



Odd Molly International AB (publ)

Stockholm, Sweden, August 20, 2014



Interim report January 1 – June 30, 2014

New stores and expanded offering – producing intended effect

January 1 – June 30, 2014

- Net sales amounted to SEK 133.9 million (110.8).
- The gross profit margin was 55.2 percent (55.3).
- The operating loss was SEK 3.2 million, against a year-earlier loss of SEK 11.4 million.
- The net loss was SEK 3.2 million, against a year-earlier loss of SEK 9.6 million.
- Earnings per share amounted to SEK -0.55 (-1.67).

April 1 - June 30, 2014

- Net sales amounted to SEK 51.2 million (33.6).
- The gross profit margin was 57.5 percent (59.1).
- The operating loss was SEK -6.8 million, against a year-earlier loss of SEK 13.0 million.
- The net loss was SEK 5.7 million, against a year-earlier loss of SEK 10.5 million.
- Earnings per share amounted to SEK -1.00 (-1.83).

Events during and after the quarter

- In May Odd Molly opened its own store in Våla Centrum, Helsingborg.
- During the quarter a shop-in-shop was opened in Bochum, Germany.
- An agreement was signed with a retailer in Qatar that intends to open an Odd Molly store during the first quarter 2015.
- The Annual General Meeting on April 29 resolved to introduce a warrant program for senior executives.
- During the quarter, Odd Molly opened a pop-up store in Los Angeles that was open a few weeks in August.
- During the quarter a bath collection was launched to complement the upcoming spring and summer collection. After the end of the quarter an expanded home collection was launched, with a line of bedding and bath towels, as an element in creating a complete lifestyle concept.

Key financial ratios	Apr-Jun 2014	Apr-Jun 2013	Change	Jan-Jun 2014	Jan-Jun 2013	Change	Full Year 2013	Jul 2013- Jun-14
Net sales, SEK million	51.2	33.6	+52%	133.9	110.8	+21%	228.2	251.3
Gross profit margin, %	57.5	59.1		55.2	55.3		54.5	54.5
Operating profit/loss, SEK million	-6.8	-13.0	+48%	-3.2	-11.4	+72%	-24.1	-17.8
Operating margin, %	-13.2	-38.7		-2.4	-10.3		-10.6	-7.1
Net profit/loss, SEK millio	-5.7	-10.5	+46%	-3.2	-9.6	+67%	-19.4	-13.0
Earnings per share before dilution, SEK	-1.00	-1.83	+46%	-0.55	-1.67	+67%	-3.38	-2.26
Earnings per share after dilution, SEK	-0.99	-1.83	+46%	-0.55	-1.67	+67%	-3.38	-2.26
Weighted average number of shares, before dilution	5,752,000	5,752,000		5,752,000	5,752,000		5,752,000	5,752,000
Weighted average number of shares, after dilution	5,779,657	5,752,000		5,774,182	5,752,000		5,752,000	5,752,000

Comment from the CEO

Odd Molly's strategy is to have a strong customer focus, a higher share of our own sales to consumers and taking responsibility for selling to retailers in our largest market, Scandinavia. In that way profitability is created, product range improved and increasing control over sales achieved.

During the second quarter we saw the positive effects of our chosen strategy even though the quarter is small in revenue terms.

The increase in the number of our own Odd Molly stores is contributing to higher sales and profitability. In May we opened a new store in Våla, in Helsingborg, with a very positive start. Odd Molly's web shop continues to grow strongly.

In late July the first part of the fall collection was shipped to customers. The initial release was significantly larger than last year's corresponding shipment, fully in line with our idea of maintaining a steady flow of new merchandise.

During the quarter we introduced and sold the first part and during the summer the second part of next year's spring and summer collection. A popular new addition this year is our bath line, which we feel is a good complement to the collection. After the end of the quarter we also launched an expanded home line, where we have gone beyond accessories such as pillows and blankets to now offer bedding (sheets, pillowcases, bedspreads and bath towels) as part of our aim to be a complete lifestyle concept.

For the first time we took responsibility ourselves for sales work in Scandinavia. Our goal is to give customers more attention and follow-up in order to help them to benefit even more from their Odd Molly purchases.

We have also taken several major steps outside Sweden. For a few weeks in August we opened a pop-up store in Los Angeles, and we have a newly opened shop-in-shop in Bochum, Germany, which is being managed by one of our retailers. As of the first quarter 2015 there will also be an Odd Molly store in Qatar, also under outside management.

As I have said before, we are strongly focused on the things we can impact and taking steps in the right direction despite the tough reality faced by our retailers in many markets.

Anna Attemark, CEO

The Group's development

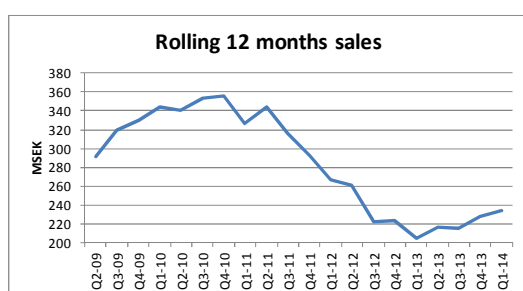
Net sales

The period January 1 - June 30, 2014

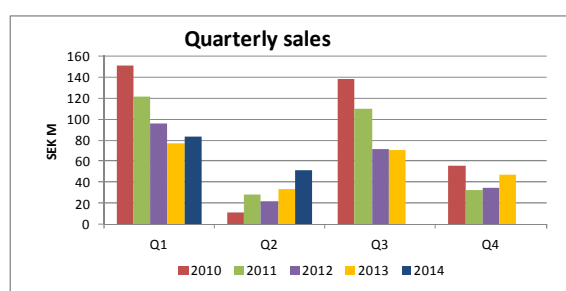
Net sales for the first half-year 2014 amounted to SEK 133.9 million (110.8), an increase of 21 percent compared with the previous year. Sales in wholesale operations (sales to retailers) reached SEK 99.1 million (87.8), an increase in line with orders received for the spring and summer collection. Retail operations (Group sales to consumers) generated revenue of SEK 35.0 million (23.4) during the first two quarters, growth mainly driven by the company's web shop and the newly opened stores.

Second quarter April 1 - June 30, 2014

Net sales for the second quarter amounted to SEK 51.2 million (33.6). Retail operations posted a positive quarter with strong sales in the web shop and good sales in the company's new stores and shop-in-shops contributing to the upward trend.



The above diagram shows rolling 12-month quarterly sales, Q3 2009-Q2 2014



The above diagram shows quarterly sales, Q1 2010-Q2 2014

Earnings

The period January 1 - June 30, 2014

The gross profit margin for the period January-June was 55.2 percent (55.3), with an operating loss of SEK 3.2 million, compared with a year-earlier operating loss of SEK 11.4 million.

Personnel expenses amounted to SEK 23.9 million (22.8), corresponding to 18 percent (21) of net sales.

Other external expenses amounted to SEK 51.6 million, compared with SEK 48.2 million in the previous year. The majority of the increase is due to expenses for new stores. The first half of 2013 was charged with one-off expenses of SEK 4.0 million to terminate agent agreements.

The net loss was SEK 3.2 million, against a year-earlier net loss of SEK 9.6 million, while earnings per share amounted to SEK -0.55 (-1.67).

The second quarter April 1 - June 30, 2014

The gross profit margin for the second quarter was 57.5 percent (59.1).

The operating loss for the second quarter was SEK 6.8 million, against a year-earlier operating loss of SEK 13.0 million. Other external expenses amounted to SEK 23.8 million (22.1). Personnel expenses amounted to SEK 11.7 million (11.7) during the second quarter.

The net loss for the quarter amounted to SEK 5.7 million, against a year-earlier net loss of SEK 10.5 million, while earnings per share amounted to SEK -1.00 (-1.83).

Seasonal fluctuations

Odd Molly's operations are highly seasonal, with the strongest sales in the first and third quarters, while the second and fourth quarters are considerably weaker. As a result, the company's operations, sales and profits are best followed on a semiannual basis.

Financial position

The company's total assets amounted to SEK 128.9 million (136.3) on June 30, 2014. Shareholders' equity was SEK 80.8 million on the same date, compared with SEK 92.6 million on June 30, 2013. The equity/assets ratio was 63 percent (68) and cash and cash equivalents amounted to SEK 18.3 million (65.2).

Accounts receivable amounted to SEK 41.9 million on June 30, 2014, compared with SEK 36.1 million a year earlier. Inventory amounted to SEK 44.0 million (22.9) at the end of the quarter and includes SEK 19.2 million related to the fall and winter 2014 collection (5.6).

Investments and cash flow

During the first half-year the company's investments totaled SEK 13.7 million (1.5), corresponding to the estimated purchase price to assume sales responsibility for the Swedish market.

Cash flow from operating activities amounted to SEK -7.4 million (4.7) during the second quarter. Total cash flow amounted to SEK -7.2 million (-5.3). Cash flow for the period amounted to SEK -31.0 million (-11.2).

Events during and after the quarter

New store and shop-in-shop

On May 23, 2014 an Odd Molly store was opened in Våla Centrum, Helsingborg. During the quarter a shop-in-shop was opened as well, in Bochum, Germany, which will be managed by an external retailer.

Qatar

During the quarter an agreement was signed with a retailer in Qatar that intends to open an Odd Molly store in Doha, Qatar during the first quarter 2015.

Establishment of a warrant program

The Annual General Meeting on April 29, 2014 resolved to introduce a warrant program for senior executives of the company. The Annual General Meeting resolved to issue 100,000 warrants, each of which entitles its holder to subscribe for one (1) share of Odd Molly International AB. At such a rate, the subscription price corresponds to 145 percent of the share's average last price paid on NASDAQ OMX Stockholm during period April 14, 2014 through April 28, 2014. If all the warrants are exercised, Odd Molly's share capital will increase by not more than SEK 10,000, corresponding to a dilution of approximately 1.63 percent of the total number of shares and votes in Odd Molly if all the warrants issued in 2011 are exercised to subscribe for shares in the company and approximately 1.71 percent of the total number of shares and votes in Odd Molly if none of the warrants issued in 2011 are exercised to subscribe for shares in the company.

Pop-up store in Los Angeles

In August an Odd Molly pop-up store opened its doors in Los Angeles, in the US. Located in Abbot Kinney, the store was open a few weeks in August.

Home decor

During the quarter a bath collection was launched to complement the upcoming spring and summer collection. After the end of the quarter an expanded home collection, including a bedding and bath towel line, was launched as an element in creating a complete lifestyle concept.



Examples from Odd Molly's bedding line



Odd Molly's pop-up store in Los Angeles.

Number of shares

As of June 30, 2014 there were 5,752,000 shares outstanding.

Employees

The total number of employees at the end of the quarter was 68 (57), of whom 6 were men and 52 women. The average number of employees during the quarter was 64 (55).

Parent Company

The Parent Company reported net sales of SEK 130.4 million (107.6) during the period, with an operating loss of SEK 2.0 million, against a year-earlier loss of SEK 11.0 million. The Parent Company's adjusted shareholders' equity amounted to SEK 74.1 million (85.4). Cash and cash equivalents amounted to SEK 15.4 million (62.5).

Sales in the U.S. are through the wholly owned subsidiary Odd Molly Inc. Odd Molly also has a subsidiary in Denmark, Odd Molly Denmark ApS, which is responsible for wholesale and retail operations in the Danish market, and a subsidiary in Norway, Odd Molly Norway A/S, which is responsible for wholesale operations in Norway. All other sales are through the Parent Company.

Outlook

Odd Molly does not intend to issue forecasts for the current financial year. However, Odd Molly has historically published its order values twice a year, in March/April and September. Because the company has a growing share of its own retail sales and intends to transition from two to four sales periods per year, order values will no longer be announced separately going forward.

Segments

The company reports revenues and operating results for two segments: wholesale and retail. The wholesale segment comprises sales to Odd Molly's retailers through agents, distributors or its own sales corps. The stores and shop-in-shops managed by retailers are included in the wholesale segment. The retail segment refers to sales to consumers

through the company's own channels: physical stores, outlets, shop-in-shops and web shops where Odd Molly has its own personnel. Operating results for each segment are charged with direct expenses for the segment and common Group expenses proportionate to the segment's share of the total cost of goods sold.

Financial instruments

Currency derivatives are measured at fair value within level 2, according to the definition in IFRS 7, i.e., fair value based on valuation methods using observable market data. Other financial assets have been classified as loans and accounts receivable. Other financial liabilities have been classified as other financial liabilities at amortized cost. All financial assets and liabilities have short maturities, based on which their book value is considered to approximate fair value.

Risk factors

A number of factors can affect Odd Molly's results and operations. Although a large part of these risks can be managed and minimized through internal procedures, there are others that are largely beyond the company's control.

A detailed description of the risks and uncertainties to which Odd Molly is exposed is provided in the Board of Directors' report and in note 27 in Odd Molly's annual report for 2013, which is available on Odd Molly's website. No changes have taken place with respect to the assessment of risks and uncertainties.

Accounting principles

As of January 1, 2008 the Group applies the International Financial Reporting Standards (IFRS) as adopted by the EU. This report is prepared in accordance with IAS 34 Interim Financing Reporting and the Annual Accounts Act.

Further, the consolidated statements are prepared in accordance with Swedish law by applying the Swedish Financial Reporting Board's recommendation RFR 1 Supplementary accounting rules for groups. The Swedish Financial Reporting Board's recommendation RFR 2 Reporting for legal entities has been applied in the preparation of the Parent Company's financial statements. The accounting principles applied in this interim report are described on pages 31-33 of the annual report for 2013. The accounting principles are unchanged compared with the previous year's annual report. New and revised accounting standards and interpretations that apply to 2014 are not considered to materially affect Odd Molly's financial reports.

The consolidated statements comprise Odd Molly International AB (Parent Company), Odd Molly Inc., Odd Molly Denmark ApS and Odd Molly Norway A/S. Reference to the company in this interim report pertains to the Odd Molly Group.

Consolidated statement of comprehensive income	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Full Year	Jul 2013 -
SEK in thousands	2014	2013	2014	2013	2013	Jun 2014
<i>Operating revenues</i>						
Net sales	51,154	33,587	133,943	110,771	228,163	251,335
Other operating revenues	443	374	750	462	499	787
	51,597	33,961	134,693	111,233	228,662	252,122
<i>Operating expenses</i>						
Cost of goods sold	-21,751	-13,735	-59,999	-49,510	-103,801	-114,289
Other external expenses	-23,850	-22,076	-51,589	-48,243	-94,838	-98,183
Personnel expenses	-11,660	-11,678	-23,915	-22,770	-50,799	-51,944
Depreciation/amortization	-1,131	-749	-2,312	-1,461	-2,633	-3,483
Other operating expenses	39	1,275	-102	-694	-689	-97
Operating profit/loss	-6,754	-13,002	-3,223	-11,446	-24,098	-15,875
<i>Result from financial items</i>						
Interest income	46	110	121	269	515	368
Interest expenses	-18	-3	-31	-6	-71	-97
Profit/loss after financial items	-6,726	-12,894	-3,133	-11,183	-23,654	-15,604
Taxes	1,001	2,350	-46	1,591	4,226	2,588
Net profit/loss attributable to Parent Company's shareholders	-5,725	-10,545	-3,180	-9,592	-19,428	-13,016
<i>Other comprehensive income</i>						
<i>Items that will be reclassified to profit or loss</i>						
Translation difference	297	228	300	231	-2	67
Cash flow hedges	317	-90	536	83	673	1,126
Tax effect fair value cash flow hedges	-70	20	-118	-18	-148	-248
Total comprehensive income attributable to Parent Company	-5,180	-10,387	-2,462	-9,296	-18,905	-12,071
Earnings per share before dilution, SEK	-1.00	-1.83	-0.55	-1.67	-3.38	-2.26
Earnings per share after dilution, SEK	-0.99	-1.83	-0.55	-1.67	-3.38	-2.26

Consolidated balance sheet	June 30	June 30	December 31
SEK in thousands	2014	2013	2013
ASSETS			
<i>Fixed assets</i>			
Intangible fixed assets	12,817	1,027	722
Tangible fixed assets	2,361	2,405	3,015
Financial fixed assets	771	0	837
	15,950	3,432	4,574
<i>Current assets</i>			
Inventories	44,036	22,888	33,829
Accounts receivable	41,925	36,051	35,367
Current receivables	8,740	8,718	5,164
Cash and bank balances	18,281	65,230	48,999
	112,982	132,887	123,359
TOTAL ASSETS	128,932	136,319	127,932
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	80,753	92,606	82,998
Deferred tax	4,712	8,210	4,642
Current liabilities	43,467	35,504	40,293
	128,932	136,319	127,932
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	128,932	136,319	127,932
Pledged assets	12,000	2,500	2,500

Changes in the Group's shareholders' equity	June 30	June 30	December 31
SEK in thousands	2014	2013	2013
Attributable to Parent Company's shareholders			
Shareholders' equity at the beginning of the period/year	82,998	110,531	110,531
Dividend	0	-8,628	-8,628
Övrigt tillskjutet kapital	218	0	0
Total comprehensive income for the year/period	-2,462	-9,296	-18,905
Shareholders' equity at the end of the year/period	80,753	92,606	82,998

Cash flow statement for the Group	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Full Year
SEK in thousands	2014	2013	2014	2013	2013
Operating activities					
Operating profit/loss	-6,755	-13,002	-3,223	-11,446	-24,098
Adjustments for items not included in cash flow	845	477	2,909	2,041	3,079
Interest received	46	110	121	269	515
Interest paid	-18	-3	-31	-6	-71
Income tax paid	-126	87	-1,017	-409	-420
Cash flow from operating activities before changes in working capital	-6,008	-12,331	-1,242	-9,551	-20,996
Changes in working capital					
Change in inventories	-8,520	-389	-10,132	-277	-11,221
Change in receivables	10,815	10,736	-8,957	-4,175	-1,942
Change in current liabilities	-3,697	6,734	2,889	12,895	19,079
Cash flow from operating activities	-7,410	4,749	-17,443	-1,107	-15,080
Investing activities					
Acquisition of intangible fixed assets	0	-723	-13,723	-723	-723
Acquisition of tangible fixed assets	-11	-746	-11	-746	-2,203
Acquisition of financial fixed assets	0	0	0	0	-652
Cash flow from investing activities	-11	-1,468	-13,734	-1,468	-3,577
Financing activities					
Dividend paid	0	-8,628	0	-8,628	-8,628
Shareholders' contribution, warrants	218	0	218	0	0
Cash flow from financing activities	218	-8,628	218	-8,628	-8,628
Cash flow for the year/period	-7,204	-5,347	-30,960	-11,203	-27,285
Cash and cash equivalents at the beginning of the period	25,227	69,659	48,999	76,543	76,543
Exchange rate difference in cash and cash equivalents	258	918	242	-110	-260
Cash and cash equivalents at the end of the period	18,281	65,230	18,281	65,230	48,999

Revenue and operating result by segment	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Full Year	Jul 2013 -
SEK in thousands	2014	2013	2014	2013	2013	Jun 2014
Wholesale						
Revenue	33,142	22,160	99,085	87,837	173,188	184,436
Operating result	-9,094	-12,270	-7,643	-9,576	-25,766	-23,833
Retail						
Revenue	18,455	11,801	35,608	23,396	55,474	67,686
Operating result	2,338	-732	4,420	-1,869	1,669	7,958
Total						
Revenue	51,597	33,961	134,693	111,233	228,662	252,122
Operating result	-6,754	-13,002	-3,223	-11,446	-24,098	-15,875

Parent Company income statement	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Full Year
SEK in thousands	2014	2013	2014	2013	2013
<i>Operating revenues</i>					
Net sales	49,743	32,381	130,408	107,609	220,719
Other operating revenues	189	375	189	458	733
	49,932	32,755	130,597	108,067	221,453
<i>Operating expenses</i>					
Cost of goods sold	-20,921	-13,217	-57,973	-47,629	-99,550
Other external expenses	-24,224	-22,953	-52,290	-48,219	-95,169
Personnel expenses	-10,935	-11,034	-22,420	-21,488	-48,407
Depreciation/amortization of tangible and intangible fixed assets	-275	-588	-604	-1,140	-1,983
Other operating expenses	376	1,305	682	-664	-582
Operating profit/loss	-6,047	-13,731	-2,008	-11,074	-24,237
<i>Result from financial items</i>					
Interest income	46	110	121	269	515
Interest expenses	-17	-3	-23	-6	-71
Profit/loss after financial items	-6,018	-13,624	-1,910	-10,811	-23,793
Appropriations	0	0	0	0	17,600
Profit/loss before tax	-6,018	-13,624	-1,910	-10,811	-6,193
Taxes	1,041	2,393	-24	1,610	363
Net profit/loss	-4,977	-11,230	-1,934	-9,201	-5,830
<i>Other comprehensive income</i>					
<i>Items that will be reclassified to profit or loss</i>					
Cash flow hedges	317	-90	536	83	673
Tax effect cash flow hedges	-70	20	-118	-18	-148
Total comprehensive income for the period	-4,730	-11,300	-1,516	-9,136	-5,305

Parent Company balance sheet	June 30	June 30	December 31
SEK in thousands	2014	2013	2013
ASSETS			
<i>Fixed assets</i>			
Intangible fixed assets	467	1,027	722
Tangible fixed assets	1,718	1,147	2,066
Financial fixed assets	18,291	3,871	4,516
	20,475	6,045	7,304
<i>Current assets</i>			
Inventory	42,331	21,507	32,261
Accounts receivable	41,626	35,499	35,017
Short-term receivables	8,567	8,494	4,987
Cash and bank balances	15,367	62,510	46,271
	107,890	128,010	118,536
TOTAL ASSETS	128,366	134,055	125,840
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	57,674	55,237	58,972
Untaxed reserves	21,100	38,700	21,100
Current liabilities	49,522	40,138	45,768
	128,366	134,055	125,840
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	128,366	134,055	125,840
Pledged assets	12,000	2,500	2,500

The Board of Directors and the CEO certify that the interim report gives a true and fair overview of the operations, financial position and results of the Parent Company and the Group and that it describes the significant risks and uncertainties faced by the Parent Company and the companies in the Group.

Stockholm, August 20, 2014

Patrik Tillman, Chairman

Lennart Björk, Board Member

Christer Andersson, Board Member

Kia Orback, Board Member

Mia Arnhult, Board Member

Nils Vinberg, Board Member

Anna Attemark, President & CEO

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About Odd Molly

Odd Molly is a Swedish company that designs, markets and sells distinctive fashion. The company's products are mainly sold through agents to retailers in around thirty countries around the world, which facilitates expansion with limited capital requirements. Odd Molly is responsible for selling to external retailers in the Scandinavian market and also manages five of its own physical stores, its own web shop and two shop-in-shops. The Odd Molly share is traded as of June 21, 2010 on NASDAQ OMX Stockholm.

Scheduled information dates

- The interim report for July-September 2014 will be released on October 21, 2014.

The information in this press release has been published by Odd Molly International AB on August 20, 2014 at 8.00 am CET in accordance with the Securities Market Act and/or the Financial Instruments Trading Act.

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