



Entertainment Trading ApS

Bøgildsmindevej 3
DK-9400 Nørresundby

CVR no. 26 45 76 02

Annual report 2018/19

The annual report was presented and approved at the
Company's annual general meeting

on November 1. 20 19

chairman of the annual general meeting

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Statement by the Executive Board

The Executive Board has today discussed and approved the annual report of Entertainment Trading ApS for the financial year 1 July 2018 – 30 June 2019.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the Parent Company's assets, liabilities and financial position at 30 June 2019 and of the results of the Group's and the Parent Company's operations and consolidated cash flows for the financial year 1 July 2018 – 30 June 2019.

Further, in our opinion, the Management's review gives a fair review of the development in the Group's and the Parent Company's activities and financial matters, of the results for the year and of the Group's and the Parent Company's financial position.

We recommend that the annual report be approved at the annual general meeting.

Nørresundby, 31 October 2019
Executive Board:

Mark Fjeldal Dalsgaard Nielsen

Jacob Risgaard Eriksen



Independent auditor's report

To the shareholders of Entertainment Trading ApS

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Entertainment Trading ApS for the financial year 1 July 2018 – 30 June 2019 comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group as well as for the Parent Company and a cash flow statement for the Group. The consolidated financial statements and parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the Parent Company's assets, liabilities and financial position at 30 June 2019 and of the results of the Group's and the Parent Company's operations and consolidated cash flows for the financial year 1 July 2018 – 30 June 2019 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent company financial statements" section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for 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 rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibility for the consolidated financial statements and the parent company financial statements

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

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



Independent auditor's report

Auditor's responsibilities for the audit of the consolidated financial statements and the parent company financial statements

Our objectives are to obtain reasonable assurance as to whether the consolidated financial statements and the parent company 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 in Denmark will always detect a material misstatement when it exists. Misstatements may 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 financial statement users made on the basis of these consolidated financial statements and parent company 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 company 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 Parent Company'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 company 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 Parent Company'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 company 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 Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and contents of the consolidated financial statements and the parent company financial statements, including the disclosures, and whether the consolidated financial statements and the parent company financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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



Independent auditor's report

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the consolidated financial statements and the parent company financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent company financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the consolidated financial statements or the parent company financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the consolidated financial statements and the parent company financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Aalborg, 31 October 2019

KPMG

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 81 98

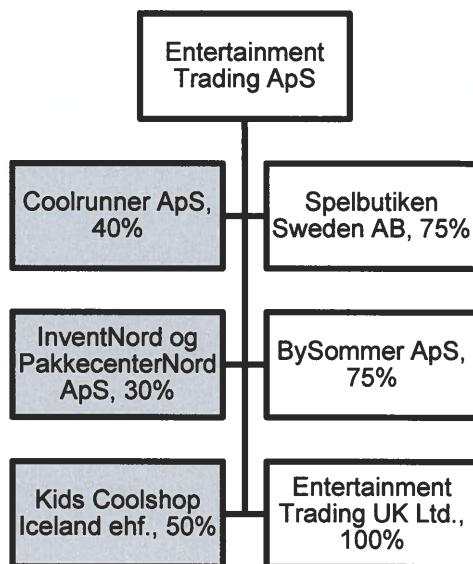
A handwritten signature in blue ink, appearing to read 'S. Hansen', written over a horizontal line.

Steffen S. Hansen
State Authorised
Public Accountant
mpe32737

Entertainment Trading ApS
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Management's review

Group chart



- Subsidiaries
- Associates

Company details

Entertainment Trading ApS
Bøgildsmindevej 3
DK-9400 Nørresundby

Telephone: +45 76 93 30 00
CVR no. 26 45 76 02
Established: 25 January 2002
Registered office: Aalborg
Financial year: 1 July – 30 June

Executive Board

Mark Fjeldal Dalsgaard Nielsen
Jacob Risgaard Eriksen

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Østre Havnegade 18
DK-9000 Aalborg

Entertainment Trading ApS

Annual report 2018/19

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Management's review

Financial highlights for the Group

DKK'000	2018/19	2017/18	2016/17	2015/16	2014/15
Gross profit	70,054	57,834	64,412	41,578	23,720
EBITDA	24,810	15,084	26,222	17,508	5,447
Operating profit (EBIT)	22,232	12,196	23,288	14,709	3,195
Profit/loss from financial income and expenses	-1,072	-1,153	-973	-725	-1,564
Profit before tax	21,167	11,540	22,698	13,708	2,476
Profit for the year	16,471	9,000	17,591	10,672	1,939
Total assets	131,209	123,627	107,731	79,668	64,015
Investment in tangible assets	1,255	4,768	7,388	6,097	4,211
Equity	49,644	39,839	40,571	28,927	18,966
Return on invested capital	17,5	13,0	25,5	21,4	5,6
Solvency ratio	37,8	32,7	37,7	36,3	29,6
Return on equity	37,1	21,1	50,6	44,6	10,2

Financial ratios are calculated in accordance with the latest Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations & Ratios". The financial ratios have been calculated as follows:

Return on invested capital

$$\frac{\text{Operating profit} \times 100}{\text{Average invested capital}}$$

Solvency ratio

$$\frac{\text{Equity ex. non-controlling interests at year end} \times 100}{\text{Total equity and liabilities at year end}}$$

Return on equity

$$\frac{\text{Profit from ordinary activities after tax} \times 100}{\text{Average equity}}$$

Management's review

Operating review

Principal activities of the Group

The Group is primarily engaged in retail and Internet sale.

Financial performance and position

The Group reported a profit after tax of DKK 16,471 thousand against DKK 9,000 thousand in 2017/18. The Parent Company reported a profit after tax of DKK 15,598 thousand against DKK 7,843 thousand in 2017/18.

Cash flow from operations amounts to 19.5 million DKK.

Management considers the profit and cash flow satisfactory after investing in further growth.

Outlook

Management expects that the new markets and product groups will foster a positive development. Therefore, Group Management forecasts increasing revenue and satisfactory results for the coming year.

After balance sheet date the company has obtained controlling interest of Kids Coolshop Iceland ehf. Consequently this company will be consolidated going forward.

Risks

Management is of the opinion that the Group is not affected by any particular risk factors other than ordinary business risks for the markets on which the Group operates. Consequently, the Group has not implemented any particular risk management systems.

Environmental aspects

The Group is environmentally conscious and strives at reducing the environmental impact from its operations.

Events after the balance sheet date

No events have occurred after the balance sheet date considerably affecting the financial position of the Group.

Consolidated financial statements and parent company financial statements 1 July 2018 – 30 June 2019

Income statement

DKK'000	Note	Group		Parent Company	
		2018/19	2017/18	2018/19	2017/18
Gross margin		70,054	57,834	52,383	40,574
Staff costs	2	-45,244	-42,750	-33,174	-30,144
Depreciation of tangible assets and amortisation of intangible assets		-2,578	-2,888	-1,719	-2,120
Operating profit (EBIT)		22,232	12,196	17,490	8,310
Income from investments in group entities and associates		7	497	2,545	2,128
Financial income	3	86	55	386	290
Financial expenses	4	-1,158	-1,208	-1,128	-1,185
Profit before tax		21,167	11,540	19,293	9,543
Tax on profit for the year	5	-4,696	-2,540	-3,695	-1,700
Profit for the year	6	16,471	9,000	15,598	7,843

Consolidated financial statements and parent company financial statements 1 July 2018 – 30 June 2019

Balance sheet

DKK'000	Note	Group		Parent Company	
		2018/19	2017/18	2018/19	2017/18
ASSETS					
Non-current assets					
Intangible assets					
	7				
Completed development projects		2,087	2,799	1,867	2,091
Acquired intangible assets		54	101	54	101
		<u>2,141</u>	<u>2,900</u>	<u>1,921</u>	<u>2,192</u>
Tangible assets					
	8				
Leasehold improvements		39	143	39	143
Fixtures and fittings, tools and equipment		7,058	7,573	6,319	6,900
		<u>7,097</u>	<u>7,716</u>	<u>6,358</u>	<u>7,043</u>
Other non-current assets					
Investments in subsidiaries	9	0	0	5,241	3,412
Receivables from group entities		0	0	0	16,263
Investments in associates	9	1,248	884	1,248	884
Deposits		2,035	875	2,035	875
		<u>3,283</u>	<u>1,759</u>	<u>8,524</u>	<u>21,434</u>
Total non-current assets		<u>12,521</u>	<u>12,375</u>	<u>16,803</u>	<u>30,669</u>
Current assets					
Inventories					
Finished goods and goods for resale		73,206	64,063	57,495	50,568
Prepayments for goods		3,641	6,513	0	232
		<u>76,847</u>	<u>70,576</u>	<u>57,495</u>	<u>50,800</u>
Receivables					
Trade receivables		23,353	24,579	18,332	15,405
Amounts owed by group entities		8,298	4,814	21,415	9,258
Other receivables		2,087	4,068	1,733	2,908
Prepayments		1,327	728	297	301
		<u>35,065</u>	<u>34,189</u>	<u>41,777</u>	<u>27,872</u>
Cash at bank and in hand		<u>6,776</u>	<u>6,487</u>	<u>4,743</u>	<u>5,904</u>
Total current assets		<u>118,688</u>	<u>111,252</u>	<u>104,015</u>	<u>84,576</u>
TOTAL ASSETS		<u>131,209</u>	<u>123,627</u>	<u>120,818</u>	<u>115,245</u>

Consolidated financial statements and parent company financial statements 1 July 2018 – 30 June 2019

Balance sheet

DKK'000	Note	Group		Parent Company	
		2018/19	2017/18	2018/19	2017/18
EQUITY AND LIABILITIES					
Equity					
Contributed capital	10	84	84	84	84
Reserve for development costs		0	0	978	719
Net revaluation according to the equity method		0	0	5,705	3,689
Retained earnings		37,805	32,634	31,122	28,226
Dividends proposed for the year		10,000	6,000	10,000	6,000
Shareholders in Entertainment Trading ApS' share of equity		47,889	38,718	47,889	38,718
Non-controlling interests		1,755	1,121	0	0
Total equity		49,644	39,839	47,889	38,718
Non-current liabilities					
Deferred tax	11	1,194	1,026	1,165	1,065
Lease liabilities		251	152	0	0
Income taxes payable		0	1,954	0	1,582
Total non-current liabilities	12	1,445	3,132	1,165	2,647
Current liabilities					
Current portion		152	238	0	159
Bank loans		14,380	24,197	14,380	24,197
Trade payables		48,426	41,427	45,172	38,445
Payables to group entities		0	0	0	7
Income taxes		5,272	3,798	4,550	3,921
Other payables		11,004	9,822	7,472	6,665
Deferred income and prepayments		886	1,174	190	486
Total current liabilities		80,120	80,656	71,764	73,880
Total liabilities		81,565	83,788	72,929	76,527
TOTAL EQUITY AND LIABILITIES		131,209	123,627	120,818	115,245

Consolidated financial statements and parent company financial statements 1 July 2018 – 30 June 2019

Statement of changes in equity

DKK'000	Group					
	Contri- buted capital	Retained earnings	Dividends proposed	Total	Non- control- ling interests	Total equity
Equity at 1 July 2018	84	32,634	6,000	38,718	1,121	39,839
Transferred over the profit appropriation	0	5,598	10,000	15,598	873	16,471
Equity adjustment. Net	0	-418	0	-418	39	-379
Exchange rate adjustment	0	-9	0	-9	0	-9
Dividends distributed	0	0	-6,000	-6,000	-278	-6,278
Equity at 30 June 2019	84	37,805	10,000	47,889	1,755	49,644

Consolidated financial statements and parent company financial statements 1 July 2018 – 30 June 2019

Statement of changes in equity

	Parent Company					
	Contributed capital	Net revaluation reserve according to the equity method	Reserve for development costs	Retained earnings	Dividends proposed for the year	Total equity
DKK'000						
Equity at 1 July 2018	84	3,689	719	28,226	6,000	38,718
Transferred over the profit appropriation	0	2,544	259	2,795	10,000	15,598
Equity adjustment, net	0	-418	0	0	0	-418
Exchange rate adjustment	0	-9	0	0	0	-9
Revaluation adjustment including liquidation of subsidiaries	0	734	0	-734	0	0
Dividends distributed	0	-835	0	835	-6,000	-6,000
Equity at 30 June 2019	84	5,705	978	31,122	10,000	47,889

Consolidated financial statements and parent company financial statements 1 July 2018 – 30 June 2019

Cash flow statement (Group)

DKK'000	Note	2018/19	2017/18
Profit for the year		16,471	9,000
Other adjustments	14	8,413	6,143
Cash generated from operations before changes in working capital		24,884	15,143
Changes in working capital	15	660	-13,886
Cash generated from operations		25,544	1,257
Interest income		86	55
Interest expense		-1,158	-1,208
Corporation tax paid		-5,008	-2,588
Cash flows from operating activities		19,464	-2,484
Acquisition of intangible assets		-665	-802
Acquisition of tangible assets		-1,255	-4,768
Investment associate		-13	0
Disposal of tangible assets		0	5,288
Disposal of other non-current assets		0	50
Loans		0	600
Cash flows from investing activities		-1,933	368
Repayment of long-term debt		-238	-706
New lease agreements		251	0
Paid dividends		-6,000	-10,286
Non-controlling interests share of dividends		-278	0
Deposits		-1,160	39
Cash flows from financing activities		-7,425	-10,953
Cash flows for the year		10,106	-13,069
Cash and cash equivalents at the beginning of the year		-17,710	-4,641
Cash and cash equivalents at year end		-7,604	-17,710
Presented as follows in the financial statements:			
Cash at bank and in hand		6,776	6,487
Bank loans and overdrafts		-14,380	-24,197
		-7,604	-17,710

Consolidated financial statements and parent company financial statements 1 July 2018 – 30 June 2019

Notes

1 Accounting policies

The annual report of Entertainment Trading ApS for 2018/19 has been prepared in accordance with the provisions applying to reporting class C medium-sized entities under the Danish Financial Statements Act.

The accounting policies used in the preparation of the consolidated financial statements and the parent company financial statements are consistent with those of last year.

Consolidated financial statements

The consolidated financial statements comprise the Parent Company, Entertainment Trading ApS, and subsidiaries in which Entertainment Trading ApS directly or indirectly holds the majority of the votes. Entities in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are considered associates. A group chart is included on page 6.

On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends and realised and unrealised gains and losses on intra-group transactions are eliminated.

Investments in subsidiaries are set off against the proportionate share of subsidiaries' fair value of net assets and liabilities at the date of acquisition.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Upon recognition of foreign subsidiaries which are independent entities, the income statements are translated into Danish kroner at average exchange rates for the month, and balance sheet items are translated at the exchange rates at the balance sheet date. Foreign exchange differences arising upon translation of foreign subsidiaries' opening equity and results at the exchange rates at the balance sheet date are recognised directly in equity.

Consolidated financial statements and parent company financial statements 1 July 2018 – 30 June 2019

Notes

1 Accounting policies (continued)

Income statement

Gross profit

With reference to section 32 of the Danish Financial Statements Act, the items "Revenue", "Cost of sales", "Other external costs" and "Other operating income" are consolidated into one item designated "Gross profit".

Revenue

Income from the sale of goods for resale is recognised in revenue when delivery and transfer of risk to the buyer have taken place, the income may be reliably measured and is expected to be received.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts granted are recognised in revenue.

Cost of sales

Cost of sales comprises costs incurred to generate revenue for the year.

Other operating income

Other operating income comprises items secondary to the activities of the entities.

Other external costs

Other external costs comprise costs related to distribution, sales, advertising, administration, lease costs, etc.

Staff costs

Staff costs comprise salaries and wages, including holiday allowance, pension, other social security costs, etc. to the Company's employees.

Financial income and expenses

Financial income and expenses comprise interest income and expense, financial costs regarding finance leases, gains and losses, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Consolidated financial statements and parent company financial statements 1 July 2018 – 30 June 2019

Notes

1 Accounting policies (continued)

Income from investments in subsidiaries and associates

The proportionate share of the results of the individual subsidiaries and associates is recognised in the Parent Company's income statement after full elimination of intra-group gains/losses.

Tax on profit for the year

The Parent Company is comprised by the Danish rules on compulsory joint taxation of the Group's Danish subsidiaries. The subsidiaries are included in the joint taxation from the date on which they are included in the consolidated financial statements and up to the date on which they are excluded from the consolidation.

The Parent Company is the administrative company for the joint taxation and accordingly settles all payments of corporation tax to the tax authorities.

On payment of joint taxation contributions, current Danish corporation tax is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have used the losses to reduce their own taxable profit.

Tax for the year comprises current corporation tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

Balance sheet

Intangible assets

Development projects

Development costs recognised in the balance sheet are measured at cost comprising costs and wages.

Upon completion of development work, development costs are amortised on a straight-line basis over the estimated useful lives.

Acquired rights

Patents, licences and trademarks are measured at cost less accumulated amortisation and impairment losses. Patents and trademarks are amortised on a straight-line basis over the remaining life of the patent or trademark, and licences are amortised over the contract period, however, not exceeding 5 years.

Gains and losses on the disposal of intangible assets are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

Consolidated financial statements and parent company financial statements 1 July 2018 – 30 June 2019

Notes

1 Accounting policies (continued)

Tangible assets

Leasehold improvements, fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use. Indirect production overheads and borrowing costs are not recognised in cost.

Where individual components of an tangible assets have different useful lives, they are accounted for as separate items, which are depreciated separately.

The basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Leasehold improvements	5 years
Fixtures and fittings, tools and equipment	3-7 years

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Fixed assets under construction are recognised and measured at cost at the balance sheet date. Upon entry into service, the cost is transferred to relevant group of tangible assets.

Gains and losses on the disposal of tangible assets are stated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

Leases

On initial recognition, leases for fixed assets that transfer substantially all risks and rewards incident to ownership to the Company (finance leases) are recognised in the balance sheet at the lower of fair value and the net present value of future lease payments. When the net present value is calculated, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor. Assets held under finance leases are subsequently depreciated as the Company's other fixed assets.

The capitalised lease obligation is recognised in the balance sheet as a liability at amortised cost, allowing the interest element of the lease payment to be recognised in the income statement over the term of the lease.

All other leases are operating leases. Payments relating to operating leases and other leases are recognised in the income statement over the term of the lease. The Company's total obligation relating to operating leases and other leases is disclosed as contractual obligations and contingencies, etc.

Consolidated financial statements and parent company financial statements 1 July 2018 – 30 June 2019

Notes

1 Accounting policies (continued)

Equity investments in subsidiaries and associates

Equity investments in subsidiaries and associates are measured at the proportionate share of the associates' net asset value calculated in accordance with the Group's accounting policies with deduction or addition of unrealised gains and losses and plus or minus the residual value of positive and negative goodwill calculated in accordance with the acquisition method.

Equity investments in subsidiaries and associates with negative net asset values are measured at DKK 0, and any receivables from these entities are written down to the extent that the receivables are deemed irrecoverable. To the extent that the Parent Company has a legal or constructive obligation to cover a negative balance exceeding the receivable, the residual amount is recognised as provisions.

Net revaluation of investments in subsidiaries and associates is recognised in the reserve for net revaluation in equity under the equity method to the extent that the carrying amount exceeds cost.

Dividends from subsidiaries which are expected to be adopted before the approval of the annual report of Entertainment Trading ApS are not recognised in the reserve for net revaluation.

Impairment of fixed assets

The carrying amount of intangible assets and tangible assets as well as equity investments in group entities and associates is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

Inventories

Inventories are measured at cost in accordance with the average method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

Goods for resale and consumables are measured at cost, comprising purchase price plus delivery costs.

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Consolidated financial statements and parent company financial statements 1 July 2018 – 30 June 2019

Notes

1 Accounting policies (continued)

Equity

Dividends

The expected dividend payment for the year is disclosed as a separate item under equity.

Net revaluation reserve according to the equity method

Net revaluation reserve according to the equity method comprises net revaluation of equity investments in subsidiaries and associates.

Proposed dividends are recognised as a liability at the date on which they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

Reserve for development costs

The reserve for development costs comprises recognised development costs. The reserve cannot be used to distribute dividends or cover losses. The reserve will be reduced or dissolved if the recognised development costs are no longer part of the Company's operations by a transfer directly to the distributable reserves under equity.

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities based on the planned use of the asset or settlement of the liability.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Any deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Liabilities other than provisions

Financial liabilities are recognised at the date of borrowing at cost, corresponding to the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between cost and the nominal value is recognised in the income statement over the term of the loan together with interest expenses.

Finance lease obligations comprise the capitalised residual lease obligation on finance leases.

Other liabilities are measured at net realisable value.

Prepayments and deferred income

Prepayments comprise prepayment of costs incurred relating to subsequent financial years.

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1 Accounting policies (continued)

Cash flow statement

The cash flow statement shows the Group's cash flows from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

The cash flow effect of acquisitions and divestment of entities is shown separately in cash flows from investing activities. Cash flows relating to acquired entities are recognised in the cash flow statement from the date of acquisition, and cash flows relating to divested entities are recognised up to the date of divestment.

Cash flows from operating activities

Cash flows from operating activities are calculated as the profit/loss for the year adjusted for non-cash operating items, changes in working capital and corporation tax paid.

Cash flows from investing activities

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of entities and activities, intangible assets, tangible assets and investments.

Cash flows from financing activities

Cash flows from financing activities comprise changes in the size or composition of the Company's contributed capital and costs in this respect as well as raising of loans, instalments on interest-bearing debt and distribution of dividends to owners.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term marketable securities with a term of three months or less which are easily convertible into cash and which are subject to only an insignificant risk of changes in value.

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DKK'000	Group		Parent Company	
	2018/19	2017/18	2018/19	2017/18
2 Staff costs and incentive schemes				
Wages and salaries	41,546	39,101	29,985	27,135
Pensions	2,749	2,888	2,370	2,318
Other social security costs	870	751	746	691
Other staff costs	79	10	73	0
	<u>45,244</u>	<u>42,750</u>	<u>33,174</u>	<u>30,144</u>
Executive Board	<u>2,584</u>	<u>2,093</u>	<u>2,584</u>	<u>2,093</u>
Average number of full-time employees	<u>112</u>	<u>108</u>	<u>95</u>	<u>93</u>
<p>The Executive Board is remunerated in the form of both fixed remuneration and bonus plans. Bonus plans depend on certain goals, which have been decided beforehand. Part of the remuneration of the Executive Board is paid out through subsidiary.</p>				
3 Financial income				
Interest income from group entities	0	0	304	290
Other interest income	86	55	82	0
	<u>86</u>	<u>55</u>	<u>386</u>	<u>290</u>
4 Financial expenses				
Interest expense to group entities	0	0	0	0
Other interest expense	1,158	1,208	1,128	1,185
	<u>1,158</u>	<u>1,208</u>	<u>1,128</u>	<u>1,185</u>

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5 Tax on profit for the year

DKK'000	Group		Parent Company	
	2018/19	2017/18	2018/19	2017/18
Current tax for the year	4,440	2,557	3,595	1,723
Deferred tax adjustment for the year	256	-17	100	-23
	<u>4,696</u>	<u>2,540</u>	<u>3,695</u>	<u>1,700</u>

6 Proposed profit appropriation

	Parent Company	
Proposed dividends for the financial year	10,000	6,000
Net revaluation according to the equity method	2,544	3,689
Reserve for development costs	219	399
Retained earnings	<u>2,835</u>	<u>-2,245</u>
	<u>15,598</u>	<u>7,843</u>

7 Intangible assets

DKK'000	Group		
	Completed development projects	Acquired intangible assets	Total
Cost at 1 July 2018	7,431	1,495	8,926
Additions	665	0	665
Disposals	-203	-1,035	-1,238
Exchange rate adjustment	-18	0	-18
Cost at 30 June 2019	<u>7,875</u>	<u>460</u>	<u>8,335</u>
Amortisation and impairment losses at 1 July 2018	-4,632	-1,394	-6,026
Amortisation	-1,170	-47	-1,217
Reversed amortisation and impairment losses	14	1,035	1,049
Amortisation and impairment losses at 30 June 2019	<u>-5,788</u>	<u>-406</u>	<u>-6,194</u>
Carrying amount at 30 June 2019	<u>2,087</u>	<u>54</u>	<u>2,141</u>

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7 Intangible assets (continued)

DKK'000	Parent Company		
	Comple- ted develop- ment projects	Acquired intangible assets	Total
Cost at 1 July 2018	5,055	460	5,515
Additions	462	0	462
Cost at 30 June 2019	5,517	460	5,977
Amortisation and impairment losses at 1 July 2018	-2,964	-359	-3,323
Amortisation	-687	-47	-733
Amortisation and impairment losses at 30 June 2019	-3,651	-406	-4,056
Carrying amount at 30 June 2019	1,866	54	1,921

Completed development projects for both the Group and the Parent Company includes development, design and test of websites and other related applications. The projects are completed and put into use during the year and will be amortised over usually five years.

The contribution from the completed development projects are assessed to be an important part of both the Group's and the Parent Company's business.

Management has not found any indication of impairment relative to the carrying amount of the completed development projects.

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8 Tangible assets

DKK'000	Group		
	Leasehold improvements	Fixtures and fittings, plant and equipment	Total
Cost at 1 July 2018	1,125	14,689	15,814
Additions	0	1,255	1,255
Disposals	0	-915	-915
Exchange rate adjustment	0	-5	-5
Cost at 30 June 2019	1,125	15,024	16,149
Depreciation and impairment losses at 1 July 2018	-981	-7,116	-8,097
Depreciation	-105	-1,254	-1,359
Reversed depreciation and impairment losses	0	403	403
Exchange rate adjustment	0	1	1
Depreciation and impairment losses at 30 June 2019	-1086	-7,966	-9,052
Carrying amount at 30 June 2019	39	7,058	7,097
Assets held under finance leases	0	371	371

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8 Tangible assets (continued)

DKK'000	Parent Company		
	Lease- hold improve- ments	Fixtures and fittings, tools and equip- ment	Total
Cost at 1 July 2018	1,125	13,641	14,766
Additions	0	742	742
Disposals	0	-844	-844
Cost at 30 June 2019	1,125	13,539	14,664
Depreciation and impairment losses at 1 July 2018	-981	-6,741	-7,722
Impairment losses	0	0	0
Depreciation	-105	-882	-987
Reversed depreciation and impairment losses	0	403	403
Depreciation and impairment losses at 30 June 2019	-1,086	-7,220	-8,306
Carrying amount at 30 June 2019	39	6,319	6,358

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9 Investments

DKK'000	Parent Company	
	2018/19	2017/18
Equity investments in subsidiaries		
Cost at 1 July	550	552
Disposals including liquidation of subsidiaries in the year	-450	-2
Cost at 30 June	100	550
Value adjustments at 1 July 2018	2,862	2,580
Exchange adjustment	-19	-106
Revaluation adjustment including liquidation of subsidiaries	734	611
Equity adjustments	-418	0
Dividends distribution	-835	-2,056
Profit/loss for the year	2,538	1,972
Impairment losses	0	-341
Value adjustments at 30 June 2019	4,862	2,660
Hereof offset against receivable	279	202
Carrying amount at 30 June 2019	5,241	3,412
Group entities		
Name/legal form	Registered office	Voting rights and ownership interest
Entertainment Trading Ltd., UK	London	100%
Spelbutiken AB, Sweden	Malmö	75%
BySommer ApS, Denmark	Nørresundby	75%

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9 Investments (continued)

DKK'000	Group		Parent Company	
	2018/19	2017/18	2018/19	2017/18
Equity investments in associates				
Cost at 1 July	58	58	58	58
Additions	14	0	14	0
Cost at 30 June	72	58	72	58
Value adjustments at 1 July	826	319	826	319
Profit/loss for the year	7	497	-98	497
Equity adjustments, investments	0	10	0	10
Exchange rate adjustment	11	0	11	0
Value adjustments at 30 June	844	826	739	826
Hereof offset against receivable	332	0	332	0
Carrying amount at 30 June	1,248	884	1,143	884

Associated entities

Name/legal form	Registered office	Voting rights and ownership interest
InventNord and PakkecenterNord ApS, Denmark	Brønderslev	30%
Coolrunner ApS, Denmark	Nørresundby	40%
Kids Coolshop Iceland ehf., Iceland	Reykjavik	50%

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10 Contributed capital

The contributed capital consists of 83,824 shares of DKK 1 each.

The contributed capital for the past five years is specified as follows:

DKK'000	2018/19	2017/18	2016/17	2015/16	2014/15
Contributed capital	84	84	129	129	129
Capital reduction	0	0	-45	0	0
	<u>84</u>	<u>84</u>	<u>84</u>	<u>129</u>	<u>129</u>

11 Deferred tax

	Group	Parent Company
DKK'000	30/6 2019	30/6 2019
Deferred tax at 1 July 2018	1,026	1,065
Deferred tax adjustment for the year	168	100
	<u>1,194</u>	<u>1,165</u>

12 Non-current liabilities

Non-current liabilities can be specified as follows:

DKK'000	Group
	30/6 2019
Finance lease obligations:	
0-1 years	152
1-5 years	251
>5 years	0
Total non-current liabilities other than provisions	<u>403</u>

13 Contractual obligations, contingencies, etc.

Operating lease obligations

The Company has entered into rent agreements with a total obligation of DKK 3,150 thousand at 30 June 2019. (2017/18: DKK 5,185 thousand).

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13 Contractual obligations, contingencies, etc. (continued)

Contingencies

A group entity is a party to a dispute. Apart from the recognised amounts, the dispute may have a positive impact all depending of the outcome.

The Group's Danish entities are jointly and severally liable for tax on the Group's jointly taxed income and for certain withholding taxes such as dividend tax and royalty tax as well as for the joint VAT registration. Any subsequent corrections of the taxable income subject to joint taxation or withholding taxes on dividends, etc. may entail an increase in the entities' liability. The Group as a whole is not liable to any other parties.

14 Mortgages and collateral

The Management of Entertainment Trading ApS has confirmed to the Management in the subsidiary, BySommer ApS, to support the company in 2019/20 and will not require the repayment of its receivables unless alternative funding can be provided.

On behalf of the Parent Company, banks have provided guarantees for collectively DKK 77 thousand at 30 June 2019.

	Group	
	2018/19	2017/18
14 Other adjustments		
Depreciation and amortisation	2,576	2,888
Net financial loss	1,043	656
Tax for the year	4,696	2,540
Other adjustments	98	59
	<u>8,413</u>	<u>6,143</u>
15 Changes in working capital		
Change in inventories	-6,271	-14,307
Change in receivables	-876	-177
Change in trade and other payables	7,807	598
	<u>660</u>	<u>-13,886</u>

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16 Related parties and transactions

The following shareholders are registered in the Company's register of shareholders as holding at least 5% of the voting rights or 5% of the contributed capital:

Cajuna Holding ApS, Denmark

JR Holdings ApS, Denmark

MDN Holding ApS, Denmark

Gareth Dain, England

Anthony Hogarth, England

Group	<u>2018/19</u>
Sale of goods to associates	50,950
Purchase of goods and services from associates	24,423
Administrations fees etc. to associates	559
Receivables from associates	8,298
Parent Company	
Sale of goods to subsidiaries	1,522
Sale of goods to associates	50,950
Purchase of goods from subsidiaries	3,952
Purchase of goods and services from associates	24,423
Administrations fees etc. to subsidiaries	3,120
Administrations fees etc. to associates	559
Interest income from subsidiaries	304
Receivables from subsidiaries	13,117
Receivables from associates	8,298

17 Events after the balance sheet date

No events have occurred after the balance sheet date to this date that may influence the evaluation of this annual report.