



## Hummel A/S

Balticagade 20  
8000 Aarhus C  
CVR No. 81198411

## 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 A/S  
Balticagade 20  
8000 Aarhus C

Business Registration No.: 81198411  
Date of foundation: 10.06.2022  
Registered office: Aarhus  
Financial year: 01.01.2023 - 31.12.2023

## Board of Directors

Thor Stadil  
Christian Nicholas Rosenkrantz Stadil  
Marianne Schelde  
Allan Vad Nielsen

## Executive Board

Lars Bugge Stentebjerg

## 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 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 financial statements give a true and fair view of the Entity's financial position at 31.12.2023 and of the results of its operations 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.

Århus, 15.05.2024

## Executive Board

**Lars Bugge Stentebjerg**

## Board of Directors

**Thor Stadil**

**Christian Nicholas Rosenkrantz Stadil**

**Marianne Schelde**

**Allan Vad Nielsen**

# Independent auditor's report

## To the shareholders of Hummel A/S

### Opinion

We have audited the financial statements of Hummel 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. 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 31.12.2023 and of the results of its operations 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 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 by relevant law and regulations.

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.

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	1,082,948	1,348,615	1,101,828	705,304	745,415
Gross profit/loss	48,987	51,177	193,516	104,217	160,413
Operating profit/loss	(115,480)	(108,622)	75,486	10,596	58,471
Net financials	(12,115)	(5,869)	(11,527)	1,830	13,403
Profit/loss for the year	(87,512)	(93,790)	85,083	(2,510)	55,037
Total assets	1,270,902	1,740,777	1,223,423	1,037,932	792,682
Investments in property, plant and equipment	893	6,246	4,228	4,985	2,811
Equity	233,418	359,602	451,609	304,122	375,099
Average number of employees	255	251	194	160	161
<b>Ratios</b>					
Gross margin (%)	4.52	3.79	17.56	14.78	21.52
EBIT margin (%)	(10.66)	(8.05)	6.85	1.50	7.84
Net margin (%)	(8.08)	(6.95)	7.72	(0.36)	7.38
Return on equity (%)	(29.51)	(23.12)	22.52	(0.74)	15.84
Equity ratio (%)	18.37	20.66	36.91	29.30	47.32

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.

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

### Gross margin (%):

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

### EBIT margin (%):

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

### Net margin (%):

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



**Return on equity (%):**

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

**Equity ratio (%):**

$\frac{\text{Equity} * 100}{\text{Total assets}}$

### Primary activities

hummel A/S 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 hummel A/S, other group companies, and through external licensee & distribution agreements.

hummel A/S is the principal company in The hummel Group. Most products are developed and purchased by hummel A/S and distributed to sales companies to sell to customers and consumers. Sales to wholesale customers in Denmark and Norway are done by hummel A/S. For full overview of The hummel Group, refer to the Annual Report for hummel Holding A/S.

### 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.

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

In 2023 hummel A/S has realized a loss of DKK -88 million (2022: DKK -94 million). Revenue amounts to DKK 1,083 million (2022: DKK 1,349 million). The decline in revenue is mainly driven by reduced activity on the Danish wholesale market and transitioning the direct-to-consumer business to hummel Cenozoic ApS, a subsidiary fully owned by hummel A/S. Stock levels are brought down with DKK 222 million compared to last year, which is a key metric to improve profitability going forward. On 31 December 2023, equity amounts to DKK 233 million (2022; DKK 360 million). Besides the loss for the year, equity is impacted negatively by recycling of gain from hedge instruments to the income statement.

hummel A/S started the year with expectations of positive numbers for 2022. These expectations have not been 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 for the financial year 2022 have not been affected by any unusual events.

#### Outlook

2024 is expected to deliver increased revenue by improving performance on the Danish market as well as bringing earnings back in positive numbers. Revenue is expected at DKK 1,100 to 1,200 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. 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 company's homepage

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

## Statutory report on the underrepresented gender

**2023**

### Supreme management body

Total number of members	4
Underrepresented gender (%)	25.00
Target figures (%)	25.00

The board of Hummel 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.

**2023**

### Other management levels

Total number of members	24
Underrepresented gender (%)	21.00
Target figures (%)	30.00
Year of expected achievement of target figures	2028

Other management levels in hummel A/S subject to reporting consist of the Executive Team and the management level reporting to members of the Executive team. The Executive Team consist of the CEO (registered director of the company) and four additional members who represent separate areas of responsibility:

- Commercial, Business-to-Business
- Commercial, Business-to-Consumer
- Finance
- People & Culture

Together the members of the Executive Team are responsible for setting the strategic direction of the company as well as for The hummel Group. The management level, reporting to members of the Executive Team, is responsible for delivering on the strategic direction and the day-to-day operations of each functional area. These two layers of management counts 24 managers in total, of which five persons (21%) are women and 19 are men (79%). The company aims at having 20% of managers to be made of by the underrepresented gender. The objective is met and a new objective of 30% is set.

The actions taken include continuous focus on promoting the under-represented gender in all managerial positions throughout The hummel Group by focusing on diversity in the recruitment process and make sure the under-represented gender is present on the short-list for managerial positions. Managerial positions throughout The hummel Group are considered a stepping-stone for the coming senior management positions. The share of the women in managerial positions across all management levels is significantly above the share for "Other management levels" and has increased compared to 2022.

### **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 have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

# Income statement for 2023

		2023	2022
	Notes	DKK'000	DKK '000
Revenue	2	1,082,948	1,348,615
Other operating income		119	163
Cost of sales		(648,315)	(846,426)
Other external expenses		(385,765)	(451,175)
<b>Gross profit/loss</b>		<b>48,987</b>	<b>51,177</b>
Staff costs	3	(152,273)	(147,832)
Depreciation, amortisation and impairment losses		(12,194)	(11,967)
<b>Operating profit/loss</b>		<b>(115,480)</b>	<b>(108,622)</b>
Income from investments in group enterprises		12,563	(4,392)
Other financial income	4	32,856	6,652
Other financial expenses	5	(44,971)	(12,521)
<b>Profit/loss before tax</b>		<b>(115,032)</b>	<b>(118,883)</b>
Tax on profit/loss for the year	6	27,520	25,093
<b>Profit/loss for the year</b>	7	<b>(87,512)</b>	<b>(93,790)</b>

# Balance sheet at 31.12.2023

## Assets

	Notes	2023 DKK'000	2022 DKK'000
Completed development projects	9	8,852	15,234
<b>Intangible assets</b>	8	<b>8,852</b>	<b>15,234</b>
Other fixtures and fittings, tools and equipment		4,245	6,989
Leasehold improvements		919	1,810
<b>Property, plant and equipment</b>	10	<b>5,164</b>	<b>8,799</b>
Investments in group enterprises		42,506	32,374
<b>Financial assets</b>	11	<b>42,506</b>	<b>32,374</b>
<b>Fixed assets</b>		<b>56,522</b>	<b>56,407</b>
Manufactured goods and goods for resale		495,501	719,599
Prepayments for goods		1,900	0
<b>Inventories</b>		<b>497,401</b>	<b>719,599</b>
Trade receivables		72,694	113,707
Receivables from group enterprises		556,173	762,490
Deferred tax	12	38,335	12,924
Other receivables		19,141	27,074
Tax receivable		4,062	2,138
Prepayments	13	25,071	29,840
<b>Receivables</b>		<b>715,476</b>	<b>948,173</b>
<b>Cash</b>		<b>1,503</b>	<b>16,598</b>
<b>Current assets</b>		<b>1,214,380</b>	<b>1,684,370</b>
<b>Assets</b>		<b>1,270,902</b>	<b>1,740,777</b>

**Equity and liabilities**

	<b>Notes</b>	<b>2023</b> <b>DKK'000</b>	<b>2022</b> <b>DKK'000</b>
Contributed capital	14	10,000	10,000
Reserve for fair value adjustments of hedging instruments		526	39,601
Reserve for net revaluation according to the equity method		34,035	21,069
Reserve for development expenditure		6,905	11,883
Retained earnings		181,952	277,049
<b>Equity</b>		<b>233,418</b>	<b>359,602</b>
Provisions for investments in group enterprises	15	1,789	0
<b>Provisions</b>		<b>1,789</b>	<b>0</b>
Bank loans		90,000	90,000
Payables to group enterprises		215,597	50,000
Other payables		7,789	8,013
<b>Non-current liabilities other than provisions</b>	16	<b>313,386</b>	<b>148,013</b>
Bank loans		490,028	569,250
Trade payables		106,525	152,205
Payables to group enterprises		79,324	446,718
Other payables		46,432	64,989
<b>Current liabilities other than provisions</b>		<b>722,309</b>	<b>1,233,162</b>
<b>Liabilities other than provisions</b>		<b>1,035,695</b>	<b>1,381,175</b>
<b>Equity and liabilities</b>		<b>1,270,902</b>	<b>1,740,777</b>
Events after the balance sheet date	1		
Financial instruments	17		
Unrecognised rental and lease commitments	18		
Contingent liabilities	19		
Assets charged and collateral	20		
Related parties with controlling interest	21		
Transactions with related parties	22		
Group relations	23		



## Statement of changes in equity for 2023

	Contributed capital DKK'000	Reserve for fair value adjustments of hedging instruments DKK'000	Reserve for net revaluation according to the equity method DKK'000	Reserve for development expenditure DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	10,000	39,601	21,069	11,883	277,049	359,602
Exchange rate adjustments	0	0	403	0	0	403
Fair value adjustments of hedging instruments	0	(50,097)	0	0	0	(50,097)
Tax of entries on equity	0	11,022	0	0	0	11,022
Transfer to reserves	0	0	0	(4,978)	4,978	0
Profit/loss for the year	0	0	12,563	0	(100,075)	(87,512)
<b>Equity end of year</b>	<b>10,000</b>	<b>526</b>	<b>34,035</b>	<b>6,905</b>	<b>181,952</b>	<b>233,418</b>

# Notes

## 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	1,053,209	1,320,464
Rest of the world	29,739	28,151
<b>Total revenue by geographical market</b>	<b>1,082,948</b>	<b>1,348,615</b>

## 3 Staff costs

	2023 DKK'000	2022 DKK'000
Wages and salaries	129,704	124,914
Pension costs	13,326	12,163
Other social security costs	1,951	1,942
Other staff costs	7,292	8,813
	<b>152,273</b>	<b>147,832</b>
Average number of full-time employees	<b>255</b>	<b>251</b>

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
Financial income from group enterprises	14,751	5,227
Other interest income	3,090	1,425
Exchange rate adjustments	15,015	0
	<b>32,856</b>	<b>6,652</b>

## 5 Other financial expenses

	2023 DKK'000	2022 DKK'000
Financial expenses from group enterprises	13,714	2,623
Other interest expenses	29,298	9,898
Exchange rate adjustments	1,959	0
	<b>44,971</b>	<b>12,521</b>

## 6 Tax on profit/loss for the year

	2023 DKK'000	2022 DKK'000
Change in deferred tax	(14,390)	(25,112)
Adjustment concerning previous years	9	19
Refund in joint taxation arrangement	(13,139)	0
	<b>(27,520)</b>	<b>(25,093)</b>

## 7 Proposed distribution of profit and loss

	2023 DKK'000	2022 DKK'000
Retained earnings	(87,512)	(93,790)
	<b>(87,512)</b>	<b>(93,790)</b>

## 8 Intangible assets

	Completed development projects DKK'000
Cost beginning of year	40,832
Additions	1,284
Disposals	(819)
<b>Cost end of year</b>	<b>41,297</b>
Amortisation and impairment losses beginning of year	(25,598)
Amortisation for the year	(7,646)
Reversal regarding disposals	799
<b>Amortisation and impairment losses end of year</b>	<b>(32,445)</b>
<b>Carrying amount end of year</b>	<b>8,852</b>

## 9 Development projects

Development projects primarily relate to the acquisition of a new IT system. The system has been completed and is expected to support 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.

## 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	16,271	8,223
Additions	893	0
Disposals	(6,269)	(1,170)
<b>Cost end of year</b>	<b>10,895</b>	<b>7,053</b>
Depreciation and impairment losses beginning of year	(9,282)	(6,413)
Depreciation for the year	(3,476)	(841)
Reversal regarding disposals	6,108	1,120
<b>Depreciation and impairment losses end of year</b>	<b>(6,650)</b>	<b>(6,134)</b>
<b>Carrying amount end of year</b>	<b>4,245</b>	<b>919</b>

## 11 Financial assets

	<b>Investments in group enterprises DKK'000</b>
Cost beginning of year	785
Additions	146
<b>Cost end of year</b>	<b>931</b>
Revaluations beginning of year	31,589
Exchange rate adjustments	403
Share of profit/loss for the year	19,286
Adjustment of intra-group profits	(6,723)
Investments with negative equity value depreciated over receivables	(4,769)
Investments with negative equity value transferred to provisions	1,789
<b>Revaluations end of year</b>	<b>41,575</b>
<b>Carrying amount end of year</b>	<b>42,506</b>

<b>Investments in subsidiaries</b>	<b>Registered in</b>	<b>Corporate form</b>	<b>Equity interest %</b>
Hummel Sport & Leisure Warenhandelsgesellschaft GmbH	Germany	GmbH	100.00
Hummel UK Ltd.	UK	Ltd.	100.00
Hummel Sweden AB	Sweden	AB	100.00
Bumblebee ApS	Denmark	ApS	100.00
hummel Cenozoic ApS	Denmark	ApS	100.00
Hummel France	France	Sarl	100.00
Cella Logistik GmbH*	Germany	GmbH	100.00
hummel sport and leisure CH GmbH	Switzerland	GmbH	100.00

\* Subsidiary of Hummel Sport & Leisure Warehandelgesellschaft GmbH

## 12 Deferred tax

	<b>2023</b>	<b>2022</b>
	<b>DKK'000</b>	<b>DKK'000</b>
Intangible assets	(1,947)	(3,351)
Property, plant and equipment	646	435
Tax losses carried forward	39,784	13,139
Other taxable temporary differences	(148)	2,701
<b>Deferred tax</b>	<b>38,335</b>	<b>12,924</b>

	<b>2023</b>	<b>2022</b>
	<b>DKK'000</b>	<b>DKK'000</b>
<b>Changes during the year</b>		
Beginning of year	12,924	(11,634)
Recognised in the income statement	14,390	25,112
Recognised directly in equity	11,021	(554)
<b>End of year</b>	<b>38,335</b>	<b>12,924</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.

## 13 Prepayments

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

## 14 Share capital

The share capital consists of 10,000 shares of a nominal value of DKK 1,000. No shares carry any special rights.

## 15 Provisions for investments in group enterprises

Legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is

recognised in provisions.

### 16 Non-current liabilities other than provisions

	<b>Due after more than 12 months 2023 DKK'000</b>
Bank loans	90,000
Payables to group enterprises	215,597
Other payables	7,789
	<b>313,386</b>

### 17 Financial instruments

Most of the Company'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).

### 18 Unrecognised rental and lease commitments

	<b>2023 DKK'000</b>	<b>2022 DKK'000</b>
Liabilities under rental or lease agreements until maturity in total	<b>10,225</b>	<b>9,860</b>

### 19 Contingent liabilities

As part of its normal operations, the Company has entered into sponsorship agreements with a number of different clubs, individuals and federations. Apart from the above, the Company has not granted any guarantees not normal for the trade. under the joint taxation arrangement is disclosed in the administration company's financial statements.

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.

## 20 Assets charged and collateral

The Entity has guaranteed the group enterprises' rent obligation. The maximum limit of the guarantee until rental agreements maturity is DKK 57.083k.

## 21 Related parties with controlling interest

### Controlling interest

Hummel Holding A/S, Aarhus  
 Thornico A/S, Odense  
 Thornico Holding, Odense  
 Christian Nicholas Rosenkrantz Stadil, non-public address

### Basis

Majority Shareholder  
 Majority Shareholder  
 Majority Shareholder  
 Ultimate owner

## 22 Transactions with related parties

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

There have been no material transactions with the Supervisory Board, the Executive Board, senior officers, significant shareholders, group enterprises or other related parties, except for intercompany transactions and normal management remuneration.

## 23 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:  
 Hummel Holding A/S, Aarhus Denmark

Name and registered office of the Parent preparing consolidated financial statements for the largest group:  
 Thornico Holding A/S (ultimate parent company), Odense Denmark  
 Thornico Holding, Odense 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 C enterprises (large).

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

No note for the "Fee to auditors appointed at the general meeting" have been prepared for Hummel A/S as the Company is included in the Consolidated Financial Statements of Hummel Holding ApS.

## Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements of Hummel Holding A/S, the Company has not prepared consolidated financial statements.

## 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.

## Business combinations

Newly acquired or newly established enterprises are recognised in the financial statements from the time of acquiring or establishing such enterprises. Divested or wound-up enterprises are recognised in the income statement up to the time of their divestment or winding-up.

The purchase method is applied at the acquisition of new enterprises, under which identifiable assets and liabilities of these enterprises are measured at fair value at the acquisition date. Provisions for costs of restructuring of the enterprise acquired are only made in so far as such restructuring was decided by the enterprise acquired prior to acquisition. Allowance is made for the tax effect of restatements.

## Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and



losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement.

Income statements of foreign subsidiaries and associates that are separate legal entities are translated at transaction date rates or approximated average exchange rates. Balance sheet items are translated at the exchange rates at the balance sheet date. Exchange adjustments arising on the translation of the opening equity and exchange adjustments arising from the translation of the income statements at the exchange rates at the balance sheet date are recognised directly in equity.

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.

### **Derivative financial instruments**

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently remeasured at their fair values. Positive and negative fair values of derivative financial instruments are classified as "Other receivables" and "Other payables", respectively or "Receivables from group enterprises" and "Payables to group enterprises", respectively.

Changes in the fair values of derivative financial instruments are recognised in the income statement unless the derivative financial instrument is designated and qualify as hedge accounting, see below.

### **Hedge accounting**

Changes in the fair values of financial instruments that are designated and qualify as fair value hedges of a recognised asset or a recognised liability are recognised in the income statement as are any changes in the fair value of the hedged asset or the hedged liability related to the hedged risk.

Changes in the fair values of derivative financial instruments that are designated and qualify as hedges of expected future transactions are recognised in retained earnings under equity as regards the effective portion of the hedge. The ineffective portion is recognised in the income statement. If the hedged transaction results in an asset or a liability, the amount deferred in equity is transferred from equity and recognised in the cost of the asset or the liability, respectively. If the hedged transaction results in an income or an expense, the amount deferred in equity is transferred from equity to the income statement in the period in which the hedged transaction is recognised. The amount is recognised in the same item as the hedged transaction.

Changes in the fair values of financial instruments that are designated and qualify as hedges of net investments in independent foreign subsidiaries or associates are recognised directly in equity as regards the effective portion of the hedge, whereas the ineffective portion is recognised in the income statement.

## Income statement

### Revenue

Revenue is recognised in the income statement when delivery and transfer of risk to the buyer have been made before year end. Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

### Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of intangible assets and property, plant and equipment.

### Expenses for raw materials and consumables

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

### Other external expenses

Other external expenses comprise expenses for distribution, sales, advertising, administration, premises and bad debts.

### Staff costs

Staff expenses comprise wages and salaries as well as payroll expenses.

### Depreciation, amortisation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

### Income from investments in group enterprises

The item "Income from investments in subsidiaries" in the income statement includes the proportionate share of the profit for the year.

### Financial income

Other financial income comprises 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

### Intangible assets

Development costs comprise other external costs and amortisation directly or indirectly attributable to the Company's development activities.

Capitalised development costs are measured at the lower of cost less accumulated amortisation and recoverable amount.

After completion of the development work, capitalised development costs are amortised over the estimated economic life. The amortisation period is usually 3 years.

### **Property, plant and equipment**

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

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

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

### **Impairment of fixed assets**

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount

### **Investments in subsidiaries**

Investments in subsidiaries are recognised and measured under the equity method.

The item "Investments in subsidiaries" in the balance sheet includes the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

**Inventories**

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

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale, raw materials and consumables equals landed cost.

**Receivables**

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

**Deferred tax**

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

**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.

**Other provisions**

Legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

**Other financial liabilities**

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

### **Cash flow statement**

Referring to section 86(4) of the Danish Financial Statements Act, the Entity has prepared no cash flow statement as such statement is included in the consolidated cash flow statement of Hummel Holding A/S cvr.: 15238712