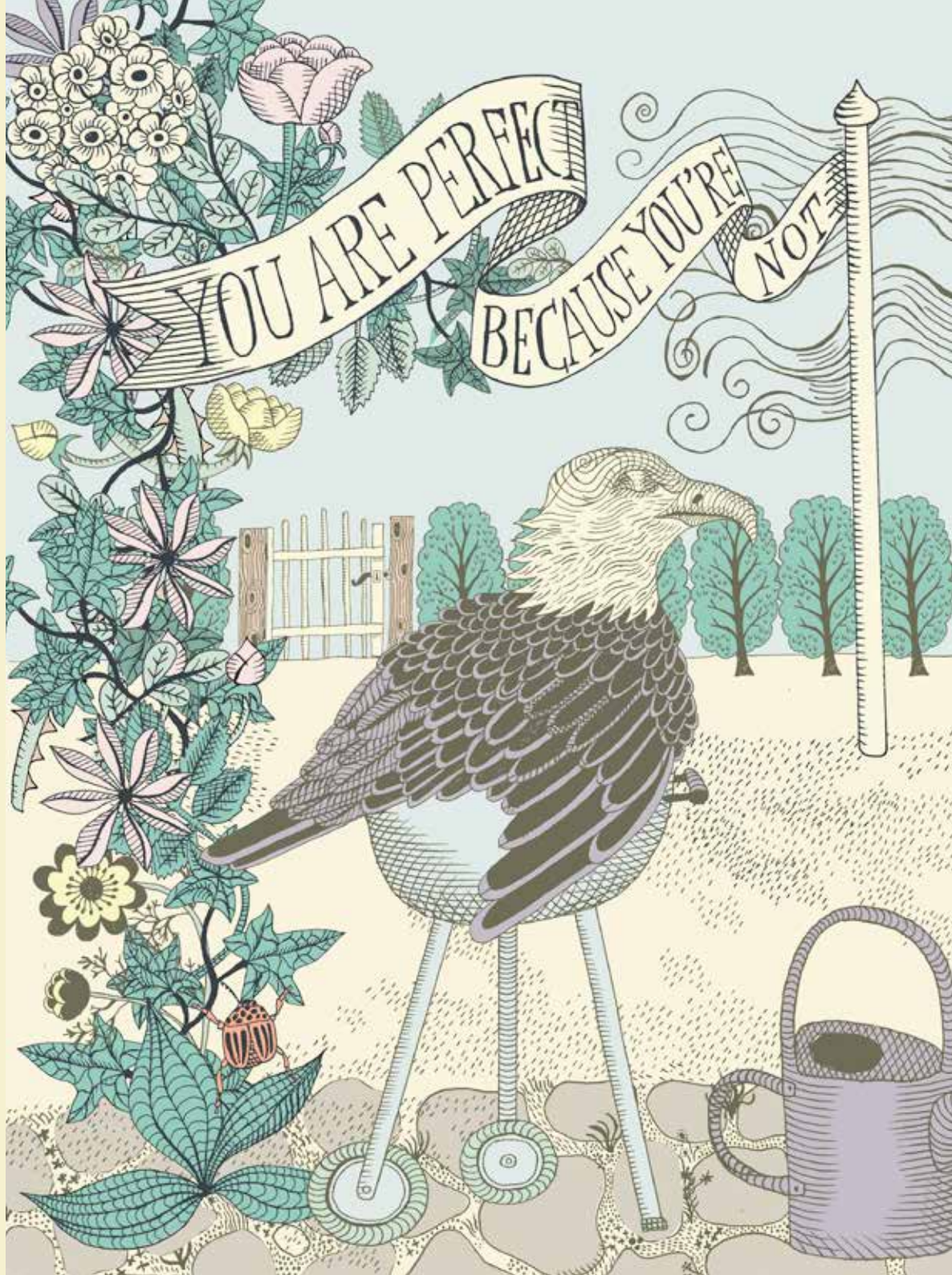


Annual Report 2012



ODD MOLLY

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Odd Molly stands for courage, integrity, happiness, love and freedom. This guides us as we develop the business and Odd Molly's distinctive design. With strong values it is easier to set the right priorities. This year we decided to produce a more condensed annual report because of our busy schedule. We are working to create the conditions for future growth and regain a strong position in the market.

About Odd Molly

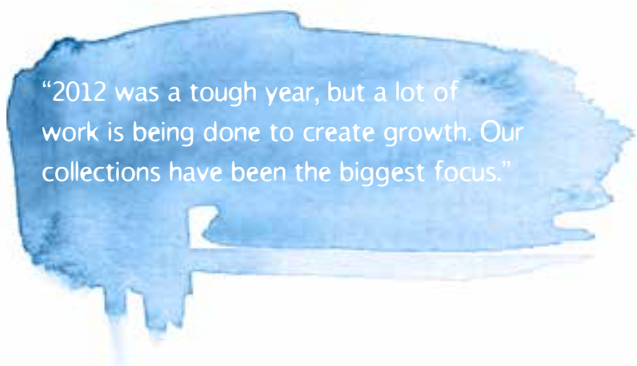
The company in brief

Odd Molly is a Swedish company that designs, markets and sells women's fashion. Odd Molly's collections share a distinctive design. Our clothing is feminine, flattering, easy-to-wear and high quality.

In 2012 Odd Molly's clothing was sold in a total of 35 countries through 1,300 retailers. The company also has four of its own stores and three shop-in-shops in Sweden and Denmark as well as its own web shop, which reaches consumers throughout Europe.

Founded in 2002, Odd Molly is currently listed on NASDAQ OMX Stockholm. The company's historically profitable growth is the result of creative design, consistent branding and a business model with representation by independent agents, which facilitates expansion with limited capital needs and inventory build-up.

Odd Molly has over 3,000 shareholders and around 50 employees in Stockholm, Göteborg, Copenhagen and Los Angeles.



"2012 was a tough year, but a lot of work is being done to create growth. Our collections have been the biggest focus."

The year in brief

In 2012 we saw continued tough market conditions and cautiousness among Odd Molly's customers. Net sales decreased to SEK 223.7 million, compared with SEK 292.3 million in the previous year.

The gross margin was stable at 53.6 percent, compared with 56.0 percent in the previous year. Operating profit amounted to SEK 0.2 million, compared with SEK 20.1 million in 2011.

The company's financial position remains very strong.

The changes being made to strengthen the company's position and create the conditions for profitable growth continued during the year with a focus on:

Collections

- More distinctive collections with new merchandise throughout the season.
- Improved price and product mix based on Odd Molly's recognizable design.
- The spring and summer 2013 collection, which reflects the changes that has begun, was presented during the fall.

Organization

- A more goal- and customer-oriented organization began to take shape and the design and purchasing units were integrated.

Distribution

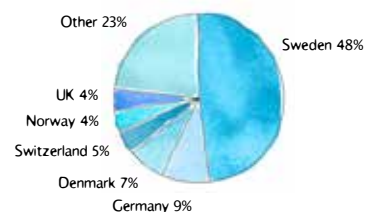
- Further improvements were made to the company's web shop and shop-in-shops.

Financial history

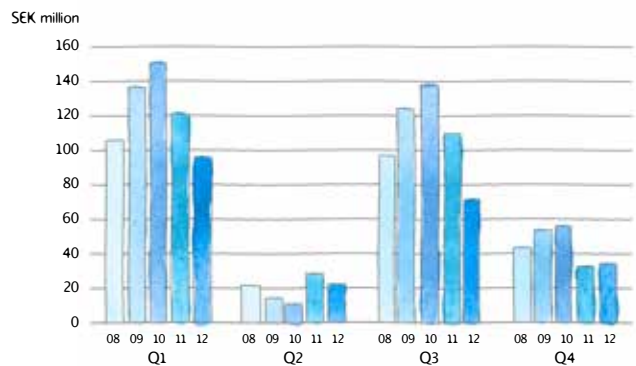
	2012	2011	2010	2009	2008
Net sales, SEK thousand	223,724	292,275	355,551	329,809	267,653
Operating profit, EBIT, SEK thousand	220	20,074	50,668	59,179	67,509
Operating margin, EBIT, %	0.1	6.9	14.3	17.9	25.2
Return on capital employed, %	1.4	16.2	39.7	55.6	99.1
Return on equity, %	2.5	10.7	28.0	39.9	71.2
Equity/assets ratio, %	78.4	76.8	80.7	76.2	74.8
Equity per share, SEK	19.22	22.08	24.00	21.00	16.51
Earnings per share, SEK	0.52	2.48	6.30	7.48	8.66
Dividend per share, SEK	1.50*	3.00	4.50	3.50	3.00
Average number of employees	54	57	50	36	30
Net sales per employee, SEK thousand	4,143	5,142	7,111	9,086	8,997
Number of company-owned stores	5	5	5	1	–

* Proposed dividend

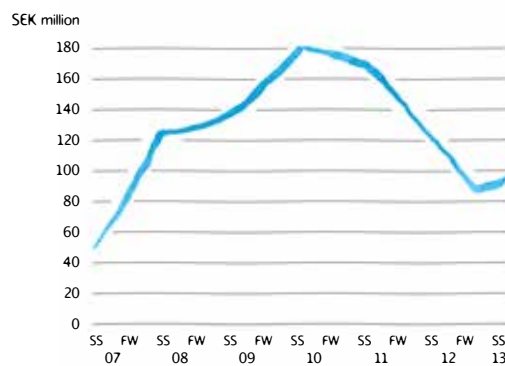
Sales by country



Quarterly sales



Order values





Small steps in the right direction

I said a year ago that it takes time to reverse a negative trend, but that it can be done. That we would work hard to boost sales and begin at the right end – with the customer – while maintaining our brand identity and creating a balance in the collections. That we would address things that make a difference now and in the future. And we have.

During the year we developed a new collection strategy with four coordinated shipments per season. The aim is to create more consistency and improve the flow of new merchandise to make it easy for retailers and consumers to find the right products at the right time.

The spring and summer 2013 collection, which was presented last fall, was the first one where we applied our new collection structure – and it proved that we are taking small steps in the right direction. We slowed what had been an accelerating decline in order values and increased the average order per customer with a lower average price per item. Behind this work is a retooled organization with clearly defined goals, great energy and a wealth of know-how.

As designed, Odd Molly's business model places great importance on the relationships with agents and retailers, and we are trying to create even better collaboration in our network. At the same time we are also focused on our own sales channels, where the web shop in particular has great potential as a forum to build the brand as well. Odd Molly's web shop gradually expanded its potential base during the year and now sells throughout Europe. All this was a step in the right direction in 2012. But we are not satisfied. More needs to be done to make a bigger difference as we go forward.

At the start of the new year Odd Molly launched a totally new website focused on the end consumer. We feel that it strengthens the brand and makes it easier and more enjoyable to shop for Odd Molly's products. From us or from our retailers.

We have also introduced a new ordering system that will make it easier for customers. During the spring we opened two shop-in-shops in department stores – one at Åhléns in Stockholm and one at Illum in Copenhagen – a format with smaller retail space but where we can set the scene and control sales in a more concrete way. In addition, we are working continuously to improve collection development and the way we manage our external network.

At the time of writing we are awaiting the results of the sales work with the fall and winter 2013 collection, which was presented in late January at personal meetings with our agents and retailers as well as in the form of a public fashion show on ice in Kungsträdgården Park in Stockholm. A fashion show with regular girls and hockey players – in keeping with Odd Molly's brand. We like to go our own way. We know we've done what we could to deliver a good collection. What reality then looks like for buyers at the retail level will naturally affect their order decisions, and we realize that conditions remain tough for many of our customers in European markets.

In summary, much of the groundwork for the new Odd Molly has been laid, but we are planning much more over time to regain the strong position Odd Molly deserves. Odd Molly is and will remain an exciting, distinctive and beautiful design concept that makes a difference.

Anna Attemark
CEO of Odd Molly

Odd Molly business concept, goals and strategy

Business concept

Odd Molly's business concept is to design, market and sell fashion primarily through external retailers around the world. Odd Molly represents a unique combination of beautiful design, qualitative values and sensuality.

Vision

Odd Molly's vision is to establish cooperative relationships with a worldwide network of retailers that sell Odd Molly products and thereby play a distinct and long-lasting role in the international fashion industry.

Goals

Odd Molly's overarching goal is that:

- All its contacts, from end consumers to business partners, will find value-added in their relationship with the company,
- Shareholder value will be created through high growth and solid profitability.

Odd Molly's financial goals are as follows:

- A growth rate annually exceeding 20 percent on average in coming years
- An operating margin (EBIT) of over 12 percent over a business cycle
- An equity/assets ratio that over time is at least 40 percent.

Strategy

Odd Molly will profitably grow by continuing to create attractive collections, utilizing its geographical platform and developing existing and new sales channels. This work is rooted in a quality-conscious, responsible and inspiring corporate culture. Odd Molly's strategic work is focused on the collections, organization and distribution:

Balanced collections

Odd Molly will design beautiful clothing for women and create collections with a good balance between volume, price and fashion.

Broad geographical platform

Odd Molly will continue to strengthen its brand in current markets, while evaluating opportunities to expand to attractive new markets. The main focus is on increasing sales and control in markets where Odd Molly has the best opportunities to build a strong long-term market position.

More sales channels

Odd Molly will expand its retail presence in an optimal fashion by carefully choosing retailers and selectively recruiting experienced agents and distributors. To strengthen the brand and drive sales, Odd Molly will open its own stores. It is also expanding in e-commerce to broaden distribution and is opening shop-in-shops in selected retailers.

Innovative marketing

Odd Molly will continue to invest in activities that drive sales and build relationships with current and potential partners and customers with a clear understanding of the end consumer.

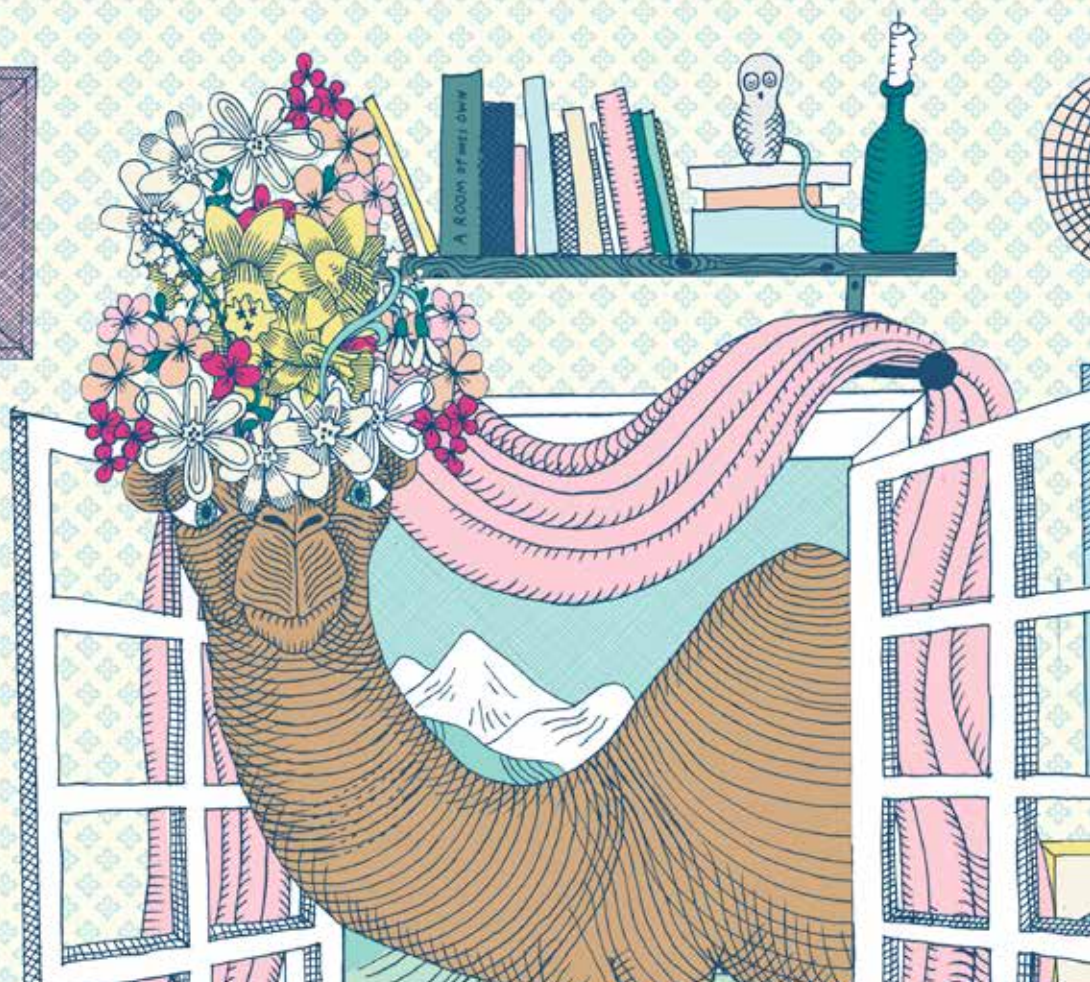
Corporate responsibility

Odd Molly's organization will maintain the highest level of quality and professionalism and will be adapted to the company's long-term needs and growth. Consideration for Odd Molly's stakeholders cuts across the entire company.





Business model



Every season begins with a sales meeting where the new collection is shown to all agents and distributors. Employees from Odd Molly present their thoughts behind the collection: inspirations, fabrics and suggested combinations. The agents are then allowed to borrow a sample collection from Odd Molly for sales work in their respective markets.

When Odd Molly has received all the orders from agents and distributors, it can plan production with its selected manufacturers. In this way, Odd Molly produces only enough of each item to fill binding orders, allowing it to minimize inventory. Fixed orders and long lead times between initial order and delivery also mean that revenue for each financial year can be predicted fairly accurately.

When the merchandise is ready, it is generally delivered by a contracted supplier to a third-party warehouse in Stockholm, where it is repackaged for shipment to retailers. Odd Molly's contractual partner for each order is the individual retailer, while the agent receives a commission based on total sales in their market. Once Odd Molly has sold the products to retailers, they assume the risk of selling to consumers.



Odd Molly sells its products primarily through external agents, in some cases distributors, to retailers around the world. Because these agents understand the local market, competition and specific conditions, Odd Molly can achieve an optimal mix of retailers with the right image and brands, without major capital investment. The agent, or distributor, in turn has the exclusive right to sell Odd Molly's products in a geographically defined market.

In the few markets where Odd Molly has chosen to be represented by a distributor, the sale is instead to the distributor, which assumes the risk associated with the purchased merchandise, inventory and sales. In this case the distributor buys the collection from Odd Molly, at a discounted price, and assumes responsibility for delivering to retailers and invoicing them.

For its own stores, Odd Molly places orders with suppliers based on budgeted sales, which means that these quantities, unlike other sales, do not have the same binding order status as orders from external retailers.

In connection with a shipment, each retailer also receives information folders, signage and logos to decorate stores, all of which is produced centrally by Odd Molly. The local agent normally maintains contact with the retailers, although Odd Molly's aim is to work more closely with store employees around the world to maintain the right feeling and correctly display the brand.

Changes on several levels

Changes are under way at Odd Molly to create future long-term growth. The work is being done on several levels and in 2012 focused mainly on the collections, which is our core at Odd Molly. A goal-oriented organization has been put in place to contribute to further success together with the company's distribution network. With a better understanding of consumer preferences, but without sacrificing its distinctive design, Odd Molly will strengthen its position.


Collection

Odd Molly's clothing is unmistakable, with a unique style that is feminine, flattering and easy to wear. Its designs often incorporate a wealth of details, many hand-sewn. Odd Molly doesn't blindly follow trends, instead offering a personal interpretation of contemporary fashion. The goal is to put together innovative collections that reflect the brand's soul and at the same time have commercial appeal.


Odd Molly's clothing is positioned in the upper mid-price segment, which it defines as "within reach." The target group is women of every age from various cultures, often with an active lifestyle they combine with moments of relaxation. The Odd Molly woman wants to feel good and look good, and many are very loyal to the brand. Odd Molly celebrates women as they are. As our motto says, "You are perfect because you are not".

Continuity and newness

In 2012, in connection with our spring and summer 2013 collection, we began to more clearly distinguish between collections. Two main collections were created and divided into four "releases" to even out the flow of merchandise, but mainly to improve the flow of new products and improve opportunities for added sales. Within each release, the aim is also to create a better balance between price and type of product as well as between designer items that distinguish the brand and volume products.



"More – and better coordinated – shipments over the course of the year will contribute to increased sales."



“The goal is to create a better balance in the product mix and elevate more product categories.”

The collections are separated into distinctive themes based on color combinations, patterns, fabrics and techniques. The most important thing is that each release is based on what the customer wants in that particular period and each is well-coordinated. The idea is that the more coordinated collections will make it easy for the retailer in turn to make it easy for the customer to buy clothing from Odd Molly from head to foot.

Another element of the ongoing change process is a reassessment of the product mix. Tops have historically been the strength of Odd Molly's collections, but the goal is to elevate other product categories and achieve a more balanced mix of tops and bottoms, basics and unique garments. To combine continuity with the excitement of new merchandise, Odd Molly is also improving upon products in categories where the consumer is most loyal, such as knits, and complementing collections with more fashionable items as well as accessories.

The new collection structure now in place after the initial work in 2012 will serve as the basis of future efforts.

Drive sales

For the next collection to be more successful than the previous one requires detailed analysis. The design and purchasing team is carefully evaluating the factors that drove sales and why, and what will drive sales going forward.

More merchandise at lower price points will help to drive sales. In analyzing the order value for the 2013 spring and summer collection, the average order was higher and the average price lower, which was the result of a conscious shift in merchandise. A continued focus on Odd Molly's own channels also improves opportunities to better understand customers, making them an important tool in shaping next successful collection.

Customer focus

Odd Molly is and will remain a company based on strong design. This, combined with a clearer customer focus in every decision, will help it to improve opportunities for success.

Organization

Odd Molly comprises a number of functions, from design and purchasing to sales, accounting, logistics and marketing as well as retail. At year-end Odd Molly had 53 employees in Sweden, Denmark and the US, of whom 46 were women and seven men.

Odd Molly has a strong corporate culture and clearly defined values and goals. A company with operations in numerous countries has to work in a structured manner to be successful, but just as importantly its employees have to enjoy their jobs and have the opportunity to grow and develop.

During the year a more goal- and customer-oriented organization took shape with the goal of creating profitable, long-term growth. The design team has been integrated with the purchasing staff to optimize the collections in terms of both expression and commercial viability.

Distribution

Odd Molly's clothing is mainly sold through external retailers. During the year it was represented by 15 agents and four distributors with sales in 28 countries, in addition to seven markets without a local representative.

Odd Molly also has its own stores. Today there are two flagship stores in central Stockholm and Copenhagen, two outlets, three shop-in-shops and a web shop. The stores, which give Odd Molly the opportunity to showcase its entire collections in an atmosphere specifically designed for the brand, should be seen as a complement to external stores, though they also generate good sales. The web shop was open the entire year in every EU country and as of November in Switzerland and Norway as well. Thanks to the outlets, located outside Stockholm and Göteborg, Odd Molly's urban stores can shorten sales and keep their merchandise fresh. At the same time the outlets allow the company to extend discounted sales on collections from earlier seasons.

The majority of Odd Molly's sales are currently in Western Europe, although the brand is also represented in North America, Australia and New Zealand as well as the Middle East, Russia and Asia. Odd Molly is sold practically everywhere, from small fashion boutiques to trendy designer stores and well-known department stores. Sweden is Odd Molly's first and largest market. Together with Germany, Denmark, Switzerland, Norway and the UK, the six largest markets accounted for about 77 percent of total sales in 2012.

Geographical diversity and external representation require consistency and responsiveness in communicating the brand's core values. All employees and partners around the world are informed of Odd Molly's core values and meet at least twice a year to see and discuss the new merchandise and collections.

All marketing material is produced internally, but is adapted to local markets around the world in cooperation with each agent or distributor, which is then responsible for day-to-day branding in their market. Odd Molly's marketing is done through a number of channels, one of the most important of which is international fashion shows. Working actively with PR and social media is also a priority. Odd Molly annually holds fashion shows in an international fashion capital. During spring 2013 Odd Molly launched its new website, which is more clearly designed with the consumer in mind.

The network of agents and distributors is continuously evaluated to ensure that Odd Molly is optimally represented in the right markets. During the year Odd Molly's internal work as relates to sales activities focused on ensuring that agents and retailers can buy the right kinds of merchandise in the right price categories and then receive the right merchandise at the right time. It is also Odd Molly's responsibility to make sure that each collection release is well-coordinated and that sales material and information is available to make it easier for each salesperson to represent the brand.



Odd Molly's responsibilities

Odd Molly takes a long-term approach to its responsibility for social conditions, environmental impacts in production and legal compliance. This is achieved through close cooperation with suppliers, but also through independent inspections.

Manufacturing and production control

Odd Molly doesn't have any production of its own and instead has its collections manufactured by selected suppliers in India, Portugal, China, Morocco and Turkey. Because many items contain complex, hand-sewn details, Odd Molly places stringent demands on its suppliers. The choice of manufacturers is primarily based on product quality and supply security, although ethical and environmental considerations are also a factor. Odd Molly continuously reviews its network of partners, although the aim is to build close, long-term partnerships.

Odd Molly works directly with its suppliers and manufacturers agents in Asia and Europe. The agents work closely with Odd Molly's production department to find the right factory for the company's needs. Odd Molly has a partner in China that helps it with quality and production control on site. They inspect finished products before they are approved for shipment to Sweden and conduct inspections during the production process to ensure that the clothing meets Odd Molly's stringent requirements. They can also serve as Odd Molly's extended arm to follow up independent social audits. The company's design and production team regularly visits manufacturers as well to discuss development opportunities, techniques and quality issues.

Codes of conduct, guidelines and laws

The company has guidelines for its suppliers and follows the Fair Wear Foundations Code of Labour Practices, which are designed to ensure safe working and environmental conditions in production based on the ILO Conventions and the UN Convention on the Rights of the Child.

Odd Molly works actively to prevent the use of hazardous chemicals in its products and to ensure that the EU's chemical regulation, REACH, is followed. All suppliers must pledge that they follow the rules on prohibited chemicals, which Odd Molly verifies through spot checks. Since 2011 Odd Molly has been a member of chemicals group within SWEREA IVF, a knowledge platform to help member-companies prevent the use of hazardous substances in their products and provide information on chemical use.

Fair Wear Foundation

Odd Molly has been a member since 2009 of the Fair Wear Foundation, an independent organization seeking to improve working conditions in the textile industry. The foundation conducts inspections of Odd Molly's suppliers according to a joint plan, in addition to continuously ensuring that Odd Molly is working internally in an optimal way to follow the plan and is actively effecting change together with its suppliers.

The main goal of the foundation's work and audits is to evaluate and improve conditions in Odd Molly's existing factories. The inspections are always scheduled in advance in order to maintain good relations with the suppliers and contribute to a dialogue on improvements.

During the year Odd Molly reached its established goal to inspect suppliers of 90 percent of its production volumes. The inspections reported only minor infractions, including that the suppliers were not meeting Odd Molly's requirements in terms of living wages and overtime. The Fair Wear Foundation wants factories not only to comply with current laws on minimum wages but to pay living wages. The inspections have shown that this is an area still in need of improvement. The suppliers have agreed to follow the improvement plans that have been established.

Learn more about the Fair Wear Foundation and its inspections at www.fairwear.org.

Transports and water consumption

To reduce CO2 emissions as far as possible, Odd Molly's first choice is to ship by sea or road from suppliers in Europe. If this isn't possible, a combination of air and sea or air transports is used. Odd Molly continuously evaluates its shipping methods to find the optimal solution. The aim is to minimize the number of shipments by air.

Since 2010 Odd Molly is involved in a joint project together with around 30 companies in the Swedish textile industry called the Sweden Textile Water Initiative (STWI). The aim of the initiative is to work proactively to understand and reduce water impacts from textile and leather production. Initially, the project was expected to last for two years, but it has since become an ongoing collaboration. STWI has established common guidelines to support sustainable water consumption in the production chain. The next step is to have member-companies test the practicality of the guidelines in their textile and leather production.



“Odd Molly takes responsibility – but the aim is to constantly improve.”

Odd Molly's share

Odd Molly respects its relationships with shareholders and the rest of the capital market, and the aim is that the information it provides will be marked by quality, reliability, continuity and promptness. The Odd Molly share has been listed on NASDAQ OMX Stockholm since June 21, 2010, after having moved from First North, where it was first listed in 2007.

Market capitalization and turnover

The final price paid on December 28, 2012 was SEK 26.60 (31.40), giving Odd Molly a market capitalization of SEK 153.0 million (180.6). During the financial year the average turnover was about 2,991 shares per day (6,333). A total of 0.7 million Odd Molly shares (1.6) were traded at a value of SEK 22.7 million (81.6). The lowest price paid was SEK 22.00 (October 24, 2012) and the highest price was SEK 49.50 (February 10, 2012). In 2012 the share declined by 18.2 percent, compared with a decrease of 58.4 percent in 2011. During the financial year 2012 the OMXSPI Index rose by 10.5 percent.

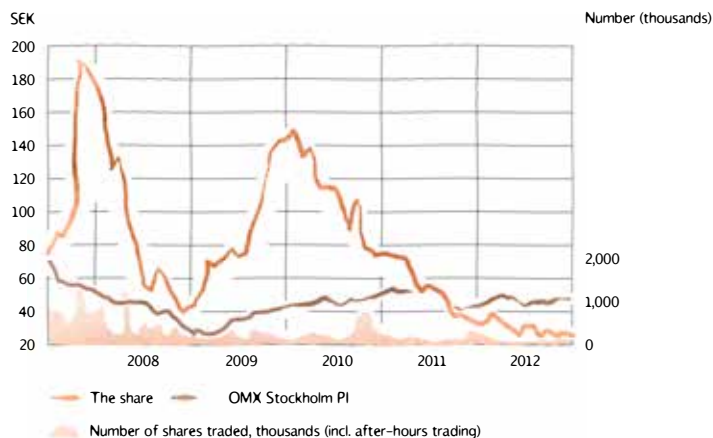
Share capital

At December 31, 2012 Odd Molly's share capital amounted to SEK 575,200, distributed among 5,752,000 shares with a quota value of SEK 0.1 per share. According to the Articles of Association, the share capital shall amount not less than SEK 500,000 and not more than SEK 2,000,000, distributed among not fewer than 5,000,000 and not more than 20,000,000 shares. Odd Molly has only one class of share. The shares are issued in accordance with Swedish law and are denominated in Swedish kronor. Shareholders' rights can only be amended in accordance with the rules of the Swedish Companies Act (2005:551). Each share carries the same entitlement to share in the company's assets and earnings. At the Annual General Meeting each share carries one vote and all shareholders can vote for the full number of shares they hold without restrictions on their voting rights. The shares can be freely transferred.

Changes in share capital

Year	Transaction	Increase in av antalno. of shares	Total ofaktiecapital shares	Increase in aktiecapital SEK	Total aktiecapital SEK
2002	Formation		1,000		100,000
2003	New share issue	110	1,110	11,000	111,000
2005	100-to-1 split	109,890	111,000		111,000
2005	New share issue	11,000	122,000	11,000	122,000
2007	41-to-1 split	4,880,000	5 002,000		122,000
2007	Bonus issue		5,002,000	378,200	500,200
2007	New share issue	750,000	5,752 000	75,000	575,200

Share performance



Share-based incentive program

Odd Molly has an outstanding incentive program based on warrants in Odd Molly International AB. The program, which was established by the Extraordinary General Meeting on November 25, 2011 based on the proposal of Odd Molly's Board of Directors, issued 300,000 warrants to Odd Molly International AB for transfer to the CEO and Vice President.

Dividend policy

The Board of Directors of Odd Molly will recommend that the Annual General Meeting approve a dividend of SEK 1.50 (3.00) per share for the financial year 2012. The Board's goal is to annually recommend that the AGM resolve to pay a dividend corresponding to at least 40 percent of the company's profit to the shareholders. Before issuing its recommendation, the Board will consider whether there is the possibility to pay a dividend of this size. In its evaluation, the Board will consider a number of factors, including the company's operations, operating profit and financial position, current and anticipated liquidity needs, expansion plans and other significant factors.

Largest shareholders as of December 31, 2012

Ten largest shareholders	No. of shares	No of votes/ capital, %
Kattvik Financial Services	1,049,763	18.25
M2 Capital Management AB	916,750	15.93
A.T.V Holding Aktiebolag	864,471	15.03
Jimfelt-Ghatan, Karin	441,157	7.67
Swedbank Robur Småbolagsfond Sverige	292,528	5.09
New Moon Förvaltning AB	212,775	3.70
AMF Aktiefond Småbolag	148,150	2.58
NTC TR Guernsey Treaty Client	144,093	2.51
Handelsbanken Fonder AB RE JPMEL	124,626	2.17
SEB Life International Assurance	100,000	1.74
Total, ten largest shareholders	4,294,313	74.67
Other	1,457,687	25.33
Total	5,752,000	100.00

Ownership structure as of December 31, 2012

On December 31, 2012 Odd Molly had 3,349 shareholders (3,650), according to Euroclear Sweden AB. Odd Molly's ten largest shareholders held shares corresponding to 74.7 per cent (74.0) of the votes and capital in the company. Foreign ownership amounted to about 9.1 percent (7.9) at December 31, 2012.

Shareholder structure	No. of share-holders	No. of shares	Holding %	Votes %	Market value SEK 000
1 – 500	2,953	372,443	6.48	6.48	9,907
501 – 1,000	194	160,796	2.80	2.80	4,277
1,001 – 5,000	152	327,274	5.69	5.69	8,705
5,001 – 10,000	25	180,376	3.14	3.14	4,798
10,001 – 15,000	5	58,464	1.02	1.02	1,555
15,001 – 20,000	0	0	0.00	0.00	0
20,001 –	20	–	80.89	80.89	123,760
Total	3,349	–	100.00	100.00	153,003

Key data per share

	2012	2011	2010	2009	2008
Equity per share, SEK	19,22	22,08	24,00	21,00	16,51
Earnings per share, SEK	0,52	2,48	6,30	7,48	8,66
Dividend per share, SEK	*1,50	3,00	4,50	3,50	3,00
Outstanding number of shares on the closing day, thousands	5 752	5 752	5 752	5 752	5 752

*Proposed dividend



Board of Directors' report

The Board of Directors and CEO of Odd Molly International AB (publ), corporate registration number 556627-6241, hereby present the annual report and consolidated accounts for the financial year January 1–December 31, 2012. Unless otherwise indicated, all amounts are in thousands of Swedish kronor (SEK 000). Amounts in parentheses refer to the previous year.

The company was registered with the Swedish Companies Registration Office on June 27, 2002 and has its head office in Stockholm. Odd Molly's legal structure comprises the Parent Company, Odd Molly International AB (publ), and the wholly owned subsidiaries Odd Molly, Inc., which is registered in Delaware, in the US, and Odd Molly Denmark ApS, in Denmark. The principal operations are conducted by Odd Molly International AB, while Odd Molly Inc. conducts Odd Molly's operations in the US from Los Angeles and Odd Molly Denmark ApS conducts retail operations in the Danish market. "Company" hereinafter refers to the Group.

Odd Molly share and ownership structure

Odd Molly's initial listing was on First North on June 18, 2007, and on June 21, 2011 the Odd Molly share moved its listing to NASDAQ OMX Stockholm.

The total number of shares in Odd Molly is 5,752,000, distributed among one class of share. On December 31, 2012 Odd Molly had 3,349 shareholders, around 97 percent of whom were registered in Sweden. The four largest owners were Kattvik Financial Services AB (18.25%), M2 Capital Management AB (15.93%), ATV Holding AB (15.03%) and Karin Jimfelt-Ghatan (7.67%). For more information, see the section on Odd Molly's share on page XX.

Odd Molly has an outstanding incentive program based on warrants in Odd Molly International AB. The program, which was established by the Extraordinary General Meeting on November 25, 2011 based on the proposal of Odd Molly's Board of Directors, issued 300,000 warrants to Odd Molly International AB for transfer to the incoming CEO and Vice President.

Operations

Odd Molly is a Swedish company that designs, markets and sells fashion mainly through external retailers around the world. Its products are distinguished by beautiful, personal and sensuous design, combined with high quality and a distinctive style.

As a rule, Odd Molly is represented by external agents or distributors around the world, which are responsible for geographically defined markets. The business model facilitates expansion with limited operational risk and tied-up capital, while retaining control over the concept and

brand. To complement the external retailers, Odd Molly opened its first concept store in February 2009 on Humlegårdsgatan, in Stockholm. In 2010 it opened an additional concept store, in Copenhagen, and two outlets in Kungsbacka and Barkarby. A web shop was launched in fall 2011, while a shop-in-shop in the department store Rådhuset in Uppsala was opened in 2012.

Significant events during the year

- In March Odd Molly opened its first shop-in-shop in the department store Rådhuset in Uppsala.
- In March Odd Molly announced the order value for the fall and winter 2012 collections of slightly over SEK 87 million, compared with an order value of approximately SEK 140 million for the same period in 2011.
- During the year Odd Molly implemented organizational changes with the goal of strengthening opportunities for future growth. Among other things, the design department was given clearer responsibilities and more closely integrated with the purchasing and production department.
- In September Odd Molly reported an order value for the spring and summer 2013 collections of approximately SEK 95 million, which was lower than the same collection in 2012, when the order value amounted to SEK 114 million.

Sales and earnings 2012

Group

Net sales

Net sales amounted to SEK 223.7 million (292.3), a decrease of 23 percent compared with the previous year but in line with previously announced order values. Sales include the company's own concept stores in Stockholm and Copenhagen, two outlets and Odd Molly's web shop.

In 2012 Odd Molly's merchandise was sold in a total of 35 countries (39). During the year Odd Molly was locally represented in 28 countries through 15 independent agents and four distributors. Products were sold without representatives in another seven countries. Odd Molly's six largest markets (Sweden, Germany, Denmark, Switzerland, Norway and the UK) accounted for approximately 77 percent (76) of total sales in 2012.

Earnings

The gross profit margin was 53.6 percent (56.0). Adjusted for the sale of discounted sample collections in 2012, the gross profit margin for the year was 54.4 percent.

Operating profit amounted to SEK 0.2 million (20.1), corresponding to an operating margin of 0.1 percent (6.9). The decline was mainly due to the lower sales volume.

Net profit amounted to SEK 3.0 million (14.2). The tax expense related to the change in deferred tax was positively affected by SEK 1.6 million because the Swedish company tax rate decreases from 26.3 percent for 2012 to 22.0 percent for 2013. Earnings per share amounted to SEK 0.52 (2.48) 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, decreased during the period to SEK 73.3 million (99.9). Most of the reduction is due to sales-related expenses such as agent commissions and distribution expenses.

Personnel expenses amounted to SEK 42.7 million (38.8), corresponding to 19.1 percent of net sales, compared with 13.3 percent in the previous year. The period includes severance expenses of SEK 2.2 million in connection with the reorganization. Together with a new, stronger management, this explains the higher expenses compared with the previous year.

Other operating expenses of SEK 0.9 million (1.3) were charged against profit.

Seasonal fluctuations

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

Financial position

The company's total assets amounted to SEK 140.9 million (165.3) on December 31, 2012. Shareholders' equity was SEK 110.5 million on the same date, compared with SEK 127.0 million on December 31, 2011. The equity/assets ratio was 78.4 percent (76.8). Cash and cash equivalents amounted to SEK 76.5 million (80.7) on December 31, 2012. The company has no long-term liabilities.

Accounts receivable amounted to SEK 29.7 million (28.1) on December 31, 2012, which means that total accounts receivable as a share of net sales for the full-year increased from 9.6 percent in 2011 to 13.3 percent in 2012. The age structure of the receivables has improved slightly from the previous year. To minimize the risk of losses on receivables, customers' credit ratings are continuously monitored.

Inventory amounted to SEK 22.6 million on December 31, 2012, compared with SEK 27.8 million at year-end 2011. As a share of sales for the full-year 2012, inventory was 10.1 percent, against 9.5 percent in the previous year.

Investments and cash flow

The company's investments normally consist of equipment and IT development. Total investments for 2012 amounted to SEK 0 million (1.8).

Cash flow from operating activities amounted to SEK 13.7 million during the year, compared with SEK 18.7 million in the same period of 2011. Total cash flow amounted to SEK -3.6 million (-8.5) in 2012, including a dividend to shareholders of SEK 17.3 million (25.9).

Employees

The total number of employees at year-end was 53 (58), of whom 7 are men and 46 are women. The average number of employees during the year was 54 (58).

Parent Company

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 retail operations in the Danish market. All other sales are through the Parent Company.

The Parent Company reported net sales during the year of SEK 218.4 million (280.4) and operating profit of SEK 1.2 million (21.5). The Parent Company's shareholders' equity amounted to SEK 72.9 million (89.7). Cash and cash equivalents amounted to SEK 74.7 million (78.6).

Remuneration guidelines for the CEO and other senior executives

The Annual General Meeting on April 26, 2012 resolved that the remuneration for the CEO and other senior executives will comprise a base salary, variable remuneration (where applicable) and other benefits, including a pension. Total remuneration will be market based and competitive in relation to each individual's responsibility and authority. Variable salary will be paid in cash, based on performance in relation to predefined, measurable targets, and will be maximized in relation to the target salary. Variable remuneration can never exceed base salary. If terminated by the company, the period of notice will not extend beyond twelve months.

Severance will not be paid. Pension benefits will be either defined benefit or defined contribution, or a combination of the two, entitling senior executives to receive a pension from age 65. The Board of Directors may deviate from these guidelines only in exceptional cases where special reasons exist.

Prior to the 2013 Annual General Meeting, the Board of Directors proposed that the remuneration principles for the CEO and other senior executives remain unchanged in 2013.

Environmental and social responsibility

Odd Molly värnar om sina medmänniskor och miljön samt hur dessa kan Odd Molly takes a keen interest in its fellow man and the environment and how they are affected by its operations. Odd Molly has no proprietary production. Instead its collections are produced by carefully selected suppliers. Since 2009 Odd Molly has been a member of the Fair Wear Foundation, an independent organization seeking to improve working conditions in the textile industry. As a member, Odd Molly has

undertaken to comply with the Fair Wear Foundation's Code of Labor Practices and conduct independent inspections of its manufacturers. For more information on Odd Molly's corporate responsibility work, see page 14.

Risk factors

There are a number of factors beyond Odd Molly's control that can negatively impact the company's operations, results and financial position, in addition to other factors whose impact Odd Molly can influence through its actions. The risk factors described below are considered to have a significant impact on Odd Molly's future outlook. The risks are not ranked, nor is the list intended to be comprehensive. Additional risks and uncertainties that Odd Molly is not aware of or which currently are not considered material may also become important factors for Odd Molly.

Operational and industry-related risks

Market risks

Competition

Odd Molly is active in the highly competitive fashion industry, where several competitors are very large and have considerable capital, allowing them to adapt their operations to changes in customer demand, devote considerable resources to the marketing and design of their products, and achieve greater brand awareness. Although Odd Molly has held its own against the competition to date, there are no guarantees that the company will keep pace with current and future competitors. Increased competition could lead to price pressure and the loss of market share, which could have a significant impact on Odd Molly's operations, results and financial position.

Supplier risks

Odd Molly has no proprietary production and is totally dependent on its suppliers to provide merchandise. The company uses a number of suppliers in different countries, however, and thus is not dependent on any single supplier for its operations. For Odd Molly, it is essential that goods are delivered on time. The loss of one or more suppliers or delay or loss of shipments could have a negative impact on the company's operations, results and financial position. Some of Odd Molly's products are manufactured in developing countries, where working conditions and environmental regulations differ in many respects from the countries where the products are sold. Consumer products companies with suppliers in developing countries can be susceptible to criticism of working conditions, product quality and environmental impacts.

Negative exposure on such issues could affect trust in the company's brand and lead to lower demand for its products, thereby impacting the company's operations, results and financial position. Since 2009 Odd Molly is a member of the Fair Wear Foundation, which is working to improve conditions for employees at the factories that manufacture Odd Molly's products. Odd Molly regularly visits its suppliers to ensure as far

as possible that they comply with the Fair Wear Foundation's Code of Labor Practices. However, Odd Molly cannot control everything its suppliers do, and in spite of the measures it has taken the company cannot rule out that demand for Odd Molly's products could be affected or that Odd Molly's brand could be damaged due to violations of the Code of Labor Practices or current regulations.

Import quotas

Odd Molly purchases a portion of its products from countries outside the EU. As a way to strengthen certain industries in Europe, the EU has in certain instances introduced import restrictions on goods such as clothing, which can affect purchasing costs. Since Odd Molly's product range maintains high quality and therefore commands a higher price, the potential impact is relatively limited compared with companies in the discount segment. Still, there is the possibility that future trade restrictions, including higher customs duties, protective measures or quotas on clothing, could force the company to change its purchasing routines and raise purchasing costs, which in turn could negatively affect the company's operations, results or financial position.

Economy

Economic conditions can raise or lower demand for Odd Molly's products.

Business risks

Ability to manage growth

Odd Molly's operations have undergone rapid organic growth to date, which has placed demands on the management and on the operating and financial infrastructure of the company. As its personnel and operations continue to grow, Odd Molly must ensure that effective planning and management processes are in place to implement the business plan. At present the company believes it has the capacity to handle a significant revenue increase. If Odd Molly is unsuccessful in effectively managing its growth, it could affect the company's operations, financial position and results.

Expansion of operations

Odd Molly's future growth is dependent on, among other things, the ability of current retailers to increase their sales of Odd Molly's products and that more retailers begin to sell Odd Molly's products. If Odd Molly does not succeed in expanding by adding more retailers, it could significantly affect the company's growth opportunities as well as its operations, results and financial position.

Odd Molly sells to external retailers through agents and distributors with exclusive rights to their respective markets. Marketing and sales results depend in large part on the knowledge, experience and commitment of these agents and distributors. To retain strong partners in the long term, Odd Molly considers it important to offer competitive terms and build strong relationships. To avoid having agents block their

markets with low sales, contracts stipulate minimum levels below which they can be terminated and a new cooperation agreement signed with another agent or distributor.

Odd Molly continuously evaluates complementary distribution channels in the form of company-owned stores. There is no guarantee that these stores will generate a sufficient return to cover the initial investment. Moreover, access to attractive store locations will affect any expansion.

Dependence on key persons and employees

Odd Molly's future growth is highly dependent on the knowledge, experience and commitment of its management and other key employees. Odd Molly has signed employment agreements with key persons on what the company considers competitive terms. Odd Molly regards its entire staff as an important asset and works continuously to maintain the right human resource policies. Nevertheless, there is no guarantee that Odd Molly will be able to retain these key persons or will be able to recruit qualified staff in the future. If any of the company's key employees resigns, it could have a negative effect on Odd Molly's operations, results and financial position.

Intellectual property protection

The Odd Molly brand is of critical importance to the company's position and success. Copying the Odd Molly brand or the distribution and sale of Odd Molly's products without the company's consent would damage the brand, customers' trust in Odd Molly's products and the company's profitability. Moreover, opportunities to expand to new markets could be limited if, for example, a third party in a country has a registered trademark similar to Odd Molly's. Odd Molly actively protects its trademarks and continuously monitors its protection. However, there is no guarantee that the measures Odd Molly takes to create, protect and monitor use of its intellectual property are sufficient. If Odd Molly's trademarks are damaged, it could negatively affect the company's operations, results and financial position. There is also the possibility that designers, stores and others claim that Odd Molly's products infringe on their intellectual property rights. Even if the company currently is not involved in any such legal disputes, there are no guarantees that such claims will not be made against the company in the future. If this occurs, it could require considerable expenditure for the company's legal defense and to pay any damages. If the company cannot defend itself against one or more such claims or cannot pay damages, it could harm the company's reputation and significantly affect its operations, results and financial position.

Changes in demand

Odd Molly is highly dependent on customer preferences in terms of design, quality and price. A miscalculation of customer preferences could reduce demand for Odd Molly's products, which in turn could adversely affect the company's operations, results and financial position.

Reputational risk

To maintain consistently high quality and protect Odd Molly's unified concept and values, it is essential for the company to maintain, to a significant extent, control over its distribution network. Odd Molly must ensure that customers have a consistent impression of its products around the world. The products must be presented in a way that reflects the values Odd Molly stands for. If an agent or retailer takes an action that presents Odd Molly's products contrary to its positioning in the market or fails to apply Odd Molly's values and concepts, Odd Molly's trademark and reputation could be damaged. If Odd Molly cannot effectively ensure that its products are presented correctly, it could adversely affect the company's operations, results and financial position in the long term.

Environmental risks

Odd Molly is confident that its operations are conducted in accordance with applicable laws and regulations pertaining to the environment, health and safety. If any violations were to occur, or if laws and regulations were amended, it could result in significant costs or other measures that adversely affect the company's operations, results and financial position.

Commodity prices and lead times

Prices of commodities such as cotton, silk and wool may rise due to increased demand or lower supplies, which could lead to higher purchasing prices. Increased demand could also result in longer lead times from suppliers, which could mean higher transport expenses if more merchandise has to be sent by air, and that fabrics or yarns have to be reserved before Odd Molly receives orders from retailers.

Inventory risk

When forced to maintain an inventory, Odd Molly is exposed to a risk to the extent the inventory is not sold or has to be sold at a discounted price.

Financial risks

For a description of the Group's management of financial risks, see Note 25 Financial risk management.

Corporate governance

Odd Molly is governed through the Annual General Meeting, the Board of Directors and the CEO in accordance with the Swedish Companies Act and the company's Articles of Association. For more information on the company's governance, see the Corporate governance report on page 46.

Future outlook

The main reason for Odd Molly's historically profitable growth and the foundation for its future development, aside from creative design and consistent, long-term branding, is its business model. As designed, the business model facilitates further expansion with limited capital requirements and little risk of large or obsolete inventory. The long lead time between order and delivery means that sales in a particular financial year can be forecast with a relatively high degree of accuracy. The company does not intend to issue forecasts for upcoming financial years. However, Odd Molly will announce order values twice a year, in April and October.

Important events after the end of the financial year

In January the fall and winter 2013 collection was presented in the form of a public fashion show on ice Kungsträdgården Park in Stockholm.

In February Odd Molly opened two shop-in-shops in department stores: one at Åhléns in Stockholm and one at Illum in Copenhagen.

Proposed disposition of profit

The Board of Directors intends to annually test whether there is an opportunity to issue a dividend. The Board's goal is to annually recommend that the AGM resolve to pay a dividend corresponding to at least 40 percent of the company's profit to the shareholders. Before issuing its recommendation, the Board will consider whether there is the possibility to pay a dividend of this size. In its evaluation, the Board will consider a number of factors, including the company's operations, operating profit and financial position, current and anticipated liquidity needs, expansion plans and other significant factors. The Board of Directors of Odd Molly will recommend to the Annual General Meeting a dividend of SEK 1.50 per share (3.00) for the 2012 financial year.

Proposed disposition of the company's profit

The following funds are available to the Annual General Meeting (SEK thousand):

Share premium reserve	26,418
Fair value reserve	-696
Profit brought forward	42,850
Net profit for the year	2,129
Total	70,701

The Board proposes that the funds be appropriated as follows:

Till aktieägarna utdelas	
Dividend to the shareholders	
(5,752,000 shares x SEK 1.50 per share)	8,628
To be carried forward	62,073
Total	70,701

Condensed financial information – Group

SEK in thousands	2012	2011	2010	2009	2008
Results					
Net sales	223,724	292,275	355,551	329,809	267,653
Operating profit, EBIT	220	20,074	50,668	59,179	67,509
Net profit for the year	2,993	14,237	36,226	43,047	49,829
Margins					
Gross profit margin, %	53.6	56.0	56.6	54.0	58.4
Operating margin, EBIT, %	0.1	6.9	14.3	17.9	25.2
Profit margin, %	0.7	7.3	14.5	18.2	25.9
Profitability					
Return on capital employed, %	1.4	16.2	40.2	55.6	99.1
Return on equity, %	2.5	10.7	28.0	39.9	71.2
Financial position					
Total assets	140,932	165,304	171,012	158,461	126,905
Shareholders' equity	110,531	126,981	138,066	120,819	94,949
Equity/assets ratio, %	78.4	76.8	80.7	76.2	74.8
Per share*					
Equity per share, SEK	19.22	22.08	24.00	21.00	16.51
Earnings per share, SEK	0.52	2.48	6.30	7.48	8.66
Dividend per share, SEK	1.50**	3.00	4.50	3.50	3.00
Employees					
Average number of employees	54	57	50	36	30
Net sales per employee, SEK	4,143	5,142	7,111	9,086	8,997

*) Based on weighted average before and after dilution.

**) Refers to proposed dividend for 2013.

Consolidated statement of comprehensive income

SEK in thousands	Note	2012	2011
Operating revenues			
Net sales	1	223,724	292,275
Other operating revenues	2	429	542
		224,153	292,818
Operating expenses			
Goods for resale		-103,897	-128,632
Other external expenses	3,4	-73,251	-99,901
Personnel expenses	5	-42,737	-38,843
Depreciation/amortization of tangible and intangible fixed assets	6	-3,164	-4,047
Other operating expenses	7	-884	-1,320
Operating profit		220	20,074
Result from financial items			
Interest income and similar income items	8	1,416	1,335
Interest expenses and similar expense items	9	-30	-36
Profit after financial items		1,606	21,373
Taxes	10	1,387	-7,136
Net profit for the year attributable to Parent Company's shareholders		2,993	14,237
Other comprehensive income			
Translation difference		-531	52
Reclassified to operating profit		-1,305	248
Change in fair value of currency derivatives		-892	-109
Tax effect of change in fair value of currency derivatives		539	-37
Total comprehensive income for the year attributable to Parent Company's shareholders		805	14,391
Earnings per share			
Earnings per share before and after dilution (SEK)	*11	0,52	2,48
Proposed dividend per share (SEK)		1,50	3,00
Number of shares at year-end		5,752,000	5,752,000
Average number of shares before and after dilution		5,752,000	5,752,000

* For calculation, see also the Consolidated statement of changes in equity.

Consolidated balance sheet

SEK in thousands	Note	Dec. 31 2012	Dec. 31 2011
ASSETS			
Fixed assets			
<i>Intangible fixed assets</i>			
Tenancy rights and similar rights	1,12	163	408
Other intangible fixed assets	1,12	816	1,829
		980	2,237
<i>Tangible fixed assets</i>			
Equipment, tools, fixtures and fittings	1,13	2,431	4,458
		2,431	4,458
<hr/>			
Total fixed assets		3,411	6,695
<hr/>			
Current assets			
<i>Inventories, etc.</i>			
Finished products and goods for resale	16	22,569	27,817
Advances to suppliers		2,764	9,103
		25,333	36,920
<i>Current receivables</i>			
Accounts receivable	17	29,730	28,097
Derivatives	18	–	1,305
Other receivables		3,174	8,411
Prepaid expenses and accrued income	19	2,740	3,196
		35,644	41,009
<hr/>			
Cash and bank balances		76,543	80,680
Total current assets		137,520	158,609
<hr/>			
TOTAL ASSETS		140,932	165,304

SEK in thousands	Note	Dec. 31 2012	Dec. 31 2011
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital (5,752,000 shares)		575	575
Other paid-in capital		26,418	26,418
Reserves		–1,172	1,016
Retained earnings		84,709	98,972
Total shareholders' equity		110,531	126,981
<hr/>			
Long-term liabilities and provisions			
Provisions for deferred tax	21	8,177	10,344
		8,177	10,344
<hr/>			
Current liabilities			
Advances from customers		308	173
Accounts payable		8,967	12,411
Derivatives	18	892	–
Current tax liabilities		694	499
Other liabilities		1,410	1,901
Accrued expenses and deferred income	22	9,953	12,994
		22,224	27,979
<hr/>			
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		140,932	165,304
<hr/>			
Pledged assets and contingent liabilities			
Pledged assets	23	2,500	2,500
Contingent liabilities		n/a	n/a

Consolidated statement of cash flows

SEK in thousands	2012	2011	SEK in thousands	2012	2011
Operating activities			Investing activities		
Operating profit	220	20,074	Acquisition of intangible fixed assets	–	–647
<i>Adjustments for non-cash items:</i>			Acquisition of tangible fixed assets	–	–1,111
Depreciation/amortization and impairment losses	3,164	4,047	Cash flow from investing activities	–	–1,758
Exchange rate gains/losses	1,555	181	Financing activities		
Capital gain/loss on sale of equipment	34	1,714	Dividend paid	–17,256	–25,884
Interest received	1,416	1,335	Warrant premiums	–	408
Interest paid	–30	–36	Cash flow from financing activities	–17,256	–25,476
Income tax paid	5,494	–7,355	Cash flow for the year	–3,582	–8,517
Cash flow from operating activities before changes in working capital	11,853	19,961	Cash and cash equivalents at beginning of the year	80,680	89,204
Cash flow from changes in working capital			Exchange rate difference in cash and cash equivalents	–555	–7
Increase (–)/Decrease(+) in inventories	11,446	–13,763	Cash and cash equivalents at year-end	76,543	80,680
Increase –/Decrease(+) in current receivables	–2,094	7,101			
Increase (+)/Decrease(–) in current liabilities	–7,532	5,418			
Cash flow from operating activities	13,674	18,717			

Condensed statement of changes in consolidated equity

SEK in thousands	Share capital	Other paid-in capital	Translation differences	Fair value reserve	Retained earnings	Total shareholders' equity
Opening shareholders' equity at January 1, 2011	575	26,010	384	806	110,291	138,066
Dividend	–	–	–	–	–25,884	–25,884
Other paid-in capital	–	408	–	–	–	408
Other comprehensive income	–	–	–330	156	14,565	14,391
Closing shareholders' equity at December 31, 2011	575	26,418	55	962	98,972	126,981
Opening shareholders' equity at January 1, 2012	575	26,418	55	962	98,972	126,981
Dividend	–	–	–	–	–17,256	–17,256
Other comprehensive income	–	–	–531	–1,657	2,993	805
Closing shareholders' equity at December 31, 2012	575	26,418	–476	–696	84,709	110,531

Odd Molly's share capital amounted to SEK 575,200 at year-end, distributed among 5,752,000 shares with a quota value of SEK 0.1. Each share carries one vote and the same entitlement to share in the company's assets and earnings. Odd Molly's operations are financed in their entirety with shareholders' equity. The Board of Directors of Odd Molly has established a goal that the equity/assets ratio will be at least 40 percent.

Parent Company statement of comprehensive income

SEK in thousands	Not	2012	2011
Operating revenues			
Net sales	1	218,410	280,384
Other operating revenues	2	567	427
		218,977	280,811
Operating expenses			
Goods for resale		-101,524	-122,823
Other external expenses	3,4	-72,210	-98,327
Personnel expenses	5	-40,799	-35,442
Depreciation/amortization of tangible and intangible fixed assets	6	-2,452	-2,569
Other operating expenses	7	-821	-127
Operating profit		1,170	21,523
Result from financial items			
Interest income and similar income items	8	1,416	1,335
Interest expenses and similar expense items	9	-23	-33
Profit after financial items		2,564	22,826
Appropriations			
Change in accrual reserve		-200	-6,544
Profit before tax		2,364	16,282
Tax on profit for the year	10	-235	-5,646
Net profit for the year		2,129	10,636

PARENT COMPANY'S COMPREHENSIVE INCOME

Other comprehensive income

Reclassified to operating profit		-1,305	248
Change in fair value of currency derivatives		-892	-109
Tax effect of change in fair value of currency derivatives		539	-36
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		472	10,738

Parent Company balance sheet

SEK in thousands	Note	Dec. 31 2012	Dec. 31 2011
ASSETS			
Fixed assets			
<i>Intangible fixed assets</i>			
Tenancy rights and similar rights	12	163	408
Other intangible fixed assets	12	816	1,829
		980	2,237
<i>Tangible fixed assets</i>			
Equipment, tools, fixtures and fittings	13	866	2,061
		866	2,061
<i>Financial fixed assets</i>			
Shares in Group companies	14	343	343
Receivables from Group companies	15	3,315	3,454
Deferred tax assets	21	196	–
		3,854	3,796
Total fixed assets		5,700	8,095
Current assets			
<i>Inventories, etc.</i>			
Finished products and goods for resale	16	20,528	25,729
Advances to suppliers		2,651	9,103
		23,179	34,832
<i>Current receivables</i>			
Accounts receivable	17	28,868	27,653
Derivatives	18	–	1,305
Receivables from Group companies	15	–	15
Other receivables		3,061	7,225
Prepaid expenses and accrued income	19	2,642	2,697
		34,570	38,894
Cash and bank balances		74,720	78,599
Total current assets		132,470	152,325
TOTAL ASSETS		138,170	160,420

SEK in thousands	Note	Dec. 31 2012	Dec. 31 2011
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
<i>Restricted equity</i>			
Share capital (5,752,000 shares)		575	575
Statutory reserve		1,628	1,628
		2,203	2,203
<i>Unrestricted equity</i>			
Share premium reserve		26,418	26,418
Fair value reserve		–696	962
Retained earnings		42,850	49,471
Net profit for the year		2,129	10,636
		70,701	87,486
		72,904	89,689
Untaxed reserves			
Accrual reserves	20	38,700	38,500
		38,700	38,500
Long-term liabilities and provisions			
Provisions for deferred tax	21	–	343
		–	343
Current liabilities			
Advances from customers		291	152
Accounts payable		8,748	11,962
Liabilities to Group companies		4,879	6,724
Derivatives		892	–
Current tax liabilities		694	499
Other liabilities		1,403	1,757
Accrued expenses and deferred income	22	9,658	10,794
		26,566	31,888
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		138,170	160,420
Pledged assets and contingent liabilities			
Pledged assets	23	2,500	2,500
Contingent liabilities		n/a	n/a

Parent Company statement of cash flows

SEK in thousands	2012	2011	SEK in thousands	2012	2011
Operating activities			Investing activities		
Operating profit	1,170	21,523	Acquisition of intangible fixed assets	–	165
<i>Adjustments for non-cash items:</i>			Acquisition of tangible fixed assets	–	–1,111
Depreciation/amortization and impairment losses	2,452	2,569	Cash flow from investing activities	–	–946
Exchange rate gains/losses	1,544	172			
Interest received	1,416	1,335	Financing activities		
Interest paid	–23	–33	Dividend paid	–17,256	–25,884
Income tax paid	5,499	–7,749	Warrant premiums	–	408
Cash flow from operating activities before changes in working capital	12,059	17,817	Decrease in receivables from Group companies	138	–
			Cash flow from financing activities	–17,118	–25,476
Cash flow from changes in working capital			Cash flow for the year	–3,423	–7,329
Increase (–)/Decrease (+) in inventories	11,653	–15,124	Cash and cash equivalents at beginning of the year	78,599	86,744
Increase (–)/Decrease (+) in current receivables	–2,715	7,740	Exchange rate difference in cash and cash equivalents	–456	–816
Increase (+)/Decrease (–) in current liabilities	–7,302	8,659	Cash and cash equivalents at year-end	74,720	78,599
Cash flow from operating activities	13,695	19,093			

Parent Company statement of changes in equity

	Share capital	Statutory reserve	Fair value reserve	Unrestricted equity	Total shareholders' equity
Opening shareholders' equity at January 1, 2011	575	1,628	806	101,365	104,374
Dividend	–	–	–	–25,884	–25,884
Other paid-in capital	–	–	–	408	408
Other comprehensive income	–	–	156	10,635	10,791
Closing shareholders' equity at December 31, 2011	575	1,628	962	86,524	89,689
Opening shareholders' equity at January 1, 2012	575	1,628	962	86,524	89,689
Dividend	–	–	–	–17,256	–17,256
Other paid-in capital	–	–	–	–	–
Other comprehensive income	–	–	–1,657	2,129	472
Closing shareholders' equity at December 31, 2012	575	1,628	–695	71,396	72,904



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Corporate governance

Odd Molly International AB is a publicly listed Swedish company and its corporate governance is therefore based on Swedish rules and legislation, primarily the Swedish Companies Act, NASDAQ OMX's rules for issuers, the Swedish Code of Corporate Governance, the Articles of Association and other pertinent rules.

Swedish Code of Corporate Governance

Odd Molly has been listed on NASDAQ OMX Stockholm since June 21, 2010 and has since fully applied the Swedish Code of Corporate Governance. The Board of Directors is responsible for continuously monitoring compliance with the code by the Board and management as well as the company otherwise.

Annual General Meeting

Shareholders exercise their decision-making authority at the Annual General Meeting (AGM), the company's highest decision-making body. Shareholders who are recorded in the share register and have notified the company have the right to attend the AGM and to vote their shares. Shareholders who are unable to be present in person may be represented by proxy.

Among the matters required to be dealt with at the AGM are the adoption of the consolidated balance sheet and income statement, the appropriation of the company's profit or loss, the compensation principles for senior executives and the discharge of the Directors and CEO from liability. Based on a proposal from the Nomination Committee, the AGM elects the Directors until the conclusion of the next AGM.

Annual General Meeting 2012

Odd Molly's Annual General Meeting for the financial year 2012 will be held at 2 PM (CET) on April 25, 2013 at Hotel Skeppsholmen in Stockholm. Information on the time and location, how to notify the company to attend and how shareholders can have an issue brought before the meeting is available on the company's website, www.oddmolly.com, and on page XX in this annual report.

Nomination Committee

The 2009 AGM resolved that the company should have a Nomination Committee. The mission of the Nomination Committee is to evaluate the sitting Board of Directors and present a proposal on the Directors, the Chairman and Board fees to the next AGM where a Board election is scheduled to be held. Where applicable, the Nomination Committee also presents a proposal on the auditors and their fees as well as the Chairman of the AGM. The proposals are presented to the AGM.

The Nomination Committee for the AGM on April 25, 2013 is comprised of Tom Wikström (Chairman), Christer Andersson and Rutger Arnhult. Prior to the AGM, the Nomination Committee held three meetings at which minutes were kept. No remuneration was paid for participation on the Nomination Committee.

Board of Directors

Odd Molly's Board of Directors consists of six members elected by the Annual General Meeting and no deputies. The Board of Directors is comprised of Christer Andersson (Chairman), Mia Arnhult, Lennart Björk, Patrik Tillman, Nils Vinberg and Karin Wallin-Norman. None of the Directors are employed or have an employment-like relationship with the Group or any subsidiary.

The Directors are independent in relation to the company and the management. For a more detailed presentation of Odd Molly's Board of Directors, see page XX.

Board compensation

The Chairman and other Directors received total compensation of SEK 625,000 (550,000) for 2012, in accordance with the resolution of the AGM. The Chairman of the Board receives SEK 150,000 per year and the other five Directors each receive SEK 100,000 per year. Lennart Björk was elected to the Board by Odd Molly's AGM on April 26, 2012 and received SEK 75,000 in compensation for 2012.

Board work

The duty of the Board of Directors is to manage the company's affairs on behalf of the shareholders. The Board's work is governed by the Companies Act, the Articles of Association and the current rules of procedure, including the instruction on the delegation between the Board and the CEO.

In 2012 the Board held 12 (14) meetings at which minutes were kept. During these meetings the Board discussed the financial results, balance sheet total, interim reports and annual report, as well as market and risk analysis, the direction of the business and organizational issues.

Number of meetings attended

	2012	2011	2010
Christer Andersson	12	14	12
Mia Arnhult	11	14	13
Lennart Björk*	5	–	–
Patrik Tillman	10	14	12
Nils Vinberg	12	13	11
Karin Wallin-Norman	11	14	13
Total number of meetings	12	14	13

* Joined the Board at Odd Molly's AGM on April 26, 2012.

Audit Committee

The Board of Directors has appointed an Audit Committee from among its members to prepare the Board's quality assurance of the financial reporting. The Audit Committee consists of Directors Karin Wallin-Norman (Chairman), Mia Arnhult and Nils Vinberg. During the year the Audit Committee held three meetings at which minutes were kept, which the company's CFO and auditor also attended.

Compensation Committee

The Board of Directors has appointed a Compensation Committee from among its members whose duty, within the framework of the compensation guidelines for senior executives established by the AGM, is to prepare compensation issues pertaining to the CEO and other senior executives. The Compensation Committee consists of Directors Christer Andersson (Chairman) and Nils Vinberg. During the year the Compensation Committee held two meetings at which minutes were kept.

Auditors

The auditors are elected by the shareholders at the AGM. The auditors review the company's annual report, consolidated financial statements and accounting records, as well as the day-to-day administration of the Board and the CEO. Ernst & Young was elected by the 2007 AGM as the company's auditor for a period of four years and was reelected at the 2011 AGM. The chief auditor is Jonas Svensson. The external audit is conducted according to generally accepted accounting principles in Sweden. The auditors have submitted verbal and written reports to the Audit Committee and the Board of Directors on their audit and review of the internal control.

Auditors' remuneration

For 2012 the auditors' remuneration amounted to SEK 450,000 as regards the Parent Company, of which SEK 252,000 related to audit work. The corresponding amounts for the Group were SEK 528,000 and SEK 252,000, respectively. The amounts stated in annual report for 2011 pertained to the Parent Company.

Chief Executive Officer (CEO) and Group Management
The CEO manages the Group and its operations within the framework resolved by the Board. The CEO is responsible for keeping the Board of Directors informed of the company's development, reporting on significant deviations from established business plans and events that significantly impact the company's

operations, and preparing the necessary background information for the Board of Directors, e.g., regarding the company's expansion, investments and other strategically important issues.

Group Management, which is led by the CEO, consists of the managers of key operating areas within Odd Molly. Group Management holds monthly meetings at which minutes are kept and where operational issues are discussed. Moreover, Group Management annually formulates a business plan that is adopted by the Board. Daily contact between the members of Group Management is critical to effective governance and management.

On December 31, 2012 Group Management consisted of Anna Attemark (VD), Henrik Fredin, Per Holknekt, Jennie Högstedt Björk, Karin Jimfelt-Ghatan, Mads Kelö and Kristin Roos. For a more detailed presentation of Group Management, see page XX. Mads Kelö stepped down after the end of the year.

The Chairman conducts an annual performance review of the CEO in accordance with the CEO's instructions.

Remuneration to the CEO and senior executives

Anna Attemark took over as CEO on December 14, 2011. Her base salary for 2012 was SEK 2,160,000 (106,000). The CEO is entitled to a monthly pension provision corresponding to 30 percent of her base salary. Pension expenses amounted to SEK 684,000 in 2012. The terms of the compensation package for the CEO are resolved by the Board. The company and the CEO have agreed to a term of notice of 12 months if she is terminated by the company and 6 months if she resigns.

Senior executives refer to six persons, who together with the CEO formed the Group Management in 2012. During the year the number of senior executives changed. The salary figures shown here include persons who were not members of Group Management at year-end. The base salaries paid to senior executives, excluding the CEO, amounted to SEK 6,523,000 (4,448,000) in 2012. Odd Molly pays annual premiums to a defined-contribution pension plan corresponding to 15–20 percent of the total payroll expense. Pension expenses amounted to SEK 1,286,000 (776,000) in 2012. Senior executives have a term of notice of 3–6 months.

Remuneration to the CEO and other senior executives has been paid exclusively by the Parent Company. No variable compensation has been paid.

Incentive program

Odd Molly has an outstanding incentive program based on warrants in Odd Molly International AB. According to the program, which was established by the Extraordinary General Meeting on November 25, 2011 based on a proposal from Odd Molly's Board of Directors, 300,000 warrants were issued to Odd Molly International AB for transfer to the new CEO and Vice President.

Internal control

The Board of Directors is responsible for corporate governance and internal control. The overarching purpose is to protect the company's assets and, consequently, the shareholders' investment. The Board is also responsible for ensuring that financial reporting is prepared in accordance with current laws. By reviewing all critical accounting issues and the financial reports issued by the company, the Board is able to assure the quality of Odd Molly's financial reporting. This requires the Board to treat issues of internal control, compliance, material uncertainties in reported values, any uncorrected inaccuracies, events after the balance sheet date, changes in estimates and assumptions, any verified irregularities and other conditions that affect the quality of the financial reports.

Control environment

An important part of the internal control is to formulate and establish a number of fundamental policies, guidelines and frameworks for the company's financial routines and financial reporting. The finance policy in 2012 was adopted by the Board on February 14, 2012. The financial handbook, which is updated continuously, is an important tool to assure good internal control over the company's operations. Operations are monitored and governing documents are revised continuously and communicated to all affected employees. The Board continuously evaluates operations and results through a reporting packet that contains an income statement, balance sheet and key financial ratios as well as other material operational and financial information. The other policies and guidelines established by the Board that are important to internal control are the communication policy, IT

policy and gender equality policy. Moreover, the CEO decides on financial job descriptions, which are available to the finance department on the company's server. Odd Molly has a business area-based organizational structure where each business area manager participates on the company's management team and is responsible for the performance of their business area. All of Odd Molly's business areas share the same structure, financial system, chart of accounts and policies, which facilitates efficient routines and control systems.

Risk assessment

Odd Molly works continuously and actively with risk analysis, risk assessment and risk management to ensure that the risks the company is exposed to are managed efficiently within the established framework. The risk assessment includes, among other things, the company's administrative routines for invoicing and order processing. Balance sheet and income statement items with a risk of material error are also reviewed continuously. Odd Molly uses prepayments when its credit analysis has a negative outcome or for new, smaller customers, as well as with active control of currency risks.

Control activities

Control structures are designed to manage the risks that the Board of Directors considers material to the internal control of financial reporting. These control structures consist of an organization with clearly defined lines of authority, routines and job descriptions. Control activities include reporting on decision-making processes and procedures for important decisions (e.g., new major customers, investments, inventories, contracts, etc.) as well as reviews of all financial reports that are presented.

The financial handbook covers, among other things, control activities such as reconciliations, authorizations, account reconciliations, financial systems and benchmarks. Authorization instructions are updated continuously. The right to authorize payments is also treated in this instruction. Approval is required by at least two persons jointly from the finance department or by the CEO and the CFO.

Information and communications

The company's governing documents in the form of policies, guidelines and manuals for internal and external communications are updated continuously and communicated internally through the appropriate channels such as internal meetings and internal mail. The company's communication policy, which contains guidelines on how information is released, applies to communications with outside parties. The purpose of the policy is to ensure that Odd Molly correctly and thoroughly meets all its information obligations according to current laws and regulations.

Monitoring and oversight

The Board continuously monitors the effectiveness of the internal control based on the preparations by the Audit Committee. The Board makes certain that the company's auditors review the financial report for the third quarter. Lastly, the Board issues a brief report on how internal control was implemented during the year. To date the Board has not found reason to establish a separate internal audit unit, although it evaluates annually whether one is needed.

The Board of Directors

March 20, 2013

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