OVG-PROXY A/S

Gothersgade 14 3., 1123 København K

CVR no. 33 64 49 57

Annual report for the period

1 September 2023 to 31 August 2024

Adopted at the annual general meeting on 16 December 2024

Jon Diver
Chairman

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Statement by management on the annual report

The supervisory board and executive board have today discussed and approved the annual report of OVG-PROXY A/S for the financial year 1 September 2023 - 31 August 2024.

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 2024 and of the results of the company's operations for the financial year 1 September 2023 - 31 August 2024.

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, 16 December 2024

Executive board

Jesper Bay

Supervisory board

Jonathan James Diver chairman	Kirankumar Premchand Shah	Jeremiah Healy

Independent auditor's report

To the shareholder of OVG-PROXY A/S

Opinion

We have audited the financial statements of OVG-PROXY A/S for the financial year 1 September 2023 - 31 August 2024, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes. 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 2024 and of the results of the company's operations for the financial year 1 September 2023 - 31 August 2024 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 and IESBA Code. 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.

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:

Independent auditor's report

- 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.

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.

Independent auditor's report

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, 16 December 2024

Baker Tilly Denmark
Godkendt Revisionspartnerselskab
CVR no. 35 25 76 91

Ramazan Turan
statsautoriseret revisor
mne32779

Nanna Grejs Munksgaard
statsautoriseret revisor
mne49907

Company details

The company	OVG-PROXY A/S Gothersgade 14 3. 1123 København K	
	CVR no.:	33 64 49 57
	Reporting period: Incorporated:	1 September 2023 - 31 August 2024 5 May 2011
	Domicile:	Copenhagen
Supervisory board	Jonathan James Diver, chairman Kirankumar Premchand Shah Jeremiah Healy	
Executive board	Jesper Bay	
Auditors	Baker Tilly Denmark Godkendt Revisionspartnerselskab Poul Bundgaards Vej 1, 1. 2500 Valby	
Consolidated financial statements	The company is consolidated in the ultimate parent company's financial statement. The group report of Character Group Plc. can be obtained at the following address: www.thecharacter.com	

Financial highlights

Seen over a 5-year period, the development of the Company may be described by means of the following financial highlights:

	2023/24	2022/23	2021/22	2020/21	2020
	DKK (12 months)	DKK (12 months)	DKK (12 months)	DKK (12 months)	DKK (8 months)
Key figures					
Profit/loss					
Gross profit/loss	15.277.182	17.350.125	13.691.797	4.976.668	12.175.106
Profit/loss before net financials	-89.929	4.513.352	33.599	-5.210.687	3.001.479
Net financials	4.128.412	-950.519	2.936.166	-6.190.563	-2.738.180
Profit/loss for the year	3.871.229	3.562.833	2.969.765	-12.194.250	50.299
Balance sheet					
Balance sheet total	20.793.135	23.649.759	29.587.508	30.687.556	40.250.652
Investment in property, plant and equipment	0	0	135.900	162.988	219.557
Equity	-18.204.435	-22.075.664	-25.638.497	-28.608.262	-16.423.649
Number of employees	22	22	19	15	16
Financial ratios					
Return on assets	-0,4%	17,0%	0,1%	-14,7%	7,9%
Solvency ratio	-87,6%	-93,3%	-86,7%	-93,2%	-40,8%
Return on equity	-19,2%	-14,9%	-10,9%	54,2%	-0,2%

The financial ratios are calculated in accordance with the Danish Finance Society's recommendations and guidelines. For definitions, see the summary of significant accounting policies.

Management's review

Business review

OVG-PROXY A/S primary activity is to carry out sales and distribution activities in the Nordic region, with a primary focus on toys.

Recognition and measurement uncertainties

The recognition and measurement of items in the annual report is not associated with any uncertainty.

Unusual matters

The company's financial position at 31 August 2024 and the results of its operations for the financial year ended 31 August 2024 are not affected by any unusual matters.

Financial review

The company's income statement for the year ended 31 August 2024 shows a profit of DKK 3.871.229, and the balance sheet at 31 August 2024 shows negative equity of DKK 18.204.435.

Like most importers, the company was affected by the high freight costs dring the year.

The Company continues to add new product ranges to its portfolio, and the expectation is that this will continue to lead to increased sales and profitability.

Risks and uncertainties

The company is not affected by other uncertainties than those usual for the branch.

The Company’s shareholder and the ultimate shareholder have issued letters of financial support at least until 31 August 2025.

Environment

The company recognises the need to seek to find ways to minimise the impact of its operations on the environment. Accordingly, a plan is being drawn up to minimise waste, work with suppliers who have recyclability of packaging materials, and whose use of timber for products is from certified, managed sources.

Significant events occurring after the end of the financial year

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

Foreign branches

The company operates a branch in Finland.

Income statement 1 September 2023 - 31 August 2024

	Note	2023/24	2022/23
		DKK	DKK
Gross profit		**15.277.182**	**17.350.125**
Staff costs	2	-15.367.111	-12.705.840
Loss before amortisation/depreciation and impairment losses		**-89.929**	**4.644.285**
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		0	-130.933
Profit before net financials		**-89.929**	**4.513.352**
Financial income	3	4.710.284	5.834
Financial costs	4	-581.872	-956.353
Profit before tax		**4.038.483**	**3.562.833**
Tax on profit for the period	5	-167.254	0
Profit for the year		**3.871.229**	**3.562.833**
Distribution of profit	6		

Balance sheet at 31 August 2024

	Note	2024	2023
		DKK	DKK
Assets			
Deposits	7	1.066.475	1.008.173
Fixed asset investments		**1.066.475**	**1.008.173**
Total non-current assets		**1.066.475**	**1.008.173**
Trade receivables		15.777.999	15.573.072
Receivables from group entities		1.231.409	911.068
Other receivables		0	35.886
Joint taxation contributions receivable		0	83.000
Prepayments	8	584.167	1.773.850
Receivables		**17.593.575**	**18.376.876**
Cash at bank and in hand		**2.133.085**	**4.264.710**
Total current assets		**19.726.660**	**22.641.586**
Total assets		**20.793.135**	**23.649.759**

Balance sheet at 31 August 2024

	Note	2024	2023
		DKK	DKK
Equity and liabilities			
Share capital		500.000	500.000
Retained earnings		-18.704.435	-22.575.664
Equity		**-18.204.435**	**-22.075.664**
Other payables		767.108	744.103
Total non-current liabilities	9	**767.108**	**744.103**
Trade payables		594.524	2.551.140
Payables to group entities		31.121.668	37.636.196
Other payables		6.514.270	4.793.984
Total current liabilities		**38.230.462**	**44.981.320**
Total liabilities		**38.997.570**	**45.725.423**
Total equity and liabilities		**20.793.135**	**23.649.759**
Uncertainty about continued operations (going concern)	1		
Contingent liabilities	10		
Related parties and ownership structure	11		

Statement of changes in equity

	Share capital	Retained earnings	Total
	DKK	DKK	DKK
Equity at 1 September 2023	500.000	-22.575.664	-22.075.664
Net profit for the year	0	3.871.229	3.871.229
Equity at 31 August 2024	**500.000**	**-18.704.435**	**-18.204.435**

Notes

1 Uncertainty about continued operations (going concern)

Due to negative results in previous years, the company has a strained cash-flow. The parent company and the ultimate parent company have stated that they will support and finance the company. In addition, it is expected that the planned activities for the coming year will generate positive results, as they have the last two financial years.

Based on the above management has prepared the consolidated financial statements on the basis of going concern.

		2023/24	2022/23
		DKK	DKK
2	**Staff costs**		
	Wages and salaries	11.951.489	10.743.471
	Pensions	1.256.057	1.182.093
	Other social security costs	175.589	189.439
	Other staff costs	1.983.976	590.837
		15.367.111	**12.705.840**
	Number of fulltime employees on average	23	22

According to section 98 B(3) of the Danish Financial Statements Act, renumeration to the executive board has not been disclosed.

		2023/24	2022/23
3	**Financial income**		
	Other financial income	4.710.284	5.834
		4.710.284	**5.834**

Notes

		2023/24	2022/23
		DKK	DKK
4	**Financial costs**		
	Interest paid to associated companies	420.301	307.643
	Other financial costs	161.571	648.710
		581.872	**956.353**
5	**Tax on profit/loss for the period**		
	Adjustment of tax concerning previous years	167.254	0
		167.254	**0**
6	**Distribution of profit**		
	Retained earnings	3.871.229	3.562.833
		3.871.229	**3.562.833**

7 **Fixed asset investments**

	Deposits
	DKK
Cost at 1 January 2020 at 1 September 2023	1.008.173
Additions for the year	58.302
Cost at 1 January 2020 at 31 August 2024	1.066.475
Carrying amount at 31 August 2024	**1.066.475**

8 **Prepayments**

Prepayments consist of costs relating to future financial years.

Notes

9 Long term debt

	Debt at 1 September 2023	Debt at 31 August 2024	Instalment next year	Debt outstanding after 5 years
	DKK	DKK	DKK	DKK
Other payables	744.103	767.108	0	0
	744.103	**767.108**	**0**	**0**

10 Contingent liabilities

The Company has entered into an operating lease of premises. The lease is interminable until October 2024, with first possible move out April 2025. The total lease commitment amounts to DKK 1.162k.

The Company has entered into operating leases of cars. The total lease commitment amounts to DKK 214k.

11 Related parties and ownership structure

The Character Group plc, London, United Kingdom ultimatively owns the shares in the Company and has a controlling interest in the Company.

The Company is consolidated in the ultimate parent company's financial statement.

The group annual report of The Character Group Plc. may be obtained at the following address: www.thecharacter.com

The annual report of OVG-PROXY A/S for 2023/24 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B, as well as provisions applying to reporting class C entities.

The accounting policies applied are consistent with those of last year.

The annual report for 2023/24 is presented in DKK.

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

Gross profit

In pursuance of section 32 of the Danish Financial Statements Act, the company does not disclose its revenue.

Gross profit reflects an aggregation of revenue, changes in inventories of finished goods and other operating income less costs of raw materials and consumables and other external expenses.

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

Cost of sales

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

Other operating income

The item Other operating income includes items of a secondary nature relative to the company's activities, including gains on the sale of intangible assets and items of property, plant and equipment, operating losses, indemnities relating to operating losses and conflicts as well as payroll refunds. Indemnities are recognised when it is more probable than not that the company is going to be indemnified.

Other external costs

Other external costs include expenses related to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to the entity's employees.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise the period's amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

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 capital/exchange gains and losses on foreign currency transactions etc.

Tax on profit/loss for the period

The company acts as management company for all jointly taxed entities and, in its capacity as such, pays all income taxes to the Danish tax authorities.

Tax for the year, 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 period and directly in equity as regards the portion that relates to entries directly in equity.

Balance sheet

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.

Cash and cash equivalents

Cash and cash equivalents comprise cash and deposits at banks.

Income tax and deferred tax

As management company, OVG-PROXY A/S is liable for payment of the subsidiaries' corporate income taxes to the tax authorities.

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. Deferred tax is measured at net realisable value.

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.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses. If foreign currency instruments are considered cash flow hedges, any unrealised value adjustments are taken directly to a fair value reserve under ‘Equity’.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Accounting policies

Financial Highlights

Definitions of financial ratios.

Return on assets $= \dfrac{\text{Profit/loss before financials x 100}}{\text{Average assets}}$

Solvency ratio $= \dfrac{\text{Equity at year end x 100}}{\text{Total assets}}$

Return on equity $= \dfrac{\text{Net profit for the year x 100}}{\text{Average equity}}$