10,000,000
Translation reserve		(92,194,751)	(46,368,816)
Reserve for net revaluation according to equity method		169,038,856	31,354,801
Retained earnings		190,226,244	179,147,114
Equity		377,070,349	174,133,099
Deferred tax	9	16,070,374	16,572,968
Provisions for investments in group enterprises	10	0	87,120,629
Provisions		16,070,374	103,693,597
Mortgage debt		75,577,375	113,369,231
Payables to group enterprises		969,451	0
Non-current liabilities other than provisions	11	76,546,826	113,369,231
Current portion of non-current liabilities other than provisions	11	37,788,688	37,789,719
Trade payables		951,139	1,403,305
Payables to group enterprises		233,931,583	256,290,868
Other payables		60,001	315,440
Current liabilities other than provisions		272,731,411	295,799,332
Liabilities other than provisions		349,278,237	409,168,563
Equity and liabilities		742,418,960	686,995,259
Events after the balance sheet date	1		
Employees	12		
Financial instruments	13		
Contingent liabilities	14		
Assets charged and collateral	15		
Related parties with controlling interest	16		
Transactions with related parties	17		

Parent statement of changes in equity for 2021

	Contributed capital DKK	Translation reserve DKK	Reserve for net revaluation according to the equity method DKK	Retained earnings DKK	Total DKK
Equity beginning of year	10,000,000	(46,368,816)	49,294,780	179,147,114	192,073,078
Adjustment of material errors	0	0	(17,939,979)	0	(17,939,979)
Adjusted equity, beginning of year	10,000,000	(46,368,816)	31,354,801	179,147,114	174,133,099
Increase of capital	100,000,000	0	0	0	100,000,000
Exchange rate adjustments	0	(58,751,200)	(9,674,182)	0	(68,425,382)
Other entries on equity	0	0	63,122,087	0	63,122,087
Tax of entries on equity	0	12,925,265	0	0	12,925,265
Transfer to reserves	0	0	84,236,150	(84,236,150)	0
Profit/loss for the year	0	0	0	95,315,280	95,315,280
Equity end of year	110,000,000	(92,194,751)	169,038,856	190,226,244	377,070,349

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

	2021 DKK
Royalty	5,958,800
Total revenue by activity	5,958,800

3 Other financial income

	2021 DKK	2020 DKK
Financial income from group enterprises	10,992,608	19,478,608
Other interest income	6,596	66,478
Exchange rate adjustments	23,141,909	1,126,909
	34,141,113	20,671,995

4 Other financial expenses

	2021 DKK	2020 DKK
Financial expenses from group enterprises	1,052,515	4,233,399
Other interest expenses	1,672,153	1,884,139
Exchange rate adjustments	18,754,877	5,736,516
	21,479,545	11,854,054

5 Tax on profit/loss for the year

	2021 DKK	2020 DKK
Current tax	1,653,129	3,837,346
Change in deferred tax	(502,594)	(2,953,183)
Adjustment concerning previous years	(128,789)	0
	1,021,746	884,163

6 Proposed distribution of profit and loss

	2021 DKK	2020 DKK
Retained earnings	95,315,280	(63,435,932)
	95,315,280	(63,435,932)

7 Intangible assets

	Acquired trademarks DKK
Cost beginning of year	37,914,054
Additions	77,000,000
Cost end of year	114,914,054
Amortisation and impairment losses beginning of year	(35,008,854)
Amortisation for the year	(425,100)
Amortisation and impairment losses end of year	(35,433,954)
Carrying amount end of year	79,480,100

8 Financial assets

	Investments in group enterprises DKK	Receivables from group enterprises DKK
Cost beginning of year	196,624,538	151,616,000
Exchange rate adjustments	0	(58,751,200)
Cost end of year	196,624,538	92,864,800
Revaluations beginning of year	118,475,430	0
Exchange rate adjustments	(9,667,826)	0
Adjustments on equity	63,120,375	0
Share of profit/loss for the year	84,236,150	0
Investments with negative equity value depreciated over receivables	(87,123,859)	0
Revaluations end of year	169,040,270	0
Carrying amount end of year	365,664,808	92,864,800

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

9 Deferred tax

	2021 DKK	2020 DKK
Changes during the year		
Beginning of year	16,572,968	19,526,151
Recognised in the income statement	(502,594)	(2,953,183)
End of year	16,070,374	16,572,968

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.

10 Provisions for investments in group enterprises

Provisions for investments in group enterprises consists of equity investments with negative net asset value

transferred to provisions.

11 Non-current liabilities other than provisions

	Due within 12 months 2021 DKK	Due within 12 months 2020 DKK	Due after more than 12 months 2021 DKK
Mortgage debt	37,788,688	37,789,719	75,577,375
Payables to group enterprises	0	0	969,451
	37,788,688	37,789,719	76,546,826

12 Employees

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

13 Derivative financial instruments

Derivative financial instruments contracts in the form of forward exchange contracts have been concluded. At the balance sheet date, the fair value of derivative financial instruments amounts to:

Assets	DKK 55,559,200
Liabilities	0

The Company has entered into the forward exchange contracts to hedge future purchases of goods in USD. At

the balance sheet date, the fair value of the forward exchange contracts amounts to DKK 55,559,200. The exchange gain has been recognised in equity. The forward exchange contracts have a term of up to 24 months.

14 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.

15 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.

16 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

17 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.

Material errors in previous years

Three material misstatements with a total equity impact of 17,940K concerning the previous year has been corrected in the Financial Statements for 2021. The misstatement primarily relates to the measurement of receivables in two group companies of which Hummel A/S holds equity investments. Comparative figures have been restated in the 2021 Financial Statement. The correction has reduced the profit for last year by DKK 17,940K. Moreover, it has affected the Company's balance sheet total for 2020 negatively by DKK 12,817K. Equity is negatively affected by DKK 17,940K. COVID-19 and delays in local statutory reporting's has been one of the underlying reasons for the material misstatements being undisclosed at the submission date of the 2020 Group Financial Statement.

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.

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.

Other operating expenses

Other operating expenses comprise expenses of a secondary nature as viewed in relation to the Entity's primary activities.

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:

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.

Other provisions

Other provisions comprise anticipated costs of returns etc.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

Once it is probable that total costs will exceed total income from a contract in progress, provision is made for the total loss estimated to result from the relevant contract.

Mortgage debt

At the time of borrowing, mortgage debt to mortgage credit institutions is measured at cost which corresponds to the proceeds received less transaction costs incurred. Mortgage debt is subsequently measured at amortised cost. This means that the difference between the proceeds at the time of borrowing and the nominal repayable amount of the loan is recognised in the income statement as a financial expense over the term of the loan applying the effective interest method.

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.