

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

Annual report

2019

Company reg. no. 27 22 91 66

The annual report has been submitted and approved by the general meeting on the 14 May 2020.

Mogens Jepsen
Chairman of the meeting

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Notes:

- To ensure the greatest possible applicability of this document, IAS/IFRS 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 2019.

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 2019 and of the company's results of its activities and cash flows in the financial year 1 January to 31 December 2019.

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

We recommend that the annual report be approved by the general meeting.

Nordhavn, 14 May 2020

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 2019, which comprise accounting policies, profit and loss account, balance sheet, statement of changes in equity, statement of cash flows 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 2019 and of the results of the company's operations and cash flows for the financial year 1 January to 31 December 2019 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 May 2020

Martinsen

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

Lars Æbelø-Nielsen

State Authorised Public Accountant
mne33693

Company information

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: Copenhagen
	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.	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Profit and loss account:					
Gross profit	36.720	49.335	59.296	54.957	51.558
Results from operating activities	-272	4.279	16.858	15.887	16.233
Net financials	4.249	1.789	1.149	1.109	-557
Results for the year	3.611	5.181	14.569	13.320	12.218
Balance sheet:					
Balance sheet sum	195.576	179.000	166.465	138.430	125.817
Investments in tangible fixed assets represent	2.411	1.818	3.645	2.896	2.208
Equity	74.106	72.679	68.847	66.590	62.052
Cash flow:					
Operating activities	4.338	13.547	2.060	630	12.526
Investment activities	-2.454	-2.494	-4.745	-2.749	-1.614
Financing activities	-4.189	-6.780	-5.579	2.206	-1.653
Cash flow in total	-2.306	4.272	-8.263	86	9.259
Employees:					
Average number of full time employees	82	81	84	70	64
Key figures in %:					
Solvency ratio	37,9	40,6	41,4	48,1	49,3
Return on equity	4,9	7,3	21,5	20,7	21,7

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

Management commentary

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 continue to create a difficult market that is still trying to find its way, and in an effort to try and navigate the company has made a calculated and cautious decision to select customers with whom the company will continue to work, a decision that has put pressure on the top line in 2018 & 2019.

Beginning of 2020 startet out very positive but the Corona virus has promptly ended that, and we are now looking at a negative trajectoruy that are hard to predict the ending of. Long term the company still believe that this is the right decision, and do believe that the future once again will be bright, but further 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 made some additional important decisions in 2019 that has negatively affected the 2019 result but are needed for the company to ensure changes are correctly implemented and preparing the company for future growth.

Separatly the company during 2019 invested heavily in Hong Kong, an investment that unfortunately did not plan out as expected mainly due to the massive student riots that more of less put the entire city to its knee, left shopping centers more or less empty and stopped all shopping in the city for months.

However the company continue to 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 2020 with the added uncertainty around Corona will be difficult in terms of topline and profit, and the company now estimate that 2021 are the year where the company once again are back on track in terms if acceptable earning.

Management commentary

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 environment.

Know how resources

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

The expected development

Before Corona expectation for 2020 was encouraging, now however Management expects a very difficult 2020 with changes being implemented and pressure put on both topline and earnings, 2021 should return the company to 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

The annual report for Molo A/S has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class C enterprises (medium sized enterprises).

The accounting policies are unchanged from last year, and the annual report is presented in Danish kroner (DKK).

No consolidated financial statements have been prepared cf. section 112 (1) of the Danish Financial Statements Act. The financial statements of Molo A/S and its group enterprises are included in the consolidated financial statements for Morilo Holding ApS, Klampenborg, CVR nr. 40 77 65 24.

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

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.

Income statement

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 less amortised consolidated goodwill, the equity investment in the individual group enterprises are recognised in the income statement as a proportional share of the group enterprises' post-tax profit or loss.

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

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 3-10 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

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 lease commitment is recognised in the statement of financial position as a liability other than provisions, and the interest part of the lease is recognised in the income statement for the term of the contract.

Leases are regarded as operating leases. Payments in connection with operating leases and other lease agreements are recognised in the income statement for the term of the contract. The company's total liabilities concerning operating leases and lease 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

Financial fixed assets

Equity in group enterprises

Equity in group enterprises recognised in the statement of financial position as a proportional share of the enterprise's equity value. This is calculated on the basis of the accounting policies of the parent less/plus unrealised intercompany profits and losses, and less/plus residual value of positive or negative goodwill measured by applying the purchase method.

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

Newly acquired or newly established companies are recognised in the financial statement as of the time of acquisition. Sold or liquidated companies are recognised until the date of disposal.

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, they are written down for impairment to 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

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

Reserve for net revaluation according to the equity method

The reserve for net revaluation according to the equity method comprises net revaluation of equity investments in subsidiaries and associates proportional to cost.

The reserve may be eliminated in the event of losses, realisation of equity investments, or changes in the accounting estimates.

The reserve cannot be recognised by a negative amount.

Dividend

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

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

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.

Income statement 1 January - 31 December

All amounts in DKK.

<u>Note</u>	<u>2019</u>	<u>2018</u>
Gross profit	36.720.316	49.335.419
1 Staff costs	-34.647.668	-37.144.393
2 Depreciation, amortisation and writedown relating to tangible and intangible fixed assets	-2.344.849	-6.309.928
Other operating costs	0	-1.602.000
Operating profit	-272.201	4.279.098
3 Income from equity investments in group enterprises	3.028.420	1.983.691
Other financial income from group enterprises	892.046	899.760
4 Other financial income	2.275.216	947.679
5 Other financial costs	-1.946.230	-2.041.797
Results before tax	3.977.251	6.068.431
6 Tax on ordinary results	-366.637	-887.172
7 Net profit or loss for the year	3.610.614	5.181.259

Statement of financial position at 31 December

All amounts in DKK.

Assets		
<u>Note</u>	<u>2019</u>	<u>2018</u>
Non-current assets		
8 Goodwill	893.482	1.066.958
Total intangible assets	893.482	1.066.958
9 Other plants, operating assets, and fixtures and furniture	6.091.738	5.882.240
Total property, plant, and equipment	6.091.738	5.882.240
10 Equity investments in group enterprises	12.935.871	9.824.632
11 Other securities and equity investments	13.074	16.691
12 Deposits	684.459	640.862
Total investments	13.633.404	10.482.185
Total non-current assets	20.618.624	17.431.383
Current assets		
Manufactured goods and trade goods	50.798.173	52.398.662
Prepayments for goods	2.088.808	689.189
Total inventories	52.886.981	53.087.851
Trade debtors	31.090.335	27.851.121
Amounts owed by group enterprises	71.431.813	59.640.420
Tax receivables from group enterprises	232.276	0
Other debtors	252.231	1.973.069
13 Accrued income and deferred expenses	4.610.177	7.109.669
Total receivables	107.616.832	96.574.279
Available funds	14.453.499	11.906.237
Total current assets	174.957.312	161.568.367
Total assets	195.575.936	178.999.750

Statement of financial position at 31 December

All amounts in DKK.

<u>Note</u>	<u>2019</u>	<u>2018</u>
Equity and liabilities		
Equity		
14 Contributed capital	500.000	500.000
15 Reserves for net revaluation as per the equity method	11.705.559	8.624.320
16 Results brought forward	61.900.718	63.554.416
Total equity	<u>74.106.277</u>	<u>72.678.736</u>
Provisions		
17 Provisions for deferred tax	1.843.000	1.846.000
Total provisions	<u>1.843.000</u>	<u>1.846.000</u>
Liabilities other than provisions		
Bank debts	1.912.500	6.699.877
Other debts	846.880	0
18 Total long term liabilities other than provisions	<u>2.759.380</u>	<u>6.699.877</u>
18 Short-term part of long-term liabilities	3.650.500	3.899.203
Bank debts	38.924.697	34.075.496
Trade creditors	13.598.697	10.659.332
Debt to group enterprises	56.519.833	40.233.993
Tax payables to group enterprises	0	2.684.347
Other debts	4.173.552	6.222.766
Total short term liabilities other than provisions	<u>116.867.279</u>	<u>97.775.137</u>
Total liabilities other than provisions	<u>119.626.659</u>	<u>104.475.014</u>
Total equity and liabilities	<u>195.575.936</u>	<u>178.999.750</u>
19 Charges and security		
20 Contingencies		
21 Related parties		

Statement of changes in equity

All amounts in DKK.

	Contributed capital	Reserve for net revalua-tion according to the eq-uity method	Retained earnings	Total
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	2.828.066	2.828.066
Adjustment deferred tax of financial instruments	0	0	-622.175	-622.175
Change in exchanges rates subsidiaries	0	0	-54.918	-54.918
Equity 1 January 2019	500.000	8.624.320	63.554.416	72.678.736
Share of results	0	3.081.239	529.375	3.610.614
Adjustment financial instruments	0	0	-2.735.970	-2.735.970
Adjustment deferred tax of financial instruments	0	0	601.913	601.913
Other adjustment	0	0	-101.835	-101.835
Change in exchanges rates subsidiaries	0	0	52.819	52.819
	500.000	11.705.559	61.900.718	74.106.277

Statement of cash flows 1 January - 31 December

All amounts in DKK.

<u>Note</u>	<u>2019</u>	<u>2018</u>
Results for the year	3.610.614	5.181.259
22 Adjustments	-1.691.419	6.637.688
23 Change in working capital	3.882.236	3.084.196
Cash flow from operating activities before net financials	5.801.431	14.903.143
Interest received and similar amounts	3.167.262	1.144.857
Interest paid and similar amounts	-1.946.230	-1.339.216
Cash flow from ordinary activities	7.022.463	14.708.784
Corporate tax paid	-2.684.347	-1.162.088
Cash flow from operating activities	4.338.116	13.546.696
Purchase of intangible fixed assets	-134.910	-633.472
Purchase of tangible fixed assets	-2.410.964	-1.818.101
Sale of tangible fixed assets	165.000	0
Purchase of financial fixed assets	-30.000	-42.717
Deposita	-43.597	0
Cash flow from investment activities	-2.454.471	-2.494.290
Repayments of long-term debt	-4.189.200	-3.280.419
Dividend paid	0	-3.500.000
Cash flow from financing activities	-4.189.200	-6.780.419
Changes in available funds	-2.305.555	4.271.987
Available funds opening balance	-22.152.568	-26.424.555
Available funds end of period	-24.458.123	-22.152.568
Available funds		
Available funds	14.453.499	11.906.237
Short-term bank debts	-38.924.697	-34.075.496
Securities	13.075	16.691
Available funds end of period	-24.458.123	-22.152.568

Notes

All amounts in DKK.

	<u>2019</u>	<u>2018</u>
1. Staff costs		
Salaries and wages	32.422.893	35.126.078
Pension costs	1.654.291	1.492.185
Other costs for social security	570.484	526.130
	<u>34.647.668</u>	<u>37.144.393</u>
Average number of employees	<u>82</u>	<u>81</u>
2. Depreciation, amortisation and writedown relating to tangible and intangible fixed assets		
Amortisation of goodwill	308.385	2.529.653
Depreciation on decoration of rented premises	421.219	541.203
Depreciation on other tangible fixed assets	1.479.547	2.376.631
Loss on sale of tangible assets	135.698	862.441
	<u>2.344.849</u>	<u>6.309.928</u>
3. Income from equity investments in group enterprises		
Molo Kids Norway AS	170.254	116.117
Molo Kids Sweden AB	395.425	589.365
Molo Kids UK Ltd.	269.112	193.774
Molo Kids Benelux BV	58.689	158.180
Molo Kids Finland OY	537.742	574.398
Molo Kids France sa	945.238	-668.252
Molo Kids US Inc.	429.723	559.941
Molo Belgium bvba	-18.451	147.767
Molo Kids Germany GMBH	80.319	94.313
Molo Hong Kong Inc.	78.988	-26.288
Intercompany profits	81.381	244.376
	<u>3.028.420</u>	<u>1.983.691</u>

Notes

All amounts in DKK.

	<u>2019</u>	<u>2018</u>
4. Other financial income		
Interest, banks	1.117	1.421
Interest and penalty charges from customers	7.911	243.677
Foreign exchange difference	2.266.188	701.963
Market value adjustment, securities that are current assets	0	618
	<u>2.275.216</u>	<u>947.679</u>
5. Other financial costs		
Financial costs, group enterprises	191.914	168.018
Other financial costs	1.754.316	1.873.779
	<u>1.946.230</u>	<u>2.041.797</u>
6. Tax on ordinary results		
Tax of the results for the year, parent company	369.637	2.062.172
Adjustment for the year of deferred tax	-3.000	-1.175.000
	<u>366.637</u>	<u>887.172</u>
7. Proposed distribution of the results		
Extraordinary dividend adopted during the financial year	0	3.500.000
Reserves for net revaluation as per the equity method	3.081.239	1.928.772
Allocated to results brought forward	529.375	0
Allocated from results brought forward	0	-247.513
Distribution in total	<u>3.610.614</u>	<u>5.181.259</u>

Notes

All amounts in DKK.

	<u>31/12 2019</u>	<u>31/12 2018</u>
8. Goodwill		
Cost opening balance	8.851.205	8.217.733
Additions during the year	134.910	633.472
Disposals during the year	<u>-6.694.580</u>	<u>0</u>
Cost end of period	<u>2.291.535</u>	<u>8.851.205</u>
Amortisation and writedown opening balance	-7.784.248	-5.254.594
Amortisation and writedown for the year	-308.385	-2.529.653
Amortisation and writedown, assets disposed of	<u>6.694.580</u>	<u>0</u>
Amortisation and writedown end of period	<u>-1.398.053</u>	<u>-7.784.247</u>
Book value end of period	<u>893.482</u>	<u>1.066.958</u>
9. Other plants, operating assets, and fixtures and furniture		
Cost opening balance	12.565.327	15.743.025
Additions during the year	2.410.964	1.818.101
Disposals during the year	<u>-4.039.618</u>	<u>-4.995.799</u>
Cost end of period	<u>10.936.673</u>	<u>12.565.327</u>
Depreciation and writedown opening balance	-6.683.088	-7.898.611
Depreciation and writedown for the year	-1.900.766	-2.917.834
Depreciation and writedown, assets disposed of	<u>3.738.919</u>	<u>4.133.358</u>
Depreciation and writedown end of period	<u>-4.844.935</u>	<u>-6.683.087</u>
Book value end of period	<u>6.091.738</u>	<u>5.882.240</u>
Leased assets are included with a book value of	<u>46.008</u>	<u>224.203</u>

Notes

All amounts in DKK.

	31/12 2019	31/12 2018
10. Equity investments in group enterprises		
Acquisition sum, opening balance opening balance	1.200.312	1.200.312
Additions during the year	30.000	0
Cost end of period	1.230.312	1.200.312
Revaluations, opening balance opening balance	8.624.320	6.695.548
Translation by use of the exchange rate valid on balance sheet date	52.819	-54.918
Results for the year before goodwill amortisation	2.947.039	1.739.315
Regulation intercompany profits	81.381	244.375
Revaluation end of period	11.705.559	8.624.320
Book value end of period	12.935.871	9.824.632
Group enterprises:		
	Domicile	Share of ownership
Molo Kids Norway AS	Oslo	100 %
Molo Kids Sverige AB	Stockholm	100 %
Molo Kids UK Ltd.	London	100 %
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 end of period	16.691	16.691
Writedown for the year	-3.617	0
Writedown end of period	-3.617	0
Book value end of period	13.074	16.691

Notes

All amounts in DKK.

	<u>31/12 2019</u>	<u>31/12 2018</u>
12. Deposits		
Cost opening balance	640.862	598.144
Additions during the year	<u>43.597</u>	<u>42.718</u>
Cost end of period	<u>684.459</u>	<u>640.862</u>
Book value end of period	<u>684.459</u>	<u>640.862</u>
13. Accrued income and deferred expenses		
Prepayments include costs for future clothing collections, exhibitions etc.		
14. 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.		
15. Reserves for net revaluation as per the equity method		
Reserves for net revaluation opening balance	8.624.320	6.695.548
Share of results	<u>3.081.239</u>	<u>1.928.772</u>
	<u>11.705.559</u>	<u>8.624.320</u>

Notes

All amounts in DKK.

	<u>31/12 2019</u>	<u>31/12 2018</u>
16. Results brought forward		
Results brought forward opening balance	63.554.416	61.650.956
Profit or loss for the year brought forward	529.375	-247.513
Extraordinary dividend adopted during the financial year	0	3.500.000
Distributed extraordinary dividend adopted during the financial year.	0	-3.500.000
Adjustment financial instruments	-2.735.970	2.828.066
Adjustment deferred tax of financial instruments	601.913	-622.175
Other adjustment	-101.835	0
Change in exchanges rates subsidiaries	52.819	-54.918
	<u>61.900.718</u>	<u>63.554.416</u>

17. Provisions for deferred tax

Provisions for deferred tax opening balance	1.846.000	3.021.000
Deferred tax of the results for the year	-3.000	-1.175.000
	<u>1.843.000</u>	<u>1.846.000</u>

The following items are subject to deferred tax:

Intangible fixed assets	-16.000	-180.000
Tangible fixed assets	845.000	463.000
Current assets	1.014.000	1.563.000
	<u>1.843.000</u>	<u>1.846.000</u>

18. Liabilities

	<u>Debt in total 31 Dec 2019</u>	<u>Short-term part of long-term liabilities</u>	<u>Long-term debt 31 Dec 2019</u>	<u>Outstanding debt after 5 years</u>
Bank debts	5.550.000	3.637.500	1.912.500	0
Leasing liabilities	13.000	13.000	0	0
Other debts	846.880	0	846.880	0
	<u>6.409.880</u>	<u>3.650.500</u>	<u>2.759.380</u>	<u>0</u>

19. Charges and security

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.

Notes

All amounts in DKK.

19. Charges and security (continued)

The company has total lease liabilities DKK 224 thousand on 31 December 2019. The company's leased assets total DKK 46 thousand.

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. This security comprises the below assets, stating the book values (in t.kr) :

Inventories	DKK 52.887
Trade debtors	DKK 31.090
Operating assets and fixtures	DKK 6.092
Goodwill	DKK 893

20. Contingencies

Contingent liabilities

Contingent liabilities

The company has provided guarantees to landlords. On 31 December 2019 the total guarantees were DKK 7.581 thousand.

Joint taxation

Morilo Holding ApS, company reg. no 40 77 65 24 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.

Notes

All amounts in DKK.

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	2.344.853	6.309.931
Income from equity investments in group enterprises	-3.028.420	-1.983.691
Other financial income	-3.167.262	-1.847.439
Other financial costs	1.946.230	2.041.797
Tax on ordinary results	369.637	2.062.172
Other adjustments	-156.457	54.918
	<u>-1.691.419</u>	<u>6.637.688</u>

23. Change in working capital

Change in inventories	200.870	-96.600
Change in debtors	-10.810.276	-9.544.302
Change in trade creditors and other liabilities	14.491.642	12.725.098
	<u>3.882.236</u>	<u>3.084.196</u>

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