Deloitte
Statsautoriseret
Revisionspartnerselskab
CVR-nr. 33963556
Egtved Allé 4
6000 Kolding

Phone 75 53 00 00
Fax 75 53 00 38
www.deloitte.dk

Ball ApS

Kløvermarken 29
7190 Billund
Central Business Registration
No 14246975

Annual report 2017

The Annual General Meeting adopted the annual report on 01.03.2018

Chairman of the General Meeting

Name: Kuno Kildetoft Mehlsen

Contents

Entity details

Entity
Ball ApS
Kløvermarken 29
7190 Billund

Central Business Registration No (CVR): 14246975
Registered in: Billund
Financial year: 01.01.2017 - 31.12.2017

Phone: +45 76 98 11 00
Website: www.ball-group.com
E-mail: info@ball-group.com

Board of Directors
Jørgen Lindholm Lau, Chairman
Asbjørn Mosgaard Hyldgaard
Anders Cleemann
Jens Høgsted

Executive Board
Kuno Kildetoft Mehlsen

Auditors
Deloitte Statsautoriseret Revisionspartnerselskab
Egtved Allé 4
6000 Kolding

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Ball 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 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.

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

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

Billund, 01.03.2018

Executive Board

Kuno Kildetoft Mehlsen

Board of Directors

Jørgen Lindholm Lau Chairman	Asbjørn Mosgaard Hyldgaard	Anders Cleemann

Jens Høgsted

Independent auditor's report

To the shareholders of Ball ApS

Opinion

We have audited the consolidated financial statements and the parent financial statements of Ball 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, for the Group as well as the Parent . The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group’s and the Parent’s financial position at 31.12.2017, and of the results of their 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 the 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 consolidated financial statements and the parent financial statements section of this auditor’s report. We are independent of the Group 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 consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent 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 consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group’s and 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 consolidated financial statements and the parent financial statements unless Management either intends to liquidate the Group or the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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 consolidated financial statements and parent financial statements.

Independent auditor's report

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 consolidated financial statements and the parent 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 Group’s and 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 consolidated financial statements and the parent 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 Group's and 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 consolidated financial statements and the parent 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 Group and the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Independent auditor's report

Our opinion on the consolidated financial statements and the parent 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 consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent 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 consolidated financial statements and the parent 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

	2017 DKK'000	2016 DKK'000	2015 DKK'000	2014 DKK'000	2013 DKK'000
Financial highlights					
Key figures					
Revenue	484.430	398.181	576.667	586.323	648.315
Gross profit/loss	161.005	152.955	269.977	282.474	324.996
Operating profit/loss	(349)	12.453	(39.999)	(1.022)	34.432
Net financials	(2.057)	(2.123)	(4.629)	(1.557)	9.551
Profit/loss for the year	(2.972)	10.955	(41.353)	(6.616)	27.486
Total assets	161.638	166.164	184.693	212.271	227.646
Investments in property, plant and equipment	22.271	15.645	9.788	8.061	13.362
Equity	72.812	76.829	66.167	68.362	93.234
Average numbers of employees	398	334	373	373	396
EBITDA	15.806	7.375	(13.380)	17.015	54.247
EBITDA, korrigeret for engangsomkostninger	18.386	15.564	(13.380)	17.015	54.247
EBITA	2.507	11.454	(27.258)	2.258	37.512
Ratios					
Gross margin (%)	33,2	38,4	46,8	48,2	50,1
Net margin (%)	(0,6)	2,8	(7,2)	(1,1)	4,2
Return on equity (%)	(4,0)	15,3	(61,5)	(8,2)	33,3
Equity ratio (%)	45,0	46,2	35,8	32,2	41,0
EBITDA-margin	3,3	1,9	(2,3)	3,3	8,4
EBITA-margin	0,5	2,9	(4,7)	0,0	5,7

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios 2015" issued by the Danish Society of Financial Analysts.

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

On 4 January 2016 the Group sold its activities with in fashion wear for the standard size segment.

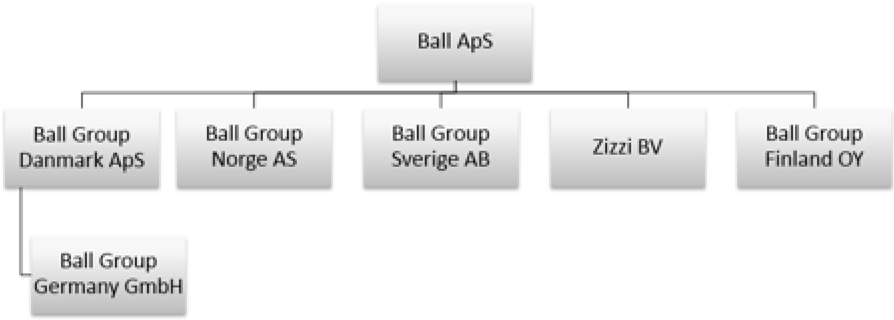
Management commentary

Primary activities

The Group's main purpose is to source and market clothing for plus size women.

The Group's sales are primarily in Europe.

Group overview



Ball ApS (secondary name: Ball Group) is indirectly owned by equity fond Axcel III, board and leading employees via holding companies Ball Holding ApS and Ball Invest ApS.

Description of material changes in activities and finances

Merger

As a part of the Groups' strategic plan to simplify the business, three internal mergers has been carried through during the fiscal year. Hereby the group now exists of one subsidiary company per country.

Closure of local Wholesale representation.

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.

Development in activities and finances

Turnover for the fiscal year will finalize at DKK 484 million compared to DKK 398 million 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 group realizes an operating profit (EBITDA) of DKK 15.8 million against last year's operating profit of DKK 7.4 million.

Normalized for non-recurring costs, EBITDA for the financial year is DKK 18 million against a normalized result of DKK 16 million in 2016. 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,

Management commentary

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.

The main activity of the parent company is managing and sales of management services internally within the group, leasing activities, administration, as well as financial business. The parent company realizes an EBITDA at -1 mio. kr

Uncertainty relating to recognition and measurement
During recognition and measurement for the fiscal year, no significant uncertainty has been identified.

Outlook
Management expects a profit for 2018 for both revenue and profits realized significantly above the level of 2017.

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

The board of director 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 group 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 group 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.

Credit Risks
Credit risks will be related to debtors including the few remaining franchise partners, who receive deliveries according to the groups normal tradeterms. The priority of the groups 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 group 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.

Management commentary

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

Staff

Development within the members of staff can illustrated as below:

	# employees	
	Primo	Ultimo
Denmark	218	228
Other countries	115	170
# Employees	**334**	**398**

Research and development activities

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

As so, it is expected that a further growth in revenue and profit for the years to come, driven by even better performance and development of the e-commerce channels, establishment of new concept stores as well as significant access by major wholesale clients.

Statutory report on corporate social responsibility

The group monitor 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 CSR committee´s work, including the choice of focus areas in 2017 in relation to the CSR-strategy
- Chemicals in finished products, including selection of test programs.
- Control og human Rights
- Animal welfare
- Enviromental influences
- Control on certified suppliers
- Objectives and policies for gender composition in the supreme governing body, cf. ÅRL§ 99b
- Objectives and goals for 2018

As a member of UN Global Compact the group issues a progression report concerning the CSR work performed by the group. For further information regarding the work of Ball Group relating to social responsibilities reference is made to this report. The report published on the company web site BALL-GROUP.COM filed under “About Ball Group” at http://www.thecurvymagazine.zizzi.dk/ball-groupcom/csr-report-2017/.

Management commentary

Statutory report on the underrepresented gender
The proportion of the underrepresented gender (currently women) in the top management should reach at least 20%, which also include a minimum of 1 female board member no later than 2017. This objective has not yet been met.

Statutory report on corporate governance
Ball Groups board and 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 and the directors is among other the Companies Act, Statements Act, the company´s articles of association and good practices for companies of the same size and same international reach as Ball Group. Under this, the company - due to its status as a capital funded company - adheres to the guidelines for responsible ownership and corporate governance. On this basis, a number of 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 concerns the guidelines regarding corporate governance, social responsibilities, risk assessments, employments policy and strategy. These matters are discussed in the managements Review.

As an equity fund owned company, Ball ApS must either follow these recommendations or explain why these are not partly or fully followed.

The company management in Ball ApS, 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 group will always be monitored by the board, and kept with the expectations form the board and the interests of the group. The main goal is always to have capital structure that supports and underlines and continuous profitable growth.

The group ´s articles of association contains no limits towards ownership or the right to vote.

Ball ApS unit capital consists solely of one asset class.

Capital fund Axcell III is the largest indirect shareholder in Ball ApS, they possess 87% of the group's shares and rights to vote. A number of senior executives and directors owns the remaining part.

Axcell III contains deciding influence on the group. Director Asbjørn Hyldgaard represents the capital fund at the board. The rest of the board is independent but designated by Axcel.

Management commentary

The work of the Board of Directors
The board overlooks the work of the directors. Ensuring that approved goals, strategies and business processes is kept. Information from management is done systematic during meeting and by ongoing reporting. The reporting contains information on market developments, group development and profitability.

A defined meeting schedule defines the board of Ball ApS to meet a minimum 5 times per year. A yearly strategic day establishes the visions, goal and strategies for the group. In between the scheduled board meetings all members receives a written orientation regarding the financial status and the general running of the group. Extraordinary meetings are called, if circumstances so warrant. During 2016, the board held seven meetings. In addition, presidency meetings took place every second month.

The board will appoint Committees to deal with special tasks. Besides the Audit and Risk Committee, no other Committees where appointed during 2016.

Risk Assessments
Audit and Risk Committee
Audit and Risk Committee exists of two board members and the Executive Board. If needed external audit attended in meetings. Audit and Risk Committee reports to the board.

Audit and Risk Committee evaluates continuously and minimum annually the collected risk and single risk assessments connected to group activities. Audit and Risk Committee will on behalf of the board assess the central risk, follow the development and draw plan of action for reducing and managing individual risk factors, including business, financial and CSR related risks. In depth, explanation on these factors described separately under special risks.

Effective risk assessment and internal audit reduces strategic and business risk, securing compliancy with laws and regulations, to ensure an effective basis for management decision.

The strategic choices of Ball Group leads to natural risks, these are essential to identify and communicated out and handled effective. Internal audit and effective risk assessments is vital for the board and executives to carry out tasks expected by the governing bodies.

Financial reporting process
Audit and Risk Committee on behalf of the board and directors handles the overall responsibility the group´s risk assessments and internal audits in relation to financial reporting process. Organizational structure, policies, procedures and audits in relation to financial reporting process undergoes continuous evaluation by the committee and executive board.

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

Management commentary

Management remuneration.
To attract and maintain management competencies, the remunerations of executive management and senior executives is determined by taking into account 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 Board, Executive Board and senior executives.

The board of Directors and the Executive Board´s shareholding
At the end of the financial year, the Board of Directors and the Executive Board have an indirect shareholding in the company of 5.9%.

Dividend Policy
Payment of dividend must happen with consideration to the necessary consolidation of equity for the groups planned expansion.

The board suggest no dividend be distributed is connection with the annual general meeting.

Significant agreements, that changes or expires, if the control of the group changes.
The group has no significant agreements that will change or expire if the control of the group changes.

Stakeholders
Ball Group continuous to develop and expand good relations to interest groups, as those relations evaluates to have essential and positive effect on the group´s future development.

Management commentary

Board of Directors in Ball ApS:

	Board of Directors		
Name	**Jørgen Lindholm Lau**	**Jens Høgsted**	**Anders Clemann**
Position	Chief Executive Officer – Lindholm Invest ApS (Denmark)	Chief Executive Officer (CEO) – Sport Danmark (Sportsmaster)	Chief Executive Officer (CEO) – MUUTO
Chairman of Board of Directors in:	Ball Invest ApS (Denmark) Ball Holding ApS (Denmark) Ball ApS Mover Systems ApS (Denmark)		
Vice Chairman of Board of Directors in:		Ball Holding ApS (Denmark) Ball Invest ApS (Denmark) Ball ApS	
Board Member in:	Aula Holding IV ApS (Danmark, main owner of Tandlægen.dk) BGN Retail AS Ball Group Sverige Retail AB Ball Group Finland OY	Svendsen Sport A/S Unisport Holding ApS Owner of Høgsted Holding ApS	Carrington Aps (WoodWood) Owner of AK Cleemann Holding Ball Holding ApS (Denmark) Ball Invest ApS (Denmark) Ball ApS
Other management positions:	Owner of Lindholm Invest ApS Member of the investment committee for Promentum Capital A/S (Denmark, Venture Capital)		
	Board of Directors	**Executive Board**	**Others**
Name	**Asbjørn Hyldgaard**	**Kuno Kildentoft Mehlsen**	**Rikke Knudsen**
Position	Director – Axcel Management A/S	Chief Executive Officer (CEO) – Ball Group	Finance Director – Ball Group
Chairman of Board of Directors in:		Ball Group Finland OY Zizzi BV Ball Group Germany GmbH	BGN Retail AS Ball Group Sverige Retail AB
Board Member in:	Ball Holding ApS (Denmark) Ball Invest ApS (Denmark) Ball ApS Ax Ball Invest ApS	BGN Retail AS Ball Group Sverige Retail AB Ball Retail A/S	Ball Group Finland OY
Other management positions:			

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.

Consolidated income statement for 2017

	Notes	2017 DKK'000	2016 DKK'000
Revenue		484.430	398.181
Other operating income		0	25.199
Cost of sales		(208.419)	(167.950)
Other external expenses		(115.006)	(102.475)
Gross profit/loss		**161.005**	**152.955**
Staff costs	1	(145.199)	(120.381)
Depreciation, amortisation and impairment losses	2	(16.155)	(16.610)
Other operating expenses		0	(3.511)
Operating profit/loss		**(349)**	**12.453**
Other financial income		2.717	0
Other financial expenses	3	(4.774)	(2.123)
Profit/loss before tax		**(2.406)**	**10.330**
Tax on profit/loss for the year	4	(566)	625
Profit/loss for the year	5	**(2.972)**	**10.955**

Consolidated balance sheet at 31.12.2017

	Notes	2017 DKK'000	2016 DKK'000
Acquired rights		7.169	3.642
Goodwill		16.107	18.265
Intangible assets	6	**23.276**	**21.907**
Other fixtures and fittings, tools and equipment		35.212	26.667
Property, plant and equipment	7	**35.212**	**26.667**
Deposits		8.202	7.183
Fixed asset investments	8	**8.202**	**7.183**
Fixed assets		**66.690**	**55.757**
Manufactured goods and goods for resale		47.695	31.326
Inventories		**47.695**	**31.326**
Trade receivables		19.434	17.008
Receivables from group enterprises		7.632	7.432
Deferred tax	9	7.144	6.267
Other receivables		4.562	4.186
Income tax receivable		298	320
Prepayments		4.425	4.970
Receivables		**43.495**	**40.183**
Cash		**3.758**	**38.898**
Current assets		**94.948**	**110.407**
Assets		**161.638**	**166.164**

Consolidated balance sheet at 31.12.2017

	Notes	2017 DKK'000	2016 DKK'000
Contributed capital		29.888	29.888
Retained earnings		42.924	46.941
Equity		**72.812**	**76.829**
Bank loans		39.700	32.950
Non-current liabilities other than provisions	10	**39.700**	**32.950**
Trade payables		15.516	28.395
Income tax payable		456	0
Other payables		33.154	27.990
Current liabilities other than provisions		**49.126**	**56.385**
Liabilities other than provisions		**88.826**	**89.335**
Equity and liabilities		**161.638**	**166.164**

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Consolidated statement of changes in equity for 2017

	Contributed capital DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	29.888	46.941	76.829
Exchange rate adjustments	0	(1.179)	(1.179)
Fair value adjustments of hedging instruments	0	171	171
Tax of entries on equity	0	(37)	(37)
Profit/loss for the year	0	(2.972)	(2.972)
Equity end of year	**29.888**	**42.924**	**72.812**

Notes to consolidated financial statements

	2017 DKK'000	2016 DKK'000
1. Staff costs		
Wages and salaries	115.951	98.932
Pension costs	2.966	2.514
Other social security costs	18.274	13.756
Other staff costs	8.008	5.179
	145.199	**120.381**
Average number of employees	**398**	**334**

	Remuneration of management 2017 DKK'000	Remuneration of management 2016 DKK'000
Board of Directors	1.095	1.115
	1.095	**1.115**

	2017 DKK'000	2016 DKK'000
2. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	2.971	4.080
Depreciation of property, plant and equipment	12.319	12.530
Profit/loss from sale of intangible assets and property, plant and equipment	865	0
	16.155	**16.610**

	2017 DKK'000	2016 DKK'000
3. Other financial expenses		
Financial expenses from group enterprises	4.764	2.121
Other interest expenses	10	2
	4.774	**2.123**

	2017 DKK'000	2016 DKK'000
4. Tax on profit/loss for the year		
Current tax	456	(625)
Change in deferred tax	(997)	0
Adjustment concerning previous years	1.107	0
	566	**(625)**

Notes to consolidated financial statements

	2017 DKK'000	2016 DKK'000
5. Proposed distribution of profit/loss		
Retained earnings	(2.972)	10.955
	(2.972)	**10.955**

	Acquired rights DKK'000	Goodwill DKK'000
6. Intangible assets		
Cost beginning of year	15.735	74.388
Exchange rate adjustments	(465)	0
Additions	4.788	0
Disposals	(418)	0
Cost end of year	**19.640**	**74.388**
Amortisation and impairment losses beginning of year	(12.093)	(56.123)
Exchange rate adjustments	186	0
Amortisation for the year	(813)	(2.158)
Reversal regarding disposals	249	0
Amortisation and impairment losses end of year	**(12.471)**	**(58.281)**
Carrying amount end of year	**7.169**	**16.107**

	Other fixtures and fittings, tools and equipment DKK'000
7. Property, plant and equipment	
Cost beginning of year	93.379
Exchange rate adjustments	(862)
Additions	22.271
Disposals	(12.810)
Cost end of year	**101.978**
Depreciation and impairment losses beginning of year	(66.712)
Exchange rate adjustments	345
Depreciation for the year	(12.319)
Reversal regarding disposals	11.920
Depreciation and impairment losses end of year	**(66.766)**
Carrying amount end of year	**35.212**

Notes to consolidated financial statements

	Deposits DKK'000
8. Fixed asset investments	
Cost beginning of year	7.191
Exchange rate adjustments	(2)
Additions	1.097
Disposals	(77)
Cost end of year	**8.209**
Impairment losses beginning of year	(8)
Exchange rate adjustments	1
Impairment losses end of year	**(7)**
Carrying amount end of year	**8.202**

	2017 DKK'000
9. Deferred tax	
Changes during the year	
Beginning of year	6.267
Recognised in the income statement	1.460
Recognised directly in equity	(37)
Other changes	(84)
End of year	**7.606**

Deferred tax assets comprise by temporary differences on intangible assets, property, plant and equipment and deferred tax losses that are expected to be utilized with in 3-5 years.

	Outstanding after 5 years DKK'000
10. Liabilities other than provisions	
Bank loans	39.700
	39.700

11. Financial instruments

Other receivables includes a positive fair value of forward exchange contracts of DKK 985k. The Group hedges future exchange risk relating to sales and purchases of goods. The Group has entered forward exchange contracts for the following 8 months to secure sales and purchases of goods in the following currencies: DKK 110,195k, NOK 31,350k, SEK 12,250k, GBP 310 and USD 11,275k. All values are absolute values. All contracts are subscribed with the Group's bank.

Notes to consolidated financial statements

	2017 DKK'000	2016 DKK'000
12. Contingent liabilities		
Recourse and non-recourse guarantee commitments	10.448	7.229
Contingent liabilities in total	**10.448**	**7.229**

13. 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 and comprises receivables, inventory and operating equipment.

Bank loan 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 Group has guaranteed group entreprises' debt with the Groups main bank. The maximum limit of the guarantee is DKK 151,965k. Bank loans of group entrepises amount to DKK 63,472k.

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

14. Transactions with related parties

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

15. Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
AX Ball Invest ApS, c/o Managemet InvCo A/S, Sankt Annæ Plads 10, 1250 Copenhagen K,
CBR. No.: 30 08 4306

	Registered in	Corpo-rate form	Equity inte-rest %	Equity DKK'000	Profit/loss DKK'000
16. Subsidiaries					
Ball Wholesale ApS	Billund, Denmark	ApS	100,0	2.571	(10.927)
Ball Group Finland OY	Vaasa, Finland	OY	100,0	1.222	755
Zizzi B.V.	Groenekan, Netherland	B.V.	100,0	(6.305)	762
BGN Retail AS	Oslo, Norway	AS	100,0	9.954	1.699
Ball Group Sverige Retail AB	Borås, Sweden	AB	100,0	16.988	2.302

Parent income statement for 2017

	Notes	2017 DKK'000	2016 DKK'000
Revenue		57	1.399
Other external expenses		(113)	(279)
Gross profit/loss		**(56)**	**1.120**
Staff costs	1	(1.095)	(1.115)
Operating profit/loss		**(1.151)**	**5**
Income from investments in group enterprises		(3.139)	10.184
Other financial income	2	2.340	2.139
Other financial expenses	3	(922)	(1.204)
Profit/loss before tax		**(2.872)**	**11.124**
Tax on profit/loss for the year	4	(100)	(169)
Profit/loss for the year	5	**(2.972)**	**10.955**

Parent balance sheet at 31.12.2017

	Notes	2017 DKK'000	2016 DKK'000
Investments in group enterprises		46.844	60.156
Deposits		2.187	2.187
Fixed asset investments	6	**49.031**	**62.343**
Fixed assets		**49.031**	**62.343**
Receivables from group enterprises		82.865	55.709
Deferred tax	7	688	289
Other receivables		1.092	3.030
Receivables		**84.645**	**59.028**
Cash		**0**	**133**
Current assets		**84.645**	**59.161**
Assets		**133.676**	**121.504**

Parent balance sheet at 31.12.2017

	Notes	2017 DKK'000	2016 DKK'000
Contributed capital		29.888	29.888
Retained earnings		42.924	46.941
Equity		**72.812**	**76.829**
Deferred tax	7	462	0
Provisions for investments in group enterprises	8	6.305	15.504
Provisions		**6.767**	**15.504**
Bank loans		1.432	0
Payables to group enterprises		52.155	28.389
Other payables		510	782
Current liabilities other than provisions		**54.097**	**29.171**
Liabilities other than provisions		**54.097**	**29.171**
Equity and liabilities		**133.676**	**121.504**
Contingent liabilities	9		
Assets charged and collateral	10		
Related parties with controlling interest	11		
Transactions with related parties	12		

Parent statement of changes in equity for 2017

	Contributed capital DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	29.888	46.941	76.829
Exchange rate adjustments	0	(1.107)	(1.107)
Other entries on equity	0	62	62
Profit/loss for the year	0	(2.972)	(2.972)
Equity end of year	**29.888**	**42.924**	**72.812**

Notes to parent financial statements

	2017 DKK'000	2016 DKK'000
1. Staff costs		
Wages and salaries	1.095	1.115
	1.095	**1.115**
Average number of employees	**0**	**0**

	Remunera-tion of manage-ment 2017 DKK'000	Remunera-tion of manage-ment 2016 DKK'000
Board of Directors	1.095	1.115
	1.095	**1.115**

	2017 DKK'000	2016 DKK'000
2. Other financial income		
Financial income arising from group enterprises	2.340	2.139
	2.340	**2.139**

	2017 DKK'000	2016 DKK'000
3. Other financial expenses		
Financial expenses from group enterprises	1.485	855
Other interest expenses	(563)	349
	922	**1.204**

	2017 DKK'000	2016 DKK'000
4. Tax on profit/loss for the year		
Change in deferred tax	63	201
Adjustment concerning previous years	37	(32)
	100	**169**

	2017 DKK'000	2016 DKK'000
5. Proposed distribution of profit/loss		
Retained earnings	(2.972)	10.955
	(2.972)	**10.955**

Notes to parent financial statements

	Investments in group enterprises DKK'000	Deposits DKK'000
6. Fixed asset investments		
Cost beginning of year	176.172	2.187
Cost end of year	**176.172**	**2.187**
Impairment losses beginning of year	(133.946)	0
Exchange rate adjustments	(1.107)	0
Transfers	2.426	0
Adjustments on equity	133	0
Amortisation of goodwill	(2.158)	0
Share of profit/loss for the year	(5.408)	0
Adjustment of intra-group profits	4.427	0
Investments with negative equity value transferred to provisions	6.305	0
Impairment losses end of year	**(129.328)**	**0**
Carrying amount end of year	**46.844**	**2.187**

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

	2017 DKK'000
7. Deferred tax	
Changes during the year	
Beginning of year	289
Recognised in the income statement	399
End of year	**688**

Deferred tax assets are compaires by temporary differences regarding leasing arrangements as well as deferred tax losses that are expected to be utilized with in 3-5 years.

8. Provisions for investments in group enterprises

Provisions for investments in group enterprises comprise the equity loss in Zizzi BV.

9. Contingent liabilities

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 statements.

Notes to parent financial statements

10. Assets charged and collateral
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 152,965k. Bank loans of group enterprises amount to DKK 63,472k.

11. Related parties with controlling interest
The following parties have a controlling interest:
- Ball Invest ApS, Billund, share owner
- Ball Holding 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

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

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 consolidated financial statements and parent 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.

Consolidated financial statements
The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence.

Basis of consolidation
The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the acquisition date, with net assets having been calculated at fair value.

Accounting policies

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. Goodwill is considered belonging to the independent foreign entity and is translated using the exchange rate 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 as well as out of the translation of income statements from average rates to the exchange rates at the balance sheet date are recognised directly in equity.

Exchange adjustments of outstanding accounts with independent foreign subsidiaries which are considered part of the total investment in the subsidiary in question are classified directly as equity.

When recognising foreign subsidiaries that are integral entities, monetary assets and liabilities are translated using the exchange rates at the balance sheet date. Non-monetary assets and liabilities are translated at the exchange rate of the time of acquisition or the time of any subsequent revaluation or writedown. The items of the income statement are translated at the average rates of the months; however, items deriving from non-monetary assets and liabilities are translated using the historical rates applicable to the relevant non-monetary items.

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.

Fair value adjustments of investment property

Fair value adjustment of investment properties for the financial year of the Entity's investment properties measured at fair value at the balance sheet date.

Other operating income

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

Accounting policies

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 as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

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

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

Other financial income
Other financial income comprises interest income, including interest income on receivables from group enterprises, net capital or exchange gains on payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses
Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on payables and transactions in foreign currencies, amortisation of financial liabilities 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.

Accounting policies

Balance sheet

Goodwill

Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. Useful life is determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile, and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. Useful lives are reassessed annually. The amortisation periods used are 20 years.

Goodwill is written down to the lower of recoverable amount and carrying amount.

Intellectual property rights etc

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

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 period cannot 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.

Accounting policies

Investments in group enterprises

In the parent financial statements, 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 value plus unamortised goodwill and plus or minus unrealised intra-group profits and losses.

Goodwill is calculated as the difference between cost of the investments and fair value of the pro rata share of assets and liabilities acquired. Goodwill is amortised straigth-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. Useful life is determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. If the useful life cannot be estimated reliably, it is fixed at 10 years. Useful lives are reassessed annually. The amortisation periods used are 20 years.

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 or the planned settlement of each liability.

Deferred tax assets, including the tax base of tax loss carry forwards, 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.

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.

Income tax receivable or payable

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

Cash flow statement

Refering 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.