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CVR-nr. 32 28 52 01

Molo A/S

Baltikavej 20, 1., 2150 Nordhavn

Annual report

2018

Company reg. no. 27 22 91 66

The annual report has been submitted and approved by the general meeting on the 14 June 2019.

Mogens Jepsen
Chairman of the meeting

Contents

Notes:
- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 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 2018.

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 at 31 December 2018 and of the company's results of its activities and cash flows in the financial year 1 January to 31 December 2018.

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, 14 June 2019

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 2018, 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 2018 and of the results of the company's operations and cash flows for the financial year 1 January to 31 December 2018 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, 14 June 2019

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

Lars Æbelø-Nielsen
State Authorised Public Accountant
mne33693

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:	Copgenhagen
	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.	2018	2017	2016	2015	2014
Profit and loss account:					
Gross profit	49.335	59.296	54.957	51.558	44.940
Results from operating activities	4.279	16.858	15.887	16.233	22.189
Net financials	1.789	1.149	1.109	-557	347
Results for the year	5.181	14.569	13.320	12.218	11.959
Balance sheet:					
Balance sheet sum	179.000	166.465	138.430	125.817	115.397
Investments in tangible fixed assets represent	1.818	3.645	2.896	2.208	0
Equity	72.679	68.847	66.590	62.052	50.378
Cash flow:					
Operating activities	13.547	2.060	630	12.526	-15.887
Investment activities	-2.494	-4.745	-2.749	-1.614	-4.170
Financing activities	-6.780	-5.579	2.206	-1.653	-733
Cash flow in total	4.272	-8.263	86	9.259	-20.790
Employees:					
Average number of full time employees	81	84	70	64	58
Key figures in %:					
Solvency ratio	40,6	41,3	48,1	49,3	43,7
Return on equity	7,3	21,5	20,7	21,7	30,2

The calculation of key figures and ratios does in all material respects follow the Danish Association of Finance Analysts' recommendations and does only in a few respects deviate from the recommendations.

The key figures appearing from the survey have been calculated as follows:

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 colorful. Since its conception, Molo has seen its role as the brand that provides "favorites" for every child's closet.

This concept has always been well accepted in the market place and has always given the company a competitive advantage, but disruption in and between the regular brick and mortar stores and e-commerce’s has created a difficult market that is currently trying to find its way, and in this the company has made a calculated and cautious decision to select customers with whom the company continuously would want to work, a decision that has put pressure on the top line in 2018. Direct costs related to Molo A/S' decisions in 2018 is specified in note 1, special items.

The company however do believe that this is the right decision, and do see a bright future ahead, but certain changes in the organization, way of working etc. needs to be implemented to ensure that this can be done in an economic and financially sound and proven way. The company has already made some important decisions for which certain provisions has been booked in 2018, provisions that has negatively affected the 2018 result, but are needed for the company to ensure changes are correctly implemented and preparing the company for future growth.

On another note the company will in 2019 and 2020 see further positive effects on and from prior years investments in not only Global Organic Textile Standard (“GOTS”), but also its web-shop and online business, something that will intensify and become far more important in the years to come.

Management however do not consider this year's financial performance acceptable which is why a number of initiatives are already underway, and subsequently also 2019 will be difficult in terms of topline and profit, 2020 should once again bring the company back on track in terms of acceptable earnings.

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 general 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 enviroment.

Know how resources

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

Management's review

The expected development

Management expects a very difficult 2019 with changes being implemented and pressure put on both topline and earnings, 2020 should return the company growing topline and increased earnings.

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 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:

	Useful life
Leasehold improvements	*5 years*
Other plants, operating assets, fixtures and furniture	*3-10 years*

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.

Writedown of fixed assets

The book values of both intangible and tangible fixed assets as well as equity investments in subsidiaries and associated enterprises are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets respectively. Writedown takes place to the recoverable amount, if this value is lower than the book value.

The recoverable value is equal to the value of the net selling price or the value in use, whichever is higher. The value in use is determined as the present value of the expected net cash flow deriving from the use of the asset or the group of assets.

Previously recognised writedown is reversed when the condition for the writedown no longer exist. Writedown relating to goodwill is not reversed.

Accounting policies used

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.

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.

Deposits

Deposits are measured at amortised cost and represent rent deposits, etc.

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.

Accounting policies used

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

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.

Accounting policies used

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.

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.

Accounting policies used

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.

Note		2018	2017
	Gross profit	**49.335.419**	**59.296.453**
2	Staff costs	-37.144.393	-38.504.313
3	Depreciation, amortisation and writedown relating to tangible and intangible fixed assets	-6.309.928	-3.934.255
	Other operating costs	-1.602.000	0
	Operating profit	**4.279.098**	**16.857.885**
4	Income from equity investments in group enterprises	1.983.691	2.132.090
	Other financial income from group enterprises	899.760	740.676
5	Other financial income	245.098	128.834
6	Other financial costs	-1.339.216	-1.852.519
	Results before tax	**6.068.431**	**18.006.966**
7	Tax on ordinary results	-887.172	-3.438.000
8	**Results for the year**	**5.181.259**	**14.568.966**

Balance sheet 31 December

All amounts in DKK.

Note	Assets	2018	2017
	Fixed assets		
9	Goodwill	1.066.958	2.963.139
	Intangible fixed assets in total	1.066.958	2.963.139
10	Other plants, operating assets, and fixtures and furniture	5.882.240	7.844.413
	Tangible fixed assets in total	5.882.240	7.844.413
11	Equity investments in group enterprises	9.824.632	7.895.860
12	Other securities and equity investments	16.691	16.691
13	Deposits	640.862	598.144
	Financial fixed assets in total	10.482.185	8.510.695
	Fixed assets in total	**17.431.383**	**19.318.247**
	Current assets		
	Manufactured goods and trade goods	52.398.662	50.254.513
	Prepayments for goods	689.189	2.736.738
	Inventories in total	53.087.851	52.991.251
	Trade debtors	27.851.121	26.703.911
	Amounts owed by group enterprises	59.640.420	48.646.696
	Other debtors	1.973.069	137.436
14	Accrued income and deferred expenses	7.109.669	9.390.967
	Debtors in total	96.574.279	84.879.010
	Available funds	11.906.237	9.276.091
	Current assets in total	**161.568.367**	**147.146.352**
	Assets in total	**178.999.750**	**166.464.599**

Balance sheet 31 December

All amounts in DKK.

Note	Equity and liabilities	2018	2017
	Equity		
15	Contributed capital	500.000	500.000
16	Reserves for net revaluation as per the equity method	8.624.320	6.695.548
17	Results brought forward	63.554.416	61.650.956
	Equity in total	**72.678.736**	**68.846.504**
	Provisions		
18	Provisions for deferred tax	1.846.000	3.021.000
	Provisions in total	**1.846.000**	**3.021.000**
	Liabilities		
	Bank debts	6.699.877	9.075.000
	Leasing liabilities	0	224.186
	Long-term liabilities in total	6.699.877	9.299.186
19	Liabilities	3.899.203	4.580.313
	Bank debts	34.075.496	35.717.337
	Trade creditors	10.659.332	12.779.194
	Debt to group enterprises	40.233.993	24.613.223
	Corporate tax	2.684.347	609.263
	Other debts	6.222.766	6.998.579
	Short-term liabilities in total	97.775.137	85.297.909
	Liabilities in total	**104.475.014**	**94.597.095**
	Equity and liabilities in total	**178.999.750**	**166.464.599**

1 Special items

20 Mortgage and securities

21 Contingencies

22 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 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
Extraordinary dividend adopted during the financial year	0	0	3.500.000	3.500.000
Distributed extraordinary dividend adopted during the financial year.	0	0	-3.500.000	-3.500.000
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
Equity 1 January 2018	500.000	6.695.548	61.650.956	68.846.504
Share of results	0	1.928.772	-247.513	1.681.259
Extraordinary dividend adopted during the financial year	0	0	3.500.000	3.500.000
Distributed extraordinary dividend adopted during the financial year.	0	0	-3.500.000	-3.500.000
Adjustment financial instruments	0	0	2.773.148	2.773.148
Adjustment deferred tax of financial instruments	0	0	-622.175	-622.175
	500.000	**8.624.320**	**63.554.416**	**72.678.736**

Cash flow statement 1 January - 31 December

All amounts in DKK.

Note		2018	2017
	Results for the year	5.181.259	14.568.966
23	Adjustments	6.637.688	6.424.476
24	Change in working capital	3.084.196	-16.007.222
	Cash flow from operating activities before net financials	14.903.143	4.986.220
	Interest received and similar amounts	1.144.857	869.510
	Interest paid and similar amounts	-1.339.216	-1.852.519
	Cash flow from ordinary activities	14.708.784	4.003.211
	Corporate tax paid	-1.162.088	-1.942.859
	Cash flow from operating activities	**13.546.696**	**2.060.352**
	Purchase of intangible fixed assets	-633.472	-635.000
	Purchase of tangible fixed assets	-1.818.101	-3.644.513
	Deposits	-42.717	-465.038
	Cash flow from investment activities	**-2.494.290**	**-4.744.551**
	Raising of long-term debts	0	4.600.000
	Repayments of long-term debt	-3.280.419	-6.678.979
	Dividend paid	-3.500.000	-3.500.000
	Cash flow from financing activities	**-6.780.419**	**-5.578.979**
	Changes in available funds	**4.271.987**	**-8.263.178**
	Available funds opening balance	-26.424.555	-18.161.377
	Available funds closing balance	**-22.152.568**	**-26.424.555**

	2018	2017
Available funds		
Available funds	11.906.237	9.276.091
Short-term bank debts	-34.075.496	-35.717.337
Securities	16.691	16.691
Available funds closing balance	**-22.152.568**	**-26.424.555**

Notes

All amounts in DKK.

1. Special items

Special items include significant income and expenses of a special nature in proportion to the enterprise's ordinary operating activities, such as the cost of extensive structuring of processes and fundamental structural adjustments and any gains and losses related and which over time have a significant impact. Special items also include other significant amounts of non-recurring nature.

As mentioned in the management's review, the results for the year are affected by a number of factors that differ from what the management consider a part of the operating profit.

Special items for the year are specified below, showing where these are recognised in the income profit and loss account.

	2018
Costs:	
Writedown of fixed assets	2.232.701
Writedown of showrooms	259.000
Contingent liabilites of showrooms	1.343.000
	3.834.701
Special items are recognised in the following items in the annual accounts:	
Other operating costs	-1.602.000
Depreciation, amortisation and writedown	-2.232.701
Results of special items, net	**-3.834.701**

	2018	2017
2. Staff costs		
Salaries and wages	35.126.078	36.524.511
Pension costs	1.492.185	1.530.895
Other costs for social security	526.130	448.907
	37.144.393	**38.504.313**
Average number of employees	81	84

Notes

All amounts in DKK.

		2018	2017
3.	**Depreciation, amortisation and writedown relating to tangible and intangible fixed assets**		
	Amortisation of goodwill	2.529.653	1.120.616
	Depreciation on decoration of rented premises	541.203	450.373
	Depreciation on other tangible fixed assets	2.376.631	2.363.266
	Loss on sale of tangible assets	862.441	0
		6.309.928	**3.934.255**

		2018	2017
4.	**Income from equity investments in group enterprises**		
	Molo Kids Norway AS	116.117	195.832
	Molo Kids Sweden AB	589.365	625.501
	Molo Kids UK Ltd.	193.774	137.807
	Molo Kids Benelux BV	158.180	211.637
	Molo Kids Finland OY	574.398	709.066
	Molo Kids France sa	-668.252	-138.149
	Molo Kids US Inc.	559.941	283.839
	Molo Belgium bvba	147.767	99.487
	Molo Kids Germany GMBH	94.313	79.605
	Molo Hong Kong Inc.	-26.288	-61.879
	Intercompany profits	244.376	-10.656
		1.983.691	**2.132.090**

		2018	2017
5.	**Other financial income**		
	Interest, banks	1.421	136
	Interest and penalty charges from customers	243.677	128.698
		245.098	**128.834**

		2018	2017
6.	**Other financial costs**		
	Financial costs, group enterprises	168.018	119.730
	Other financial costs	1.171.198	1.732.789
		1.339.216	**1.852.519**

Notes

All amounts in DKK.

		2018	2017
7.	**Tax on ordinary results**		
	Tax of the results for the year, parent company	2.062.172	3.038.000
	Adjustment for the year of deferred tax	-1.175.000	400.000
		887.172	**3.438.000**
8.	**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	1.928.772	1.930.790
	Allocated to results brought forward	0	9.138.176
	Allocated from results brought forward	-247.513	0
	Distribution in total	**5.181.259**	**14.568.966**

		31/12 2018	31/12 2017
9.	**Goodwill**		
	Cost opening balance	8.217.733	8.421.733
	Additions during the year	633.472	635.000
	Disposals during the year	0	-839.000
	Cost closing balance	**8.851.205**	**8.217.733**
	Amortisation and writedown opening balance	-5.254.594	-4.972.978
	Amortisation and writedown for the year	-2.529.653	-1.120.616
	Amortisation and writedown, assets disposed of	0	839.000
	Amortisation and writedown closing balance	**-7.784.247**	**-5.254.594**
	Book value closing balance	**1.066.958**	**2.963.139**

Notes

All amounts in DKK.

		31/12 2018	31/12 2017
10.	**Other plants, operating assets, and fixtures and furniture**		
	Cost opening balance	15.743.025	12.700.108
	Additions during the year	1.818.101	3.644.513
	Disposals during the year	-4.995.799	-601.596
	Cost closing balance	**12.565.327**	**15.743.025**
	Depreciation and writedown opening balance	-7.898.611	-5.686.570
	Depreciation and writedown for the year	-2.917.834	-2.813.638
	Depreciation and writedown, assets disposed of	4.133.358	601.596
	Depreciation and writedown closing balance	**-6.683.087**	**-7.898.612**
	Book value closing balance	**5.882.240**	**7.844.413**
	Leased assets are included with a book value of	58.757	786.254

Notes

All amounts in DKK.

		31/12 2018	31/12 2017
11.	**Equity investments in group enterprises**		
	Acquisition sum, opening balance opening balance	1.200.312	1.200.312
	Cost closing balance	**1.200.312**	**1.200.312**
	Revaluations, opening balance opening balance	6.695.548	4.764.758
	Translation by use of the exchange rate valid on balance sheet date	-54.918	-201.300
	Results for the year before goodwill amortisation	1.739.315	2.142.746
	Regulation intercompany profits	244.375	-10.656
	Revaluation closing balance	**8.624.320**	**6.695.548**
	Book value closing balance	**9.824.632**	**7.895.860**

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 %

		31/12 2018	31/12 2017
12.	**Other securities and equity investments**		
	Cost opening balance	16.691	16.691
	Cost closing balance	**16.691**	**16.691**
	Book value closing balance	**16.691**	**16.691**

Notes

All amounts in DKK.

		31/12 2018	31/12 2017
13.	**Deposits**		
	Cost opening balance	640.862	598.144
	Cost closing balance	**640.862**	**598.144**
	Book value closing balance	**640.862**	**598.144**

14. Accrued income and deferred expenses

Prepayments include costs for future clothing collections, exhibitions etc.

		31/12 2018	31/12 2017
15.	**Contributed capital**		
	Contributed capital opening balance	500.000	500.000
		500.000	**500.000**
16.	**Reserves for net revaluation as per the equity method**		
	Reserves for net revaluation opening balance	6.695.548	4.764.758
	Share of results	1.928.772	1.930.790
		8.624.320	**6.695.548**
17.	**Results brought forward**		
	Results brought forward opening balance	61.650.956	61.325.050
	Profit or loss for the year brought forward	-247.513	9.138.176
	Extraordinary dividend adopted during the financial year	3.500.000	3.500.000
	Distributed extraordinary dividend adopted during the financial year.	-3.500.000	-3.500.000
	Adjustment financial instruments	2.773.148	-11.241.006
	Adjustment deferred tax of financial instruments	-622.175	2.428.736
		63.554.416	**61.650.956**

Notes

All amounts in DKK.

		31/12 2018	31/12 2017
18.	**Provisions for deferred tax**		
	Provisions for deferred tax opening balance	3.021.000	2.621.000
	Deferred tax of the results for the year	-1.175.000	400.000
		1.846.000	**3.021.000**
	The following items are subject to deferred tax:		
	Intangible fixed assets	-180.000	127.000
	Tangible fixed assets	463.000	828.000
	Current assets	1.563.000	2.066.000
		1.846.000	**3.021.000**

19. Liabilities

	Instalments first year	**Outstanding debt after 5 years**	**Debt in total 31 Dec 2018**	**Debt in total 31 Dec 2017**
Bank debts	3.675.000	0	10.374.877	12.905.313
Leasing liabilities	224.203	0	224.203	974.186
	3.899.203	**0**	**10.599.080**	**13.879.499**

20. 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 liabilites DKK 224 thousand on 31 December 2018. The companys leased assets totals DKK 224 thousand and intercaompanys leased assets totals DKK 369 thousands.

21. Contingencies

Contingent liabilities

Contingent liabilities

The company has provided guarantees to landlords. On 31 December 2018 the total guarantees were DKK 7.113.

Notes

All amounts in DKK.

21. 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.

22. Related parties

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

23. Adjustments

Depreciation and amortisation	6.309.931	3.934.254
Income from equity investments in group enterprises	-1.983.691	-2.132.090
Other financial income	-1.144.858	-869.510
Other financial costs	1.339.216	1.852.519
Tax on ordinary results	2.062.172	3.438.000
Other adjustments	54.918	201.303
	6.637.688	**6.424.476**

24. Change in working capital

Change in inventories	-96.600	-7.461.984
Change in debtors	-9.544.302	-23.658.053
Change in trade creditors and other liabilities	12.725.098	15.112.815
	3.084.196	**-16.007.222**

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