

**Molo A/S**

**Baltikavej 20, 1., 2150 Nordhavn**

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**Annual report**

**2020**

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**Company reg. no. 27 22 91 66**

The annual report has been submitted and approved by the general meeting on the 5 May 2021.

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**Mogens Jepsen**  
Chairman of the meeting

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#### Notes to users of the English version of this document:

- This document is a translation of a Danish version of the document. In the event of any dispute regarding the interpretation of any part of the document, the Danish version of the document shall prevail.
- To ensure the greatest possible applicability of this document, IAS/IFRS British English terminology has been used.
- Please note that decimal points remain unchanged from Danish version of the document. This means that DKK 146.940 corresponds to the English amount of DKK 146,940, and that 23,5 % corresponds to 23.5 %.

## Management's report

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Today, the board of directors and the managing director have presented the annual report of Molo A/S for the financial year 2020.

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

We consider the accounting policies appropriate and, in our opinion, the financial statements provide a fair presentation of the company's assets, equity and liabilities, and financial position at 31 December 2020 and of the company's results of activities and cash flows in the financial year 1 January - 31 December 2020.

We are of the opinion that the management commentary presents a fair account of the issues dealt with.

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

Nordhavn, 5 May 2021

### Managing Director

Mogens Jepsen

### Board of directors

Rikke Bundgaard Jepsen

Mogens Jepsen

Jacob Benned Jensen

## Independent auditor's report

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### To the shareholders of Molo A/S

#### Opinion

We have audited the financial statements of Molo A/S for the financial year 1 January - 31 December 2020, which comprise accounting policies, income statement, statement of financial position, statement of changes in equity, statement of cash flows and notes. The financial statements have been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements present a fair view of the company's assets, equity and liabilities, and financial position at 31 December 2020 and of the results of the company's activities and cash flows for the financial year 1 January - 31 December 2020 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 section "Auditor's responsibilities for the audit of the financial statements". We are independent of the company in accordance with international ethical requirements for auditors (IESBA's Code of Ethics), and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of financial statements that provide a fair view in accordance with the Danish Financial Statements Act. Management is also responsible for such internal control as the 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 unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

#### Auditor's responsibilities 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 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 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 these financial statements.

## Independent auditor's report

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As part of an audit conducted in accordance with international standards on auditing, and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional scepticism 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 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 and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's preparation of the financial statements using the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists arising from 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 disclosures in notes, and whether the financial statements reflect the underlying transactions and events in a manner that presents a 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 commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we express no assurance opinion thereon.

## Independent auditor's report

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In connection with our audit of the financial statements, it is our responsibility to read the management commentary and to consider whether the management commentary is materially inconsistent with the financial statements or the evidence obtained during the audit, or whether it otherwise appears to contain material misstatement.

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

Based on the work we have performed, we believe that management commentary is consistent with the financial statements and that it has been prepared in accordance with the provisions of the Danish Financial Statement Act. We did not discover any material misstatement in the management commentary.

Esbjerg, 5 May 2021

### **Martinsen**

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

**Lars Æbelø-Nielsen**

State Authorised Public Accountant  
mne33693

## Company information

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<b>The company</b>	Molo A/S Baltikavej 20, 1. 2150 Nordhavn
	Phone 88 88 40 00
	Fax 33 25 40 25
	Web site <a href="http://www.molo.com">www.molo.com</a>
	Company reg. no. 27 22 91 66
	Established: 1 January 2003
	Domicile: Copenhagen
	Financial year: 1 January - 31 December
<b>Board of directors</b>	Rikke Bundgaard Jepsen Mogens Jepsen Jacob Benned Jensen
<b>Managing Director</b>	Mogens Jepsen
<b>Auditors</b>	Martinsen Statsautoriseret Revisionspartnerselskab Edison Park 4 6715 Esbjerg N
<b>Bankers</b>	Nykredit Bank
<b>Parent company</b>	Morilo Holding ApS
<b>Subsidiaries</b>	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>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<b>Income statement:</b>					
Gross profit	32.469	36.720	49.335	59.296	54.957
Profit from operating activities	-2.278	-272	4.279	16.858	15.887
Net financials	-11.562	4.249	1.789	1.149	1.109
Net profit or loss for the year	-13.077	3.611	5.181	14.569	13.320
<b>Statement of financial position:</b>					
Balance sheet total	125.299	149.859	179.000	166.465	138.430
Investments in property, plant and equipment	723	2.411	1.818	3.645	2.896
Equity	60.594	74.106	72.679	68.847	66.590
<b>Cash flows:</b>					
Operating activities	3.117	4.338	13.547	2.060	630
Investing activities	-698	-2.454	-2.494	-4.745	-2.749
Financing activities	-1.974	-4.189	-6.780	-5.579	2.206
Total cash flows	445	-2.306	4.272	-8.263	86
<b>Employees:</b>					
Average number of full-time employees	80	82	81	84	70
<b>Key figures in %:</b>					
Solvency ratio	52,4	49,2	40,6	41,4	48,1
Return on equity	-3,8	4,9	7,3	21,5	20,7

Calculations of key figures and ratios follow the recommendations of the Danish Association of Finance Analysts.



## Management commentary

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### 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 a 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 continues to put pressure on the top line.

It goes without saying that 2020 turned out to be a very difficult year, a year that was totally disrupted by the Corona virus. Especially Molo's own retail division has been under massive pressure due to long forced lock-down periods or very low footfalls in Denmark, Sweden, France, Germany and Hong Kong. These retail challenges will continue into the first half of 2021, after which a significant improvement is expected. On the other hand, our own webshop and especially our wholesale division is seeing very positive sales results for the coming seasons.

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.

Separately the company during 2020 decided to close a couple of showrooms, in line with the changed customer portfolio and way of working, and also terminated the leases for a couple of retail stores that were loss making, whereby this will only positively affect the company in the financial year 2022.

On a positive note, the company continue to see very notable positive effects on and from prior years investments in sustainability with approximately 75-80% of all garments now being eco-friendly.

Management do not consider this year's financial performance acceptable and have initiated or already implemented a number of initiatives that are already underway. Subsequently, also 2021 with the uncertainty around Corona will be difficult in terms of topline and profit, and the company now estimate that 2022 is the year where the company once again is back on track in terms of acceptable earnings.

### Follow-up on previous forecasts

Primarily due to the Corona epidemic, the company did not meet its forecast for the year in terms of topline and earnings and Management do not consider neither topline nor earnings achieved for the year acceptable.

## Management commentary

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### Special risks

#### *Exchange rate risks*

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

### Environmental issues

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

### Research and development activities

The company does not have research and development activities.

### Expected developments

Before Corona, expectation for 2021 was encouraging, now however, Management expects a difficult 2021 with changes being implemented and pressure put on both topline and earnings. In 2022, the company should return to growing topline and increased earnings.

### Events occurring after the end of 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

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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).

### Change in accounting policies

Due to general change in the Danish national accounting policies in 2020 recognition of earnings and losses related to hedging future cash flows has changed from being recognized directly in equity under "retained earnings" to in future being recognized in equity under a separate fair valuereserve "reserve for hedging transactions".

The change made in classification has no monetary effect on the profit for the year or the balance sheet for either the current or previous financial year. The comparative figures are adapted to the changed classification.

Apart from the above, the financial report has been prepared in accordance with the same accounting policies as last year.

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, Klampenborg, CVR nr. 40 77 65 24

### Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, writedowns for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost, allowing a constant effective interest rate to be recognised during the useful life of the asset or liability. Amortised cost is recognised as the original cost less any payments, plus/less accrued amortisations of the difference between cost and nominal amount. In this way, capital losses and gains are allocated over the useful life of the liability.

## Accounting policies

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Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

### Foreign currency translation

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. If currency positions are considered to hedge future cash flows, the value adjustments are recognised directly in equity in a fair value reserve.

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

## Income statement

### Gross profit

Gross profit comprises the revenue, changes in inventories of finished goods, and work in progress, work performed for own account and capitalised, other operating income, and external costs.

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.

Cost of sales comprises costs concerning purchase of raw materials and consumables less discounts and changes in inventories.

Other operating income comprises items of a secondary nature as regards the principal activities of the enterprise. Furthermore, this item comprises received subsidies, damages, and compensation due to the coronavirus situation.

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

### Staff costs

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

## Accounting policies

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### Depreciation, amortisation, and writedown for impairment

Depreciation, amortisation, and writedown for impairment comprise depreciation, amortisation, and writedown for the year and profit.

### Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, financial expenses from financial leasing, realised and unrealised capital gains and losses relating to securities, debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

### 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.

### Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

The company is subject to Danish rules on compulsory joint taxation of Danish group enterprises.

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

## Statement of financial position

### Intangible 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 depreciable amount is cost less 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 carrying amount, the depreciation is discontinued.

## Accounting policies

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

The cost comprises acquisition cost and costs directly associated with 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, and the individual component representing a material part of the total cost.

Depreciation is done on a straight-line basis according to an assessment of the expected useful life:

	Useful life
Other plants, operating assets, fixtures and furniture	3-10 years

Minor assets with an expected useful life of less than 1 year are recognised as costs in the income statement in the year of acquisition.

Profit or loss derived from the disposal of property, land, and equipment is measured as the difference between the sales price less selling costs and the carrying amount at the date of disposal. Profit or loss is recognised in the income statement under depreciation.

### Leases

At their initial recognition in the statement of financial position, leases concerning property, plant, and equipment where the company holds all essential risks and advantages associated with the proprietary right (finance lease) are measured either at fair value or at the present value of the future lease payments, whichever value is lower. When calculating the present value, the discount rate used is the internal rate of return of the lease or, alternatively, the borrowing rate of the enterprise. Hereafter, assets held under a finance lease are treated in the same way as other similar property, plant, and equipment.

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.

All other 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.

## Accounting policies

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### Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible fixed assets as well as equity investments in group 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 for impairment is done to the recoverable amount if this value is lower than the carrying amount.

The recoverable amount is the higher value of value in use and selling price less expected selling cost. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the asset group and expected net cash flows from the sale of the asset or the asset group after the end of their useful life.

Previously recognised impairment losses are reversed when conditions for impairment no longer exist. Impairment relating to goodwill is not reversed.

### Investments

#### Equity in group enterprises

Equity in group enterprises are recognised and measured by applying the equity method. The equity method is used as a measurement method.

Equity in group enterprises recognised in the statement of financial position at the proportionate share of the enterprise's equity value. This value is calculated in accordance with the parent's accounting policies with deductions or additions of unrealised intercompany gains and losses as well as with additions or deductions of the remaining value of positive or negative goodwill calculated in accordance with the acquisition method. Negative goodwill is recognised in the income statement at the time of acquisition of the equity investment. If the negative goodwill relates to contingent liabilities acquired, negative goodwill is not recognised until the contingent liabilities have been settled or lapsed.

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.

## Accounting policies

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### Other financial instruments and equity investments

Financial instruments and equity investments recognised under non-current assets comprise listed bonds and shares measured at fair value on the reporting date. Listed financial instruments are measured at market price.

Other unlisted financial instruments are measured at cost. Writedown for impairment is done to the recoverable amount if this value is lower than the carrying amount.

### Deposits

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

### Inventories

Inventories are measured at cost according to the FIFO method. In cases when the net realisable value of the inventories is lower than the cost, the latter is written down for impairment to this lower value.

Costs of goods for resale, raw materials, and consumables comprise acquisition costs plus delivery costs.

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

### Receivables

Receivables 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.

### Prepayments and accrued income

Prepayments and accrued income recognised under assets comprise incurred costs concerning the following financial year.

### Cash on hand and demand deposits

Cash on hand and demand deposits comprise cash at bank and on 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, 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.



## Accounting policies

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### 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.

### Dividend

Dividend expected to be distributed for the year is recognised as a separate item under equity.

### Income tax and deferred tax

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

The company is jointly taxed with consolidated Danish companies. The current corporate income tax is distributed between the jointly taxed companies in proportion to their taxable income and with full distribution with reimbursement as to tax losses. The jointly taxed companies are comprised by the Danish tax prepayment scheme.

Joint taxation contributions payable and receivable are recognised in the statement of financial position as "Income tax receivable" or "Income tax payable".

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

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Adjustments take place in relation to deferred tax concerning elimination of unrealised intercompany gains and losses.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

## Accounting policies

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### Liabilities other than provisions

Financial liabilities other than provisions related to borrowings are recognised at the received proceeds less transaction costs incurred. In subsequent periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value when using the effective interest rate. The difference between the proceeds and the nominal value is recognised in the income statement during the term of the loan.

Mortgage loans and bank loans are thus measured at amortised cost which, for cash loans, corresponds to the outstanding payables. For bond loans, the amortised cost corresponds to an outstanding payable calculated as the underlying cash value at the date of borrowing, adjusted by amortisation of the market value on the date of the borrowing effectuated over the repayment period.

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

Financial instruments recognised under other debts are measured at market price on the reporting date.

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.

### Accruals and deferred income

Payments received concerning future income are recognised under accruals and deferred income.

### Statement of cash flows

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

The effect on cash flows derived from the acquisition and sale of enterprises appears separately under cash flows from investment activities. In the statement of cash flows, cash flows derived from acquirees are recognised as of the date of acquisition, and cash flows derived from sold enterprises are recognised until the date of sale.

### Cash flows from operating activities

Cash flows from operating activities are calculated as the company's share of the profit adjusted for non-cash operating items, changes in the working capital, and corporate income tax paid. Dividend income from equity investments are recognised under "Interest income and dividend received".

### Cash flows from investment activities

Cash flows from investment activities comprise payments in connection with the acquisition and sale of enterprises and activities as well as the acquisition and sale of intangible assets, property, plant, and equipment, and investments, respectively.

## Accounting policies

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### Cash flows from financing activities

Cash flows from financing activities include changes in the size or the composition of the company's share capital and costs attached to it, as well as raising loans, repayments of interest-bearing payables and payment of dividend to shareholders.

### Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand with deduction of short-term bank debts and short-term securities with a maturity less than 3 months that are readily convertible into cash and which are subject to an insignificant risk of changes in value.

## Income statement 1 January - 31 December

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All amounts in DKK.

<u>Note</u>	<u>2020</u>	<u>2019</u>
<b>Gross profit</b>	<b>32.469.285</b>	<b>36.720.316</b>
3 Staff costs	-32.130.862	-34.647.668
4 Depreciation, amortisation, and impairment	-2.616.882	-2.344.849
<b>Operating profit</b>	<b>-2.278.459</b>	<b>-272.201</b>
5 Income from equity investments in group enterprises	-10.398.599	3.028.420
6 Other financial income from group enterprises	0	892.046
7 Other financial income	43	2.275.216
8 Other financial costs	-1.163.747	-1.946.230
<b>Pre-tax net profit or loss</b>	<b>-13.840.762</b>	<b>3.977.251</b>
9 Tax on net profit or loss for the year	763.339	-366.637
<b>10 Net profit or loss for the year</b>	<b>-13.077.423</b>	<b>3.610.614</b>

## Statement of financial position at 31 December

All amounts in DKK.

<b>Assets</b>		
<u>Note</u>	<u>2020</u>	<u>2019</u>
<b>Non-current assets</b>		
11 Goodwill	573.855	893.482
Total intangible assets	<u>573.855</u>	<u>893.482</u>
12 Other fixtures and fittings, tools and equipment	4.517.310	6.091.738
Total property, plant, and equipment	<u>4.517.310</u>	<u>6.091.738</u>
13 Equity investments in group enterprises	5.528.310	12.935.871
14 Other financial instruments and equity investments	0	13.074
15 Deposits	673.146	684.459
Total investments	<u>6.201.456</u>	<u>13.633.404</u>
<b>Total non-current assets</b>	<b><u>11.292.621</u></b>	<b><u>20.618.624</u></b>
<b>Current assets</b>		
Manufactured goods and trade goods	53.002.340	50.798.173
Prepayments for goods	1.558.300	2.088.808
Total inventories	<u>54.560.640</u>	<u>52.886.981</u>
Trade debtors	19.587.968	32.492.675
Amounts owed by group enterprises	25.396.668	25.946.712
Other debtors	120.230	252.231
16 Prepayments and accrued income	0	4.394.199
Total receivables	<u>45.104.866</u>	<u>63.085.817</u>
Available funds	<u>14.341.248</u>	<u>13.267.137</u>
<b>Total current assets</b>	<b><u>114.006.754</u></b>	<b><u>129.239.935</u></b>
<b>Total assets</b>	<b><u>125.299.375</u></b>	<b><u>149.858.559</u></b>

## Statement of financial position at 31 December

All amounts in DKK.

<u>Note</u>	<u>2020</u>	<u>2019</u>
<b>Equity and liabilities</b>		
<b>Equity</b>		
17 Contributed capital	500.000	500.000
18 Reserve for net revaluation according to the equity method	1.084.865	11.705.559
19 Reserve for hedging transactions	-3.391.002	-3.178.365
20 Retained earnings	62.400.259	65.079.083
<b>Total equity</b>	<b>60.594.122</b>	<b>74.106.277</b>
<b>Provisions</b>		
21 Provisions for deferred tax	608.000	1.610.724
22 Provisions for equity investments in group enterprises	371.164	0
<b>Total provisions</b>	<b>979.164</b>	<b>1.610.724</b>
<b>Liabilities other than provisions</b>		
Bank loans	0	1.912.500
Other payables	2.299.577	846.880
23 Total long term liabilities other than provisions	2.299.577	2.759.380
23 Current portion of long term payables	1.912.500	3.650.500
Bank debts	39.540.405	38.924.697
Trade creditors	6.962.503	13.598.697
Debt to group enterprises	7.935.203	11.034.731
Tax payables to group enterprises	179.410	0
Other debts	4.896.491	4.173.553
Total short term liabilities other than provisions	61.426.512	71.382.178
<b>Total liabilities other than provisions</b>	<b>63.726.089</b>	<b>74.141.558</b>
<b>Total equity and liabilities</b>	<b>125.299.375</b>	<b>149.858.559</b>
<b>1 Special items</b>		
<b>2 Disclosures on fair value</b>		
<b>24 Charges and security</b>		
<b>25 Contingencies</b>		
<b>26 Related parties</b>		

## Statement of changes in equity

All amounts in DKK.

	Contributed capital	Reserve for net revalua-tion according to the equity method	Reserve for hedging transactions	Retained earnings	Total
Equity 1 January 2019	500.000	8.624.320	-1.044.308	63.554.416	71.634.428
Adjustment due to changed in hedging transactions	0	0	0	1.044.308	1.044.308
Share of results	0	3.081.239	0	529.375	3.610.614
Fair value adjustments of hedging instruments for the year	0	0	-2.735.970	0	-2.735.970
Adjustment tax financial instruments	0	0	601.913	0	601.913
Adjustment deferred tax of financial instruments	0	0	0	-101.835	-101.835
Change in exchanges rates subsidiaries	0	0	0	52.819	52.819
Equity 1 January 2020	500.000	11.705.559	-3.178.365	65.079.083	74.106.277
Share of results	0	-10.620.694	0	-2.456.729	-13.077.423
Fair value adjustments of hedging instruments for the year	0	0	-272.611	0	-272.611
Adjustment tax financial instruments	0	0	59.974	0	59.974
Adjustment financial instruments	0	0	0	-222.095	-222.095
	<b>500.000</b>	<b>1.084.865</b>	<b>-3.391.002</b>	<b>62.400.259</b>	<b>60.594.122</b>

## Statement of cash flows 1 January - 31 December

All amounts in DKK.

<u>Note</u>	<u>2020</u>	<u>2019</u>
Net profit or loss for the year	-13.077.423	3.610.614
27 Adjustments	12.967.031	-1.691.422
28 Change in working capital	4.591.000	3.882.236
Cash flows from operating activities before net financials	4.480.608	5.801.428
Interest received, etc.	45	3.167.265
Interest paid, etc.	-1.363.195	-1.946.230
Cash flows from ordinary activities	3.117.458	7.022.463
Income tax paid	0	-2.684.347
<b>Cash flows from operating activities</b>	<b>3.117.458</b>	<b>4.338.116</b>
Purchase of intangible assets	0	-134.910
Purchase of property, plant, and equipment	-722.826	-2.410.964
Sale of property, plant, and equipment	0	165.000
Purchase of fixed asset investments	-44.687	-30.000
Dividends received	69.019	-43.597
<b>Cash flows from investment activities</b>	<b>-698.494</b>	<b>-2.454.471</b>
Repayments of long-term payables	-1.973.636	-4.189.200
<b>Cash flows from investment activities</b>	<b>-1.973.636</b>	<b>-4.189.200</b>
<b>Change in cash and cash equivalents</b>	<b>445.328</b>	<b>-2.305.555</b>
Cash and cash equivalents at opening balance	-25.644.485	-22.152.568
<b>Cash and cash equivalents at end of period</b>	<b>-25.199.157</b>	<b>-24.458.123</b>
<b>Cash and cash equivalents</b>		
Available funds	14.341.248	14.453.499
Short-term bank debts	-39.540.405	-38.924.697
Financial instruments	0	13.075
<b>Cash and cash equivalents at end of period</b>	<b>-25.199.157</b>	<b>-24.458.123</b>



## Notes

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All amounts in DKK.

### 1. Special items

COVID-19 compensation are included in other operating income which is classified in the gross profit with 3.762.793 kr.

### 2. Disclosures on fair value

	<u>Derived financial instruments</u>
Fair value at end of period	4.347.439
Change in fair value of the year recognised in the statement of financial activity	<u>0</u>
Change in fair value of the year recognised in the equity	<u>272.611</u>

	<u>2020</u>	<u>2019</u>
<b>3. Staff costs</b>		
Salaries and wages	29.690.210	32.422.893
Pension costs	1.857.287	1.654.291
Other costs for social security	<u>583.365</u>	<u>570.484</u>
	<b><u>32.130.862</u></b>	<b><u>34.647.668</u></b>
Average number of employees	<u>80</u>	<u>82</u>
<b>4. Depreciation, amortisation, and impairment</b>		
Amortisation of goodwill	319.628	308.385
Depreciation on decoration of rented premises	495.610	421.219
Depreciation on other tangible fixed assets	1.743.936	1.479.547
Loss on sale of tangible assets	<u>57.708</u>	<u>135.698</u>
	<b><u>2.616.882</u></b>	<b><u>2.344.849</u></b>

## Notes

All amounts in DKK.

	<u>2020</u>	<u>2019</u>
<b>5. Income from equity investments in group enterprises</b>		
Molo Kids Norway AS	-5.556	170.254
Molo Kids Sweden AB	-4.277.324	395.425
Molo Kids UK Ltd.	-91.328	269.112
Molo Kids Benelux BV	-1.227.016	58.689
Molo Kids Finland OY	-1.076.031	537.742
Molo Kids US Inc.	171.951	429.723
Molo Kids Germany GMBH	-1.596.632	80.319
Molo Hong Kong Inc.	0	78.988
Molo Belgium bvba	-1.082.568	-18.451
Molo Kids France sa	-1.283.114	945.238
Intercompany profits	69.019	81.381
	<u><b>-10.398.599</b></u>	<u><b>3.028.420</b></u>
<b>6. Other financial income from group enterprises</b>		
Interest from group enterprises	<u>0</u>	<u>892.046</u>
	<u><b>0</b></u>	<u><b>892.046</b></u>
<b>7. Other financial income</b>		
Interest, banks	43	1.117
Interest and penalty charges from customers	0	7.911
Foreign exchange difference	0	2.266.188
	<u><b>43</b></u>	<u><b>2.275.216</b></u>
<b>8. Other financial costs</b>		
Financial costs, group enterprises	0	191.914
Other financial costs	1.163.747	1.754.316
	<u><b>1.163.747</b></u>	<u><b>1.946.230</b></u>

## Notes

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All amounts in DKK.

	<u>2020</u>	<u>2019</u>
<b>9. Tax on net profit or loss for the year</b>		
Tax of the results for the year	239.385	369.637
Adjustment for the year of deferred tax	<u>-1.002.724</u>	<u>-3.000</u>
	<b><u>-763.339</u></b>	<b><u>366.637</u></b>
<b>10. Proposed appropriation of net profit</b>		
Reserves for net revaluation according to the equity method	-10.620.694	3.081.239
Transferred to retained earnings	0	529.375
Allocated from retained earnings	<u>-2.456.729</u>	<u>0</u>
<b>Total allocations and transfers</b>	<b><u>-13.077.423</u></b>	<b><u>3.610.614</u></b>
	<u>31/12 2020</u>	<u>31/12 2019</u>
<b>11. Goodwill</b>		
Cost opening balance	2.291.535	8.851.205
Additions during the year	0	134.910
Disposals during the year	<u>0</u>	<u>-6.694.580</u>
<b>Cost end of period</b>	<b><u>2.291.535</u></b>	<b><u>2.291.535</u></b>
Amortisation and writedown opening balance	-1.398.053	-7.784.248
Amortisation and writedown for the year	-319.627	-308.385
Amortisation and writedown, assets disposed of	<u>0</u>	<u>6.694.580</u>
<b>Amortisation and writedown end of period</b>	<b><u>-1.717.680</u></b>	<b><u>-1.398.053</u></b>
Carrying amount, end of period	<u>573.855</u>	<u>893.482</u>

## Notes

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All amounts in DKK.

	<u>31/12 2020</u>	<u>31/12 2019</u>
<b>12. Other fixtures and fittings, tools and equipment</b>		
Cost opening balance	10.936.673	12.565.327
Additions during the year	722.826	2.410.964
Disposals during the year	<u>-410.045</u>	<u>-4.039.618</u>
<b>Cost end of period</b>	<b><u>11.249.454</u></b>	<b><u>10.936.673</u></b>
Depreciation and writedown opening balance	-4.844.935	-6.683.088
Depreciation and writedown for the year	-2.238.981	-1.900.766
Depreciation and writedown, assets disposed of	<u>351.772</u>	<u>3.738.919</u>
<b>Depreciation and writedown end of period</b>	<b><u>-6.732.144</u></b>	<b><u>-4.844.935</u></b>
<b>Carrying amount, end of period</b>	<b><u>4.517.310</u></b>	<b><u>6.091.738</u></b>
Lease assets are recognised at a carrying amount of	<u>33.540</u>	<u>46.008</u>

## Notes

All amounts in DKK.

	31/12 2020	31/12 2019
<b>13. Equity investments in group enterprises</b>		
Acquisition sum, opening balance opening balance	1.230.312	1.200.312
Additions during the year	0	30.000
<b>Cost end of period</b>	<b>1.230.312</b>	<b>1.230.312</b>
Revaluations, opening balance opening balance	11.705.559	8.624.320
Translation by use of the exchange rate valid on balance sheet date	-222.095	52.819
Results for the year before goodwill amortisation	-10.467.618	2.947.039
Regulation intercompany profits	69.019	81.381
<b>Revaluation end of period</b>	<b>1.084.865</b>	<b>11.705.559</b>
Offsetting against debtors	3.213.133	0
<b>Set off against debtors and provisions for liabilities</b>	<b>3.213.133</b>	<b>0</b>
<b>Carrying amount, end of period</b>	<b>5.528.310</b>	<b>12.935.871</b>
<b>Group enterprises:</b>		
	<b>Domicile</b>	<b>Equity interest</b>
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	Hamburg	100 %
Molo Hong Kong Inc.	Hong Kong	100 %

## Notes

All amounts in DKK.

	<u>31/12 2020</u>	<u>31/12 2019</u>
<b>14. Other financial instruments and equity investments</b>		
Cost opening balance	16.691	16.691
Disposals during the year	<u>-16.691</u>	<u>0</u>
<b>Cost end of period</b>	<u>0</u>	<u>16.691</u>
Nedskrivninger opening balance	-3.616	0
Writedown for the year	0	-3.617
Writedown, securities disposed of	<u>3.616</u>	<u>0</u>
<b>Nedskrivninger end of period</b>	<u>0</u>	<u>-3.617</u>
<b>Carrying amount, end of period</b>	<u>0</u>	<u>13.074</u>
<b>15. Deposits</b>		
Cost opening balance	684.459	640.862
Additions during the year	44.687	43.597
Disposals during the year	<u>-56.000</u>	<u>0</u>
<b>Cost end of period</b>	<u>673.146</u>	<u>684.459</u>
<b>Carrying amount, end of period</b>	<u>673.146</u>	<u>684.459</u>
<b>16. Prepayments and accrued income</b>		
Prepayments include cost for future clothing collections, exhibitions ect.		
<b>17. Contributed capital</b>		
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.

## Notes

All amounts in DKK.

	<u>31/12 2020</u>	<u>31/12 2019</u>
<b>18. Reserve for net revaluation according to the equity method</b>		
Reserves for net revaluation opening balance	11.705.559	8.624.320
Share of results	<u>-10.620.694</u>	<u>3.081.239</u>
	<u><b>1.084.865</b></u>	<u><b>11.705.559</b></u>
<b>19. Reserve for hedging transactions</b>		
Reserve for hedging transactions opening balance	-3.178.365	-1.044.308
Fair value adjustments of hedging instruments for the year	-272.611	-2.735.970
Adjustment tax financial instruments	<u>59.974</u>	<u>601.913</u>
	<u><b>-3.391.002</b></u>	<u><b>-3.178.365</b></u>
<b>20. Retained earnings</b>		
Retained earnings opening balance	65.079.083	63.554.416
Adjustment due to changed in hedging transactions	0	1.044.308
Profit or loss for the year brought forward	-2.456.729	529.375
Adjustment financial instruments	-222.095	0
Adjustment deferred tax of financial instruments	0	-101.835
Change in exchanges rates subsidiaries	<u>0</u>	<u>52.819</u>
	<u><b>62.400.259</b></u>	<u><b>65.079.083</b></u>
<b>21. Provisions for deferred tax</b>		
Provisions for deferred tax opening balance	1.610.724	1.846.000
Deferred tax of the results for the year	<u>-1.002.724</u>	<u>-235.276</u>
	<u><b>608.000</b></u>	<u><b>1.610.724</b></u>
<b>22. Provisions for equity investments in group enterprises</b>		
Molo, Belgium	188.720	0
Molo, Germany	<u>182.444</u>	<u>0</u>
	<u><b>371.164</b></u>	<u><b>0</b></u>

## Notes

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All amounts in DKK.

### 23. Liabilities other than provision

	Total payables 31 Dec 2020	Current portion of long term payables	Long term payables 31 Dec 2020	Outstanding payables after 5 years
Bank loans	1.912.500	1.912.500	0	0
Other payables	2.299.577	0	2.299.577	0
	<u>4.212.077</u>	<u>1.912.500</u>	<u>2.299.577</u>	<u>0</u>

### 24. 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.

The company has total lease liabilities DKK 455 thousand on 31 December 2020. The company's leased assets total DKK 34 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) :

	DKK in thousands
Inventories	54.561
Trade receivables	19.558
Operating assets and fixtures	4.517
Goodwill	574

### 25. Contingencies

#### Contingent liabilities

Recourse guarantee commitments:

The company has provided letters of credit to landlords. On 31 December 2020 the total amounts to DKK 2.176 thousand.

The company has provided guarantees to landlords. On 31 December 2020 the total guarantees were DKK 5.667 thousand.



## Notes

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All amounts in DKK.

### 25. Contingencies (continued)

#### Joint taxation

With Morilo Holding ApS, company reg. no 40 77 65 24 as administration company, the company is subject to the Danish scheme of joint taxation and is proportionally liable for tax claims within the joint taxation scheme.

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

The liabilities amount to a maximum amount corresponding to the 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.

### 26. Related parties

#### 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, Klampenborg, CVR nr. 40 77 65 24

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.

## Notes

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All amounts in DKK.

	<u>2020</u>	<u>2019</u>
<b>27. Adjustments</b>		
Depreciation, amortisation, and impairment	2.616.882	2.344.850
Income from equity investments in group enterprises	10.467.618	-3.028.420
Dividend from group enterprises	-69.019	0
Other financial income	-43	-3.167.262
Other financial costs	1.163.747	1.946.230
Tax on net profit or loss for the year	-763.339	369.637
Financial instruments	-272.611	0
Other adjustments	-176.204	-156.457
	<u><b>12.967.031</b></u>	<u><b>-1.691.422</b></u>
<b>28. Change in working capital</b>		
Change in inventories	-1.673.659	200.870
Change in receivables	15.077.996	-10.810.276
Change in trade payables and other payables	-8.813.337	14.491.642
	<u><b>4.591.000</b></u>	<u><b>3.882.236</b></u>

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## Jacob Benned Jensen

### Bestyrelsesmedlem

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## Rikke Bundgaard Jepsen

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## Mogens Jepsen

### Direktionsmedlem

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Serienummer: PID:9208-2002-2-506534071905

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## Mogens Jepsen

### Bestyrelsesmedlem

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## Lars Æbelø-Nielsen

### Statsautoriseret revisor

På vegne af: Martinsen Statsautoriseret Revisionspar...

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## Mogens Jepsen

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