

Molo A/S
Baltikavej 20, 1., 2150 Nordhavn

Annual report

2016

Company reg. no. 27 22 91 66

The annual report have been submitted and approved by the general meeting on the 19 May 2017.

Mogens Jepsen
Chairman of the meeting

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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 2016.

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 2016 and of the company's results of its activities and cash flows in the financial year 1 January to 31 December 2016.

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, 15 May 2017

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 2016, 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 2016 and of the results of the company's operations and cash flows for the financial year 1 January to 31 December 2016 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, 15 May 2017

Martinsen

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

Lars Æbelø-Nielsen
State Authorised Public Accountant

Aage Brink Thomsen
State Authorised Public Accountant

Company data

The company

Molo A/S
Baltikavej 20, 1.
2150 Nordhavn

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Fax 33 25 40 25
Web site www.molo.com

Company reg. no. 27 22 91 66
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, Paris
molo kids Belgium, Bruxelles
molo kids USA ltd., Delaware
molo kids Germany GmbH, Hamborg

Financial highlights

DKK in thousands.	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Profit and loss account:					
Gross profit	54.957	51.558	44.940	38.218	25.645
Results from operating activities	15.887	16.233	22.189	13.161	6.818
Net financials	1.109	-557	347	-1.032	-317
Results for the year	13.320	12.218	11.959	9.111	5.005
Balance sheet:					
Balance sheet sum	138.430	125.817	115.397	71.157	54.369
Equity	66.590	62.052	50.378	28.791	21.316
Cash flow:					
Operating activities	630	12.526	-15.887	3.889	-383
Investment activities	-2.749	-1.614	-4.170	-7.217	-4.094
Financing activities	2.206	-1.653	-733	1.878	-2.301
Cash flow in total	86	9.259	-20.790	-1.450	-6.778
Employees:					
Average number of full time employees	70	64	58	47	40
Key figures in %:					
Solvency ratio	48,1	49,3	43,7	40,5	39,2
Return on equity	20,7	21,7	30,2	36,4	25,6

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:

Equity share	$\frac{\text{Equity, closing balance} \times 100}{\text{Assets in total, closing balance}}$
Return on equity	$\frac{\text{Results for the year} \times 100}{\text{Average equity}}$

Management's review

The significant activities of the enterprise

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 2016, 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.

Productions 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.

Research and development activities

The company does not carry out research and development activities beyond the normal level for the clothing industry.

The expected development

Management expects that growth and the positive trend in 2016 will continue in 2017.

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.

Other operating income and costs 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:

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.

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 risks.

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>2016</u>	<u>2015</u>
Gross profit	54.957.258	51.558.451
1 Staff costs	-35.456.383	-31.863.332
2 Depreciation, amortisation and writedown relating to tangible and intangible fixed assets	-3.614.162	-3.462.516
Operating profit	15.886.713	16.232.603
3 Income from equity investments in group enterprises	2.692.082	897.157
4 Other financial income from group enterprises	519.602	0
Other financial income	318.952	291.436
5 Other financial costs	-2.421.560	-1.745.368
Results before tax	16.995.789	15.675.828
6 Tax on ordinary results	-3.675.440	-3.457.815
7 Results for the year	13.320.349	12.218.013

Balance sheet 31 December

All amounts in DKK.

Assets	2016	2015
<u>Note</u>	<u>2016</u>	<u>2015</u>
Fixed assets		
8 Goodwill	3.448.755	4.505.870
Intangible fixed assets in total	<u>3.448.755</u>	<u>4.505.870</u>
9 Other plants, operating assets, and fixtures and furniture	7.013.538	6.674.995
Tangible fixed assets in total	<u>7.013.538</u>	<u>6.674.995</u>
10 Equity investments in group enterprises	5.965.070	3.334.158
Other securities and equity investments	16.691	16.691
Deposits	133.106	465.572
Financial fixed assets in total	<u>6.114.867</u>	<u>3.816.421</u>
Fixed assets in total	<u>16.577.160</u>	<u>14.997.286</u>
Current assets		
Trade goods	42.999.594	31.397.960
Prepayments for goods	2.529.673	3.136.624
Inventories in total	<u>45.529.267</u>	<u>34.534.584</u>
Trade debtors	28.380.088	30.376.031
Amounts owed by group enterprises	23.636.640	15.366.076
11 Receivable corporate tax	485.878	0
Other debtors	10.039.764	15.142.618
12 Accrued income and deferred expenses	7.976.735	6.692.945
Debtors in total	<u>70.519.105</u>	<u>67.577.670</u>
Available funds	5.804.881	8.707.581
Current assets in total	<u>121.853.253</u>	<u>110.819.835</u>
Assets in total	<u>138.430.413</u>	<u>125.817.121</u>

Balance sheet 31 December

All amounts in DKK.

<u>Note</u>	<u>2016</u>	<u>2015</u>
Equity and liabilities		
Equity		
13 Contributed capital	500.000	500.000
14 Reserves for net revaluation as per the equity method	4.764.758	2.319.946
15 Results brought forward	61.325.050	59.231.793
Equity in total	<u>66.589.808</u>	<u>62.051.739</u>
Provisions		
Provisions for deferred tax	2.621.000	2.310.000
Provisions in total	<u>2.621.000</u>	<u>2.310.000</u>
Liabilities		
Bank debts	8.592.813	4.276.563
Leasing liabilities	1.185.415	2.370.995
Long-term liabilities in total	9.778.228	6.647.558
16 Liabilities	6.180.250	3.678.250
Bank debts	23.982.949	26.971.909
Trade creditors	13.085.308	15.412.846
Debt to group enterprises	11.171.532	2.012.740
Corporate tax	0	1.889.000
Other debts	5.021.338	4.843.079
Short-term liabilities in total	59.441.377	54.807.824
Liabilities in total	<u>69.219.605</u>	<u>61.455.382</u>
Equity and liabilities in total	<u>138.430.413</u>	<u>125.817.121</u>
17 Mortgage and securities		
18 Contingencies		

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 opening balance	500.000	1.590.430	48.287.921	50.378.351
Share of results	0	729.516	0	729.516
Profit or loss for the year brought forward	0	0	9.288.497	9.288.497
Adjustment financial instruments	0	0	1.994.379	1.994.379
Adjustment deferred tax of financial instruments	0	0	-339.004	-339.004
Equity opening balance	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
	500.000	4.764.758	61.325.050	66.589.808

Cash flow statement 1 January - 31 December

All amounts in DKK.

<u>Note</u>	<u>2016</u>	<u>2015</u>
Results for the year	13.320.349	12.218.013
19 Adjustments	6.387.808	7.477.107
20 Change in working capital	<u>-13.428.155</u>	<u>1.740.159</u>
Cash flow from operating activities before net financials	6.280.002	21.435.279
Interest received and similar amounts	838.553	291.435
Interest paid and similar amounts	<u>-2.421.560</u>	<u>-1.745.368</u>
Cash flow from ordinary activities	4.696.995	19.981.346
Corporate tax paid	<u>-4.067.182</u>	<u>-7.455.520</u>
Cash flow from operating activities	<u>629.813</u>	<u>12.525.826</u>
Purchase of tangible fixed assets	-2.895.589	-2.207.541
Purchase of financial fixed assets	-186.100	-835.566
Deposits	<u>332.466</u>	<u>1.428.806</u>
Cash flow from investment activities	<u>-2.749.223</u>	<u>-1.614.301</u>
Raising of long-term debts	9.512.500	647.236
Repayments of long-term debt	-3.806.830	0
Dividend paid	<u>-3.500.000</u>	<u>-2.300.000</u>
Cash flow from financing activities	<u>2.205.670</u>	<u>-1.652.764</u>
Changes in available funds	86.260	9.258.761
Available funds opening balance	<u>-18.247.637</u>	<u>-27.506.398</u>
Available funds closing balance	<u>-18.161.377</u>	<u>-18.247.637</u>
 Available funds		
Available funds	5.804.881	8.707.581
Short-term bank debts	-23.982.949	-26.971.909
Securities	<u>16.691</u>	<u>16.691</u>
Available funds closing balance	<u>-18.161.377</u>	<u>-18.247.637</u>

Notes

All amounts in DKK.

	<u>2016</u>	<u>2015</u>
1. Staff costs		
Salaries and wages	33.583.323	30.351.407
Pension costs	1.415.391	1.211.516
Other costs for social security	457.669	300.409
	<u>35.456.383</u>	<u>31.863.332</u>
Average number of employees	<u>70</u>	<u>64</u>
2. Depreciation, amortisation and writedown relating to tangible and intangible fixed assets		
Amortisation of goodwill	1.057.116	1.057.116
Depreciation on decoration of rented premises	354.607	316.099
Depreciation on other tangible fixed assets	2.139.797	2.089.301
Loss on sale of tangible assets	62.642	0
	<u>3.614.162</u>	<u>3.462.516</u>
3. Income from equity investments in group enterprises		
molo kids Norway AS	203.488	181.447
molo kids Sweden AB	785.147	694.292
molo kids UK	151.342	208.979
molo kids Benelux	229.336	303.231
molo kids Finland OY	648.400	207.954
molo kids France	102.835	52.610
molo kids USA inc	58.069	118.462
molo kids Belgium	129.932	19.950
molo kids Germany GmbH	24.232	0
Intercompany profits	359.301	-889.768
	<u>2.692.082</u>	<u>897.157</u>
4. Other financial income from group enterprises		
Interest from group enterprises	<u>519.602</u>	<u>0</u>
	<u>519.602</u>	<u>0</u>

Notes

All amounts in DKK.

	<u>2016</u>	<u>2015</u>
5. Other financial costs		
Financial costs, group enterprises	129.904	14.883
Other financial costs	<u>2.291.656</u>	<u>1.730.485</u>
	<u>2.421.560</u>	<u>1.745.368</u>
6. Tax on ordinary results		
Tax of the results for the year, parent company	2.693.622	2.710.000
Adjustment for the year of deferred tax	518.638	880.992
Adjustment of tax for previous years	<u>463.180</u>	<u>-133.177</u>
	<u>3.675.440</u>	<u>3.457.815</u>
7. Proposed distribution of the results		
Extraordinary dividend adopted during the financial year	3.500.000	2.200.000
Reserves for net revaluation as per the equity method	2.444.812	729.516
Allocated to results brought forward	<u>7.375.537</u>	<u>9.288.497</u>
Distribution in total	<u>13.320.349</u>	<u>12.218.013</u>
	<u>31/12 2016</u>	<u>31/12 2015</u>
8. Goodwill		
Cost opening balance	<u>8.421.733</u>	<u>8.421.732</u>
Cost closing balance	<u>8.421.733</u>	<u>8.421.732</u>
Amortisation and writedown opening balance	-3.915.862	-2.858.746
Amortisation and writedown for the year	<u>-1.057.116</u>	<u>-1.057.116</u>
Amortisation and writedown closing balance	<u>-4.972.978</u>	<u>-3.915.862</u>
Book value closing balance	<u>3.448.755</u>	<u>4.505.870</u>

Notes

All amounts in DKK.

	<u>31/12 2016</u>	<u>31/12 2015</u>
9. Other plants, operating assets, and fixtures and furniture		
Cost opening balance	16.157.537	13.949.996
Additions during the year	2.895.589	2.207.541
Disposals during the year	<u>-6.353.018</u>	<u>0</u>
Cost closing balance	<u>12.700.108</u>	<u>16.157.537</u>
Depreciation and writedown opening balance	-9.482.542	-7.077.142
Depreciation and writedown for the year	-2.494.404	-2.405.400
Depreciation and writedown, assets disposed of	<u>6.290.376</u>	<u>0</u>
Depreciation and writedown closing balance	<u>-5.686.570</u>	<u>-9.482.542</u>
Book value closing balance	<u>7.013.538</u>	<u>6.674.995</u>
Leased assets are included with a book value of	<u>1.345.000</u>	<u>2.063</u>

Notes

All amounts in DKK.

	<u>31/12 2016</u>	<u>31/12 2015</u>
10. Equity investments in group enterprises		
Acquisition sum, opening balance opening balance	1.014.212	178.646
Additions during the year	<u>186.100</u>	<u>835.566</u>
Cost closing balance	<u>1.200.312</u>	<u>1.014.212</u>
Revaluations, opening balance opening balance	2.319.946	1.411.783
Translation by use of the exchange rate valid on balance sheet date	-39.988	0
Results for the year before goodwill amortisation	2.125.498	1.841.944
Regulation intercompany profits	<u>359.302</u>	<u>-933.781</u>
Revaluation closing balance	<u>4.764.758</u>	<u>2.319.946</u>
Book value closing balance	<u>5.965.070</u>	<u>3.334.158</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	Paris	100 %
molo kids Belgium	Bruxelles	100 %
molo kids USA ltd.	Delaware	100 %
molo kids Germany GmbH	Hamborg	100 %

Notes

All amounts in DKK.

	<u>31/12 2016</u>	<u>31/12 2015</u>
11. Receivable corporate tax		
Receivable corporate tax opening balance	-1.889.000	-6.145.520
Paid income tax during the financial year	1.889.000	1.310.000
Paid corporate tax concerning last year	<u>0</u>	<u>6.145.520</u>
Receivable corporate tax concerning previous years	<u>0</u>	<u>1.310.000</u>
Calculated corporate tax for the present year	-1.156.122	-3.199.000
Paid tax on account for the present year	<u>1.642.000</u>	<u>0</u>
	<u>485.878</u>	<u>-1.889.000</u>

12. Accrued income and deferred expenses

Prepayments include costs for future clothing collections, exhibitions etc.

	<u>31/12 2016</u>	<u>31/12 2015</u>
13. Contributed capital		
Contributed capital opening balance	<u>500.000</u>	<u>500.000</u>
	<u>500.000</u>	<u>500.000</u>

The share capital consists of 500.000 shares, each with a nominal value of DKK 1. No shares hold particular rights.

14. Reserves for net revaluation as per the equity method

Reserves for net revaluation opening balance	2.319.946	1.590.430
Share of results	<u>2.444.812</u>	<u>729.516</u>
	<u>4.764.758</u>	<u>2.319.946</u>

Notes

All amounts in DKK.

	<u>31/12 2016</u>	<u>31/12 2015</u>
15. Results brought forward		
Results brought forward opening balance	59.231.793	48.287.921
Profit or loss for the year brought forward	7.375.537	9.288.497
Adjustment financial instruments	-7.027.418	1.994.379
Adjustment deferred tax of financial instruments	1.745.138	-339.004
	<u>61.325.050</u>	<u>59.231.793</u>

16. Liabilities

	<u>Instalments first year</u>	<u>Outstanding debt after 5 years</u>	<u>Debt in total 31 Dec 2016</u>	<u>Debt in total 31 Dec 2015</u>
Bank debts	5.196.250	0	13.789.063	6.897.813
Leasing liabilities	984.000	0	2.169.415	3.427.995
	<u>6.180.250</u>	<u>0</u>	<u>15.958.478</u>	<u>10.325.808</u>

17. Mortgage and securities

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

The company has total lease liabilities DKK 2.169 thousand on 31. December 2016. The companys leased assets totals DKK 1.345 thousand and intercompany leased assets totals DKK 961 thousands.

18. Contingencies

Contingent liabilities

The company has provided guarantees to landlords. On 31. December 2016 the total guarantees are DKK 3.811 thousands.

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.

Notes

All amounts in DKK.

Contingencies (continued)

Joint taxation (continued)

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.

	<u>2016</u>	<u>2015</u>
19. Adjustments		
Depreciation and amortisation	3.614.162	3.462.516
Income from equity investments in group enterprises	-2.484.800	-897.157
Other financial income	-838.554	-291.435
Other financial costs	2.421.560	1.745.368
Tax on ordinary results	3.675.440	3.457.815
	<u>6.387.808</u>	<u>7.477.107</u>
20. Change in working capital		
Change in inventories	-10.994.683	3.823.983
Change in debtors	-7.835.978	-7.607.208
Change in trade creditors and other liabilities	5.402.506	5.523.384
	<u>-13.428.155</u>	<u>1.740.159</u>