



Zizzi Denmark ApS

Kløvermarken 29
7190 Billund
CVR No. 14017577

Annual report 2022

The Annual General Meeting adopted the
annual report on 18.05.2023

Kuno Kildetoft Mehlsen
Chairman of the General Meeting

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Entity details

Entity

Zizzi Denmark ApS

Kløvermarken 29

7190 Billund

Business Registration No.: 14017577

Registered office: Billund

Financial year: 01.01.2022 - 31.12.2022

Executive Board

Kuno Kildetoft Mehlsen, Chief Executive Officer

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Egtved Allé 4

6000 Kolding

Statement by Management

The Executive Board has today considered and approved the annual report of Zizzi Denmark ApS 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.

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, 30.01.2023

Executive Board

Kuno Kildetoft Mehlsen
Chief Executive Officer

Independent auditor's report

To the shareholders of Zizzi Denmark ApS

Opinion

We have audited the financial statements of Zizzi Denmark ApS 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 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.

Kolding, 30.01.2023

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Morten Gade Steinmetz

State Authorised Public Accountant
Identification No (MNE) mne34145

Thomas Aamand Lund

State Authorised Public Accountant
Identification No (MNE) mne47764

Management commentary

Financial highlights

	2022	2021	2020	2019	2018/18
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Key figures					
Revenue	644,861	608,481	540,745	564,680	455,151
Gross profit/loss	139,633	189,497	140,354	160,278	135,811
EBITDA	15,873	75,214	1,102	36,457	35,674
Operating profit/loss	4,758	65,640	(13,892)	26,215	26,987
Net financials	(2,589)	(9,570)	(4,039)	(3,256)	(3,506)
Profit/loss for the year	1,688	43,504	(14,198)	18,085	18,213
Total assets	294,707	244,980	205,786	167,908	140,797
Investments in property, plant and equipment	4,723	2,361	10,798	10,936	12,158
Equity	94,362	97,836	49,250	36,888	20,749
Average number of employees	278	254	267	295	258
Ratios					
Gross margin (%)	21.65	31.14	25.96	28.38	29.84
EBIT margin (%)	0.74	10.79	(2.57)	4.64	5.93
Net margin (%)	0.26	7.15	(2.63)	3.20	4.00
Return on equity (%)	1.76	59.15	(32.97)	62.75	156.21
Equity ratio (%)	32.02	39.94	23.93	21.97	14.74

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

Gross margin (%):

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

Revenue

EBIT margin (%):

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

Revenue

Net margin (%):

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

Revenue

Return on equity (%):

Profit/loss for the year * 100

Average equity

Equity ratio (%):

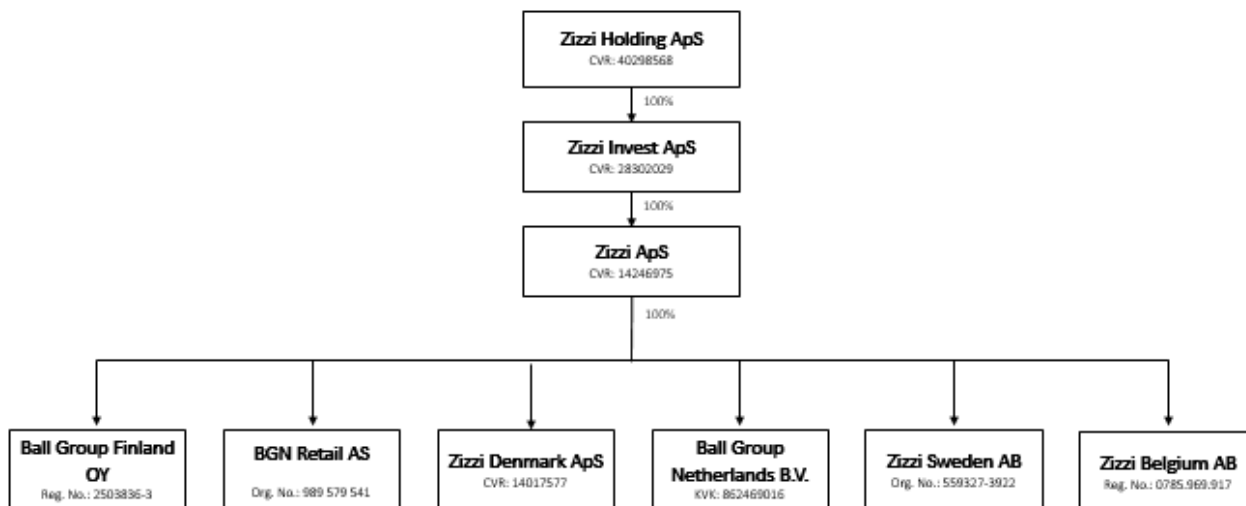
Equity * 100

Total assets

Primary activities

The company's main objective is to source and market clothing for plus size women across European markets

Group chart



Development in activities and finances

Despite the challenges relating to the outbreak of war in Europe, the company has achieved a revenue of DKK 644,9m and EBITDA of DKK 15,9m for the year. However, this is a decrease of DKK 59,3m compared to the EBITDA in 2021, demonstrating the challenged conditions of 2022.

The revenue growth is primarily driven by growth on online channels, however at a much lower rate than originally anticipated. In the second half of 2022 our retail stores have relative to our online channels performed better, also highlighting that our diversification of distribution of sales prove valuable when our Group is affected by significant macro events as seen in 2022.

Realising that our economic region steers towards a recession, Management has been preoccupied with ensuring that the Group is prepared to face significantly lower growth expectations in 2023. The focus has been to secure that profitability is restored at levels realized in 2021.

Profit/loss for the year in relation to expected developments

Management considers the financial result to be un-satisfactory for 2022.

Uncertainty relating to recognition and measurement

In regards to recognition and measurement for the financial year, no significant uncertainty has been identified.

Unusual circumstances affecting recognition and measurement

As an effect of the Russian invasion of Ukraine in February 2022, macro-economic factors have changed so rapidly resulting in market conditions even more difficult to predict. Consequently, the Group has taken measures to reduce the overall risk by focusing on costs reductions and optimization of the current operation.

Outlook

From the initiatives carried out by Management in 2022 to reduce the Group's costs we remain realistic about the coming year in terms of profitability and free cash flow creation, and realistic to pessimistic about the growth in revenue.

Particular risks

Business risks

The primary business risks for the company relates to upholding and developing its business activities across international markets in an increasingly competitive landscape. In addition, the company faces various risks related to events outside of the Group's control i.e pandemics, war, political uprising, change in international legislation and more. The Group works actively to remedy such potential events to limit their impact on the Group.

The Board of Directors must reassure continuous monitoring of the development on the markets to reduce business risks as well as to strengthen its competitive position.

Credit risks

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

Treasury risks

Treasury risks are predominantly related to the business exposure to foreign currencies. The Group is exposed to the development in the USD/DKK exchange rate, since most of the costs associated with product purchases are placed in USD. The Group does not have any income in USD, why the natural hedging from continuous cash inflow in USD is absent. The Group has sales in NOK and SEK and is exposed to the development in these currencies. The exposure is classified as less influential in terms of impact to the Group, as the Group also account for costs in NOK and SEK. The Group has adopted a Treasury Policy including the use of financial instruments to limit the exposure to the company.

Use of financial instruments

The company will always be exposed to currency risks. A considerable part of the Group's cash flow is carried out in foreign currency and will be affected by exchange rates and interest development. This goes for activities carried out between foreign companies, suppliers, and customers.

The company's currency policy is using a layered hedging approach to minimize the risks in transactions with foreign exchange. The policy has not been changed in the financial year and continues to prove to be effective (limiting future currency exposure) and will be continued unchanged during the coming financial year.

Knowledge resources

It is essential for the Group to maintain the ability to attract, develop and retain qualified 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 continuous development of the existing staff and their competencies.

Staff

Development within the members of staff can be illustrated as below:

	Beginning of year	End of year
Denmark	254	278
Other countries	153	143
Total # of employees	408	422

Please note that the figure for Denmark reflects employees in Zizzi Denmark ApS, whereas the total reflects

employees in Zizzi Holding ApS on a consolidated basis.

Research and development activities

In line with Group strategy, investments will be made in the ongoing development of the business platform, as well as the optimization of all distribution channels across the Scandinavian and Central European markets.

Growth in revenue is expected to return to our economic region from 2024 onwards, hence we remain focused to invest for future growth although at a reduced pace in 2023 compared to 2022, where we also changed our new business platform completely to a new Salesforce platform.

Statutory report on corporate social responsibility

The company monitors relevant relations towards social responsibilities, including employee relations, environmental issues and anti-corruption.

During the financial year, the Group focused on the following areas of social responsibility:

- The ESG committee's work, including the choice of focus areas in 2022 concerning ESG strategy towards 2030
- The 2030 ESG strategy includes four commitments:
 1. Continuously transform our business to ensure responsible production and consumption in our value chain
 2. Significantly improve our impact on the climate and environment through our activities
 3. Ensure good working conditions for all people involved with our products and business activities
 4. Fight for inclusivity for everyone no matter their gender, age, size, race, or origin
- We received the GOTS and GRS certifications
- We became a member of AMFORI BSCI
- Supplier audits in line with human and labour rights
- Supplier audits in line with environmental laws
- Objectives and policies for gender composition in the supreme governing body, cf. S. 99b of the Danish Financial Statements Act
- Testing of Chemicals in finished products

As a member of the UN Global Compact, the Group issues a progression report concerning the CSR work performed by the Group. In accordance with the Danish Financial Statements act §99a the Group has issued a Corporate Social Responsibility Report. For detailed information regarding the work of Zizzi Group relating to social responsibilities reference is made to this report. The report is published on the following link: <https://www.aboutzizzi.com/csr>

Statutory report on the underrepresented gender

The Board of Directors has a gender composition of 100% men since the Board consists of two members. The goal for achieving gender equality in the Board is set to be fulfilled after a maximum of four years. The gender composition in 2022 is subject to resource availability with Zizzi Holding's ApS owner.

Further, with reference to the Danish Financial Statements Act §99b the Group provided detailed information regarding the underrepresented gender in the Group's progression report concerning CSR, which is published on the following link: <https://www.aboutzizzi.com/csr>

Statutory report on data ethics policy

Zizzi collects personal data on employees and customers to fulfil our obligations towards national authorities such as national tax authorities, as well as our obligation to fulfil the orders placed by our customers. Where national legislation demands us to transfer personal data, we will exchange such data with third parties (national

authorities). To fulfil our obligation of delivering our products we exchange non-sensitive personal data with local distributors. Zizzi does not sell customer data, confidential data, or sensitive personal data.

Employee data including sensitive personal data are kept confidential and can only be accessed by a few trusted employees to fulfil our obligations of communicating with national authorities. Personal data are kept in record for as long as we have an obligation to store this information to meet the demands from national authorities. Sensitive personal data are only kept record for as long as it is necessary to fulfil the legislative demands. Hereafter it is deleted.

The customer data we receive (after customers active consent) is never classified as sensitive. However, if we have no reason to keep the customer data in record (for example to fulfil our obligation of handling customer complaints (guarantee period) after we have transferred products to the customer), the data will be deleted. Overall, customer data is used to provide unique customer service, i.e. trade data about our customers to provide the expected service.

Customers delivering personal data to us always have the right to have their data deleted upon request to the company.

There have been no non-intended exchange or leak of any individuals' personal data in 2022.

The company has prepared a Group data policy with detailed explanations on how data is utilized responsibly in our business.

The policy is published on the following link: <https://www.aboutzizzi.com/data-policy>.

Statutory report on corporate governance

Zizzi Holding's Board of Directors will at any time secure that the Group Management structure and internal controls are appropriate and work satisfactorily.

The basis for the organization of tasks handled by the Board of Directors and Management includes the Companies Act, the Financial Statements Act, the company's articles of association and good practices for companies of the same size and same international reach as Zizzi Group. Under this, the Group - due to its status as a private equity owned company, adheres to the guidelines for responsible ownership and corporate governance.

On this basis, several internal procedures are being developed and maintained to ensure active, safe, and profitable management of the Group.

Proposals for active ownership and corporate governance of equity funds

In 2011 the Danish Venture and Private Equity Association published updated guidelines for responsible ownership and corporate governance for equity funds and their controlled companies.

The recommendations concern the guidelines regarding corporate governance, social responsibilities, risk assessments, employments policy and strategy. These matters are discussed in the Management's Review.

Management will in general follow the guidelines and recommendations. For further information on the mentioned recommendations reference is made to www.dvca.dk

Shareholders' conditions

The capital structure of the company will always be monitored by the Board of Directors and kept with the expectations from the Board of Directors and in the interests of the Group. The main goal is to have a capital structure that supports continuous profitable growth and does not increase the operational risk to the point where the capital structure must be changed within a short period of time.

The company's articles of association contain no limits towards ownership or the right to vote. Zizzi Holding's unit capital consists solely of one share class.

Capital fund TopCo 26 FIII Holding GmbH is the largest indirect shareholder of Zizzi Holding and has a controlling influence in the company.

The work of the Board of Directors

The Board of Directors overlooks the work of Executive Management ensuring that approved goals, strategies and business processes are kept. Information from Management is done systematically during meetings and by ongoing reporting. The reporting contains information on market developments, Group development and profitability.

Risk assessments

The management ensures effective risk assessment and internal audit reduce strategic and business risk, securing compliance with laws and regulations, to ensure an effective basis for management decision. The strategic choices of Ball Group lead to natural risks, which are essential to identify and be communicated out and handled effectively. Internal audit and effective risk assessments are vital for the Board and executives to carry out tasks expected by the governing bodies.

Financial reporting process

Management, on behalf of the Board of Directors, handles the overall responsibility of the company's risk assessments and internal audits concerning the financial reporting process. Organizational structure, policies, procedures and audits in relation to the financial reporting process undergo continuous evaluation by the Board of Directors.

The Group has established a Group reporting process, including monthly reporting, consisting of full income report, balance sheet and cash flow, follow-up to budget, valuation on KPI performances and achievement of the agreed target for each business unit.

Management remuneration

To attract and maintain management competencies, the remuneration of Executive Management and senior executives is determined by consideration of work tasks, value creation and terms in comparable companies.

Incentive pay has been used for Executive Management and senior executives in the form of bonus schemes, as well as a contingent and warrant-based incentive program for the Executive Management and senior executives.

The Board of Directors and the Executive Board's shareholding

At the end of each financial year, the Board of Directors and the Executive Management have no direct or indirect shareholding in the company.

Dividend policy

Payment of dividend must take place with consideration to the necessary consolidation of equity for the Group's planned expansion.

The Board suggests no dividend be distributed in connection with the annual general meeting.

Stakeholders

Ball Group continues to develop and expand good relations to interest groups, as those relations are considered to have essential and positive effect on the Group's future development.

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

	Notes	2022 DKK'000	2021 DKK '000
Revenue	1	644,861	608,481
Other operating income	2	0	8,117
Cost of sales		(373,138)	(305,348)
Other external expenses		(132,090)	(121,753)
Gross profit/loss		139,633	189,497
Staff costs	3	(122,460)	(114,283)
Depreciation, amortisation and impairment losses	4	(11,115)	(9,574)
Other operating expenses	5	(1,300)	0
Operating profit/loss		4,758	65,640
Other financial income	6	2,394	147
Other financial expenses	7	(4,983)	(9,717)
Profit/loss before tax		2,169	56,070
Tax on profit/loss for the year	8	(481)	(12,566)
Profit/loss for the year	9	1,688	43,504

Balance sheet at 31.12.2022

Assets

	Notes	2022 DKK'000	2021 DKK'000
Completed development projects	11	24,826	2,846
Acquired rights		2,474	2,982
Development projects in progress	11	0	11,171
Intangible assets	10	27,300	16,999
Other fixtures and fittings, tools and equipment		10,669	12,258
Leasehold improvements		1,927	2,187
Property, plant and equipment	12	12,596	14,445
Deposits		5,314	6,081
Financial assets	13	5,314	6,081
Fixed assets		45,210	37,525
Manufactured goods and goods for resale		133,482	89,047
Inventories	14	133,482	89,047
Trade receivables		29,303	14,786
Receivables from group enterprises		65,711	27,936
Other receivables		3,257	777
Prepayments	15	11,197	13,496
Receivables		109,468	56,995
Cash		6,547	61,413
Current assets		249,497	207,455
Assets		294,707	244,980

Equity and liabilities

	Notes	2022 DKK'000	2021 DKK'000
Contributed capital		550	550
Reserve for fair value adjustments of hedging instruments		(80)	5,082
Reserve for development expenditure		19,364	10,933
Retained earnings		74,528	81,271
Equity		94,362	97,836
Deferred tax	16	54	1,028
Provisions		54	1,028
Bank loans		25,249	3,085
Trade payables		59,753	60,446
Payables to group enterprises		69,996	29,118
Tax payable		0	7,141
Other payables		45,293	46,326
Current liabilities other than provisions		200,291	146,116
Liabilities other than provisions		200,291	146,116
Equity and liabilities		294,707	244,980
Financial instruments	17		
Unrecognised rental and lease commitments	18		
Contingent liabilities	19		
Assets charged and collateral	20		
Related parties with controlling interest	21		
Non-arm's length related party transactions	22		
Group relations	23		

Statement of changes in equity for 2022

	Contributed capital DKK'000	Reserve for fair value adjustments of hedging instruments DKK'000	Reserve for development expenditure DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	550	5,082	10,933	81,271	97,836
Fair value adjustments of hedging instruments	0	(6,618)	0	0	(6,618)
Tax of entries on equity	0	1,456	0	0	1,456
Transfer to reserves	0	0	8,431	(8,431)	0
Profit/loss for the year	0	0	0	1,688	1,688
Equity end of year	550	(80)	19,364	74,528	94,362

Notes

1 Revenue

	2022 DKK'000	2021 DKK'000
Denmark	267,307	267,408
EU	315,881	274,327
Other	61,673	66,746
Total revenue by geographical market	644,861	608,481

The company only have one activity from sale of clothes.

2 Other operating income

Other operating income in previous years consists of compensation received under the aid packages made available by the Danish government and income from TP adjustments according to the Group transfer pricing policy which amounts to a total of 2.543k. The entity has only received compensation related to salaries, covering a portion of the costs which amounts to a total of 5,574k.

3 Staff costs

	2022 DKK'000	2021 DKK'000
Wages and salaries	111,906	106,054
Pension costs	4,093	2,806
Other social security costs	1,820	1,547
Other staff costs	4,641	3,876
	122,460	114,283
Average number of full-time employees	278	254

Apart from staff cost a management fee is paid for management services and this amount is recognized as other external expenses.

Remuneration of the Executive Board is 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 the group, a total of 1,193,657,879 warrants have been issued. The warrants each give the right to subscription of a new share in Zizzi Invest ApS at an exercise price of DKK 0.01. The warrants are granted over a period of time and subject to the warrant holders continued employment in the Group. At year end a total of 1,022,046,800 warrents have been assigned to employees.

4 Depreciation, amortisation and impairment losses

	2022	2021
	DKK'000	DKK'000
Amortisation of intangible assets	4,555	824
Depreciation of property, plant and equipment	6,515	8,746
Profit/loss from sale of intangible assets and property, plant and equipment	45	4
	11,115	9,574

5 Other operating expenses

Other operating expenses consists of costs from TP adjustments according to the Group transfer pricing policy.

6 Other financial income

	2022	2021
	DKK'000	DKK'000
Financial income from group enterprises	1,039	147
Other interest income	63	0
Exchange rate adjustments	1,292	0
	2,394	147

7 Other financial expenses

	2022	2021
	DKK'000	DKK'000
Financial expenses from group enterprises	1,334	1,528
Other interest expenses	2,189	7,991
Exchange rate adjustments	1,460	198
	4,983	9,717

8 Tax on profit/loss for the year

	2022	2021
	DKK'000	DKK'000
Current tax	0	5,708
Change in deferred tax	481	6,858
	481	12,566

9 Proposed distribution of profit and loss

	2022	2021
	DKK'000	DKK'000
Retained earnings	1,688	43,504
	1,688	43,504

10 Intangible assets

	Completed development projects DKK'000	Acquired rights DKK'000	Development projects in progress DKK'000
Cost beginning of year	3,116	14,196	11,171
Transfers	11,171	0	(11,171)
Additions	14,856	0	0
Disposals	0	(1,500)	0
Cost end of year	29,143	12,696	0
Amortisation and impairment losses beginning of year	(270)	(11,214)	0
Amortisation for the year	(4,047)	(508)	0
Reversal regarding disposals	0	1,500	0
Amortisation and impairment losses end of year	(4,317)	(10,222)	0
Carrying amount end of year	24,826	2,474	0

11 Development projects

Development projects consists of cost to the development of a new e-commerce sales platform and cost related to this development.

The platform has been launched in 2022 and is now up and running. The company have an increase in the sales volume due to this new platform because of a better customer experience.

12 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK'000	Leasehold improvements DKK'000
Cost beginning of year	69,186	10,698
Additions	4,175	548
Disposals	(9,682)	(1,625)
Cost end of year	63,679	9,621
Depreciation and impairment losses beginning of year	(56,927)	(8,511)
Depreciation for the year	(5,720)	(795)
Reversal regarding disposals	9,637	1,612
Depreciation and impairment losses end of year	(53,010)	(7,694)
Carrying amount end of year	10,669	1,927

13 Financial assets

	Deposits DKK'000
Cost beginning of year	6,081
Disposals	(767)
Cost end of year	5,314
Carrying amount end of year	5,314

14 Inventories

There is in manufactured goods and goods for resale included goods in transit for 25,957k (2021: 27,738k).

15 Prepayments

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

16 Deferred tax

	2022 DKK'000	2021 DKK'000
Changes during the year		
Beginning of year	1,028	(5,830)
Recognised in the income statement	(974)	6,858
End of year	54	1,028

Deferred tax relates to intangible assets, property, plant and equipment, inventories and other provisions.

17 Financial instruments

Other debt include a negative fair value of forward exchange contracts of DKK 6,064k. Zizzi Denmark ApS hedges future exchange risks relating to sales and purchases and sales of goods. Zizzi Denmark ApS has entered into forward exchange contracts for the following 8 months to secure purchases and sales of goods in the following currencies: SEK 17,250k, NOK 124,250k, DKK 372,376k and USD 37,500k. All values are absolute values. All contracts are subscribed with the Company's ordinary bank.

18 Unrecognised rental and lease commitments

	2022 DKK'000	2021 DKK'000
Liabilities under rental or lease agreements until maturity in total	25,874	56,563

19 Contingent liabilities

	2022 DKK'000	2021 DKK'000
Recourse and non-recourse guarantee commitments	7,809	9,185
Contingent liabilities	7,809	9,185

The Entity participates in a Danish joint taxation arrangement where Zizzi Holding ApS 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.

20 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 248,066k and comprises receivables, inventory, and operating equipment.

The company have given negative pledge in the entity's assets.

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 91,511k. Bank loans of group enterprises amount to DKK 85,387k at 31 December 2022.

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

21 Related parties with controlling interest

The following parties have a controlling interest:

Zizzi ApS, Billund, shareholder
Zizzi Invest ApS, Billund, shareholder
Zizzi Holding ApS, Billund, shareholder
Sissi 26 FIII Holding GmbH, Munich, shareholder
Sissi 26 SC FIII Holding GmbH, Munich, shareholder

22 Non-arm's length related party transactions

Only related party transactions not conducted on an arm's length basis are disclosed in the annual report. No such transactions have been conducted in the financial year.

23 Group relations

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

Zizzi ApS, Kløvermarken 29, 7190 Billund, Business Reg. No 28 30 20 29.

Accounting policies

Reporting class

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

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

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.

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates and out of the translation of income statements from average rates to the exchange rates at the balance sheet date are classified directly as equity.

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.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging future transactions are recognised directly in equity. When the hedged transactions are realised, the accumulated changes are recognised as part of cost of the relevant financial statement items.

For derivative financial instruments that do not comply with the requirements for being treated as hedging instruments, changes in fair value are recognised currently in the income statement as financial income or financial expenses.

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.

By reference to the Danish Financial Statements Act section 99a paragraph 7 fees to the auditor appointed at the annual general meeting is not disclosed since this is included in the consolidated financial statements of Ball Group Holding ApS.

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.

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.

The Entity is jointly taxed with Ball Group Holding ApS, Business Reg. No 40 29 85 68 and all Group enterprises. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet**Development projects and Intellectual property rights etc**

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

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred less deferred tax is taken to equity in the reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Indirect production costs in the form of indirectly attributable staff costs and amortisation of intangible assets and depreciation of property, plant and equipment used in the development process are recognised in cost based on time spent on each project.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 10 years. For development projects protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights. The amortisation periods used are 3-5 years.

Intellectual property rights acquired are measured at cost less accumulated amortisation, which is set at 10 years with no residual value.

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:

	Useful life
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.

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.

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.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

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.

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.

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 Ball Group Holding ApS, Business Reg. No 40 29 85 68.