



## Hummel International A/S

Balticagade 20  
8000 Aarhus C  
CVR No. 25042573

## Annual report 2021

The Annual General Meeting adopted the  
annual report on 10.06.2022

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**Thor Stadil**

Chairman of the General Meeting

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# Entity details

## Entity

Hummel International A/S

Balticagade 20

8000 Aarhus C

Business Registration No.: 25042573

Date of foundation: 10.06.2022

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, CEO

## Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Tværkajen 5

P. O. Box 10

5100 Odense

# Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Hummel International 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 financial statements give a true and fair view of the Entity's financial position at 31.12.2021 and of the results of its operations 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**  
CEO

## Board of Directors

**Christian Nicholas Rosenkrantz Stadil**  
Chairman

**Thor Stadil**

**Marianne Schelde**

**Allan Vad Nielsen**

# Independent auditor's report

## To the shareholders of Hummel International A/S

### Opinion

We have audited the financial statements of Hummel International 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. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2021 and of the results of its operations 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 financial statements" section of this auditor's report. We are independent of the Entity 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 financial statements

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

In preparing the financial statements, Management is responsible for assessing the 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 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 financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- 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 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 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 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 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

#### **Statement on the management commentary**

Management is responsible for the management commentary.

Our opinion on the 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 financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the 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 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.

Aarhus, 10.06.2022

**Deloitte**

Statsautoriseret Revisionspartnerselskab

CVR No. 33963556

**Gert Rasmussen**

State Authorised Public Accountant

Identification No (MNE) mne35430

# Management commentary

## Primary activities

The Company holds equity investments in operating companies that designs, manufactures and markets textiles and shoes sold on several markets in Eastern Europe, Baltic States, Middle-East, Southeast Asia and North Africa.

## Description of material changes in activities and finances

The income statement of the Company for 2021 shows a loss of DKK -2,838,735 before tax which is an increase of DKK +58,683,485 compared to last fiscal year (2020 DKK -61,522,040). At 31 December 2021, the balance sheet of the Company shows equity of DKK -87,280,247. The loss of the year is considered satisfactory and is only slightly deviating from the group's original budget expectations. The yearly result measured in Danish Kroner has been impacted by further devaluation of the Turkish Lira. The underlying business is ending 2021 with positive earnings before tax when measured in local currency.

## Uncertainty relating to recognition and measurement

Company management has a positive view on the expected financial development in 2022, but there is still some uncertainty related to COVID-19. The financial position at 31 December 2021 of the Company and the results of the activities of the Company for the financial year for 2021 have not been affected by any unusual events.

## Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.



# Income statement for 2021

	Notes	2021 DKK	2020 DKK
<b>Gross profit/loss</b>		<b>(166,115)</b>	<b>(118,898)</b>
Income from investments in group enterprises		(376,983)	(60,220,845)
Other financial income	2	542,095	938,130
Other financial expenses	3	(2,837,732)	(2,120,427)
<b>Profit/loss before tax</b>		<b>(2,838,735)</b>	<b>(61,522,040)</b>
Tax on profit/loss for the year	4	554,729	316,549
<b>Profit/loss for the year</b>		<b>(2,284,006)</b>	<b>(61,205,491)</b>
<b>Proposed distribution of profit and loss</b>			
Retained earnings		(2,284,006)	(61,205,491)
<b>Proposed distribution of profit and loss</b>		<b>(2,284,006)</b>	<b>(61,205,491)</b>

# Balance sheet at 31.12.2021

## Assets

	Notes	2021 DKK	2020 DKK
Investments in group enterprises		51,741,705	61,391,626
<b>Financial assets</b>	5	<b>51,741,705</b>	<b>61,391,626</b>
<b>Fixed assets</b>		<b>51,741,705</b>	<b>61,391,626</b>
Receivables from group enterprises		19,362,806	19,596,398
Income tax receivable		541,580	286,263
<b>Receivables</b>		<b>19,904,386</b>	<b>19,882,661</b>
<b>Cash</b>		<b>7,728</b>	<b>0</b>
<b>Current assets</b>		<b>19,912,114</b>	<b>19,882,661</b>
<b>Assets</b>		<b>71,653,819</b>	<b>81,274,287</b>

**Equity and liabilities**

	<b>Notes</b>	<b>2021 DKK</b>	<b>2020 DKK</b>
Contributed capital		20,000,000	20,000,000
Translation reserve		(14,634,433)	(5,425,229)
Retained earnings		(92,645,814)	(90,298,074)
<b>Equity</b>		<b>(87,280,247)</b>	<b>(75,723,303)</b>
Bank loans		59,492,000	59,505,368
Payables to group enterprises		99,442,066	97,492,222
<b>Current liabilities other than provisions</b>		<b>158,934,066</b>	<b>156,997,590</b>
<b>Liabilities other than provisions</b>		<b>158,934,066</b>	<b>156,997,590</b>
<b>Equity and liabilities</b>		<b>71,653,819</b>	<b>81,274,287</b>
Going concern	1		
Contingent liabilities	6		
Group relations	7		

# Statement of changes in equity for 2021

	Contributed capital DKK	Translation reserve DKK	Retained earnings DKK	Total DKK
Equity beginning of year	20,000,000	(5,425,229)	(90,298,074)	(75,723,303)
Exchange rate adjustments	0	(9,209,204)	(63,734)	(9,272,938)
Profit/loss for the year	0	0	(2,284,006)	(2,284,006)
<b>Equity end of year</b>	<b>20,000,000</b>	<b>(14,634,433)</b>	<b>(92,645,814)</b>	<b>(87,280,247)</b>

# Notes

## 1 Going concern

The company has received a statement of support and resignation from the company's parent company Hummel Holding A/S, and uses the going concern basis of accounting in preparing the Financial Statements

## 2 Other financial income

	<b>2021</b>	<b>2020</b>
	<b>DKK</b>	<b>DKK</b>
Financial income from group enterprises	386,085	376,440
Exchange rate adjustments	156,010	561,690
	<b>542,095</b>	<b>938,130</b>

## 3 Other financial expenses

	<b>2021</b>	<b>2020</b>
	<b>DKK</b>	<b>DKK</b>
Financial expenses from group enterprises	1,949,844	1,072,533
Other interest expenses	754,280	730,128
Exchange rate adjustments	133,608	317,766
	<b>2,837,732</b>	<b>2,120,427</b>

## 4 Tax on profit/loss for the year

	<b>2021</b>	<b>2020</b>
	<b>DKK</b>	<b>DKK</b>
Current tax	(541,580)	(286,263)
Adjustment concerning previous years	(13,149)	(30,286)
	<b>(554,729)</b>	<b>(316,549)</b>

## 5 Financial assets

	<b>Investments in group enterprises DKK</b>
Cost beginning of year	300,850,542
<b>Cost end of year</b>	<b>300,850,542</b>
Impairment losses beginning of year	(239,458,916)
Exchange rate adjustments	(9,272,938)
Amortisation of goodwill	(2,709,939)
Share of profit/loss for the year	2,332,956
<b>Impairment losses end of year</b>	<b>(249,108,837)</b>
<b>Carrying amount end of year</b>	<b>51,741,705</b>
Carrying amount if asset had not been revalued	36,810,001

<b>Investments in subsidiaries</b>	<b>Registered in</b>	<b>Equity interest %</b>
Hummel Spor Malzemeleri San. Ve Ticaret A.S.	Turkey	75%

## 6 Contingent liabilities

Hummel International A/S and the Turkish subsidiary, together with other shareholders of the Turkish company, have provided unlimited security towards the Company's bankers. The amount where Hummel Internal A/S is liable as a guarantor pr. 31.12.2021 is 3.243 t.kr. and the loan frame is 56.022 t.kr.

The Danish group companies are jointly and severally liable for tax on the Group's jointly taxed income, etc. Moreover, the Danish group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, royalty tax and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

## 7 Group relations

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

Name	Place of registered office
Hummel Holding A/S	Aarhus, Denmark

# Accounting policies

## Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of a few provisions for reporting class C.

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

## Consolidated financial statements

Referring to section 112 of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

## 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.

## Income statement

### Gross profit or loss

Gross profit or loss comprises revenue, other operating income, and external expenses.

### 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.

### 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 dividends etc received on other investments, 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**

### **Investments in group enterprises**

Investments in group enterprises are recognised and measured 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. Refer to the above section on business combinations for more details about the accounting policies used on acquisitions of investments in group enterprises.

Goodwill is the positive difference between cost of investments 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 one amount of goodwill, it has not been possible to estimate useful life reliably, for which reason such useful life has been set at 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.

### **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.

### **Cash**

Cash comprises cash in hand and bank deposits.

### **Other financial liabilities**

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