



## Hummel Holding A/S

Balticagade 20  
8000 Aarhus C  
CVR No. 15238712

## Annual report 2023

The Annual General Meeting adopted the annual report on 24.05.2024

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**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: 01.01.2023 - 31.12.2023

## Board of Directors

Christian Nicholas Rosenkrantz Stadil

Thor Stadil

Marianne Schelde

Allan Vad Nielsen

## Executive Board

Lars Bugge Stentebjerg

Michael B. 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 01.01.2023 - 31.12.2023.

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 31.12.2023 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2023 - 31.12.2023.

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, 15.05.2024

## Executive Board

**Lars Bugge Stentebjerg**

**Michael B. 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 01.01.2023 - 31.12.2023, 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 31.12.2023 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2023 - 31.12.2023 in accordance with the Danish Financial Statements Act.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 by relevant law and regulations.

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 in the relevant law and regulations. We did not identify any material misstatement of the management commentary.

Odense, 15.05.2024

### 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

	2023	2022	2021	2020	2019
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
<b>Key figures</b>					
Revenue	2,224,958	2,200,860	1,858,424	1,340,581	1,361,363
Gross profit/loss	432,591	282,565	391,396	165,895	347,545
Operating profit/loss	(4,535)	(88,121)	135,697	(48,810)	133,589
Net financials	(92,443)	(14,354)	(20,433)	(27,195)	(23,288)
Profit/loss for the year	(82,328)	(86,678)	99,014	(78,603)	83,023
Balance sheet total	1,739,984	2,068,837	1,531,822	1,333,788	1,282,799
Investments in property, plant and equipment	25,325	149,405	17,203	22,260	12,113
Equity	124,665	286,199	394,977	191,739	391,984
Equity excl. minority interests	103,392	261,171	377,070	174,133	370,176
Average number of employees	1,145	1,057	919	873	787
<b>Ratios</b>					
Gross margin (%)	19.44	12.84	21.06	12.37	25.53
Net margin (%)	(3.70)	(3.94)	5.33	(5.86)	6.10
Equity ratio (%)	5.94	12.62	24.62	13.06	28.86

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 (hummel) develops and markets shoes and textiles within the categories Sport, Sport lifestyle, Sport fashion & Kids fashion. Products are being marketed 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 Group 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

### High stock levels

Market conditions in 2023 have been challenging across the industry. The industry is still impacted by high stock levels and declining consumer spending, which create pressure on demand for new products. For an extended period, we have encountered volatile market conditions resulting in bankruptcies and restructurings. However, the situation is expected to slowly improve during second half of 2024.

### Turnover record in 2023

Despite the challenging market conditions, hummel has realized an all-time high revenue of DKK 2,225 million (2022: DKK 2,201 million). Our global wholesale, e-commerce, and own retail activities, all contributed positively. To prepare for a further scaling of revenues, hummel has continued its focus on refining its go-to-market strategy. Focus is on the core business within team sport, and the continued growth with customers & key accounts across markets.

### Products and marketing

On the product side, hummel has successfully launched three new team sport collections in 2023. On the fashion footwear side, hummel has continued its focus on its legacy products within performance footwear and court shoes. Meanwhile, the sister brand Halo saw significant growth in retail and launched a collaboration with the well-known brand JEEP. Simultaneously, Halo began expanding its market presence, starting with Scandinavia, as well as Germany and the Netherlands.

As for the football category, 2023 started off with the reveal of hummel as the new kit partner of the German Bundesliga side SV Werder Bremen. The new home jersey, inspired by the Denmark '86 jersey in honour of hummel's 100-year anniversary, was launched in July, and received very positively by fans. The jersey quickly sold out and became the best-selling home jersey in a decade for the club. At the same time, hummel renewed its partnership with the Danish Football Association (DBU) in 2023, ensuring that its iconic chevrons will continue to feature on the national team jerseys until the summer of 2032.

Additionally, hummel expanded its presence in the US soccer market and the hummel logo is now being worn by a quarter of the teams in the USL Championship, the second-highest soccer league in the US. With icons like Messi in MLS and the upcoming 2026 World Cup, interest in soccer in the US is expected to grow significantly in the next few years. This timing offers an excellent opportunity for hummel to establish itself as a major player in the market.

### **Profit/loss for the year in relation to expected developments**

In 2023 hummel has realized an Operating Profit (EBIT) of DKK -5 million (2022: DKK -88 million) and a net profit of DKK -82 million (2022: DKK -87 million). Stock levels are brought down with DKK 222 million compared to last year, supporting a decrease in the balance total of DKK 329 million compared to year-end 2022.

On 31 December 2023, equity amounts to DKK 125 million (2022; DKK 286 million). Besides the loss for the year, equity is impacted negatively by currency effects and recycling of gain from hedge instruments to the income statement.

The underlying business is trending positively. We have seen improved efficiency in our supply chain compared to 2022 and Operating Profit has increased significantly. Due to increased interest levels and still having too much inventory on stock, the improvement in Operating Profit is balanced by increased finance costs. At the same time, hummel has been negatively impacted by severe financial difficulties of two major European customers.

hummel started the year with expectations of positive numbers for 2022 and improvements in our supply chain. This is partly met.

### **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 2023 and the results of the activities the financial year 2023 have not been affected by any unusual events.

### **Outlook**

#### **Back in black numbers in 2024**

Stock levels are trending towards normalization supporting our journey back to normalized profits.

Overall, 2024 is expected to deliver yet another record-high revenue in the range of DKK 2,400-2,500 million as well as bringing earnings back in positive numbers. Operating Profit (EBIT) is expected in the range of DKK 100-160 million and Profit after tax in the range of DKK 10-70 million.

#### **Use of financial instruments**

Most of hummel's purchases of goods are paid in USD which creates a currency exchange risk. This risk is mitigated through forward exchange contracts with a target of mitigating the full exposure from USD-purchases for the coming one to two years. Based on budgets and forecasts, forward exchange contracts are matched to USD-payments with regards to timing during the year and amount. Timing and amount of payments are considered highly certain as orders are placed well in advance.

#### **Knowledge resources**

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

### Environmental performance

hummel's objective is to actively minimize its environmental impact. We have conducted annual CO2 emission assessments since 2020 and are a member of the Science Based Targets Initiative (SBTi).

hummel's validated SBTi target on scope 1 and 2 is to reduce our GHG emissions by 60% by 2031 compared to 2021 levels.

In 2023, our emissions on scope 1 and 2 combined were 3136 tons CO2 which is an increase of 33% versus 2021. This is largely driven by electricity usage in our new and automated distribution center. The distribution center consumes a large amount of energy of which approx. 50% comes from solar panels on the roof of building. This is however, not factored into the SBTi measures.

hummel's validated target on scope 3 is to reduce our GHG emissions from purchased goods and services by 55% per purchased item compared to 2021 levels by 2031.

On Scope 3, we decreased our overall GHG emissions by 45% from 2021 to 2023, while the GHG emissions in kg per purchased item increased by 11% from 2021 to 2023. This was against a reduction target of 55% per item. The decrease in overall emissions and increase in emissions/item reflects an unusual year in terms of number of purchased items and an increase in share of synthetic fibres. It is expected that this measure going forward will continue the otherwise positive trajectory in 2024.

The share of organic in our cotton consumption has increased significantly from 9% in 2022 to 28% in 2023. Further, the share of recycled polyester in our polyester consumption has decreased from 11% in 2022 to 13% in 2023. This trend is key to meet our Scope 3 target by 2031.

### 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

	<b>2023</b>
<b>Supreme management body</b>	
Total number of members	4
Underrepresented gender (%)	25.00
Target figures (%)	25.00

The board of Hummel Holding A/S consist of three men and one woman. Women, being the underrepresented gender, have 25% of the seats in the Board. The objective is to have at least a 75%/25% split of genders in the Board.

The objective is met.

Hummel Holding A/S has no employees other than the Executive Board and therefore are not required to report on "Other management levels.

**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 2023

	Notes	2023 DKK'000	2022 DKK'000
Revenue	2	2,224,958	2,200,860
Other operating income		3,946	2,137
Cost of sales		(988,582)	(1,075,406)
Other external expenses		(807,731)	(845,026)
<b>Gross profit/loss</b>		<b>432,591</b>	<b>282,565</b>
Staff costs	3	(389,625)	(332,591)
Depreciation, amortisation and impairment losses		(47,501)	(38,095)
<b>Operating profit/loss</b>		<b>(4,535)</b>	<b>(88,121)</b>
Other financial income	4	6,692	21,519
Other financial expenses	5	(99,135)	(35,873)
<b>Profit/loss before tax</b>		<b>(96,978)</b>	<b>(102,475)</b>
Tax on profit/loss for the year	6	14,650	15,797
<b>Profit/loss for the year</b>	7	<b>(82,328)</b>	<b>(86,678)</b>

# Consolidated balance sheet at 31.12.2023

## Assets

	Notes	2023 DKK'000	2022 DKK'000
Completed development projects	9	14,869	17,919
Acquired trademarks		73,146	79,269
Acquired rights		261	336
Goodwill		43,585	50,530
<b>Intangible assets</b>	<b>8</b>	<b>131,861</b>	<b>148,054</b>
Other fixtures and fittings, tools and equipment		130,447	142,259
Leasehold improvements		23,905	23,052
<b>Property, plant and equipment</b>	<b>10</b>	<b>154,352</b>	<b>165,311</b>
Other investments		0	31
<b>Financial assets</b>	<b>11</b>	<b>0</b>	<b>31</b>
<b>Fixed assets</b>		<b>286,213</b>	<b>313,396</b>
Manufactured goods and goods for resale		674,412	889,411
Prepayments for goods		56,427	63,687
<b>Inventories</b>		<b>730,839</b>	<b>953,098</b>
Trade receivables	12	443,247	562,219
Deferred tax	13	14,304	18,712
Other receivables		87,272	76,188
Tax receivable		63,316	22,597
Prepayments	14	49,299	46,063
<b>Receivables</b>		<b>657,438</b>	<b>725,779</b>
<b>Cash</b>		<b>65,494</b>	<b>76,564</b>
<b>Current assets</b>		<b>1,453,771</b>	<b>1,755,441</b>
<b>Assets</b>		<b>1,739,984</b>	<b>2,068,837</b>

**Equity and liabilities**

		<b>2023</b>	<b>2022</b>
	<b>Notes</b>	<b>DKK'000</b>	<b>DKK'000</b>
Contributed capital	15	110,000	110,000
Translation reserve		(167,317)	(130,149)
Reserve for fair value adjustments of hedging instruments		526	39,597
Retained earnings		160,183	241,723
<b>Equity belonging to Parent's shareholders</b>		<b>103,392</b>	<b>261,171</b>
<b>Equity belonging to minority interests</b>		<b>21,273</b>	<b>25,028</b>
<b>Equity</b>		<b>124,665</b>	<b>286,199</b>
Deferred tax	13	20,707	19,686
<b>Provisions</b>		<b>20,707</b>	<b>19,686</b>
Bank loans		144,359	211,545
Lease liabilities		100,215	105,022
Payables to group enterprises		215,078	50,000
Other payables		16,326	8,013
<b>Non-current liabilities other than provisions</b>	16	<b>475,978</b>	<b>374,580</b>
Bank loans		623,794	672,698
Lease liabilities		9,515	7,077
Trade payables		236,848	396,445
Payables to group enterprises		50,000	209,010
Tax payable		28,098	8,419
Other payables		170,379	94,723
<b>Current liabilities other than provisions</b>		<b>1,118,634</b>	<b>1,388,372</b>
<b>Liabilities other than provisions</b>		<b>1,594,612</b>	<b>1,762,952</b>
<b>Equity and liabilities</b>		<b>1,739,984</b>	<b>2,068,837</b>

Events after the balance sheet date	1
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## Consolidated statement of changes in equity for 2023

	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	(130,149)	39,597	241,723	261,171	25,028	286,199
Effect of mergers and business combinations	0	0	0	5,961	5,961	(8,566)	(2,605)
Ordinary dividend paid	0	0	0	0	0	(392)	(392)
Exchange rate adjustments	0	(43,009)	0	0	(43,009)	30	(42,979)
Value adjustments	0	0	(50,092)	0	(50,092)	0	(50,092)
Tax of entries on equity	0	5,841	11,021	0	16,862	0	16,862
Profit/loss for the year	0	0	0	(87,501)	(87,501)	5,173	(82,328)
<b>Equity end of year</b>	<b>110,000</b>	<b>(167,317)</b>	<b>526</b>	<b>160,183</b>	<b>103,392</b>	<b>21,273</b>	<b>124,665</b>

# Consolidated cash flow statement for 2023

	Notes	2023 DKK'000	2022 DKK'000
Operating profit/loss		(4,535)	(88,121)
Amortisation, depreciation and impairment losses		47,501	38,095
Working capital changes	17	251,280	(301,232)
Other adjustments		(111,366)	(23,544)
<b>Cash flow from ordinary operating activities</b>		<b>182,880</b>	<b>(374,802)</b>
Financial income received		6,693	21,518
Financial expenses paid		(70,247)	(35,873)
Taxes refunded/(paid)		15,902	(7,567)
<b>Cash flows from operating activities</b>		<b>135,228</b>	<b>(396,724)</b>
Acquisition etc. of intangible assets		(5,977)	(16,529)
Acquisition etc. of property, plant and equipment		(25,325)	(35,035)
Acquisition of minority shares		(2,605)	0
<b>Cash flows from investing activities</b>		<b>(33,907)</b>	<b>(51,564)</b>
<b>Free cash flows generated from operations and investments before financing</b>		<b>101,321</b>	<b>(448,288)</b>
Loans raised		188,740	480,187
Repayments of loans etc.		(298,762)	(110,210)
Finance lease payments		(7,568)	(2,270)
Finance lease raised		5,199	112,099
<b>Cash flows from financing activities</b>		<b>(112,391)</b>	<b>479,806</b>
<b>Increase/decrease in cash and cash equivalents</b>		<b>(11,070)</b>	<b>31,518</b>
Cash and cash equivalents beginning of year		76,564	45,046
<b>Cash and cash equivalents end of year</b>		<b>65,494</b>	<b>76,564</b>

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

Cash	65,494	76,564
<b>Cash and cash equivalents end of year</b>	<b>65,494</b>	<b>76,564</b>

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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

	2023 DKK'000	2022 DKK'000
Eurasia	2,163,670	2,134,990
Rest of the world	61,288	65,870
<b>Total revenue by geographical market</b>	<b>2,224,958</b>	<b>2,200,860</b>
Sport and Fashion	2,224,958	2,200,860
<b>Total revenue by activity</b>	<b>2,224,958</b>	<b>2,200,860</b>

## 3 Staff costs

	2023 DKK'000	2022 DKK'000
Wages and salaries	328,482	281,051
Pension costs	23,754	16,614
Other social security costs	23,502	22,144
Other staff costs	13,887	12,782
	<b>389,625</b>	<b>332,591</b>
Average number of full-time employees	1,145	1,057

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

## 4 Other financial income

	2023 DKK'000	2022 DKK'000
Other interest income	6,079	4,449
Exchange rate adjustments	613	17,070
	<b>6,692</b>	<b>21,519</b>

## 5 Other financial expenses

	2023 DKK'000	2022 DKK'000
Financial expenses from group enterprises	13,629	2,198
Other interest expenses	57,046	22,965
Exchange rate adjustments	28,460	10,710
	<b>99,135</b>	<b>35,873</b>

## 6 Tax on profit/loss for the year

	2023 DKK'000	2022 DKK'000
Current tax	(18,066)	(18,069)
Change in deferred tax	(2,376)	990
Adjustment concerning previous years	5,792	1,282
	<b>(14,650)</b>	<b>(15,797)</b>

## 7 Proposed distribution of profit/loss

	2023 DKK'000	2022 DKK'000
Retained earnings	(87,500)	(94,813)
Minority interests' share of profit/loss	5,172	8,135
	<b>(82,328)</b>	<b>(86,678)</b>

## 8 Intangible assets

	Completed development projects DKK'000	Acquired trademarks DKK'000	Acquired rights DKK'000	Goodwill DKK'000
Cost beginning of year	45,275	120,878	1,816	83,458
Exchange rate adjustments	(693)	13	0	(2,611)
Transfers	800	0	0	(1,791)
Additions	5,672	0	0	0
Disposals	(819)	0	0	0
<b>Cost end of year</b>	<b>50,235</b>	<b>120,891</b>	<b>1,816</b>	<b>79,056</b>
Amortisation and impairment losses beginning of year	(27,356)	(41,609)	(1,480)	(32,928)
Exchange rate adjustments	433	0	0	1,200
Transfers	(312)	0	0	1,119
Amortisation for the year	(8,930)	(6,136)	(75)	(4,862)
Reversal regarding disposals	799	0	0	0
<b>Amortisation and impairment losses end of year</b>	<b>(35,366)</b>	<b>(47,745)</b>	<b>(1,555)</b>	<b>(35,471)</b>
<b>Carrying amount end of year</b>	<b>14,869</b>	<b>73,146</b>	<b>261</b>	<b>43,585</b>

## 9 Development projects

Development projects primarily relate to the acquisition of new IT systems. The systems has been completed and supports the Company's operations in the years ahead. The IT systems 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.

## 10 Property, plant and equipment

	<b>Other fixtures and fittings, tools and equipment DKK'000</b>	<b>Leasehold improvements DKK'000</b>
Cost beginning of year	198,884	37,525
Exchange rate adjustments	(11,535)	(4,821)
Transfers	(11,452)	12,444
Additions	16,672	8,653
Disposals	(14,374)	(7,759)
<b>Cost end of year</b>	<b>178,195</b>	<b>46,042</b>
Depreciation and impairment losses beginning of year	(56,625)	(14,473)
Exchange rate adjustments	8,135	2,762
Transfers	6,319	(7,132)
Depreciation for the year	(18,880)	(8,618)
Reversal regarding disposals	13,303	5,324
<b>Depreciation and impairment losses end of year</b>	<b>(47,748)</b>	<b>(22,137)</b>
<b>Carrying amount end of year</b>	<b>130,447</b>	<b>23,905</b>
Recognised assets not owned by Entity	111,772	0

## 11 Financial assets

	<b>Other investments DKK'000</b>
Cost beginning of year	31
Disposals	(31)
<b>Cost end of year</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>0</b>

## 12 Trade receivables

Receivables fall due for payment more than 1 year after year end: DKK 48,975k (2022: 57,606k)

### 13 Deferred tax

	<b>2023</b>
	<b>DKK'000</b>
Intangible assets	(6,710)
Property, plant and equipment	231
Inventories	3,708
Receivables	(8,238)
Provisions	4,244
Liabilities other than provisions	446
Other taxable temporary differences	(84)
<b>Deferred tax</b>	<b>(6,403)</b>

	<b>2023</b>	<b>2022</b>
	<b>DKK'000</b>	<b>DKK'000</b>
<b>Changes during the year</b>		
Beginning of year	(973)	(9,848)
Recognised in the income statement	2,376	(990)
Recognised directly in equity	(2,849)	13,317
Exchange rate adjustments	(4,957)	(19)
Adjustment concerning previous years	0	(3,433)
<b>End of year</b>	<b>(6,403)</b>	<b>(973)</b>

	<b>2023</b>	<b>2022</b>
	<b>DKK'000</b>	<b>DKK'000</b>
<b>Deferred tax has been recognised in the balance sheet as follows</b>		
Deferred tax assets	14,304	18,713
Deferred tax liabilities	(20,707)	(19,686)
	<b>(6,403)</b>	<b>(973)</b>

#### 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. Tax loss carry-forwards is expected to be utilised in the upcoming year.

### 14 Prepayments

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

### 15 Contributed capital

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

**16 Non-current liabilities other than provisions**

	<b>Due after more than 12 months 2023 DKK'000</b>	<b>Outstanding after 5 years 2023 DKK'000</b>
Bank loans	144,359	0
Lease liabilities	100,215	69,830
Payables to group enterprises	215,078	0
Other payables	16,326	0
	<b>475,978</b>	<b>69,830</b>

**17 Changes in working capital**

	<b>2023 DKK'000</b>	<b>2022 DKK'000</b>
Increase/decrease in inventories	222,259	(397,790)
Increase/decrease in receivables	104,652	39,814
Increase/decrease in trade payables etc.	(75,631)	56,744
	<b>251,280</b>	<b>(301,232)</b>



### 18 Derivative financial instruments

Most of the Group's purchases of goods are paid in USD which creates a currency exchange risk. This risk is mitigated through forward exchange contracts which hedge purchases in USD in 2024. The cumulative amount of the forward exchange contracts matches the expected USD purchase in 2024. Forward exchange contracts will expire in portions during the year and match the seasonality of the hedged USD payments to suppliers. The last contract expires in December 2024. Timing and amount of payments are considered highly certain as orders are placed well in advance.

At 31 December 2023 the fair value of the contracts amounts to DKK 674k (asset).

### 19 Unrecognised rental and lease commitments

	2023	2022
	DKK'000	DKK'000
Total liabilities under rental or lease agreements until maturity	151,234	178,780

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

### 20 Contingent liabilities

	2023	2022
	DKK'000	DKK'000
Recourse and non-recourse guarantee commitments	6,403	9,996
<b>Contingent liabilities</b>	<b>6,403</b>	<b>9,996</b>

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.

### 21 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.

## 22 Group relations

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

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

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

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

hummel sport & leisure Warenhandelsgesellschaft mbH, which is fully consolidated in the consolidated financial statements, make use of the exemption pursuant to Section 264b of the German Commercial Code (HGB)

## 23 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 mbH	Germany	mbH	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.	100.00
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
hummel Cenozoic ApS	Denmark	ApS	100.00
hummel Distribution Center A/S	Denmark	A/S	100.00

# Parent income statement for 2023

	Notes	2023 DKK'000	2022 DKK'000
Revenue	2	3,548	3,962
Other external expenses		(4,870)	(6,005)
<b>Gross profit/loss</b>		<b>(1,322)</b>	<b>(2,043)</b>
Depreciation, amortisation and impairment losses		(6,282)	(5,811)
<b>Operating profit/loss</b>		<b>(7,604)</b>	<b>(7,854)</b>
Income from investments in group enterprises		(69,418)	(90,733)
Other financial income	3	19,431	26,748
Other financial expenses	4	(35,687)	(22,196)
<b>Profit/loss before tax</b>		<b>(93,278)</b>	<b>(94,035)</b>
Tax on profit/loss for the year	5	5,778	(780)
<b>Profit/loss for the year</b>	6	<b>(87,500)</b>	<b>(94,815)</b>

# Parent balance sheet at 31.12.2023

## Assets

	Notes	2023 DKK'000	2022 DKK'000
Acquired trademarks		77,712	75,994
<b>Intangible assets</b>	7	<b>77,712</b>	<b>75,994</b>
Investments in group enterprises		154,262	273,245
Receivables from group enterprises		63,105	105,790
<b>Financial assets</b>	8	<b>217,367</b>	<b>379,035</b>
<b>Fixed assets</b>		<b>295,079</b>	<b>455,029</b>
Trade receivables	9	55,726	66,404
Receivables from group enterprises		123,592	117,892
Other receivables		0	337
Tax receivable		12,504	7,256
<b>Receivables</b>		<b>191,822</b>	<b>191,889</b>
<b>Cash</b>		<b>25</b>	<b>26</b>
<b>Current assets</b>		<b>191,847</b>	<b>191,915</b>
<b>Assets</b>		<b>486,926</b>	<b>646,944</b>

**Equity and liabilities**

	<b>Notes</b>	<b>2023</b> <b>DKK'000</b>	<b>2022</b> <b>DKK'000</b>
Contributed capital		110,000	110,000
Translation reserve		(131,906)	(111,192)
Reserve for net revaluation according to equity method		0	76,217
Retained earnings		125,298	186,146
<b>Equity</b>		<b>103,392</b>	<b>261,171</b>
Deferred tax	10	17,803	18,791
<b>Provisions</b>		<b>17,803</b>	<b>18,791</b>
Bank loans		50,000	82,211
<b>Non-current liabilities other than provisions</b>	11	<b>50,000</b>	<b>82,211</b>
Bank loans		37,795	88,247
Trade payables		507	1,006
Payables to group enterprises		276,802	195,337
Other payables		627	181
<b>Current liabilities other than provisions</b>		<b>315,731</b>	<b>284,771</b>
<b>Liabilities other than provisions</b>		<b>365,731</b>	<b>366,982</b>
<b>Equity and liabilities</b>		<b>486,926</b>	<b>646,944</b>
Events after the balance sheet date	1		
Employees	12		
Contingent liabilities	13		
Assets charged and collateral	14		
Related parties with controlling interest	15		
Non-arm's length related party transactions	16		

## Parent statement of changes in equity for 2023

	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	(111,192)	76,217	186,146	261,171
Exchange rate adjustments	0	(26,555)	(16,450)	0	(43,005)
Other entries on equity	0	0	(33,115)	0	(33,115)
Tax of entries on equity	0	5,841	0	0	5,841
Profit/loss for the year	0	0	(26,652)	(60,848)	(87,500)
<b>Equity end of year</b>	<b>110,000</b>	<b>(131,906)</b>	<b>0</b>	<b>125,298</b>	<b>103,392</b>

# 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

	2023 DKK'000	2022 DKK'000
Royalty	3,548	3,952
<b>Total revenue by activity</b>	<b>3,548</b>	<b>3,952</b>

## 3 Other financial income

	2023 DKK'000	2022 DKK'000
Financial income from group enterprises	12,783	16,230
Other interest income	68	73
Exchange rate adjustments	6,580	10,445
	<b>19,431</b>	<b>26,748</b>

## 4 Other financial expenses

	2023 DKK'000	2022 DKK'000
Financial expenses from group enterprises	5,647	2,550
Other interest expenses	6,023	2,847
Exchange rate adjustments	24,017	16,799
	<b>35,687</b>	<b>22,196</b>

## 5 Tax on profit/loss for the year

	2023 DKK'000	2022 DKK'000
Current tax	(4,314)	(1,032)
Change in deferred tax	(987)	2,720
Adjustment concerning previous years	(477)	(908)
	<b>(5,778)</b>	<b>780</b>

## 6 Proposed distribution of profit and loss

	2023 DKK'000	2022 DKK'000
Retained earnings	(87,500)	(94,815)
	<b>(87,500)</b>	<b>(94,815)</b>

## 7 Intangible assets

	<b>Acquired trademarks DKK'000</b>
Cost beginning of year	117,239
Additions	8,000
<b>Cost end of year</b>	<b>125,239</b>
Amortisation and impairment losses beginning of year	(41,245)
Amortisation for the year	(6,282)
<b>Amortisation and impairment losses end of year</b>	<b>(47,527)</b>
<b>Carrying amount end of year</b>	<b>77,712</b>

## 8 Financial assets

	<b>Investments in group enterprises DKK'000</b>	<b>Receivables from group enterprises DKK'000</b>
Cost beginning of year	197,027	105,790
Exchange rate adjustments	0	(40,041)
Disposals	0	(2,644)
<b>Cost end of year</b>	<b>197,027</b>	<b>63,105</b>
Revaluations beginning of year	76,218	0
Exchange rate adjustments	(16,450)	0
Adjustments on equity	(33,115)	0
Share of profit/loss for the year	(69,418)	0
<b>Revaluations end of year</b>	<b>(42,765)</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>154,262</b>	<b>63,105</b>

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 48,975k (2022: 57,606k)



## 10 Deferred tax

	<b>2023</b>
	<b>DKK'000</b>
Intangible assets	5,543
Receivables	12,260
<b>Deferred tax</b>	<b>17,803</b>

	<b>2023</b>	<b>2022</b>
	<b>DKK'000</b>	<b>DKK'000</b>
<b>Changes during the year</b>		
Beginning of year	18,790	16,071
Recognised in the income statement	(987)	2,720
<b>End of year</b>	<b>17,803</b>	<b>18,791</b>

## 11 Non-current liabilities other than provisions

	<b>Due after more than 12 months</b>
	<b>2023</b>
	<b>DKK'000</b>
Bank loans	50,000
	<b>50,000</b>

## 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, Hummel Bodh Gaya A/S and hummel sport & leisure Warenhandels-gesellschaft mbH.

## 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 2023 would have been adjusted by 0 to -2 mDKK and equity by 31 December 2023 would have been adjusted by 25-30 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, including profit from the sale of intangible assets and property, plant and equipment, and salary refunds .

**Cost of sales**

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for normal 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:

	<b>Useful life</b>
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.

**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.