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OVG-PROXY A/S

Gothersgade 12, 1. th.
1123 København K
Central Business Registration
No 33644957

Annual report 2016

The Annual General Meeting adopted the annual report on 07.06.2017

Chairman of the General Meeting

Name: Mikkel Berg Kjærsgaard

Contents

Entity details

Entity
OVG-PROXY A/S
Gothersgade 12, 1. th.
1123 København K

Central Business Registration No: 33644957
Registered in: København K
Financial year: 01.01.2016 - 31.12.2016

Board of Directors
Mikkel Berg Kjærsgaard
Pia Geschwendtner
Carsten Michael Korch

Executive Board
Morten Geschwendtner

Auditors
Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
Postboks 1600
0900 København C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of OVG-PROXY A/S for the financial year 01.01.2016 - 31.12.2016.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2016 and of the results of its operations and cash flows for the financial year 01.01.2016 - 31.12.2016.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 07.06.2017

Executive Board

Morten Geschwendtner

Board of Directors

Mikkel Berg Kjærsgaard	Pia Geschwendtner	Carsten Michael Korch

Independent auditor's report

To the shareholders of OVG-PROXY A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of OVG-PROXY A/S for the financial year 01.01.2016 - 31.12.2016, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2016, and of the results of their operations and the consolidated cash flows for the financial year 01.01.2016 - 31.12.2016 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 financial statements section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the consolidated financial statements and the parent financial statements

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exits. Misstatements

Independent auditor's report

can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and parent financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the parent financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Independent auditor's report

Statement on the management commentary
Management is responsible for the management commentary.

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

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

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

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

Copenhagen, 07.06.2017

Deloitte
Statsautoriseret Revisionspartnerselskab
Central Business Registration No: 33963556

Morten Willemar Kristensen
State Authorised Public Accountant

Management commentary

	2016 DKK'000	2015 DKK'000	2014 DKK'000	2013 DKK'000	2012 DKK'000
Financial highlights					
Key figures					
Gross profit	14.628	11.401	15.268	9.592	4.969
Operating profit/loss	(310)	1.426	9.773	5.714	1.096
Net financials	(1.826)	(1.842)	(1.498)	(795)	(662)
Profit/loss for the year	(1.777)	(463)	6.178	3.679	317
Total assets	97.447	74.849	36.169	27.619	15.941
Investments in property, plant and equipment	1.398	0	0	0	372
Equity incl minority interests	7.005	8.647	11.329	5.750	2.071
Cash flows from (used in) operating activities	(24.577)	(26.474)	2.039	(232)	(3.394)
Cash flows from (used in) investing activities	(1.418)	(2.025)	(44)	(88)	(373)
Cash flows from (used in) financing activities	(287)	5.395	73	3.342	0
Ratios					
Return on equity (%)	(22,7)	(4,6)	72,3	94,1	15,3
Equity ratio (%)	7,2	11,6	31,3	20,8	13,0

Financial highlights for 2012-2015 comprise highlights for the parent company, as establishment of the Group has taken place per January 1, 2016.

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios 2015" issued by the Danish Society of Financial Analysts.

Ratios	**Calculation formula**	**Ratios**
Return on equity (%)	$\frac{\text{Profit/loss for the year x 100}}{\text{Average equity incl minority interests}}$	The entity's return on capital invested in the entity by the owners.
Equity ratio (%)	$\frac{\text{Equity incl minority interests x 100}}{\text{Total assets}}$	The financial strength of the entity.

Management commentary

Primary activities
OVG-PROXY A/S principal activity is to carry out distribution activities in the Nordic region within stringent focus on branded and trend products. New sales companies was established in Sweden and Norway during 2016.

Development in activities and finances
Revenue increased in the range of 25% in 2016 compared to 2015, but results of operations shows a negative profit before tax of 2.136 T.DKK.

The difference in earnings compared to 2015 is due to significant investments to strengthen our sales channels and sales force in Denmark, Sweden, Norway and Finland.

When preparing the annual report for 2016 the management identified that the annual report for 2015 contained matrial errors. These have been adjusted via the equity and comparative figures have been adjusted accordingly. A further description have been included in the section "Accounting policies", to which we refer.

Outlook
The company expects continued positive development in the overall operation based on a high activity level and internal focus at our business. Based on this, a continously strong relationship with the company's financing partners, and–in combination with the change of logistic partner with a full impact in 2017, the expectation for 2017 are very positive.

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

Consolidated income statement for 2016

	Notes	2016 DKK	2015 DKK'000
Gross profit		**14.627.802**	**11.401**
Staff costs	1	(13.773.818)	(9.080)
Depreciation, amortisation and impairment losses	2	(1.164.024)	(895)
Operating profit/loss		**(310.040)**	**1.426**
Other financial income	3	1.445.226	786
Other financial expenses	4	(3.271.549)	(2.628)
Profit/loss before tax		**(2.136.363)**	**(416)**
Tax on profit/loss for the year	5	359.715	(47)
Profit/loss for the year	6	**(1.776.648)**	**(463)**

Consolidated balance sheet at 31.12.2016

	Notes	2016 DKK	2015 DKK'000
Goodwill		0	177
Intangible assets	7	**0**	**177**
Other fixtures and fittings, tools and equipment		1.463.284	845
Leasehold improvements		177.080	385
Property, plant and equipment	8	**1.640.364**	**1.230**
Other receivables		440.000	419
Fixed asset investments	9	**440.000**	**419**
Fixed assets		**2.080.364**	**1.826**
Manufactured goods and goods for resale		34.618.347	29.238
Prepayments for goods		15.637.144	7.146
Inventories		**50.255.491**	**36.384**
Trade receivables		39.277.813	18.385
Receivables from group enterprises		611.380	885
Deferred tax	10	517.000	141
Other receivables		547.870	274
Income tax receivable		171.223	0
Prepayments	11	1.634.085	2.267
Receivables		**42.759.371**	**21.952**
Cash		**2.351.381**	**14.687**
Current assets		**95.366.243**	**73.023**
Assets		**97.446.607**	**74.849**

Consolidated balance sheet at 31.12.2016

	Notes	2016 DKK	2015 DKK'000
Contributed capital		500.000	500
Other reserves		0	(136)
Retained earnings		6.505.392	8.283
Equity		**7.005.392**	**8.647**
Subordinate loan capital	12	8.000.000	8.000
Bank loans		1.725.000	2.825
Non-current liabilities other than provisions	13	**9.725.000**	**10.825**
Current portion of long-term liabilities other than provisions	13	1.912.834	1.100
Bank loans		57.240.742	43.294
Trade payables		8.455.927	8.631
Income tax payable		113.986	317
Other payables	14	12.992.726	2.035
Current liabilities other than provisions		**80.716.215**	**55.377**
Liabilities other than provisions		**90.441.215**	**66.202**
Equity and liabilities		**97.446.607**	**74.849**
Contingent liabilities	16		
Mortgages and securities	17		
Group relations	18		
Subsidiaries	19		

Consolidated statement of changes in equity for 2016

	Contributed capital DKK	Other reserves DKK	Retained earnings DKK	Total DKK
Equity beginning of year	500.000	(136.300)	8.282.040	8.645.740
Exchange rate adjustments	0	136.300	0	136.300
Profit/loss for the year	0	0	(1.776.648)	(1.776.648)
Equity end of year	**500.000**	**0**	**6.505.392**	**7.005.392**

Consolidated cash flow statement for 2016

	Notes	2016 DKK	2015 DKK'000
Operating profit/loss		(310.040)	1.424
Amortisation, depreciation and impairment losses		1.164.024	894
Working capital changes	15	(23.229.334)	(24.811)
Cash flow from ordinary operating activities		**(22.375.350)**	**(22.493)**
Financial income received		1.445.226	786
Financial income paid		(3.272.549)	(2.626)
Income taxes refunded/(paid)		(374.237)	(2.141)
Cash flows from operating activities		**(24.576.910)**	**(26.474)**
Acquisition etc of property, plant and equipment		(1.397.685)	(1.606)
Acquisition of fixed asset investments		(41.728)	(419)
Sale of fixed asset investments		21.128	0
Cash flows from investing activities		**(1.418.285)**	**(2.025)**
Loans raised		0	6.895
Instalments on loans etc		(287.166)	0
Dividend paid		0	(1.500)
Cash flows from financing activities		**(287.166)**	**5.395**
Increase/decrease in cash and cash equivalents		**(26.282.361)**	**(23.104)**
Cash and cash equivalents beginning of year		(28.607.000)	(5.503)
Cash and cash equivalents end of year		**(54.889.361)**	**(28.607)**
Cash and cash equivalents at year-end are composed of:			
Cash		2.351.381	14.687
Short-term debt to banks		(57.240.742)	(43.294)
Cash and cash equivalents end of year		**(54.889.361)**	**(28.607)**

Notes to consolidated financial statements

	2016 DKK	2015 DKK'000
1. Staff costs		
Wages and salaries	12.116.540	8.091
Pension costs	757.441	540
Other social security costs	107.985	82
Other staff costs	791.852	367
	13.773.818	**9.080**
Average number of employees	**21**	

Salary to the Excecutive Board has not been discosed with reference to the Danish Financial Statements Acts § 98 B.

	2016 DKK	2015 DKK'000
2. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	177.736	495
Depreciation of property, plant and equipment	986.288	400
	1.164.024	**895**

	2016 DKK	2015 DKK'000
3. Other financial income		
Interest income	0	2
Exchange rate adjustments	1.445.226	784
	1.445.226	**786**

	2016 DKK	2015 DKK'000
4. Other financial expenses		
Interest expenses	2.818.681	1.886
Interest regarding tax paid on account	0	100
Other financial expenses	452.868	642
	3.271.549	**2.628**

	2016 DKK	2015 DKK'000
5. Tax on profit/loss for the year		
Tax on current year taxable income	0	209
Change in deferred tax for the year	(359.715)	(162)
	(359.715)	**47**

Notes to consolidated financial statements

	2016 DKK	2015 DKK'000
6. Proposed distribution of profit/loss		
Retained earnings	(1.776.648)	(463)
	(1.776.648)	**(463)**

	Goodwill DKK
7. Intangible assets	
Cost beginning of year	2.472.839
Cost end of year	**2.472.839**
Amortisation and impairment losses beginning of year	(2.295.103)
Amortisation for the year	(177.736)
Amortisation and impairment losses end of year	**(2.472.839)**
Carrying amount end of year	**0**

	Other fixtures and fittings, tools and equipment DKK	Leasehold improve-ments DKK
8. Property, plant and equipment		
Cost beginning of year	1.231.681	505.651
Additions	1.358.645	39.040
Cost end of year	**2.590.326**	**544.691**
Depreciation and impairment losses beginning of the year	(387.028)	(121.337)
Depreciation for the year	(740.014)	(246.274)
Depreciation and impairment losses end of the year	**(1.127.042)**	**(367.611)**
Carrying amount end of year	**1.463.284**	**177.080**

	Other receivables DKK
9. Fixed asset investments	
Cost beginning of year	419.400
Additions	41.728
Disposals	(21.128)
Cost end of year	**440.000**
Carrying amount end of year	**440.000**

Notes to consolidated financial statements

	2016 DKK
10. Deferred tax	
Intangible assets	72.000
Property, plant and equipment	(30.000)
Tax losses carried forward	475.000
	517.000
Changes during the year	
Beginning of year	141.000
Recognised in the income statement	376.000
End of year	**517.000**

Management has recognized the deferred tax asset with an amount of 517 t.kr. of which 475 t.kr. relates to taxable loss carried forward. The recognition is based on Managements expectations, that the taxable loss will be utilized within a few years, including expectations as stated in the budget for 2017 of a net profit for the year.

11. Prepayments

Prepayments comprise incurred costs relating to subsequent financial years.

12. Subordinate loan capital

The subodinate loan capital has no principal payments until 2018. Until then, accrued interest are paid regularly. Repayment commences quarterly from 2018. The loan must have been fully redeemed in 2023.

	Instalments within 12 months 2016 DKK	Instalments within 12 months 2015 DKK'000	Instalments beyond 12 months 2016 DKK
13. Liabilities other than provisions			
Subordinate loan capital	812.834	0	8.000.000
Bank loans	1.100.000	1.100	1.725.000
	1.912.834	**1.100**	**9.725.000**

Outstanding amount of subordinate loan capital and bank loan after 5 years amounts to 4.000 t.kr.

Notes to consolidated financial statements

	2016 DKK	2015 DKK'000
14. Other short-term payables		
VAT and duties	9.457.328	0
Wages and salaries, personal income taxes, social security costs, etc payable	453.826	499
Holiday pay obligation	551.040	542
Other costs payable	2.530.532	994
	12.992.726	**2.035**

	2016 DKK	2015 DKK'000
15. Change in working capital		
Increase/decrease in inventories	(13.873.000)	(26.196)
Increase/decrease in receivables	(20.145.334)	90
Increase/decrease in trade payables etc	10.789.000	1.295
	(23.229.334)	**(24.811)**

16. Contingent liabilities

The Entity participates in a Danish joint taxation arrangement in which Kidz A/S serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore alternatively liable for income taxes etc for the jointly taxed entities, but only for the share by which the Entity is included in the Group, and also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for these entities. The total known net liability of the jointly taxed entities under the joint taxation arrangement is evident from the administration company's financial statements.

Loan Terms for the subordinated loan provides for the payment of an exit bonus to the lender in case of significant changes in the shareholder composition.

17. Mortgages and securities

Company pledge, nom. T.DKK 62.500 in the Company's goodwill, other fixtures, inventory and debtors with a total balance sheet value of T.DKK 84.198 has been deposited as secyrity for account with credit institution.

The company has enteres into operating lease of premises. The lease is interminable until 2019. The total lease commitment represents app. T.DKK 1.755.

The company has enteres into operating lease of equipment. The lease is interminable until 2018. The total lease commitment represents app. T.DKK 1.357.

The company has enteres into operating lease of cars. The lease is interminable until 2020. The total lease commitment represents app. T.DKK 250.

Notes to consolidated financial statements

18. Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:
Kidz A/S, Copenhagen, Denmark

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
OVG-Proxy A/S, Copenhagen, Denmark

	Registered in	Corporate form	Equity interest %	Equity DKK	Profit/loss DKK
19. Subsidiaries					
Online Supply ApS	København	ApS	100,0	23.972	(26.028)
Proxy Norway AS	Norge	A/S	100,0	73.198	48.853
Proxy Sweden AB	Sverige	A/S	100,0	41.014	(60.165)

Parent income statement for 2016

	Notes	2016 DKK	2015 DKK'000
Gross profit		**11.747.524**	**11.398**
Staff costs	1	(11.121.871)	(9.080)
Depreciation, amortisation and impairment losses	2	(1.164.024)	(894)
Operating profit/loss		**(538.371)**	**1.424**
Income from investments in group enterprises		(37.340)	0
Other financial income	3	1.602.189	786
Other financial expenses	4	(3.179.126)	(2.626)
Profit/loss before tax		**(2.152.648)**	**(416)**
Tax on profit/loss for the year	5	376.000	(47)
Profit/loss for the year	6	**(1.776.648)**	**(463)**

Parent balance sheet at 31.12.2016

	Notes	2016 DKK	2015 DKK'000
Goodwill		0	177
Intangible assets	7	**0**	**177**
Other fixtures and fittings, tools and equipment		1.463.284	845
Leasehold improvements		177.080	385
Property, plant and equipment	8	**1.640.364**	**1.230**
Investments in group enterprises		139.614	74
Other receivables		398.272	419
Fixed asset investments	9	**537.886**	**493**
Fixed assets		**2.178.250**	**1.900**
Manufactured goods and goods for resale		34.630.587	29.237
Prepayments for goods		15.637.144	7.145
Inventories		**50.267.731**	**36.382**
Trade receivables		32.304.762	18.385
Receivables from group enterprises		8.116.089	885
Deferred tax	10	517.000	141
Other receivables		514.799	273
Prepayments	11	1.686.784	2.191
Receivables		**43.139.434**	**21.875**
Cash		**8.093**	**14.687**
Current assets		**93.415.258**	**72.944**
Assets		**95.593.508**	**74.844**

Parent balance sheet at 31.12.2016

	Notes	2016 DKK	2015 DKK'000
Contributed capital	12	500.000	500
Other reserves		0	(136)
Retained earnings		6.505.392	8.283
Equity		**7.005.392**	**8.647**
Subordinate loan capital	13	8.000.000	8.000
Bank loans		1.725.000	2.825
Non-current liabilities other than provisions	14	**9.725.000**	**10.825**
Current portion of long-term liabilities other than provisions	14	1.912.834	1.100
Bank loans		57.217.336	43.294
Trade payables		9.750.657	8.631
Income tax payable		97.701	317
Other payables	15	9.884.588	2.030
Current liabilities other than provisions		**78.863.116**	**55.372**
Liabilities other than provisions		**88.588.116**	**66.197**
Equity and liabilities		**95.593.508**	**74.844**
Contingent liabilities	16		
Mortgages and securities	17		
Related parties with controlling interest	18		

Parent statement of changes in equity for 2016

	Contributed capital DKK	Other reserves DKK	Retained earnings DKK	Total DKK
Equity beginning of year	500.000	(136.300)	9.777.468	10.141.168
Corrections of errors	0	0	(1.495.428)	(1.495.428)
Adjusted equity, beginning of year	**500.000**	**(136.300)**	**8.282.040**	**8.645.740**
Exchange rate adjustments	0	136.300	0	136.300
Profit/loss for the year	0	0	(1.776.648)	(1.776.648)
Equity end of year	**500.000**	**0**	**6.505.392**	**7.005.392**

Notes to parent financial statements

	2016 DKK	2015 DKK'000
1. Staff costs		
Wages and salaries	9.507.470	8.092
Pension costs	757.441	540
Other social security costs	107.985	82
Other staff costs	748.975	366
	11.121.871	**9.080**
Average number of employees	**20**	**15**

Salary to the Excecutive Board has not been discosed with reference to the Danish Financial Statements Acts § 98 B.

	2016 DKK	2015 DKK'000
2. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	177.736	495
Depreciation of property, plant and equipment	986.288	399
	1.164.024	**894**

	2016 DKK	2015 DKK'000
3. Other financial income		
Interest income	0	2
Exchange rate adjustments	1.602.189	784
	1.602.189	**786**

	2016 DKK	2015 DKK'000
4. Other financial expenses		
Interest expenses	2.736.354	1.886
Interest regarding tax paid on account	0	98
Other financial expenses	442.772	642
	3.179.126	**2.626**

	2016 DKK	2015 DKK'000
5. Tax on profit/loss for the year		
Tax on current year taxable income	0	209
Change in deferred tax for the year	(376.000)	(162)
	(376.000)	**47**

Notes to parent financial statements

	2016 DKK	2015 DKK'000
6. Proposed distribution of profit/loss		
Retained earnings	(1.776.648)	(463)
	(1.776.648)	**(463)**

	Goodwill DKK
7. Intangible assets	
Cost beginning of year	2.472.839
Cost end of year	**2.472.839**
Amortisation and impairment losses beginning of year	(2.295.103)
Amortisation for the year	(177.736)
Amortisation and impairment losses end of year	**(2.472.839)**
Carrying amount end of year	**0**

	Other fixtures and fittings, tools and equipment DKK	Leasehold improve-ments DKK
8. Property, plant and equipment		
Cost beginning of year	1.231.681	505.651
Additions	1.358.645	39.040
Cost end of year	**2.590.326**	**544.691**
Depreciation and impairment losses beginning of the year	(387.028)	(121.337)
Depreciation for the year	(740.014)	(246.274)
Depreciation and impairment losses end of the year	**(1.127.042)**	**(367.611)**
Carrying amount end of year	**1.463.284**	**177.080**

Notes to parent financial statements

	Investments in group enterprises DKK	Other receivables DKK
9. Fixed asset investments		
Cost beginning of year	74.345	419.400
Additions	102.609	0
Disposals	0	(21.128)
Cost end of year	**176.954**	**398.272**
Share of profit/loss for the year	(37.340)	0
Revaluations end of year	**(37.340)**	**0**
Carrying amount end of year	**139.614**	**398.272**

	2016 DKK	2015 DKK'000
10. Deferred tax		
Intangible assets	72.000	110
Property, plant and equipment	(30.000)	(137)
Provisions	0	168
Tax losses carried forward	475.000	0
	517.000	**141**

Changes during the year	
Beginning of year	141.000
Recognised in the income statement	376.000
End of year	**517.000**

Management has recognized the deferred tax asset with an amount of 517 t.kr. of which 475 t.kr. relates to taxable loss carried forward. The recognition is based on Managements expectations, that the taxable loss will be utilized within a few years, including expectations as stated in the budget for 2017 of a net profit for the year

11. Prepayments

Prepayments comprise incurred costs relating to subsequent financial years.

	Number	Par value DKK	Nominal value DKK
12. Contributed capital			
Ordinary shares	500.000	1	500.000
	500.000		**500.000**

Notes to parent financial statements

13. Subordinate loan capital

The subodinate loan capital has no principal payments until 2018. Until then, accrued interest are paid regularly. Repayment commences quarterly from 2018. The loan must have been fully redeemed in 2023.

	Instalments within 12 months 2016 DKK	Instalments within 12 months 2015 DKK'000	Instalments beyond 12 months 2016 DKK
14. Liabilities other than provisions			
Subordinate loan capital	812.834	0	8.000.000
Bank loans	1.100.000	1.100	1.725.000
	1.912.834	**1.100**	**9.725.000**

Outstanding amount of subordinate loan capital and bank loan after 5 years amounts to 4.000 t.kr.

	2016 DKK	2015 DKK'000
15. Other payables		
VAT and duties	6.827.083	0
Wages and salaries, personal income taxes, social security costs, etc payable	97.950	495
Holiday pay obligation	542.572	542
Other costs payable	2.416.983	993
	9.884.588	**2.030**

16. Contingent liabilities

The Entity participates in a Danish joint taxation arrangement in which Kidz A/S serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore alternatively liable for income taxes etc for the jointly taxed entities, but only for the share by which the Entity is included in the Group, and also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for these entities. The total known net liability of the jointly taxed entities under the joint taxation arrangement is evident from the administration company's financial statements.

Loan Terms for the subordinated loan provides for the payment of an exit bonus to the lender in case of significant changes in the shareholder composition.

17. Mortgages and securities

Company pledge, nom. T.DKK 62.500 in the Company's goodwill, other fixtures, inventory and debtors with a total balance sheet value of T.DKK 84.198 has been deposited as secyrity for account with credit institution.

The company has enteres into operating lease of premises. The lease is interminable until 2019. The total lease commitment represents app. T.DKK 1.755.

Notes to parent financial statements

The company has enteres into operating lease of equipment. The lease is interminable until 2018. The total lease commitment represents app. T.DKK 1.357.

The company has enteres into operating lease of cars. The lease is interminable until 2020. The total lease commitment represents app. T.DKK 250.

18. Related parties with controlling interest

Kidz A/S, Copenhagen, Denmark owns the majority of the shares in the company and has a controlling interest in the company.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

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

Comparative figures

As the Group was established as per January 1, 2016 the consolidated financial statements and financial highlights comprise figures and highlights from the financial statements for the parent company for 2015 (comparative figures) and 2012-2015 (financial highlights).

Material errors in previous years

With respect to the annual report for the parent company, the parent company has in connection with the preparation of the annual report for 2016 identified that the annual report for 2015 contains material errors related to accounting for borrowing costs and marketing expenses and revenue cut off. These errors are in the annual report for 2016 adjusted via equity and the comparative figures for 2015 are also adjusted.

The effect of the annual report for 2015 are as follows:

Gross profit (452) t.kr.
Other financial expenses (628) t.kr.
Tax on profit/loss for the year 167 t.kr.
Total effect on Loss for the year (913 t.kr.)

Trade receivables (765) t.kr.
Deferred tax asset 161 t.kr.
Non current liabilities (414) t.kr.
Current liabilities (214) t.kr.
Total effect on equity 31.12.2015 (1.495) t.kr. ((582) t.kr. pr. 31.12.2014)

As 2016 is the first year with consolidated accounts these have not been affected by the above.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Accounting policies

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Consolidated financial statements
The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence. Enterprises in which the Group, directly or indirectly, holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence are regarded as associates.

Basis of consolidation
The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements. Minority interests' proportionate share of profit or loss is presented as a separate item in Management's proposal for distribution of profit or loss, and their share of subsidiaries' net assets is presented as a separate item in group equity.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the acquisition date, with net assets having been calculated at fair value.

Income statement
Gross profit or loss
Gross profit or loss comprises revenue, changes in inventories of finished goods and work in progress, own work capitalised, other operating income, cost of raw materials and consumables and external expenses.

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

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

Accounting policies

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

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

Depreciation, amortisation and impairment losses
Amortisation, depreciation and impairment losses relating to intangible assets and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as equipment.

Income from investments in group enterprises
Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of internal profits or losses.

Other financial income from group enterprises
Other financial income from group enterprises comprises interest income etc on receivables from group enterprises.

Other financial income
Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital gains on securities, payables and transactions in foreign currencies etc.

Financial expenses from group enterprises
Financial expenses from group enterprises comprise interest expenses etc from payables to group enterprises.

Other financial expenses
Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on securities, payables and transactions in foreign currencies etc.

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

Accounting policies

Balance sheet

Goodwill

Goodwill is the positive difference between cost and value in use of assets and liabilities taken over as part of the acquisition. Goodwill is amortised straight-line over its estimated useful life which is fixed based on the experience gained by Management for each business area. Useful life is determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. If it is not possible to estimate the useful life reliably, it is set at 10 years. Useful lives are reassessed on an annual basis. The amortisation periods used are 5 years.

Goodwill is written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

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

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment	5 years
Leasehold improvements	5 years

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises

Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus or minus unamortised goodwill and plus or minus unrealised intra-group profits or losses.

Goodwill is calculated as the difference between cost of the investments and fair value of the pro rata share of assets and liabilities acquired. Goodwill is amortised straigth-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. Useful life is determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. If the useful life cannot be estimated reliably, it is fixed at 10 years. Useful lives are reassessed annually. The amortisation periods used are 5 years.

Accounting policies

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Receivables
Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Inventories
Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Deferred tax
Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carry forwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

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

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

Cash
Cash comprises cash in hand and bank deposits.

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

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

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

Accounting policies

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

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments as well as purchase, development, improvement and sale, etc of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs as well as the raising of loans, inception of finance leases, instalments on interest-bearing debt, purchase of treasury shares and payment of dividend.

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