



## Zizzi ApS

Kløvermarken 29  
7190 Billund  
CVR No. 14246975

## Annual report 2022

The Annual General Meeting adopted the  
annual report on 18.05.2023

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**Kuno Kildetoft Mehlsen**

Chairman of the General Meeting

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# Entity details

## Entity

Zizzi ApS

Kløvermarken 29

7190 Billund

Business Registration No.: 14246975

Registered office: Billund

Financial year: 01.01.2022 - 31.12.2022

## 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 Zizzi ApS for the financial year 01.01.2022 - 31.12.2022.

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

In our opinion, the 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 31.12.2022 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2022 - 31.12.2022.

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, 30.01.2023

## Executive Board

**Kuno Kildetoft Mehlsen**

## Board of Directors

**Stefan Andreas Walter Happak**

**Joachim Horst Scholz**

# Independent auditor's report

## To the shareholders of Zizzi ApS

### Opinion

We have audited the consolidated financial statements and the parent financial statements of Zizzi ApS for the financial year 01.01.2022 - 31.12.2022, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. 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 31.12.2022 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2022 - 31.12.2022 in accordance with the Danish Financial Statements Act.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the 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 for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Management's responsibilities for the 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 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 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.

#### **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, 30.01.2023

**Deloitte**

Statsautoriseret Revisionspartnerselskab  
CVR No. 33963556

**Morten Gade Steinmetz**

State Authorised Public Accountant  
Identification No (MNE) mne34145

**Thomas Aamand Lund**

State Authorised Public Accountant  
Identification No (MNE) mne47764

# Management commentary

## Financial highlights

	2022	2021	2020	2019	2018
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
<b>Key figures</b>					
Revenue	779,699	730,923	657,952	711,452	590,712
Gross profit/loss	207,282	243,019	192,414	250,331	220,285
Operating profit/loss	14,711	67,335	(23,592)	28,626	33,474
Net financials	(2,563)	(6,184)	(8,064)	(2,918)	(2,807)
Profit/loss for the year	9,437	46,795	(29,542)	21,987	23,764
Balance sheet total	291,822	263,572	281,858	245,831	208,577
Investments in property, plant and equipment	8,696	4,503	13,907	21,128	22,271
Equity	111,124	108,396	55,068	104,685	94,804
Average numbers of employees	421	407	475	530	471
EBITDA	29,058	80,617	21,918	48,726	51,477
Cash flows from operating activities	(46,456)	50,608	62,487	39,112	55,617
Cash flows from investing activities	(23,212)	(19,433)	(12,029)	(19,485)	(22,102)
Cash flows from financing activities	4,273	(70,007)	(8,326)	56,243	889
<b>Ratios</b>					
Gross margin (%)	26.75	33.25	29.24	35.19	37.3
Net margin (%)	1.21	6.40	(4.49)	3.09	4.0
Return on equity (%)	8.60	57.25	(36.98)	22.04	28.36
EBITDA-margin	3.70	11	3.3	6.8	8.7
Equity ratio (%)	38.08	41.13	19.54	42.58	45.45

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

### Gross margin (%):

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

Revenue

### Net margin (%):

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

Revenue



**Return on equity (%):**

Profit/loss for the year \* 100

Average equity

**EBITDA-Margin:**

EBITDA

Revenue

**Equity ratio (%):**

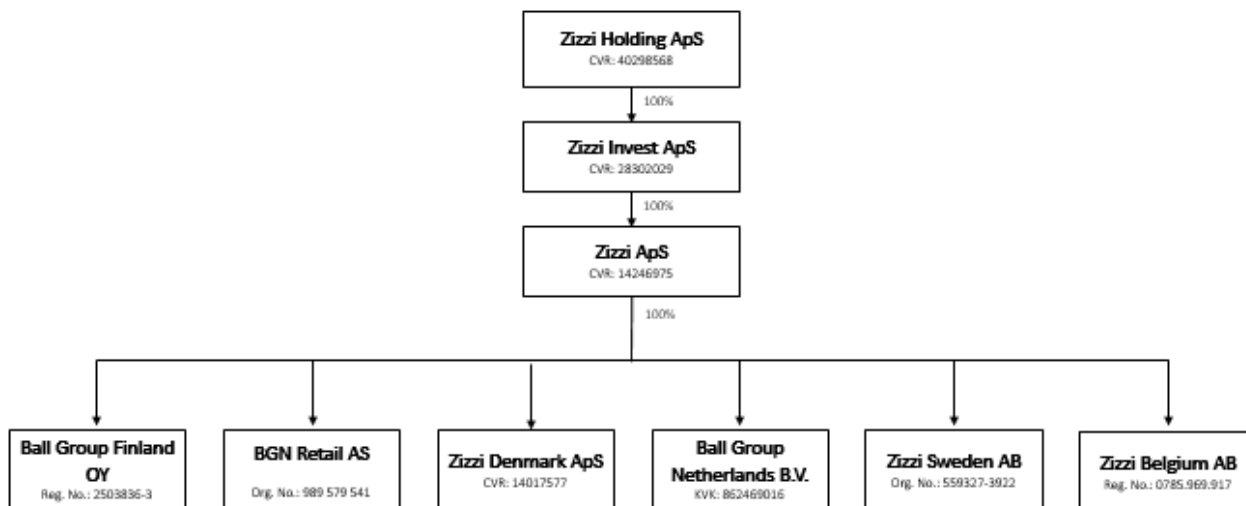
Equity \* 100

Balance sheet total

## Primary activities

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

## Group chart



## Development in activities and finances

Despite the challenges relating to the outbreak of war in Europe, the company has achieved a revenue of DKK 779,7m (730,9m 2021) and EBITDA of DKK 29m for the year. However, this is a decrease of DKK 51,5m compared to the EBITDA in 2021, demonstrating the challenged conditions of 2022.

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

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

## Profit/loss for the year in relation to expected developments

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

## Uncertainty relating to recognition and measurement

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

## Unusual circumstances affecting recognition and measurement

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

## Outlook

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

in revenue.

### **Particular risks**

#### **Business risks**

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

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

#### **Credit risks**

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

#### **Treasury risks**

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

#### **Use of financial instruments**

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

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

#### **Knowledge resources**

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

## Staff

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

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

Please note that the figure for Denmark reflects employees in Zizzi Denmark ApS, whereas the total reflects employees in Zizzi Holding ApS on a consolidated basis.

## Environmental performance

Please refer to the paragraph "Statutory report on corporate social responsibility" below.

## Research and development activities

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

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

## Statutory report on corporate social responsibility

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

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

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

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

### **Statutory report on the underrepresented gender**

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

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

### **Statutory report on data ethics policy**

Zizzi collects personal data on employees and customers to fulfil our obligations towards national authorities such as national tax authorities, as well as our obligation to fulfil the orders placed by our customers. Where national legislation demands us to transfer personal data, we will exchange such data with third parties (national authorities). To fulfil our obligation of delivering our products we exchange non-sensitive personal data with local distributors. Zizzi does not sell customer data, confidential data, or sensitive personal data.

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

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

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

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

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

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

### **Statutory report on corporate governance**

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

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

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

### **Proposals for active ownership and corporate governance of equity funds**

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

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

Management will in general follow the guidelines and recommendations. For further information on the mentioned recommendations reference is made to [www.dvca.dk](http://www.dvca.dk)

### **Shareholders' conditions**

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

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

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

### **The work of the Board of Directors**

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

### **Risk assessments**

The management ensures effective risk assessment and internal audit reduce strategic and business risk, securing compliance with laws and regulations, to ensure an effective basis for management decision.

The strategic choices of Ball Group lead to natural risks, which are essential to identify and be communicated out and handled effectively. Internal audit and effective risk assessments are vital for the Board and executives to carry out tasks expected by the governing bodies.

### **Financial reporting process**

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

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

**Management remuneration**

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

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

**The Board of Directors and Management's shareholding**

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

**Dividend policy**

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

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

**Stakeholders**

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

**Events after the balance sheet date**

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

# Consolidated income statement for 2022

	Notes	2022 DKK'000	2021 DKK'000
Revenue	1	779,699	730,923
Other operating income	2	0	5,574
Cost of sales		(386,022)	(316,291)
Other external expenses	3	(186,395)	(177,187)
<b>Gross profit/loss</b>		<b>207,282</b>	<b>243,019</b>
Staff costs	4	(178,224)	(162,402)
Depreciation, amortisation and impairment losses		(14,347)	(13,282)
<b>Operating profit/loss</b>		<b>14,711</b>	<b>67,335</b>
Other financial income		3,648	6,506
Other financial expenses	5	(6,211)	(12,690)
<b>Profit/loss before tax</b>		<b>12,148</b>	<b>61,151</b>
Tax on profit/loss for the year	6	(2,711)	(14,356)
<b>Profit/loss for the year</b>	7	<b>9,437</b>	<b>46,795</b>



# Consolidated balance sheet at 31.12.2022

## Assets

	Notes	2022 DKK'000	2021 DKK'000
Completed development projects	9	24,826	2,846
Acquired rights		3,835	4,679
Development projects in progress	9	0	11,171
<b>Intangible assets</b>	8	<b>28,661</b>	<b>18,696</b>
Other fixtures and fittings, tools and equipment		15,846	18,866
Leasehold improvements		1,927	2,387
<b>Property, plant and equipment</b>	10	<b>17,773</b>	<b>21,253</b>
Deposits		7,842	8,604
<b>Financial assets</b>	11	<b>7,842</b>	<b>8,604</b>
<b>Fixed assets</b>		<b>54,276</b>	<b>48,553</b>
Manufactured goods and goods for resale		141,966	97,358
<b>Inventories</b>		<b>141,966</b>	<b>97,358</b>
Trade receivables		30,457	16,115
Receivables from group enterprises		35,107	3,040
Deferred tax	13	397	2,558
Other receivables		3,259	1,529
Prepayments	14	13,267	15,931
<b>Receivables</b>		<b>82,487</b>	<b>39,173</b>
<b>Cash</b>		<b>13,093</b>	<b>78,488</b>
<b>Current assets</b>		<b>237,546</b>	<b>215,019</b>
<b>Assets</b>		<b>291,822</b>	<b>263,572</b>

**Equity and liabilities**

	<b>Notes</b>	<b>2022 DKK'000</b>	<b>2021 DKK'000</b>
Contributed capital	15	29,888	29,888
Translation reserve		(96)	1,451
Reserve for fair value adjustments of hedging instruments		(80)	5,082
Retained earnings		81,412	71,975
<b>Equity</b>		<b>111,124</b>	<b>108,396</b>
Deferred tax	13	0	1,020
Other provisions	16	0	1,277
<b>Provisions</b>		<b>0</b>	<b>2,297</b>
Bank loans		25,249	3,085
Trade payables		63,526	64,566
Payables to group enterprises		34,302	17,086
Tax payable		1,175	8,707
Other payables		56,446	59,435
<b>Current liabilities other than provisions</b>		<b>180,698</b>	<b>152,879</b>
<b>Liabilities other than provisions</b>		<b>180,698</b>	<b>152,879</b>
<b>Equity and liabilities</b>		<b>291,822</b>	<b>263,572</b>
Financial instruments	18		
Unrecognised rental and lease commitments	19		
Contingent liabilities	20		
Assets charged and collateral	21		
Transactions with related parties	22		
Subsidiaries	23		

# Consolidated statement of changes in equity for 2022

	Contributed capital DKK'000	Translation reserve DKK'000	Reserve for fair value adjustments of hedging instruments DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	29,888	1,451	5,082	71,975	108,396
Exchange rate adjustments	0	(1,547)	0	0	(1,547)
Value adjustments	0	0	(6,618)	0	(6,618)
Tax of entries on equity	0	0	1,456	0	1,456
Profit/loss for the year	0	0	0	9,437	9,437
<b>Equity end of year</b>	<b>29,888</b>	<b>(96)</b>	<b>(80)</b>	<b>81,412</b>	<b>111,124</b>

# Consolidated cash flow statement for 2022

	Notes	2022 DKK'000	2021 DKK'000
Operating profit/loss		14,711	67,335
Amortisation, depreciation and impairment losses		16,388	15,236
Working capital changes	17	(60,282)	(33,840)
<b>Cash flow from ordinary operating activities</b>		<b>(29,183)</b>	<b>48,731</b>
Financial income received		3,648	6,506
Financial expenses paid		(6,211)	(12,690)
Taxes refunded/(paid)		(9,102)	718
Other cash flows from operating activities		(5,608)	7,343
<b>Cash flows from operating activities</b>		<b>(46,456)</b>	<b>50,608</b>
Acquisition etc. of intangible assets		(14,856)	(14,287)
Acquisition etc. of property, plant and equipment		(8,696)	(6,810)
Sale of property, plant and equipment		340	1,664
<b>Cash flows from investing activities</b>		<b>(23,212)</b>	<b>(19,433)</b>
<b>Free cash flows generated from operations and investments before financing</b>		<b>(69,668)</b>	<b>31,175</b>
Loans raised		22,164	0
Repayments of loans etc.		0	(49,151)
Incurrence of debt to group enterprises		17,216	0
Repayment of debt to group enterprises		(35,107)	(20,856)
<b>Cash flows from financing activities</b>		<b>4,273</b>	<b>(70,007)</b>
<b>Increase/decrease in cash and cash equivalents</b>		<b>(65,395)</b>	<b>(38,832)</b>
Cash and cash equivalents beginning of year		78,488	117,320
<b>Cash and cash equivalents end of year</b>		<b>13,093</b>	<b>78,488</b>
Cash and cash equivalents at year-end are composed of:			
Cash		13,093	78,488
<b>Cash and cash equivalents end of year</b>		<b>13,093</b>	<b>78,488</b>

# Notes to consolidated financial statements

## 1 Revenue

	2022 DKK'000	2021 DKK'000
Denmark	267,307	277,859
Norway	157,734	144,338
Germany	100,299	96,016
Rest of Europe	254,359	212,710
<b>Total revenue by geographical market</b>	<b>779,699</b>	<b>730,923</b>

The company and group only have one activity from sale of clothes.

## 2 Other operating income

Other operating income consists of compensation received under the aid packages made available by the governments in the countries where the group have operating entities.

## 3 Fees to the auditor appointed by the Annual General Meeting

	2022 DKK'000	2021 DKK'000
Statutory audit services	348	348
Other assurance engagements	183	175
Tax services	74	457
Other services	169	256
	<b>774</b>	<b>1,236</b>

## 4 Staff costs

	2022 DKK'000	2021 DKK'000
Wages and salaries	160,965	149,610
Pension costs	4,414	2,743
Other social security costs	7,326	5,590
Other staff costs	5,519	4,459
	<b>178,224</b>	<b>162,402</b>
Average number of full-time employees	421	407

## Special incentive programmes

In order to strengthen Management and certain leading employees' interest in the long-term value creation of

the group, a total of 1,193,657,879 warrants have been issued. The warrants each give the right to subscription of a new share in 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. At year end a total of 1,022,046,800 warrants have been assigned to employees.

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

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

### 5 Other financial expenses

	2022 DKK'000	2021 DKK'000
Financial expenses from group enterprises	1,975	1,263
Other interest expenses	4,236	11,427
	<b>6,211</b>	<b>12,690</b>

### 6 Tax on profit/loss for the year

	2022 DKK'000	2021 DKK'000
Current tax	2,711	14,356
	<b>2,711</b>	<b>14,356</b>

### 7 Proposed distribution of profit/loss

	2022 DKK'000	2021 DKK'000
Retained earnings	9,437	46,795
	<b>9,437</b>	<b>46,795</b>

## 8 Intangible assets

	Completed development projects DKK'000	Acquired rights DKK'000	Development projects in progress DKK'000
Cost beginning of year	3,116	17,660	11,171
Exchange rate adjustments	0	(141)	0
Transfers	11,171	0	(11,171)
Additions	14,856	0	0
Disposals	0	(1,564)	0
<b>Cost end of year</b>	<b>29,143</b>	<b>15,955</b>	<b>0</b>
Amortisation and impairment losses beginning of year	(270)	(12,981)	0
Exchange rate adjustments	0	77	0
Amortisation for the year	(4,047)	(780)	0
Reversal regarding disposals	0	1,564	0
<b>Amortisation and impairment losses end of year</b>	<b>(4,317)</b>	<b>(12,120)</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>24,826</b>	<b>3,835</b>	<b>0</b>

## 9 Development projects

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

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

## 10 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK'000	Leasehold improvements DKK'000
Cost beginning of year	95,031	17,380
Exchange rate adjustments	(977)	(165)
Additions	5,867	2,829
Disposals	(16,119)	(2,243)
<b>Cost end of year</b>	<b>83,802</b>	<b>17,801</b>
Depreciation and impairment losses beginning of year	(76,165)	(14,993)
Exchange rate adjustments	702	165
Depreciation for the year	(8,292)	(3,269)
Reversal regarding disposals	15,799	2,223
<b>Depreciation and impairment losses end of year</b>	<b>(67,956)</b>	<b>(15,874)</b>
<b>Carrying amount end of year</b>	<b>15,846</b>	<b>1,927</b>

## 11 Financial assets

	<b>Deposits DKK'000</b>
Cost beginning of year	8,604
Disposals	(762)
<b>Cost end of year</b>	<b>7,842</b>
<b>Carrying amount end of year</b>	<b>7,842</b>

## 12 Inventories

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

## 13 Deferred tax

	<b>2022 DKK'000</b>	<b>2021 DKK'000</b>
<b>Changes during the year</b>		
Beginning of year	1,538	3,666
Recognised in the income statement	(1,141)	(2,128)
<b>End of year</b>	<b>397</b>	<b>1,538</b>

	<b>2022 DKK'000</b>	<b>2021 DKK'000</b>
<b>Deferred tax has been recognised in the balance sheet as follows</b>		
Deferred tax assets	397	2,558
Deferred tax liabilities	0	(1,020)
	<b>397</b>	<b>1,538</b>

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

### Deferred tax assets

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

## 14 Prepayments

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

## 15 Contributed capital

	<b>Number</b>	<b>Nominal value DKK'000</b>
Share capital	29,887,640	1
	<b>29,887,640</b>	<b>1</b>



## 16 Other provisions

Other provisions cover expected costs related to phasing out unprofitable activities.

## 17 Changes in working capital

	2022 DKK'000	2021 DKK'000
Increase/decrease in inventories	(44,608)	(20,366)
Increase/decrease in receivables	(10,368)	(12,293)
Increase/decrease in trade payables etc.	(1,040)	6,255
Other changes	(4,266)	(7,436)
	<b>(60,282)</b>	<b>(33,840)</b>

## 18 Derivative financial instruments

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

## 19 Unrecognised rental and lease commitments

	2022 DKK'000	2021 DKK'000
Total liabilities under rental or lease agreements until maturity	56,564	74,609

## 20 Contingent liabilities

	2022 DKK'000	2021 DKK'000
Recourse and non-recourse guarantee commitments	16,347	19,811
<b>Contingent liabilities</b>	<b>16,347</b>	<b>19,811</b>

The Parent and the Danish subsidiaries participate in a Danish joint taxation arrangement in which Zizzi Holding ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Parent and the Danish subsidiaries are therefore liable for income taxes etc. for the jointly taxed entities, and also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends 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.

## 21 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 241,859k and comprise receivables, inventory and operating equipment.

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

The group companies Zizzi Denmark ApS, Zizzi ApS, Zizzi Invest ApS and Zizzi Holding ApS have given negative pledge in the entity's assets.

### 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 139,511k. Bank loans of group enterprises amount to DKK 85,387k at 31 December 2022. The above mentioned floating charge also secures group enterprises' debt with the Group's main bank.

### 22 Transactions with related parties

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

### 23 Subsidiaries

	<b>Registered in</b>	<b>Corporate form</b>
Zizzi Denmark ApS	Billund, Denmark	ApS
Ball Group Finland OY	Vaasa, Finland	OY
Ball Group Netherlands BV.	Groenekan, Netherland	B.V.
BGN Retail AS	Oslo, Norway	AS
Zizzi Sweden AB	Borås, Sweden	AB
Zizzi Belgium BV.	Diegem, Belgium	B.V.

# Parent income statement for 2022

	Notes	2022 DKK'000	2021 DKK'000
Other external expenses		(396)	(1,359)
<b>Gross profit/loss</b>		<b>(396)</b>	<b>(1,359)</b>
Income from investments in group enterprises		10,374	47,388
Other financial income	1	177	617
Other financial expenses	2	(903)	(4,090)
<b>Profit/loss before tax</b>		<b>9,252</b>	<b>42,556</b>
Tax on profit/loss for the year	3	185	452
<b>Profit/loss for the year</b>	4	<b>9,437</b>	<b>43,008</b>

# Parent balance sheet at 31.12.2022

## Assets

	Notes	2022 DKK'000	2021 DKK'000
Investments in group enterprises		132,854	129,126
Deposits		2,277	2,272
<b>Financial assets</b>	5	<b>135,131</b>	<b>131,398</b>
<b>Fixed assets</b>		<b>135,131</b>	<b>131,398</b>
Receivables from group enterprises		8,729	5,951
Deferred tax	6	296	1,113
<b>Receivables</b>		<b>9,025</b>	<b>7,064</b>
<b>Cash</b>		<b>129</b>	<b>366</b>
<b>Current assets</b>		<b>9,154</b>	<b>7,430</b>
<b>Assets</b>		<b>144,285</b>	<b>138,828</b>

**Equity and liabilities**

	<b>Notes</b>	<b>2022 DKK'000</b>	<b>2021 DKK'000</b>
Contributed capital		29,888	29,888
Translation reserve		(98)	1,449
Retained earnings		81,334	77,059
<b>Equity</b>		<b>111,124</b>	<b>108,396</b>
Other provisions	7	0	1,277
Provisions for investments in group enterprises	8	734	749
<b>Provisions</b>		<b>734</b>	<b>2,026</b>
Trade payables		70	289
Payables to group enterprises		32,318	25,251
Other payables		39	2,866
<b>Current liabilities other than provisions</b>		<b>32,427</b>	<b>28,406</b>
<b>Liabilities other than provisions</b>		<b>32,427</b>	<b>28,406</b>
<b>Equity and liabilities</b>		<b>144,285</b>	<b>138,828</b>
Employees	9		
Contingent liabilities	10		
Assets charged and collateral	11		
Related parties with controlling interest	12		
Transactions with related parties	13		

# Parent statement of changes in equity for 2022

	<b>Contributed capital DKK'000</b>	<b>Translation reserve DKK'000</b>	<b>Retained earnings DKK'000</b>	<b>Total DKK'000</b>
Equity beginning of year	29,888	1,449	77,059	108,396
Exchange rate adjustments	0	(1,547)	0	(1,547)
Other entries on equity	0	0	(5,162)	(5,162)
Profit/loss for the year	0	0	9,437	9,437
<b>Equity end of year</b>	<b>29,888</b>	<b>(98)</b>	<b>81,334</b>	<b>111,124</b>

# Notes to parent financial statements

## 1 Other financial income

	2022 DKK'000	2021 DKK'000
Financial income from group enterprises	177	617
	<b>177</b>	<b>617</b>

## 2 Other financial expenses

	2022 DKK'000	2021 DKK'000
Financial expenses from group enterprises	875	41
Other interest expenses	28	4,049
	<b>903</b>	<b>4,090</b>

## 3 Tax on profit/loss for the year

	2022 DKK'000	2021 DKK'000
Change in deferred tax	817	(452)
Refund in joint taxation arrangement	(1,002)	0
	<b>(185)</b>	<b>(452)</b>

## 4 Proposed distribution of profit and loss

	2022 DKK'000	2021 DKK'000
Retained earnings	9,437	43,008
	<b>9,437</b>	<b>43,008</b>

## 5 Financial assets

	<b>Investments in group enterprises DKK'000</b>	<b>Deposits DKK'000</b>
Cost beginning of year	206,177	2,272
Additions	75	5
<b>Cost end of year</b>	<b>206,252</b>	<b>2,277</b>
Impairment losses beginning of year	(77,051)	0
Exchange rate adjustments	(1,547)	0
Adjustments on equity	(5,162)	0
Share of profit/loss for the year	10,374	0
Investments with negative equity value transferred to provisions	(12)	0
<b>Impairment losses end of year</b>	<b>(73,398)</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>132,854</b>	<b>2,277</b>

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

## 6 Deferred tax

	<b>2022 DKK'000</b>	<b>2021 DKK'000</b>
<b>Changes during the year</b>		
Beginning of year	1,113	661
Recognised in the income statement	(817)	452
<b>End of year</b>	<b>296</b>	<b>1,113</b>

### Deferred tax assets

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

## 7 Other provisions

Other provisions cover expected costs related to phasing out unprofitable activities.

## 8 Provisions for investments in group enterprises

Provisions for investments in group enterprises comprise negative equity in subsidiaries which Zizzi ApS is liable to cover.

## 9 Employees

The Entity has no employees other than the Executive Board. The Executive Officer has not received any remuneration.

## 10 Contingent liabilities

Bank loans are secured by way of floating charge. The assets covered by the floating charge amount to DKK 8,729k and comprise receivables, inventory and operating equipment.



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

The Entity participates in a Danish joint taxation arrangement in which Zizzi Holding ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc. for the jointly taxed entities, and also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends 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.

### **11 Assets charged and collateral**

The Entity has guaranteed group enterprises' debt with the Group's main bank. The maximum limit of the guarantee is DKK 139,511k. Bank loans of group enterprises amount to DKK 85,387k at 31 December 2022.

### **12 Related parties with controlling interest**

The following parties have a controlling interest:

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

### **13 Non-arm's length related party transactions**

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).

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.

## Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment

date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

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

### **Derivative financial instruments**

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

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

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

### **Income statement**

#### **Revenue**

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

#### **Other operating income**

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

#### **Cost of sales**

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

#### **Other external expenses**

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

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

**Staff costs**

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

**Depreciation, amortisation and impairment losses**

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

**Tax on profit/loss for the year**

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Parent is jointly taxed with Ball Group Denmark ApS all of its Danish group enterprises. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

**Balance sheet****Intellectual property rights etc.**

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

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

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

Indirect production costs in the form of indirectly attributable staff costs and amortisation of intangible

assets and depreciation on property, plant and equipment used in the development process are recognised in cost based on time spent on each project.

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

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

	<b>Useful life</b>
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 7-20 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 carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

### **Prepayments**

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

### **Cash**

Cash comprises cash in hand and bank deposits.

### **Other provisions**

Other provisions comprise anticipated costs of non-recourse guarantee commitments, returns, decided and published restructuring, etc.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

### **Operating leases**

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

### **Other financial liabilities**

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

**Tax payable or receivable**

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

**Cash flow statement**

The cash flow statement shows cash flows from operating, investing and financing activities, and cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes, and financial income, financial expenses and income tax paid.

Cash flows from investing activities comprise payments in connection with activities and fixed asset investments, and purchase, development, improvement and sale, etc. of intangible assets and property, plant and equipment.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs, and the raising of loans, repayments of interest-bearing debt, including lease liabilities, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk.