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Ball Group ApS

Kløvermarken 29
7190 Billund
CVR No. 14246975

Annual report 2021

The Annual General Meeting adopted the annual report on 04.03.2022

Kuno Kildetoft Mehlsen
Chairman of the General Meeting

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Entity details

Entity

Ball Group ApS

Kløvermarken 29

7190 Billund

Business Registration No.: 14246975

Registered office: Billund

Financial year: 01.01.2021 - 31.12.2021

Board of Directors

Stefan Andreas Walter Happak

Joachim Horst Scholz

Executive Board

Kuno Kildetoft Mehlsen, Chief Executive Officer

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 01.01.2021 - 31.12.2021.

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 31.12.2021 and of the results of their operations for the financial year 01.01.2021 - 31.12.2021.

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, 28.01.2022

Executive Board

Kuno Kildetoft Mehlsen
Chief Executive Officer

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 01.01.2021 - 31.12.2021, 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 31.12.2021 and of the results of their operations for the financial year 01.01.2021 - 31.12.2021 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, 28.01.2022

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

	2021 DKK'000	2020 DKK'000	2019 DKK'000	2018 DKK'000	2017 DKK'000
Key figures					
Revenue	730,923	657,952	711,452	590,712	484,430
Gross profit/loss	243,019	192,414	250,331	220,285	161,005
Operating profit/loss	67,335	(23,592)	28,626	33,474	(349)
Net financials	(6,184)	(8,064)	(2,918)	(2,807)	(2,057)
Profit/loss for the year	46,795	(29,542)	21,987	23,764	(2,972)
Balance sheet total	263,572	281,858	245,831	208,577	161,638
Investments in property, plant and equipment	4,503	13,907	21,128	22,271	15,645
Equity	108,396	55,068	104,685	94,804	72,812
Average numbers of employees	486	475	530	471	398
EBITDA	80,617	21,918	48,726	51,477	15,806
EBITDA, normalised for non-recurring costs	96,100	41,893	59,544	55,761	18,386
Ratios					
Gross margin (%)	33,25	28.68	35.19	37.3	33.24
Net margin (%)	6,4	(3.54)	3.09	4.0	(0.61)
Return on equity (%)	57.25	(36.98)	22.04	28.36	(3,97)
EBITDA-margin	11	3.3	6.8	8.7	3.3
Equity ratio (%)	41.13	19.54	42.58	45.45	45.05

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

Gross margin (%):
$$\frac{\text{Gross profit/loss} * 100}{\text{Revenue}}$$

Net margin (%):
$$\frac{\text{Profit/loss for the year} * 100}{\text{Revenue}}$$

Return on equity (%):
$$\frac{\text{Profit/loss for the year} * 100}{\text{Average equity}}$$

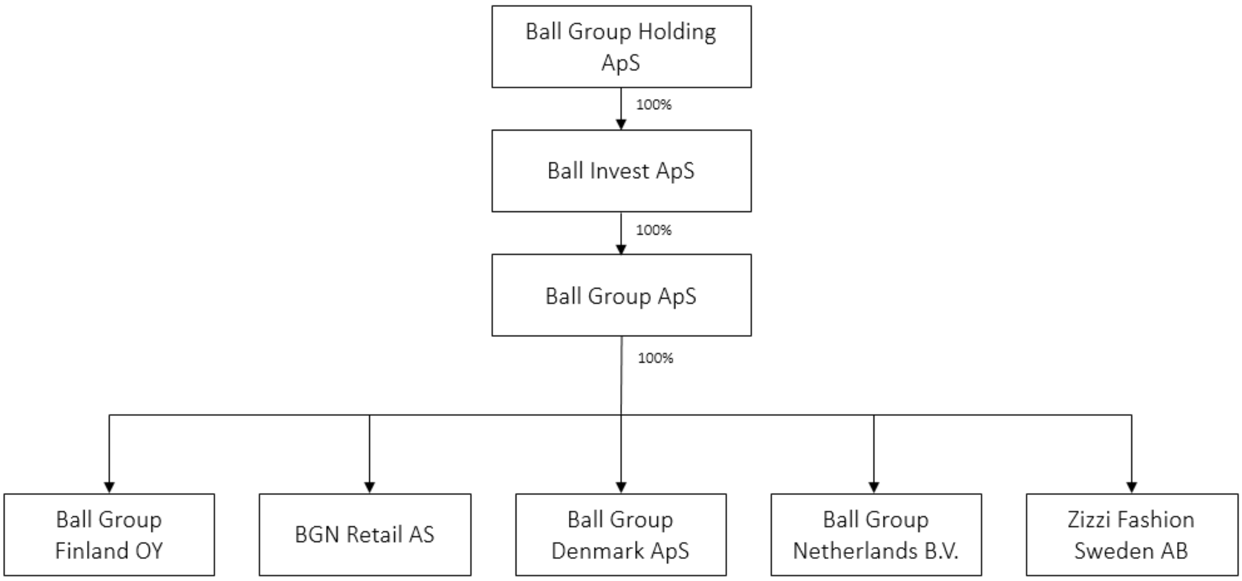
EBITDA-Margin:
$$\frac{\text{EBITDA}}{\text{Revenue}}$$

Equity ratio (%):
$$\frac{\text{Equity} * 100}{\text{Balance sheet total}}$$

Primary activities

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

Group chart



Compared to last year Zizzi B.V, Ball Group Sverige Retail AB and Ball Group Germany GmbH have been closed.

Development in activities and finances

Despite very challenging circumstances relating to COVID-19 and mandatory store closures, Ball Group have achieved record revenue of DKK 731m and EBITDA of DKK 80,6m for the year.

The result is primarily driven by growth on online channels, although the retail stores delivered a remarkable comeback after being allowed to open by local governments in late spring.

Further, Ball Group have recorded a significant amount of non-recurring costs, which has impacted the financial performance. As such, normalized EBITDA for the operating entities, consequently, lands at DKK 96,1m in 2021, which is an increase of 229% compared to 2020.

The management considers the financial result as very satisfactory.

Profit/loss for the year in relation to expected developments

The result for 2021 is better than expected mainly due to higher sale from e-commerce.

Uncertainty relating to recognition and measurement

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

Unusual circumstances affecting recognition and measurement

Apart from the unusual market conditions caused by the COVID-19 pandemic, no further matters are affecting recognition and measurement.

Outlook

Despite continued challenges relating to the COVID-19 pandemic, we remain very optimistic about the coming year and expect growth to continue, if not accelerate. The expectations for 2022 is to realize a result at the same level as 2021.

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.

The board of directors must reassure continuous monitoring of the development on the markets to reduce business risks as well as strengthen its competitive position on crucial parameters.

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 credit.

Use of financial instruments

The Group will always be exposed to currency risks. A considerable part of cashflow is carried out in foreign currency and will be affected by currency and interest development. This goes for activities carried out between foreign companies, suppliers, and customers.

The Group's currency policy is using a layered hedging approach to minimize the risks in transactions with foreign exchange. The policy has in the financial year proven to be effective and will be continued unchanged during the coming financial year.

Knowledge resources

It is essential for the company 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 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	267	254
Other Countries	208	233
# Employees	475	487

Please note that the figure for Denmark reflect employees in Ball Group Denmark ApS whereas the total reflects employees in Ball Group 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 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 growth in revenue and profit is expected for the years to come, driven by better performance and development of the e-commerce channel, optimization of the concept store portfolio and development of the partnering with third party online customers.

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 CSR committee’s work, including the choice of focus areas in 2021 concerning CSR strategy
- Testing of Chemicals in finished products
- Supplier audits in line with human and labour rights
- Adherence to policy on animal welfare
- 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
- Objectives and goals for 2021

As a member of the 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: www.aboutzizzi.com/csr

Statutory report on the underrepresented gender

Reference is made to the progression report concerning CSR, which is published on the following link: www.aboutzizzi.com/csr

Statutory report on data ethics policy

We work actively with our customers’ and employees' data.

Employee data is used as a starting point to be able to run the company, where the focus is on master data information. Customer data is used in different contexts.

Firstly, it is about working with customer data to operate and comply with applicable legislation. Overall, data is used to provide unique customer service, i.e. with store master, and behavioral and trade data about our customers to provide the expected service. In addition, we work with data both humanly and machine-driven for analytical purposes.

The company has therefore prepared a group data policy with detailed explanations that clarify how data is utilized responsibly in the business.

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

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.

Management in Ball Group, will in general follow the guidelines and recommendations. For further in-formation 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.

Sissi 26 FIII Holding GmbH is the largest indirect shareholder of Ball Group and has 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 on-going 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 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 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.

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 2021

	Notes	2021 DKK'000	2020 DKK'000
Revenue	1	730,923	657,952
Other operating income	2	5,574	8,790
Cost of sales		(316,291)	(298,034)
Other external expenses		(177,187)	(176,294)
Gross profit/loss		**243,019**	**192,414**
Staff costs	3	(162,402)	(170,496)
Depreciation, amortisation and impairment losses		(13,282)	(45,510)
Operating profit/loss		**67,335**	**(23,592)**
Other financial income		6,506	1,015
Other financial expenses	4	(12,690)	(9,079)
Profit/loss before tax		**61,151**	**(31,656)**
Tax on profit/loss for the year		(14,356)	2,114
Profit/loss for the year	5	**46,795**	**(29,542)**

Consolidated balance sheet at 31.12.2021

Assets

	Notes	2021 DKK'000	2020 DKK'000
Completed development projects	7	2,846	0
Acquired rights		4,679	5,982
Goodwill		0	0
Development projects in progress	7	11,171	0
Intangible assets	6	**18,696**	**5,982**
Other fixtures and fittings, tools and equipment		18,866	27,625
Leasehold improvements		2,387	2,314
Property, plant and equipment	8	**21,253**	**29,939**
Deposits		8,604	9,245
Financial assets	9	**8,604**	**9,245**
Fixed assets		**48,553**	**45,166**
Manufactured goods and goods for resale		97,358	76,992
Inventories		**97,358**	**76,992**
Trade receivables		16,115	12,919
Receivables from group enterprises		3,040	3,013
Deferred tax	11	2,558	8,977
Other receivables		1,529	5,672
Prepayments	12	15,931	11,799
Receivables		**39,173**	**42,380**
Cash		**78,488**	**117,320**
Current assets		**215,019**	**236,692**
Assets		**263,572**	**281,858**

Equity and liabilities

	Notes	2021 DKK'000	2020 DKK'000
Contributed capital	13	29,888	29,888
Translation reserve		1,451	0
Reserve for fair value adjustments of hedging instruments		5,082	0
Retained earnings		71,975	25,180
Equity		**108,396**	**55,068**
Deferred tax	11	1,020	0
Other provisions	14	1,277	4,872
Provisions		**2,297**	**4,872**
Bank loans		0	41,667
Other payables		0	9,081
Non-current liabilities other than provisions		**0**	**50,748**
Current portion of non-current liabilities other than provisions		0	8,333
Bank loans		3,085	2,236
Trade payables		64,566	58,311
Payables to group enterprises		17,086	37,942
Tax payable		8,707	1,072
Other payables		59,435	63,276
Current liabilities other than provisions		**152,879**	**171,170**
Liabilities other than provisions		**152,879**	**221,918**
Equity and liabilities		**263,572**	**281,858**
Financial instruments	15		
Unrecognised rental and lease commitments	16		
Contingent liabilities	17		
Assets charged and collateral	18		
Transactions with related parties	19		
Subsidiaries	20		

Consolidated statement of changes in equity for 2021

	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	0	0	25,180	55,068
Exchange rate adjustments	0	1,451	0	0	1,451
Fair value adjustments of hedging instruments	0	0	6,515	0	6,515
Tax of entries on equity	0	0	(1,433)	0	(1,433)
Profit/loss for the year	0	0	0	46,795	46,795
Equity end of year	**29,888**	**1,451**	**5,082**	**71,975**	**108,396**

Notes to consolidated financial statements

1 Revenue

	2021 DKK'000	2020 DKK'000
Denmark	277,859	240,711
Norway	144,338	120,133
Germany	96,016	76,499
Rest of Europe	212,710	220,609
Total revenue by geographical market	**730,923**	**657,952**

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 Staff costs

	2021 DKK'000	2020 DKK'000
Wages and salaries	149,610	154,938
Pension costs	2,743	3,667
Other social security costs	5,590	8,516
Other staff costs	4,459	3,375
	162,402	**170,496**
Average number of full-time employees	486	471

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 in the financial 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. At year end a total of 1,125,000,000 warrents 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 is not disclosed with reference to S. 98(3) of the Danish Financial Statements Act.

4 Other financial expenses

	2021 DKK'000	2020 DKK'000
Financial expenses from group enterprises	1,263	2,015
Other interest expenses	11,427	7,064
	12,690	**9,079**

5 Proposed distribution of profit/loss

	2021 DKK'000	2020 DKK'000
Retained earnings	46,795	(29,542)
	46,795	**(29,542)**

6 Intangible assets

	Completed development projects DKK'000	Acquired rights DKK'000	Goodwill DKK'000	Development projects in progress DKK'000
Cost beginning of year	0	21,858	74,388	0
Exchange rate adjustments	0	148	0	0
Additions	3,116	0	0	11,171
Disposals	0	(4,347)	0	0
Cost end of year	**3,116**	**17,659**	**74,388**	**11,171**
Amortisation and impairment losses beginning of year	0	(15,876)	(74,388)	0
Exchange rate adjustments	0	(70)	0	0
Amortisation for the year	(270)	(836)	0	0
Reversal regarding disposals	0	3,802	0	0
Amortisation and impairment losses end of year	**(270)**	**(12,980)**	**(74,388)**	**0**
Carrying amount end of year	**2,846**	**4,679**	**0**	**11,171**

7 Development projects

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

The new platform will be launched in 2022 and the company expect to increase the sales volume due to this new platform because of a better customer experience.

8 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK'000	Leasehold improvements DKK'000
Cost beginning of year	116,044	19,237
Exchange rate adjustments	1,057	174
Additions	3,501	1,002
Disposals	(25,571)	(3,033)
Cost end of year	**95,031**	**17,380**
Depreciation and impairment losses beginning of year	(88,419)	(16,923)
Exchange rate adjustments	(758)	(175)
Depreciation for the year	(10,896)	(3,234)
Reversal regarding disposals	23,908	5,339
Depreciation and impairment losses end of year	**(76,165)**	**(14,993)**
Carrying amount end of year	**18,866**	**2,387**

9 Financial assets

	Deposits DKK'000
Cost beginning of year	9,245
Disposals	(641)
Cost end of year	**8,604**
Carrying amount end of year	**8,604**

10 Inventories

There is in manufactured goods and goods for resale included goods in transit for 27,738k (2020: 28,124k).

11 Deferred tax

Changes during the year	**2021 DKK'000**
Beginning of year	3,666
Recognised in the income statement	(2,128)
End of year	**1,538**

Deferred tax has been recognised in the balance sheet as follows	**2021 DKK'000**
Deferred tax assets	2,558
Deferred tax liabilities	(1,020)
	1,538

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.

12 Prepayments

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

13 Contributed capital

	Number	Nominal value DKK'000
Share capital	29,887,640	1
	29,887,640	**1**

14 Other provisions

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

15 Derivative financial instruments

Other receivables include a positive fair value of forward exchange contracts of DKK 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 33,150k and DKK 107,888k. All values are absolute values. All contracts are subscribed with the Company’s ordinary bank.

16 Unrecognised rental and lease commitments

	2021 DKK'000	2020 DKK'000
Total liabilities under rental or lease agreements until maturity	74,609	127,297

17 Contingent liabilities

	2021 DKK'000	2020 DKK'000
Recourse and non-recourse guarantee commitments	19,811	21,168
Contingent liabilities	**19,811**	**21,168**

The Parent and the Danish subsidiaries participate in a Danish joint taxation arrangement in which Ball Group 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.

18 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 127,688k 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 Ball Group Denmark, Ball Group ApS, Ball Invest ApS and Ball Group 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 123,194k. Bank loans of group enterprises amount to DKK 3,085k at 31 December 2021. The above mentioned floating charge also secures group enterprises' debt with the Group's main bank.

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

20 Subsidiaries

	Registered in	Corporate form
Ball Group Denmark ApS	Billund, Denmark	ApS
Ball Group Finland OY	Vaasa, Finland	OY
Ball Group Netherlands	Groenekan, Netherland	B.V.
BGN Retail AS	Oslo, Norway	AS
Zizzi Fashion Sweden	Borås, Sweden	AB

Parent income statement for 2021

	Notes	2021 DKK'000	2020 DKK'000
Other external expenses		(1,359)	(279)
Gross profit/loss		**(1,359)**	**(279)**
Income from investments in group enterprises		47,388	(24,436)
Other financial income	1	617	694
Other financial expenses	2	(4,090)	(2,134)
Profit/loss before tax		**42,556**	**(26,155)**
Tax on profit/loss for the year	3	452	402
Profit/loss for the year	4	**43,008**	**(25,753)**

Parent balance sheet at 31.12.2021

Assets

	Notes	2021 DKK'000	2020 DKK'000
Investments in group enterprises		129,126	74,316
Deposits		2,272	2,268
Financial assets	5	**131,398**	**76,584**
Fixed assets		**131,398**	**76,584**
Receivables from group enterprises		5,942	8,672
Deferred tax	6	1,113	661
Other receivables		9	10
Receivables		**7,064**	**9,343**
Cash		**366**	**28,306**
Current assets		**7,430**	**37,649**
Assets		**138,828**	**114,233**

Equity and liabilities

	Notes	2021 DKK'000	2020 DKK'000
Contributed capital		29,888	29,888
Translation reserve		1,449	0
Retained earnings		77,059	28,969
Equity		**108,396**	**58,857**
Other provisions	7	1,277	4,873
Provisions for investments in group enterprises	8	749	0
Provisions		**2,026**	**4,873**
Bank loans		0	41,667
Non-current liabilities other than provisions		**0**	**41,667**
Current portion of non-current liabilities other than provisions		0	8,333
Trade payables		289	289
Payables to group enterprises		25,251	0
Other payables		2,866	214
Current liabilities other than provisions		**28,406**	**8,836**
Liabilities other than provisions		**28,406**	**50,503**
Equity and liabilities		**138,828**	**114,233**
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 2021

	Contributed capital DKK'000	Translation reserve DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	29,888	0	28,969	58,857
Exchange rate adjustments	0	1,449	0	1,449
Other entries on equity	0	0	5,082	5,082
Profit/loss for the year	0	0	43,008	43,008
Equity end of year	**29,888**	**1,449**	**77,059**	**108,396**

Notes to parent financial statements

1 Other financial income

	2021 DKK'000	2020 DKK'000
Financial income from group enterprises	617	694
	617	**694**

2 Other financial expenses

	2021 DKK'000	2020 DKK'000
Financial expenses from group enterprises	41	0
Other interest expenses	4,049	2,134
	4,090	**2,134**

3 Tax on profit/loss for the year

	2021 DKK'000	2020 DKK'000
Change in deferred tax	(452)	(378)
Adjustment concerning previous years	0	(24)
	(452)	**(402)**

4 Proposed distribution of profit and loss

	2021 DKK'000	2020 DKK'000
Retained earnings	43,008	(25,753)
	43,008	**(25,753)**

5 Financial assets

	Investments in group enterprises DKK'000	Deposits DKK'000
Cost beginning of year	206,171	2,268
Additions	140	4
Disposals	(134)	0
Cost end of year	**206,177**	**2,272**
Impairment losses beginning of year	(131,855)	0
Disposals on divestments etc.	134	0
Exchange rate adjustments	1,451	0
Adjustments on equity	5,082	0
Share of profit/loss for the year	46,785	0
Adjustment of intra-group profits	603	0
Investments with negative equity value transferred to provisions	749	0
Impairment losses end of year	**(77,051)**	**0**
Carrying amount end of year	**129,126**	**2,272**

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

6 Deferred tax

Changes during the year	**2021 DKK'000**
Beginning of year	661
Recognised in the income statement	452
End of year	**1,113**

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 Ball Group 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

5,942k 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 Ball Group 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 89,846k. Bank loans of group enterprises amount to DKK 3,085k at 31 December 2021.

12 Related parties with controlling interest

The following parties have a controlling interest:
- Ball Invest ApS, Billund, shareholder
- Ball Group 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.

Material errors in previous years
The Group has not recognized goods in transit in the comparison year. Therefor there has been recognized 28,124k in the comparison year as manufactured goods and goods for resale and a similar amount as trade payables. The correction has no effect on result for the year or equity but a minor effect to the equity ratio..

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

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 7-20 years and residual value is 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).

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:

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

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