



Hummel A/S

Balticagade 20
8000 Aarhus C
CVR No. 81198411

Annual report 2022

The Annual General Meeting adopted the
annual report on 31.05.2023

Thor Stadil

Chairman of the General Meeting

Contents

| | |
|---|----|
| Entity details | 2 |
| Statement by Management | 3 |
| Independent auditor's report | 4 |
| Management commentary | 7 |
| Income statement for 2022 | 11 |
| Balance sheet at 31.12.2022 | 12 |
| Statement of changes in equity for 2022 | 14 |
| Notes | 15 |
| Accounting policies | 21 |

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: 01.01.2022 - 31.12.2022

Board of Directors

Thor Stadil
Christian Nicholas Rosenkrantz Stadil
Marianne Schelde
Allan Vad Nielsen

Executive Board

Allan Vad Nielsen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Tværkajen 5
P. O. Box 10
5100 Odense

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Hummel A/S for the financial year 01.01.2022 - 31.12.2022.

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 31.12.2022 and of the results of its operations for the financial year 01.01.2022 - 31.12.2022.

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, 31.05.2023

Executive Board

Allan Vad Nielsen

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 01.01.2022 - 31.12.2022, 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 31.12.2022 and of the results of its operations for the financial year 01.01.2022 - 31.12.2022 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, 31.05.2023

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

| | 2022 DKK'000 | 2021 DKK'000 | 2020 DKK'000 | 2019 DKK'000 | 2018 DKK'000 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| Key figures | | | | | |
| Revenue | 1,348,615 | 1,101,828 | 705,304 | 745,415 | 799,019 |
| Gross profit/loss | 51,177 | 193,516 | 104,217 | 160,413 | 152,491 |
| Operating profit/loss | (108,622) | 75,486 | 10,596 | 58,471 | 67,277 |
| Net financials | (5,869) | (11,527) | 1,830 | 13,403 | 652 |
| Profit/loss for the year | (93,790) | 85,083 | (2,510) | 55,037 | 53,178 |
| Total assets | 1,740,777 | 1,223,423 | 1,037,932 | 792,682 | 558,396 |
| Investments in property, plant and equipment | 6,246 | 4,228 | 4,985 | 2,811 | 1,425 |
| Equity | 359,602 | 451,609 | 304,122 | 375,099 | 319,636 |
| Average number of employees | 251 | 194 | 160 | 161 | 134 |
| Ratios | | | | | |
| Gross margin (%) | 3.79 | 17.56 | 14.78 | 21.52 | 19.08 |
| EBIT margin (%) | (8.05) | 6.85 | 1.50 | 7.84 | 8.42 |
| Net margin (%) | (6.95) | 7.72 | (0.36) | 7.38 | 6.66 |
| Return on equity (%) | (23.12) | 22.52 | (0.74) | 15.84 | 20.01 |
| Equity ratio (%) | 20.66 | 36.91 | 29.30 | 47.32 | 57.24 |

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 (%):

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

Net margin (%):

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

Return on equity (%):

Profit/loss for the year * 100

Average equity

Equity ratio (%):

Equity * 100

Total assets

Primary activities

The Company develops and markets shoes and textiles within the categories Sport, Sport lifestyle, Sportfashion & Kidsfashion. Products are being marketed nationally and internationally under the trademarks hummel, newline, Halo & Sometime Soon. Sales & distribution is conducted through own entities and through external licensee & distribution agreements.

Development in activities and finances

hummel A/S and its subsidiaries have shown strong growth on market share, market presence and turnover during recent years. Despite challenging market conditions, the company achieved an all-time high revenue in 2022. Our wholesale, e-commerce and own retail activities all contributed positively to this top-line growth. With strong and sustainable growth comes a high demand for an effective and efficient supply chain. In 2022 hummel opened a new and modern warehouse facility in Denmark. The warehouse facility is highly automated and is an integral part of the future success of the Group.

The 2022 income statement for the Group shows a loss of DKK 94 million (2021; profit DKK 85 million). On 31 December 2022, the balance sheet shows equity of DKK 360 million (2021; DKK 452 million).

Profit/loss for the year in relation to expected developments

The financial performance of the year does not meet expectations. The financial performance has suffered from significant start-up costs and temporary inefficiencies related to the opening of our new warehouse facility as well as movement of existing stock from previous warehouse locations. At the same time sales margins have been challenged by adverse market conditions and high supply chain costs in terms of inbound freight and a stronger USD compared to DKK.

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 2022 and the results of the activities for the financial year 2022 have not been affected by any unusual events.

Outlook

The company has a well-balanced distribution of its investments relative to the growth expectations on individual markets. The group intends to further expand its market share on selected markets.

The coming years will show a gradual and significant growth in turnover, cash flow and significant improvement in earnings. This is based on our strong footprint in the market, our brands and the development we see in our supply chain and other areas of the business.

For the time being, external market conditions are volatile and challenging which will put pressure on earnings for 2023. However, we will start to benefit from our improved efficiency and effectiveness in our supply chain, and consequently see significantly improved financial performance in 2023 with positive numbers.

Use of financial instruments

The company uses forward contracts to hedge the risk of future changes in the cash market related to USD purchases. In addition, some of the company's 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 its environmental impact related to its operations. In 2022 the company has conducted a global CO2 emission assessment, measuring the groups direct & indirect carbon footprint. Hummel's main target is to reduce scope 3 GHG emissions from purchased goods and services by 55% per purchased item by 2031, while reducing its absolute scope 1 and scope 2 GHG emissions by 60%. Hummel's targets have been validated by the Science Based Targets Initiative.

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

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

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

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 2022

| | | 2022 | 2021 |
|--|-------|------------------|----------------|
| | Notes | DKK'000 | DKK '000 |
| Revenue | 2 | 1,348,615 | 1,101,828 |
| Other operating income | | 163 | 210 |
| Cost of sales | | (846,425) | (593,616) |
| Other external expenses | | (451,176) | (314,906) |
| Gross profit/loss | | 51,177 | 193,516 |
| Staff costs | 3 | (147,832) | (109,613) |
| Depreciation, amortisation and impairment losses | | (11,967) | (8,417) |
| Operating profit/loss | | (108,622) | 75,486 |
| Income from investments in group enterprises | | (4,392) | 35,291 |
| Other financial income | 4 | 6,652 | 4,585 |
| Other financial expenses | 5 | (12,521) | (16,112) |
| Profit/loss before tax | | (118,883) | 99,250 |
| Tax on profit/loss for the year | 6 | 25,093 | (14,167) |
| Profit/loss for the year | 7 | (93,790) | 85,083 |

Balance sheet at 31.12.2022

Assets

| | Notes | 2022 DKK'000 | 2021 DKK'000 |
|--|-------|------------------|------------------|
| Completed development projects | 9 | 15,234 | 11,482 |
| Intangible assets | 8 | 15,234 | 11,482 |
| Other fixtures and fittings, tools and equipment | | 6,989 | 3,923 |
| Leasehold improvements | | 1,810 | 2,289 |
| Property, plant and equipment | 10 | 8,799 | 6,212 |
| Investments in group enterprises | | 32,374 | 26,386 |
| Financial assets | 11 | 32,374 | 26,386 |
| Fixed assets | | 56,407 | 44,080 |
| Manufactured goods and goods for resale | | 719,599 | 441,515 |
| Prepayments for goods | | 0 | 10,748 |
| Inventories | | 719,599 | 452,263 |
| Trade receivables | | 113,707 | 108,027 |
| Receivables from group enterprises | | 762,490 | 556,898 |
| Deferred tax | 12 | 12,924 | 0 |
| Other receivables | | 27,074 | 26,083 |
| Tax receivable | | 2,138 | 0 |
| Prepayments | 13 | 29,840 | 19,130 |
| Receivables | | 948,173 | 710,138 |
| Cash | | 16,598 | 16,942 |
| Current assets | | 1,684,370 | 1,179,343 |
| Assets | | 1,740,777 | 1,223,423 |

Equity and liabilities

| | Notes | 2022 DKK'000 | 2021 DKK'000 |
|--|--------------|-------------------------|-------------------------|
| Contributed capital | 14 | 10,000 | 10,000 |
| Reserve for fair value adjustments of hedging instruments | | 39,601 | 37,638 |
| Reserve for net revaluation according to the equity method | | 21,069 | 25,641 |
| Reserve for development expenditure | | 11,883 | 8,956 |
| Retained earnings | | 277,049 | 369,374 |
| Equity | | 359,602 | 451,609 |
| Deferred tax | 12 | 0 | 11,634 |
| Provisions | | 0 | 11,634 |
| Bank loans | | 90,000 | 90,000 |
| Payables to group enterprises | | 50,000 | 0 |
| Other payables | | 8,013 | 7,714 |
| Non-current liabilities other than provisions | 15 | 148,013 | 97,714 |
| Current portion of non-current liabilities other than provisions | 15 | 30,000 | 30,000 |
| Bank loans | | 539,250 | 248,987 |
| Trade payables | | 152,205 | 201,014 |
| Payables to group enterprises | | 446,719 | 130,609 |
| Tax payable | | 0 | 10,989 |
| Other payables | | 64,988 | 40,867 |
| Current liabilities other than provisions | | 1,233,162 | 662,466 |
| Liabilities other than provisions | | 1,381,175 | 760,180 |
| Equity and liabilities | | 1,740,777 | 1,223,423 |
| 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 2022

| | 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 | 37,638 | 25,641 | 8,956 | 369,374 | 451,609 |
| Exchange rate adjustments | 0 | 0 | (180) | 0 | 0 | (180) |
| Fair value adjustments of hedging instruments | 0 | 2,517 | 0 | 0 | 0 | 2,517 |
| Tax of entries on equity | 0 | (554) | 0 | 0 | 0 | (554) |
| Transfer to reserves | 0 | 0 | 0 | 2,927 | (2,927) | 0 |
| Profit/loss for the year | 0 | 0 | (4,392) | 0 | (89,398) | (93,790) |
| Equity end of year | 10,000 | 39,601 | 21,069 | 11,883 | 277,049 | 359,602 |

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

| | 2022 DKK'000 | 2021 DKK'000 |
|---|------------------|------------------|
| Eurasia | 1,320,464 | 1,095,381 |
| Rest of the world | 28,151 | 6,447 |
| Total revenue by geographical market | 1,348,615 | 1,101,828 |

3 Staff costs

| | 2022 DKK'000 | 2021 DKK'000 |
|-----------------------------|-----------------|-----------------|
| Wages and salaries | 124,914 | 95,456 |
| Pension costs | 12,163 | 8,688 |
| Other social security costs | 1,942 | 1,589 |
| Other staff costs | 8,813 | 3,880 |
| | 147,832 | 109,613 |

| | | |
|---------------------------------------|------------|------------|
| Average number of full-time employees | 251 | 194 |
|---------------------------------------|------------|------------|

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

| | 2022 DKK'000 | 2021 DKK'000 |
|---|-----------------|-----------------|
| Financial income from group enterprises | 5,227 | 4,006 |
| Other interest income | 1,425 | 579 |
| | 6,652 | 4,585 |

5 Other financial expenses

| | 2022 DKK'000 | 2021 DKK'000 |
|---|-----------------|-----------------|
| Financial expenses from group enterprises | 2,623 | 0 |
| Other interest expenses | 9,898 | 16,112 |
| | 12,521 | 16,112 |

6 Tax on profit/loss for the year

| | 2022 DKK'000 | 2021 DKK'000 |
|--------------------------------------|-----------------|-----------------|
| Current tax | 0 | 13,617 |
| Change in deferred tax | (25,112) | 551 |
| Adjustment concerning previous years | 19 | (1) |
| | (25,093) | 14,167 |

7 Proposed distribution of profit and loss

| | 2022 DKK'000 | 2021 DKK'000 |
|-------------------|-----------------|-----------------|
| Retained earnings | (93,790) | 85,083 |
| | (93,790) | 85,083 |

8 Intangible assets

| | Completed development projects DKK'000 |
|---|---|
| Cost beginning of year | 38,120 |
| Additions | 12,062 |
| Disposals | (9,350) |
| Cost end of year | 40,832 |
| Amortisation and impairment losses beginning of year | (26,639) |
| Amortisation for the year | (8,309) |
| Reversal regarding disposals | 9,350 |
| Amortisation and impairment losses end of year | (25,598) |
| Carrying amount end of year | 15,234 |

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'000 | Leasehold improvements DKK'000 |
|---|--|--------------------------------------|
| Cost beginning of year | 19,250 | 10,310 |
| Additions | 5,914 | 332 |
| Disposals | (8,893) | (2,420) |
| Cost end of year | 16,271 | 8,222 |
| Depreciation and impairment losses beginning of year | (15,328) | (8,021) |
| Depreciation for the year | (2,847) | (811) |
| Reversal regarding disposals | 8,893 | 2,420 |
| Depreciation and impairment losses end of year | (9,282) | (6,412) |
| Carrying amount end of year | 6,989 | 1,810 |

11 Financial assets

| | Investments in group enterprises DKK'000 |
|---|---|
| Cost beginning of year | 745 |
| Additions | 40 |
| Cost end of year | 785 |
| Revaluations beginning of year | 25,641 |
| Exchange rate adjustments | (180) |
| Share of profit/loss for the year | 2,004 |
| Adjustment of intra-group profits | (6,396) |
| Investments with negative equity value depreciated over receivables | 10,520 |
| Revaluations end of year | 31,589 |
| Carrying amount end of year | 32,374 |

| Investments in subsidiaries | Registered in | Corporate form | Equity interest % |
|--|----------------------|-----------------------|--------------------------|
| 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 |
| Bee Sports GmbH* | Germany | GmbH | 100.00 |

* Subsidiary of Hummel Sport & Leisure Warehandelgesellschaft GmbH

12 Deferred tax

| Changes during the year | 2022 DKK'000 | 2021 DKK'000 |
|------------------------------------|-------------------------|-------------------------|
| Beginning of year | (11,634) | 6,720 |
| Recognised in the income statement | 25,112 | (551) |
| Recognised directly in equity | (554) | (17,803) |
| End of year | 12,924 | (11,634) |

Recognised tax assets relate to the timing differences between dates of deduction for accounting and tax purposes. Based on the nature of the item, the use of the asset and, thus, recognition and measurement are not subject to any special conditions.

Deferred tax assets

Recognised tax assets relate to the timing differences between dates of deduction for accounting and tax purposes. Based on the nature of the item, the use of the asset and, thus, recognition and measurement are not subject to any special conditions.

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 2022 DKK'000 | Due within 12 months 2021 DKK'000 | Due after more than 12 months 2022 DKK'000 |
|-------------------------------|---|---|--|
| Bank loans | 30,000 | 30,000 | 90,000 |
| Payables to group enterprises | 0 | 0 | 50,000 |
| Other payables | 0 | 0 | 8,013 |
| | 30,000 | 30,000 | 148,013 |

16 Financial instruments

Forward exchange contracts are used to hedge future cash flow in USD for 2023. At 31 December 2022 the fair value of the contracts amounts to DKK 12.276k (liability)

17 Unrecognised rental and lease commitments

| | 2022 DKK'000 | 2021 DKK'000 |
|--|-----------------|-----------------|
| Liabilities under rental or lease agreements until maturity in total | 9,860 | 7,536 |

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. 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.

19 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 62.139k.

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
Thornico Holding, Odense Denmark

Accounting policies

Reporting class

This annual report has been prepared in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

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.

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 ordinary 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:

| | Useful life |
|--|--------------------|
| 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 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