



Annual report 1 May 2017 until 30 April 2018

Kids Brands House N.V.

Verstegen accountants en adviseurs B.V.
Dordrecht, 11 May 2020
This report consists of 24 pages
Re: AV/TB/360480.17/G



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To the board of Directors
of Kids Brands House N.V.
Haarstraat 27
4201 JA GORINCHEM

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Dordrecht, 11 May 2020

Dear Sirs,

Introduction


Following your assignment we have audited the annual accounts for the financial year 1 May 2017 until 30 April 2018 of Kids Brands House N.V.

The independent auditors report is included under the Other information. Please find enclosed the annual accounts.

We trust to have sufficiently informed you. We are always willing to supply you with additional information if necessary.

Yours sincerely,

on behalf of Verstegen accountants en adviseurs B.V.



Drs. A. Vat RA



FINANCIAL STATEMENTS



Kids Brands House N.V.

Balance sheet as at 30 April 2018

(After proposal distribution of result)

	30-04-2018		30-04-2017	
	€	€	€	€
ASSETS				
Fixed assets				
<i>Intangible assets</i>				
Concessions, permits and intellectual property rights	1.800.000		2.000.000	
Goodwill	-		166.667	
		1.800.000		2.166.667
<i>Financial assets</i>				
Participations in group companies	2.932.464		1.649.118	
Participations in affiliated companies	-		1	
Receivables on companies participated in	-		447.229	
Other investments	2.000.001		1	
		4.932.465		2.096.349
Current assets				
<i>Receivables</i>				
Receivables from group companies	51.000		21.000	
Receivables from associated companies	15.000		150.347	
Taxes and social security charges	5.790		-	
Current account shareholders	28.094		-	
Other receivables and current assets	-		3.833	
		99.884		175.180
<i>Cash and cash equivalents</i>				
Deutsche Bank AG		6.342		6.200
Total assets		6.838.691		4.444.396



Kids Brands House N.V.

	30-04-2018		30-04-2017	
	€	€	€	€
EQUITY AND LIABILITIES				
Equity				
Issued share capital	3.150.000		3.150.000	
Share premium reserve	3.877.000		3.877.000	
Equity Guarantee	2.249.970		-	
General reserve	<u>-6.502.562</u>		<u>-6.692.236</u>	
		2.774.408		334.764
Non-current liabilities				
Convertible loans	-		1.000.000	
Liabilities to group companies	<u>937.500</u>		<u>687.500</u>	
		937.500		1.687.500
Current liabilities				
Trade payables	74.120		46.070	
Taxes and social security contributions	-		1.919	
Other payables and short term liabilities	<u>3.052.663</u>		<u>2.374.143</u>	
		3.126.783		2.422.132
Total liabilities		<u><u>6.838.691</u></u>		<u><u>4.444.396</u></u>



Kids Brands House N.V.

Profit and loss account for the period 1 May 2017 until 30 April 2018

	<u>01-05-2017 / 30-04-2018</u>		<u>01-05-2016 / 30-04-2017</u>	
	€	€	€	€
Revenues		115.000		72.000
Depreciation of intangible and tangible fixed assets	200.000		567.178	
Other operating expenses	<u>112.935</u>		<u>93.460</u>	
Total operating expenses		<u>312.935</u>		<u>660.638</u>
Operating result		-197.935		-588.638
Revenues of receivables from fixed assets and securities	-108.347		25.012	
Interest and similar expenses	<u>26.507</u>		<u>-65.467</u>	
Financial income and expense		<u>-81.840</u>		<u>-40.455</u>
		-279.775		-629.093
Share in result from participations		<u>469.449</u>		<u>-1.280.597</u>
Result after taxes		<u><u>189.674</u></u>		<u><u>-1.909.690</u></u>



Kids Brands House N.V.

Cash flow statement for the period 1 May 2017 until 30 April 2018

	01-05-2017 / 30-04-2018	
	€	€
Cash flow from operating activities		
Operating result		-197.935
<i>Adjustments for</i>		
Depreciation	200.000	
Result from participations not through participations	436.103	
Value changes of receivables from fixed assets	-402.771	
		233.332
<i>Changes in working capital</i>		
Receivables from group companies	-30.000	
Receivables from associated companies	135.347	
Decrease (increase) in other receivable	-30.051	
Increase (decrease) in other payables	704.651	
		779.947
Cash flow from business activities		815.344
Interest received	-108.347	
Interest paid	26.507	
		-81.840
Cash flow from operating activities		733.504
Cash flow from investment activities		
Purchase of financial assets	-3.250.000	
Proceeds from sales of intangible assets	166.667	
Proceeds from sales of financial assets	850.001	
Cash flow from investment activities		-2.233.332
Cash flow from financing activities		
Proceeds from borrowings		1.499.970
Movements cash		142
Turnover movement cash and cash equivalents		
Cash and cash equivalents at the beginning of the period		-
Increase (decrease) cash and cash equivalents		6.342
Cash and cash equivalents at the end of the period		6.342



Kids Brands House N.V.

Notes to the financial statements

Entity information

Registered address and registration number trade register

The registered and actual address of Kids Brands House N.V. is Haarstraat 27, 4201 JA in Gorinchem. Kids Brands House N.V. is registered at the trade register under number 17185632.

General notes

The most important activities of the entity

The activities of Kids Brands House N.V. consist mainly of taking interests in and financing other companies and acquiring concessions in the purpose of these companies

The exemption of consolidation

Kids Brands House N.V. forms a group together with:

- Junior Fashion GmbH in Pliezhausen - Germany.
- Bellybutton International GmbH in Hamburg - Germany.

Because the group can also be classified as small after consolidation, consolidation has been dispensed pursuant to section 407, sub 2, under a of Book 2 of the Dutch Civil Code.

General accounting principles

The accounting standards used to prepare the financial statements

The financial statement is drawn up in accordance with the provisions of Title 9, Book 2 of the Dutch Civil Code and the Dutch Accounting Standards, as published by the Dutch Accounting Standards Board ('Raad voor de Jaarverslaggeving').

Assets and liabilities are generally valued at historical cost, production cost or at fair value at the time of acquisition. If no specific valuation principle has been stated, valuation is at historical cost.

Disclosure of prior period errors

The net value of the 36,9% participation of Bellybutton International GmbH in 4 Little GmbH per April 30th 2017 was miscalculated. The effect on the result for the financial year 2016/2017 is € 129.795.

The goodwill of Bellybutton International GmbH has a bookvalue per April 30th, 2017 of € 278.320.

On December 15, 2014 € 225.000 goodwill was paid at the purchase of 3 stocks Bellybutton International GmbH. This was not booked in 2014.

Because of the impairment of this goodwill, in the financial year 2016/2017 this goodwill is for the total amount of € 503.320 booked as amortization.

The total effect regarding prior period errors is € 633.115 and this amount is adjusted directly in the equity.



Kids Brands House N.V.

Accounting principles

Intangible assets

Intangible fixed assets are stated at historical cost less amortisation. Impairments are taken into consideration; this is relevant in the event that the carrying amount of the asset (or of the cash-generating unit to which the asset belongs) is higher than its realisable value.

With regard to the determination as to whether an intangible fixed asset is subject to an impairment, please refer to the relevant section.

Goodwill resulting from acquisitions and calculated in accordance with section 'Acquisition and disposal of group companies' is capitalised and amortised on a straight-line basis over the estimated economic life.

Financial assets

Participations, over which significant influence can be exercised, are valued according to the net asset value method. In the event that 20% or more of the voting rights can be exercised, it may be assumed that there is significant influence.

The net asset value is calculated in accordance with the accounting principles that apply for these financial statements; with regard to participations in which insufficient data is available for adopting these principles, the valuation principles of the respective participation are applied.

If the valuation of a participation based on the net asset value is negative, it will be stated at nil. If and insofar as Kids Brands House N.V. can be held fully or partially liable for the debts of the participation, or has the firm intention of enabling the participation to settle its debts, a provision is recognised for this.

Newly acquired participations are initially recognised on the basis of the fair value of their identifiable assets and liabilities at the acquisition date. For subsequent valuations, the principles that apply for these financial statements are used, with the values upon their initial recognition as the basis.

The amount by which the carrying amount of the participation has changed since the previous financial statements as a result of the net result achieved by the participation is recognised in the profit and loss account.

Participations over which no significant influence can be exercised are valued at historical cost. The result represents the dividend declared in the reporting year, whereby dividend not distributed in cash is valued at fair value.

In the event of an impairment loss, valuation takes place at the recoverable amount; an impairment is recognised and charged to the profit and loss account.

Receivables recognised under financial fixed assets are initially valued at the fair value less transaction costs. These receivables are subsequently valued at amortised cost price, which is, in general, equal to the nominal value. For determining the value, any depreciation is taken into account.



Kids Brands House N.V.

Cash and cash equivalents

Cash at banks and in hand represent cash in hand, bank balances and deposits with terms of less than twelve months. Overdrafts at banks are recognised as part of debts to lending institutions under current liabilities. Cash at banks and in hand is valued at nominal value.

Current liabilities

On initial recognition current liabilities are recognised at fair value. After initial recognition current liabilities are recognised at the amortised cost price, being the amount received taking into account premiums or discounts and minus transaction costs. This is usually the nominal value.

Accounting principles for determining the result

The result is the difference between the realisable value of the goods/services provided and the costs and other charges during the year. The results on transactions are recognised in the year in which they are realised.

Income tax expense

Tax on the result is calculated based on the result before tax in the profit and loss account, taking account of the losses available for set-off from previous financial years and exempt profit components and after the addition of non-deductible costs. Due account is also taken of changes which occur in the deferred tax assets and deferred tax liabilities in respect of changes in the applicable tax rate.

Cash flow statement

The cash flow statement has been prepared using the indirect method. The cash items disclosed in the cash flow statement comprise cash at banks and in hand except for deposits with a maturity longer than three months. Cash flows denominated in foreign currencies have been translated at average estimated exchange rates. Exchange differences affecting cash items are shown separately in the cash flow statement. Interest paid and received, dividends received and income taxes are included in cash from operating activities. Dividends paid are recognised as cash used in financing activities. Transactions not resulting in inflow or outflow of cash, including finance leases, are not recognised in the cash flow statement. Payments of finance lease instalments qualify as repayments of borrowings under cash used in financing activities and as interest paid under cash generated from operating activities.



Kids Brands House N.V.

Notes to the balance sheet

Fixed assets

Intangible assets

	Concessions, permits and intellectual property rights	Goodwill	Total
	€	€	€
Balance as at 1 May 2017			
Cost or manufacturing price	2.000.000	250.000	2.250.000
Accumulated amortization	-	-83.333	-83.333
Book value as at 1 May 2017	<u>2.000.000</u>	<u>166.667</u>	<u>2.166.667</u>
<i>Movements</i>			
Amortisations	-200.000	-	-200.000
Disposals	-	-250.000	-250.000
Amortization on disposals	-	83.333	83.333
Balance movements	<u>-200.000</u>	<u>-166.667</u>	<u>-366.667</u>
Balance as at 30 April 2018			
Cost or manufacturing price	2.000.000	-	2.000.000
Accumulated amortization	-200.000	-	-200.000
Book value as at 30 April 2018	<u>1.800.000</u>	<u>-</u>	<u>1.800.000</u>

Kids Brands House N.V. has obtained intellectual property for the amount of € 2.000.000 in the financial year 2016/2017. This transaction was not based on a comprehensive valuation report and therefore it could possibly be classified as a non-arm's length transaction.

This intellectual property is included in the balance sheet as at 30 April 2018 for € 1.800.000. On the basis of the impairment testing performed, management has determined that no goodwill impairment is necessary.



Kids Brands House N.V.

Financial assets

	<u>30-04-2018</u>	<u>30-04-2017</u>
	€	€
<i>Participations in group companies</i>		
Junior Fashion GmbH	2.054.891	748.337
Bellybutton International GmbH	<u>877.573</u>	<u>900.781</u>
	<u>2.932.464</u>	<u>1.649.118</u>
	<u>01-05-2017 /</u>	<u>01-05-2016 /</u>
	<u>30-04-2018</u>	<u>30-04-2017</u>
	€	€
<u>Junior Fashion GmbH</u>		
Book value as at 1 May	748.337	736.504
Investments	1.250.000	-
Profit for the financial year	<u>56.554</u>	<u>11.833</u>
Book value as at 30 April	<u>2.054.891</u>	<u>748.337</u>
<u>Bellybutton International GmbH</u>		
Book value as at 1 May	900.781	1.369.813
Loss for the financial year	<u>-23.208</u>	<u>-469.032</u>
Book value as at 30 April	<u>877.573</u>	<u>900.781</u>
	<u>30-04-2018</u>	<u>30-04-2017</u>
	€	€
<i>Participations in affiliated companies</i>		
Junior Brands Group GmbH	<u>-</u>	<u>1</u>
	<u>01-05-2017 /</u>	<u>01-05-2016 /</u>
	<u>30-04-2018</u>	<u>30-04-2017</u>
	€	€
<u>Junior Brands Group GmbH</u>		
Balance as at 1 May	1	420.629
Addition to provision	-	-420.628
Disposal participation	<u>-1</u>	<u>-</u>
Balance as at 30 April	<u>-</u>	<u>1</u>



Kids Brands House N.V.

	<u>30-04-2018</u>	<u>30-04-2017</u>
	€	€
<i>Receivables on companies participated in</i>		
Loan (I) Junior Brands Group GmbH	-	300.000
Loan (II) Junior Brands Group GmbH	-	97.229
Loan (III) Junior Brands Group GmbH	-	50.000
	<u>-</u>	<u>447.229</u>
	<u>01-05-2017 /</u>	<u>01-05-2016 /</u>
	<u>30-04-2018</u>	<u>30-04-2017</u>
	€	€
<u>Loan (II) Junior Brands Group GmbH</u>		
Balance as at 1 May		
Principal amount	500.000	500.000
Provision on Loan	<u>-402.771</u>	<u>-</u>
Book value as at 1 May	<u>97.229</u>	<u>500.000</u>
<i>Movements</i>		
Mutation in provision	402.771	-402.771
Repayment in financial year	<u>-500.000</u>	<u>-</u>
Balance movements	<u>-97.229</u>	<u>-402.771</u>
Balance as at 30 April		
Principal amount	-	500.000
Provision on Loan	<u>-</u>	<u>-402.771</u>
Book value as at 30 April	<u>-</u>	<u>97.229</u>



Kids Brands House N.V.

	<u>01-05-2017 /</u> <u>30-04-2018</u>	<u>01-05-2016 /</u> <u>30-04-2017</u>
	€	€
<u>Loan (I) Junior Brands Group GmbH</u>		
Balance as at 1 May		
Principal amount	<u>300.000</u>	<u>300.000</u>
Book value as at 1 May	<u>300.000</u>	<u>300.000</u>
<i>Movements</i>		
Repayment in financial year	<u>-300.000</u>	<u>-</u>
Balance as at 30 April		
Principal amount	<u>-</u>	<u>300.000</u>
Book value as at 30 April	<u>-</u>	<u>300.000</u>
<u>Loan (III) Junior Brands Group GmbH</u>		
Balance as at 1 May		
Principal amount	<u>50.000</u>	<u>50.000</u>
Book value as at 1 May	<u>50.000</u>	<u>50.000</u>
<i>Movements</i>		
Repayment in financial year	<u>-50.000</u>	<u>-</u>
Balance as at 30 April		
Principal amount	<u>-</u>	<u>50.000</u>
Book value as at 30 April	<u>-</u>	<u>50.000</u>



Kids Brands House N.V.

	<u>30-04-2018</u>	<u>30-04-2017</u>
	€	€
<i>Other investments</i>		
Vinna AG	1	1
Buy option	<u>2.000.000</u>	<u>-</u>
	<u>2.000.001</u>	<u>1</u>

For the past years no annual report is received regarding subsidiary Vinna AG. The management of Kids Brands House N.V. does not have any information regarding the financial position or (other) shareholders. Furthermore it is unknown if Kids Brands House N.V. has any (financial) obligations to Vinna AG. Because of the lack of information and annual reports the share in this subsidiary is valued at € 1. The uncertainty regarding any (financial) obligations to Vinna AG is not valued in this report. Any future obligations regarding Vinna AG which arise will result in costs for Kids Brands House N.V., this will also result in a negative impact on the equity and result of Kids Brands House N.V. which is not valued in this report.

Current assets

Receivables

	<u>30-04-2018</u>	<u>30-04-2017</u>
	€	€
<i>Receivables from group companies</i>		
Junior Fashion GmbH, other receivables	36.000	-
Management fee	12.000	9.000
Bellybutton International GmbH, other receivables	<u>3.000</u>	<u>12.000</u>
	<u>51.000</u>	<u>21.000</u>
<i>Receivables from associated companies</i>		
Intrest loans Junior Brands Group GmbH	-	108.347
Junior Brands Group GmbH, other receivables	15.000	37.000
Kids Fashion Group GmbH, other receivables	<u>-</u>	<u>5.000</u>
	<u>15.000</u>	<u>150.347</u>
<i>Taxes and social security charges</i>		
Value added tax	<u>5.790</u>	<u>-</u>
<i>Current account shareholders</i>		
Mr. K.Ö. Bender, current account	<u>28.094</u>	<u>-</u>
<i>Other receivables and current assets</i>		
Prepaid expenses	<u>-</u>	<u>3.833</u>



Kids Brands House N.V.

Equity

The withheld part of the result in equity

The withheld part of the result: € 189.674

Issued share capital

3.150.000-ordinary shares at per value € 1,00.

The statutory share capital amounts to € 15.750.000.

	Shares	
	€	
Balance as at 1 May 2017	3.150.000	
Movements	-	
Balance as at 30 April 2018	<u>3.150.000</u>	
	01-05-2017 / 30-04-2018	01-05-2016 / 30-04-2017
	€	€
<i>Share premium reserve</i>		
Balance as at 1 May	3.877.000	3.877.000
Movements	-	-
Balance as at 30 April	<u>3.877.000</u>	<u>3.877.000</u>
<i>Equity Guarantee</i>		
Balance as at 1 May	-	-
Conversion convertible bonds in capital	<u>2.249.970</u>	-
Balance as at 30 April	<u>2.249.970</u>	-
<i>General reserve</i>		
Balance as at 1 May	-6.692.236	-4.782.546
Appropriation of result	<u>189.674</u>	<u>-1.909.690</u>
Balance as at 30 April	<u>-6.502.562</u>	<u>-6.692.236</u>



Kids Brands House N.V.

Non-current liabilities

	<u>30-04-2018</u>	<u>30-04-2017</u>
	€	€
<i>Convertible loans</i>		
Convertible bond	-	1.000.000
	<u> </u>	<u> </u>
	<u>01-05-2017 /</u>	<u>01-05-2016 /</u>
	<u>30-04-2018</u>	<u>30-04-2017</u>
	€	€
<u>Convertible bond</u>		
Balance as at 1 May	1.000.000	1.000.000
Increase of convertible bond	1.249.970	-
Conversion convertible bonds in capital	-2.249.970	-
	<u> </u>	<u> </u>
Balance as at 30 April	-	1.000.000
	<u> </u>	<u> </u>

The convertible loan is completely converted into share capital on April 10th, 2019.

	<u>30-04-2018</u>	<u>30-04-2017</u>
	€	€
<i>Liabilities to group companies</i>		
Junior Fashion GmbH	937.500	687.500
	<u> </u>	<u> </u>
	<u>01-05-2017 /</u>	<u>01-05-2016 /</u>
	<u>30-04-2018</u>	<u>30-04-2017</u>
	€	€
<u>Junior Fashion GmbH</u>		
Balance as at 1 May	687.500	693.000
Increase	250.000	-
Repayment	-	-5.500
	<u> </u>	<u> </u>
Balance as at 30 April	937.500	687.500
	<u> </u>	<u> </u>

Current liabilities

	<u>30-04-2018</u>	<u>30-04-2017</u>
	€	€
<i>Trade payables</i>		
Trade creditors	74.120	46.070
	<u> </u>	<u> </u>
<i>Taxes and social security contributions</i>		
Value added tax	-	1.919
	<u> </u>	<u> </u>



Kids Brands House N.V.

	<u>30-04-2018</u>	<u>30-04-2017</u>
	€	€
<i>Other payables and short term liabilities</i>		
Kanz Financial Holding GmbH, trade payable	950.000	2.000.000
Kids Retail Group GmbH, trade payable	2.000.000	-
Misc prepaid expenses	-	225.000
Interest convertible bond	-	50.000
Interest loans Junior Fashion GmbH	63.913	69.143
Accountantscosts	35.750	27.000
Administration costs	3.000	3.000
	<u>3.052.663</u>	<u>2.374.143</u>

Subsequent events

After the balance sheet date Kids Brands House N.V. is affected by the circumstances related to the coronavirus COVID-19. The organisation expects to be able to continue sales. Furthermore the organisation will be making cost savings.

Based on the current circumstances and the current state of affairs as regards the measures announced by the government, there is no uncertainty related to the organisation's ability to continue as a going concern.

Proposal appropriation of result

The management of the company proposes to appropriate the result as follows:

The appropriation of profit for the period 1 May 2017 until 30 April 2018 in the amount of € 189.674 will be fully added to the other reserves.

This proposal needs to be determined by the General Meeting, but has already been processed in anticipation in the annual accounts 1 May 2017 until 30 April 2018 for the company.



Kids Brands House N.V.

Notes to the statement of income and expenses

	01-05-2017 / 30-04-2018	01-05-2016 / 30-04-2017
	€	€
Revenues		
Management fee	<u>115.000</u>	<u>72.000</u>
Average number of employees		
01-05-2017 / 30-04-2018		
Average number of employees		<u>Number</u>
01-05-2016 / 30-04-2017		-
Average number of employees		<u>Number</u>
		-
	01-05-2017 / 30-04-2018	01-05-2016 / 30-04-2017
	€	€
Amortisation of intangible fixed assets		
Amortisation costs intellectual property	200.000	-
Amortisation costs of goodwill	-	567.178
	<u>200.000</u>	<u>567.178</u>
Other operating expenses		
General expenses	<u>112.935</u>	<u>93.460</u>
<i>General expenses</i>		
Audit costs	59.225	39.643
Litigation expenses	4.332	-
Administration costs	20.850	12.557
Stockexchange costs	15.833	15.042
Advice costs	6.745	18.910
Domiciliation fee	300	1.400
Miscellaneous	967	-
Office expenses	4.683	5.908
	<u>112.935</u>	<u>93.460</u>



Kids Brands House N.V.

	<u>01-05-2017 /</u> <u>30-04-2018</u>	<u>01-05-2016 /</u> <u>30-04-2017</u>
	€	€
Revenues of receivables from fixed assets and securities		
Interest loans Junior Brand Group GmbH	<u>-108.347</u>	<u>25.012</u>
Interest and similar expenses		
Interest liabilities to group companies	23.420	15.385
Interest loans contracted	-50.000	50.000
Other interest expenses	<u>73</u>	<u>82</u>
	<u>-26.507</u>	<u>65.467</u>
Interest liabilities to group companies		
Junior Fashion GmbH	<u>23.420</u>	<u>15.385</u>
Interest loans contracted		
Convertible bond	<u>-50.000</u>	<u>50.000</u>
Other interest expenses		
Banking costs	<u>73</u>	<u>82</u>
Share in result from participations		
Junior Fashion Group GmbH, result for the year	56.554	11.833
Junior Brands Group GmbH, result for the year	-	-823.398
Junior Brands Group GmbH (disposal profit)	199.999	-
Junior Brands Group GmbH (release provision loans)	402.771	-
Junior Brands Group GmbH (write off remaining goodwill)	-166.667	-
Bellybutton International GmbH, result for the year	<u>-23.208</u>	<u>-469.032</u>
	<u>469.449</u>	<u>-1.280.597</u>

Gorinchem, 11 May 2020

H.A. Hepperle
Director



Kids Brands House N.V.

Gorinchem, 11 May 2020

Signing Commisioners:



K.O. Bender



Kids Brands House N.V.

Other information



To the shareholders of Kids Brands House N.V.

Independent auditor's report

A. Report on the audit of the financial statements 2017-2018 included in the annual report

Our disclaimer of opinion

We were engaged to audit the financial statements for the year ended 30 April 2018 of Kids Brands House N.V. based in Amsterdam.

We do not express an opinion on the accompanying financial statements of the company. Due to the significance of the matter described in the 'Basis for our disclaimer of opinion' section, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the accompanying financial statements as a whole.

The financial statements comprise:

1. the balance sheet as at 30 April 2018;
2. the profit and loss account for the period 1 May 2017 until 30 April 2018; and
3. the notes comprising of a summary of the accounting policies and other explanatory information.

Basis for our disclaimer of opinion

The financial statements of Kids Brands House N.V. include participations in group companies. Therefore, we are appointed as group auditor. The component auditor of group company Bellybutton International GmbH was unable to obtain sufficient and appropriate audit evidence on the valuation of accounts related to a group company. As a result of the aforementioned circumstances, we were unable to determine whether the valuation of Bellybutton International GmbH for the amount of € 877.573 is correct.

We are independent of Kids Brands House N.V. in accordance with the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics for Auditors).

Emphasis of uncertainty with respect to concessions, permits and intellectual property rights

We draw attention to note 11 to the financial statements which describes the uncertainty related to the valuation of the concessions, permits and intellectual property rights. We are unable to obtain sufficient and appropriate audit evidence on the valuation of the concessions, permits and intellectual property rights. Our conclusion is not qualified in respect of this matter.



B. Description of responsibilities regarding the financial statements

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible 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.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting, unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

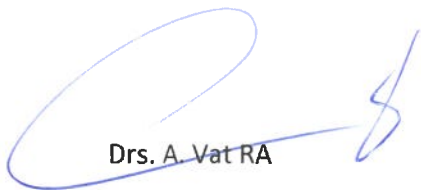
Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our responsibility is to express an opinion on the financial statements based on conducting the audit in accordance with Dutch law, including the Dutch Standards on Auditing. However, due to the matter described in the 'Basis for our disclaimer of opinion' section, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Dordrecht, 11 May 2020

Verstegen accountants en adviseurs B.V.



Drs. A. Vat RA