

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

## **Annual report 2017**

The Annual General Meeting adopted the annual report on 01.03.2018

### **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: 01.01.2017 - 31.12.2017

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 01.01.2017 - 31.12.2017.

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 31.12.2017 and of the results of its operations for the financial year 01.01.2017 - 31.12.2017.

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, 01.03.2018

### **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 01.01.2017 - 31.12.2017, 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 31.12.2017 and of the results of its operations for the financial year 01.01.2017 - 31.12.2017 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, 01.03.2018

### **Deloitte**

Statsautoriseret Revisionspartnerselskab  
Central Business Registration No (CVR) 33963556

Suzette Demediuk Steen Nielsen  
State Authorised Public Accountant  
Identification No (MNE) 32207

Allan Trolle Pedersen  
State Authorised Public Accountant  
Identification No (MNE) 34339

## Management commentary

	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</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	381.261	311.463	549.769	563.073	604.680
Gross profit/loss	88.055	90.198	99.999	99.999	99.999
EBITDA	(2.715)	6.865	99.999	99.999	99.999
Operating profit/loss	(10.833)	(1.439)	(7.838)	14.426	36.731
Net financials	(2.825)	(2.412)	(2.335)	579	(638)
Profit/loss for the year	(10.927)	(2.871)	(8.425)	11.028	25.606
Total assets	127.216	155.451	131.921	177.193	184.071
Investments in property, plant and equipment	11.908	6.758	6.681	0	0
Equity	2.571	13.367	45.428	50.822	54.802
Average numbers of employees	225	209	250	243	246
Gross profit/loss (II)	166.416	143.060	211.963	227.384	244.047
<b>Ratios</b>					
Gross margin II (%)	43,6	45,9	38,6	40,4	40,4
EBITDA-margin (%)	(0,7)	2,2	9,0	9,0	9,0
Net margin (%)	(2,9)	(0,9)	(1,5)	2,0	4,2
Return on equity (%)	(137,1)	(9,8)	(17,5)	20,9	44,5
Equity ratio (%)	2,0	8,6	34,4	28,7	29,8

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios 2015" 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. Comparison amount and ratios have been adjusted accordingly.



## Management commentary

### Primary activities

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

### Development in activities and finances

Turnover for the fiscal year will finalize at 389 mio. DKK compared to 311 mio. DKK in last fiscal year. The growth in revenue was realized through increase in online sales, an increase in number of own stores and an increase in revenue coming from international wholesale customers. The company realizes an operating profit (EBITDA) of (2,8) million DKK against last year's operating profit of 6,9 million DKK.

Giving the extraordinary circumstances surrounding the closing of traditional wholesale and virtually closing or converting all franchise stores, the result is considered to be satisfactory.

Apart from the financial improvements, the year more than anything marks the completion of the significant transformations process that was set into motion in 2016. Over the course of this period 2 year, the Group has changed from routed in traditional wholesale and franchise operations, to being 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.

As of 1 January 2017 Ball Wholesale ApS merged with Ball Retail ApS. Comparison amounts have been adjusted accordinally.

### Unusual circumstances affecting recognition and measurement

Due to the undergoing changes in the fashion industry, Ball Group decided in November 2017 to close down its traditional wholesale model based on field sales representatives and only serve its wholesale customers through a digital BTB platform that allows the customers a faster and more transparent product offer. Sales representatives was resigned and consequently showrooms and other facilities was terminated in the process leading to a number of non-recurrent costs in the fiscal year.

### Particular risks

#### *Business risks*

The primary business risks for the company relates to continued ability to develop, correct marketing and the ability to profit on selling in internationally competitive market.

The board of directors must reassure a continually 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 considered part of the transactions done by the group 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 fiscal year, the currency policy for the company was revised in order to minimize the risks in transaction with foreign exchange. The policy has in the annual financial year proven to be correct and will be continued unchanged during the coming financial year.

## Management commentary

### *Credit Risks*

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

The level of debtors is considered very good for the group

### **Intellectual capital resources**

It is essential for the company to maintain the ability to attract, develop and withhold 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.

Throughout the year there has been added a considerable amount of experienced and highly qualified members of staff to the company.

### **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 2017

	<u>Notes</u>	<u>2017 DKK</u>	<u>2016 DKK</u>
Revenue		381.261.356	311.462.854
Other operating income		0	21.996.442
Cost of sales		(214.845.704)	(168.402.754)
Other external expenses		<u>(78.360.231)</u>	<u>(74.858.618)</u>
<b>Gross profit/loss</b>		<b>88.055.421</b>	<b>90.197.924</b>
Staff costs	1	(90.770.792)	(81.198.297)
Depreciation, amortisation and impairment losses	2	(8.118.024)	(8.304.024)
Other operating expenses		<u>0</u>	<u>(2.134.241)</u>
<b>Operating profit/loss</b>		<b>(10.833.395)</b>	<b>(1.438.638)</b>
Income from investments in group enterprises		421.236	204.892
Other financial income from group enterprises		583.781	707.386
Other financial income	3	144.514	170.910
Other financial expenses	4	<u>(3.974.604)</u>	<u>(3.495.612)</u>
<b>Profit/loss before tax</b>		<b>(13.658.468)</b>	<b>(3.851.062)</b>
Tax on profit/loss for the year	5	<u>2.731.715</u>	<u>980.164</u>
<b>Profit/loss for the year</b>	6	<b><u>(10.926.753)</u></b>	<b><u>(2.870.898)</u></b>

## Balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017 DKK</u>	<u>2016 DKK</u>
Acquired rights		3.894.421	1.328.213
<b>Intangible assets</b>	7	<b><u>3.894.421</u></b>	<b><u>1.328.213</u></b>
Other fixtures and fittings, tools and equipment		18.375.989	14.132.407
<b>Property, plant and equipment</b>	8	<b><u>18.375.989</u></b>	<b><u>14.132.407</u></b>
Investments in group enterprises		0	0
Deposits		5.604.223	4.799.363
<b>Fixed asset investments</b>	9	<b><u>5.604.223</u></b>	<b><u>4.799.363</u></b>
<b>Fixed assets</b>		<b><u>27.874.633</u></b>	<b><u>20.259.983</u></b>
Manufactured goods and goods for resale		36.923.610	23.720.678
<b>Inventories</b>		<b><u>36.923.610</u></b>	<b><u>23.720.678</u></b>
Trade receivables		42.560.481	53.844.154
Receivables from group enterprises		5.714.768	18.844.194
Deferred tax	10	6.579.635	3.604.189
Other receivables		5.237.690	3.658.048
Prepayments	11	2.056.112	3.491.160
<b>Receivables</b>		<b><u>62.148.686</u></b>	<b><u>83.441.745</u></b>
<b>Cash</b>		<b><u>268.953</u></b>	<b><u>28.028.359</u></b>
<b>Current assets</b>		<b><u>99.341.249</u></b>	<b><u>135.190.782</u></b>
<b>Assets</b>		<b><u>127.215.882</u></b>	<b><u>155.450.765</u></b>

## Balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017 DKK</u>	<u>2016 DKK</u>
Contributed capital		550.000	536.000
Retained earnings		<u>2.021.274</u>	<u>12.830.639</u>
<b>Equity</b>		<b><u>2.571.274</u></b>	<b><u>13.366.639</u></b>
Provisions for investments in group enterprises	12	<u>825.075</u>	<u>0</u>
<b>Provisions</b>		<b><u>825.075</u></b>	<b><u>0</u></b>
Bank loans		<u>39.700.000</u>	<u>32.950.000</u>
<b>Non-current liabilities other than provisions</b>	13	<b><u>39.700.000</u></b>	<b><u>32.950.000</u></b>
Trade payables		12.114.386	40.530.570
Payables to group enterprises		47.847.850	49.087.390
Other payables		<u>24.157.297</u>	<u>19.516.166</u>
<b>Current liabilities other than provisions</b>		<b><u>84.119.533</u></b>	<b><u>109.134.126</u></b>
<b>Liabilities other than provisions</b>		<b><u>123.819.533</u></b>	<b><u>142.084.126</u></b>
<b>Equity and liabilities</b>		<b><u>127.215.882</u></b>	<b><u>155.450.765</u></b>
Financial instruments	14		
Unrecognised rental and lease commitments	15		
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## Statement of changes in equity for 2017

	<b>Contributed capital DKK</b>	<b>Retained earnings DKK</b>	<b>Total DKK</b>
Equity beginning of year	536.000	5.268.365	5.804.365
Increase of capital	14.000	7.548.272	7.562.272
Exchange rate adjustments	0	(1.758)	(1.758)
Fair value adjustments of hedging instruments	0	133.148	133.148
Profit/loss for the year	0	(10.926.753)	(10.926.753)
<b>Equity end of year</b>	<b>550.000</b>	<b>2.021.274</b>	<b>2.571.274</b>

## Notes

	<b>2017</b>	<b>2016</b>
	<b>DKK</b>	<b>DKK</b>
<b>1. Staff costs</b>		
Wages and salaries	83.541.643	74.459.158
Pension costs	2.353.651	2.167.733
Other social security costs	1.281.327	1.337.911
Other staff costs	3.594.171	3.233.495
	<b>90.770.792</b>	<b>81.198.297</b>
Average number of employees	<b>225</b>	<b>209</b>
	<b>2017</b>	<b>2016</b>
	<b>DKK</b>	<b>DKK</b>
<b>2. Depreciation, amortisation and impairment losses</b>		
Amortisation of intangible assets	505.318	982.847
Depreciation of property, plant and equipment	7.433.202	7.321.177
Profit/loss from sale of intangible assets and property, plant and equipment	179.504	0
	<b>8.118.024</b>	<b>8.304.024</b>
	<b>2017</b>	<b>2016</b>
	<b>DKK</b>	<b>DKK</b>
<b>3. Other financial income</b>		
Financial income from associates	143.857	161.890
Other interest income	657	2
Exchange rate adjustments	0	9.018
	<b>144.514</b>	<b>170.910</b>
	<b>2017</b>	<b>2016</b>
	<b>DKK</b>	<b>DKK</b>
<b>4. Other financial expenses</b>		
Financial expenses from group enterprises	1.575.246	510.221
Other interest expenses	2.245.075	2.985.391
Exchange rate adjustments	154.283	0
	<b>3.974.604</b>	<b>3.495.612</b>

## Notes

	<b>2017</b>	<b>2016</b>
	<b>DKK</b>	<b>DKK</b>
<b>5. Tax on profit/loss for the year</b>		
Change in deferred tax	(3.013.000)	(980.000)
Adjustment concerning previous years	281.285	(164)
	<b><u>(2.731.715)</u></b>	<b><u>(980.164)</u></b>

	<b>2017</b>	<b>2016</b>
	<b>DKK</b>	<b>DKK</b>
<b>6. Proposed distribution of profit/loss</b>		
Retained earnings	(10.926.753)	(2.870.898)
	<b><u>(10.926.753)</u></b>	<b><u>(2.870.898)</u></b>

	<b>Acquired rights DKK</b>
<b>7. Intangible assets</b>	
Cost beginning of year	11.967.000
Additions	3.326.550
Disposals	(478.500)
<b>Cost end of year</b>	<b><u>14.815.050</u></b>
Amortisation and impairment losses beginning of year	(10.638.787)
Amortisation for the year	(505.318)
Reversal regarding disposals	223.476
<b>Amortisation and impairment losses end of year</b>	<b><u>(10.920.629)</u></b>
<b>Carrying amount end of year</b>	<b><u>3.894.421</u></b>



## Notes

	<b>Other fixtures and fittings, tools and equipment DKK</b>	
	<u>DKK</u>	
<b>8. Property, plant and equipment</b>		
Cost beginning of year		60.673.653
Additions		11.908.385
Disposals		<u>(10.829.010)</u>
<b>Cost end of year</b>		<b><u>61.753.028</u></b>
Depreciation and impairment losses beginning of year		(46.541.246)
Depreciation for the year		(7.433.202)
Reversal regarding disposals		<u>10.597.409</u>
<b>Depreciation and impairment losses end of year</b>		<b><u>(43.377.039)</u></b>
<b>Carrying amount end of year</b>		<b><u>18.375.989</u></b>
	<b>Investments in group enterprises DKK</b>	<b>Deposits DKK</b>
	<u>DKK</u>	<u>DKK</u>
<b>9. Fixed asset investments</b>		
Cost beginning of year	186.250	4.799.363
Additions	<u>0</u>	<u>804.860</u>
<b>Cost end of year</b>	<b><u>186.250</u></b>	<b><u>5.604.223</u></b>
Impairment losses beginning of year	(186.250)	0
Exchange rate adjustments	(1.758)	0
Share of profit/loss for the year	421.236	0
Reversal of impairment losses	(1.244.553)	0
Investments with negative equity value transferred to provisions	<u>825.075</u>	<u>0</u>
<b>Impairment losses end of year</b>	<b><u>(186.250)</u></b>	<b><u>0</u></b>
<b>Carrying amount end of year</b>	<b><u>0</u></b>	<b><u>5.604.223</u></b>

## Notes

	<u>Registered in</u>	<u>Corpo- rate form</u>	<u>Equity inte- rest %</u>	<u>Equity DKK</u>	<u>Profit/loss DKK</u>
Investments in group enterprises comprise:					
Ball Group Germany GmbH	Germany	GmbH	100,0	(825.075)	421.236

**2017**

**DKK**

### 10. Deferred tax

#### Changes during the year

Beginning of year	3.604.189
Recognised in the income statement	3.013.000
Recognised directly in equity	<u>(37.554)</u>
<b>End of year</b>	<b><u>6.579.635</u></b>

Deferred tax assets comprise is comprised by 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.

### 11. Prepayments

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

### 12. Provisions for investments in group enterprises

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

**Outstanding  
after 5 years  
DKK**

### 13. Liabilities other than provisions

Bank loans	<u>39.700.000</u>
	<b><u>39.700.000</u></b>

### 14. Financial instruments

Other receivables includes a positive fair value of forward exchange contracts of DKK 985k. Ball Wholesale ApS hedges future exchange risks relating to sales and purchases and sales of goods. Ball Wholesale ApS has entered forward exchange contracts for the following 8 months to secure purchases and sales of goods

## Notes

in the following currencies: DKK 110,195k, NOK 31,350k, SEK 12,250k, GBP 310k and USD 11,275k. All values are absolute values. All contracts are subscribed with the company's bank.

	<b>2017</b>	<b>2016</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>27.631.228</u></b>	<b><u>31.303.006</u></b>
	<b>2017</b>	<b>2016</b>
	<b>DKK</b>	<b>DKK</b>
<b>16. Contingent liabilities</b>		
Recourse and non-recourse guarantee commitments	<u>17.780.768</u>	<u>7.229.000</u>
<b>Contingent liabilities in total</b>	<b><u>17.780.768</u></b>	<b><u>7.229.000</u></b>

The Entity participates in a Danish joint taxation arrangement where Ax Ball Invest ApS, CBR. 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 state-ments.

### 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 116,471k million and comprises receivables, inventory, and operating equipment.

Bank loans are also secured by way of a moving mortgage of DKK 10,100k. The moving mortgage covers rental rights etc.

### Collateral provided for group enterprises

The Entity has guaranteed group enterprises' debt with the Groups main bank. The maximum limit of the guarantee is DKK 65,126k. Bank loans of group enterprises amount to DKK 24,041k.

The above mentioned floating charge and moving mortgage also secures group enterprises' debt with the Groups main bank.

### 18. Related parties with controlling interest

The following parties have a controlling interest:

- Ball ApS, Billund, share owner
- Ball Holding ApS, Billund, share owner

## Notes

- Ball Invest ApS, Billund, share owner
- Ax Ball Invest ApS, København, share owner
- Axcel III K/S 1, København, share owner
- Axcel III K/S 2, København, share owner
- AXBL Invco ApS, København, share owner

### 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 København K, CBR. 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, CBR. 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).

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.

### Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

### Derivative financial instruments

On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value. Derivative financial instruments are recognised under other receivables or other payables.

## Accounting policies

### 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.

#### Other operating income

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

#### Cost of sales

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

#### 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.

#### 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

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 from group enterprises

Other financial income from group enterprises comprises interest income etc on receivables from group enterprises.

#### 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.

## Accounting policies

### 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.

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 subject to finance leases, the depreciation amount exceed 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.

## Accounting policies

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.

### 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.



## Accounting policies

### 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.

### 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 consolidated cash flow for Ax Ball Invest ApS, CBR. No. 30 08 43 06.