

**Ball Wholesale ApS**  
Kløvermarken 29  
7190 Billund  
Business Registration No  
14017577

## **Annual report 2018**

The Annual General Meeting adopted the annual report on 08.03.2019

### **Chairman of the General Meeting**

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Name: Kuno Kildetoft Mehlsen

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## Entity details

### Entity

Ball Wholesale ApS  
Kløvermarken 29  
7190 Billund

Central Business Registration No (CVR): 14017577

Registered in: Billund

Financial year: 01.01.2018 - 31.12.2018

Phone: +45 76 98 11 00

Website: [www.ball-group.com](http://www.ball-group.com)

### Executive Board

Kuno Kildetoft Mehlsen

### Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Egtved Allé 4

6000 Kolding

## Statement by Management on the annual report

The Executive Board has today considered and approved the annual report of Ball Wholesale ApS for the financial year 01.01.2018 - 31.12.2018.

The annual report is presented in accordance with the Danish Financial Statements Act.

In my opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2018 and of the results of its operations for the financial year 01.01.2018 - 31.12.2018.

I believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

I recommend the annual report for adoption at the Annual General Meeting.

Billund, 08.03.2019

### **Executive Board**

Kuno Kildetoft Mehlsen

# Independent auditor's report

## To the shareholders of Ball Wholesale ApS

### Opinion

We have audited the financial statements of Ball Wholesale ApS for the financial year 01.01.2018 - 31.12.2018, 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 31.12.2018 and of the results of its operations for the financial year 01.01.2018 - 31.12.2018 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 of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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:

## Independent auditor's report

- 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.

## **Independent auditor's report**

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.

Kolding, 08.03.2019

### **Deloitte**

Statsautoriseret Revisionspartnerselskab  
Central Business Registration No (CVR) 33963556

Suzette Demediuk Steen Nielsen  
State Authorised Public Accountant  
Identification No (MNE) mne32207

## Management commentary

	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
	<b>DKK'000</b>	<b>DKK'000</b>	<b>DKK'000</b>	<b>DKK'000</b>	<b>DKK'000</b>
<b>Financial highlights</b>					
<b>Key figures</b>					
Revenue	455.149	381.261	311.463	549.769	563.073
Gross profit/loss	135.810	88.055	90.198	61.114	52.657
EBITDA	35.674	(2.715)	6.865	1.596	24.359
Operating profit/loss	26.989	(10.833)	(1.439)	(7.838)	14.426
Net financials	(3.530)	(2.825)	(2.412)	(2.335)	579
Profit/loss for the year	18.214	(10.927)	(2.871)	(8.425)	11.028
Total assets	141.039	127.216	155.451	131.921	177.193
Investments in property, plant and equipment	12.159	11.908	6.758	6.681	0
Equity	20.749	2.571	13.367	45.428	50.822
Average numbers of employees	258	225	209	250	243
Gross profit/loss (II)	219.218	166.416	143.060	211.963	227.384
<b>Ratios</b>					
Gross margin II (%)	48,2	43,6	45,9	38,6	40,4
EBITDA-margin (%)	7,8	(0,7)	2,2	9,0	9,0
Net margin (%)	4,0	(2,9)	(0,9)	(1,5)	2,0
Return on equity (%)	156,2	(137,1)	(9,8)	(17,5)	20,9
Equity ratio (%)	14,7	2,0	8,6	34,4	28,7

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

<b>Ratios</b>	<b>Calculation formula</b>	<b>Calculation formula reflects</b>
Gross margin II (%)	$\frac{\text{Gross profit/loss} \times 100}{\text{Revenue}}$	The entity's gross profit on revenue
EBITDA-margin (%)	$\frac{\text{EBITDA}}{\text{Revenue}}$	The entity's operating profitability before interest, tax, depreciation and amortization.
Net margin (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Revenue}}$	The entity's operating profitability.
Return on equity (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$	The entity's return on capital invested in the entity by the owners.
Equity ratio (%)	$\frac{\text{Equity} \times 100}{\text{Total assets}}$	The financial strength of the entity.

As of 1 January 2017, Ball Wholesale ApS merged with Ball Retail ApS. Comparative amounts and ratios have been restated accordingly.



## Management commentary

### Primary activities

The Company's main objective is to source and market clothing for plus size women. The Company's sales are primarily in Europe.

### Development in activities and finances

Revenue for the financial year will finalize at DKK 455m compared to DKK 381m in last financial year. The growth in revenue was realized through an increase in online sales, an increase in the number of own stores and an increase in revenue coming from international wholesale customers. The Company realizes an operating profit (EBITDA) of DKK 35.7m against last year's operating loss of DKK 2.7m.

2018 was a successful year for the Company. The year more than anything marks the completion of the strategy plan and significant transformations process that were set into motion in 2016.

Over the course of this period of 3 years, the Company has changed from rooted in traditional wholesale and franchise operations to being a company with own stores, e-commerce and professional wholesale being the predominant distribution. The Company faces the future with a strong operating model, a higher operating profit and a sound financial situation.

### Uncertainty relating to recognition and measurement

During recognition and measurement for the financial year, no significant uncertainty has been identified.

### Going concern

Reference is made to note 1 in the financial statements.

### Particular risks

#### ***Business risks***

The primary business risks for the Company relate to continued ability to develop, correct marketing and the ability to obtain profit on selling in an internationally competitive market.

The Board of Directors must reassure a continuous monitoring of the development in the market in order to reduce the business risks, as well as strengthen its competitive position on crucial parameters

#### ***Currency risks***

The Company will be exposed to some currency risks. A considerable part of the transactions entered into by the Company is carried out in foreign currency and will be affected by currency and interest development on the used currencies. This goes for activities carried out between foreign group companies, suppliers and customers.

During the previous financial year, the currency policy for the Company was revised in order to minimize the risks in transactions with foreign exchange. In the financial year, the policy has proven to be correct and will be continued unchanged during the coming financial year.

## Management commentary

### ***Credit risks***

Credit risks are related to debtors including the few remaining franchise partners, who receive deliveries according to the Company's normal trade terms. The priority of the Company's debtors is insured via credit insurance and/or bank guarantees under continuous control and risk assessment of credit level.

The level of debtors is considered very good for the Company.

### **Intellectual capital resources**

It is essential for the Company to maintain the ability to attract, develop and retain quality members of staff with a high level of competence. The presence of quality knowledge and knowhow in each level of staff will be obtained by thorough recruitment and a continuous development of the existing staff and their competences.

### **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 2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017 DKK</u>
Revenue		455.148.882	381.261.356
Cost of sales		(235.931.303)	(214.845.704)
Other external expenses		<u>(83.407.246)</u>	<u>(78.360.231)</u>
<b>Gross profit/loss</b>		<b>135.810.333</b>	<b>88.055.421</b>
Staff costs	2	(100.154.741)	(90.770.792)
Depreciation, amortisation and impairment losses	3	<u>(8.666.252)</u>	<u>(8.118.024)</u>
<b>Operating profit/loss</b>		<b>26.989.340</b>	<b>(10.833.395)</b>
Income from investments in group enterprises		(23.221)	421.236
Other financial income	4	1.210.821	728.295
Other financial expenses	5	<u>(4.717.500)</u>	<u>(3.974.604)</u>
<b>Profit/loss before tax</b>		<b>23.459.440</b>	<b>(13.658.468)</b>
Tax on profit/loss for the year	6	<u>(5.245.062)</u>	<u>2.731.715</u>
<b>Profit/loss for the year</b>	7	<u><b>18.214.378</b></u>	<u><b>(10.926.753)</b></u>

## Balance sheet at 31.12.2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017 DKK</u>
Acquired rights		6.107.508	3.894.421
<b>Intangible assets</b>	8	<b>6.107.508</b>	<b>3.894.421</b>
Other fixtures and fittings, tools and equipment		22.505.007	18.375.989
<b>Property, plant and equipment</b>	9	<b>22.505.007</b>	<b>18.375.989</b>
Investments in group enterprises		0	0
Deposits		6.408.359	5.604.223
<b>Fixed asset investments</b>	10	<b>6.408.359</b>	<b>5.604.223</b>
<b>Fixed assets</b>		<b>35.020.874</b>	<b>27.874.633</b>
Manufactured goods and goods for resale		45.699.294	36.923.611
<b>Inventories</b>		<b>45.699.294</b>	<b>36.923.611</b>
Trade receivables		17.683.483	16.730.668
Receivables from group enterprises		26.967.803	31.544.581
Deferred tax	11	2.550.674	6.579.635
Other receivables		1.905.706	5.237.690
Prepayments	12	2.574.990	2.056.112
<b>Receivables</b>		<b>51.682.656</b>	<b>62.148.686</b>
<b>Cash</b>		<b>8.636.481</b>	<b>268.953</b>
<b>Current assets</b>		<b>106.018.431</b>	<b>99.341.250</b>
<b>Assets</b>		<b>141.039.305</b>	<b>127.215.883</b>

## Balance sheet at 31.12.2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017 DKK</u>
Contributed capital		550.000	550.000
Retained earnings		<u>20.199.364</u>	<u>2.021.276</u>
<b>Equity</b>		<b><u>20.749.364</u></b>	<b><u>2.571.276</u></b>
Provisions for investments in group enterprises	13	<u>846.262</u>	<u>825.075</u>
<b>Provisions</b>		<b><u>846.262</u></b>	<b><u>825.075</u></b>
Bank loans		<u>0</u>	<u>39.700.000</u>
<b>Non-current liabilities other than provisions</b>		<b><u>0</u></b>	<b><u>39.700.000</u></b>
Bank loans		39.700.000	0
Trade payables		23.453.756	12.114.386
Payables to group enterprises		24.769.546	47.847.850
Income tax payable		1.205.300	0
Other payables		<u>30.315.077</u>	<u>24.157.296</u>
<b>Current liabilities other than provisions</b>		<b><u>119.443.679</u></b>	<b><u>84.119.532</u></b>
<b>Liabilities other than provisions</b>		<b><u>119.443.679</u></b>	<b><u>123.819.532</u></b>
<b>Equity and liabilities</b>		<b><u>141.039.305</u></b>	<b><u>127.215.883</u></b>
Going concern	1		
Financial instruments	14		
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## Statement of changes in equity for 2018

	<b>Contributed capital DKK</b>	<b>Retained earnings DKK</b>	<b>Total DKK</b>
Equity beginning of year	550.000	2.021.276	2.571.276
Exchange rate adjustments	0	1.955	1.955
Fair value adjustments of hedging instruments	0	(49.046)	(49.046)
Tax of entries on equity	0	10.801	10.801
Profit/loss for the year	0	18.214.378	18.214.378
<b>Equity end of year</b>	<b>550.000</b>	<b>20.199.364</b>	<b>20.749.364</b>

## Notes

### 1. Going concern

The Company has, to be agile, requested its financial institution to extend its financial commitment until June 30, 2019 only. Based on the Company's budget, the credit facilities for this period are considered to be sufficient. Management expects to obtain an extension of the Company's existing credit facilities for the remainder of the financial year 2019 by June 30, 2019, to ensure appropriate funding for the planned activities for the remainder of the financial year 2019. Thus, at the time of presentation of the annual report for 2018, no binding agreement has been entered into with the financial institution until December 31, 2019. However, Management considers it highly probable that this extension can be achieved.

	<b>2018</b>	<b>2017</b>
	<b>DKK</b>	<b>DKK</b>
<b>2. Staff costs</b>		
Wages and salaries	92.781.851	83.541.643
Pension costs	2.619.097	2.353.651
Other social security costs	1.358.577	1.281.327
Other staff costs	<u>3.395.216</u>	<u>3.594.171</u>
	<b><u>100.154.741</u></b>	<b><u>90.770.792</u></b>
Average number of employees	<u><b>258</b></u>	<u><b>225</b></u>

Remuneration of the Executive Board is not disclosed with reference to S. 98(3) of the Danish Financial Statements Act.

In order to strengthen Management and certain leading employees' interest in the long-term value creation of Ball Wholesale ApS, 11,069,076 warrants giving the right to subscription of 1 share each in Ball Invest ApS has been granted. The exercise price relevant to the majority of the warrants is set at 1 (set at price 100). During the financial year no further warrants have been granted.

	<b>2018</b>	<b>2017</b>
	<b>DKK</b>	<b>DKK</b>
<b>3. Depreciation, amortisation and impairment losses</b>		
Amortisation of intangible assets	822.571	505.318
Depreciation of property, plant and equipment	7.813.046	7.433.202
Profit/loss from sale of intangible assets and property, plant and equipment	30.635	179.504
	<u><b>8.666.252</b></u>	<u><b>8.118.024</b></u>

## Notes

	<b>2018</b>	<b>2017</b>
	<b>DKK</b>	<b>DKK</b>
<b>4. Other financial income</b>		
Financial income arising from group enterprises	926.756	583.781
Financial income from associates	283.982	143.857
Other interest income	83	657
	<b>1.210.821</b>	<b>728.295</b>
	<b>2018</b>	<b>2017</b>
	<b>DKK</b>	<b>DKK</b>
<b>5. Other financial expenses</b>		
Financial expenses from group enterprises	2.146.098	1.575.246
Other interest expenses	2.541.984	2.245.075
Exchange rate adjustments	29.418	154.283
	<b>4.717.500</b>	<b>3.974.604</b>
	<b>2018</b>	<b>2017</b>
	<b>DKK</b>	<b>DKK</b>
<b>6. Tax on profit/loss for the year</b>		
Current tax	1.205.300	0
Change in deferred tax	3.777.805	(3.013.000)
Adjustment concerning previous years	261.957	281.285
	<b>5.245.062</b>	<b>(2.731.715)</b>
	<b>2018</b>	<b>2017</b>
	<b>DKK</b>	<b>DKK</b>
<b>7. Proposed distribution of profit/loss</b>		
Retained earnings	18.214.378	(10.926.753)
	<b>18.214.378</b>	<b>(10.926.753)</b>



## Notes

	<b>Acquired rights DKK</b>
	<u>DKK</u>
<b>8. Intangible assets</b>	
Cost beginning of year	14.815.050
Additions	3.089.500
Disposals	<u>(382.000)</u>
<b>Cost end of year</b>	<b><u>17.522.550</u></b>
Amortisation and impairment losses beginning of year	(10.920.629)
Amortisation for the year	(822.571)
Reversal regarding disposals	<u>328.158</u>
<b>Amortisation and impairment losses end of year</b>	<b><u>(11.415.042)</u></b>
<b>Carrying amount end of year</b>	<b><u>6.107.508</u></b>
	<b>Other fixtures and fittings, tools and equipment DKK</b>
	<u>DKK</u>
<b>9. Property, plant and equipment</b>	
Cost beginning of year	61.753.028
Additions	12.159.408
Disposals	<u>(3.054.634)</u>
<b>Cost end of year</b>	<b><u>70.857.802</u></b>
Depreciation and impairment losses beginning of year	(43.377.039)
Depreciation for the year	(7.813.046)
Reversal regarding disposals	<u>2.837.290</u>
<b>Depreciation and impairment losses end of year</b>	<b><u>(48.352.795)</u></b>
<b>Carrying amount end of year</b>	<b><u>22.505.007</u></b>

## Notes

	<b>Invest- ments in group enterprises DKK</b>	<b>Deposits DKK</b>
<b>10. Fixed asset investments</b>		
Cost beginning of year	186.250	5.604.223
Additions	0	1.435.051
Disposals	0	(630.915)
<b>Cost end of year</b>	<b>186.250</b>	<b>6.408.359</b>
Impairment losses beginning of year	(186.250)	0
Exchange rate adjustments	1.955	0
Share of profit/loss for the year	(23.142)	0
Reversal of impairment losses	(825.075)	0
Investments with negative equity value transferred to provisions	846.262	0
<b>Impairment losses end of year</b>	<b>(186.250)</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>0</b>	<b>6.408.359</b>

	<b>Corpo- rate form</b>	<b>Equity inte- rest %</b>
	<b>Registered in</b>	
Investments in group enterprises comprise:		
Ball Group Germany GmbH	Munich, Germany	GmbH 100,0

## Notes

	<b>2018</b>
	<b>DKK</b>
<b>11. Deferred tax</b>	
<b>Changes during the year</b>	
Beginning of year	6.579.635
Recognised in the income statement	(3.777.805)
Recognised directly in equity	10.801
Other changes	<u>(261.957)</u>
<b>End of year</b>	<b><u>2.550.674</u></b>

Deferred tax assets comprise temporary differences on intangible assets, property, plant and equipment and deferred tax losses. The Company expects to utilize tax assets within a shorter period of time, based on the current expectations for the following financial years.

### 12. Prepayments

Prepayments comprise incurred marketing costs and other costs relating to subsequent financial years.

### 13. Provisions for investments in group enterprises

Provisions for investments in group enterprises comprise the equity loss in Ball Group Germany GmbH.

### 14. Financial instruments

Other receivables include a positive fair value of forward exchange contracts of DKK 936k. Ball Wholesale ApS hedges future exchange risks relating to sales and purchases and sales of goods. Ball Wholesale ApS has entered into forward exchange contracts for the following 8 months to secure purchases and sales of goods in the following currencies: USD 27,750k. All values are absolute values. All contracts are subscribed with the Company's ordinary bank.

	<b>2018</b>	<b>2017</b>
	<b>DKK</b>	<b>DKK</b>
<b>15. Unrecognised rental and lease commitments</b>		
Liabilities under rental or lease agreements until maturity in total	<b><u>43.383.597</u></b>	<b><u>27.631.228</u></b>

## Notes

	<b>2018</b>	<b>2017</b>
	<b>DKK</b>	<b>DKK</b>
<b>16. Contingent liabilities</b>		
Recourse and non-recourse guarantee commitments	<u>10.468.050</u>	<u>10.448.411</u>
<b>Contingent liabilities in total</b>	<b><u>10.468.050</u></b>	<b><u>10.448.411</u></b>

The Entity participates in a Danish joint taxation arrangement where Ax Ball Invest ApS, Business Reg. No 30 08 43 06 serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

### 17. Assets charged and collateral

Bank loans are secured by way of a floating charge of DKK 80,000k. The assets covered by the floating charge amount to DKK 117,336k and comprises receivables, inventory, and operating equipment.

Bank loans are also secured by way of a floating charge, which covers rental rights etc.

### Collateral provided for group enterprises

The Entity has guaranteed group enterprises' debt with the Group's main bank. The maximum limit of the guarantee is DKK 62,222k. Bank loans of group enterprises amount to DKK 51,407k at 31 December 2018.

The above mentioned floating charge also secures group enterprises' debt with the Group's main bank.

### 18. Related parties with controlling interest

The following parties have a controlling interest:

- Ball ApS, Billund, shareholder
- Ball Holding ApS, Billund, shareholder
- Ball Invest ApS, Billund, shareholder
- Ax Ball Invest ApS, Copenhagen, shareholder
- Axcel III K/S 1, Copenhagen, shareholder
- Axcel III K/S 2, Copenhagen, shareholder
- AXBL Invco ApS, Copenhagen, shareholder

Capital fund Axcel III is the largest indirect shareholder of Ball ApS, holding 87% of the Group's shares and rights to vote. A number of senior executives and directors own the remaining part. Axcell III has controlling interest in the Group. Director Asbjørn Hyldgaard represents the capital fund on the Board. The rest of the Board is independent but designated by Axcel.

## Notes

### **19. Transactions with related parties**

During the financial year, related party transactions have been conducted on an arm's length basis.

### **20. Group relations**

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

Ax Ball Invest ApS, c/o Management InvCo A/S, Sankt Annæ Plads 10, 1250 Copenhagen K, Business Reg. No 30 08 43 06.

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

Ball ApS, Kløvermarken 29, 7190 Billund, Business Reg. No 14 24 69 75.

## 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 (medium).

Certain reclassifications have been made in the comparative figures without having effect on profit or equity.

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

### Consolidated financial statements

Referring to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

### Recognition and measurement

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

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

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

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

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

### Income statement

#### Revenue

Revenue from the sale of goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

#### Cost of sales

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

## Accounting policies

### Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

### Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

### Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing.

### Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intra-group profits or losses.

### Other financial income

Other financial income comprises interest income, net capital or exchange gains, payables and transactions in foreign currencies as well as tax relief under the Danish Tax Prepayment Scheme etc.

### Other financial expenses

Other financial expenses comprise interest expenses, net capital or exchange losses, payables and transactions in foreign currencies as well as 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

#### Intellectual property rights etc

Intellectual property rights etc comprise acquired intellectual property rights (rental rights).

Intellectual property rights acquired are measured at cost less accumulated amortisation, which is set at 10 years.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

#### Property, plant and equipment

Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

## Accounting policies

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	3-10 years

For leasehold improvements and assets held under finance leases, the depreciation amount exceeds the contract period.

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

### Investments in group enterprises

Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity plus or minus unrealised intra-group profits or losses.

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation is imminent, a provision is recognised that is measured at present value of the costs deemed necessary to incur to settle the obligation.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to Reserve for net revaluation according to the equity method under equity.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

### Inventories

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

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.



## Accounting policies

### Receivables

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

### Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

### 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

Other provisions comprise legal or constructive obligations to cover the liabilities of group enterprises with negative equity value and is measured at present value of the costs deemed necessary to incur to settle the obligation.

### Operating leases

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

### Other financial liabilities

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

### Income tax receivable or payable

Current tax receivable or payable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

### Cash flow statement

Referring to section 86 of the Danish Financial Statements Act, a cash flow statement has not been prepared because the Company's cash flow is fully included in the consolidated cash flows of Ax Ball Invest ApS, Business Reg. No 30 08 43 06.