



## Hummel A/S

Balticagade 20  
8000 Aarhus C  
CVR No. 81198411

## 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 A/S  
Balticagade 20  
8000 Aarhus C

Business Registration No.: 81198411  
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 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.

Århus, 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 A/S

### Opinion

We have audited the financial statements of Hummel 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.

Odense, 10.06.2022

**Deloitte**

Statsautoriseret Revisionspartnerselskab  
CVR No. 33963556

**Gert Rasmussen**

State Authorised Public Accountant  
Identification No (MNE) mne35430

# Management commentary

## Financial highlights

	2021 DKK'000	2020 DKK'000	2019 DKK'000	2018 DKK'000	2017 DKK'000
<b>Key figures</b>					
Revenue	1,101,826	725,860	745,415	799,019	724,922
Gross profit/loss	193,515	104,220	160,413	152,491	137,924
Operating profit/loss	75,486	10,598	58,471	67,277	49,034
Net financials	(11,527)	1,831	13,403	652	-2,963
Profit/loss for the year	85,083	(2,509)	55,037	53,178	35,209
Total assets	1,195,387	1,033,236	792,682	558,396	495,816
Investments in property, plant and equipment	4,228	4,985	2,811	1,425	3,948
Equity	451,609	304,122	375,099	319,636	211,941
Average number of employees	194	160	161	134	137
<b>Ratios</b>					
Gross margin (%)	17.56	14.36	21.52	19.08	19.03
EBIT margin (%)	6.85	1.46	7.84	8.42	6.76
Return of assets (%)	6.28	1.03	7.40	12.10	10.00
Return on equity (%)	22.52	(0.74)	15.84	20.01	16.50
Equity ratio (%)	37.78	29.43	47.32	57.24	42.75

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 (%):

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

### EBIT margin (%):

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

### Return on assets (%):

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



**Return on equity (%):**

Profit/loss for the year \* 100

Average equity

**Equity ratio (%):**

Equity \* 100

Total assets

**Primary activities**

hummel develops and markets shoes and textiles for Teamsport, Sports lifestyle & Sports fashion. The Company's products are being marketed nationally and internationally. Sales is conducted through own entities and through external licensee & distribution agreements.

**Development in activities and finances**

The income statement of the Company for 2021 shows a profit of DKK 99,250,048 before tax. At 31 December 2021 the balance sheet of the Company shows equity of DKK 451,608,809.

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

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

**Uncertainty relating to recognition and measurement**

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

**Unusual circumstances affecting recognition and measurement**

The financial position on 31 December 2021 and the results of the activities of the company for the financial year 2021 have not been affected by any unusual events.

**Outlook**

Despite the positive development the company continues to face challenges on the supply side. The company Management is expecting to see some bettering in the Global Supply Chain during 2022, but remain cautious on the current development. Considering the current realized Q1 financial performance, management expects to see increased earnings in 2022. The current estimate is a yearly result in the range of 50-60 million DKK.

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

**Use of financial instruments**

The company is buying & selling USD futures in order to hedge the risk of future changes in the cash market related to company USD purchases. In addition, some of the loan facilities are in foreign currency.

**Knowledge resources**

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

**Environmental performance**

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

**Statutory report on corporate social responsibility**

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

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

**Statutory report on the underrepresented gender**

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

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

**Statutory report on data ethics policy**

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

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

**Events after the balance sheet date**

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

# Income statement for 2021

	Notes	2021 DKK	2020 DKK
Revenue	2	1,101,825,513	725,860,474
Other operating income		210,070	2,299,111
Cost of sales		(593,616,564)	(408,871,837)
Other external expenses		(314,903,964)	(215,068,150)
<b>Gross profit/loss</b>		<b>193,515,055</b>	<b>104,219,598</b>
Staff costs	3	(109,611,739)	(85,047,353)
Depreciation, amortisation and impairment losses		(8,417,495)	(7,169,716)
Other operating expenses		0	(1,405,025)
<b>Operating profit/loss</b>		<b>75,485,821</b>	<b>10,597,504</b>
Income from investments in group enterprises		35,290,742	(14,920,382)
Other financial income	4	4,585,361	5,680,168
Other financial expenses	5	(16,111,876)	(3,849,373)
<b>Profit/loss before tax</b>		<b>99,250,048</b>	<b>(2,492,083)</b>
Tax on profit/loss for the year	6	(14,166,710)	(16,474)
<b>Profit/loss for the year</b>	7	<b>85,083,338</b>	<b>(2,508,557)</b>

# Balance sheet at 31.12.2021

## Assets

	Notes	2021 DKK	2020 DKK
Completed development projects	9	11,481,584	10,676,541
<b>Intangible assets</b>	8	<b>11,481,584</b>	<b>10,676,541</b>
Other fixtures and fittings, tools and equipment		3,923,013	1,585,119
Leasehold improvements		2,289,365	2,444,614
<b>Property, plant and equipment</b>	10	<b>6,212,378</b>	<b>4,029,733</b>
Investments in group enterprises		26,385,972	668,263
<b>Financial assets</b>	11	<b>26,385,972</b>	<b>668,263</b>
<b>Fixed assets</b>		<b>44,079,934</b>	<b>15,374,537</b>
Manufactured goods and goods for resale		441,512,956	328,618,992
Prepayments for goods		10,748,154	14,850,760
<b>Inventories</b>		<b>452,261,110</b>	<b>343,469,752</b>
Trade receivables		108,027,981	78,424,977
Receivables from group enterprises		528,863,554	538,948,651
Deferred tax	12	0	6,720,360
Other receivables		26,082,800	8,990,081
Prepayments	13	19,129,646	11,087,305
<b>Receivables</b>		<b>682,103,981</b>	<b>644,171,374</b>
<b>Cash</b>		<b>16,941,957</b>	<b>16,385,043</b>
<b>Current assets</b>		<b>1,151,307,048</b>	<b>1,004,026,169</b>
<b>Assets</b>		<b>1,195,386,982</b>	<b>1,019,400,706</b>

**Equity and liabilities**

	<b>Notes</b>	<b>2021 DKK</b>	<b>2020 DKK</b>
Contributed capital	14	10,000,000	10,000,000
Reserve for fair value adjustments of hedging instruments		37,637,776	(25,482,600)
Reserve for net revaluation according to the equity method		25,641,135	0
Reserve for development expenditure		8,955,634	8,327,700
Retained earnings		369,374,264	311,276,633
<b>Equity</b>		<b>451,608,809</b>	<b>304,121,733</b>
Deferred tax	12	11,633,587	0
<b>Provisions</b>		<b>11,633,587</b>	<b>0</b>
Bank loans		90,000,000	120,000,000
Other payables		7,714,494	0
<b>Non-current liabilities other than provisions</b>	15	<b>97,714,494</b>	<b>120,000,000</b>
Current portion of non-current liabilities other than provisions	15	30,000,000	30,000,000
Bank loans		248,986,669	185,989,325
Trade payables		201,013,932	148,434,884
Payables to group enterprises		102,573,634	167,345,173
Tax payable		10,989,328	3,083,550
Other payables		40,866,529	60,426,041
<b>Current liabilities other than provisions</b>		<b>634,430,092</b>	<b>595,278,973</b>
<b>Liabilities other than provisions</b>		<b>732,144,586</b>	<b>715,278,973</b>
<b>Equity and liabilities</b>		<b>1,195,386,982</b>	<b>1,019,400,706</b>
Events after the balance sheet date	1		
Financial instruments	16		
Unrecognised rental and lease commitments	17		
Contingent liabilities	18		
Assets charged and collateral	19		
Related parties with controlling interest	20		
Transactions with related parties	21		
Group relations	22		

# Statement of changes in equity for 2021

	Contributed capital DKK	Reserve for fair value adjustments of hedging instruments DKK	Reserve for net revaluation according to the equity method DKK	Reserve for development expenditure DKK	Retained earnings DKK
Equity beginning of year	10,000,000	(25,482,600)	5,417,410	8,327,700	323,799,201
Corrections of material errors	0	0	(5,417,410)	0	(12,522,568)
<b>Adjusted equity, beginning of year</b>	<b>10,000,000</b>	<b>(25,482,600)</b>	<b>0</b>	<b>8,327,700</b>	<b>311,276,633</b>
Exchange rate adjustments	0	0	(716,638)	0	0
Fair value adjustments of hedging instruments	0	80,923,559	0	0	0
Tax of entries on equity	0	(17,803,183)	0	0	0
Transfer to reserves	0	0	0	627,934	(627,934)
Profit/loss for the year	0	0	26,357,773	0	58,725,565
<b>Equity end of year</b>	<b>10,000,000</b>	<b>37,637,776</b>	<b>25,641,135</b>	<b>8,955,634</b>	<b>369,374,264</b>

  

	Total DKK
Equity beginning of year	322,061,711
Corrections of material errors	(17,939,978)
<b>Adjusted equity, beginning of year</b>	<b>304,121,733</b>
Exchange rate adjustments	(716,638)
Fair value adjustments of hedging instruments	80,923,559
Tax of entries on equity	(17,803,183)
Transfer to reserves	0
Profit/loss for the year	85,083,338
<b>Equity end of year</b>	<b>451,608,809</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

	2021 DKK
Eurasia	1,095,379,854
Rest of the world	6,445,659
<b>Total revenue by geographical market</b>	<b>1,101,825,513</b>

## 3 Staff costs

	2021 DKK	2020 DKK
Wages and salaries	95,455,664	73,927,794
Pension costs	8,688,428	7,566,105
Other social security costs	1,588,766	1,164,825
Other staff costs	3,878,881	2,388,629
	<b>109,611,739</b>	<b>85,047,353</b>
Average number of full-time employees	194	160

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

	2021 DKK	2020 DKK
Financial income from group enterprises	4,006,233	4,771,803
Other interest income	579,128	908,365
	<b>4,585,361</b>	<b>5,680,168</b>

## 5 Other financial expenses

	2021 DKK	2020 DKK
Financial expenses from group enterprises	0	376,440
Other interest expenses	16,111,876	3,472,933
	<b>16,111,876</b>	<b>3,849,373</b>



## 6 Tax on profit/loss for the year

	2021 DKK	2020 DKK
Current tax	13,617,202	3,098,241
Change in deferred tax	550,764	(296,730)
Adjustment concerning previous years	(1,256)	(2,785,037)
	<b>14,166,710</b>	<b>16,474</b>

## 7 Proposed distribution of profit and loss

	2021 DKK	2020 DKK
Retained earnings	85,083,338	(2,508,557)
	<b>85,083,338</b>	<b>(2,508,557)</b>

## 8 Intangible assets

	Completed development projects DKK
Cost beginning of year	30,943,034
Additions	7,177,084
<b>Cost end of year</b>	<b>38,120,118</b>
Amortisation and impairment losses beginning of year	(20,266,493)
Amortisation for the year	(6,372,041)
<b>Amortisation and impairment losses end of year</b>	<b>(26,638,534)</b>
<b>Carrying amount end of year</b>	<b>11,481,584</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

	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
Cost beginning of year	15,820,477	9,511,906
Additions	3,429,666	798,432
<b>Cost end of year</b>	<b>19,250,143</b>	<b>10,310,338</b>
Depreciation and impairment losses beginning of year	(14,235,358)	(7,067,292)
Depreciation for the year	(1,091,772)	(953,681)
<b>Depreciation and impairment losses end of year</b>	<b>(15,327,130)</b>	<b>(8,020,973)</b>
<b>Carrying amount end of year</b>	<b>3,923,013</b>	<b>2,289,365</b>

## 11 Financial assets

	Investments in group enterprises DKK
Cost beginning of year	744,837
<b>Cost end of year</b>	<b>744,837</b>
Revaluations beginning of year	(76,574)
Exchange rate adjustments	(716,638)
Share of profit/loss for the year	35,290,742
Investments with negative equity value depreciated over receivables	(8,856,395)
<b>Revaluations end of year</b>	<b>25,641,135</b>
<b>Carrying amount end of year</b>	<b>26,385,972</b>

Investments in subsidiaries	Registered in	Corporate form	Equity interest %
Hummel Sport & Leisure Warenhandels-gesellschaft GmbH	Germany	GmbH	100%
Hummel UK Ltd.	UK	Ltd.	100%
Hummel Sweden AB	Sweden	AB	100%
Bumblebee ApS	Denmark	ApS	100%
Hummel France	France	Sarl	100%
Cella Logistik GmbH*	Germany	GmbH	100%
Bee Sports GmbH*	Germany	GmbH	100%

\* Subsidiary of Hummel Sport & Leisure Warehandelgesellschaft GmbH

## 12 Deferred tax

	2021 DKK	2020 DKK
<b>Changes during the year</b>		
Beginning of year	6,720,360	(13,986,463)
Recognised in the income statement	(550,764)	296,730
Recognised directly in equity	(17,803,183)	20,410,093
<b>End of year</b>	<b>(11,633,587)</b>	<b>6,720,360</b>

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.

## 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 Non-current liabilities other than provisions

	Due within 12 months 2021 DKK	Due within 12 months 2020 DKK	Due after more than 12 months 2021 DKK	Outstanding after 5 years 2021 DKK
Bank loans	30,000,000	30,000,000	90,000,000	0
Other payables	0	0	7,714,494	7,466,563
	<b>30,000,000</b>	<b>30,000,000</b>	<b>97,714,494</b>	<b>7,466,563</b>

## 16 Financial instruments

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

	DKK
Assets	55,559,200
Liabilities	0

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

## 17 Unrecognised rental and lease commitments

	2021 DKK	2020 DKK
Liabilities under rental or lease agreements until maturity in total	7,536,554	6,410,796

Rental and lease obligations, period of non-terminability 48 months.

## 18 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.

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.

## 19 Assets charged and collateral

### Collateral provided for group enterprises

The Entity has guaranteed the group enterprises' rent obligation. The maximum limit of the guarantee until rental agreements maturity is 37,911,434 DKK.

The Entity has submitted a statement of support and resignation to the subsidiary Bumblebee ApS.

## 20 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

## 21 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.

## 22 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

# 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.

## 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.

## Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of Thornico Holding A/S, the Company has not prepared a cash flow statement.

## Material errors in previous years

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

## Recognition and measurement

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

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

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

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

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

### 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**

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the enterprise.

### **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.

### **Other operating expenses**

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

### **Income from investments in group enterprises**

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 consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity

transactions is recognised directly in equity.

The Company is jointly taxed with Danish group enterprises. The corporation tax is allocated to the jointly taxed enterprises in proportion to their taxable incomes.

## 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:

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.

**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 financial liabilities**

Debts are measured at amortised cost, substantially corresponding to nominal value.

**Tax receivable or payable**

Current tax liabilities and receivables are recognised in the balance sheet as the calculated taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment

under the on account taxation scheme are recognised in the income statement in financial income and expenses.