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Ball Group ApS

Kløvermarken 29
7190 Billund
Central Business Registration
No 14246975

Annual report 2019

The Annual General Meeting adopted the annual report on 12.06.2020

Chairman of the General Meeting

Name: Kuno Kildetoft Mehlsen

Contents

Entity details

Entity
Ball Group ApS
Kløvermarken 29
7190 Billund

Central Business Registration No (CVR): 14246975
Registered in: Billund
Financial year: 01.01.2019 - 31.12.2019

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

Board of Directors
Stefan Andreas Walter Happak
Joachim Horst Scholz

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 Group ApS for the financial year 01.01.2019 - 31.12.2019.

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 31.12.2019 and of the results of its operations for the financial year 01.01.2019 - 31.12.2019.

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, 12.06.2020

Executive Board

Kuno Kildetoft Mehlsen

Board of Directors

Stefan Andreas Walter Happak	Joachim Horst Scholz

Independent auditor's report

To the shareholders of Ball Group ApS

Opinion

We have audited the consolidated financial statements and the parent financial statements of Ball Group ApS for the financial year 01.01.2019 - 31.12.2019, 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 31.12.2019, and of the results of their operations for the financial year 01.01.2019 - 31.12.2019 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 consolidated financial statements and the parent financial statements

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

Independent auditor's report

financial statements and parent 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 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.

Independent auditor's report

Statement on the management commentary

Management is responsible for the management commentary.

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, 12.06.2020

Deloitte
Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR) 33963556

Lars Dam Østergaard
State Authorised Public Accountant
Identification No (MNE) mne34501

Management commentary

	2019 DKK'000	2018 DKK'000	2017 DKK'000	2016 DKK'000	2015 DKK'000
Financial highlights					
Key figures					
Revenue	711.452	590.712	484.430	398.181	576.667
Gross profit/loss	250.331	220.285	161.005	152.955	269.977
Operating profit/loss	28.626	33.374	(349)	12.453	(39.999)
Net financials	(2.918)	(2.807)	(2.057)	(2.123)	(4.629)
Profit/loss for the year	21.987	23.764	(2.972)	10.955	(41.353)
Total assets	245.830	208.577	161.638	166.164	184.693
Investments in property, plant and equipment	23.365	21.128	22.271	15.645	9.788
Equity	104.685	94.804	72.812	76.829	66.167
Average numbers of employees	530	471	398	334	373
EBITDA	48.726	51.477	15.806	7.375	(13.380)
EBITDA, normalised for non-recurring costs	59.544	55.761	18.386	15.564	(13.380)
Ratios					
Gross margin (%)	35,2	37,3	33,2	38,4	46,8
Net margin (%)	3,1	4,0	(0,6)	2,8	(7,2)
Return on equity (%)	22,0	28,4	(4,0)	15,3	(61,5)
Equity ratio (%)	42,6	45,5	45,0	46,2	35,8
EBITDA-margin	6,8	8,7	3,3	1,9	(2,3)

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	$\frac{\text{EBITDA}}{\text{Revenue}}$	The entity's operating profitablity before interest, tax, depreciation and amortization.

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

Management commentary

Primary activities

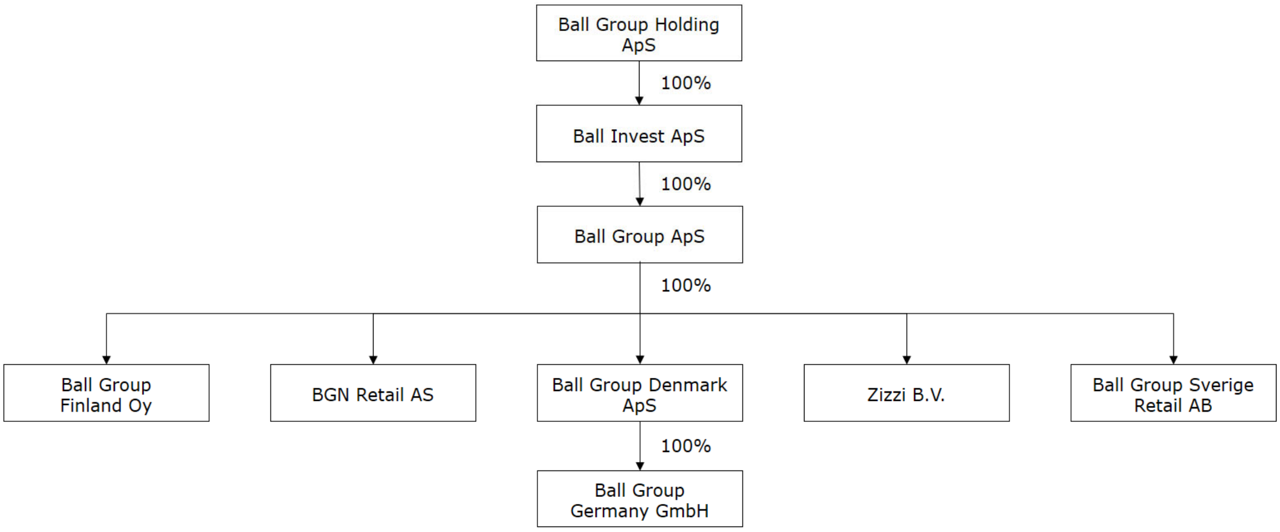
The Parent and Group's main objective is to source and market clothing for plus size women, primarily in Europe.

Unusual conditions

There have been no significant unusual conditions in the financial year.

Group chart

During 2019, the ownership of Ball Group changed from Axcel to Findos Investor. The Group company structure has changed to the following.



Ball Group Holding ApS (secondary name: Ball Group) is indirectly owned by equity fund TopCo 26 FIII Holding GmbH and TopCo 26 SC FIII Holding GmbH.

Development in activities and finances

With the change in ownership during 2019, significant non-recurring costs have impacted the financial performance. Normalized EBITDA therefore lands at DKK 60 million in 2019, an increase of 7% compared to 2018.

Normalized Result	2019 DKK'000	2018 DKK'000	Index
Revenue	711.452	590.712	120
EBITDA	48.726	51.477	95
Non-recurring Costs	-10.818	-4.284	-
EBITDA Normalized	59.544	55.761	107

Please note that figures for Ball Invest ApS and Ball Group Holding ApS are not included since the figures are mentioned in order to reflect the development in ordinary business activites.

The result is considered to be satisfactory.

Management commentary

2019 continues to be another successful year for Ball Group with further execution of the transformation set in motion in 2016. Over the course of a four-year period, the Group has changed from rooted in traditional wholesale and franchise operations to being a company with own stores, e-commerce and professional wholesale being the predominant distribution. The company faces the future with a strong operating model, a higher operating profit and a sound financial situation.

Uncertainty relating to recognition and measurement

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

Outlook

Prior to the COVID-19 pandemic outbreak in March 2020, the expectations for 2020 were to continue with a revenue growth and earnings relative to what was obtained in 2019. It is however clear that COVID-19 will impact the financial year 2020 negatively and reference is made to note 1 "Events after the balance sheet date" for a description of this.

Particular risks

Business risks

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

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

Currency risks

The Group will be exposed to some currency risks. A considerable part of the transactions entered into 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.

The Group's currency policy is set in order to minimize the risks in transactions with foreign exchange. The policy has in the financial year proven to be correct and will be continued unchanged during the coming financial year.

Credit risks

Credit risks are related to debtors who receive deliveries according to the Group'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 credit.

Intellectual capital resources

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

Management commentary

Throughout the year, a considerable number of experienced and highly qualified members of staff has joined the Group.

Staff

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

	# employees	
	Beginning of year	End of year
Denmark	261	295
Other countries	210	235
# Employees	**471**	**530**

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, a further growth in revenue and profit is expected 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 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 CSR committee´s work, including the choice of focus areas in 2019 in relation to the CSR strategy
- Chemicals in finished products, including selection of test programs
- Control and human rights
- Animal welfare
- Environmental influences
- Control on certified suppliers
- Objectives and policies for gender composition in the supreme governing body, cf. S. 99b of the Danish Financial Statements Act
- Objectives and goals for 2019

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 is published on the following link: https://www.ball-group.com/financial-reports.

Statutory report on the underrepresented gender

Reference is made to the progression report concerning CSR, which is published on the following link: https://www.ball-group.com/financial-reports.

Management commentary

Statutory report on corporate governance

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

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

Management in Ball Group, 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 from the Board and the interests of the Group. The main goal is always to have capital structure that supports and underlines continuous profitable growth.

The Group's articles of association contain no limits towards ownership or the right to vote. Ball Group's unit capital consists solely of one asset class.

Capital fund TopCo 26 FIII Holding GmbH is the largest indirect shareholder of Ball Group and have a controlling influence in the Group.

The work of the Board of Directors

The Board overlooks the work of the directors 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

Audit and Risk Committee

The Audit and Risk Committee consists of two board members and the Executive Board. If needed, external audit attends the meetings.

Management commentary

The Audit and Risk Committee evaluates continuously and as a minimum annually the collected risk and single risk assessments connected to group activities. The 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 is described separately under special risks.

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

The Audit and Risk Committee on behalf of the Board and the directors handles the overall responsibility of 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 undergo continuous evaluation by the Committee and the 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 remuneration

To attract and maintain management competencies, the remuneration 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 no 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.

Management commentary

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. Reference is made to note 1 for a description of the effect from COVID-19.

Consolidated income statement for 2019

	Notes	2019 DKK'000	2018 DKK'000
Revenue		711.452	590.712
Cost of sales		(301.288)	(236.760)
Other external expenses	2	(159.833)	(133.667)
Gross profit/loss		**250.331**	**220.285**
Staff costs	3	(201.605)	(168.808)
Depreciation, amortisation and impairment losses		(20.100)	(18.103)
Operating profit/loss		**28.626**	**33.374**
Other financial income		3.662	3.930
Other financial expenses	4	(6.580)	(6.737)
Profit/loss before tax		**25.708**	**30.567**
Tax on profit/loss for the year		(3.721)	(6.803)
Profit/loss for the year	5	**21.987**	**23.764**

Consolidated balance sheet at 31.12.2019

	Notes	2019 DKK'000	2018 DKK'000
Acquired rights		8.775	9.918
Goodwill		11.791	13.949
Intangible assets	6	**20.566**	**23.867**
Other fixtures and fittings, tools and equipment		42.429	41.559
Leasehold improvements		6.233	0
Property, plant and equipment	7	**48.662**	**41.559**
Deposits		9.418	8.735
Fixed asset investments	8	**9.418**	**8.735**
Fixed assets		**78.646**	**74.161**
Manufactured goods and goods for resale		47.143	54.999
Inventories		**47.143**	**54.999**
Trade receivables		25.619	17.889
Receivables from group enterprises		6.131	2.926
Deferred tax	9	3.822	3.363
Other receivables		2.053	2.100
Prepayments		7.146	8.598
Receivables		**44.771**	**34.876**
Cash		**75.270**	**44.541**
Current assets		**167.184**	**134.416**
Assets		**245.830**	**208.577**

Consolidated balance sheet at 31.12.2019

	Notes	2019 DKK'000	2018 DKK'000
Contributed capital		29.888	29.888
Retained earnings		74.797	64.916
Equity		**104.685**	**94.804**
Deferred tax	9	156	0
Provisions		**156**	**0**
Other payables		2.250	0
Non-current liabilities other than provisions		**2.250**	**0**
Bank loans		12.285	39.700
Trade payables		23.875	25.799
Payables to group enterprises		40.420	0
Income tax payable		2.030	2.184
Other payables		60.129	46.090
Current liabilities other than provisions		**138.739**	**113.773**
Liabilities other than provisions		**140.989**	**113.773**
Equity and liabilities		**245.830**	**208.577**
Events after the balance sheet date	1		
Financial instruments	10		
Contingent liabilities	11		
Assets charged and collateral	12		
Transactions with related parties	13		
Subsidiaries	14		

Consolidated statement of changes in equity for 2019

	Contributed capital DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	29.888	64.916	94.804
Ordinary dividend paid	0	(10.000)	(10.000)
Exchange rate adjustments	0	(165)	(165)
Fair value adjustments of hedging instruments	0	(1.941)	(1.941)
Profit/loss for the year	0	21.987	21.987
Equity end of year	**29.888**	**74.797**	**104.685**

Notes to consolidated financial statements

1. Events after the balance sheet date

During March 2020, it became evident that the COVID-19 would have a severe impact on the fashion industry and consequently Ball Group would also be affected. As a consequence of COVID-19 Ball Group has been forced to temporarily shut down physical retail stores which have caused a reduction in revenues but to some extent this has been compensated by an increase in revenue from online sales (e-commerce).

Ball Group expect to make use of aid packages available in the countries where the Group is present in order to minimize the negative economic impacts of COVID-19. Furthermore management has secured an extension of credit facilities through the Groups' main bank and Vækstfonden to ensure financial stability throughout the fiscal year 2020. Management consider the credit facilities to be sufficient given the development since the outbreak of COVID-19 up until the time of adoption of the annual report as well as the revised expectations for the remaining part of 2020. In this way Management consider the Group to be suitably prepared for the future despite the impact from COVID-19.

Given the inherent uncertainty at the time of approval of the annual report it is not possible for Group Management to quantify in detail the full effect from COVID-19 for the financial year 2020 but it is clear that revenue and profit/loss for the year is negatively impacted to an extend which makes it unlikely to obtain a profit for the year.

No adjustments to the balance at 31 December 2019 have been recognized due to COVID-19.

Beside the description above there have not been any events after the balance date which influence the annual report.

	2019 DKK'000	**2018 DKK'000**
2. Fees to the auditor appointed by the Annual General Meeting		
Statutory audit services	307	473
Other assurance engagements	194	104
Tax services	276	132
Other services	146	13
	923	**722**

	2019 DKK'000	**2018 DKK'000**
3. Staff costs		
Wages and salaries	181.250	140.834
Pension costs	3.986	3.274
Other social security costs	11.328	19.773
Other staff costs	5.041	4.927
	201.605	**168.808**
Average number of employees	**530**	**471**

Notes to consolidated financial statements

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

In order to strengthen Management and certain leading employees' interest in the long-term value creation of the group, a total of 1,193,657,879 warrants have been issued during the year. The warrants each give the right to subscription of a new share in Ball 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. Warrants previously issued in earlier years have been settled.

	2019 DKK'000	2018 DKK'000
4. Other financial expenses		
Financial expenses from group enterprises	6.580	6.728
Other interest expenses	0	9
	6.580	**6.737**

	2019 DKK'000	2018 DKK'000
5. Proposed distribution of profit/loss		
Retained earnings	21.987	23.764
	21.987	**23.764**

	Acquired rights DKK'000	Goodwill DKK'000
6. Intangible assets		
Cost beginning of year	23.644	74.388
Exchange rate adjustments	(532)	0
Additions	261	0
Cost end of year	**23.373**	**74.388**
Amortisation and impairment losses beginning of year	(13.726)	(60.439)
Exchange rate adjustments	546	0
Amortisation for the year	(1.418)	(2.158)
Amortisation and impairment losses end of year	**(14.598)**	**(62.597)**
Carrying amount end of year	**8.775**	**11.791**

Notes to consolidated financial statements

	Other fixtures and fittings, tools and equipment DKK'000	Leasehold improve-ments DKK'000
7. Property, plant and equipment		
Cost beginning of year	96.540	16.340
Exchange rate adjustments	96	32
Additions	18.584	4.781
Disposals	(321)	0
Cost end of year	**114.899**	**21.153**
Depreciation and impairment losses beginning of year	(57.663)	(13.658)
Exchange rate adjustments	(27)	(32)
Depreciation for the year	(15.036)	(1.230)
Reversal regarding disposals	256	0
Depreciation and impairment losses end of year	**(72.470)**	**(14.920)**
Carrying amount end of year	**42.429**	**6.233**

	Deposits DKK'000
8. Fixed asset investments	
Cost beginning of year	8.742
Additions	1.431
Disposals	(748)
Cost end of year	**9.425**
Impairment losses beginning of year	(7)
Impairment losses end of year	**(7)**
Carrying amount end of year	**9.418**

	2019 DKK'000
9. Deferred tax	
Changes during the year	
Beginning of year	3.363
Recognised in the income statement	303
End of year	**3.666**

Notes to consolidated financial statements

Deferred tax assets comprise temporary differences on intangible assets, property, plant and equipment which are expected to be utilized within 3-5 years.

10. Financial instruments

Other debt include a negative fair value of forward exchange contracts of DKK 1,552k. The Group hedges future exchange risks relating to sales and purchases and sales of goods. The Group has entered into forward exchange contracts for the following 8 months to secure purchases and sales of goods in the following currencies: USD 31,454k. All values are absolute values. All contracts are subscribed with the Company’s ordinary bank.

	2019 DKK'000	2018 DKK'000
11. Contingent liabilities		
Recourse and non-recourse guarantee commitments	21.957	18.484
Contingent liabilities in total	**21.957**	**18.484**

The Entity has participated in a Danish joint taxation arrangement where Ax Ball Invest ApS, Business Reg. No 30 08 43 06 was the administration company until 10.04.2019. From 11.04.2019 and forward the Company participates in a Danish joint taxation arrangement where Ball Group Holding ApS, Business Reg. No 40 29 85 68 serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company 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 in both taxations.

12. 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 140,075k and comprise receivables, inventory and operating equipment.

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

Collateral provided for group enterprises

The Group has provided guarantee for the group enterprises’ debt with the Group’s main bank. The maximum limit of the guarantee is DKK 123,363k. Bank loans of group enterprises amount to DKK 12,285k at 31 December 2019.The above mentioned floating charge also secures group enterprises’ debt with the Group’s main bank.

13. Transactions with related parties

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

Notes to consolidated financial statements

	Registered in	Corporate form	Equity interest %
14. Subsidiaries			
Ball Group Denmark ApS	Billund, Denmark	ApS	100,0
Ball Group Finland OY	Vaasa, Finland	OY	100,0
Zizzi B.V.	Groenekan, Netherland	B.V.	100,0
BGN Retail AS	Oslo, Norway	AS	100,0
Ball Group Sverige Retail AB	Borås, Sweden	AB	100,0
Ball Group Germany GmbH	Munich, Germany	GmbH	100,0

Parent income statement for 2019

	Notes	2019 DKK'000	2018 DKK'000
Revenue		139	735
Other external expenses		(611)	(547)
Gross profit/loss		**(472)**	**188**
Staff costs	1	(202)	(1.048)
Operating profit/loss		**(674)**	**(860)**
Income from investments in group enterprises		21.938	23.789
Other financial income	2	1.469	2.266
Other financial expenses	3	(687)	(1.473)
Profit/loss before tax		**22.046**	**23.722**
Tax on profit/loss for the year		(59)	42
Profit/loss for the year	4	**21.987**	**23.764**

Parent balance sheet at 31.12.2019

	Notes	2019 DKK'000	2018 DKK'000
Investments in group enterprises		87.148	68.174
Deposits		2.252	2.234
Fixed asset investments	5	**89.400**	**70.408**
Fixed assets		**89.400**	**70.408**
Receivables from group enterprises		19.812	53.783
Deferred tax	6	294	294
Other receivables		0	189
Receivables		**20.106**	**54.266**
Cash		**139**	**66**
Current assets		**20.245**	**54.332**
Assets		**109.645**	**124.740**

Parent balance sheet at 31.12.2019

	Notes	2019 DKK'000	2018 DKK'000
Contributed capital		29.888	29.888
Retained earnings		59.797	54.916
Proposed dividend		15.000	10.000
Equity		**104.685**	**94.804**
Deferred tax	6	59	0
Provisions for investments in group enterprises	7	4.050	4.939
Provisions		**4.109**	**4.939**
Bank loans		0	25
Trade payables		289	86
Payables to group enterprises		101	24.136
Income tax payable		26	26
Other payables		435	724
Current liabilities other than provisions		**851**	**24.997**
Liabilities other than provisions		**851**	**24.997**
Equity and liabilities		**109.645**	**124.740**
Contingent liabilities	8		
Assets charged and collateral	9		
Related parties with controlling interest	10		
Transactions with related parties	11		

Parent statement of changes in equity for 2019

	Contributed capital DKK'000	Retained earnings DKK'000	Proposed dividend DKK'000	Total DKK'000
Equity beginning of year	29.888	54.916	10.000	94.804
Ordinary dividend paid	0	0	(10.000)	(10.000)
Exchange rate adjustments	0	(165)	0	(165)
Other entries on equity	0	(1.941)	0	(1.941)
Profit/loss for the year	0	6.987	15.000	21.987
Equity end of year	**29.888**	**59.797**	**15.000**	**104.685**

Notes to parent financial statements

	2019 DKK'000	2018 DKK'000
1. Staff costs		
Wages and salaries	202	1.048
	202	**1.048**
Average number of employees	**0**	**0**

	2019 DKK'000	2018 DKK'000
2. Other financial income		
Financial income arising from group enterprises	1.469	2.266
	1.469	**2.266**

	2019 DKK'000	2018 DKK'000
3. Other financial expenses		
Financial expenses from group enterprises	669	1.478
Other interest expenses	18	(5)
	687	**1.473**

	2019 DKK'000	2018 DKK'000
4. Proposed distribution of profit/loss		
Ordinary dividend for the financial year	15.000	10.000
Retained earnings	6.987	13.764
	21.987	**23.764**

Notes to parent financial statements

	Investments in group enterprises DKK'000	Deposits DKK'000
5. Fixed asset investments		
Cost beginning of year	176.171	2.234
Additions	0	18
Cost end of year	**176.171**	**2.252**
Impairment losses beginning of year	(107.997)	0
Exchange rate adjustments	(134)	0
Adjustments on equity	(1.942)	0
Amortisation of goodwill	(2.157)	0
Share of profit/loss for the year	24.014	0
Adjustment of intra-group profits	81	0
Investments with negative equity value transferred to provisions	(888)	0
Impairment losses end of year	**(89.023)**	**0**
Carrying amount end of year	**87.148**	**2.252**

Hereof non amortized goodwill 11,8 mDKK.

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

	2019 DKK'000
6. Deferred tax	
Changes during the year	
Beginning of year	294
Recognised in the income statement	(59)
End of year	**235**

Deferred tax assets comprise temporary differences regarding lease arrangements as well as deferred tax losses that are expected to be utilized within 3-5 years.

7. Provisions for investments in group enterprises

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

Notes to parent financial statements

8. Contingent liabilities

The Entity has participated in a Danish joint taxation arrangement where Ax Ball Invest ApS, Business Reg. No 30 08 43 06 was the administration company until 10.04.2019. From 11.04.2019 and forward the Company participates in a Danish joint taxation arrangement where Ball Group Holding ApS, Business Reg. No 40 29 85 68 serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company 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 in both taxations.

9. Assets charged and collateral

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 89,664k. Bank loans of group enterprises amount to DKK 12,285k at 31 December 2019.

10. Related parties with controlling interest

The following parties have a controlling interest:

- Ball Invest ApS, Billund, shareholder
- Ball Group Holding ApS, Billund, shareholder
- TopCo 26 FIII Holding GmbH, Munich, shareholder
- TopCo 26 SC FII GmbH, Munich, shareholder

11. 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 (large).

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

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.

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.

Accounting policies

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.

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.

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 and residual value is assessed at 0%.

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 rights).

Accounting policies

Intellectual property rights acquired are measured at cost less accumulated amortisation, which is set at 10 years and the residual value: 0%.

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.

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 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.

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.

Accounting policies

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

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
Referring to section 86 of the Danish Financial Statements Act, a cash flow statement has not been prepared because the Company’s cash flow is fully included in consolidated cash flows of Ball Group Holding ApS, Business Reg. No 40 29 85 68.