

**ANNUAL REPORT**

**1 JANUARY - 31 DECEMBER 2022**

**MOLO A/S  
Rentemestervej 49  
2400 København NV**

**CENTRAL BUSINESS REGISTRATION no. 27 22 91 66**

Adopted at the Company's  
Annual General Meeting,  
on 21/4 2023

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Mogens Jepsen  
Chairman of the meeting

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**Company**

MOLO A/S  
Rentemestervej 49  
2400 København NV

Central Business Registration no. 27 22 91 66

Registered in: København NV

**Board of Executives**

Mogens Jepsen

**Board of Directors**

Rikke Bundgaard Jepsen

Mogens Jepsen

Jacob Benned Jensen

**Company auditors**

**info**revision  
statsautoriseret revisionsaktieselskab  
Buddingevej 312  
2860 Søborg  
Central business registration no. 19263096

Michael Dam-Johansen, State Authorized Public Accountant  
Shpend Rasimi, State Authorized Public Accountant

**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 marketplace and has given the company a strong and sustainable competitive advantage.

After some troublesome years due to Covid-19, heavily increased logistic and production cost, and insecurity in the retail market, 2022 turned out very positive on the topline, returning to prior years' high with strong performance and positive sell-through with the company's customers around the world. Molo is generally speaking gaining further momentum globally and has during the year succeeded in further manifesting itself as one of the strongest affordable luxury childrenswear brand globally.

However net earnings took a hit due to the unexpected filling for restructuring by one of the company's largest customers. Molo's own retail division also continued to be somewhat under pressure mainly due to low footfalls in both Denmark, Sweden, France, and Germany, but managed to maintain acceptable earnings due to effective cost control. New challenges such as rising inflation and higher energy costs came to light at the end of 2022, challenges that continue into 2023. Even though Corona seems to be more or less non-existing in our part of the world is still creating some challenges in Asia.

The continued shift in and between the regular brick and mortar stores and e-commerce's also continue to create a puzzling market to maneuver in, a 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 continues to put pressure on the top line. Long term the company is confident that we have made the right decision in terms of customers and way of working, 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.

Management considers this year's financial performance acceptable, and besides the unfortunate event of the reconstruction of one of our large customers, a really positive step in the right direction in terms of returning to an acceptable level of profit. It is, however, expected that 2023 has much uncertainty around the continued conflict between Russia and Ukraine, higher energy prices and rising (high) inflation, that could affect topline and profit, but Management are confident that 2023 will deliver acceptable profit.

**Follow-up on previous forecasts**

The company exceeded its forecast for the year in terms of topline, and only missed the profit due to the mentioned reconstruction of one of its largest customers.

**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 increase in the coming years. The group, however, 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.

**Climate Conditions**

In 2017 the company initiated a Climate Mission Statement that included, primarily a change in focus towards a substantiable and eco-friendly production of children's clothes.

The company is GOTS, OCS and GRS certified (\*Certified by Ecocert Greenlife, certification no. 197496), whereby being a GOTS, OCS and GRS certified company means that the company highly values sustainable materials and processes.

On that note the company continues to see very notable positive effects on and from prior years investments in sustainability with around 80% of all garments now being eco-friendly.

**The expected development**

With the Corona epidemic hopefully no longer an issue, or at least a minor unimportant one, the higher energy prices and rising inflation along with continuation of the Russia and Ukraine border dispute, could be somewhat disruptive, but Management, however, still expects that the company in 2023 will see topline and earnings on an acceptable level.

**Events subsequent to the financial year**

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

**Financial highlights**

Amounts in DKK '000	2022	2021	2020	2019	2018
<b>Income statement</b>					
Gross profit/loss	43.585	42.688	32.469	36.720	49.335
Profit/loss from primary activities	2.872	3.669	-2.278	-272	4.279
Net financials	9	384	-11.562	4.249	1.789
Profit/loss for the year	2.820	3.702	-13.077	3.611	5.181
<b>Balance sheet</b>					
Balance sheet total	165.315	136.108	130.220	149.859	179.000
Investments in property, plant and equipment	3.163	981	723	2.411	1.818
Equity	72.421	66.255	60.594	74.106	72.679
<b>Ratios</b>					
Return on invested capital	1,7	2,7	-1,7	-0,2	2,4
Solvency ratio	43,8	48,7	46,5	49,5	40,6
Return on equity	4,1	5,8	-19,4	4,9	7,3

The Board of Directors and Board of Executives have today discussed and approved the annual report for the the financial year 1 January - 31 December 2022 of MOLO A/S.

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

In our opinion the financial statements give a true and fair view of the Company's financial position at 31 December 2022 and of the result of the Company's operation and cash flow for the financial year 1 January - 31 December 2022.

In our opinion the management's review includes a fair review about the matters the review deals with.

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

København NV, 21st April 2023

**Board of Executives**

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Mogens Jepsen  
CEO

**Board of Directors**

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Rikke Bundgaard Jepsen  
Chairman

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Mogens Jepsen  
Director

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Jacob Benned Jensen  
Director

## To the shareholder of MOLO A/S

### Opinion

We have audited the financial statements of MOLO A/S for the financial year 1 January to 31 December 2022, which comprise the accounting policies applied, the income statement, the balance sheet, statement of changes in equity, cash flow statement and notes. The financial statements are prepared in accordance under the Danish Financial Statements Act.

In our opinion the financial statement give a true and fair view of the Company's financial position at 31 December 2022, and of the result of the Company's operations and cash flows for the financial year 1 January to 31 December 2022 in accordance with the Danish Financial Statements Act.

### Basis for opinion

We conducted our audit in accordance with international Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Management's responsibility for the Financial Statements

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

In preparing the Financial Statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.



**Auditor's responsibility for the Audit of the Financial Statements**

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

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- \* Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive 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 for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- \* Obtain an understanding of 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 and the reasonableness of accounting estimates and related disclosures made by Management.
- \* Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on 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 Financial Statements 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 Financial Statements, including the disclosures, and whether the Financial Statements represent 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 internal control that we identify during our audit.

**Statement on the Management's review**

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statement Acts. We did not identify any material misstatement of Management's Review.

Søborg, 21st April 2023

**inforevision**

statsautoriseret revisionsaktieselskab  
(cvr 19263096)

Michael Dam-Johansen  
State Authorized Public Accountant  
mne36161

Shpend Rasimi  
State Authorized Public Accountant  
mne47779

The annual report has been prepared in accordance with Danish financial statements legislation as well as generally accepted accounting principles.

The annual report has been prepared in accordance with the reporting requirements of the Danish Financial Statements Act of class C enterprises for medium-sized enterprises.

The accounting policies have not been changed from last year.

### RECOGNITION AND MEASUREMENT

The financial statements have been prepared based on historical cost.

The income is recognised in the income statement as earned. Further to this, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Furthermore, all costs incurred to earn the profit or loss for year have been recognised in the income statement, including amortisation, depreciation, write-down and provisions as well as reversals as a consequence of changed accounting estimates of amounts previously recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow into the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described below for each financial statement item.

Certain financial assets and liabilities are measured at amortised cost, by which a constant redemption yield is recognised over the term. Amortised cost is calculated as original cost less instalments and addition/deduction of the accumulated amortisation of the difference between cost and the nominal amount. Thereby, capital and exchange losses or gains are allocated over the term.

On recognition and measurement, anticipated losses and risks that appear before presentation of the annual report and which confirm or invalidate affairs or conditions existing at the balance sheet date are considered.

The functional currency is Danish kroner, DKK. All other currencies are considered foreign currencies.

### FOREIGN CURRENCY TRANSLATION

During the year, transactions in foreign currencies have been translated applying the exchange rate at the transaction date. If currency positions are considered hedge of future cash flows, the value adjustments are recognised directly in equity.

Receivables and debt denominated in foreign currencies have been recognised at the exchange rate of the balance sheet date.

Realised and unrealised exchange gains and losses have been recognised in the income statement under other financial income and expenses.

**Derivatives**

Derivatives used for hedge accounting are recognised at fair value at the reporting date and revaluations are recognised directly at Equity

Fair value arising from hedge accounting are recognised as either Other receivables or Other short-term liabilities.

**INCOME STATEMENT**

The income statement has been classified by nature.

**Gross profit/loss**

The Company has aggregated the items "revenue", "other operating income", "change in inventories of goods for resale and work in progress" as well as "external expenses".

**Revenue**

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Recognition of revenue is exclusive of VAT and taxes and less any discounts relating directly to sales.

**Other operating income**

Other operating income includes financial statement items of a secondary nature in relation to the primary activity of the enterprise, including profit on sale of fixed assets, received allowances from public authorities and compensation due to the coronavirus situation.

**External expenses**

Other external costs comprise costs incurred for distribution, sales, advertising, administration, premises, loss on receivables, and operational leasing costs.

**Staff costs**

Staff costs include wages and salaries including holiday pay and pensions and other social security costs etc. To the Company's employees. Staff costs are reduced with payments received from public authorities.

**Other operating expenses**

Other operating expenses include financial statement items of a secondary nature in relation to the primary activity of the enterprise, including loss on sale of fixed assets and transfer pricing adjustment of group entities.

**Income from investments in group enterprises**

Income from investments in group enterprises comprises the pro rata share of the group enterprises' operating profit/loss adjusted for internal profits and losses.

**Other financial income and other financial expenses**

Financial income and expenses is recognised with amounts concerning the financial year. Financial items comprise interest, realised and unrealised exchange gains and losses, amortisation of debt to mortgage credit institutions as well as interest surcharge and interest reimbursements under the Danish Tax Prepayment Scheme.

**Tax on profit or loss for the year income taxes**

Tax on profit or loss for the year represents 22% of the book profit or loss adjusted for non-taxable and non-deductible items.

Tax on profit or loss for the year consists of the anticipated tax portion of the taxable income for the year adjusted for the changes for the year in deferred tax. Changes in deferred taxes due to adjustments of tax rates is recognised in the income statement.

The Company is jointly taxed with other Danish group enterprises with Morilo Holding ApS as management company. The tax effect of the joint taxation is allocated among the group enterprises in ratio to their taxable income according to the rules on full allocation with a refund for tax losses of the Danish Corporation Tax Act.

Corporation tax relating to the financial year which has not been settled at the balance sheet date is to be classified as corporation tax in receivables or liabilities other than provisions.

Joint tax contributions between the jointly taxed companies which have not been settled at the balance sheet date are classified as joint tax contributions in receivables or liabilities.

The Company is subject to the Danish Tax Prepayment Scheme. Interest reimbursement and interest surcharge have been recognised in financial income and expenses.

**BALANCE SHEET**

The balance sheet has been presented in account form.

**ASSETS****Intangible assets**

Intangible assets are measured at cost less accumulate amortisation.

Cost comprises the acquisition price as well as costs directly related to the acquisition until the time when the asset is ready to be put into operation.

Assets are amortised on a straight-line basis over their estimated useful lives:

Goodwill	3-10 years
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As the intangible assets are not being traded in an active and effective market, no residual values after end of use are included when determining the amortisation period.

The amortisation period for goodwill is determined as an overall assessment of the acquired company's market position, earnings profile and expectations of customers loyalty, which within reasonable limits is based on historical data/registrations.

Profit/loss on sale has been included in the income statement under gross profit or loss and other operating expenses.

**Property, plant and equipment**

Property, plant and equipment are measured at cost less accumulate depreciation. The basis of depreciation is cost less estimated residual value after the end of useful life.

Cost comprises the acquisition price as well as costs directly related to the acquisition until the time when the asset is ready to be put into operation.

The costprice for an asset is divided into separate components, that are depreciated separately, if the useful life of the individual components is significantly different.

Depreciation is initiated when the assets are ready to be taken into operation. Assets are depreciated on a straight-line basis over their estimated useful lives with following residual values:

	<u>Useful lives</u>	<u>Residual value</u>
Leasehold improvements	3-10 years	0-20%
Other fixtures, etc.	3-10 years	0-10%

Minor purchases with useful lives below one year have been recognised as an expense in the income statement in external expenses.

Profit/loss on sale or retirement has been included in the income statement under gross profit or loss and other operating expenses.

**Leasing**

Property, plant and equipment that are assets held under lease and meet the conditions for financial leasing are accounted for according to the same guidelines as owned assets. Assets held under lease are recognised in the balance sheet at the lower of fair value and present value of the future lease payments. On calculation of the present value, the internal interest rate of the lease is applied as discount factor or an approximate value thereof. Assets held under finance lease are depreciated and written down according to the same policies as are determined for the Company's remaining fixed assets.

The capitalised remaining lease commitment is recognised in the balance sheet as a liability other than provisions, and the interest portion of lease payments is recognised over the term of the lease in the income statement.

Remaining leases are considered operating lease. Payments in relation to operating lease are recognised on a straight-line basis in the income statement over the term of the lease.

**Impairment of intangible assets and property, plant and equipment**

The carrying amount of intangible assets and property plant and equipment is reviewed annually for indication of impairment for loss, apart from what is expressed by usual amortisation and depreciation. If this applies, impairment for loss is made of each asset or group of assets, respectively, to lower recoverable amount.

As recoverable amount, the higher of expected net selling price and net present value is applied. The net present value is calculated as the present value of the anticipated cash flows from the use of the asset or the group of assets.

Impairment for loss for the year is recognised in the income statement as amortisation, depreciation and impairment for loss of property, plant and equipment and intangible assets.

**Investments in group enterprises**

Investments in group enterprises have been recognised according to the equity method, so that the investment is measured at the pro rata share of the group enterprises' net asset value adjusted for internal dividends and gains.

Foreign group enterprises' profit or loss and equity have been translated into DKK. Exchange adjustments arising on translation of the foreign group enterprises' equity at the beginning of the financial year as well as profit/loss for the financial year are taken to equity.

Distributable reserves in group enterprises which are distributed as dividends to the parent at the balance sheet date are included in the value of investments.

Group enterprises with negative net asset values are measured at zero, and any receivable from such enterprises is written down by the Parent's share of the negative net asset value to the extent deemed irrecoverable. If the negative net asset value exceeds the amount receivable, the remaining amount is recognised in provisions to the extent the Parent has a legal or constructive obligation to cover the relevant enterprise's liabilities.

Acquisition of group enterprises are recognised at cost. The difference between the cost price and the net asset value of the acquired company, which appears at the time of establishing the consolidation, is as far as possible allocated to the assets and liabilities whose value is higher or lower than the carrying amount. A remaining positive difference is treated as goodwill and included in the value of investments, which is amortised in the income statement over 5 years. The depreciation period is based on an assessment of the market position, earnings profile, and expectations of customers loyalty. A negative difference, reflecting an expected cost or an unfavourable development, are recognised as income in the income statement in the year of acquisition.

The total net revaluation of investments in group enterprises is allocated via the profit distribution to "reserve for net revaluation according to the equity method" under equity. The reserve is reduced by dividend distributions to the Parent and is adjusted by changes in equity in the group enterprises.

### **Other receivables (fixed assets)**

Other receivables recognised under fixed assets comprise rental deposits measured at amortised cost. In events when the carrying amount exceeds the recoverable amount, impairment for loss is made to such lower value. Impairment for loss for the year is recognised in the income statement as impairment for loss of financial assets.

### **Inventories**

Inventories are measured at cost according to the FIFO method. In the event of cost exceeding net realisable value, write-down is made to this lower value.

Cost of goods for resale as well as raw materials and consumables comprises purchase price plus landing costs.

The net realisable value of inventories is calculated at the amount expected to be generated by sale in the process of normal operations with deduction of selling expenses and costs of completion. The net realisable value is determined allowing for marketability, obsolescence and development in expected sales sum.

### **Receivables**

Receivables are measured at amortised cost which usually corresponds to nominal value. The value is reduced by write-down for bad debt according to an individual assessment.

### **Prepayments**

Prepayments comprise costs incurred relating to subsequent financial years.

### **Cash on hand and in hand**

Cash on hand and in hand comprise cash at bank and in hand.



## EQUITY AND LIABILITIES

### Equity

Management's proposed dividends for the financial year is disclosed as a separate item in 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, associates and equity interests 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.

#### Reserve for hedging transactions

The reserve for hedging transactions arises when hedging instruments are subject to fair value adjustments. The reserve is dissolved once the value adjustments have been applied or reversed. The reserve is distributable.

### Provision for deferred tax

Deferred tax is measured according to the liability method. Provision has been made for deferred tax by 22 % on all temporary differences between carrying amount and tax-based value of assets and liabilities.

Deferred tax is also measured with respect of the planned use of the asset and the settlement of the liability. The tax value of the tax losses to be carried forward are included in the calculation of deferred taxes if it is probable that the losses can be used.

The tax-based values of tax losses carried forward are included in the statement of deferred tax if it is probable that the losses can be utilised.

### Financial liabilities

Other liabilities other than provisions have been measured at amortised cost which corresponds to nominal value.

### Deferred income

Deferred income comprises income received relating to subsequent years.

## CONSOLIDATED FINANCIAL STATEMENTS

Pursuant to section 112 of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

**CASH FLOW STATEMENT**

The cash flow statement shows the Company's cash flows for the year as well as the Company's cash and cash equivalents at year-end.

Cash flows from acquisitions and divestments are shown separately under cash flows from investing activities. In the cash flow statement, cash flows regarding acquired companies are recognised from the date of acquisition and cash flows from divested companies are recognised until the transfer date.

Cash flows from operating activities have been calculated as profit or loss adjusted for non-cash operating items, financial income and expenses paid, corporation taxes as well as increase and decrease in inventories, trade receivables, trade payables and other changes in assets and liabilities other than provisions deriving from operations.

Cash flows from investing activities comprise payments in connection with acquisition and sale of fixed assets as well as payments in connection with acquisition and divestment of companies.

Cash flows from financing activities comprise payments from inception and repayment of long-term liabilities other than provisions as well as payments made to and received from shareholders.

Cash and cash equivalents comprise cash and cash equivalents as well as operating credits at credit institutions included in the cash management and are thus exposed to significant changes in both positive and negative directions during the year.

**FINANCIAL HIGHLIGHTS**

The ratios have been prepared in accordance with "2018 online version " from The Danish Finance Analysts Society.

The ratios have been calculated as follows:

$$\text{Return on invested capital} = \frac{\text{Operating profit} * 100}{\text{Av. invested capital}}$$

$$\text{Solvency} = \frac{\text{Equity at year-end} * 100}{\text{Total assets}}$$

$$\text{Return on equity} = \frac{\text{Profit or loss for the year} * 100}{\text{Average equity}}$$

Invested capital= Intangible and fixed assets relating to the activities + networkingcapital.

**INCOME STATEMENT**  
**1 JANUARY - 31 DECEMBER 2022**

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<u>Note</u>	<u>2022</u>	<u>2021</u>
GROSS PROFIT/LOSS	43.585.490	42.688.091
3 Staff costs	<u>-38.661.692</u>	<u>-32.878.642</u>
PROFIT/LOSS BEFORE DEPRECIATION, INTEREST AND TAX	4.923.798	9.809.449
Amortisation, depreciation and impairment for loss of intangible and tangible fixed assets	-2.051.758	-2.398.786
Other operating cost	<u>0</u>	<u>-3.741.879</u>
OPERATING PROFIT/LOSS	2.872.040	3.668.784
Income from investments in group enterprises	2.625.182	2.096.728
4 Other financial income	121.828	29.605
5 Other financial expenses	<u>-2.738.007</u>	<u>-1.742.772</u>
PROFIT/LOSS BEFORE TAX	2.881.043	4.052.345
6 Tax on profit/loss for the year	<u>-61.440</u>	<u>-350.407</u>
PROFIT/LOSS FOR THE YEAR	<u><u>2.819.603</u></u>	<u><u>3.701.938</u></u>

Penneo dokumentnagle: 70Z5V-NNVOL-CGOEZ-N0F5U-CCDFV-1VDQ

## ASSETS

<u>Note</u>	<u>31/12 2022</u>	<u>31/12 2021</u>
8 Goodwill	<u>0</u>	<u>208.359</u>
INTANGIBLE ASSETS	<u>0</u>	<u>208.359</u>
Other fixtures and fittings, tools and equipment	3.884.122	2.574.260
Leasehold improvements	<u>900.421</u>	<u>890.601</u>
9,16 PROPERTY, PLANT AND EQUIPMENT	<u>4.784.543</u>	<u>3.464.861</u>
Investments in group enterprises	9.899.740	7.828.025
Deposits	<u>2.875.276</u>	<u>3.535.925</u>
10 FIXED ASSET INVESTMENTS	<u>12.775.016</u>	<u>11.363.950</u>
FIXED ASSETS	<u>17.559.558</u>	<u>15.037.170</u>
Finished goods and goods for resale	88.997.209	56.620.471
Prepaid goods	<u>4.745.325</u>	<u>5.230.362</u>
INVENTORIES	<u>93.742.534</u>	<u>61.850.833</u>
Trade receivables	28.580.072	19.100.236
Receivables from group enterprises	18.253.526	23.826.091
Other receivables	2.239.546	740.257
11 Prepayments	<u>2.262.704</u>	<u>495.499</u>
RECEIVABLES	<u>51.335.848</u>	<u>44.162.083</u>
CASH AT BANK AND IN HAND	<u>2.677.503</u>	<u>15.057.729</u>
CURRENT ASSETS	<u>147.755.885</u>	<u>121.070.645</u>
TOTAL ASSETS	<u><u>165.315.443</u></u>	<u><u>136.107.815</u></u>

## EQUITY AND LIABILITIES

Note	31/12 2022	31/12 2021	
12	Share capital	500.000	500.000
	Reserve for net revaluation according to the equity method	6.110.185	3.564.274
	Reserve for hedging transactions	1.694.291	-1.734.468
	Retained earnings	64.116.365	63.925.176
	<b>EQUITY</b>	<b>72.420.841</b>	<b>66.254.982</b>
6	Provision for deferred tax	107.666	231.162
13	Other provisions	186.975	1.087.158
	<b>PROVISIONS</b>	<b>294.641</b>	<b>1.318.320</b>
	Other payables	2.374.280	2.334.071
14	<b>LONG-TERM LIABILITIES OTHER THAN PROVISIONS</b>	<b>2.374.280</b>	<b>2.334.071</b>
	Other credit institutions	64.915.588	49.244.105
	Trade payables	12.115.956	7.727.363
	Payables to group enterprises	7.135.217	3.672.701
6	Joint tax contribution payables	1.152.022	1.194.472
	Other payables	2.846.898	4.361.801
	Deferred income	2.060.000	0
	<b>SHORT-TERM LIABILITIES OTHER THAN PROVISIONS</b>	<b>90.225.681</b>	<b>66.200.442</b>
	<b>LIABILITIES OTHER THAN PROVISIONS</b>	<b>92.599.961</b>	<b>68.534.513</b>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>165.315.443</b>	<b>136.107.815</b>
1	Special items		
2	Disclosures on fair value and derivative financial instruments		
7	Distribution of profit/loss		
15	Contingent liabilities		
16	Assets charged and security		
17	Contractual obligations		
18	Related parties		
19	Consolidated financial statements		

	Share capital	Reserve for net revaluation according to equity method	Reserve for hedging transactions	Retained earnings	TOTAL
Equity at 1/1 2021	500.000	793.751	-3.391.002	62.691.373	60.594.122
Transferred from distribution of profit/loss	0	2.468.135	0	1.233.803	3.701.938
Adjustments of hedging instruments for the year	0	0	2.123.761	0	2.123.761
Adjustment tax financial instruments	0	0	-467.227	0	-467.227
Net exchange differences, investments in group enterprises	0	302.388	0	0	302.388
Equity at 1/1 2022	500.000	3.564.274	-1.734.468	63.925.176	66.254.982
Transferred from distribution of profit/loss	0	2.628.414	0	191.189	2.819.603
Adjustments of hedging instruments for the year	0	0	4.395.845	0	4.395.845
Adjustment tax financial instruments	0	0	-967.086	0	-967.086
Net exchange differences, investments in group enterprises	0	-82.503	0	0	-82.503
Equity at 31/12 2022	<u>500.000</u>	<u>6.110.185</u>	<u>1.694.291</u>	<u>64.116.365</u>	<u>72.420.841</u>

**CASH FLOW STATEMENT**  
**1 JANUARY - 31 DECEMBER 2022**

**21**

	<u>2022</u>	<u>2021</u>
Profit/loss for the year	2.819.603	3.701.938
Amortisation, depreciation and impairment for loss of intangible and tangible fixed assets	2.051.758	2.398.786
20 Adjustments	52.437	434.073
Change in inventories	-31.891.701	-7.290.193
Change in trade receivables	-9.479.836	1.469.095
Change in trade payables	4.388.593	764.860
Change in other working capital items	<u>10.363.839</u>	<u>-2.206.512</u>
Cash from operating profit/loss	-21.695.307	-727.953
Financial income	121.828	29.605
Financial expenses	-2.738.007	-1.742.772
Income tax paid	-1.194.472	0
Refunds of deposits	<u>660.649</u>	<u>0</u>
CASH FLOWS FROM OPERATING ACTIVITIES	<u>-24.845.309</u>	<u>-2.441.120</u>
Acquisition of property, plant and equipment	-3.163.081	-980.842
Acquisition of fixed asset investments	0	-3.770.779
Intercompany profits	<u>-83.528</u>	<u>83.528</u>
CASH FLOWS FROM INVESTING ACTIVITIES	<u>-3.246.609</u>	<u>-4.668.093</u>
Payment of other long-term liabilities	<u>40.209</u>	<u>-1.878.006</u>
CASH FLOWS FROM FINANCING ACTIVITIES	<u>40.209</u>	<u>-1.878.006</u>
CHANGES FOR THE YEAR IN CASH AND CASH EQUIVALENTS	-28.051.709	-8.987.219
Cash and cash equivalents at 1/1 2022	<u>-34.186.376</u>	<u>-25.199.157</u>
CASH AND CASH EQUIVALENTS AT 31/12 2022	<u><u>-62.238.085</u></u>	<u><u>-34.186.376</u></u>
Cash	2.677.503	15.057.729
Other credit institutions (short term)	<u>-64.915.588</u>	<u>-49.244.105</u>
CASH AND CASH EQUIVALENTS AT 31/12 2022	<u><u>-62.238.085</u></u>	<u><u>-34.186.376</u></u>

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1	Special items	2022	2021
	Compensation, Covid-19	14.921	727.286
	TOTAL	14.921	727.286

COVID-19 compensation are included in other operating income which is included in the gross profit.

2	Disclosures on fair value and derivative, financial instruments	Derivative financial instruments
	<b>Interest rate swap</b>	
	Fair value at end of period recognised in the equity	2.172.167
	Change in fair value for the year recognised in the equity	4.395.845

Interest rate swap agreements have been entered into to hedge future interest payments on variable-rate loans. The agreements have a term of 8 years. In the agreements, an interest rate on CIBOR 3M is exchanged with fixed interest rates of 1,19 - 2,08%.

	Derivative financial instruments
<b>Forward exchange transaction</b>	
Fair value at end of period recognised in the equity	0
Change in fair value of the year recognised in the equity	0

Forward exchange transaction agreement have been entered into to hedge future cash flows related to sales and purchases of goods in USD.

3	Staff costs	2022	2021
	Wages and salaries	36.152.531	30.542.488
	Pensions	1.953.661	1.828.836
	Other social security costs	555.500	507.318
	TOTAL	38.661.692	32.878.642

The average number of full-time employees has represented 54 in this financial year against 49 in the previous financial year.

The total remuneration of the Board of Executives amounts to DKK 1.000.000 in this financial year, whereas total remuneration of the Board of Directors amounts to DKK 1.000.000.



4	Other financial income	2022	2021
	Other financial income	121.828	29.605
	TOTAL	121.828	29.605

5	Other financial expenses	2022	2021
	Other financial expenses	2.738.007	1.742.772
	TOTAL	2.738.007	1.742.772

6 Corporation tax and deferred tax

	Income taxes	Deferred tax	Acc. to the inc. statement	2021
Payable at 1/1 2022	1.194.472	231.162		
Paid re. previous years	-1.194.472	0		
Tax on profit/loss for the year	1.152.022	-123.496	1.028.526	350.407
Tax on equity items	0	0	-967.086	
 PAYABLE AT 31/12 2022	 1.152.022	 107.666		
 TAX ON PROFIT/LOSS FOR THE YEAR			 61.440	 350.407

Deferred tax is incumbent upon the following assets and liabilities:	2022	2021
Intangible assets	-72.496	-70.763
Tangible assets	268.945	390.708
Liabilities other than provisions	-88.783	-88.783
TOTAL	107.666	231.162

7	Distribution of profit/loss	2022	2021
	Reserve for net revaluation according to equity method	2.628.414	2.468.135
	Proposed dividends for the financial year	0	0
	Retained earnings	191.189	1.233.803
	PROFIT/LOSS FOR THE YEAR	2.819.603	3.701.938

8 List of fixed assets, amortisation and impairment, intangible assets

	Goodwill	TOTAL	31/12 2021
Cost at 1/1 2022	769.910	769.910	2.291.535
Disposals for the year	0	0	-1.521.625
COST AT 31/12 2022	769.910	769.910	769.910
Amortisation and impairment at 1/1 2022	561.551	561.551	1.717.680
Amortisation for the year	208.359	208.359	365.495
Amortisation and impairment, disposals for the year	0	0	-1.521.625
AMORTISATION AND IMPAIRMENT AT 31/12 2022	769.910	769.910	561.550
CARRYING AMOUNT AT 31/12 2022	0	0	208.360

9 List of fixed assets, depreciation,  
property, plant and equipment

	Leasehold improve- ments	Other fixtures, etc.	TOTAL	31/12 2021
Cost at 1/1 2022	2.327.297	6.722.971	9.050.267	11.249.454
Additions for the year	347.147	2.815.934	3.163.081	980.842
Disposals for the year	-910.416	-1.509.375	-2.419.791	-3.180.029
<b>COST AT 31/12 2022</b>	<b>1.764.027</b>	<b>8.029.530</b>	<b>9.793.557</b>	<b>9.050.267</b>
Depreciation and impairment at 1/1 2022	1.436.696	4.148.711	5.585.407	6.732.145
Depreciation for the year	337.327	1.506.072	1.843.399	1.931.348
Depreciation and impairment disposals for the year	-910.416	-1.509.375	-2.419.791	-3.078.087
<b>AMORTISATION, DEPRECIATION AND IMPAIRMENT AT 31/12 2022</b>	<b>863.606</b>	<b>4.145.408</b>	<b>5.009.014</b>	<b>5.585.407</b>
<b>CARRYING AMOUNT AT 31/12 2022</b>	<b>900.421</b>	<b>3.884.122</b>	<b>4.784.543</b>	<b>3.464.860</b>
Of this, assets held under finance lease are included by	0	14.820	14.820	24.180
Carrying amount, disposals	0	0	0	-101.943
<b>PROFIT/LOSS ON SALE</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-101.943</b>

10 List of fixed assets, amortisation and depreciation,  
fixed asset investments

	Deposits	Investments in group enterprises	Total	31/12 2021
Cost 1/1 2022	3.535.925	2.138.312	5.674.237	1.903.458
Additions for the year	0	0	0	3.770.779
Disposals for the year	-660.649	0	-660.649	0
<b>COST AT 31/12 2022</b>	<b>2.875.276</b>	<b>2.138.312</b>	<b>5.013.588</b>	<b>5.674.237</b>
Revaluation at 1/1 2022	0	5.689.713	5.689.713	4.297.998
Revaluation for the year	0	2.625.182	2.625.182	2.013.200
Internal profit	0	0	0	83.528
Exchange differences	0	1.022	1.022	302.388
Offsetting against debtors	0	-554.489	-554.489	-1.007.401
<b>REVALUATION AT 31/12 2022</b>	<b>0</b>	<b>7.761.428</b>	<b>7.761.428</b>	<b>5.689.713</b>
<b>CARRYING AMOUNT AT 31/12 2022</b>	<b>2.875.276</b>	<b>9.899.740</b>	<b>12.775.016</b>	<b>11.363.950</b>

The Company's group enterprises comprise the following:

	Ownership share	Contributed capital	Profit or loss for the year	Equity
<b>Group enterprises</b>				
Molo Kids Norway AS, Oslo	100%	75.455	-37.033	1.093.169
Molo Kids Sweden AB, Stockholm	100%	33.430	118.506	603.535
Molo Kids UK Ltd, London	100%	838	58.580	1.126.214
Molo Kids Benelux B.v., Amsterdam	100%	7.437	139.345	346.407
Molo Kids Finland OY, Helsinki	100%	18.591	609.537	2.750.593
Molo Kids France SARL, Paris	100%	185.913	99.750	-637.724
Molo Kids Belgium, Bruxelles	100%	138.319	57.288	-489.885
Molo Kids USA Ltd., Delaware	100%	522.915	1.181.757	3.979.821
Molo Kids Germany GmbH, Hamborg	100%	185.913	397.451	-523.634
<b>TOTAL</b>		<b>1.168.810</b>	<b>2.625.182</b>	<b>8.248.495</b>

The company's group enterprises Molo Kids France SARL, Molo Kids Belgium and Molo Kids Germany GmbH are recognised at zero due to negative net asset value.

11	<u>Prepayments</u>	<u>31/12 2022</u>	<u>31/12 2021</u>
	Rent	801.335	243.000
	Other prepayments	<u>1.461.369</u>	<u>252.499</u>
	I ALT	<u>2.262.704</u>	<u>495.499</u>

12 Share capital

The share capital consists of 500.000 shares, each with a nominal value of DKK 1. The shares have not been divided into classes.

13	<u>Other provisions</u>	<u>31/12 2022</u>	<u>31/12 2021</u>
	Future return of goods sold	<u>186.975</u>	<u>1.087.158</u>
	TOTAL	<u>186.975</u>	<u>1.087.158</u>

14 Long-term liabilities other than provisions

		<u>31/12 2022</u>	<u>31/12 2021</u>
	<u>Total debt:</u>		
	Other payables	<u>2.374.280</u>	<u>2.334.071</u>
	TOTAL	<u>2.374.280</u>	<u>2.334.071</u>
	<u>Instalments next financial year:</u>		
	Other payables	<u>0</u>	<u>0</u>
	TOTAL	<u>0</u>	<u>0</u>

## 15 Contingent liabilities

The company has provided guarantees to landlords. On 31 December 2022 the total guarantees were DKK 681 thousand.

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.

The company has issued letter of support to the subsidiaries, Molo Kids Benelux B.v. and Molo Kids UK ltd. The equity capital in the two companies amounts to DKK 1.472.621 per 31.12.2022.

## 16 Assets charged and security

As security for bank debts the company has provided a floating company charge of DKK 45.000 thousand and security in intangible assets, fixed assets, trade goods and receivable. This security comprises the below assets. stating the book values (in thousand DKK):

Inventories	94.735
Trade debtors	28.580
Operating assets and fixtures	17.560
Goodwill	0

## 17 Contractual obligations

The company has total lease liabilities DKK 180 thousand on 31 December 2022. The company's leased assets total DKK 15 thousand.

The company has made a rent agreement pending to the year 2027. The overall residual rent agreement aggregate approx. DKK 28.084 thousand.

18 Related parties

The Company's related parties with controlling interest comprise the following:

Controlling interest:	Basis of controlling interest:
Mogens Jepsen Holding ApS, Genfofte Morilo Holding ApS, Gentofte	Main shareholder Owner of Mogens Jepsen Holding ApS
Mogens Jepsen Rikke Bundgaard Jepsen	Owner of Morilo Holding ApS Owner of Morilo Holding ApS

No disclosures of transactions with related parties have been disclosed as Management believes that all transactions with related parties has been carried out on arms length basis.

19 Consolidated financial statements

No consolidated financial statements have been prepared pursuant to 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, Gentofte, CVR no. 40 77 65 24.

<u>20 Adjustments</u>	<u>31/12 2022</u>	<u>31/12 2021</u>
Income from investments in group enterprises	-2.625.182	-2.096.728
Other financial income	-121.828	-29.605
Other financial expenses	2.738.007	1.742.772
Tax on profit/loss for the year	184.936	1.194.472
Adjustment deferred tax	-123.496	-376.838
TOTAL	<u>52.437</u>	<u>434.073</u>

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## Jacob Benned Jensen

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## Rikke Bundgaard Jepsen

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## Mogens Jepsen

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## Mogens Jepsen

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**Mogens Jepsen**

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