

Molo A/S

Baltikavej 20, 1., 2150 Nordhavn

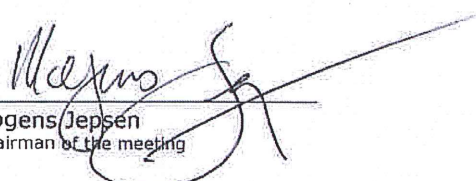
Annual report

2017

Company reg. no. 27 22 91 66

The annual report has been submitted and approved by the general meeting on the

8/6-18


Mogens Jepsen
Chairman of the meeting

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Notes to users of the English version of this document:

- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points remain unchanged from the Danish version of the document. This means that for instance DKK 146.940 is the same as the English amount of DKK 146,940, and that 23,5 % is the same as the English 23.5 %.

Management's report

The board of directors and the managing director have today presented the annual report of Molo A/S for the financial year 1 January to 31 December 2017.

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

We consider the accounting policies used appropriate, and in our opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position as on 31 December 2017 and of the company's results of its activities and cash flows in the financial year 1 January to 31 December 2017.

We are of the opinion that the management's review includes a fair description of the issues dealt with.

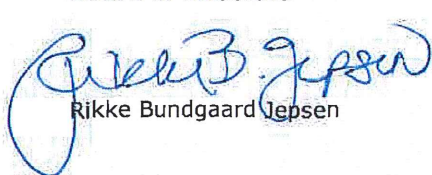
The annual report is recommended for approval by the general meeting.

Nordhavn, 8 June 2018

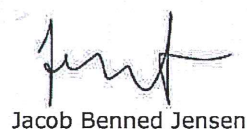
Managing Director


Mogens Jepsen

Board of directors


Rikke Bundgaard Jepsen


Mogens Jepsen


Jacob Benned Jensen

Independent auditor's report

To the shareholders of Molo A/S

Opinion

We have audited the annual accounts of Molo A/S for the financial year 1 January to 31 December 2017, which comprise accounting policies used, profit and loss account, balance sheet, statement of changes in equity, cash flow statement and notes. The annual accounts are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the annual accounts give a true and fair view of the company's assets, liabilities and financial position at 31 December 2017 and of the results of the company's operations and cash flows for the financial year 1 January to 31 December 2017 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the below section "Auditor's responsibilities for the audit of the annual accounts". We are independent of the company in accordance with international ethics standards for accountants (IESBA's Code of Ethics) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these standards and requirements. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

The management's responsibilities for the annual accounts

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

In preparing the annual accounts, the management is responsible for evaluating the company's ability to continue as a going concern, and, when relevant, disclosing matters related to going concern and using the going concern basis of accounting when preparing the annual accounts, unless the management either intends to liquidate the company or to cease operations, or if it has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the annual accounts

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

Independent auditor's report

As part of an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark, we exercise professional evaluations and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the annual accounts, whether due to fraud or error, design and perform audit procedures in response 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 the risk of not detecting a misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the 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 by the management and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's preparation of the annual accounts being based on the going concern principle and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may raise significant doubt about 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 annual accounts 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 annual accounts, including the disclosures in the notes, and whether the annual accounts reflect 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 the internal control that we identify during our audit.

Statement on the management's review

The management is responsible for the management's review.

Our opinion on the annual accounts does not cover the management's review, and we do not express any kind of assurance opinion on the management's review.

Independent auditor's report

In connection with our audit of the annual accounts, our responsibility is to read the management's review and in that connection consider whether the management's review is materially inconsistent with the annual accounts or our knowledge obtained during the audit, or whether it otherwise appears to contain material misstatement.

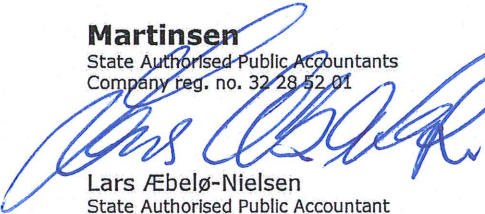
Furthermore, it is our responsibility to consider whether the management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we believe that the management's review is in accordance with the annual accounts and that it has been prepared in accordance with the requirements of the Danish Financial Statement Acts. We did not find any material misstatement in the management's review.

Esbjerg, 8 June 2018

Martinsen

State Authorised Public Accountants
Company reg. no. 32 28 52 01


Lars Æbelø-Nielsen
State Authorised Public Accountant
MNE-nr. 33693


Aage Brink Thomsen
State Authorised Public Accountant
MNE-nr. 10018

Company data

The company

Molo A/S
Baltikavej 20, 1,
2150 Nordhavn

Phone 88 88 40 00
Fax 33 25 40 25
Web site www.molo.com

Company reg. no. 27 22 91 66
Established: 1 January 2003
Domicile:
Financial year: 1 January - 31 December

Board of directors

Rikke Bundgaard Jepsen
Mogens Jepsen
Jacob Benned Jensen

Managing Director

Mogens Jepsen

Auditors

Martinsen
Statsautoriseret Revisionspartnerselskab
Edison Park 4
6715 Esbjerg N

Bankers

Nykredit Bank

Parent company

Mogens Jepsen Holding ApS, Klampenborg

Subsidiaries

Molo Kids Norway AS, Oslo
Molo Kids Sverige AB, Stockholm
Molo Kids UK Ltd., London
Molo Kids Benelux BV, Amsterdam
Molo Kids Finland OY, Helsinki
Molo Kids France sa, Paris
Molo Belgium bvba, Bruxelles
Molo Kids USA Ltd., Delaware
Molo Kids Germany GMBH, Hamborg
Molo Hong Kong Inc., Hong Kong

Financial highlights

DKK in thousands.	2017	2016	2015	2014	2013
Profit and loss account:					
Gross profit	59.296	54.957	51.558	44.940	38.218
Results from operating activities	16.858	15.887	16.233	22.189	13.161
Net financials	1.149	1.109	-557	347	-1.032
Results for the year	14.569	13.320	12.218	11.959	9.111
Balance sheet:					
Balance sheet sum	166.465	138.430	125.817	115.397	71.157
Equity	68.847	66.590	62.052	50.378	28.791
Cash flow:					
Operating activities	2.060	630	12.526	-15.887	3.889
Investment activities	-4.745	-2.749	-1.614	-4.170	-7.217
Financing activities	-5.579	2.206	-1.653	-733	1.878
Cash flow in total	-8.263	86	9.259	-20.790	-1.450
Employees:					
Average number of full time employees	84	70	64	58	47
Key figures in %:					
Solvency ratio	39,3	48,1	49,3	43,7	40,5
Return on equity	21,5	20,7	21,7	30,2	36,4

The calculation of key figures and ratios follow the Danish Association of Finance Analysts' recommendations.

Management's review

The principal activities of the company

The company's activities include design and production of children's clothing and related services.

Development in activities and financial matters

Molo's journey sprang out of curiosity and a drive to radically change the existing children's fashion world, which was, in 2003, less vibrant and colourful. Since its conception, molo has seen its role as the brand that provides "favourites" for every child's closet.

This concept has taken the market by storm, and again in 2017, revenue has increased.

Molo sees a positive future potential, and has therefore chosen to invest actively in future growth. This year's financial performance is considered satisfactory.

Follow-up on previous forecasts

The company has met all its goals and budgets for the year.

Special risks

Exchange rate risks:

The company uses financial instruments to counter fluctuations in exchange rates.

Production cost / -conditions:

It is expected that production costs in China will be intensified in the coming years. The group has initiated a number of initiatives to meet this development. The group has a restrictive control and management of its suppliers to minimize damage to the external environment.

Know how resources

The company does not use essential knowledge resources that are of importance to the future earnings.

The expected development

Management expects that growth and the positive trend in 2017 will continue in 2018.

Events subsequent to the financial year

No events have occurred subsequent to the balance sheet date, which would have material impact on the financial position of the company.

Accounting policies used

The annual report for Molo A/S is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class C enterprises (medium sized enterprises).

The accounting policies used are unchanged compared to last year, and the annual accounts are presented in Danish kroner (DKK).

No consolidated annual accounts have been prepared, cf. section 112(1) of the Danish Financial Statements Act. The annual accounts of Molo A/S and its group enterprises are included in the consolidated annual accounts for Mogens Jepsen Holding ApS, Klampenborg, CVR nr. 27 52 45 40.

Recognition and measurement in general

Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

Assets are recognised in the balance sheet when the company is liable to achieve future, financial benefits and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the company is liable to lose future, financial benefits and the value of the liability can be measured reliably.

At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item.

Certain fixed asset investments and liabilities are measured at amortised cost, by which method a fixed, effective interest is recognised during the useful life of the asset or the liability. Amortised cost is recognised as the original cost with deduction of any payments and additions/deductions of the accrued amortisation of the difference between cost and nominal amount. In this way capital losses and capital profits are spread over the useful life.

At recognition and measurement, such predictable losses and risks are taken into consideration, which may appear before the annual report is presented, and which concerns matters existing on the balance sheet date.

Translation of foreign currency

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials.

Accounting policies used

Debtors, creditors, and other monetary items in foreign currency are translated by using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or the recognition in the latest annual accounts of the amount owed or the liability is recognised in the profit and loss account under financial income and expenses.

The profit and loss account

Gross profit

The gross profit comprises the net turnover, changes in inventories of finished goods, other operating income, and external costs.

The net turnover is recognised in the profit and loss account if delivery and risk transfer to the buyer have taken place before the end of the year, and if the income can be determined reliably and is expected to be received. The net turnover is recognised exclusive of VAT and taxes and with the deduction of any discounts granted in connection with the sale.

Costs of sales includes costs for the purchase of raw materials and consumables less discounts and changes in inventories.

Other operating income comprise accounting items of secondary nature in proportion to the principal activities of the enterprise.

Other external costs comprise costs for distribution, sales, advertisement, administration, premises, loss on debtors, and operational leasing costs.

Staff costs

Staff costs include salaries and wages including holiday allowances, pensions and other costs for social security etc. for staff members. Staff costs are less public reimbursements.

Depreciation, amortisation and writedown

Depreciation, amortisation and writedown comprise depreciation, amortisation and writedown for the year and gains and losses on disposal of intangible and tangible fixed assets.

Results from equity investments in group enterprises

After full elimination of intercompany profit or loss and deduction of amortisation of consolidated goodwill, the equity investment in the individual group enterprises are recognised in the profit and loss account at a proportional share of the group enterprises' results after tax.

Net financials

Net financials comprise interest, realised and unrealised capital gains and losses concerning financial assets and liabilities, amortisation of financial assets and liabilities, additions and reimbursements under the Danish tax prepayment scheme, etc. Financial income and expenses are recognised in the profit and loss account with the amounts that concerns the financial year.

Accounting policies used

Tax of the results for the year

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

The company is subject to the Danish legislation concerning compulsory joint taxation with the Danish group enterprises.

The current Danish corporate tax is allocated among the jointly taxed companies in proportion to their respective taxable income (full allocation with reimbursement of tax losses).

The balance sheet

Intangible fixed assets

Goodwill

Goodwill is amortised over its estimated useful life, which is determined on the basis of the management's experience with the individual business areas. Goodwill is amortised on a straight-line basis over the amortisation period, which is 7 years. The amortisation period is determined on the basis of an expected payback period.

Tangible fixed assets

Tangible fixed assets are measured at cost with deduction of accrued depreciation and writedown.

The basis of depreciation is cost with deduction of any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the book value, the amortisation discontinues.

If the amortisation period or the residual value is changed, the effect on amortisation will in the future be recognised as a change in the accounting estimates.

The cost comprises the acquisition cost and costs directly attached to the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing.

Depreciation takes place on a straight line basis and based on an evaluation of the expected useful life:

	<i>Useful life</i>
<i>Leasehold improvements</i>	<i>5 years</i>
<i>Other plants, operating assets, fixtures and furniture</i>	<i>3-10 years</i>

Accounting policies used

Minor assets with an expected useful life of less than 1 year are recognised as costs in the profit and loss account in the year of acquisition.

Profit or loss deriving from the sales of tangible fixed assets is measured as the difference between the sales price reduced by the selling costs and the book value at the time of the sale. Profit or loss is recognised in the profit and loss account under depreciation.

Leasing contracts

At the first recognition in the balance sheet, leasing contracts concerning tangible fixed assets by which the company holds all essential risks and advantages attached to the proprietary right (financial leasing) are measured either at fair value or at the present value of the future leasing services, whichever value is lower. When calculating the present value, the internal interest rate of the leasing contract or alternatively the borrowing rate of the enterprise is used as discount rate. Afterwards, financially leased assets are treated in the same way as other similar tangible assets.

The capitalised residual leasing liability is recognised in the balance sheet as a liability, and the interest part of the leasing contract is recognised in the profit and loss account over the term of the contract.

All other leasing contracts are considered operational leasing. Payments in connection with operational leasing and other rental agreements are recognised in the profit and loss account over the term of the contract. The company's total liabilities concerning operational leasing and rental agreements are recognised under contingencies etc.

Financial fixed assets

Equity investments in group enterprises

Equity investments in group enterprises are recognised in the balance sheet at a proportional share under the equity method, the value being calculated on the basis of the accounting policies of the parent company by the deduction or addition of unrealised intercompany profits and losses, and with the addition or deduction of residual value of positive or negative goodwill measured by applying the acquisition method.

To the extent the equity exceeds the cost, the net revaluation of equity investments in group enterprises are transferred to the reserves under the equity for net revaluation as per the equity method. Dividends from group enterprises expected to be decided before the approval of this annual report are not subject to a limitation of the revaluation reserves. The reserves are adjusted by other equity movements in group enterprises.

Newly taken over or newly established companies are recognised in the annual accounts as of the time of acquisition. Sold or liquidated companies are recognised at the time of cession.

Accounting policies used

Other securities and equity investments

Securities and equity investments recognised under fixed assets comprise listed bonds and shares which are measured at fair value on the balance sheet date. Listed securities are measured at market price.

Inventories

Inventories are measured at cost on basis of the FIFO method. In case the net realisable value of the inventories is lower than the cost, writedown takes place to this lower value.

The cost for trade goods, raw materials, and consumables comprises the acquisition cost with the addition of the delivery costs.

The net realisable value for inventories is recognised as the market price with deduction of completion costs and selling costs. The net realisable value is determined taking into consideration the negotiability, obsolescence, and development of the expected market price.

Debtors

Debtors are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, writedown takes place at the net realisable value.

Accrued income and deferred expenses

Accrued income and deferred expenses recognised under assets comprise incurred costs concerning the next financial year.

Financial instruments are measured at fair value at the balance sheet day. Financial instruments include foreign exchange contracts to hedge currency.

Securities and equity investments

Securities and equity investments recognised as current assets are measured at fair value on the balance sheet date.

Available funds

Available funds comprise cash at bank and in hand.

Equity

Reserves for net revaluation as per the equity method

Reserves for net revaluation as per the equity method comprise net revaluation of equity investments in subsidiaries and associates in proportion to cost.

The reserves may be eliminated in case of losses, realisation of equity investments or changes in the financial estimates.

It is not possible to recognise the reserves with a negative amount.

Accounting policies used

Dividend

Dividend expected to be distributed for the year is recognised as a separate item under the equity. Proposed dividend is recognised as a liability at the time of approval by the general meeting (the time of declaration).

Corporate tax and deferred tax

Current tax receivable and tax liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivable and tax liabilities are set off to the extent that legal right of set-off exists and if the items are expected to be settled net or simultaneously.

According to the rules of joint taxation, Molo A/S is proportionally liable towards the Danish tax authorities for the total corporation tax, including withholding tax on interest, royalties and dividends, arising within the jointly taxed group of companies.

Deferred tax is measured on the basis of all temporary differences in assets and liabilities with a balance sheet focus.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation on the balance sheet date and prevailing when the deferred tax is expected to be released as current tax.

Liabilities

Financial liabilities related to borrowings are recognised at the received proceeds with the deduction of transaction costs incurred. In following periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value by use of the effective interest. The difference between the proceeds and the nominal value is recognised in the profit and loss account during the term of the loan.

Mortgage debt and bank debt are for instance measured at amortised cost. As to cash loans, this corresponds to the outstanding debt of the loan. For bond loans, the amortised cost corresponds to an outstanding debt calculated as the underlying cash value at the date of borrowing adjusted by amortisation of the market value adjustment on the date of the borrowing carried out over the repayment period.

Also capitalised residual leasing liabilities in connection with financial leasing contracts are recognised in the financial liabilities.

Other liabilities are measured at amortised cost which usually corresponds to the nominal value.

Accrued expenses and deferred income

Received payments concerning income during the following years are recognised under accrued expenses and deferred income.

Accounting policies used

The cash flow statement

The cash flow statement shows the cash flow of the company for the year, divided in cash flows deriving from operating activities, investment activities, and financing activities, respectively, the changes in the liabilities, and the available funds at the beginning and the end of the year respectively.

The effect of cash flow deriving from purchase and sale of enterprises appears separately under cash flow from investment activities. In the cash flow statement, cash flow deriving from purchased enterprises is recognised as of the date of acquisition, and cash flow deriving from sold enterprises is recognised until the sales date.

Cash flow from operating activities

Cash flow from operating activities are calculated as the results for the year adjusted for non-cash operating items, the change in the working capital, and corporate tax paid.

Cash flow from investment activities

Cash flow from investment activities comprises payments in connection with the acquisition and sale of enterprises and activities as well as the acquisition and sale of intangible and tangible fixed assets and fixed asset investments respectively.

Cash flow from financing activities

Cash flow from financing activities comprises changes in the size or the composition of the share capital and the costs in this connection. Furthermore, these activities comprise borrowings, instalments on interestbearing debt, and payment of dividend to the shareholders.

Available funds

Available funds comprise cash funds with deduction of short-term bank debt and short-term securities with a term of less than 3 months which can easily be converted into cash funds and on which only an insignificant risk of value changes exists.

Profit and loss account 1 January - 31 December

All amounts in DKK.

<u>Note</u>	<u>2017</u>	<u>2016</u>
Gross profit	59.296.453	54.957.259
1 Staff costs	-38.504.313	-35.456.383
2 Depreciation, amortisation and writedown relating to tangible and intangible fixed assets	-3.934.255	-3.614.162
Operating profit	16.857.885	15.886.714
3 Income from equity investments in group enterprises	2.132.090	2.692.082
Other financial income from group enterprises	740.676	519.602
4 Other financial income	128.834	318.951
5 Other financial costs	-1.852.519	-2.421.560
Results before tax	18.006.966	16.995.789
6 Tax on ordinary results	-3.438.000	-3.675.440
7 Results for the year	14.568.966	13.320.349

Balance sheet 31 December

All amounts in DKK.

<u>Note</u>	<u>2017</u>	<u>2016</u>
Assets		
Fixed assets		
8 Goodwill	2.963.139	3.448.755
Intangible fixed assets in total	<u>2.963.139</u>	<u>3.448.755</u>
9 Other plants, operating assets, and fixtures and furniture	7.844.413	7.013.538
Tangible fixed assets in total	<u>7.844.413</u>	<u>7.013.538</u>
10 Equity investments in group enterprises	7.895.860	5.965.070
11 Other securities and equity investments	16.691	16.691
12 Deposits	598.144	133.106
Financial fixed assets in total	<u>8.510.695</u>	<u>6.114.867</u>
Fixed assets in total	<u>19.318.247</u>	<u>16.577.160</u>
Current assets		
Manufactured goods and trade goods	50.254.513	42.999.594
Prepayments for goods	2.736.738	2.529.673
Inventories in total	<u>52.991.251</u>	<u>45.529.267</u>
Trade debtors	26.703.911	28.380.088
Amounts owed by group enterprises	48.646.696	23.636.640
Receivable corporate tax	0	485.878
Other debtors	137.436	10.039.764
13 Accrued income and deferred expenses	9.390.967	7.976.735
Debtors in total	<u>84.879.010</u>	<u>70.519.105</u>
Available funds	<u>9.276.091</u>	<u>5.804.881</u>
Current assets in total	<u>147.146.352</u>	<u>121.853.253</u>
Assets in total	<u>166.464.599</u>	<u>138.430.413</u>

Balance sheet 31 December

All amounts in DKK.

<u>Note</u>	<u>2017</u>	<u>2016</u>
Equity and liabilities		
Equity		
14 Contributed capital	500.000	500.000
15 Reserves for net revaluation as per the equity method	6.695.548	4.764.758
16 Results brought forward	61.650.956	61.325.050
Equity in total	<u>68.846.504</u>	<u>66.589.808</u>
Provisions		
17 Provisions for deferred tax	3.021.000	2.621.000
Provisions in total	<u>3.021.000</u>	<u>2.621.000</u>
Liabilities		
Bank debts	9.075.000	8.592.813
Leasing liabilities	224.186	1.185.415
Long-term liabilities in total	<u>9.299.186</u>	<u>9.778.228</u>
18 Liabilities	4.580.313	6.180.250
Bank debts	35.717.337	23.982.949
Trade creditors	12.779.194	13.085.308
Debt to group enterprises	24.613.223	11.171.532
Corporate tax	609.263	0
Other debts	6.998.579	5.021.338
Short-term liabilities in total	<u>85.297.909</u>	<u>59.441.377</u>
Liabilities in total	<u>94.597.095</u>	<u>69.219.605</u>
Equity and liabilities in total	<u>166.464.599</u>	<u>138.430.413</u>
19 Mortgage and securities		
20 Contingencies		
21 Related parties		

Statement of changes in equity

All amounts in DKK.

	Contributed capital	Reserves for net revaluation as per the equity method	Results brought forward	In total
Equity 1 January 2016	500.000	2.319.946	59.231.793	62.051.739
Share of results	0	2.444.812	7.375.537	9.820.349
Adjustment financial instruments	0	0	-7.027.418	-7.027.418
Adjustment deferred tax of financial instruments	0	0	1.745.138	1.745.138
Equity 1 January 2017	500.000	4.764.758	61.325.050	66.589.808
Share of results	0	1.930.790	9.138.176	11.068.966
Adjustment financial instruments	0	0	-11.241.006	-11.241.006
Adjustment deferred tax of financial instruments	0	0	2.428.736	2.428.736
	500.000	6.695.548	61.650.956	68.846.504

Cash flow statement 1 January - 31 December

All amounts in DKK.

<u>Note</u>	<u>2017</u>	<u>2016</u>
Results for the year	14.568.966	13.320.349
22 Adjustments	6.424.476	6.387.808
23 Change in working capital	<u>-16.007.222</u>	<u>-13.428.155</u>
Cash flow from operating activities before net financials	4.986.220	6.280.002
Interest received and similar amounts	869.510	838.553
Interest paid and similar amounts	<u>-1.852.519</u>	<u>-2.421.560</u>
Cash flow from ordinary activities	4.003.211	4.696.995
Corporate tax paid	<u>-1.942.859</u>	<u>-4.067.182</u>
Cash flow from operating activities	<u>2.060.352</u>	<u>629.813</u>
Purchase of intangible fixed assets	-635.000	0
Purchase of tangible fixed assets	-3.644.513	-2.895.589
Purchase of financial fixed assets	0	-186.100
Deposits	<u>-465.038</u>	<u>332.466</u>
Cash flow from investment activities	<u>-4.744.551</u>	<u>-2.749.223</u>
Raising of long-term debts	4.600.000	9.512.500
Repayments of long-term debt	-6.678.979	-3.806.830
Dividend paid	<u>-3.500.000</u>	<u>-3.500.000</u>
Cash flow from financing activities	<u>-5.578.979</u>	<u>2.205.670</u>
Changes in available funds	<u>-8.263.178</u>	<u>86.260</u>
Available funds opening balance	<u>-18.161.377</u>	<u>-18.247.637</u>
Available funds closing balance	<u>-26.424.555</u>	<u>-18.161.377</u>
 Available funds		
Available funds	9.276.091	5.804.881
Short-term bank debts	-35.717.337	-23.982.949
Securities	<u>16.691</u>	<u>16.691</u>
Available funds closing balance	<u>-26.424.555</u>	<u>-18.161.377</u>

Notes

All amounts in DKK.

	<u>2017</u>	<u>2016</u>
1. Staff costs		
Salaries and wages	36.524.511	33.583.323
Pension costs	1.530.895	1.415.391
Other costs for social security	448.907	457.669
	<u>38.504.313</u>	<u>35.456.383</u>
Average number of employees	<u>84</u>	<u>70</u>
2. Depreciation, amortisation and writedown relating to tangible and intangible fixed assets		
Amortisation of goodwill	1.120.616	1.057.116
Depreciation on decoration of rented premises	450.373	354.607
Depreciation on other tangible fixed assets	2.363.266	2.139.797
Loss on sale of tangible assets	0	62.642
	<u>3.934.255</u>	<u>3.614.162</u>
3. Income from equity investments in group enterprises		
Molo Kids Norway AS	195.832	203.488
Molo Kids Sweden AB	625.501	785.147
Molo Kids UK Ltd.	137.807	151.342
Molo Kids Benelux BV	211.637	229.336
Molo Kids Finland OY	709.066	648.400
Molo Kids France sa	-138.149	102.835
Molo Kids US Inc.	283.839	58.069
Molo Belgium bvba	99.487	129.932
Molo Kids Germany GMBH	79.605	24.232
Molo Hong Kong Inc.	-61.879	0
Intercompany profits	-10.656	359.301
	<u>2.132.090</u>	<u>2.692.082</u>
4. Other financial income		
Interest, banks	136	0
Interest and penalty charges from customers	128.698	318.951
	<u>128.834</u>	<u>318.951</u>

Notes

All amounts in DKK.

	<u>2017</u>	<u>2016</u>
5. Other financial costs		
Financial costs, group enterprises	119.730	129.904
Other financial costs	1.732.789	2.291.656
	<u>1.852.519</u>	<u>2.421.560</u>
6. Tax on ordinary results		
Tax of the results for the year, parent company	3.038.000	2.693.622
Adjustment for the year of deferred tax	400.000	518.638
Adjustment of tax for previous years	0	463.180
	<u>3.438.000</u>	<u>3.675.440</u>
7. Proposed distribution of the results		
Extraordinary dividend adopted during the financial year	3.500.000	3.500.000
Reserves for net revaluation as per the equity method	1.930.790	2.444.812
Allocated to results brought forward	9.138.176	7.375.537
Distribution in total	<u>14.568.966</u>	<u>13.320.349</u>
	<u>31/12 2017</u>	<u>31/12 2016</u>
8. Goodwill		
Cost opening balance	8.421.733	8.421.733
Additions during the year	635.000	0
Disposals during the year	-839.000	0
Cost closing balance	<u>8.217.733</u>	<u>8.421.733</u>
Amortisation and writedown opening balance	-4.972.978	-3.915.862
Amortisation and writedown for the year	-1.120.616	-1.057.116
Amortisation and writedown, assets disposed of	839.000	0
Amortisation and writedown closing balance	<u>-5.254.594</u>	<u>-4.972.978</u>
Book value closing balance	<u>2.963.139</u>	<u>3.448.755</u>

Notes

All amounts in DKK.

	<u>31/12 2017</u>	<u>31/12 2016</u>
9. Other plants, operating assets, and fixtures and furniture		
Cost opening balance	12.700.108	16.157.537
Additions during the year	3.644.513	2.895.589
Disposals during the year	<u>-601.596</u>	<u>-6.353.018</u>
Cost closing balance	<u>15.743.025</u>	<u>12.700.108</u>
Depreciation and writedown opening balance	-5.686.570	-9.482.542
Depreciation and writedown for the year	-2.813.638	-2.494.404
Depreciation and writedown, assets disposed of	<u>601.596</u>	<u>6.290.376</u>
Depreciation and writedown closing balance	<u>-7.898.612</u>	<u>-5.686.570</u>
Book value closing balance	<u>7.844.413</u>	<u>7.013.538</u>
Leased assets are included with a book value of	<u>786.254</u>	<u>1.345.000</u>

Notes

All amounts in DKK.

	<u>31/12 2017</u>	<u>31/12 2016</u>
10. Equity investments in group enterprises		
Acquisition sum, opening balance opening balance	1.200.312	1.014.212
Additions during the year	0	186.100
Cost closing balance	<u>1.200.312</u>	<u>1.200.312</u>
Revaluations, opening balance opening balance	4.764.758	2.319.946
Translation by use of the exchange rate valid on balance sheet date	-201.300	-39.988
Results for the year before goodwill amortisation	2.142.746	2.125.498
Regulation intercompany profits	-10.656	359.302
Revaluation closing balance	<u>6.695.548</u>	<u>4.764.758</u>
Book value closing balance	<u>7.895.860</u>	<u>5.965.070</u>
Group enterprises:		
	Domicile	Share of ownership
Molo Kids Norway AS	Oslo	98 %
Molo Kids Sverige AB	Stockholm	100 %
Molo Kids UK Ltd.	London	98 %
Molo Kids Benelux BV	Amsterdam	100 %
Molo Kids Finland OY	Helsinki	100 %
Molo Kids France sa	Paris	100 %
Molo Belgium bvba	Bruxelles	100 %
Molo Kids USA Ltd.	Delaware	100 %
Molo Kids Germany GMBH	Hamborg	100 %
Molo Hong Kong Inc.	Hong Kong	100 %
11. Other securities and equity investments		
Cost opening balance	16.691	16.691
Cost closing balance	<u>16.691</u>	<u>16.691</u>
Book value closing balance	<u>16.691</u>	<u>16.691</u>

Notes

All amounts in DKK,

	<u>31/12 2017</u>	<u>31/12 2016</u>
12. Deposits		
Cost opening balance	598.144	133.106
Cost closing balance	598.144	133.106
Book value closing balance	598.144	133.106
13. Accrued income and deferred expenses		
Prepayments include costs for future clothing collections, exhibitions etc.		
14. Contributed capital		
Contributed capital opening balance	500.000	500.000
	500.000	500.000
The share capital consists of 500.000 shares, each with a nominal value of DKK 1. No shares hold particular rights.		
15. Reserves for net revaluation as per the equity method		
Reserves for net revaluation opening balance	4.764.758	2.319.946
Share of results	1.930.790	2.444.812
	6.695.548	4.764.758
16. Results brought forward		
Results brought forward opening balance	61.325.050	59.231.793
Profit or loss for the year brought forward	9.138.176	7.375.537
Adjustment financial instruments	-11.241.006	-7.027.418
Adjustment deferred tax of financial instruments	2.428.736	1.745.138
	61.650.956	61.325.050

Notes

All amounts in DKK.

	<u>31/12 2017</u>	<u>31/12 2016</u>
17. Provisions for deferred tax		
Provisions for deferred tax opening balance	2.621.000	2.310.000
Deferred tax of the results for the year	<u>400.000</u>	<u>311.000</u>
	<u>3.021.000</u>	<u>2.621.000</u>
The following items are subject to deferred tax:		
Intangible fixed assets	127.000	117.000
Tangible fixed assets	828.000	749.000
Current assets	<u>2.066.000</u>	<u>1.755.000</u>
	<u>3.021.000</u>	<u>2.621.000</u>

18. Liabilities

	<u>Instalments first year</u>	<u>Outstanding debt after 5 years</u>	<u>Debt in total 31 Dec 2017</u>	<u>Debt in total 31 Dec 2016</u>
Bank debts	3.830.313	0	12.905.313	13.789.063
Leasing liabilities	<u>750.000</u>	<u>0</u>	<u>974.186</u>	<u>2.169.415</u>
	<u>4.580.313</u>	<u>0</u>	<u>13.879.499</u>	<u>15.958.478</u>

19. Mortgage and securities

As security for bank debts the company has provided a company charge of DKK 35.000 thousand and security in intangible assets, fixed assets, trade goods and receivable.

The company has total lease liabilities DKK 974 thousand on 31 December 2017. The company's leased assets total DKK 786 thousand and intercompany's leased assets total DKK 610 thousands.

20. Contingencies

Contingent liabilities

Contingent liabilities

The company has provided guarantees to landlords. On 31 December 2017 the total guarantees were DKK 8.002.

Notes

All amounts in DKK.

20. Contingencies (continued)

Joint taxation

Mogens Jepsen Holding ApS, company reg. no 27 52 45 40 being the administration company, the company is subject to the Danish scheme of joint taxation and it is proportionally liable for tax claims within the joint taxation scheme.

The company is proportionally liable for any obligation to withhold tax on interest, royalties and dividends of the jointly taxed companies.

The liabilities amount to a maximum corresponding to that share of the company capital, which is owned directly or indirectly by the ultimate parent company.

The jointly taxed enterprises' total, known net liability to the Danish tax authorities appears from the annual accounts of the administration company.

Any subsequent adjustments of corporate taxes or withheld taxes etc. may cause changes in the company's liabilities.

21. Related parties

Molo Kids UK Ltd. a subsidiary company of Molo A/S, has taken advantage of the exemption from audit as set out in section 479A of the Companies Act 2006.

22. Adjustments

Depreciation and amortisation	3.934.254	3.614.162
Income from equity investments in group enterprises	-2.132.090	-2.484.800
Other financial income	-869.510	-838.554
Other financial costs	1.852.519	2.421.560
Tax on ordinary results	3.438.000	3.675.440
Other adjustments	201.303	0
	6.424.476	6.387.808

23. Change in working capital

Change in inventories	-7.461.984	-10.994.683
Change in debtors	-23.658.053	-7.835.978
Change in trade creditors and other liabilities	15.112.815	5.402.506
	-16.007.222	-13.428.155