Entertainment Trading ApS

Bøgildsmindevej 3, DK-9400 Nørresundby

CVR no. 26 45 76 02

Annual report 2017/18

Approved at the Company's annual general meeting on 30 November 2018

Chairman:

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Mark Fjeldal Dalsgaard Nielsen

Building a better
working world

Contents

Statement by the Executive Board on the annual report

Today, the Executive Board has discussed and approved the annual report of Entertainment Trading ApS for the financial year 1 July 2017 - 30 June 2018.

The annual report is 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 financial position of the Group and the Parent Company at 30 June 2018 and of the results of the Group's and the Parent Company's operations and the consolidated cash flows for the financial year 1 July 2017 - 30 June 2018.

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

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

Nørresundby, 21 November 2018
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 2017 - 30 June 2018, which comprise an income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for both the Group and the Parent Company, as well as a consolidated cash flow statement. The consolidated financial statements and the 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 financial position of the Group and the Parent Company at 30 June 2018 and of the results of the Group's and the Parent Company's operations as well as the consolidated cash flows for the financial year 1 July 2017 - 30 June 2018 2017 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 company financial statements" (hereinafter collectively referred to as "the financial statements") section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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 additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

Management's responsibilities for the 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 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 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 financial statements unless Management either intends to liquidate the Group or the Parent Company 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 as to 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 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 the financial statements.

Independent auditor's report

As part of an audit conducted in accordance with ISAs and 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 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 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 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 Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the 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's review

Management is responsible for the Management's review.

Our opinion on the 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 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 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.

Independent auditor's report

Based on the work we have performed, we conclude that the Management's review 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's review.

Nørresundby, 21 November 2018
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Allan Terp
State Authorised
Public Accountant
mne33198

Martin Bøgsted
State Authorised
Public Accountant
mne40035

Management's review

Company details

Entertainment Trading ApS
Bøgildsmindevej 3
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Website:	www.entertainment-trading.com
E-mail:	info@entertainment-trading.com

Registration No.:	26 45 76 02
Established:	25 January 2002
Registered office:	Aalborg
Financial year:	1 July 2017 - 30 June 2018

Executive Board

Mark Fjeldal Dalsgaard Nielsen
Jacob Risgaard Eriksen

Auditors

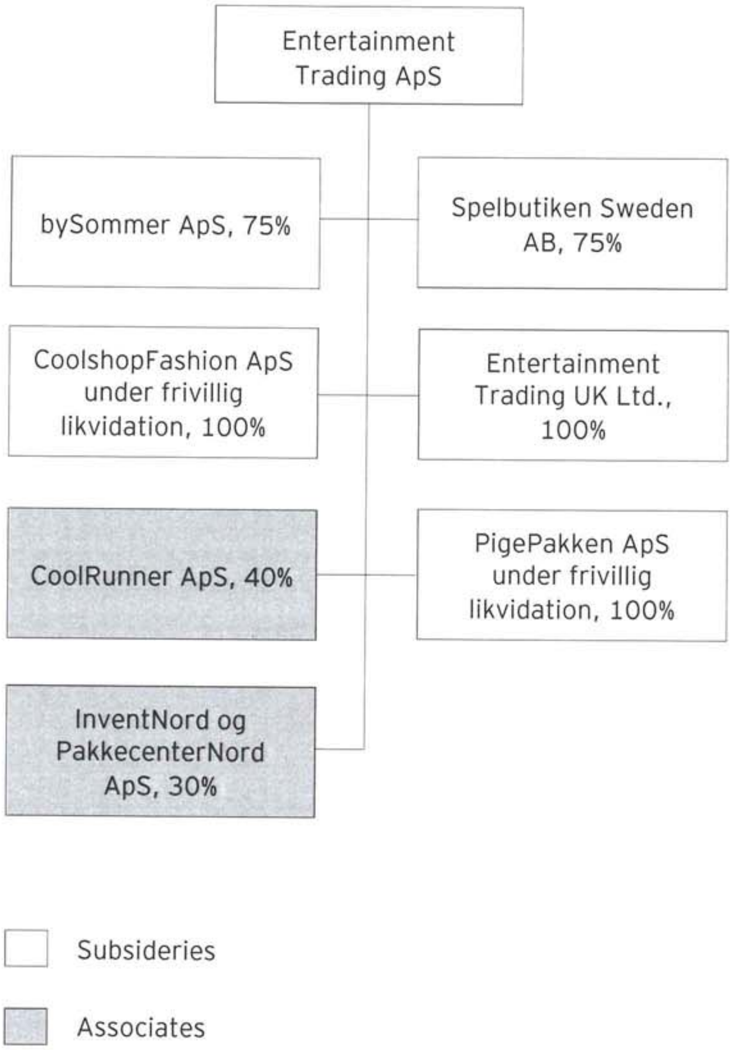
Ernst & Young
Godkendt Revisionspartnerselskab
Vestre Havnepromenade 1A
DK-9000 Aalborg

Annual general meeting

The annual general meeting is held at the Company's address on the 30 November 2018.

Management's review

Group chart



Management's review

Financial highlights for the Group

DKK'000	2017/18	2016/17	2015/16	2014/15	2013/14
Key figures					
Gross profit	57,834	62,412	41,578	25,720	27,679
Operating profit	12,196	23,288	14,709	3,195	5,719
Profit/loss from financial income and expense	-1,153	-931	-973	-725	-1,564
Profit before tax	11,540	22,698	13,708	2,476	4,038
Profit for the year	**9,000**	**17,591**	**10,672**	**1,939**	**3,372**
Non-current assets	12,375	15,335	14,052	9,629	7,969
Current assets	111,252	92,396	65,616	54,386	49,979
Total assets	**123,627**	**107,731**	**79,668**	**64,015**	**57,948**
Equity	**38,718**	**40,571**	**28,927**	**18,966**	**18,945**
Financial ratios					
Return on invested capital	13.0%	25.5%	21.4%	5.6%	10.8%
Solvency ratio	32.7%	37.7%	36.3%	29.6%	32.7%
Return on equity	21.1%	50.6%	44.6%	10.2%	19.1%

The financial ratios are calculated in accordance with the recommendations of the Danish Finance Society. For terms and definitions, please see the accounting policies.

Management's review

Principal activities of the Group

The Group is primarily engaged in retail and Internet sale.

Development in activities and financial matters

The Group reported a profit after tax of DKK 9,000 thousand against DKK 17,591 thousand in 2016/17.

The parent company reported a profit after tax of DKK 7,843 thousand against DKK 16,626 thousand in 2016/17.

Management considers the profit 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.

Risks

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

Environmental issues

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 affecting considerably the financial position of the Group.

Consolidated financial statements and parent company financial statements 1 July 2017 - 30 June 2018

Income statement

Note	DKK'000	Group 2017/18	Group 2016/17	Parent 2017/18	Parent 2016/17
	Gross margin	57,834	62,412	40,574	47,440
2	Staff costs	-42,750	-36,190	-30,144	-27,690
	Depreciation/amortisation and impairment losses regarding property, plant and equipment and intangible assets	-2,888	-2,934	-2,120	-2,072
	Operating profit	12,196	23,288	8,310	17,678
	Income from investments in subsidiaries and associates	497	341	2,128	2,992
3	Financial income	55	203	290	396
4	Financial expenses	-1,208	-1,134	-1,185	-526
	Profit before tax	11,540	22,698	9,543	20,540
5	Tax on profit for the year	-2,540	-5,107	-1,700	-3,914
	Profit for the year	9,000	17,591	7,843	16,626

	2017/18	2016/17
Breakdown of the consolidated results of operations:		
Shareholders, Entertainment Trading ApS	7,843	16,626
Non-controlling interests	1,157	965
	9,000	17,591

Consolidated financial statements and parent company financial statements 1 July 2017 - 30 June 2018

Balance sheet

Note	DKK'000	Group 2017/18	Group 2016/17	Parent 2017/18	Parent 2016/17
	ASSETS				
	Non-current assets				
6	**Intangible assets**				
	Completed development projects	2,799	3,329	2,091	2,275
	Acquired intangible assets	101	147	101	147
		2,900	3,476	2,192	2,422
7	**Property, plant and equipment**				
	Leasehold improvements	143	364	143	364
	Fixtures and fittings, plant and equipment	7,573	9,604	6,900	8,730
		7,716	9,968	7,043	9,094
	Other non-current assets				
8	Investments in subsidiaries	0	0	3,412	3,132
9	Receivables from group entities	0	0	16,263	16,263
10	Investments in associates	884	377	884	377
	Deposits	875	914	875	914
	Others receivables	0	600	0	0
		1,759	1,891	21,434	20,686
	Total non-current assets	12,375	15,335	30,669	32,202
	Current assets				
	Inventories				
	Finished goods and goods for resale	64,063	48,619	50,568	36,847
	Prepayment of goods	6,513	7,650	232	286
		70,576	56,269	50,800	37,133
	Receivables				
	Trade receivables	24,579	22,454	15,405	15,497
	Amounts owed by group enterprises	4,814	7,961	9,258	11,918
	Other receivables	4,068	2,210	2,908	1,806
	Prepayments	728	1,095	301	835
		34,189	33,720	27,872	30,056
	Cash	6,487	2,407	5,904	1,402
	Total current assets	111,252	92,396	84,576	68,591
	TOTAL ASSETS	123,627	107,731	115,245	100,793

Consolidated financial statements and parent company financial statements 1 July 2017 - 30 June 2018

Balance sheet

Note	DKK'000	Group 2017/18	Group 2016/17	Parent 2017/18	Parent 2016/17
	EQUITY AND LIABILITIES				
	Equity				
11	Share capital	84	84	84	84
	Reserve for development costs	0	0	719	320
	Net revaluation reserve according to the equity method	0	0	3,689	0
	Retained earnings	32,634	30,887	28,226	30,567
	Dividend proposed for the year	6,000	9,600	6,000	9,600
	Total equity	38,718	40,571	38,718	40,571
12	Non-controlling interests	1,121	637	0	0
	Total equity	39,839	41,208	38,718	40,571
13	**Non-current liabilities**				
	Deferred tax	1,026	1,042	1,065	1,088
	Other provisions	0	0	0	9
	Debt to credit institutions	0	59	0	59
	Amounts owed to associated companies	0	200	0	0
	Lease liabilities	152	331	0	100
	Income taxes payable	1,954	4,115	1,582	3,600
	Total non-current liabilities	3,132	5,747	2,647	4,856
	Current liabilities				
13	Current portion of non-current liabilities other than provisions	238	706	159	634
	Debt to credit institutions	24,197	7,048	24,197	7,048
	Prepayments received from customers	387	380	320	228
	Trade payables	41,427	38,587	38,445	37,283
	Amounts owed to associated companies	0	142	7	1
	Income taxes	3,798	1,398	3,921	1,474
	Other payables	9,822	11,823	6,665	8,565
	Deferred income	787	692	166	133
	Total current liabilities	80,656	60,776	73,880	55,366
	Total liabilities	83,788	66,523	76,527	60,222
	TOTAL LIABILITIES	123,627	107,731	115,245	100,793

1 Accounting policies
14 Contractual obligations and contingencies, etc.
15 Mortgages and collateral
16 Ownership
17 Currency risks and use of derivative financial instruments
18 Related parties

Consolidated financial statements and parent company financial statements 1 July 2017 - 30 June 2018

Statement of changes in equity

Note	DKK'000	Group Share capital	Retained earnings	Dividend proposed for the year	Total	Non-controlling interests	Total equity
	Equity at 1 July 2017	84	30,887	9,600	40,571	637	41,208
	Additions	0	0	0	0	50	50
	Transfer through appropriation of profit	0	1,843	6,000	7,843	1,155	8,998
	Exchange adjustment	0	-96	0	-96	-35	-131
	Dividend distributed	0	0	-9,600	-9,600	-686	-10,286
	Equity at 30 June 2018	84	32,634	6,000	38,718	1,121	39,839

Note	DKK'000	Parent Share capital	Net revaluation reserve according to the equity method	Reserve for development costs	Retained earnings	Dividend proposed for the year	Total
	Equity at 1 July 2017	84	0	320	30,567	9,600	40,571
19	Transfer through appropriation of profit	0	3,689	399	-2,245	6,000	7,843
	Exchange adjustment	0	0	0	-96	0	-96
	Dividend distributed	0	0	0	0	-9,600	-9,600
	Equity at 30 June 2018	84	3,689	719	28,226	6,000	38,718

Consolidated financial statements and parent company financial statements 1 July 2017 - 30 June 2018

Cash flow statement

Note	DKK'000	Group 2017/18	Group 2016/17
	Profit for the year	9,000	17,591
	Amortisation/depreciation charges	2,888	2,934
	Exchange rate adjustments relating to foreign inward subsidiaries	-81	-70
	Gain/loss on the sale of non-current assets	140	0
	Tax on profit for the year	2,540	5,107
	Net financial loss	656	590
	Cash generated from operations before changes in working capital	15,143	26,152
20	Changes in working capital	-13,886	-18,411
	Cash generated from operations	1,257	7,741
	Interest received	55	203
	Interest paid	-1,208	-542
	Income taxes paid	-2,588	-953
	Cash flows from operating activities	-2,484	6,449
	Acquisition of intangible assets	-802	-731
	Acquisition of property, plant and equipment	-4,768	-7,388
	Disposal of property, plant and equipment	5,288	4,884
	Disposal of other non-current assets	50	0
	Loans	600	-600
	Cash flows from investing activities	368	-3,835
	External financing:		
	Raising of long-term debt	0	813
	Repayment of long-term debt	-706	-777
	Paid divided	-10,286	-6,778
	Deposits	39	-51
	Acquisition of treasury shares	0	-617
	Sale of treasury shares	0	1,693
	Cash flows from financing activities	-10,953	-5,717
	Net cash flows from operating, investing and financing activities	-13,069	-3,101
21	Cash and cash equivalents at 1 July	-4,641	-1,540
21	**Cash and cash equivalents at 30 June**	-17,710	-4,641

The cash flow statement cannot be directly derived from the other components of the consolidated financial statements.

Consolidated financial statements and parent company financial statements 1 July 2017 - 30 June 2018

Notes

1 **Accounting policies**

The annual report of Entertainment Trading ApS for 2017/18 has been prepared in accordance with the provisions applying to reporting class C medium-sized enterprises under the Danish Financial Statements Act.

The financial statements have been prepared in accordance with the same accounting policies as 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 more than 50% of the voting rights or which it, in some other way, controls. Enterprises in which the Group holds between 20% and 50% of the voting rights and over which it exercises significant influence, but which it does not control, are considered associates, see the group chart.

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 the subsidiaries' fair value of net assets or liabilities at the acquisition date.

Enterprises acquired or formed during the year are recognised in the consolidated financial statements from the date of acquisition or formation. Enterprises disposed of are recognised in the consolidated income statement until the date of disposal. The comparative figures are not adjusted for acquisitions or disposals.

Acquisitions of enterprises are accounted for using the acquisition method, according to which the identifiable assets and liabilities acquired are measured at their fair values at the date of acquisition. Provision is made for costs related to adopted and announced plans to restructure the acquired enterprise in connection with the acquisition. The tax effect of the restatement of assets and liabilities is taken into account.

Non-controlling interests

In the consolidated financial statements, the items of subsidiaries are recognised in full. The non-controlling interests' proportionate shares of the subsidiaries' results and equity are adjusted annually and recognised separately in the income statement and balance sheet.

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 at the date of payment are recognised in the income statement as financial income or financial expenses.

Consolidated financial statements and parent company financial statements 1 July 2017 - 30 June 2018

Notes

1 Accounting policies (continued)

Receivables and payables and other monetary items denominated in foreign currencies are translated at closing rates. 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.

Foreign subsidiaries and associates are considered separate entities. Items in such entities' income statements are translated at average exchange rates for the month, and balance sheet items are translated at closing rates. Foreign exchange differences arising on translation of the opening equity of foreign entities to closing rates and on translation of the income statements from average exchange rates to closing rates are taken directly to equity.

Derivative financial instruments

On initial recognition, derivative financial instruments are recognised in the balance sheet at cost and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are included in other receivables and payables, respectively.

Fair value adjustments of derivative financial instruments designated as and qualifying for recognition as a hedge of the fair value of a recognised asset or liability are recognised in the income statement together with fair value adjustments of the hedged asset or liability.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of future assets or liabilities are recognised in other receivables or other payables and in equity. If the hedged forecast transaction results in the recognition of assets or liabilities, amounts previously recognised in equity must be transferred to the cost of the asset or liability, respectively. If the hedged forecast transaction results in income or expenses, amounts previously recognised in equity must be transferred to the income statement in the period in which the hedged item affects the income statement.

Fair value adjustments of derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement on a current basis.

Fair value adjustments of derivative financial instruments held to hedge net investments in separate foreign subsidiaries or associates are recognised directly in equity.

Income statement

Revenue

Revenue is recognised in the income statement provided that delivery and transfer of risk to the buyer have taken place and that the income can be reliably measured and is expected to be received. Revenue is measured at fair value of the agreed consideration ex. VAT and taxes charged on behalf of third parties. All discounts granted are recognised in revenue.

Gross profit

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

Other external expenses.

Other external expenses include the year's expenses relating to the entity's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, etc.

Consolidated financial statements and parent company financial statements 1 July 2017 - 30 June 2018

Notes

1 Accounting policies (continued)

Profits/losses from investments in subsidiaries and associates

The proportionate share of the results after tax of the individual subsidiaries is recognised in the income statement of the parent company after full elimination of intra-group profits/losses.

The proportionate share of the results after tax of the associates is recognised in both the consolidated income statement and the parent company income statement after elimination of the proportionate share of intra-group profits/losses.

Financial income and expenses

Financial income and expenses comprise interest income and expense, gains and losses on securities, 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.

Tax on profit/loss for the year

Tax for the year comprises current tax and changes in deferred tax for the year. 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

Completed development costs comprise costs, salaries and amortisation directly or indirectly attributable to the Group's development activities.

Completed development projects that are clearly defined and identifiable, where the technical feasibility, sufficient resources and a potential future market or development opportunities are evidenced, and where the Group intends to produce, market or use the project, are recognised as intangible assets provided that the cost can be measured reliably and that there is sufficient assurance that future earnings can cover production costs, selling costs and administrative expenses and development costs. Other development costs are recognised in the income statement when incurred.

Completed development costs that are recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses.

Following the completion of the development work, development costs are amortised on a straight-line basis over the estimated useful life. The amortisation period is usually 5 years.

Patents and licences are measured at cost less accumulated amortisation and impairment losses. Patents and licences are amortised on a straight-line basis over the remaining period. The period of amortisation is 10 years.

The amortisation period for patents and licences exceeds 5 years because the strategic market position achieved by the acquisition is expected to be valid for a longer period. Management believes that this will be effective for up to 10 years from the acquisition, and therefore a long-term earnings profile.

Gains and losses on the disposal of completed development projects and patents and licences are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains or losses are recognised in the income statement as amortisation.

Consolidated financial statements and parent company financial statements 1 July 2017 - 30 June 2018

Notes

1 Accounting policies (continued)

Property, plant and equipment

Leasehold improvements, fixtures and fittings, other plant 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 when the asset is available for use.

Depreciation is provided on a straight-line basis over the expected useful lives of the assets. The expected useful lives are as follows:

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

The residual value is determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised. In case of changes in the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains or losses are recognised in the income statement as depreciation.

Leases

The Group recognises only future leases in accordance with the below policies. All former leases are not recognised in the balance sheet whether or not they represent finance leases or operating leases.

Leases for non-current assets that transfer substantially all the risks and rewards incident to ownership to the Group (finance leases) are initially recognised in the balance sheet at cost, corresponding to the lower of fair value and the net present value of future lease payments. In calculating the net present value of the future lease payments, 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 Group's other non-current assets.

The capitalised residual lease obligation is recognised in the balance sheet as a liability, and the interest element of the lease payment is recognised in the income statement over the term of the lease.

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

Investments in subsidiaries and associates

Investments in subsidiaries and associates are measured under the equity method.

Investments in subsidiaries and associates are measured at the proportionate share of the enterprises' net asset values calculated in accordance with the Group's accounting policies minus or plus unrealised intra-group profits and losses and plus or minus any residual value of positive or negative goodwill determined in accordance with the acquisition method.

Investments in subsidiaries and associates with negative net asset values are measured at DKK 0 (nil), and any amounts owed by such enterprises are written down if the amount owed is irrecoverable. If the parent company has a legal or constructive obligation to cover a deficit that exceeds the amount owed, the remaining amount is recognised under non-current liabilities.

Consolidated financial statements and parent company financial statements 1 July 2017 - 30 June 2018

Notes

1 **Accounting policies (continued)**

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.

On acquisition of subsidiaries, the acquisition method is applied, see Consolidated financial statements above.

Impairment of non-current assets

The carrying amount of intangible assets and property, plant and equipment as well as investments in subsidiaries 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 weighted average method. Where the net realisable value is lower than cost, inventories are written down to this lower value. Cost comprises purchase price plus delivery costs.

Receivables

Receivables are measured at amortised cost. Write-down is made for bad debt losses based on an individual assessment of receivables.

Prepayments

Prepayments comprise costs incurred concerning subsequent financial years.

Equity

Dividends

Proposed dividends are recognised as a liability at the date when 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.

The purchase of own share may be done in the extent that the purchase price can be contained in the distributable reserves. The treasury shares are presented in the notes to the financial statements, with the number, nominal value and ownership.

Reserve for development costs

The reserve for development costs comprises recognised development costs. The reserve cannot be used to distribute dividend 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.

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Notes

1 Accounting policies (continued)

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.

Deferred tax assets, including the tax value of tax loss carry forwards, are recognised at the expected value of their utilisation.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement.

Liabilities other than provisions

Amounts owed to mortgage credit institutions and banks, etc. are recognised at the date of borrowing at the net 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 the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Financial liabilities also include the capitalised residual obligation on finance leases.

Other liabilities are measured at net realisable value.

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 disposals of enterprises is shown separately in cash flows from investing activities. Cash flows from acquisitions of enterprises are recognised in the cash flow statement from the date of acquisition. Cash flows from disposals of enterprises are recognised up until the date of disposal.

Cash flows from operating activities

Cash flows from operating activities are calculated as the Group's share of the profit/loss 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 enterprises and activities and of intangible assets, property, plant and equipment and investments.

Cash flows from financing activities

Cash flows from financing activities comprise changes in the size or composition of the Group's share capital and related costs as well as the raising of loans, repayment of interest-bearing debt and payment of dividends to shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term marketable securities which are freely negotiable into cash and which are subject to an insignificant risk of changes in value.

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Notes

1 Accounting policies (continued)

Financial ratios

Financial ratios are calculated in accordance with the recommendations of the Danish Finance Society.

The financial ratios stated in the survey of financial highlights have been calculated as follows:

Return on invested capital	$\frac{\text{Operating profit x 100}}{\text{Average invested capital}}$
Invested capital	Total assets less cash at bank and in hand plus interest-bearing assets (including shares)
Solvency ratio	$\frac{\text{Equity at year end x 100}}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Profit/loss for the year x 100}}{\text{Average equity}}$

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DKK'000	Group 2017/18	Group 2016/17	Parent 2017/18	Parent 2016/17
2 Staff costs				
Wages and salaries	39,101	33,655	27,135	25,491
Pensions	2,888	1,925	2,318	1,668
Other social security costs	751	606	691	531
Other staff costs	10	4	0	0
	42,750	36,190	30,144	27,690
Remuneration of the Executive Board	2,093	1,820	2,093	1,820
Average number of employees	108	88	93	73
3 Financial income				
Interest income from group enterprises	0	0	290	228
Other interest income	55	203	0	168
	55	203	290	396
4 Financial expenses				
Other impairments	0	592	0	0
Other interest expenses	1,208	542	1,185	526
	1,208	1,134	1,185	526
5 Tax on the profit for the year				
Tax on the profit for the year	2,540	5,107	1,700	3,914
Specified as follows:				
Current tax	2,557	4,943	1,723	3,712
Deferred tax	-17	164	-23	202
	2,540	5,107	1,700	3,914

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6 Intangible assets

DKK'000	Group: Completed development projects	Group: Acquired intangible assets	Group: Total
Cost at 1 July 2017	6,845	1,495	8,340
Additions	802	0	802
Exchange rate adjustments	-216	0	-216
Cost at 30 June 2018	7,431	1,495	8,926
Amortisation and impairment losses at 1 July 2017	3,516	1,348	4,864
Impairment losses/ amortisation	1,282	46	1,328
Exchange rate adjustments	-166	0	-166
Amortisation and impairment losses at 30 June 2018	4,632	1,394	6,026
Carrying amount at 30 June 2018	2,799	101	2,900

DKK'000	Parent: Completed development projects	Parent: Acquired intangible assets	Parent: Total
Cost at 1 July 2017	4,457	460	4,917
Additions	598	0	598
Cost at 30 June 2018	5,055	460	5,515
Amortisation and impairment losses at 1 July 2017	2,182	313	2,495
Impairment losses/ amortisation	782	46	828
Amortisation and impairment losses at 30 June 2018	2,964	359	3,323
Carrying amount at 30 June 2018	2,091	101	2,192

Completed development projects

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 5 years.

The contribution from the completed development projects are assessed to be an important part of both the group and the parent company's business.

Management has not identified any evidence of impairment relative to the carrying amount of the completed development projects.

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7 **Property, plant and equipment**

	Group		
DKK'000	Leasehold improve-ments	Fixtures and fittings, plant and equipment	Total
Cost at 1 July 2017	1,067	15,730	16,797
Additions	58	4,710	4,768
Disposals	0	-5,628	-5,628
Exchange rate adjustment	0	-123	-123
Cost at 30 June 2018	1,125	14,689	15,814
Depreciation at 1 July 2017	703	6,126	6,829
Depreciation/ amortisation	279	1,281	1,560
Reversed by sale	0	-200	-200
Exchange rate adjustment	0	-91	-91
Depreciation and impairment losses at 30 June 2018	982	7,116	8,098
Carrying amount at 30 June 2018	143	7,573	7,716
Items of property, plant and equipment include assets held under finance leases with a carrying amount totalling	90	260	350

	Parent		
DKK'000	Leasehold improve-ments	Fixtures and fittings, plant and equipment	Total
Cost at 1 July 2017	1,066	14,579	15,645
Additions	58	4,597	4,655
Disposals	0	-5,535	-5,535
Cost at 30 June 2018	1,124	13,641	14,765
Depreciation at 1 July 2017	704	5,848	6,552
Depreciation/ amortisation	277	1,015	1,292
Reversal of amortisation/depreciation and impairment of disposals	0	-122	-122
Depreciation and impairment losses at 30 June 2018	981	6,741	7,722
Carrying amount at 30 June 2018	143	6,900	7,043
Items of property, plant and equipment include assets held under finance leases with a carrying amount totalling	90	0	90

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DKK'000	Parent 2017/18	Parent 2016/17
8 Investments in subsidiaries		
Cost at 1 July	552	552
Disposals in the year	-2	0
Cost at 30 June	550	552
Value adjustments at 1 July	2,580	2,067
Foreign exchange adjustment	-106	-59
Other adjustments	860	257
Reversal of revaluation of sold investments	-47	0
Dividend distribution	-2,056	-2,336
Profit/loss for the year	1,972	3,242
Impairment losses	-341	-591
Value adjustments at 30 June	2,862	2,580
Carrying amount at 30 June	3,412	3,132

Name and registered office	Voting rights and ownership
Entertainment Trading Ltd., UK	100%
Spelbutiken AB, Sweden	75%
Coolfashion ApS under frivillig likvidation, Denmark	100%
bySommer ApS, Denmark	75%
PigePakken.dk ApS under frivillig likvidation, Denmark	100%

All subsidiaries are considered separate entities.

9 Other non-current assets

DKK'000	Parent: Total receivables 1 July 2017	Total receivables 30 June 2018	Repayment next year	Non-current portion	Outstanding receivable after 5 years
Receivables from group entities	16,263	16,263	0	16,263	0

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DKK'000	Group 2017/18	Group 2016/17	Parent 2017/18	Parent 2016/17
10 Investments in associates				
Cost at 1 July	58	58	58	58
Cost at 30 June	58	58	58	58
Value adjustments at 1 July	319	-22	319	-22
Profit/loss for the year	497	341	497	341
Equity adjustments, investments	10	0	10	0
Value adjustments at 30 June	826	319	826	319
Carrying amount at 30 June	884	377	884	377

Name and registered office	Voting rights and ownership
InventNord og PakkecenterNord ApS, Denmark	30%
Coolrunner ApS, Denmark	40%

11 Share capital

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

DKK'000	Parent 2017/18	2016/17	2015/16	2014/15	2013/14
Share capital at 1 July	84	129	129	129	129
Capital reduction	0	-45	0	0	0
Share capital at 30 June	84	84	129	129	129

The share capital comprises of 83,824 shares of DKK 1 each.

DKK'000	Group 2017/18	Group 2016/17
12 Non-controlling interests		
Non-controlling interests at 1 July	637	-121
Additions	50	0
Share of profit for the year	1,155	966
Other adjustments	0	592
Foreign exchange adjustments	-35	-21
Distributed dividends	-686	-779
Non-controlling interests at 30 June	1,121	637

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13 Non-current liabilities

	Group				
DKK'000	Total liabilities 1 July 2017	Total liabilities 30 June 2018	Repay-ment next year	Non-current portion	Outstanding debt after 5 years
Deferred tax	1,042	1,026	0	1,026	0
Credit institutions	165	59	59	0	0
Amounts owed to associated companies	200	0	0	0	0
Income taxes payable	4,115	1,954	0	1,954	0
Leases liabilities	931	331	179	152	0
	6,453	3,370	238	3,132	0

	Parent				
DKK'000	Total liabilities 1 July 2017	Total liabilities 30 June 2018	Repayment next year	Non-current portion	Outstanding debt after 5 years
Deferred tax	1,088	1,065	0	1,065	0
Other provisions	9	0	0	0	0
Credit institutions	165	59	59	0	0
Income taxes payable	3,600	1,582	0	1,582	0
Leases liabilities	628	100	100	0	0
	5,490	2,806	159	2,647	0

14 Contractual obligations and contingent items, etc.

The Company has entered into rent agreements with a total obligation of DKK 5,185 thousand at 30 June 2018.

The Management of Entertainment Trading ApS has confirmed to the Management in the subsidiary BySommer ApS to support the company in 2018/19 and does not demand its receivables settled unless alternative funding can be provided for the companies.

The parent company has for bank facilities provided a joint and several guarantee for the subsidiary, BySommer ApS.

On behalf of the parent company banks has guaranteed guarantees for collectively DKK 78 thousand at 30 June 2018.

Entertainment Trading ApS is jointly taxed with the Danish subsidiaries. As the administration company the Company has joint and several unlimited liability for Danish corporation taxes and withholding taxes on dividends, interest and royalties. At 30 June 2018, the net taxes payable to the Danish Central Tax Administration by the companies included in the joint taxation amounted to DKK 5,752 thousands. Any subsequent corrections of the taxable income subject to joint taxation or withholding taxes on dividends, etc., may entail that the companies' liability will increase.

15 Mortgages and collateral

A floating charge totalling DKK 17,000 thousand has been provided as security for credit facilities in bank covering Entertainment Trading ApS.

As collateral for long-term debt to Credit institutions totalling DKK 59 thousand at 30 June 2018 there has been provided security in Fixtures and fittings, other plant and equipment at a total value of DKK 0 thousand at 30 June 2018.

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16 Ownership

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 share capital:

Cajuna Holding ApS, Denmark
JR Holdings ApS, Denmark
MDN Holding ApS, Denmark
Gareth Dain, England
Anthony Hogarth, England

17 Currency risks and use of derivative financial instruments

The Group uses hedging instruments such as currency swaps to hedge recognised non-recognised transactions.

Currency risks

Currency (DKK'000)	Payment/ maturity	Prepayment of goods	Receivables	Liabilities	Hedged using currency swaps	Net position
EUR	< 1 year	0	4,427	-7,139	0	-2,712
GBP	< 1 year	0	833	-681	0	152
SEK	< 1 year	0	1,367	-718	0	649
USD	< 1 year	515	13	-1,688	-512	-1,672
		515	6,640	-10,226	-512	-3,583

18 Related parties

Related party transactions

DKK'000	2017/18
Group	
Sale of goods to associates	92,666
Purchase of goods from associates	15,346
Administration fees etc. to associates	267
Interest income from associates	8
Receivables from associates	4,814
Parent	
Sale of goods to subsidiaries	955
Sale of goods to associates	92,666
Purchase of goods from subsidiaries	1,040
Purchase of goods from associates	15,346
Administration fees etc. to subsidiaries	7,439
Administration fees etc. to subsidiaries	267
Interest income from subsidiaries	282
Interest income from associates	8
Receivables from subsidiaries	20,707
Payables to subsidiaries	7
Receivables from associates	4,814

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DKK'000	Parent 2017/18	Parent 2016/17
19 Appropriation of profit/loss		
Recommended appropriation of profit/loss		
Dividend proposed for the year	6,000	9,600
Transferred to reserves under equity	-2,245	6,706
Reserve for development costs	399	320
Net revaluation reserve according to the equity method	3,689	0
	7,843	16,626

DKK'000	Group 2017/18	Group 2016/17
20 Changes in working capital		
Change in inventories	-14,307	-12,958
Change in receivables	-177	-13,398
Change in trade payables and other capital	598	7,945
	-13,886	-18,411
21 Cash and cash equivalents		
Cash and cash equivalents at 1 July comprise		
Cash at bank and in hand	2,407	1,983
Bank loans and overdrafts	-7,048	-3,523
	-4,641	-1,540
Cash and cash equivalents at 30 June comprise		
Cash at bank and in hand	6,487	2,407
Bank loans and overdrafts	-24,197	-7,048
	-17,710	-4,641