

Character Denmark ApS

Bredgade 3, 1260 København K

CVR no. 40 64 70 31

**Annual report for the period
8 July 2019 to 31 August 2020**

Adopted at the annual general meeting on 12
February 2021

Joseph John Patrick Kissane
chairman

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Statement by management on the annual report

The executive board has today discussed and approved the annual report of Character Denmark ApS for the financial period 8 July 2019 - 31 August 2020.

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

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 August 2020 and of the results of the company's operations for the financial period 8 July 2019 - 31 August 2020.

In our opinion, management's review includes a fair review of the matters dealt with in the management's review.

Management recommends that the annual report should be approved by the company in general meeting.

Copenhagen, 12 February 2021

Executive board

Joseph John Patrick Kissane

Jeremiah Healy

Independent auditor's report

To the shareholder of Character Denmark ApS

Opinion

We have audited the financial statements of Character Denmark ApS for the financial period 8 July 2019 - 31 August 2020, which comprise income statement, balance sheet, statement of changes in equity, notes and summary of significant accounting policies. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 August 2020 and of the results of the company's operations for the financial period 8 July 2019 - 31 August 2020 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 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 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 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 the 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 the 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 these financial statements.

Independent auditor's report

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment 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 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 company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the 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.

Independent auditor's report

Statement on management's review

Management is responsible for management's review.

Our opinion on the financial statements does not cover 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 management's review and, in doing so, consider whether 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 management's review provides the information required under the Danish Financial Statements Act.

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

Copenhagen, 12 February 2021

Baker Tilly Denmark

Godkendt Revisionspartnerselskab
CVR no. 35 25 76 91

Ramazan Touran
statsautoriseret revisor
MNE no. mne32779

Company details

The company

Character Denmark ApS
Bredgade 3
1260 København K

CVR no.: 40 64 70 31

Reporting period: 8 July 2019 - 31 August 2020

Incorporated: 8. July 2019

Domicile: København K

Executive board

Joseph John Patrick Kissane
Jeremiah Healy

Auditors

Baker Tilly Denmark
Godkendt Revisionspartnerselskab
Poul Bundgaards Vej 1, 1.
2500 Valby

Management's review

Business review

The purpose of the company is to carry out business activities in the form of import, distribution and sale of toys and related activities.

Financial review

The company's income statement for the period ended 31 August 2020 shows a profit of DKK 2.510.984, and the balance sheet at 31 August 2020 shows equity of DKK 2.550.984.

During the financial period, there has been an outbreak and spread of the coronavirus due to the COVID-19 pandemic. However, the company is not expected to be significantly affected by the outbreak. Although we are at an early stage in terms of assessing the impact, management still expects that the outbreak will have no considerable financial impact on the company during the financial year ahead.

Significant events occurring after the end of the financial period

No events have occurred after the balance sheet date which could significantly affect the company's financial position.

Income statement 8 July 2019 - 31 August 2020

	Note	2019/20 DKK (14 months)
Gross profit		62.937
Financial income	1	4.264.149
Financial costs		-1.107.878
Profit before tax		3.219.208
Tax on profit for the period	2	-708.224
Profit for the period		2.510.984
Recommended appropriation of profit		
Retained earnings		2.510.984
		2.510.984

Balance sheet at 31 August 2020

	Note	2020 DKK
Assets		
Finished goods and goods for resale		13.053.841
Prepayments for goods		9.319.868
Stocks		22.373.709
Receivables from associated companies		27.948.762
Prepayments		685.494
Receivables		28.634.256
Cash at bank and in hand		2.426.564
Current assets total		53.434.529
Total assets		53.434.529

Balance sheet at 31 August 2020

	Note	2020 DKK
Equity and liabilities		
Share capital		40.000
Retained earnings		2.510.984
Equity		2.550.984
Corporation tax		708.224
Total non-current liabilities		708.224
Trade payables		37.196.948
Payables to associated companies		1.039.636
Other payables		11.938.737
Total current liabilities		50.175.321
Liabilities total		50.883.545
Liabilities and equity total		53.434.529

Statement of changes in equity

	Share capital	Retained earnings	Total
	DKK	DKK	DKK
Equity at 8 July	40.000	0	40.000
Net profit for the period	0	2.510.984	2.510.984
Equity at 31 August	40.000	2.510.984	2.550.984

Notes

	2019/20 DKK (14 months)
1 Financial income	
Interest received from associated companies	1.306.508
Exchange adjustments	2.957.641
	4.264.149
2 Tax on profit for the period	
Current tax for the year	708.224
	708.224

Accounting policies

The annual report of Character Denmark ApS for 2019/20 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected provisions as regards larger entities.

The annual report for 2019/20 is presented in DKK

As 2019/20 is the company's first reporting period, no comparatives have been presented.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any installments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

Income statement

Revenue

Income from the sale of goods for resale and finished goods is recognised in the income statement, provided that the transfer of risk, usually on delivery to the buyer, has taken place and that the income can be measured reliably and is expected to be received.

Revenue is measured at the fair value of the agreed consideration, excluding VAT and other indirect taxes. Revenue is net of all types of discounts granted.

Accounting policies

Expenses for raw materials and consumables

Costs of raw materials and consumables include the raw materials and consumables used in generating the year's revenue.

Other external costs

Other external costs include expenses related to distribution, sale, advertising, administration etc.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial period. Net financials include interest income and expenses, realised and unrealised exchange gains and allowances under the advance-payment-of-tax scheme, etc.

Tax on profit for the period

Tax for the period, which comprises the current tax charge for the year and changes in the deferred tax charge, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

Balance sheet

Stocks

Stocks are measured at cost using the FIFO method. Where the net realisable value is lower than the cost, inventories are recognised at this lower value.

The cost of goods for resale, raw materials and consumables comprises the purchase price plus delivery costs.

The cost of finished goods and work in progress includes the cost of raw materials, consumables, direct cost of labour and production/production overheads.

The net realisable value of stocks is calculated as the selling price less costs of completion and expenses incurred to effect the sale. The net realisable value is determined taking into account marketability, obsolescence and expected selling price movements.

Receivables

Receivables are measured at amortised cost.

Accounting policies

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable is impaired, an impairment loss for that individual asset is recognised.

Prepayments

Prepayments recognised under 'Current assets' comprises expenses incurred concerning subsequent financial years.

Income tax and deferred tax

Current tax liabilities and current tax receivables are recognised in the balance sheet as the estimated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and tax paid on account.

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively.

Liabilities

Liabilities, which include trade payables, payables to group entities and other payables, are measured at amortised cost, which is usually equivalent to nominal value.