



ODD MOLLY

ANNUAL REPORT 2015

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Odd Molly is a lifestyle concept that celebrates courage, the joy of living and girls who go their own way. It all began with Molly, a skater girl in Venice Beach in the 80's who became our source of inspiration by daring to break with conventions and follow her dreams. Molly is part of our history and her spirit and values are reflected in everything we do, every day.

2015 was the year Odd Molly got its wings – in several senses. We launched Odd Project, where we helped a girl to realize her dream of flying. We opened five new stores, improved our offering and continued to grow with stronger profitability.



ABOUT ODD MOLLY

The company in brief

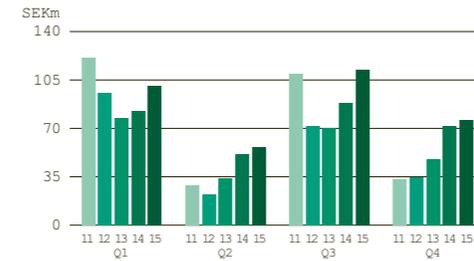
Odd Molly is a Swedish company that designs, markets and sells women's fashion. Odd Molly's collections share a distinctive design, with feminine, flattering, easy-to-wear clothing recognized for its high quality, color and patterns. The company is also developing other related lifestyle products for the home and other special collections.

Founded in 2002, Odd Molly is currently listed on Nasdaq Stockholm. Odd Molly's products are sold through the company's own sales channels and retailers around the world. At year-end 2015 Odd Molly had 13 of its own stores in Sweden and Finland and its own web shop, which reaches consumers throughout Europe, the US and Canada. In 2015 Odd Molly's clothing was sold in a total of 33 countries. Odd Molly has over 2,500 shareholders and around eighty employees in Stockholm, Göteborg, Skåne, Copenhagen, Oslo, Helsinki and Los Angeles.

Financial history	2015	2014	2013	2012	2011
Net sales, SEK thousand	344,954	294,298	228,163	223,724	292,275
Operating profit, EBIT, SEK thousand	12,451	5,516	-24,098	220	20,074
Operating margin, EBIT, %	3.6	1.9	-10.6	0.1	6.9
Return on capital employed, %	14.1	6.6	-24.4	1.4	16.2
Return on equity, %	10.7	4.7	-20.1	2.5	10.7
Equity/assets ratio, %	65.0	64.9	64.9	78.2	76.8
Equity per share, SEK	16.19	15.62	14.43	19.22	22.08
Earnings per share, SEK	1.70	0.71	-3.38	0.52	2.48
Dividend per share, SEK	1.50*	1.00	0.00	1.50	3.00
Average number of employees	75	70	56	54	57
Net sales per employee, SEK thousand	4,455	4,191	4,070	4,111	5,142
Number of company-owned stores	13	8	6	5	5

* Proposed dividend

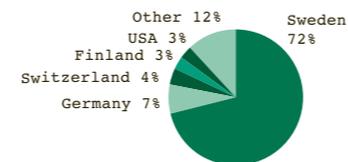
Quarterly sales 2011-2015



Rolling 12-month sales quarterly 2011-2015



Sales by country



The year in brief

In 2015 Odd Molly's sales increased by 17 percent, mainly through more company-owned stores, which was made possible partly thanks to its own sales organization and an increased digital presence. Profitability was strengthened at the same time that investments were made in new stores, the organization and business development.

Net sales amounted to SEK 345.0 million, compared with SEK 294.3 million in the previous year. The gross margin was stable at 55.6 percent, compared with 54.1 percent in the previous year, and operating profit amounted to SEK 12.5 million, compared with SEK 5.5 million in the previous year.

Several smaller collections – such as Bath, Home and a collection in organic cotton – were launched to consumers during the year to strengthen Odd Molly as a lifestyle concept and brand.

Five new stores and 12 shop-in-shops were opened during the year in Sweden and Finland. A franchise was opened in Prague. Increased investment in digital media and a more user-friendly website contributed to strong sales in our own channels.

Odd Project was launched – a project based on Odd Molly's desire to inspire girls to go their own way and follow their dreams. During the fall Odd Molly made the first dream a reality for Emelie, who always wanted to fly like a dragon.

READY FOR TAKEOFF

The big brushstrokes are painted. We are fine-tuning, improving and looking for new sales opportunities every day. During the past year we continued to deliver on the long-term strategy we have chosen to create sustainable growth. The business model is flexible, the platform is solid and our potential remains high. But we aren't pleased yet. Now we have to leverage the initiatives we have taken to expand to selected markets. We have talent, competence and enormous energy in place – ready to help Odd Molly take flight.

The strategy to increase sales mainly through more of our own stores and distinctive retail units, shop-in-shops, is producing results. During the year we opened five of our own stores and 12 shop-in-shops. Sales at the wholesale level are increasing, but it was with the company's web shop and our own sales channels on the front line that the Group's sales grew by 17 percent at the same time that we nearly doubled operating profit. What were the main factors behind the positive trend? My colleague Jennie, who is responsible for our category strategy and concept, says there is only one factor for the success: a clear focus on the customer. And while it's true that everything starts with our relationship with the customer – Molly – I see a few other important reasons.

Control and customer focus

Creating our sales team has been critical to reversing the trend in Odd Molly's first and largest market, Sweden. We have greatly strengthened our position here and internally we say that, "we now have to make more Sweden's." This means finding the key to priority markets such as Norway, Finland and Germany and working across multiple fronts to build

collaborations with retailers and reach out to consumers in all our channels. A sweeping offer, you could call it. I can't stress enough how important it is to listen and respond to the customer where we find a need. By being there through our own employees, more stores and a stronger sales organization, we get to know the market better and can react quicker. We have worked hard to increase Odd Molly's digital presence and get a better grip on social media.

Initiatives and investments

Jag tycker att vi tagit både stora och små I think we took both big and small steps during the year. Our big steps included new store openings and improvements to our collection and business model. We continued to broaden our offering and launched footwear, the Day-dream organic collection and World of Denim. We continued to develop Bath, Home and Rain. These initiatives were possible thanks to Odd Molly's image as a lifestyle concept. We can reach several types of retailers through our new categories and hope to reach more international online retailers. Initiatives that cost money in the short term, but will pay off down the road.



"The market keeps changing and we have to change with it."

The small steps include further refinements to our collection and retail concept, the latter of which is now highly scalable and can quickly be put in place. We have developed and launched new marketing ideas, including Odd Project, one of our exciting and inspiring efforts, where we are helping one girl at a time to realize her dreams. For us it feels natural and right to be so concrete in following our values.

Profit and growth

Behind all our success are the fantastic people who individually but even more so together make sure that Odd Molly is constantly moving forward. I am extremely proud of the team we have, which continues to build the company through creativity, innovation and intelligence. Essentially it's like putting together an organizational puzzle with new pieces from outside and a growing number from inside. Here you'll find enthusiasm, energy and a strong sense of engagement – we are passionate about what we do and what we hope to achieve.

Everyone who works at Odd Molly has heard this: if we don't do anything, nothing will happen. And vice versa, if we do something, things will

happen. We are constantly learning and testing, for example, by broadening our product range. At the same time we are testing new forms of collaboration and signed our first franchise agreement in Prague last fall. A win-win contract. The market keeps changing and we have to change with it.

We will launch several mini collections as part of our lifestyle concept and open more stores in priority markets. The goal is to get the Odd Molly brand and products out to a broader audience and encourage more Mollys around the world to buy our products through more retailers in different categories. The foundation for everything we do is strong collections, and we create growth by taking on more responsibility ourselves for sales – both to consumers and to retailers in strategic markets – in combination with an external network of retailers.

We feel secure with our strategy. We will continue to challenge. Right now it feels like we have taken off.

Anna Attemark

ODD MOLLY'S STRATEGIC DIRECTION

Business concept

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

Our mission

Odd Molly wants to inspire girls of every age to break loose from conventions and follow their dreams. Odd Molly will always fight for more Mollys in the world!

Financial goals

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

Business model

Odd Molly sells its products through external retailers around the world and also drives consumer sales through its own physical stores, web shop and outlets, as well as shop-in-shops managed by retailers. Since 2014 Odd Molly has sales responsibility for retailers in Scandinavia and the US, which provides a better understanding of its largest markets and an opportunity to impact sales. With agents in other markets, Odd Molly can achieve an optimal mix of retailers with the right image and brands but without major capital expenditure. The agent in turn receives the exclusive right to sell Odd Molly's products in a geographically defined market.

FOR
THE LOVE OF
FLYING
HIGH

Strategy

Odd Molly will profitably grow by continuing to create attractive collections, leveraging its geographical platform and developing new and existing sales channels. The corporate culture is rooted in quality, responsibility and engagement. Odd Molly's strategic work can be summarized as follows:

Collection. Odd Molly will design beautiful clothing and related lifestyle products for women. The collections will be distinguished by color, patterns and workmanship, with a balance between volume and price within a distinctive design concept.

During the year Odd Molly continued to launch product groups that complement its clothing collections. Home, Bath and Rain were launched in 2014 as part of Odd Molly's lifestyle concept and further refined in 2015. The new product groups and product concepts during the year were footwear, the World of Denim jeans collection and Daydream, a mini collection in organic cotton.

Channels. Odd Molly will expand its retail presence by continuing to carefully choose retailers. Odd Molly will to a higher degree also manage and develop its own retail operations in multiple channels.

Sales at the wholesale level grew and Odd Molly's own retail sales trended strongly during the year, mainly through the web shop. Five new stores were opened, four of which were in Sweden and one in Helsinki, Finland. In addition, twelve new shop-in-shops were opened through retailers. For the first time the company also established a franchise, which led to a store opening in Prague last fall.

Markets. Odd Molly will continue to strengthen its brand long term and drive sales with an emphasis on markets where it has the best opportunities to build a strong long-term position. Odd Molly will increase control in strategic markets, while continuously evaluating opportunities to expand to new markets.

The investment in our own sales organization in Scandinavia generated very positive results mainly in the Swedish market, which is inspiring the company to focus more of its sales efforts on priority markets such as Norway and Finland. Odd Molly continued during the year to strengthen its digital platform in both marketing and business development.

People. Odd Molly's organization will maintain the highest quality, drive and engagement and be adapted to the company's long-term needs and growth. Consideration for Odd Molly's stakeholders cuts across the entire company.

During the year the organization was further strengthened into a team that continues to develop the company with creativity, innovation and intelligence.

Brand

Odd Molly's award-winning and life-affirming design on everything from clothing to home decor encourages women of every age to be and feel their best. Our clothing is distinguished by high quality, color, patterns, natural materials and detailed workmanship.

Today Odd Molly is sold around the world. But our history started as a tribute to a skater girl by the name of Molly in Venice Beach in the 80's. By daring to break with conventions and follow her heart, she became Odd Molly's muse. Her joie de vivre and willingness to go her own way is reflected in every step we take. Odd Molly will always be inspired by, and fight for, more Mollys in the world. Odd Molly isn't just a fashion concept. Odd Molly is real. In everything we do – from our collections to our communication – we encourage women to break with conventions and be true to themselves. With Molly's spirit as a guide, we make life a little more enjoyable for ourselves and others.

We design vibrant collections of everything from clothing to home decor, making it possible for women around the world to be, look and feel their best. Regardless of age or clothing size. And always with a conviction that beauty begins from within.



The collection takes shape

1.

Odd Molly develops two main collections, each with four releases, which are marketed four times a year. Each collection is shown at a sales meeting, where it is presented to invited agents as well as the company's own retail organization. The meetings provide detailed information on coming collections, but also build team spirit and clarity around the brand. After the presentation the agents can borrow a sample collection from Odd Molly to sell in their respective markets.

2.

When Odd Molly receives all the orders from its sales staff, agents and distributors, it can plan production with selected manufacturers. In this way, Odd Molly generally produces only enough of each item to fill binding orders, helping it to maintain a lean inventory. Odd Molly also places orders for its own sales channels.

3.

When the merchandise is ready, it is delivered by a contracted supplier to a third-party warehouse in Stockholm, where it is repackaged for shipment to retailers and the company's own stores. Odd Molly's contractual partner for each order, which is also responsible for inventory risk and sales to consumers, is the individual retailer, while the agent receives a commission based on total sales in their market. In individual cases where Odd Molly has chosen to be represented in a market by a distributor, the sales are instead to the distributor, which receives a discount but assumes the risk associated with the purchased merchandise, inventory and sales to retailers. For its own stores, Odd Molly places orders with suppliers based on budgeted sales.

4.

In connection with each shipment, the retailer also receives information folders, signage and logos to decorate stores, all produced centrally by Odd Molly. Although the local agent normally maintains contact with retailers, Odd Molly's staff works closely with retail employees around the world to create a positive dialogue, instill the right feeling and properly display the brand.

5.

Sales and demand are continuously monitored in close dialogue with retailers to discuss and draw important lessons ahead of the next sales meeting – if not earlier.





Who is Molly?

Molly is the Pippi Longstocking of the fashion industry.

Molly is a free spirit with tons of joy.

Molly is free.

Molly is brave.

Molly is enjoying life.

Molly dares to be herself.

Molly dares to go her own way.

Molly acts with humor and a twinkle in her eye.

Molly cares about her friends and family.

Molly is a world traveler.

ODD MOLLY'S OPERATIONS

Odd Molly had developed from a clothing brand for girls into an established lifestyle concept. The company currently has both wholesale and retail operations in various forms: its own stores, shop-in-shops, around eighty employees and a sales organization in six markets. In addition, Odd Molly is represented internationally by agents, distributors and franchises in 21 markets. The business model is flexible, the platform is solid and potential remains high. For a lifestyle concept like Odd Molly, there are plenty of opportunities – the aim is to develop the offering and grow together with the company's current and future external retailers.

Odd Molly is strengthening its own sales channels alongside the external retailers that have been the company's backbone since the start nearly fifteen years ago. Having its own sales channels gives Odd Molly a better understanding of the customer and a better tool to shape the next successful collection.

The most important starting point for the company's development work is to understand who Odd Molly's customer is – her lifestyle, preferences and dreams. She is defined and personified as Molly.

Where and how does Molly like to shop?

Odd Molly has developed a retail concept with a distinctive style and décor that is easy to roll out in shop-in-shops, its own stores or other company-owned retail space. In other words, it is both scalable and highly recognizable in today's retail environment with many large chain stores.

The stores are located near Molly and her friends, in high-traffic areas and not as before in slightly secretive destinations. The stores should make customers feel like they are visiting Molly at home. A larger share of company-owned stores is also important for all digital channels, since it gives the company more space to display the brand. Everything fits together.

A stronger retail platform also makes Odd Molly a more attractive tenant and puts it in a more favorable negotiating position. The critical factor in all store openings is always the location.

Odd Molly's own stores, which give it an opportunity to showcase its entire collection in an atmosphere designed specifically for the brand, are seen as a complement to other external stores. The company feels that having more of its own stores spotlights its lifestyle concept and gives all the parties involved a greater chance of increasing their sales. Five new stores were opened in 2015, raising the total at year-end to 13. The goal is to be seen and mentioned as the best store in every city where the company is established.

The outlets, located outside Stockholm and Göteborg, allow Odd Molly's urban stores to shorten sales promotions and keep their merchandise fresh. At the same time the outlets extend sales on collections from earlier seasons. The shop-in-shops – dedicated space within a store or department store – create a strong brand identity and make it easier to find Odd Molly merchandise in a multi-brand environment. Twelve new shop-in-shops were added during the year.

Odd Molly's web shop has produced very strong and profitable growth since its launch in 2011, and during the year the site underwent an upgrade with a more inspiring design and more easily navigated functionality. The web shop is open in every EU country as well as Switzerland, Norway and the US. While Sweden is the engine for the web shop's strong performance, the focus is on developing the markets mainly in Norway, Finland and Germany.

Odd Molly coordinates its campaigns and offers in all channels. Activities for club members are primarily designed to provide value. This includes being able to see and buy new collections in advance, having early access to sales, giveaways and other special offers. At the same time the customer club is a very good tool for Odd Molly to analyze its target groups, their habits and preferences.

What does Molly like to buy?

Odd Molly's design has a distinctive style that is feminine, flattering and easy to wear. The key components are color, patterns and craftsmanship. The goal is to develop innovative collections that reflect the brand's soul and have commercial appeal. Sustainability is incorporated into everything from the materials we choose to our production. Everything exudes quality and has a feeling of natural material. The target group is women of every age from different cultures – who want to feel good and look good.

The collection today is balanced between different product groups, between simpler and more decorative products and between well-known and new products. Having more products in lower price groups essentially helps to drive sales, while the more detailed pieces help to strengthen the brand. Odd Molly's clothing is positioned in the upper mid-price segment. The foundation is clothing and accessories for girls, but there are great opportunities to develop as a lifestyle concept. Today Home, Bath and Rain are established, and in 2015 footwear, denim and a collection in organic cotton were launched.

How do we meet Molly?

There are several advantages to having four seasons a year compared with the two we had before, two main collections each with four releases: a more consistent flow of merchandise, more new items and more opportunities for Odd Molly to meet its customer. This leads to more chances to dialogue, better control and more frequent follow-ups. The company has better opportunities for analysis and to more accurately meet demand. The digital platform is also a very good source of analysis, data and information on customer habits and buying patterns.

The company's sales organization builds long-term relationships with retailers in the Scandinavian market and all of the company's agents. Odd Molly has recurring activities to train brand ambassadors, build trust and encourage dialogue.

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How do we find more Molly's?

The majority Odd Molly's sales are currently in Western Europe, although the brand is also represented in North America and Australia. Odd Molly is sold by a wide range of retailers, from personalized boutiques to trendy designer stores and well-known department stores. Sweden is Odd Molly's first and largest market. Together with Germany, Switzerland, Finland and the US, the five largest markets accounted for about 88 percent (84) of total sales in 2015. In terms of growth, the focus is on markets where the company has the greatest potential to achieve a market-leading position.

Odd Molly invested heavily in its digital presence during the year – in terms of both business development and communication in social media. All marketing material is produced internally but 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 markets through a number of channels, one of the most important of which is international fashion and home shows. The connection between the physical stores, the web and social media is becoming clearer.



Who works for Molly?

Odd Molly has functions for design, sourcing, sales, accounting, logistics, marketing and retail. At year-end Odd Molly had 81 (70) employees in Sweden, Denmark, Norway, Finland and the US, of whom 72 (63) were women and nine (seven) men. Odd Molly has a strong corporate culture and clear values. It is just as important to take a structured approach to meeting goals as it is to enjoy going to work, having the opportunity to grow and developing with the company. Molly and her drive also inspire our daily operations.



Odd Molly's retail concept stands out from the crowd. The design – just like the collections – sets it apart from other retail chains and brands. Odd Molly's lifestyle stores display the entire current collection in an environment that fits perfectly with the brand's soul. The stores should be inviting and make it feel like customers have come to visit Molly at her home.

ODD MOLLY'S RESPONSIBILITIES

Sustainability work is an ongoing priority and long-term process at Odd Molly. The aim is to continuously take steps to improve the company's corporate responsibility work – preferably through collaborations with others in the industry and with the support of outside organizations.

Odd Molly's responsibility

Odd Molly is an ethical company that takes social and environmental responsibility. The ethical and environmental guidelines apply to everyone who works with Odd Molly: employees, suppliers, subcontractors and other partners. Environmental impacts are minimized as far as possible at every level of the company's value chain.

Odd Molly is a principled company that tries to set an example by making responsibility part of its corporate culture. Odd Molly's high quality clothing can be worn year after year rather than quickly discarded. The clothing lives longer and is sought after in secondhand markets.

How Odd Molly works with responsibility

Odd Molly works consistently based on its ethical and environmental guidelines to not only minimize business risks that in the long run could affect the brand and the company's reputation, but also to take responsibility for using resources sustainably.

The company has guidelines for its suppliers and follows the Fair Wear Foundation's Code of Labour Practices, which are designed to ensure safe conditions for garment workers based on the ILO Conventions and the UN Convention on the Rights of the Child.

Responsible production

Odd Molly does not have any production of its own and instead has its collections manufactured by selected suppliers in China, India, Portugal and Morocco. 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 reliability, although ethical and environmental considerations are also a factor. Odd Molly continuously reviews its network of partners with an aim to build close, long-term partnerships.

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

Environmental responsibility

Odd Molly's aim is to minimize environmental impacts in its product development process. Environmental aspects are considered at every step of the production cycle, from the choice of material and production method to how the finished product is shipped to stores.

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 to 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 improve information on chemical use.

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 is not 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. Among other things, STWI has established common guidelines to support sustainable water

consumption in the production chain. STWI Projects, a public-private partnership between Stockholm International Water Institute (IWI), the Swedish International Development Cooperation Agency (Sida) and several member companies, was started during the year. Its objective is to help manufacturers, through training and support, to utilize simple, cost-effective measures to reduce consumption of water, chemicals and energy. Three of Odd Molly's manufacturers, which account for about 20 percent of the company's purchases, participated in the project during the year. This produced good results, and the selected manufacturers will participate again next year along with their subcontractors.

During the year Odd Molly joined with the app Cirgle to encourage people to donate used clothing. Those who drop off old clothing or other textiles at any of Cirgle's donation sites receive a discount or voucher from among various fashion companies, including Odd Molly.

Social responsibility

Odd Molly has been a member since 2009 of the Fair Wear Foundation, an independent nonprofit dedicated to improving labor conditions for garment workers. Together with the organization, Odd Molly is working continuously on factory improvements. As part of the collaboration, the organization conducts inspections of Odd Molly's suppliers according to a joint plan of action. During the year employees from Odd Molly joined audits in China.

The Fair Wear Foundation continuously evaluates Odd Molly as a member to ensure that it is doing all it can internally to follow the plan and is actively effecting change together with its suppliers. These evaluations are published on the Fair Wear Foundation's and Odd Molly's websites. Grades range from "Needs improvement" to "Leader." Odd Molly currently rates as "Good."

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

Odd Molly achieved its goal to inspect suppliers of 90 percent of its annual production volume. The inspections showed that long-term changes must continue in the areas of living wages and regulated 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 expressed a willingness to follow the improvement plans that have been established.

Five inspections were conducted during the year, as well as a number of follow-ups of previously inspected factories. Four of Odd Molly's suppliers are involved in the Fair Wear Foundation's training program for workers with the ultimate goal that the factories will be able to make sustainable improvements on their own.

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

Animal rights

Odd Molly does not use fur from animals killed solely their pelts, only fur and leather from animals raised for the food industry. The company joined the Fur Free Retailer Program in 2012. It does not accept methods such as mulesing and therefore does not buy Australian Merino wool. Odd Molly works only with suppliers than can guarantee that their down comes from non-living birds. Since 2014 the company no longer uses angora in its clothing.



ODD MOLLY'S SHARE

Odd Molly provides information to several thousand shareholders and others in the capital market to create a fair view of the company's performance, minimize the risk of rumors and speculation, and increase interest in the company's share. The aim is to respond quickly and accurately. Odd Molly's share has been listed on Nasdaq Stockholm since June 2010.

Market capitalization and turnover

The final price paid on December 31, 2015 was SEK 38.60 (40.40), giving Odd Molly a market capitalization of SEK 222.0 million (232.4). During the financial year the average turnover was about 3,791 shares per day (3,892). A total of 1.0 million (1.0) Odd Molly shares were traded at a value of SEK 42.2 million (42.4). The lowest price paid was SEK 35.00 (August 24, 2015) and the highest price was SEK 51.00 (April 29, 2015). In 2015 the share fell by 7.0 percent, compared with an increase of 9.2 percent in 2014. During the financial year 2015 the OMXSPI Index rose by 6.6 percent.

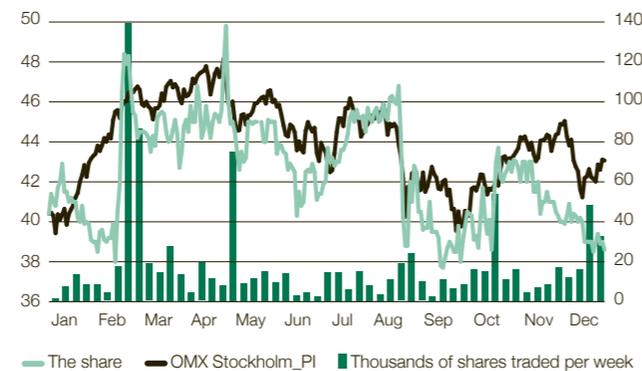
Share capital

Odd Molly's share capital on December 31, 2015 was 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 to 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 are freely transferable.

Changes in share capital

Year	Transaction	Increase in no. of shares	Total no. of shares	Increase in share capital, SEK	Total share capital, SEK
2002	Formation		1,000		100,000
2003	New share issue	110	1,110	11,000	111,000
2005	Split 100:1	109,890	111,000		111,000
2005	New share issue	11,000	122,000	11,000	122,000
2007	Split 41:1	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

As of year-end Odd Molly had one outstanding incentive program proposed by Odd Molly's Board of Directors based on warrants in Odd Molly Sverige AB. The warrant program, which was resolved by the Annual General Meeting 2014, issued 100,000 warrants to the wholly owned subsidiary Odd Molly Sverige AB for transfer to certain senior executives.

An incentive program for the CEO and Vice President expired during the year, after which the Board proposed a new program. An Extraordinary General Meeting held on February 24, 2016, after the end of the financial year, voted in accordance with the Board's proposal for an incentive program based on warrants in Odd Molly Sverige AB. The program issued 300,000 warrants to Odd Molly Sverige for transfer to the CEO and Vice President.

Dividend policy

The Board of Directors' goal is to annually propose that the Annual General Meeting resolve to pay a dividend to the shareholders corresponding to at least 40 percent of the company's profit. 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 Odd Molly will propose to the AGM a dividend of SEK 1.50 (1.00) per share for the financial year 2015.

Key data per share

	2015	2014	2013	2012	2011
Equity per share, SEK	16.19	15.62	14.43	19.22	22.08
Earnings per share, SEK	1.70	0.71	-3.38	0.52	2.48
Dividend per share, SEK	1.50*	1.00	0.00	1.50	3.00
Outstanding number of shares on the closing day, thousands	5,752	5,752	5,752	5,752	5,752

* Proposed dividend

Largest shareholders as of December 31, 2015

Ten largest shareholders	No. of shares	No. of votes/capital, %
M2 Capital Management AB	1,187,486	20.64
Kattvik Financial Services	1,049,763	18.25
ATV Holding AB	664,471	11.55
New Moon Förvaltning AB	614,173	10.68
Swedbank Robur Småbolagsfond Sverige	292,528	5.09
AMF Aktiefond Småbolag	148,150	2.58
NTC Re Iedu Ucits Clients Non	144,093	2.51
Jimfelt Ghatan, Karin	132,600	2.31
Försäkringsaktiebolaget, Avanza Pension	115,718	2.01
Placeringsfond Småbolagsfond, Norden	98,368	1.71
Total, ten largest shareholders	4,447,350	77.33
Other	1,304,650	22.67
Total	5,752,000	100.00

Ownership structure as of December 31, 2015

On December 31, 2015 Odd Molly had 2,568 shareholders (2,711), according to Euroclear Sweden AB. Odd Molly's ten largest shareholders held shares corresponding to 77.3 percent (76.7) of the votes and capital in the company. Foreign ownership amounted to about 10.2 percent (9.9) at December 31, 2015.

Shareholder structure	No. of share holders	No. of shares	Holding, %	Votes, %	Market value, SEK 000
1 - 500	2,262	253,848	4.41	4.41	9,799
501 - 1,000	144	118,731	2.06	2.06	4,583
1,001 - 5,000	117	271,766	4.72	4.72	10,490
5,001 - 10,000	15	106,562	1.85	1.85	4,113
10,001 - 15,000	7	89,716	1.56	1.56	3,463
15,001 - 20,000	2	33,832	0.59	0.59	1,306
20,001 -	21	4,877,545	84.80	84.80	188,273
Total	2,568	5,752,000	100.00	100.00	222,027



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 financial statements for the financial year January 1 – December 31, 2015.

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., registered in Delaware, in the US; Odd Molly Denmark ApS, in Denmark; Odd Molly Norway AS, in Norway; Odd Molly Sverige AB, in Sweden; and Odd Molly Finland Oy, in Finland. The principal operations are conducted by Odd Molly International AB, while Odd Molly Inc. conducts Odd Molly's US operations from Los Angeles. Odd Molly Denmark ApS, Odd Molly Sverige AB, Odd Molly Norway AS and Odd Molly Finland Oy conduct wholesale operations in their respective markets.

Odd Molly share and ownership structure

Odd Molly's initial listing was on First North on June 18, 2007, and on June 21, 2010 the Odd Molly share moved its listing to Nasdaq Stockholm.

The total number of shares in Odd Molly is 5,752,000, distributed among one class of share. On December 31, 2015 Odd Molly had 2,568 shareholders, around 97 percent of whom were registered in Sweden. Four shareholders have holdings larger than 10 percent: M2 Capital Management AB, Kattvik Financial Services AB, ATV Holding AB and New Moon Förvaltning AB. For more information on Odd Molly's share, see pages 22–23. There are no limitations on the transferability of shares due to provisions of Swedish law or the Articles of Association.

As of year-end Odd Molly had one outstanding incentive program proposed by Odd Molly's Board of Directors based on warrants in Odd Molly Sverige AB. The warrant program, which was resolved by the Annual General Meeting 2014, issued 100,000 warrants to the wholly owned subsidiary Odd Molly Sverige AB for transfer to certain senior executives.

An incentive program for the CEO and Vice President expired during the year, after which the Board proposed a new program. An Extraordinary General Meeting held on February 24, 2016, after the end of the financial year, voted in accordance with the Board's proposal for an incentive program based on warrants in Odd Molly Sverige AB. The program issued 300,000 warrants to Odd Molly Sverige for transfer to the CEO and Vice President.

Operations

In the Scandinavian markets Odd Molly sells products to external retailers through its own sales force. In most other countries its sales are through independent agents, where Odd Molly can utilize each agent's understanding of the local market, competition and specific conditions to achieve the right mix of retailers with the right image and brands, but without major capital expenditure. Each agent in turn receives the exclusive right to sell Odd Molly's product range in a geographically defined market. In certain markets Odd Molly is represented by a distributor and in one market by a franchisee. The company also manages its own consumer sales in the form of brick-and-mortar stores, a web shop, outlets and shop-in-shops – both for branding purposes and to drive sales.

Significant events during the financial year and after its conclusion

During the first quarter

– Odd Molly opened a store at Åhléns in Göteborg.

During the second quarter

- The company took over responsibility for the Odd Molly store in Bromma Blocks, Stockholm, previously managed by an external retailer
- Odd Molly opened its own store in the shopping center Femman in Göteborg
- Two shop-in-shops were opened in Oslo, Norway, and Villmanstrand, Finland, both managed by external retailers
- A new website was launched.

During the third quarter

- Odd Molly opened its own store in the shopping center Frölunda Torg and its own store in the shopping center Kamppi in Helsinki, Finland
- Odd Molly opened its first store, a franchise, in Prague
- Odd Molly Project was launched – a marketing project that supports girls who go their own way and realize their dreams.

During the fourth quarter

- Odd Molly opened its own store in Mall of Scandinavia, Stockholm
- Odd Molly signed a contract on its own store in Emporia, Malmö, scheduled for opening in the first quarter 2016.

After the end of the financial year – during the first quarter 2016

- An Extraordinary General Meeting on February 24 adopted a new incentive program for the CEO and Vice President; see also under "Odd Molly share and ownership structure"
- The company announced the appointment of Johanna Palm as the new CFO effective April 2016.

Sales and earnings 2015

Group

Net sales

Net sales for the year amounted to SEK 345.0 million (294.3), an increase of 17 percent compared with the previous year. Revenue from wholesale operations (sales to retailers) increased from SEK 205.6 million to SEK 210.9 million. Revenue from retail operations (Group sales to consumers) increased during the year from SEK 89.3 million to SEK 134.4 million. Growth came from both established and newly opened stores as well as from the company's web shop, which continues to perform strongly.

In 2015 Odd Molly merchandise was sold in a total of 33 countries (32). Odd Molly had local representatives during the year in 21 countries through 11 independent agents and one distributor and managed its own sales in 12 countries. Odd Molly's five largest markets (Sweden, Germany, Switzerland, Finland and the US) accounted for approximately 88 percent (84) of total sales in 2015.

Earnings

The gross profit margin for the year was 55.6 percent (54.1), with an operating profit of SEK 12.5 million (5.5).

Personnel expenses amounted to SEK 60.2 million (49.7). The increase was largely due to increased personnel expenses associated with newly opened stores. As a share of net sales, expenses corresponded to 17 percent, the same level as the previous year.

Other external expenses amounted to SEK 113.5 million, compared with SEK 99.8 million in the previous year. The higher expense level for the period was mainly due to increased investments in marketing and to open new stores. Depreciation/amortization amounted to SEK 4.6 million (4.5).

Net profit amounted to SEK 9.8 million (4.1), while earnings per share amounted to SEK 1.70 (0.71).

Seasonal fluctuations

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

Financial position

The company's total assets amounted to SEK 143.8 million (138.4) on December 31, 2015. Shareholders' equity was SEK 93.1 million on the same date, compared with SEK 89.9 million on December 31, 2014. The equity/assets ratio was 65 percent (65) and cash and cash equivalents amounted to SEK 20.6 million (39.0).

Accounts receivable amounted to SEK 41.5 million on December 31, 2015, compared with SEK 32.0 million at year-end 2015. Inventory amounted to SEK 56.1 million (39.9) at year-end. The increase is a natural consequence of having more company-owned stores.

Investments and cash flow

During the year the company's investments totaled SEK 3.4 million (14.9). Cash flow for the year amounted to SEK -18.4 million (-11.1).

Employees

The total number of employees at year-end was 83 (70), of whom 9 were men and 74 women. The average number of employees during the year was 78 (65).

Parent Company

The Parent Company reported net sales of SEK 338.7 million (286.5) during the period, with operating profit of SEK 9.5 million (2.2). The Parent Company's adjusted shareholders' equity amounted to SEK 80.2 million (78.6). Cash and cash equivalents amounted to SEK 17.3 million (36.0).

Sales in the U.S. are through the wholly owned subsidiary Odd Molly Inc. Odd Molly also has subsidiaries in Denmark, Norway, Finland and Sweden that manage operations in their respective country. All other sales are through the Parent Company.

Remuneration guidelines for the CEO and other senior executives

The Annual General Meeting on April 29, 2015 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. The variable remuneration 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 the base salary. If terminated by the company, the period of notice will not extend beyond twelve months.

Severance should 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 circumstances.

In preparation for the Annual General Meeting 2016, the Board of Directors is proposing that the remuneration principles for the CEO and other senior executives remain unchanged in 2016.

Environmental and social responsibility

Odd Molly takes a keen interest in its fellow man and the environment and how they are impacted by its operations. Odd Molly has no proprietary production. Instead its collections are produced by carefully selected suppliers. Odd Molly is involved in the Sweden Textile Water Initiative, a collaborative project with around thirty Swedish textile companies that aims to understand and reduce water impacts from textile and leather production. Since 2009 Odd Molly has been a member of the Fair Wear Foundation, an independent organization dedicated to improving labor conditions for garment workers. As a member, Odd Molly has pledged 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 pages 18-20.

Risk factors

There are a number of factors beyond Odd Molly's control that could adversely 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 is no guarantee that the company will be able to keep pace with current and future competitors. Increased competition could lead to price pressure and the loss of market share, which could have a material 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 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 an adverse 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 product companies with suppliers in developing countries are susceptible to criticism of working conditions, product quality and environmental impacts. Adverse exposure from such issues could affect confidence 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 has been 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 products could be impacted or that the Odd Molly 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 some instances introduced import restrictions on goods such as clothing, which could impact purchasing costs. Since Odd Molly's product range maintains high quality and therefore commands a higher price, the potential impact is fairly 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 have an adverse impact on the company's operations, results or financial position.

Economy

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

Business risks

Expansion through retailers

Odd Molly's future growth is dependent on, among other things, the ability of current retailers to increase sales of Odd Molly's products and on more retailers selling Odd Molly's products. If Odd Molly fails to expand by adding more retailers, it could significantly impact 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 partnerships. 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.

New store openings

Odd Molly's growth strategy includes the opening of more company-owned stores. There is no guarantee that these stores will generate a sufficient return to cover the initial investment. Moreover, access to attractive retail locations on commercially acceptable terms will affect the expansion of the company's own retail operations.

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 an adverse impact 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 of the Odd Molly brand or distribution and sale of Odd Molly's products without the company's consent damages the Odd Molly brand, customers' confidence 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 monitors their protection. However, there is no guarantee that the measures Odd Molly is taking to create, protect and monitor use of its intellectual property are sufficient. If Odd Molly's trademarks are damaged, it could adversely impact the company's operations, results and financial position. There is also the possibility that designers, stores and others may 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 is no guarantee 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 materially impact 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 can reduce demand for Odd Molly's products, which in turn could adversely impact the company's operations, results and financial position.

Reputational risk

To produce consistently high quality and protect Odd Molly's unified concept and values, it is essential that the company maintain, to a significant extent, control over its distribution network. Odd Molly's customers have to feel that there is a consistency to the company's 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 a measure 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 impact the company's operations, results and financial position in the long term.

Environmental risks

Odd Molly is confident that its operations are conducted in compliance with applicable laws and regulations as pertain 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 impact the company's operations, results and financial position.

Financial risks

For a description of the Group's management of financial risks, see Note 27 in the full Swedish report.

Corporate governance

Odd Molly is governed by the Annual General Meeting, the Board of Directors and the CEO in accordance with the Swedish Companies Act and the Articles of Association. The company complies with the Swedish Code of Corporate Governance. For more information on the company's governance, see the Corporate governance report on pages 32–35.

Future outlook

The result for 2015 clearly shows that the changes that have been underway since 2012 have borne fruit. The creation of a new category strategy, new distribution strategy and an organization adapted accordingly has produced results in the form of increased sales and improved profitability.

In 2015 Odd Molly opened five new stores and 12 shop-in-shops, launched several smaller product groups and implemented new marketing campaigns.

The chosen path – to leverage strong collections to create growth through the Group's own retail channels as well as external retailers – offers control, flexibility and room for creativity, and creates opportunities to generate profitable long-term growth.

Proposed disposition of profit

The Board of Directors intends to annually evaluate whether it is possible to issue a dividend. The Board's goal is to annually recommend that the AGM resolve to pay a dividend to the shareholders corresponding to at least 40 percent of the company's profit. 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 propose to the Annual General Meeting that a dividend of SEK 1.50 (1.00) per share be paid for the financial year 2015.

Proposed disposition of the company's profit

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

Share premium reserve	26,635
Fair value reserve	–828
Retained earnings	26,703
Net profit for the year	7,776
Total	60,286

The Board proposes that the funds be appropriated as follows:

Dividend to the shareholders (5,752,000 shares x SEK 1.50 per share)	8,626
To be carried forward	51,658
Total	60,286

CORPORATE GOVERNANCE

Odd Molly International AB is a publicly listed Swedish company and as such its corporate governance is based on Swedish rules and legislation, primarily the Swedish Companies Act, Nasdaq Stockholm's rules for issuers, the Swedish Code of Corporate Governance, the Articles of Association and other pertinent rules. Odd Molly has been listed on Nasdaq Stockholm since June 21, 2010 and since then has since fully applied the Swedish Code of Corporate Governance. In the event of deviations, the principle of "comply or explain" is applied. 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

The 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 remuneration 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.

Amendments to the Article of Association

Odd Molly's Articles of Association do not contain any provisions on amending the articles. Such changes are resolved in accordance with Swedish law, i.e., by the Annual General Meeting.

Annual General Meeting 2016

Odd Molly's Annual General Meeting for the financial year 2015 will be held at 2 PM (CET) on April 19, 2016 in the company's showroom at Karlavägen 73 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 page 68 in the full Swedish report.

Nomination Committee

The 2009 AGM resolved that the company should have a Nomination Committee. The Nomination Committee for the AGM on April 19, 2016 is comprised of Tom Wikström (Chairman), Christer Andersson and Rutger Arnhult. Prior to the AGM, the Nomination Committee held two meetings at which minutes were kept. No remuneration was paid for participation on the Nomination Committee. Tom Wikström is considered independent in relation to the company, management and major shareholders. Christer Andersson and Rutger Arnhult are considered independent in relation to the company and management, but not the major shareholders.

Board of Directors

Odd Molly's Board of Directors consists of six members elected by the AGM and no deputies. The Board of Directors is comprised of Patrik Tillman, (Chairman), Mia Arnhult, Lennart Björk, Kia Orback Pettersson, Elin Ryer and Nils Vinberg. None of the Directors are employed or have an employment-like relationship with the Group or any subsidiary.

Mia Arnhult and Patrik Tillman are considered independent in relation to the company and management, but not the major shareholders. Lennart Björk, Kia Orback Pettersson, Elin Ryer and Nils Vinberg are considered independent in relation to the company, management and major shareholders. For a more detailed presentation of Odd Molly's Board of Directors, see pages 62 – 63 in the full Swedish report.

Prior to the 2016 AGM the Nomination Committee proposed the re-election of Board members Mia Arnhult, Lennart Björk, Kia Orback Pettersson, Elin Ryer and Nils Vinberg, as well as the re-election of Patrik Tillman as Chairman of the Board.

Board remuneration

The Chairman of the Board and other Directors received total remuneration of SEK 800 thousand (650) for 2015, in accordance with the resolution of the AGM. The Chairman receives SEK 175 thousand per year and the other five Directors each receive SEK 125 thousand per year.

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 2015 the Board held nine 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 analyses, the direction of the business, organizational issues, strategy, the business plan and branding.

Appointment and dismissal of Board members

According to Odd Molly's Articles of Association, the Board of Directors shall consist of three to ten members, who are elected annually by AGM for a term ending at the conclusion of the next AGM. Odd Molly's Articles of Association do not contain any provisions on the dismissal of Board members. The Board of Directors currently consists of six members. None of the Board members are employed by the Group.

Number of meetings attended

	2015	2014	2013	2012
Christer Andersson	2	10	8	12
Mia Arnhult	9	10	10	11
Lennart Björk	8	9	8	5
Kia Orback Pettersson	8	9	5	–
Elin Ryer	6	–	–	–
Patrik Tillman	9	10	10	10
Nils Vinberg	8	10	9	12
Total number of meetings	9	10	10	12

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 Mia Arnhult, (Chairman), Kia Orback Pettersson and Nils Vinberg. During the year the Audit Committee held two meetings at which minutes were kept, which the company's CFO and auditor also attended.

Remuneration Committee

The Board of Directors has appointed a Remuneration Committee from among its members whose duty, within the framework of the remuneration guidelines for senior executives resolved by the AGM, is to prepare remuneration issues pertaining to the CEO and other senior executives. The Remuneration Committee consists of Directors Patrik Tillman (Chairman), Mia Arnhult and Elin Ryer. During the year the Remuneration 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 as the company's auditor at the 2007 AGM and reelected at the 2015 AGM for another year. 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 2015 the auditors' remuneration amounted to SEK 544 thousand as regards the Parent Company, of which SEK 407 thousand related to audit work. The corresponding amounts for the Group were SEK 707 thousand and SEK 407 thousand, respectively.

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 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, 2015 Group Management consisted of Anna Attemark (CEO), Jennie Högstedt Björk, Kent-Jonas Lundqvist and Kristin Roos. During the year the company's CFO stepped down. At the time the annual report was published the position was held by an Acting CFO. For a detailed presentation of Group Management, see pages 64 – 65 in the full Swedish report.

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

Remuneration to the CEO and senior executives

The CEO's base salary for 2015 was SEK 2,160 thousand (2,160). The CEO is entitled to a monthly pension provision corresponding to 30 percent of base salary. Pension expenses amounted to SEK 648 thousand (684) in 2015. The terms of the CEO's remuneration package are resolved by the Board. The company and the CEO have agreed to a term of notice of 12 months if she is terminated from 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 three persons, who together with the CEO formed the Group Management in 2015. The number of senior executives changed during the year. The total compensation figure includes the then CFO, who stepped down at the end of the year. The base salaries paid to senior executives, excluding the CEO, amounted to SEK 4,766 thousand (4,600) in 2015. Odd Molly pays premiums to a defined-contribution pension plan corresponding to 16-23 percent of the total payroll expense. Pension expenses amounted to SEK 903 thousand (945) in 2015. 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. Variable remuneration in the form of a bonus has been expensed for CEO Anna Attemark and Vice President Jennie Högstedt Björk in the total amount of SEK 1,522 thousand.

Incentive programs

As of year-end Odd Molly had one outstanding incentive program proposed by Odd Molly's Board of Directors based on warrants in Odd Molly Sverige AB. The warrant program, which was resolved by the Annual General Meeting 2014, issued 100,000 warrants to the wholly owned subsidiary Odd Molly Sverige AB for transfer to certain senior executives.

An incentive program for the CEO and Vice President expired during the year, after which the Board proposed a new program. An Extraordinary General Meeting held on February 24, 2016, after the end of the financial year, voted in accordance with the Board's proposal for an incentive program based on warrants in Odd Molly Sverige AB. The program issued 300,000 warrants to Odd Molly Sverige for transfer to the 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 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 company's finance policy was established in 2013 and is adopted annually by the Board. 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.

Risk assessments

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, 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 accurately 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.

Odd Molly share and ownership structure

Information on Odd Molly's share and ownership structure can be found in the section on Odd Molly's share in the annual report on pages 22–23 and in the section on the Odd Molly share and ownership structure in the Board of Directors' report.

The Board of Directors, March 23, 2016

