

TOP-TOY Holding III A/S

Delta Park 37 – DK-2665 Vallensbæk Strand

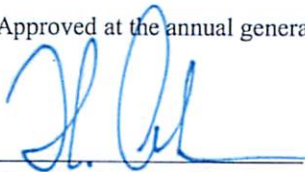
CVR no. 37 18 14 47

Annual report

1 July 2016 – 30 June 2017

2nd financial year

Approved at the annual general meeting on 28/11/2017



Henning Andersen Bröchner
Chairman

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STATEMENT BY MANAGEMENT ON THE ANNUAL REPORT

Today, the Board of Directors and the Executive Board have discussed and approved the annual report for the financial year 1 July 2016 – 30 June 2017 of TOP-TOY Holding III A/S.

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

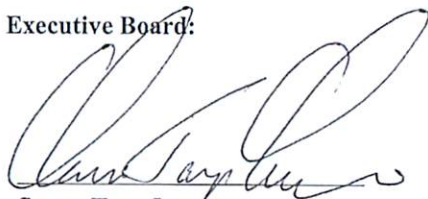
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Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters and the results of the Company's operations and financial position.

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

Vallensbæk Strand, 24 November 2017

Executive Board:



Søren Torp Laursen
CEO



Henning Andersen Bröchner
CFO

Board of Directors:



Michael Hauge Sørensen
Chairman

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INDEPENDENT AUDITOR'S REPORT

To the shareholder of TOP-TOY Holding III A/S

Opinion

We have audited the financial statements of TOP-TOY Holding III A/S for the financial year 1 July 2016 – 30 June 2017, which comprise accounting policies, income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 30 June 2017 and of the results of the Company's operations for the financial year 1 July 2016 – 30 June 2017 in accordance with the Danish Financial Statements Act.

Basis for opinion

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

Management's responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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

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

Statement on the Management's review

Management is responsible for the Management's review.


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

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


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

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

Copenhagen, 24 November 2017
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28



Torben Bender
State Authorised
Public Accountant



Ole Becker
State Authorised
Public Accountant

COMPANY DETAILS

Company

TOP-TOY Holding III A/S
Delta Park 37
DK-2665 Vallensbæk Strand

Phone: +45 46 16 36 56
E-mail: info@top-toy.com
Internet: www.top-toy.com

Company number: 37 18 14 47
Established: 26 October 2015
Domicile: Vallensbæk Kommune
Financial year: 1 July – 30 June
First financial year: 26 October 2015 – 30 June 2016

Board of Directors

Michael Hauge Sørensen, Chairman
Henrik Gjørup
Peter Gjørup
John Albert Gustafsson
Hans Fredrik Steenbuch
Erik Carl Ragnarsson Lindgren

Executive Board

Søren Torp Laursen, CEO
Henning Andersen Bröchner, CFO

Auditor

Ernst & Young P/S
Godkendt Revisionspartnerselskab
Osvald Helmuths Vej 4
Postboks 250
DK-2000 Frederiksberg

COMPANY DETAILS (continued)**Subsidiaries**

TOP-TOY A/S (100%), Vallensbæk Strand, Denmark

Subsidiaries of TOP-TOY A/S:

TOP-TOY (Hong Kong) Ltd (100%) , Hong Kong

TOP-TOY Norge AS (100%), Sandefjord, Norway

BR-Spielwaren GmbH (100%), Hamburg, Germany

TOP-TOY Iceland ehf, (100%), Reykjavik, Iceland

Jannes Lek AB in liquidation (100%), Haparanda, Sweden

NORSTAR A/S (100%), Vallensbæk Strand, Denmark

NORSTAR AS in liquidation (100%), Sandefjord, Norway

NORSTAR AB in liquidation (100%), Ängelholm, Sweden

STARNOR AB (100%), Ängelholm, Sweden

NORSTAR Oy in liquidation (100%), Espoo, Finland

Foreign branches

TOP-TOY A/S Danmark, filial in Sweden, Sweden

TOP-TOY A/S, filial in Finland, Finland

KEY FIGURES AND FINANCIAL RATIOS

DKK million	2016/17	2015/16
Revenue	65.9	42.3
Operating result	-2.4	2.0
Income from investment in subsidiary	-90.2	-173.4 *)
Financial income and expenses, net	-24.3	-28.1
Result of the year	-115.2	-194.9
Total assets	1,794.9	1,932.5
Equity	867.7	1,007.6
Number of employees	90	74
Key financial ratios:		
Operating margin	-3.6%	4.8%
Solvency	48.3%	52.1%

*) Investment in TOP-TOY A/S from 1 January 2016

MANAGEMENT'S COMMENTARY

Principal activities

TOP-TOY Holding III A/S is handling administrative and strategic jobs for group companies, and own shares as parent company for TOP-TOY A/S.

Development in activities and financial matters

This year's result after tax was a loss of DKK 115 million, primarily due to challenges following the launch of our new ERP system end March 2017 in the TOP-TOY Group. Also the poor weather in the Nordics during the summer 2017 had a negative impact on the sales of out-door products. The all-important Christmas season was slightly disappointing due to severe price competition and increased online demand not harvested fully by the TOP-TOY Group. Additionally the result is negatively affected by amortisations and interests related to the investment in TOP-TOY A/S.

The result of the year do not meet expectations.

Financing

The investment in TOP-TOY A/S is financed by loans and capital investments. TOP-TOY has a loan facility agreement of DKK 250 million with the shareholders who hold 5% or more of the share capital of the ultimate parent TOP-TOY Holding II A/S. The TOP-TOY Group is in dialogue with the owners and Lenders about future finance structure.

Interest and currency risks

TOP-TOY is exposed to common interest and exchange rate movements in the most significant currencies used for our commercial transactions and interest risk on short- and long-term debt. The Company's debt is taken in SEK and NOK. 67% of the company's debt is in accordance with company policy fixed with interest rate derivatives. The Company's risk is hedged by cashflow in underlying subsidiaries in SEK and NOK. 60% of the loans are in SEK and 40% in NOK. The loans are not hedged, since they correlate on long term basis with the net inflow in the currencies.

Subsequent events

No events have occurred after the balance sheet date which may materially affect the Company's financial position.

Expectations for future financial development

In 2017/18 result is expected to grow despite continued uncertainty due to the new ERP system.

ACCOUNTING POLICIES

The annual report of TOP-TOY Holding III A/S has been prepared in accordance with the provisions of the Danish Financial Statements Act for medium-sized reporting class C entities.

Effective 1 July 2016, the Company has adopted act no. 738 of 1 June 2015. The adoption has not had had impact on the figures or changed presentation or disclosure requirements. The accounting policies are consistent with those of last year.

Pursuant to section 86(4) of the Danish Financial Statements Act, the Company has chosen not to prepare a cash flow statement and has decided not to prepare consolidated financial statements pursuant to section 112(1) of the Act. The financial statements of TOP-TOY Holding III A/S and group enterprises are included in the consolidated financial statement of TOP-TOY Holding II A/S, Vallensbæk Strand, registration no. 37 25 47 03.

Translation of foreign currency

Transactions in foreign currencies are translated at the rates of exchange on the date of transaction. Differences in the rates of exchange arising between the rate at the date of transaction and the rates at the date of payment are recognised in the Income Statement as financial income or expenses.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the date of the Balance Sheet are translated at the rates of exchange of the balance sheet date. The difference between the rates at the balance sheet date and the rates at the time when the receivable or the payable arises is recognised in the Income Statement under financial income and financial expenses.

On recognition of foreign branches and subsidiaries which are separate entities income statements are translated at average exchange rates for the month, and balance sheet items are translated at closing rates. Foreign exchange differences arising on translation of the opening equity of foreign entities to closing rates and on translation of the income statements from average exchange rates to closing rates are taken directly to equity.

On recognition of foreign subsidiaries and branches which are integral entities, monetary items are translated at closing rates. Non-monetary items are translated at the exchange rates at the acquisition date or at the date of any subsequent revaluation or impairment of the asset. Income statement items are translated at the exchange rates at the transaction date, although items derived from non-monetary items are translated at the historical exchange rates applying to the non-monetary items.

Derivative financial instruments

Derivative financial instruments are recognised initially in the Balance Sheet at cost and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are recognised as other receivables or other debt.

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

For derivative financial instruments that do not qualify for hedge accounting, changes in fair value are recognised in the Income Statement on a regular basis.

Income Statement

Revenue

Income is recognised in revenue when the service is delivered. Revenue is measured ex VAT.

ACCOUNTING POLICIES (continued)

Other external expenses

Other external expenses include costs and expenses for administration etc.

Employee expenses

Employee expenses comprise wages and salaries including pensions and other costs for social security etc. In employee expenses received refunds from public authorities are offset.

Other operating expenses

Other operating expenses include items secondary to the company's activities, including adjustment to purchase price of subsidiary.

Income from investment in subsidiaries

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

Financial income and expenses

Financial income and expenses comprise interest income and expenses, capital gains and losses concerning securities, liabilities and transactions in foreign currencies. Includes furthermore surcharges and allowances under the on-account tax-scheme.

Income tax

Tax for the year comprises current tax, joint taxation contributions for the year and changes in deferred tax for the year – due to changes in the tax rate. The tax expense relating to the profit/loss for the year is re-recognised in the Income Statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

The Company is taxed jointly with TOP-TOY Holding II A/S. The current Danish tax is allocated on the jointly taxed companies in proportion to their taxable profits (full allocation with refund regarding any tax losses).

Balance Sheet

Investments in subsidiaries

Investments in subsidiaries are recognised under the equity method.

Investments in subsidiaries are recognised and measured at their proportionate share of net asset value under the equity method, the value being determined on the basis of the accounting policies of the Company less unrealised intra-group profits and losses.

To the extent the carrying amount exceeds the acquisition value, the net revaluation of investments in subsidiaries is transferred to the net revaluation reserve under equity under the equity method.

Impairment of non-current assets

The carrying amount of investments in subsidiaries to an annual test for indications of impairment. Write-down is made to the recoverable amount if this is lower than the carrying amount.

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value.

Write-down is made for bad debt losses according to an individual assessment.

ACCOUNTING POLICIES (continued)

Equity

Reserve for net revaluation according to the equity method

Net revaluation of investments in subsidiaries and associates is recognised at cost in the reserve for net revaluation according to the equity method.

The reserve can be eliminated in case of losses, realisation of investments or a change in accounting estimates. The reserve cannot be recognised at a negative amount.

Hedging reserve

The hedge reserve comprises the accumulated net change in fair value of hedging transactions which meet the criteria of hedging future cash flows and for which the hedged transaction is yet to be realised.

Dividend

Dividend proposed for the year is recognised as a liability at the date when it is adopted at the annual general meeting (declaration date). Dividend expected to be distributed for the year is disclosed as a separate item under equity.

Income tax and deferred tax

Current tax liabilities and current tax receivables are recognized in the Balance Sheet as tax computed on the year's taxable income adjusted for tax on the previous year's taxable income and tax paid on account.

Joint taxation contribution payable and receivable is recognized in the Balance Sheet as "Joint taxation receivable" or "Joint tax payable".

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities. Deferred tax liabilities as well as deferred tax assets are recognised. Deferred tax assets, including the tax value of tax loss carryforwards, are recognised under other non-current assets at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity and jurisdiction.

Deferred tax is measured according to the tax rules at the balance sheet date when the deferred tax is expected to crystallize as current tax.

Liabilities

Liabilities are measured at net realisable value.

Key figures and financial ratios

Key figures and financial ratios have been prepared in accordance with "Recommendations & Financial Ratios 2015" published by the Danish Finance Society.

The figures in the key figure survey have been found as follows:

Operating margin

$\frac{\text{Operating result} \times 100}{\text{Revenue}}$

Solvency:

$\frac{\text{Equity year end} \times 100}{\text{Total assets year end}}$

INCOME STATEMENT OF 1 JULY - 30 JUNE
(26 OCTOBER 2015 - 30 JUNE 2016)

<u>Note</u> DKK million	2016/17	2015/16
Revenue	65.9	42.3
Other expenses	-1.4	-0.3
	64.6	42.0
Gross profit		
1 Employee expenses	-61.4	-40.0
Other operating expenses	-5.6	0.0
	-2.4	2.0
Operating result		
5 Income from investment in subsidiary	-90.2	-173.4
2 Financial income	24.4	0.0
3 Financial expenses	-48.7	-28.1
	-116.9	-199.5
Result before tax		
4 Tax on result of the year	1.7	4.6
	1.7	4.6
RESULT OF THE YEAR	-115.2	-194.9

BALANCE SHEET AT 30 JUNE

ASSETS

<u>Note</u> DKK million	<u>2016/17</u>	<u>2015/16</u>
5 Investments in group subsidiary	1,720.4	1,911.4
Financial assets	1,720.4	1,911.4
TOTAL NON-CURRENT ASSETS	1,720.4	1,911.4
6 Deferred tax asset	6.1	4.7
Receivables from group enterprises	60.5	3.9
Other receivables	7.8	12.6
Receivables	74.5	21.1
TOTAL CURRENT ASSETS	74.5	21.1
TOTAL ASSETS	<u>1,794.9</u>	<u>1,932.5</u>

BALANCE SHEET AT 30 JUNE

EQUITY AND LIABILITIES

<u>Note</u> DKK million	<u>2016/17</u>	<u>2015/16</u>
7 Share capital	10.1	10.1
Retained earnings	857.0	997.9
Hedging reserve, net of tax	0.6	-0.4
TOTAL EQUITY	867.7	1,007.6
8 Credit institutions	835.7	900.4
Long-term debt	835.7	900.4
8 Short-term part of credit institutions	40.9	2.1
Bank overdraft	26.3	0.0
Trade payables	0.9	1.3
9 Other payables	23.4	21.2
Short-term debt	91.5	24.5
Total debt	927.2	924.9
EQUITY AND LIABILITIES	1,794.9	1,932.5

10 Collaterals, contingencies etc.

11 Related parties

12 Proposed appropriation of profit for the year

13 Events after the balance sheet date

STATEMENT OF CHANGES IN EQUITY

Note	Share capital	Retained earnings	Value adjustments hedging instruments	Total
Equity at 26 October 2015	0.1	0.0	0.0	0.1
Result for the year	0.0	-194.9	0.0	-194.9
Share of transactions on equity	0.0	6.0	0.0	6.0
Hedging, net of tax	0.0	0.0	-0.4	-0.4
Capital increase	<u>10.1</u>	<u>1,186.8</u>	<u>0.0</u>	<u>1,196.9</u>
Equity at 1 July 2016	10.1	997.9	-0.4	1,007.6
12 Result for the year	0.0	-115.2	0.0	-115.2
Share of transactions on the equity	0.0	-25.7	0.0	-25.6
Hedging, net of tax	<u>0.0</u>	<u>0.0</u>	<u>1.0</u>	<u>1.0</u>
Equity at 30 June 2017	<u>10.1</u>	<u>857.0</u>	<u>0.6</u>	<u>867.7</u>

NOTES TO THE FINANCIAL STATEMENT

DKK million	<u>2016/17</u>	<u>2015/16</u>
1. Employee expenses		
Total employee expenses:		
Wages and salaries	55.9	37.9
Pensions	5.0	2.1
Other costs for social security	0.5	0.1
	<u>61.4</u>	<u>40.0</u>
Average number of full-time employees	<u>90</u>	<u>74</u>
Remuneration to the Board of Directors and Executive Board:		
Board of Directors	0.0	0.0
Executive Board	<u>9.8</u>	<u>12.2</u>
	<u>9.8</u>	<u>12.2</u>
<p>Pension of DKK 0.8 million (2015/16: DKK 0.2 million) is included in remuneration to Executive Board. The company's Executive Board is remunerated to manage TOP-TOY A/S with subsequent group internal settlement. The Board of Directors receive no remuneration.</p>		
2. Financial income		
Exchange rate adjustment, net	24.4	0.0
	<u>24.4</u>	<u>0.0</u>
3. Financial expenses		
Interest expenses	40.8	22.5
Amortisation of borrowing costs	7.9	4.0
Exchange rate adjustment, net	0.0	1.6
	<u>48.7</u>	<u>28.1</u>
4. Tax on profit		
Tax on profit for the year	0.0	0.1
Adjustment of deferred tax	-1.7	-4.7
	<u>-1.7</u>	<u>-4.6</u>

NOTES TO THE FINANCIAL STATEMENT

DKK million	<u>2016/17</u>	<u>2015/16</u>
5. Investments in subsidiary		
Cost at 1 July 2016 / 26 October 2015	2,078.8	0.0
Additions	0.0	2,078.8
Cost at 30 June	<u>2,078.8</u>	<u>2,078.8</u>
Revaluation at 1 July 2016 / 26 October 2015	-167.5	0.0
Dividend received	-75.0	0.0
Share of transactions on the equity	-25.7	6.0
Result for the year	-17.7	-135.7
Amortisation of intangible assets	-72.5	-37.7
Revaluation at 30 June	<u>-358.4</u>	<u>-167.5</u>
Carrying amount at 30 June	<u><u>1,720.4</u></u>	<u><u>1,911.4</u></u>
Of which intangible assets	<u>1,382.1</u>	<u>1,460.5</u>
Group subsidiaries:		
	<u>Country</u>	<u>Votes and ownership</u>
TOP-TOY A/S, Vallensbæk Strand	Denmark	100%
TOP-TOY (Hong Kong) Ltd., Hong Kong	Hong Kong	100%
TOP-TOY Norge AS, Sarpsborg	Norway	100%
BR-Spielwaren GmbH, Hamburg	Germany	100%
TOP-TOY Iceland ehf, Reykjavik	Iceland	100%
Jannes Lek AB in liquidation, Haparanda	Sweden	100%
NORSTAR A/S, Vallensbæk Strand	Denmark	100%
NORSTAR AB in liquidation, Angelholm	Sweden	100%
STARNOR, Angelholm	Sweden	100%
NORSTAR AS in liquidation, Sarpsborg	Norway	100%
NORSTAR OY in liquidation, Espoo	Finland	100%

NOTES TO THE FINANCIAL STATEMENT

DKK million	<u>2016/17</u>	<u>2015/16</u>
6. Deferred tax		
Deferred tax, 1 July 2016 / 26 October 2015	-4.7	0.0
Adjustment of deferred tax, during the year	-1.7	-4.7
Adjustment, deferred tax, transactions on equity	0.3	0.0
	<u>-6.1</u>	<u>-4.7</u>
Deferred tax asset		
Tax loss carry forward	-6.1	-3.8
Provisions and short term debt	0.0	-0.9
	<u>-6.1</u>	<u>-4.7</u>

7. Share capital

The share capital consists of 10,147,040 shares of each nominal DKK 1. No shares carry special rights. The share capital has been increased on 25 November 2015 with 450 kDKK, on 11 January 2016 with 9,500 kDKK and on 29 June 2016 with 147,040 kDKK.

8. Long-term debt

	<u>Debt at 30 June</u>	<u>Next year's principal prepayments</u>	<u>Year 2-5 principal prepayments</u>	<u>Debt after 5 years</u>
Credit institutions	918.0	48.8	173.4	695.8
	<u>918.0</u>	<u>48.8</u>	<u>173.4</u>	<u>695.8</u>

Debt to credit institutions include borrowing costs amounting to 41 mDKK, which will be amortized during the loan term. In 2016/17 8 mDKK have been amortized. The total debt of 918 mDKK has been obtained with variable interest rates and 67% of the company's debt are in accordance with company policy hedged, which of 30 June 2017 has a positive market value of 0,7 mDKK. Currency risk is hedged by cash flow in underlying subsidiaries.

The company's loans from credit institutions are subject to a number of loan covenants.

A waiver for loan covenants was required and agreed with the Lenders at 30 June 2017. The two shareholders of TOP-TOY Holding II A/S, TT Holding I S.à.r.l and ODIN DK Holding A/S have in September 2017 given a loan facility of DKK 250 million to TOP-TOY A/S. The TOP-TOY Group is in dialogue with the owners and Lenders about future loan covenants and finance structure. Management expects during the financial year 2017/18 to come to a satisfactory arrangement.

NOTES TO THE FINANCIAL STATEMENT

DKK million	<u>2016/17</u>	<u>2015/16</u>
9. Other payables		
Holiday obligation	9.6	8.8
Other payroll related debt	8.7	7.3
VAT	4.7	4.5
Other	0.3	0.6
	<u>23.4</u>	<u>21.2</u>

10. Collaterals, contingencies etc.

The company is jointly taxed with TOP-TOY Holding II A/S as administration company and its Danish subsidiaries in TOP-TOY Holding II Group. The Company has joint and several unlimited liability for Danish corporation taxes and withholding taxes on dividends, interest and royalties in the joint taxation unit with other Danish companies. At 30 June 2017, the net taxes payable to SKAT by the companies included in the joint taxation amounted to DKK 0 thousand. Any subsequent corrections of the taxable income subject to joint taxation or withholding taxes on dividends, etc., may entail that the companies' liability will increase. TOP-TOY Holding III A/S has executed a share pledge over its shares in TOP-TOY A/S and significant subsidiaries as security for the debt to credit institutions.

11. Related parties

TOP-TOY Holding III A/S' related parties include the following:

Controlling interest:

TOP-TOY Holding II A/S, Vallensbæk (majority shareholder)

The company is included in the Consolidated Financial statements for TOP-TOY Holding II A/S is available on request at the Company.

Transactions with related parties:

Revenue	65.9	42.3
Receivables from group enterprises	60.5	3.9
Dividend received	75.0	0.0

Please refer to note 1 related for remuneration to the Executive Board.

12. Proposed appropriation of profit for the year

Transferred to retained earnings	-115.2	-194.9
Appropriation total	<u>-115.2</u>	<u>-194.9</u>

13. Events after the balance sheet date

No events have occurred after the balance sheet date which may materially affect the Company's financial position.