

**OVG-PROXY A/S**  
Gothersgade 12, 1. th.  
1123 København K  
Central Business Registration  
No 33644957

## **Annual report 2018**

The Annual General Meeting adopted the annual report on 31.05.2019

### **Chairman of the General Meeting**

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Name: Mikkel Berg Kjærsgaard

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## 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: 01.01.2018 - 31.12.2018

### Board of Directors

Mikkel Berg Kjærsgaard, chairman  
Michael Spence Hyde  
Kirankumar Premchand Shah  
Jonathan James Diver  
Morten Geschwendtner

### 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 01.01.2018 - 31.12.2018.

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

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

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

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

Copenhagen, 31.05.2019

### Executive Board

Morten Geschwendtner

### Board of Directors

Mikkel Berg Kjærsgaard  
chairman

Michael Spence Hyde

Kirankumar Premchand Shah

Jonathan James Diver

Morten Geschwendtner

## 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 01.01.2018 - 31.12.2018, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, 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 exists. 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, 31.05.2019

### **Deloitte**

Statsautoriseret Revisionspartnerselskab  
Central Business Registration No: 33963556

René Carøe Andersen  
State Authorised Public Accountant  
Identification number (MNE) mne34499

## Management commentary

	<b>2018</b> <b>DKK'000</b>	<b>2017</b> <b>DKK'000</b>	<b>2016</b> <b>DKK'000</b>	<b>2015</b> <b>DKK'000</b>	<b>2014</b> <b>DKK'000</b>
<b>Financial highlights</b>					
<b>Key figures</b>					
Gross profit	25.620	12.133	14.625	15.268	9.592
Operating profit/loss	6.407	(4.114)	(313)	9.773	5.714
Net financials	(2.993)	(9.597)	(1.824)	(1.498)	(795)
Profit/loss for the year	2.486	(10.847)	(1.777)	6.178	3.679
Total assets	85.037	113.398	97.447	36.169	27.619
Investments in property, plant and equipment	692	770	1.398	0	0
Equity incl minority interests	(1.355)	(3.842)	7.005	11.329	5.750
Cash flows from (used in) operating activities	13.012	(5.044)	(24.577)	2.039	(232)
Cash flows from (used in) investing activities	(718)	(807)	(1.419)	(44)	(88)
Cash flows from (used in) financing activities	(412)	(821)	(287)	73	3.342
<b>Ratios</b>					
Return on equity (%)	-	(685,9)	(19,4)	72,3	94,1
Equity ratio (%)	(1,6)	(3,4)	7,2	31,3	20,8

Financial highlights for 2014-2015 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.*

<b>Ratios</b>	<b>Calculation formula</b>	<b>Ratios</b>
Return on equity (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity incl minority interests}}$	The entity's return on capital invested in the entity by the owners.
Equity ratio (%)	$\frac{\text{Equity incl minority interests} \times 100}{\text{Total assets}}$	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 with a stringent focus on kids and home electronic products.

### Development in activities and finances

Revenue increased in the range of 9% in 2018 compared to 2017, and results of operations shows a profit before tax of 3.414 T.DKK.

At December 31, 2018 the equity amounts to T.DKK (1.355) almost restored after the losses in 2016 and 2017. The Equity and subordinated loan capital at year end amounts to T.DKK 6.770.

The profit was mainly driving by a higher contribution margin despite of stock clearance of products within the closed product categories of kitchen and household products. The entire inventory of kitchen and household products at December 31, 2017 was sold in 2018 with a loss of T.DKK 5.000 not covered by the provision.

Because of a strong focus on the marketing spend and consequently hereof positive marketing ROI the total marketing cost was in line with 2017 but significantly lower compared to 2015 and 2016. The marketing cost equated to revenue dropped 0,5% compared to 2017.

Distribution cost compared to revenue are also lowered in 2018 compared to 2015, 2016 and 2017. This due to a constantly review of the value chain and co-operations with competitive forwarders.

To strengthen the daily operation of OVG-PROXY A/S further staff was hired in 2018 and consequently, the staff cost compared to 2017 was increasing.

OVG-PROXY A/S entered a successful cooperation with a factoring company in 2018 improving the working capital accordingly.

In November 2018 Top Toy A/S went bankrupt and a consequence hereof a loss was realized equal to OVG-PROXY A/S' own risk not covered by the insurance company.

In October 2018 55% of the shares in OVG-PROXY A/S was acquired by Character Group PLC (an AIM listed company).

### Uncertainty related to recognition and measurement

When preparing the Group and the Company's annual report, it is necessary that Management, in accordance with legislative provisions, makes a number of accounting judgements and estimates which form the basis for the annual report. Material accounting judgements and estimates made by Management are described in the paragraph "managements material judgements and estimates" under accounting policies as well as the notes, to which we refer. The accounting judgements and estimates made primarily relates to

- The sufficiency of the Group's financing, see note 1
- The recognition and measurement of deferred tax asset, see note 11

## Management commentary

Such estimates are made on the basis of assumptions which Management considers reasonable and realistic, but which by nature are uncertain.

### Outlook

With the bankruptcy of Top Toy A/S a more fragmented market is expected in Nordic driven by several retailers and on-liners. OVG-PROXY A/S expect their sale to Top Toy A/S to be absorbed by the existing retailers and on-liners in the market but not in full before 2<sup>nd</sup> half of 2019.

Despite the changing customer landscape, a revenue in line with 2018 is expected due to a strong brand portfolio, customer relationships and increasingly activity in especially Sweden and Norway.

Further to the development in Norway and Sweden OVG-PROXY A/S expect to strengthen the relationship with key customers in Denmark.

The continued positive development in the overall operation, the marketing cooperation with key partners in a combination with the change of the logistic partner in 2018, the overall expectation for 2019 are very positive.

### Events after the balance sheet date

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

## Consolidated income statement for 2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017 DKK'000</u>
<b>Gross profit</b>		<b>25.620.218</b>	<b>12.133</b>
Staff costs	2	(18.579.889)	(15.271)
Depreciation, amortisation and impairment losses	3	(633.007)	(976)
<b>Operating profit/loss</b>		<b>6.407.322</b>	<b>(4.114)</b>
Other financial income	4	2.753.315	29
Other financial expenses	5	(5.746.313)	(9.626)
<b>Profit/loss before tax</b>		<b>3.414.324</b>	<b>(13.711)</b>
Tax on profit/loss for the year	6	(927.992)	2.864
<b>Profit/loss for the year</b>	7	<b>2.486.332</b>	<b>(10.847)</b>

## Consolidated balance sheet at 31.12.2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017 DKK'000</u>
Goodwill		0	0
<b>Intangible assets</b>	8	<b>0</b>	<b>0</b>
Other fixtures and fittings, tools and equipment		1.488.195	1.403
Leasehold improvements		4.338	30
<b>Property, plant and equipment</b>	9	<b>1.492.533</b>	<b>1.433</b>
Other receivables		467.652	441
<b>Fixed asset investments</b>	10	<b>467.652</b>	<b>441</b>
<b>Fixed assets</b>		<b>1.960.185</b>	<b>1.874</b>
Manufactured goods and goods for resale		23.515.368	24.642
Prepayments for goods		2.711.431	6.736
<b>Inventories</b>		<b>26.226.799</b>	<b>31.378</b>
Trade receivables		25.273.285	69.082
Deferred tax	11	2.351.000	3.385
Other receivables	12	23.843.365	1.495
Income tax receivable		125.442	257
Joint taxation contribution receivable		174.000	0
Prepayments	13	1.257.126	1.448
<b>Receivables</b>		<b>53.024.218</b>	<b>75.667</b>
<b>Cash</b>		<b>3.825.542</b>	<b>4.479</b>
<b>Current assets</b>		<b>83.076.559</b>	<b>111.524</b>
<b>Assets</b>		<b>85.036.744</b>	<b>113.398</b>

## Consolidated balance sheet at 31.12.2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017 DKK'000</u>
Contributed capital		500.000	500
Retained earnings		(1.854.947)	(4.342)
<b>Equity</b>		<b>(1.354.947)</b>	<b>(3.842)</b>
Subordinate loan capital	14	8.000.000	8.000
Bank loans		125.000	625
<b>Non-current liabilities other than provisions</b>	<b>15</b>	<b>8.125.000</b>	<b>8.625</b>
Current portion of long-term liabilities other than provisions	15	2.280.312	2.192
Bank loans		53.505.436	66.041
Trade payables		13.391.931	15.860
Payables to group enterprises		3.299.825	6.704
Income tax payable		17.847	145
Other payables	16	5.771.340	17.673
<b>Current liabilities other than provisions</b>		<b>78.266.691</b>	<b>108.615</b>
<b>Liabilities other than provisions</b>		<b>86.391.691</b>	<b>117.240</b>
<b>Equity and liabilities</b>		<b>85.036.744</b>	<b>113.398</b>
Going concern	1		
Contingent liabilities	18		
Mortgages and securities	19		
Group relations	20		
Subsidiaries	21		

## Consolidated statement of changes in equity for 2018

	<b>Contributed capital DKK</b>	<b>Retained earnings DKK</b>	<b>Total DKK</b>
Equity beginning of year	500.000	(4.341.279)	(3.841.279)
Profit/loss for the year	0	2.486.332	2.486.332
<b>Equity end of year</b>	<b>500.000</b>	<b>(1.854.947)</b>	<b>(1.354.947)</b>

## Consolidated cash flow statement for 2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017 DKK'000</u>
Operating profit/loss		6.407.322	(4.118)
Amortisation, depreciation and impairment losses		633.007	977
Working capital changes	17	9.028.278	7.853
<b>Cash flow from ordinary operating activities</b>		<b>16.068.607</b>	<b>4.712</b>
Financial income received		2.753.315	30
Financial income paid		(5.746.313)	(9.621)
Income taxes refunded/(paid)		(63.587)	(165)
<b>Cash flows from operating activities</b>		<b>13.012.022</b>	<b>(5.044)</b>
Acquisition etc of property, plant and equipment		(691.603)	(771)
Acquisition of fixed asset investments		(25.900)	(36)
<b>Cash flows from investing activities</b>		<b>(717.503)</b>	<b>(807)</b>
Instalments on loans etc		(412.278)	(821)
<b>Cash flows from financing activities</b>		<b>(412.278)</b>	<b>(821)</b>
<b>Increase/decrease in cash and cash equivalents</b>		<b>11.882.241</b>	<b>(6.672)</b>
Cash and cash equivalents beginning of year		(61.562.135)	(54.890)
<b>Cash and cash equivalents end of year</b>		<b>(49.679.894)</b>	<b>(61.562)</b>
Cash and cash equivalents at year-end are composed of:			
Cash		3.825.542	4.479
Short-term debt to banks		(53.505.436)	(66.041)
<b>Cash and cash equivalents end of year</b>		<b>(49.679.894)</b>	<b>(61.562)</b>

## Notes to consolidated financial statements

### 1. Going concern

The planned activities for 2019 expects to generate a profit, and a material increase in profit compared to 2018.

OVG-PROXY A/S have as per May 1, 2018 entered a new cooperation with a factoring company ensuring an improvement in the working capital.

In connection with change in majority shareholders in October 2018, the new majority shareholders has, as part of the acquisition, agreed to support the company with a short term credit facility of up to 9 mDKK, if this is required during 2019.

As a consequence of the new financial arrangements OVG-PROXY A/S have secured the necessary credit facilities subject for the future growth in 2019, and based on the above, Management has prepared the consolidated financial statements on the basis of going concern.

The planned activities is based on assumptions which Management consider to be reasonable and realistic, but which by nature include a level of uncertainty. If the assumptions is not realized as expected, the capital resources and thereby the sufficiency of liquidity for financing the Group's activities can be affected negatively.

	<b>2018 DKK</b>	<b>2017 DKK'000</b>
<b>2. Staff costs</b>		
Wages and salaries	16.357.061	13.645
Pension costs	1.202.010	807
Other social security costs	152.506	111
Other staff costs	868.312	708
	<b>18.579.889</b>	<b>15.271</b>
Average number of employees	<b>24</b>	<b>25</b>

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

	<b>2018 DKK</b>	<b>2017 DKK'000</b>
<b>3. Depreciation, amortisation and impairment losses</b>		
Amortisation of intangible assets	25.703	147
Depreciation of property, plant and equipment	607.304	784
	<b>633.007</b>	<b>931</b>



## Notes to consolidated financial statements

	<b>2018 DKK</b>	<b>2017 DKK'000</b>
<b>4. Other financial income</b>		
Interest income	301	0
Exchange rate adjustments	2.753.014	29
	<b>2.753.315</b>	<b>29</b>
	<b>2018 DKK</b>	<b>2017 DKK'000</b>
<b>5. Other financial expenses</b>		
Interest expenses	4.847.291	4.187
Exchange rate adjustments	807.235	5.331
Fair value adjustments	7.427	15
Other financial expenses	84.360	93
	<b>5.746.313</b>	<b>9.626</b>
	<b>2018 DKK</b>	<b>2017 DKK'000</b>
<b>6. Tax on profit/loss for the year</b>		
Tax on current year taxable income	67.992	4
Change in deferred tax for the year	1.034.000	(2.868)
Refund in joint taxation arrangement	(174.000)	0
	<b>927.992</b>	<b>(2.864)</b>
	<b>2018 DKK</b>	<b>2017 DKK'000</b>
<b>7. Proposed distribution of profit/loss</b>		
Retained earnings	2.486.332	(10.847)
	<b>2.486.332</b>	<b>(10.847)</b>
		<b>Goodwill DKK</b>
<b>8. Intangible assets</b>		
Cost beginning of year		2.472.839
<b>Cost end of year</b>		<b>2.472.839</b>
Amortisation and impairment losses beginning of year		(2.472.839)
<b>Amortisation and impairment losses end of year</b>		<b>(2.472.839)</b>
<b>Carrying amount end of year</b>		<b>0</b>

## Notes to consolidated financial statements

	<b>Other fixtures and fittings, tools and equipment DKK</b>	<b>Leasehold improve- ments DKK</b>
<b>9. Property, plant and equipment</b>		
Cost beginning of year	3.361.176	544.691
Additions	691.603	0
<b>Cost end of year</b>	<b>4.052.779</b>	<b>544.691</b>
Depreciation and impairment losses beginning of the year	(1.957.290)	(514.650)
Depreciation for the year	(607.294)	(25.703)
<b>Depreciation and impairment losses end of the year</b>	<b>(2.564.584)</b>	<b>(540.353)</b>
<b>Carrying amount end of year</b>	<b>1.488.195</b>	<b>4.338</b>
<b>10. Fixed asset investments</b>		
Cost beginning of year		441.752
Additions		25.900
<b>Cost end of year</b>		<b>467.652</b>
<b>Carrying amount end of year</b>		<b>467.652</b>
	<b>2018 DKK</b>	<b>2017 DKK'000</b>
<b>11. Deferred tax</b>		
Property, plant and equipment	75.791	74
Tax losses carried forward	2.275.209	3.311
	<b>2.351.000</b>	<b>3.385</b>
<b>Changes during the year</b>		
Beginning of year	3.385.000	
Recognised in the income statement	(1.034.000)	
<b>End of year</b>	<b>2.351.000</b>	

Management has recognized the deferred tax asset with an amount of 2.351 t.kr. of which 2.275 t.kr. is related to taxable loss carried forward. The recognition is based on Managements expectations, that the taxable loss will be utilized within the coming two years. Based on the interim report for february 2019 and expectations for the remaining part of 2019 Managements expects that more that half of the tax loss carried forward will be utilized in 2019, and the remaining part will be utilized in 2020.

## Notes to consolidated financial statements

The recognition and measurement of deferred tax asset is based assumptions which Management consider to be reasonable and realistic, but which by nature include a level of uncertainty, since the assumptions refers to estimates of future earnings. If the assumptions is not realized as expected, the recognition and measurement of the deferred tax asset can be affected negatively.

	<b>2018</b> <b>DKK</b>	<b>2017</b> <b>DKK'000</b>
<b>12. Other receivables</b>		
Other receivables	23.843.365	1.495
	<b>23.843.365</b>	<b>1.495</b>

Other receivables comprise payment from credit insurance and VAT claim for December 2018.

### 13. Prepayments

Prepayments comprise incurred costs relating to subsequent financial years.

### 14. Subordinate loan capital

The loan must have been fully redeemed in 2023.

	<b>Instalments within 12 months 2018 DKK</b>	<b>Instalments within 12 months 2017 DKK'000</b>	<b>Instalments beyond 12 months 2018 DKK</b>
<b>15. Liabilities other than provisions</b>			
Subordinate loan capital	1.780.312	1.092	8.000.000
Bank loans	500.000	1.100	125.000
	<b>2.280.312</b>	<b>2.192</b>	<b>8.125.000</b>

Outstanding amount of subordinate loan capital and bank loan after 5 years amounts to 3.000 t.kr.

	<b>2018</b> <b>DKK</b>	<b>2017</b> <b>DKK'000</b>
<b>16. Other short-term payables</b>		
VAT and duties	2.276.651	12.850
Wages and salaries, personal income taxes, social security costs, etc payable	470.536	496
Holiday pay obligation	1.220.222	832
Other costs payable	1.783.836	3.478
	<b>5.751.245</b>	<b>17.656</b>

## Notes to consolidated financial statements

	<b>2018</b>	<b>2017</b>
	<b>DKK</b>	<b>DKK'000</b>
<b>17. Change in working capital</b>		
Increase/decrease in inventories	5.716.000	18.877
Increase/decrease in receivables	22.507.278	(29.813)
Increase/decrease in trade payables etc	(19.195.000)	18.789
	<b>9.028.278</b>	<b>7.853</b>

### 18. Contingent liabilities

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.

### 19. Mortgages and securities

Company pledge, nom. T.DKK 38.700 in the Company's goodwill, other fixtures, inventory and debtors with a total balance sheet value of T.DKK 51.885 has been deposited as security for account with credit institution.

Company pledge, nom. T.DKK 5.500 in the Company's goodwill, other fixtures, inventory and debtors with a total balance sheet value of T.DKK 51.885 has been deposited as security for subordinated loan capital.

The company has entered into operating lease of premises. The lease is interminable until 2019. The total lease commitment represents app. T.DKK 645.

The company has entered into operating lease of cars. The lease is interminable until 2021. The total lease commitment represents app. T.DKK 1.035.

### 20. Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:  
The Character Group Plc, London, United Kingdom

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

	<b>Registered in</b>	<b>Corpo- rate form</b>	<b>Equity inte- rest %</b>	<b>Equity DKK</b>	<b>Profit/loss DKK</b>
<b>21. Subsidiaries</b>					
Online Supply ApS	København	ApS	100,0	(589.632)	(434.773)
Proxy Norway AS	Norge	A/S	100,0	142.267	59.749
Proxy Sweden AB	Sverige	A/S	100,0	215.865	85.348

## Parent income statement for 2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017 DKK'000</u>
<b>Gross profit</b>		<b>21.509.316</b>	<b>8.444</b>
Staff costs	2	(14.694.426)	(11.888)
Depreciation, amortisation and impairment losses	3	(501.828)	(932)
<b>Operating profit/loss</b>		<b>6.313.062</b>	<b>(4.376)</b>
Income from investments in group enterprises		(289.678)	(82)
Other financial income	4	2.721.428	0
Other financial expenses	5	(5.398.480)	(9.257)
<b>Profit/loss before tax</b>		<b>3.346.332</b>	<b>(13.715)</b>
Tax on profit/loss for the year	6	(860.000)	2.868
<b>Profit/loss for the year</b>	7	<b>2.486.332</b>	<b>(10.847)</b>

## Parent income statement for 2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017 DKK'000</u>
Goodwill		0	0
<b>Intangible assets</b>	8	<b>0</b>	<b>0</b>
Other fixtures and fittings, tools and equipment		922.822	913
Leasehold improvements		4.338	30
<b>Property, plant and equipment</b>	9	<b>927.160</b>	<b>943</b>
Investments in group enterprises		357.965	58
Other receivables		432.092	406
<b>Fixed asset investments</b>	10	<b>790.057</b>	<b>464</b>
<b>Fixed assets</b>		<b>1.717.217</b>	<b>1.407</b>
Manufactured goods and goods for resale		23.515.368	24.643
Prepayments for goods		2.711.431	6.736
<b>Inventories</b>		<b>26.226.799</b>	<b>31.379</b>
Trade receivables		15.459.208	62.207
Receivables from group enterprises		4.520.566	8.206
Deferred tax	11	2.351.000	3.385
Other receivables	12	23.929.791	0
Joint taxation contribution receivable		174.000	0
Prepayments	13	1.141.836	1.330
<b>Receivables</b>		<b>47.576.401</b>	<b>75.128</b>
<b>Cash</b>		<b>303.191</b>	<b>5</b>
<b>Current assets</b>		<b>74.106.391</b>	<b>106.512</b>
<b>Assets</b>		<b>75.823.608</b>	<b>107.919</b>

## Parent balance sheet at 31.12.2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017 DKK'000</u>
Contributed capital	14	500.000	500
Retained earnings		(1.854.947)	(4.342)
<b>Equity</b>		<b>(1.354.947)</b>	<b>(3.842)</b>
Subordinate loan capital	15	8.000.000	8.000
Bank loans		125.000	625
<b>Non-current liabilities other than provisions</b>	16	<b>8.125.000</b>	<b>8.625</b>
Current portion of long-term liabilities other than provisions	16	2.280.312	2.192
Bank loans		48.014.560	66.029
Trade payables		12.377.920	15.071
Payables to group enterprises		3.299.825	6.705
Other payables	17	3.080.938	13.139
<b>Current liabilities other than provisions</b>		<b>69.053.555</b>	<b>103.136</b>
<b>Liabilities other than provisions</b>		<b>77.178.555</b>	<b>111.761</b>
<b>Equity and liabilities</b>		<b>75.823.608</b>	<b>107.919</b>
Going concern	1		
Contingent liabilities	18		
Mortgages and securities	19		
Related parties with controlling interest	20		

## Parent statement of changes in equity for 2018

	<b>Contributed capital DKK</b>	<b>Retained earnings DKK</b>	<b>Total DKK</b>
Equity beginning of year	500.000	(4.341.279)	(3.841.279)
Profit/loss for the year	0	2.486.332	2.486.332
<b>Equity end of year</b>	<b>500.000</b>	<b>(1.854.947)</b>	<b>(1.354.947)</b>



## Notes to parent financial statements

### 1. Going concern

The planned activities for 2019 expects to generate a profit, and a material increase in profit compared to 2018.

OVG-PROXY A/S have as per May 1, 2018 entered a new cooperation with a factoring company ensuring an improvement in the working capital.

In connection with change in majority shareholders in October 2018, the new majority shareholders has, as part of the acquisition, agreed to support the company with a short term credit facility of up to 9 mDKK, if this is required during 2019.

As a consequence of the new financial arrangements OVG-PROXY A/S have secured the necessary credit facilities subject for the future growth in 2019, and based on the above, Management has prepared the consolidated financial statements on the basis of going concern.

The planned activities is based on assumptions which Management consider to be reasonable and realistic, but which by nature include a level of uncertainty. If the assumptions is not realized as expected, the capital resources and thereby the sufficiency of liquidity for financing the Group's activities can be affected negatively.

	<b>2018 DKK</b>	<b>2017 DKK'000</b>
<b>2. Staff costs</b>		
Wages and salaries	12.580.995	10.396
Pension costs	1.202.010	808
Other social security costs	152.506	112
Other staff costs	758.915	572
	<b>14.694.426</b>	<b>11.888</b>
Average number of employees	<b>21</b>	<b>22</b>

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

	<b>2018 DKK</b>	<b>2017 DKK'000</b>
<b>3. Depreciation, amortisation and impairment losses</b>		
Amortisation of intangible assets	25.703	147
Depreciation of property, plant and equipment	476.125	785
	<b>501.828</b>	<b>932</b>

## Notes to parent financial statements

	<b>2018 DKK</b>	<b>2017 DKK'000</b>
<b>4. Other financial income</b>		
Exchange rate adjustments	2.721.428	0
	<b>2.721.428</b>	<b>0</b>
	<b>2018 DKK</b>	<b>2017 DKK'000</b>
<b>5. Other financial expenses</b>		
Interest expenses	4.532.207	3.851
Exchange rate adjustments	806.800	5.326
Other financial expenses	59.473	80
	<b>5.398.480</b>	<b>9.257</b>
	<b>2018 DKK</b>	<b>2017 DKK'000</b>
<b>6. Tax on profit/loss for the year</b>		
Change in deferred tax for the year	1.034.000	(2.868)
Refund in joint taxation arrangement	(174.000)	0
	<b>860.000</b>	<b>(2.868)</b>
	<b>2018 DKK</b>	<b>2017 DKK'000</b>
<b>7. Proposed distribution of profit/loss</b>		
Retained earnings	2.486.332	(10.847)
	<b>2.486.332</b>	<b>(10.847)</b>
		<b>Goodwill DKK</b>
<b>8. Intangible assets</b>		
Cost beginning of year		2.472.839
<b>Cost end of year</b>		<b>2.472.839</b>
Amortisation and impairment losses beginning of year		(2.472.839)
<b>Amortisation and impairment losses end of year</b>		<b>(2.472.839)</b>
<b>Carrying amount end of year</b>		<b>0</b>

## Notes to parent financial statements

	<b>Other fixtures and fittings, tools and equipment DKK</b>	<b>Leasehold improve- ments DKK</b>
<b>9. Property, plant and equipment</b>		
Cost beginning of year	2.825.589	544.691
Additions	485.370	0
<b>Cost end of year</b>	<b>3.310.959</b>	<b>544.691</b>
Depreciation and impairment losses beginning of the year	(1.912.012)	(514.650)
Depreciation for the year	(476.125)	(25.703)
<b>Depreciation and impairment losses end of the year</b>	<b>(2.388.137)</b>	<b>(540.353)</b>
<b>Carrying amount end of year</b>	<b>922.822</b>	<b>4.338</b>
	<b>Investments in group enterprises DKK</b>	<b>Other receivables DKK</b>
<b>10. Fixed asset investments</b>		
Cost beginning of year	176.954	406.192
Additions	0	25.900
<b>Cost end of year</b>	<b>176.954</b>	<b>432.092</b>
Revaluations beginning of year	(118.943)	0
Share of profit/loss for the year	(289.678)	0
Investments with negative equity depreciated over receivables	589.632	0
<b>Revaluations end of year</b>	<b>181.011</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>357.965</b>	<b>432.092</b>

## Notes to parent financial statements

	<b>2018</b>	<b>2017</b>
	<b>DKK</b>	<b>DKK'000</b>
<b>11. Deferred tax</b>		
Property, plant and equipment	75.791	74
Tax losses carried forward	2.275.209	3.311
	<b>2.351.000</b>	<b>3.385</b>

### Changes during the year

Beginning of year	3.385.000
Recognised in the income statement	(1.034.000)
<b>End of year</b>	<b>2.351.000</b>

Management has recognized the deferred tax asset with an amount of 2.351 t.kr. of which 2.275 t.kr. is related to taxable loss carried forward. The recognition is based on Managements expectations, that the taxable loss will be utilized within the coming two years. Based on the interim report for february 2019 and expectations for the remaining part of 2019 Managements expects that more that half of the tax loss carried forward will be utilized in 2019, and the remaining part will be utilized in 2020.

The recognition and measurement of deferred tax asset is based assumptions which Management consider to be reasonable and realistic, but which by nature include a level of uncertainty, since the assumptions refers to estimates of future earnings. If the assumptions is not realized as expected, the recognition and measurement of the deferred tax asset can be affected negatively.

	<b>2018</b>	<b>2017</b>
	<b>DKK</b>	<b>DKK'000</b>
<b>12. Other receivables</b>		
Other receivables	23.929.791	0
	<b>23.929.791</b>	<b>0</b>

Other receivables comprise payment from credit insurance and VAT claim for December 2018.

### 13. Prepayments

Prepayments comprise incurred costs relating to subsequent financial years.

	<b>Number</b>	<b>Par value</b>	<b>Nominal</b>
		<b>DKK</b>	<b>value</b>
			<b>DKK</b>
<b>14. Contributed capital</b>			
Ordinary shares	500.000	1	500.000
	<b>500.000</b>		<b>500.000</b>

### 15. Subordinate loan capital

The loan must have been fully redeemed in 2023.

## Notes to parent financial statements

	<b>Instalments within 12 months 2018 DKK</b>	<b>Instalments within 12 months 2017 DKK'000</b>	<b>Instalments beyond 12 months 2018 DKK</b>
<b>16. Liabilities other than provisions</b>			
Subordinate loan capital	1.780.312	1.092	8.000.000
Bank loans	500.000	1.100	125.000
	<b>2.280.312</b>	<b>2.192</b>	<b>8.125.000</b>

Outstanding amount of subordinate loan capital and bank loan after 5 years amounts to 3.000 t.kr.

	<b>2018 DKK</b>	<b>2017 DKK'000</b>
<b>17. Other payables</b>		
VAT and duties	(52.853)	10.470
Wages and salaries, personal income taxes, social security costs, etc payable	79.483	12
Holiday pay obligation	1.170.077	817
Other costs payable	1.884.231	1.840
	<b>3.080.938</b>	<b>13.139</b>

### 18. 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. The joint taxation arrangement ended in November 2018 when the change in majority ownership took place.

From the same date the company participates in a new joint taxation arrangement, with its 100% owned subsidiary, and acts as the administration company.

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.

The parent company has issued a letter of support to the subsidiary, Online Supply ApS.

### 19. Mortgages and securities

Company pledge, nom. T.DKK 38.700 in the Company's goodwill, other fixtures, inventory and debtors with a total balance sheet value of T.DKK 51.885 has been deposited as security for account with credit institution.

## Notes to parent financial statements

Company pledge, nom. T.DKK 5.500 in the Company's goodwill, other fixtures, inventory and debtors with a total balance sheet value of T.DKK 51.885 has been deposited as security for subordinated loan capital.

The company has entered into operating lease of premises. The lease is interminable until 2019. The total lease commitment represents app. T.DKK 645.

The company has entered into operating lease of cars. The lease is interminable until 2021. The total lease commitment represents app. T.DKK 1.035.

### **20. Related parties with controlling interest**

The Character Group Plc, London, United Kingdom 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 financial highlights comprise figures and highlights from the financial statements for the parent company for 2014-2015.

### Management's material judgements and estimates

When preparing the Group's and Company's annual report, it is necessary that Management makes a number of accounting judgments and estimates which form the basis for presentation, recognition and measurement of the Group's and the Company's assets and liabilities. These accounting judgments and estimates are based on assumptions which Management consider to be reasonable and realistic, but which by nature include a level of uncertainty. If the assumptions is not realized as expected, the effect can be negative.

### Recognition and measurement

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

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

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

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

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

### Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence. 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.

## Accounting policies

### 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.

#### 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.



## Accounting policies

### **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.

### **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.

## Accounting policies

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 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 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.

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.

## Accounting policies

### 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.

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.