



## Odd Molly International AB (publ)

PRESS RELEASE

Stockholm, Sweden, October 19, 2012

### Interim report January 1 – September 30, 2012



#### SALES IN LINE WITH EXPECTATIONS – PREVIOUS DECLINE IN ORDERS HAS SLOWED

##### January 1 – September 30, 2012

- Net sales amounted to SEK 189.4 million (259.4)
- The gross profit margin was 55.0 percent (57.6)
- Operating profit amounted to SEK 7.2 million (33.8), corresponding to an operating margin of 3.8 percent (13.0)
- Net profit was SEK 5.9 million (23.9)
- Earnings per share amounted to SEK 1.02 (4.15)

##### July 1 – September 30, 2012

- Net sales amounted to SEK 71.4 million (109.7)
- The gross profit margin was 54.6 percent (58.4)
- Operating profit was SEK 10.5 million (17.8), corresponding to an operating margin of 14.7 percent (16.2)
- Net profit amounted to SEK 8.9 million (13.3)
- Earnings per share amounted to SEK 1.54 (2.30)

##### Events during the quarter

- The order value for the spring/summer 2013 collection amounted to SEK 95 million (114)
- New sales manager and CFO recruited

Key financial ratios	July-Sept 2012	July-Sept 2011	Change, %	Jan-Sept 2012	Jan-Sept 2011	Change, %	Full-year 2011	Oct 2011- Sept 2012
Net sales, SEK million	71,4	109,7	-35	189,4	259,4	-27	292,3	222,2
Gross profit margin, %	54,6	58,4		55,0	57,6		56,0	53,3
Operating profit/loss, SEK million	10,5	17,8	-41	7,2	33,8	-79	20,1	-6,5
Operating margin, %	14,7	16,2		3,8	13,0		6,9	-2,9
Profit/loss after tax, SEK million	8,9	13,3	-33	5,9	23,9	-75	14,2	-3,8
Earnings per share before and after dilution, SEK	1,54	2,30	-33	1,02	4,15	-75	2,48	-0,7
Number of shares at end of period	5 752 000	5 752 000		5 752 000	5 752 000		5 752 000	5 752 000
Number of shares before and after dilution	5 752 000	5 752 000		5 752 000	5 752 000		5 752 000	5 752 000

## **Comment from the CEO**

Sales in the third quarter were in line with the announced order value after the fall collection and large part of our winter merchandise were delivered to stores. We are receiving constructive and positive feedback from our retailers, and I would add that our own sales channels, including Odd Molly's web shop, are developing well. The weaker earnings are mainly the result of lower volumes, which we are not pleased with. The entire organization is clearly focused on creating future growth.

We took several steps during the quarter to achieve our goals in terms of customer value, newsworthiness and sales. The biggest focus during the quarter was on the many parts that affect the ultimate success of a collection: everything from price and product mix to packaging and the composition of the collection. We are working every day to create a distinctively designed, customer-focused collection, obviously based on Odd Molly's unique style.

As I said when we announced our order figures for the coming spring and summer collection in September, we are proud of the collection and the fact that we have succeeded in slowing down an accelerating order decline. The final outcome is weak, but clearly positive: higher average orders and lower average prices show that our category and pricing strategy is working. A lot of work has been done, but even more lies ahead.

To achieve newfound success we have put a clearly focused organization in place with experienced colleagues as well as new talents. I am very pleased to announce that we have recently hired Mads Kelö to take responsibility for driving the Group's international sales. He worked most recently with IC Company and will begin at Odd Molly in November, when he will be joined by Henrik Fredin, from Gant, who at the same time takes over as CFO. I feel that together we form a very strong, experienced and results-oriented management team.

We look forward to the future with renewed energy. Next on the agenda is to surpass ourselves with the next collection.

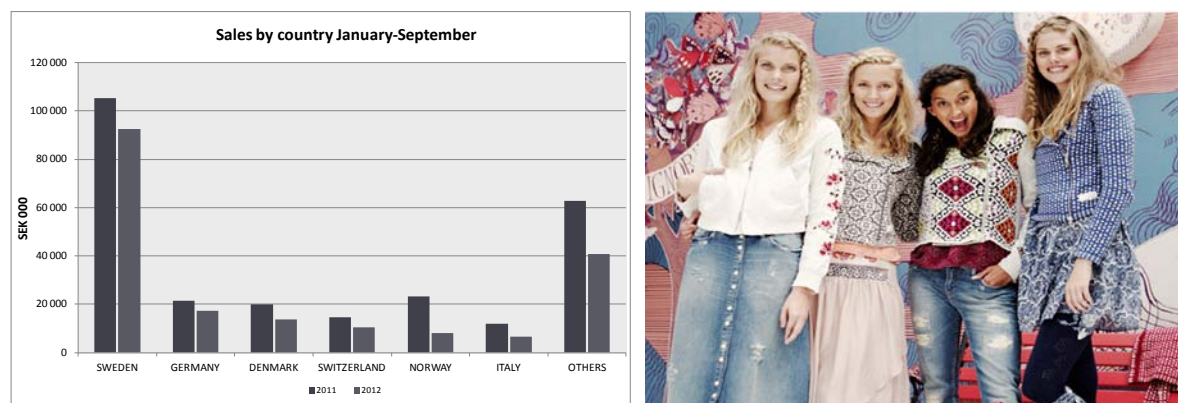
**Anna Attemark, CEO**

## The Group's development

### Net sales

*The period January 1 - September 30, 2012*

Net sales for the first nine months of the year amounted to SEK 189.4 million (259.4), a decrease of 27 percent. Sales include the company's own concept stores in Stockholm and Copenhagen, the outlets in Kungsbacka and Barkarby and the web shop.



*The above diagram shows sales by country during the period January-September 2012 compared with the same period in 2011.*

*Third quarter July 1 – September 30, 2012*

Net sales for the quarter amounted to SEK 71.4 million (109.7), a decrease of 35 percent, in line with the previously announced order values.

### Earnings

*The period January 1 – September 30, 2012*

The gross profit margin for the first nine months of 2012 was 55.0 percent (57.6). The discounted sale of older merchandise earlier in the year and favorable exchange rates in 2011 explain the difference between years.

Operating profit amounted to SEK 7.2 million (33.8), with an operating margin of 3.8 percent (13.0).

Net profit amounted to SEK 5.9 million (23.9). Earnings per share amounted to SEK 1.02 (4.15) based on the average number of shares for the period.

Other external expenses, largely consisting of agent commissions, marketing, product distribution, rents and other expenses for stores and offices, amounted to SEK 60.8 million (84.9) during the period.

Personnel expenses corresponded to 17.4 percent (11.1) of net sales. The period includes severance expenses of SEK 2.2 million in connection with the company's reorganization, which, together with scheduled hirings, explain the increased expenses year-on-year. The previous year's figures include one-time expenses of approximately SEK 1 million.

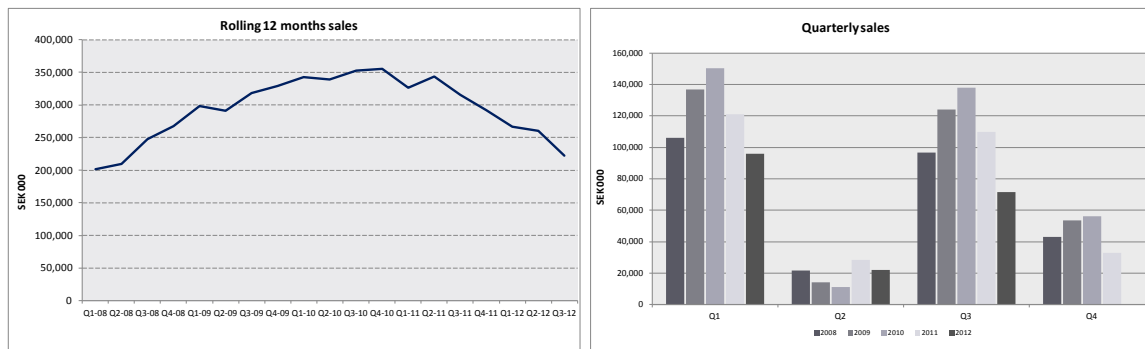
*Third quarter July 1 – September 30, 2012*

The gross profit margin during the third quarter was 54.6 percent (58.4). The difference between years is mainly due to a positive currency effect in 2011.

Operating profit amounted to SEK 10.5 million (17.8), corresponding to an operating margin of 14.7 percent (16.2). Net profit amounted to SEK 8.9 million (13.3) and earnings per share were SEK 1.54 (2.30).

### Seasonal fluctuations

Odd Molly's operations are highly seasonal; the first and third quarters are strong, while the second and fourth quarters are significantly weaker. This makes it easier to follow the company's operations, sales and profits on a semiannual basis.



The above diagram to the left shows rolling 12-month quarterly sales, Q1 2008-Q3 2012. The diagram to the right shows quarterly sales Q1 2008-Q3 2012.

### Financial position

The company's total assets amounted to SEK 145.5 million (172.7) on September 30, 2012. Shareholders' equity was SEK 113.6 million on the same date, compared with SEK 135.2 million on September 30, 2011. The equity/assets ratio was 78.1 percent (78.3) on September 30, 2012. The company has no long-term liabilities.

Liquid assets amounted to SEK 67.1 million (51.8) at the end of the period. Accounts receivable decreased from SEK 66.7 million on September 30, 2011 to SEK 45.9 million on the same date in 2012. As a share of sales, receivables decreased to 24.2 percent (25.7).

Inventory amounted to SEK 25.6 million on September 30, 2012, compared with SEK 33.4 million a year earlier. As a share of sales for the period, inventory increased marginally to 13.2 percent, compared with 12.8 percent in the previous year.

### Investments and cash flow

The company's investments generally consist of equipment and further development of IT systems. During the period investments totaled SEK 0 million (1.8). During the third quarter investments amounted to SEK 0 million (0.5).

Cash flow from operating activities amounted to SEK -16.2 million during the quarter, compared with SEK -23.3 million in the same period of 2011. Total cash flow for the quarter was SEK -16.2 million (-23.7).

Cash flow is generally weaker in the third quarter because suppliers are paid for the fall and much of the winter merchandise, but payments from customers are not received until the fourth quarter.

Cash flow for the period for continuing operations amounted to SEK -1.8 million (-9.8). Total cash flow for the period was SEK -19.1 million (-37.4), of which SEK -17.3 million (-25.9) was a dividend to shareholders.

## Events during the quarter

### ***Order value for spring and summer 2013 collections***

As previously announced, Odd Molly reported an order value for the spring and summer 2013 collections of about SEK 95 million, which is less than the corresponding 2012 collection, when the order value was SEK 114 million. Compared with the previous fall and winter collection, which amounted to SEK 87 million, the order value increased, signifying a slowdown in the previous order decline. During the quarter Odd Molly hired a new PR firm for the Swedish market, Patriksson Communication. The partnership will begin with the launch of the spring and summer 2013 collection.

### ***Changes in management team***

Mads Kelö has been hired as the new sales manager. He was employed most recently as Country Manager for Part Two within IC Company and has extensive experience with international brands. Mads takes over in November, when Henrik Fredin becomes the new CFO, succeeding Johanna Bäckstrand, who is stepping down after five years with the company. Henrik was employed most recently with Gant, where he held the same position for a number of years.



## Number of shares

As of September 30, 2012 there were 5,752,000 shares outstanding.

## Employees

As of September 30, 2012 there were a total of 54 employees (60) (including two in the US), of whom 5 are men and 49 are women. The average number of employees during the quarter was 54 (58).

## Parent Company

Odd Molly International AB includes sales to all Odd Molly's retailers, except those in North America, as well as sales from the company's store in Copenhagen. Odd Molly International AB reported net sales during the first three quarters of the year of SEK 185.6 million (249.5) and operating profit of SEK 8.7 million (36.4). The Parent Company's shareholders' equity amounted to SEK 78.2 million (104.5) on September 30. Cash and cash equivalents amounted to SEK 60.4 million (49.2).

## Outlook

Odd Molly does not intend to issue any forecasts, but publishes order values twice a year, in April and October. The order value for the fall and winter 2013 collections will be published on March 27, 2013.

## 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 routines, 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 Note 26 of the annual report for 2011, which is available on Odd Molly's website.

### **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 Financial 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. In preparing the Parent Company's financial statements, the Swedish Financial Reporting Board's recommendation RFR 2 Reporting for legal entities has been applied.

The accounting principles applied in this interim report are those described on pages 42-45 of the annual report for 2011. The accounting principles are unchanged compared with the previous year's annual report. New and amended accounting standards and interpretations that apply for 2012 are very limited in scope and are not considered to affect Odd Molly's financial reports.

The consolidated statements comprise Odd Molly International AB (Parent Company), Odd Molly Inc., which is consolidated as of May 1, 2007, and Odd Molly Denmark ApS, which is consolidated as of March 1, 2010.

Reference to the company in this interim report pertains to the Odd Molly Group.

This report has been reviewed by the company's auditors.

<b>Consolidated statement of comprehensive income</b>					
	<b>July-Sept 2012</b>	<b>July-Sept 2011</b>	<b>Jan-Sept 2012</b>	<b>Jan-Sept 2011</b>	<b>Full-year 2011</b>
SEK in thousands					
<i>Operating revenues</i>					
Net sales	71 435	109 688	189 374	259 402	292 275
Other operating revenues	49	493	354	1 331	542
	<b>71 483</b>	<b>110 181</b>	<b>189 728</b>	<b>260 732</b>	<b>292 818</b>
<i>Operating expenses</i>					
Cost of goods sold	-32 439	-45 673	-85 159	-110 017	-128 632
Other external expenses	-17 996	-35 995	-60 783	-84 863	-99 901
Personnel expenses	-8 864	-9 705	-33 031	-28 918	-38 843
Depreciation/amortization of tangible and intangible fixed assets	-766	-1 032	-2 408	-3 112	-4 047
Other operating expenses	-904	0	-1 120	0	-1 320
	<b>-60 969</b>	<b>-92 404</b>	<b>-182 500</b>	<b>-226 911</b>	<b>-272 743</b>
<b>Operating profit</b>	<b>10 515</b>	<b>17 777</b>	<b>7 227</b>	<b>33 822</b>	<b>20 074</b>
<i>Result from financial items</i>					
Interest income	384	223	1 188	927	1 335
Interest expenses	-2	53	-16	-49	-36
	<b>382</b>	<b>276</b>	<b>1 172</b>	<b>878</b>	<b>1 299</b>
<b>Profit after financial items</b>	<b>10 896</b>	<b>18 053</b>	<b>8 400</b>	<b>34 699</b>	<b>21 373</b>
Taxes	-2 040	-4 797	-2 515	-10 813	-7 136
<b>Net profit for the year/period attributable to Parent Company's shareholders</b>	<b>8 856</b>	<b>13 255</b>	<b>5 885</b>	<b>23 886</b>	<b>14 237</b>
<i>Other comprehensive income</i>					
Translation difference	-556	322	-528	-503	52
Cash flow hedges	-1 409	1 760	-1 963	114	138
Tax effect fair value cash flow hedges	371	-463	516	0	-36
<b>Total comprehensive income for the period attributable to Parent Company's shareholders</b>	<b>7 261</b>	<b>14 874</b>	<b>3 910</b>	<b>23 063</b>	<b>14 391</b>
<b>Number of shares before and after dilution</b>	<b>1,54</b>	<b>2,30</b>	<b>1,02</b>	<b>4,15</b>	<b>2,48</b>

<b>Consolidated balance sheet</b>			
SEK in thousands	<b>Sept 30 2012</b>	<b>Sept 30 2011</b>	<b>Dec 31 2011</b>
<b>ASSETS</b>			
<b>Fixed assets</b>			
<i>Intangible fixed assets</i>	1 290	2 559	2 237
Tangible fixed assets	2 874	6 958	4 458
	<b>4 164</b>	<b>9 518</b>	<b>6 695</b>
<b>Current assets</b>			
Inventories	24 962	33 296	27 817
Accounts receivable	45 887	66 742	28 097
Current receivables	8 769	11 372	22 015
Cash and bank balances	61 696	51 790	80 680
	<b>141 314</b>	<b>163 201</b>	<b>158 609</b>
<b>TOTAL ASSETS</b>	<b>145 478</b>	<b>172 719</b>	<b>165 304</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
Shareholders' equity	113 635	135 244	126 981
Long-term liabilities	9 716	8 470	10 344
Current liabilities	22 127	29 005	27 979
	<b>145 478</b>	<b>172 719</b>	<b>165 304</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND L</b>	<b>145 478</b>	<b>172 719</b>	<b>165 304</b>
<b>Pledged assets</b>	<b>2 500</b>	<b>2 500</b>	<b>2 500</b>

<b>Summarized changes in the Group's shareholders' equity</b>			
SEK in thousands			
	<b>Sept 30 2012</b>	<b>Sept 30 2011</b>	<b>Dec 31 2011</b>
<b>Attributable to Parent Company's shareholders</b>			
Shareholders' equity at the beginning of the period/year	126 981	138 066	138 066
Dividend	-17 256	-25 884	-25 884
Other paid-in capital	0	0	408
Total comprehensive income for the year /period	3 910	23 063	14 391
<b>Shareholders' equity at the end of the year/period</b>	<b>113 635</b>	<b>135 245</b>	<b>126 981</b>



<b>Cash flow statement for the Group</b>					
	<b>July-Sept 2012</b>	<b>July-Sept 2011</b>	<b>Jan-Sept 2012</b>	<b>Jan-Sept 2011</b>	<b>Full-year 2011</b>
SEK in thousands					
Operating activities					
Operating profit	10 515	17 777	7 227	33 822	20 074
Adjustments for items not included in cash flow					
Depreciation/amortization and impairment losses	766	1 032	2 408	3 112	4 047
Exchange rate gains/losses	-832	1 489	-1 418	-329	181
Capital gain/loss on sale of equipment	0	0	2	0	1 714
Interest received	384	223	1 188	927	1 335
Interest paid	-2	53	-16	-49	-36
Income tax paid	-2 334	-5 618	-2 605	-14 233	-7 355
<b>Cash flow from operating activities before changes in working capital</b>	<b>8 496</b>	<b>14 956</b>	<b>6 786</b>	<b>23 250</b>	<b>19 961</b>
Changes in working capital					
Change in inventories	-266	-7 900	11 137	-10 195	-13 763
Change in receivables	-19 661	-33 924	-13 461	-28 705	7 101
Change in current liabilities	-4 779	3 598	-6 279	5 902	5 418
<b>Cash flow from operating activities</b>	<b>-16 209</b>	<b>-23 270</b>	<b>-1 816</b>	<b>-9 749</b>	<b>18 717</b>
Investing activities					
Acquisition of intangible fixed assets	0	-450	0	-647	-647
Acquisition of tangible fixed assets	0	0	0	-1 111	-1 111
<b>Cash flow from investing activities</b>	<b>0</b>	<b>-450</b>	<b>0</b>	<b>-1 758</b>	<b>-1 758</b>
Dividend paid	0	0	-17 256	-25 884	-25 884
Shareholders' contribution warrants	0	0	0	0	408
<b>Cash flow from financing activities</b>	<b>0</b>	<b>0</b>	<b>-17 256</b>	<b>-25 884</b>	<b>-25 476</b>
Cash flow for the year/period	-16 209	-23 720	-19 072	-37 391	-8 517
<b>Cash and cash equivalents at the beginning of the period</b>	<b>77 835</b>	<b>75 663</b>	<b>80 680</b>	<b>89 204</b>	<b>89 204</b>
Exchange rate difference in cash and cash equivalents	70	-153	88	-24	-7
<b>Cash and cash equivalents at the end of the period</b>	<b>61 696</b>	<b>51 790</b>	<b>61 696</b>	<b>51 790</b>	<b>80 680</b>

<b>Parent Company income statement</b>					
	<b>July-Sept 2012</b>	<b>July-Sept 2011</b>	<b>Jan-Sept 2012</b>	<b>Jan-Sept 2011</b>	<b>Full-year 2011</b>
SEK in thousands					
<i>Operating revenues</i>					
Net sales	70 091	105 010	185 644	249 456	280 384
Other operating revenues	60	761	370	1 320	427
	<b>70 151</b>	<b>105 771</b>	<b>186 015</b>	<b>250 776</b>	<b>280 811</b>
<i>Operating expenses</i>					
Cost of goods sold	-31 666	-43 415	-83 429	-105 318	-122 823
Other external expenses	-17 126	-36 676	-59 413	-80 994	-98 327
Personnel expenses	-8 425	-8 717	-31 521	-26 194	-35 442
Depreciation/amortization of tangible and intangible fixed assets	-594	-624	-1 870	-1 904	-2 569
Other operating expenses	-903	-279	-1 123	0	-127
	<b>-58 714</b>	<b>-89 710</b>	<b>-177 356</b>	<b>-214 410</b>	<b>-259 288</b>
<b>Operating profit</b>	<b>11 436</b>	<b>16 061</b>	<b>8 659</b>	<b>36 366</b>	<b>21 523</b>
<i>Result from financial items</i>					
Interest income	384	290	1 188	994	1 335
Interest expenses	-2	51	-9	-50	-33
	<b>382</b>	<b>340</b>	<b>1 179</b>	<b>943</b>	<b>1 302</b>
<b>Profit/loss after financial items</b>	<b>11 818</b>	<b>16 401</b>	<b>9 838</b>	<b>37 309</b>	<b>22 826</b>
Appropriations	0	0	0	0	-6 544
Taxes	-2 246	-4 712	-2 640	-11 035	-5 646
<b>Net profit for the year/period</b>	<b>9 572</b>	<b>11 689</b>	<b>7 198</b>	<b>26 275</b>	<b>10 636</b>

<b>Parent Company's total comprehensive income</b>					
<b>Net profit/loss for the year/period</b>	<b>9 572</b>	<b>11 689</b>	<b>7 198</b>	<b>26 275</b>	<b>10 636</b>
<b>Other comprehensive income</b>					
Cash flow hedges	-1 409	1 760	-1 963	114	138
Tax effect cash flow hedges	371	-463	516	0	-36
<b>Total comprehensive income for the period</b>	<b>8 534</b>	<b>12 986</b>	<b>5 751</b>	<b>25 955</b>	<b>10 738</b>

<b>Parent Company balance sheet</b>			
SEK in thousands	<b>Sept 30 2012</b>	<b>Sept 30 2011</b>	<b>Dec 31 2011</b>
<b>ASSETS</b>			
<i>Fixed assets</i>			
Intangible fixed assets	1 290	2 559	2 237
Tangible fixed assets	1 138	2 404	2 061
Financial fixed assets	3 592	3 918	3 796
	<b>6 020</b>	<b>8 881</b>	<b>8 095</b>
<i>Current assets</i>			
Inventories	22 647	30 478	25 729
Accounts receivable	45 138	65 693	27 653
Current receivables	8 448	10 197	20 344
Cash and bank balances	60 395	49 148	78 599
	<b>136 629</b>	<b>155 517</b>	<b>152 325</b>
<b>TOTAL ASSETS</b>	<b>142 649</b>	<b>164 398</b>	<b>160 420</b>
	<b>0</b>		
Shareholders' equity	78 184	104 497	89 689
Untaxed reserves	38 500	31 956	38 500
Long-term liabilities	-173	0	343
Current liabilities	26 138	27 945	31 888
	<b>142 649</b>	<b>164 398</b>	<b>160 420</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND L</b>	<b>142 649</b>	<b>164 398</b>	<b>160 420</b>
<b>Pledged assets</b>	<b>2 500</b>	<b>2 500</b>	<b>2 500</b>

The Board of Directors and the President 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, October 19, 2012

Christer Andersson, Chairman

Mia Arnhult, Board Member

Lennart Björk, Board Member

Patrik Tillman, Board Member

Nils Vinberg, Board Member

Karin Wallin-Norman, Board Member

Anna Attemark, President & CEO

## **Review report**

To the Board of Directors of Odd Molly International AB (publ)  
Corporate identity number: 556627-6241

### **Introduction**

We have reviewed the condensed financial information (interim report) for Odd Molly International AB as of September 30, 2011 and the nine-month period then ended. The Board of Directors and the President are responsible for the preparation and fair presentation of this interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim financial information based on our review.

### **Scope of Review**

We have conducted our review in accordance with the Standard on Review Engagements, SÖG 2410, Review of Interim Financial Statements Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted accounting practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not, in all material aspects, prepared for the Group in accordance with IAS 34 and the Swedish Annual Accounts Act and for the Parent Company in accordance with the Swedish Annual Accounts Act.

Stockholm, October 19, 2012  
Ernst & Young AB

Jonas Svensson  
Authorized Public Accountant

**About Odd Molly**

Odd Molly is a Swedish company that designs, markets and sells fashion. Odd Molly products are sold through retailers in around 30 countries around the world. In addition, Odd Molly currently has four of its own physical stores in Stockholm, Kungsbacka, Barkarby and Copenhagen as well as a web shop. Odd Molly has 54 employees. The company's historically profitable growth is the result of creative design, consistent branding and a business model that facilitates expansion with limited capital requirements and low inventory risk. Odd Molly's share is traded as of June 21, 2010 on NASDAQ OMX Stockholm.

**For further information, please contact:**

Anna Attemark, CEO, phone: +46-8-522 28 502

Johanna Bäckstrand, CFO, phone: +46-8-522 28 514

*The information in this press release has been published by Odd Molly International AB (publ) on October 19, 2012 at 8.00 am CET in accordance with the Securities Market Act and/or the Financial Instruments Trading Act.*

---

Odd Molly International AB, Kornhamnstorg 6, SE-111 27 STOCKHOLM, Sweden

Phone: +46 8 522 28 500

[www.oddmolly.com](http://www.oddmolly.com)

Press photos can be downloaded from Odd Molly's website at [www.oddmolly.com](http://www.oddmolly.com) under "press".

Odd Molly also produces a newsletter with reports on daily operations. To subscribe, go to [www.oddmolly.com](http://www.oddmolly.com) and click "sign up for our newsletter."