

Ball Invest ApS
Kløvermarken 29
7190 Billund
Business Registration No
28302029

Annual report 2018

The Annual General Meeting adopted the annual report on 08.03.2019

Chairman of the General Meeting

Name: Kuno Kildetoft Mehlsen

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Entity details

Entity

Ball Invest ApS
Kløvermarken 29
7190 Billund

Central Business Registration No (CVR): 28302029

Registered in: Billund

Financial year: 01.01.2018 - 31.12.2018

Board of Directors

Jørgen Lindholm Lau, Chairman

Jens Høgsted

Anders Cleemann

Asbjørn Mosgaard Hyldgaard

Executive Board

Kuno Kildetoft Mehlsen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Egtved Allé 4

6000 Kolding

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Ball Invest ApS for the financial year 01.01.2018 - 31.12.2018.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2018 and of the results of its operations for the financial year 01.01.2018 - 31.12.2018.

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, 08.03.2019

Executive Board

Kuno Kildetoft Mehlsen

Board of Directors

Jørgen Lindholm Lau
Chairman

Jens Høgsted

Anders Cleemann

Asbjørn Mosgaard Hyldgaard

Independent auditor's report

To the shareholders of Ball Invest ApS

Opinion

We have audited the financial statements of Ball Invest ApS for the financial year 01.01.2018 - 31.12.2018, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2018 and of the results of its operations for the financial year 01.01.2018 - 31.12.2018 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 financial statements section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

Independent auditor's report

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Independent auditor's report

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Kolding, 08.03.2019

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR) 33963556

Suzette Demediuk Steen Nielsen
State Authorised Public Accountant
Identification No (MNE) mne32207

Management commentary

Primary activities

The Company's objective is to hold shares in other companies in the Ball Group. The Ball Group's main objective is to source and market clothing for plus size women.

The Group's sales are primarily in Europe.

Events after the balance sheet date

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

Income statement for 2018

	<u>Notes</u>	<u>2018</u> <u>DKK'000</u>	<u>2017</u> <u>DKK'000</u>
Other external expenses		(61)	(226)
Operating profit/loss		(61)	(226)
Income from investments in group enterprises		17.237	(9.326)
Other financial expenses	3	(97)	(232)
Profit/loss before tax		17.079	(9.784)
Tax on profit/loss for the year	4	133	93
Profit/loss for the year		17.212	(9.691)
Proposed distribution of profit/loss			
Retained earnings		17.212	(9.691)
		17.212	(9.691)

Balance sheet at 31.12.2018

	<u>Notes</u>	<u>2018 DKK'000</u>	<u>2017 DKK'000</u>
Investments in group enterprises		<u>72.443</u>	<u>56.979</u>
Fixed asset investments	5	<u>72.443</u>	<u>56.979</u>
Fixed assets		<u>72.443</u>	<u>56.979</u>
Receivables from group enterprises		0	4.858
Deferred tax	6	220	101
Joint taxation contribution receivable		<u>14</u>	<u>0</u>
Receivables		<u>234</u>	<u>4.959</u>
Cash		<u>3</u>	<u>3</u>
Current assets		<u>237</u>	<u>4.962</u>
Assets		<u>72.680</u>	<u>61.941</u>

Balance sheet at 31.12.2018

	<u>Notes</u>	<u>2018</u> <u>DKK'000</u>	<u>2017</u> <u>DKK'000</u>
Contributed capital		85.505	85.505
Retained earnings		<u>(15.762)</u>	<u>(31.201)</u>
Equity		<u>69.743</u>	<u>54.304</u>
Trade payables		5	5
Payables to group enterprises		2.926	7.632
Other payables		<u>6</u>	<u>0</u>
Current liabilities other than provisions		<u>2.937</u>	<u>7.637</u>
Liabilities other than provisions		<u>2.937</u>	<u>7.637</u>
Equity and liabilities		<u>72.680</u>	<u>61.941</u>
Going concern	1		
Staff costs	2		
Contingent liabilities	7		
Related parties with controlling interest	8		
Transactions with related parties	9		
Group relations	10		

Statement of changes in equity for 2018

	Contributed capital DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	85.505	(31.201)	54.304
Exchange rate adjustments	0	(1.735)	(1.735)
Other entries on equity	0	(38)	(38)
Profit/loss for the year	0	17.212	17.212
Equity end of year	85.505	(15.762)	69.743

Notes

1. Going concern

The Company and Group have, to be agile, requested their financial institution to extend their financial commitment until June 30, 2019 only. Based on the Group's budget, the credit facilities for this period are considered to be sufficient. Management expects to obtain an extension of the Company's existing credit facilities for the remainder of the financial year 2019 by June 30, 2019, to ensure appropriate funding for the planned activities for the remainder of the financial year 2019. Thus, at the time of presentation of the annual report for 2018, no binding agreement has been entered into with the financial institution until December 31, 2019. However, management considers it highly probable that this extension can be achieved.

2. Staff costs

Average number of employees

<u>2018</u>	<u>2017</u>
<u>0</u>	<u>0</u>

Through the current legal structure, the Company is Parent to Ball Wholesale ApS. In order to strengthen Management and certain leading employees' interest in the long-term value creation of Ball Wholesale ApS, 11,069,076 warrants giving the right to subscription of 1 share each in Ball Invest ApS have been granted. The exercise price relevant to the majority of the warrants is set at a price of 1 (rate 100). During the financial year, no further warrants have been granted.

3. Other financial expenses

Financial expenses from group enterprises

Other interest expenses

<u>2018</u>	<u>2017</u>
<u>DKK'000</u>	<u>DKK'000</u>
98	232
<u>(1)</u>	<u>0</u>
<u>97</u>	<u>232</u>

4. Tax on profit/loss for the year

Change in deferred tax

Adjustment concerning previous years

Refund in joint taxation arrangement

<u>2018</u>	<u>2017</u>
<u>DKK'000</u>	<u>DKK'000</u>
(21)	(101)
(98)	8
<u>(14)</u>	<u>0</u>
<u>(133)</u>	<u>(93)</u>

Notes

	Invest- ments in group enterprises DKK'000
5. Fixed asset investments	
Cost beginning of year	278.170
Cost end of year	278.170
Impairment losses beginning of year	(221.191)
Exchange rate adjustments	(1.735)
Adjustments on equity	(38)
Share of profit/loss for the year	17.237
Impairment losses end of year	(205.727)
Carrying amount end of year	72.443

	Registered in	Corpo- rate form	Equity inte- rest %
Investments in group enterprises comprise:			
Ball Holding ApS	Billund, Denmark	ApS	100,0
Ball ApS	Billund, Denmark	ApS	100,0
Ball Wholesale ApS	Billund, Denmark	ApS	100,0
Ball Group Finland OY	Vaasa, Finland	OY	100,0
Zizzi B.V.	Groeneken, Netherland	B.V.	100,0
BGN Retail AS	Oslo, Norway	AS	100,0
Ball Group Sverige Retail AB	Borås, Sweden	AB	100,0
Ball Group Germany GmbH	Munich, Germany	GmbH	100,0

Notes

	2018
	<u>DKK'000</u>
6. Deferred tax	
Changes during the year	
Beginning of year	101
Recognised in the income statement	<u>119</u>
End of year	<u>220</u>

7. Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where Ax Ball ApS, Business Reg. No 30 08 43 06 serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial state-ments.

8. Related parties with controlling interest

The following parties have a controlling interest:

- Ball Invest ApS, Billund, shareholder
- Ax Ball Invest ApS, Copenhagen, shareholder
- Axcel III K/S 1, Copenhagen, shareholder
- Axcel III K/S 2, Copenhagen, shareholder
- AXBL Invco ApS, Copenhagen, shareholder

Capital fund Axcell III is the largest indirect shareholder of Ball ApS, holding 87% of the Group's shares and rights to vote. A number of senior executives and directors own the remaining part.

Axcell III has a controlling interest in the Group. Director Asbjørn Hyldgaard represents the capital fund on the Board. The rest of the Board is independent but designated by Axcel.

9. Transactions with related parties

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

10. Group relations

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

Ax Ball Invest ApS, c/o Management InvCo A/S, Sankt Annæ Plads 10, 1250 Copenhagen K, Business Reg. No 30 08 43 06.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

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

Consolidated financial statements

Referring to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

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.

Income statement

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.

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 intra-group profits or losses.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Accounting policies

Tax on profit/loss for the year

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

The Entity is jointly taxed with Ax Ball Invest ApS and all Danish subsidiaries. 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

Investments in group enterprises

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 or losses. Refer to the above section on business combinations for more details about the accounting policies used on acquisitions of investments in group enterprises.

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation is imminent, a provision is recognised that is measured at present value of the costs deemed necessary to incur to settle the obligation.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to Reserve for net revaluation according to the equity method under equity.

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.

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.

Joint taxation contributions receivable or payable

Current joint taxation contributions payable or joint taxation contributions receivable are recognised in the balance sheet, calculated as tax computed on the taxable income for the year, which has been adjusted for prepaid tax. For tax losses, joint taxation contributions receivable are only recognised if such losses are expected to be used under the joint taxation arrangement.

Accounting policies

Cash

Cash comprises cash in hand and bank deposits.

Other financial liabilities

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