

Odd Molly International AB (publ)
Stockholm, Sweden, October 25, 2019

Cost action plan is having an effect – improved quarterly result compared with previous year

JULY 1 – SEPTEMBER 30, 2019

- Total operating revenue decreased 23 percent to SEK 76.6 million (99.5).
- The gross profit margin was 47.6 percent (51.0).
- The operating loss was SEK -9.3 million (-19.3).
- The net loss amounted to SEK -9.0 million (-15.7).
- Earnings per share amounted to SEK -0.61 (-1.87).

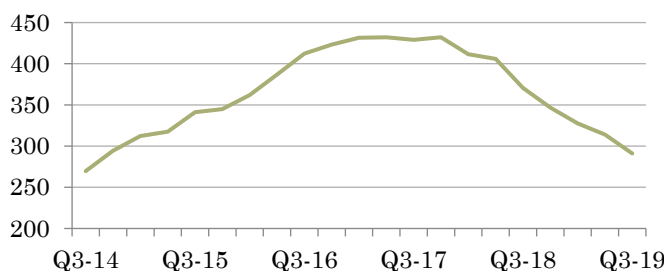
JANUARY 1 – SEPTEMBER 30, 2019

- Total operating revenue decreased 20 percent to SEK 225.5 million (281.2).
- The gross profit margin was 49.1 percent (54.0).
- The operating loss was SEK -44.7 million (-38.0).
- The net loss amounted to SEK -47.4 million (-32.8).
- Earnings per share amounted to SEK -4.39 (-4.91).

IMPORTANT EVENTS DURING THE QUARTER

- In September, the stores on Karl Johan in Oslo and in the Mall of Scandinavia in Stockholm were closed.
- On September 30, the company announced that it had signed a licensing agreement with an option to purchase for distribution rights to the Hunkydory brand in all channels. Odd Molly is preparing to relaunch Hunkydory for the fall/winter 2020 collection with sales starting in the second half of 2020 through the web shop and selected retailers.

Sales LTM



KEY FIGURES

	Jul-Sep 2019	Jul-Sep 2018*	Jan-Sep 2019**	Jan-Sep 2018*	Jan-Dec 2018*	Oct 18- Sep 19***
Total operating revenue, SEK million	76.6	99.5	225.5	281.2	346.9	291.2
Change, %	-23	-26	-20	-18	-20	
Gross profit margin, %	47.6	51.0	49.1	54.0	53.7	49.8
Operating profit/loss, SEK million	-9.3	-19.3	-44.7	-38.0	-60.6	-67.4
Operating margin, %	-12.1	-19.4	-19.8	-13.5	-17.5	-23.1
Net profit/loss, SEK million	-9.0	-15.7	-47.4	-32.8	-53.5	-68.1
Earnings per share before dilution, SEK	-0.61	-1.87	-4.39	-4.91	-7.52	-6.68
Earnings per share after dilution, SEK	-0.61	-1.87	-4.39	-4.91	-7.52	-6.68
Return on equity, %	-14.7	-14.9	-71.4	-34.8	-64.2	-88.4
Equity/assets ratio, %	38	53	38	53	47	38
Cash flow from operating activities, SEK million	-1.9	-20.6	-4.1	-21.2	-30.6	-13.5

* Result affected by restructuring costs of SEK 5.8 million.

** Result affected by restructuring costs of SEK 3.8 million.

*** Result affected by restructuring costs of SEK 9.6 million.



Caroline Winberg

“Growth in online sales and the accelerating positive impact of the cost savings through our action plan led to an improvement in the quarterly result compared with the previous year.”

Comment from the CEO

Tough market – with glimmers of light in our business

The third quarter saw continued challenges for the industry, but also good news with respect to Odd Molly’s strategy. The sales trend remained weak in a very tough market, but also because of completed and planned store closures. The web generated solid growth. A larger share from end-of-season sales, together with clearance sales in connection with store closures, negatively affected the gross profit margin, however. Growth in online sales and the accelerating positive impact of the cost savings through our action plan still led to an improvement in the quarterly result compared with the previous year. At the end of September, we were also able to announce the licensing of Hunkydory – in line with the strategy to reach new customers both in our home market and internationally.

Hunkydory – strong complement to our platform

The licensing of the well-established Swedish brand Hunkydory is a step to strengthen our brand position. Hunkydory has for many years been a strong brand with a distinctive style and position in the market. Since we have freed up capacity in various areas through our extensive restructuring work, we feel that a relaunch of Hunkydory by fall 2020 is fully feasible without adding significant costs. We believe Hunkydory can be integrated in our business with economies of scale and synergies with the strong structure we have in place. The brand is licensed through 2023 with an option to then acquire it.

Increase efficiency and strengthen the brand

Odd Molly’s strategy for sustainable growth is to increase online sales and strengthen the international platform. The ongoing action plan is expected to reduce Odd Molly’s operating costs by around SEK 75 million on a full-year basis with a full impact in 2020. The pace of this work accelerated in the quarter and resulted in total cost savings of SEK 16 million for the quarter and SEK 28 million for the first nine months of the year, adjusted for restructuring costs that affected both the current and previous year.

We remain determined to strengthen Odd Molly’s position, including with support from well-known brand ambassadors. In the quarter, we launched new campaigns with Titiyo and Neneh Cherry as well as the model Caroline Winberg.

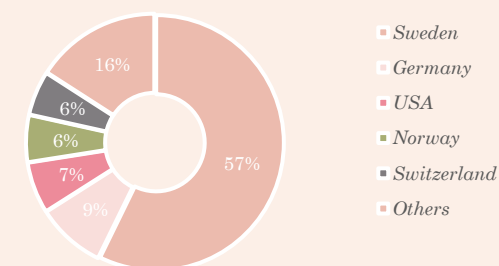
All in all, we continue to take step by step to build a more efficient business through strategic focus and implementation of our action plan, coupled with initiatives to strengthen the brand and reach new customers.

Jennie Högstedt Björk, CEO

KEY FIGURES FIRST NINE MONTHS OF 2019

- Total operating revenue SEK 225.5 million (281.2)
- Operating loss SEK -44.7 million (-38.0)
- Operating margin -19.8% (-13.5)

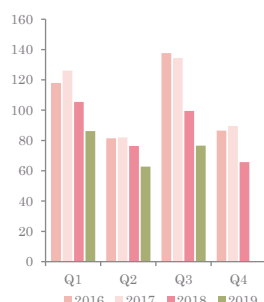
REVENUE BY COUNTRY, LTM



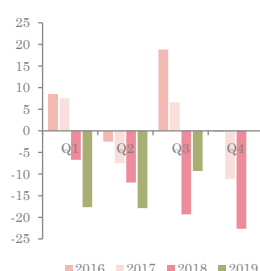
Oct 2018 – Sep 2019

The Group's development

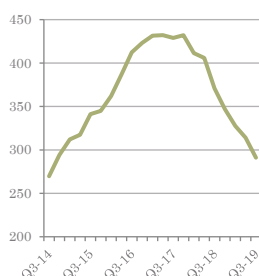
QUARTERLY SALES



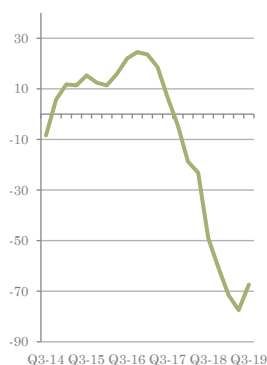
QUARTERLY OPERATING RESULT



ROLLING 12-MONTH SALES



ROLLING 12-MONTH OPERATING RESULT



TOTAL OPERATING REVENUE

Third quarter July 1 - September 30, 2019

Total operating revenue in the third quarter amounted to SEK 76.6 million (99.5), a decrease of 23 percent compared with the same period in 2018. The company's retail operations (own sales to consumers through stores and web shop) decreased 14 percent to SEK 45.3 million (52.5), affected by completed and ongoing store closures and lower customer traffic. The company's own web shop reported good growth. Comparable sales in the retail operations, excluding closed stores, were unchanged year-over-year. Revenue from wholesale operations (sales to retailers and partners) decreased 34 percent compared with the previous year to SEK 30.9 million (46.9) in third quarter. The new licensing segment generated revenue of SEK 0.3 million in the quarter.

The period January 1 - September 30, 2019

Total operating revenue in the first nine months of the year amounted to SEK 225.5 million (281.2), a decrease of 20 percent compared with the same period in 2018. The company's retail operations decreased 16 percent to SEK 136.6 million (163.3) mainly due to store closures. Comparable sales in the retail operations, excluding closed stores, decreased 7 percent. Revenue from wholesale operations decreased 27 percent to SEK 86.1 million (118.0). The new licensing segment generated revenue of SEK 2.8 million in the period.

EARNINGS

Third quarter July 1 - September 30, 2019

The gross profit margin for the quarter was 47.6 percent (51.0), affected by a relatively higher share of discounted sales compared with the previous year and clearance sales in connection with store closures.

The operating loss was SEK -9.3 million, compared with SEK -19.3 million in the same period in 2018, which included restructuring costs of SEK 5.8 million. The quarterly result was negatively affected by the lower sales and gross profit margin, while operating costs decreased SEK 21.9 million. Excluding restructuring costs of SEK 5.8 million last year, operating costs decreased SEK 16.1 million. The cost savings are a result of the measures that are gradually being implemented, where the majority of the total savings of approximately SEK 75 million on a full-year basis will be realized in the rest of 2019 and in 2020.

Personnel expenses amounted to SEK 15.4 million (20.2 percent of total operating revenue), compared with SEK 18.6 million (18.7 percent of total operating revenue) in the previous year. Other external expenses amounted to SEK 27.2 million (35.5 percent of total operating revenue), compared with SEK 47.7 million (48.0 percent of total operating revenue) in the previous year. The comparison of other external expenses between years is affected by the SEK 5.8 million allocated in the previous year for restructuring and the transition to IFRS 16, where lease costs for among other things premises are instead recognized as depreciation of the right-of-use asset. For more information on the effects of IFRS 16, see pages 9-10.

The net loss amounted to SEK -9.0 million (-15.7) and earnings per share amounted to SEK -0.61 (-1.87).

The period January 1 - September 30, 2019

The gross profit margin in the first nine months was 49.1 percent (54.0), negatively affected mainly by clearance sales of older merchandise in inventory in the period as well as foreign exchange effects.

The operating loss was SEK -44.7 million, including restructuring costs of SEK 3.8 million, compared with SEK -38.0 million, including restructuring costs of SEK 5.8 million, in the same period in 2018. The result has mainly been affected by the lower sales and gross profit margin, while operating costs decreased

approximately SEK 28.4 million, excluding restructuring costs, in both periods.

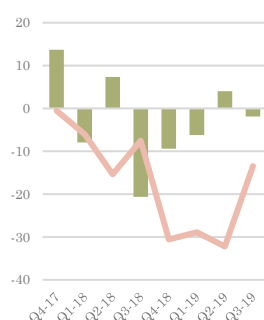
Personnel expenses amounted to SEK 51.7 million (22.9 percent of total operating revenue), compared with SEK 57.6 million (20.5 percent of total operating revenue) in the previous year. Other external expenses amounted to SEK 91.6 million (40.6 percent of total operating revenue) and SEK 122.3 million (43.5 percent of total operating revenue) in the same period previous year. The comparison of other external expenses between periods is affected by expenses allocated for restructuring this year and by the transition to IFRS 16, where lease costs for among other things premises are instead recognized as depreciation of the right-of-use asset. For more information on the effects of IFRS 16, see pages 9-10.

The net loss amounted to SEK -47.4 million (-32.8) and earnings per share amounted to SEK -4.39 (-4.91).

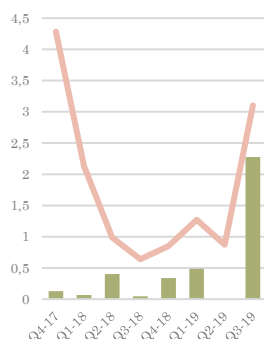
Analysis of operating result

SEK million	Jul-Sep	Jan-Sep
Operating loss 2018	-19.3	-38.0
Effect of lower sales	-9.9	-25.1
Effect of gross profit margin	-2.6	-11.2
Distribution and commission costs (compensation to terminated agents in H1 2019)	+0.6	-0.8
Effect of restructuring costs in current and previous year	+5.8	+2.0
Operating cost savings	+16.1	+28.4
Operating loss 2019	-9.3	-44.7

CASH FLOW FROM OPERATING ACTIVITIES QUARTERLY AND ROLLING 12 MONTHS (LINE)



INVESTMENTS QUARTERLY AND ROLLING 12 MONTHS (LINE)



INVESTMENTS AND CASH FLOW

Investments in the third quarter of 2019 amounted to SEK 2.3 million (0.0), including the acquisition of the right to license the Hunkydory trademark as well as furnishings for showroom and the photo studio at the company's head office. Cash flow from operating activities amounted to SEK -1.9 million (-20.6) and total cash flow was SEK -8.0 million (-20.7). Cash flow was positively affected by both the improved operating result and more favorable working capital.

In first nine months of 2019, the company's investments totaled SEK 2.8 million (0.5). Cash flow from operating activities amounted to SEK -4.1 million (-21.2). Total cash flow amounted to SEK 11.7 million (13.6), including the proceeds of the directed new share issue and rights issue totaling SEK 27.3 million after issue costs.

INVENTORY

Inventory amounted to SEK 56.0 million at the end of the period, compared with SEK 77.4 million a year earlier. Compared with the previous quarter inventory increased SEK 3.0 million. A major focus during the year has been to sell remaining quantities of older merchandise in inventory. At the same time, purchases have been optimized based on current conditions, which has also contributed, in comparison with the previous year, to the lower inventory level.

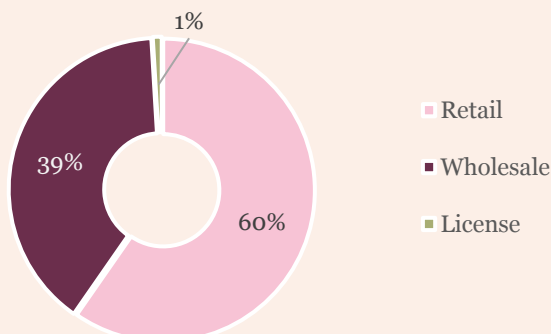
FINANCIAL POSITION

The Group's total assets amounted to SEK 148.6 million (183.1) at the end of the period. Shareholders' equity was SEK 57.2 million on the same date, compared with SEK 97.0 million on September 30, 2018. The equity/assets ratio was 38 percent (53). Total assets and the equity/assets ratio are affected by the transition to IFRS 16; see pages 9-10. Cash and cash equivalents amounted to SEK 17.9 million (21.2). Net liquidity, after utilized overdraft facilities, amounted to SEK 4.2 million (1.6). Accounts receivable amounted to SEK 27.5 million on September 30, 2019, compared with SEK 51.5 million a year earlier.

Segments

The company reports revenue and operating results for four segments: wholesale, retail, licensing and common group costs. Operating results for each segment are charged with direct costs for the segment. Costs not directly attributable to wholesale, retail or licensing are recognized in the segment common group costs.

REVENUE PER SEGMENT



October 2018 - September 2019

RETAIL

- Retailers (stores and web shops)
- Stores managed by partners
- Shop-in-shops managed by retailers

WHOLESALE

- Web shop
- Stores managed by Odd Molly as independent stores, outlets, stores in shopping centers and department stores
- Located in Sweden, Norway, Finland

LICENSE

- Licensees that manage operations in their respective markets
- Sales to retailers and through Odd Molly stores

RETAIL

Development in January-September 2019

- Sales down 16 percent due to the weak market as well as completed and ongoing store closures.
- Positive earnings trend resulting from efficiency improvements, which have generated cost savings.

SEK in thousands	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	Jan-Dec 2018	Oct 18-Sep 19
Sales	45,269	52,507	136,596	163,250	200,402	173,748
Operating profit/loss	4,275	-1,853	16,094	6,888	7,177	16,383
Operating margin, %	9.4	-3.5	11.8	4.2	3.6	9.4

WHOLESALE

Development in January-September 2019

- Sales down 27 percent, affected by market slump and transition to licensing model in certain international markets.
- Lower gross profit margin from discounted sales of older merchandise to external outlets.
- Lower operating costs due to action plan.

SEK in thousands	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	Jan-Dec 2018	Oct 18-Sep 19
Sales	30,947	46,946	86,145	117,990	146,516	114,672
Operating profit	2,807	5,198	-4,193	12,389	8,481	-8,100
Operating margin, %	9.1	11.1	-4.9	10.5	5.8	-7.1

LICENSE

The company has established a licensing model for gradual implementation in a number of international markets. In this model a local operator takes over operations in the licensed territory, which can include one or more markets. The operator can operate as a wholesaler and/or retailer and pays a royalty to Odd Molly based on sales in the territory. Odd Molly continues to manage the e-commerce operations through oddmolly.com. The licensing model makes it possible, with reduced fixed costs, tied-up capital and risk, to strengthen Odd Molly's international foothold and at the same time drive online sales ourselves.

Because of the implementation of the company's licensing model, a new segment has been added as of the first quarter of 2019. Royalties and other direct revenue and costs attributable to this part of the business are reported in this segment.

Development in January-September 2019

- Licensed markets during the period: Portugal, Spain, Czech Republic, Slovakia and Hungary.

	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	Jan-Dec 2018	Oct 18- Sep 19
SEK in thousands						
Sales	348	-	2,758	-	-	2,758
Operating profit	241	-	827	-	-	827
Operating margin, %	69.1	-	30.0	-	-	30.0

COMMON GROUP COSTS

Operating expenses not directly attributable to the wholesale, licensing or retail operations are classified as common group costs. Examples include the cost of design, production and marketing not attributable to either sales segment as well as general and administrative costs for accounting, logistics and IT.

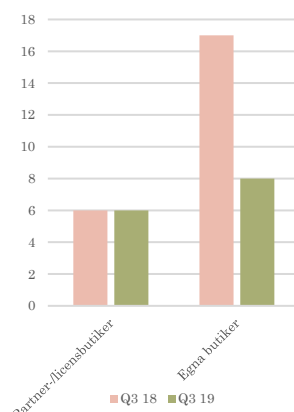
Development in January-September 2019

- SEK 0.2 million higher costs compared with 2018, including restructuring costs of SEK 3.8 million this year and SEK 5.8 million in the previous year.
- Underlying savings of SEK 2.2 million due to branding investments, with limited effect on cash flow due to the cooperation entered into with Aggregate Media in spring 2019. These added costs are partly compensated by savings in other areas.

	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	Jan-Dec 2018	Oct 18- Sep 19
SEK in thousands						
Operating loss	-16,584	-22,674	-57,472	-57,239	-76,252	-76,484

Other

STORES AS OF SEPTEMBER 30



EVENTS DURING THE QUARTER

Stores

In September, the stores on Karl Johan in Oslo and in Mall of Scandinavia in Stockholm were closed. Negotiations are underway with personnel and landlords on additional store closures in line with the plan to drastically reduce the company's own retail network and focus on online sales, strong retailers and licensing partnerships.

Licensing of the Hunkydory trademark

On September 30, the company announced that it had signed an agreement to license the well-established Swedish trademark Hunkydory in order to strengthen its brand position and reach new target groups. The trademark is being licensed through 2023 with an option to then purchase it from the Finnish financial company Bruk Financial Services Oy, which currently owns the trademark.

Extensive changes are underway within Odd Molly, and the company is of the opinion that Hunkydory can be integrated into the business and managed effectively, resulting in economies of scale and synergies. Odd Molly is preparing to relaunch Hunkydory for the fall/winter 2020 collection with sales starting in the second half of 2020 through the web shop and selected retailers. The agreement is not expected to have a material effect on the Group's earnings or financial position in the current financial year.

Action plan and strategy

As previously announced, a comprehensive restructuring is underway where the business model is being adapted to the industry's changing conditions. As part of this process, the company has identified measures which are gradually being implemented during the year to save approximately SEK 75 million on a full-year basis, with a full financial impact mainly in the second half of 2019 and in 2020. In the first nine months of 2019, savings of approximately SEK 28 million were realized, approximately SEK 16 million of which in the third quarter.

The main areas in the action plan are consolidating Odd Molly's own retail network, implementing a licensing model in more international markets, improving efficiency and digitization of sales to end customers and retailers, and optimizing and reducing the product assortment.

NUMBER OF SHARES AND NEW SHARE ISSUE

After implementation of the directed share issue and the rights issue during the year, the share capital in Odd Molly amounts to SEK 1,486,556 as of September 30, 2019 and the total number of shares in company to 14,865,555.

Key ratios per share	Sep 30 2019	Sep 30 2018	Dec 31 2018
Weighted average no. of shares before dilution (Jan-Sep/full-year)	10,803,549	6,670,422	7,111,244
Weighted average no. of shares after dilution (Jan-Sep/full-year)	10,803,549	6,670,422	7,111,244
Equity per average share before dilution, SEK	5.29	14.54	10.63

As of September 30, 2019, the company's ownership structure is as follows:

Owner	No. of shares	Holding, %
M2 Capital Management AB	2,811,470	18.9
Kattvik Financial Services AB	2,380,961	16.0
A.T.V. Holding AB	1,469,685	9.9
Aggregate Media Fund IX KB	833,332	5.6
New Moon Förvaltning AB	684,352	4.6
Björn Bengtsson	500,000	3.4
Rite Ventures	360,000	2.4
Jan-Olof Olson	329,126	2.2
Försäkringsaktiebolaget, Avanza Pension	324,775	2.2
Nordnet Pensionsförsäkring AB	312,939	2.1
Total 10 largest shareholders	10,006,640	67.3
Other	4,858,915	32.7
Total	14,865,555	100.0

EMPLOYEES

The total number of employees at the end of the period was 80 (93), of whom 7 are men and 73 women. The average number of employees in the third quarter was 78 (96).

PARENT COMPANY

The Parent Company reported total operating revenue of SEK 209.9 million (264.3) in the first nine months with an operating loss of SEK -39.0 million (-29.2). The Parent Company's adjusted equity amounted to SEK 35.1 million (75.0). Cash and cash equivalents amounted to SEK 11.3 million (12.9). Net liquidity, after utilized overdraft facilities, amounted to SEK -2.4 million (-6.7).

Sales in the US 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 countries. All other sales are through the Parent Company.

TRANSACTIONS WITH RELATED PARTIES

Aside from the Parent Company's sales of products to subsidiaries, one transaction with related parties took place during the first nine months of the year; in March the company received a short-term loan of SEK 8 million from Klosterhus AB. The loan was signed on market terms. Klosterhus AB is associated with Chairman of the Board Patrik Tillman and board member Mia Arnhult. The loan has been fully amortized and accrued interest was paid in the second quarter.

RISK FACTORS

Due to the nature of its operations, the Odd Molly Group is exposed to risks and uncertainties. A detailed description of the risks and uncertainties to which Odd Molly is exposed is provided in the Board of Directors' report and in note 27 of Odd Molly's Swedish annual report for 2018, which is published on Odd Molly's website. There we also explain how Odd Molly manages and tries to minimize these risks. The assessment of these risks is unchanged compared with the assessment in the Swedish annual report 2018.

ACCOUNTING PRINCIPLES

As of January 1, 2008, the Group applies the International Financial Reporting Standards (IFRS) as adopted by the EU. This report is prepared in accordance with IAS 34 Interim Financial Reporting and the Annual Accounts Act. Further, the consolidated statements are prepared in accordance with Swedish law by applying the Swedish Financial Reporting Board's recommendation RFR 1 Supplementary accounting rules for groups. The Swedish Financial Reporting Board's recommendation RFR 2 Reporting for legal entities has been applied in

the preparation of the Parent Company's financial statements. The accounting principles applied in this interim report are described on pages 51-54 of the Swedish annual report for 2018. The accounting principles are unchanged compared with the previous year's annual report, with the exception of IFRS 16, see below.

Currency derivatives are measured at fair value within level 2, according to the definition in IFRS 13, i.e., fair value based on valuation models using observable market data. As of September 30, 2019, currency derivatives with positive market values amounted to SEK 0.1 M (SEK 0.0), which is reported under the item Other current receivables. Currency derivatives with negative market values amount to SEK 0.0 M (0.0). Other financial assets have been classified as loans and accounts receivable. Other financial liabilities have been classified as other financial liabilities at amortized cost. All financial assets and liabilities have short maturities, based on which their book value is considered approximate to fair value.

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

New IFRS and interpretations applied beginning January 1, 2019

IFRS 16 Leases

The standard IFRS 16, which entered into force in the financial year beginning January 1, 2019, replaces IAS 17 Leases and related interpretations. The standard requires a lessee to recognize assets and liabilities attributable to all leases in the balance sheet, with a few exceptions. This approach is based on the view that the lessee has a right to use an asset over a specific period of time and at the same time an obligation to pay for this right.

Odd Molly's interim report as of September 30, 2019 is prepared in accordance with the new standard, which means that assets and liabilities in the balance sheet have been increased by these right-of-use assets and lease liabilities (divided between non-current and current liabilities). A change has also been made in the income statement, where the cost has been reclassified as depreciation, interest expense and currency adjustment. Odd Molly has applied the simplified transition approach.

The opening effect on the balance sheet in the Group in 2019 was a right-of-use asset of SEK 43.1 million and a long-term lease debt of SEK 30.1 million and a short-term lease debt of SEK 13.0 million. As of September 30, 2019, the right-of-use asset amounts to SEK 16.6 million, while non-current lease liability amounts to SEK 4.3 million and current lease liability to SEK 12.5 million. The change in right-of-use asset and lease liability is due to Odd Molly closing stores during the year. Odd Molly has not made any exceptions for short leases or low value assets. The discount rate applied is 6 percent. The effect of the new standard on the balance sheet, income statement and key figures is shown below.

EFFECT OF IFRS 16 ON THE CONSOLIDATED INCOME STATEMENT

	Jul-Sep 2019 incl. IFRS 16	Jul-Sep 2019 IFRS 16 effect	Jul-Sep 2019 excl. IFRS 16	Jan-Sep 2019 incl. IFRS 16	Jan-Sep 2019 IFRS 16 effect	Jan-Sep 2019 excl. IFRS 16
Operating revenue	76,564	-	76,564	225,500		225,500
Operating expenses (adjustment on the line Other external expenses)	-82,254	-3,478	-85,732	-257,445	-10,501	-267,946
Depreciation/amortization	-3,571	2,766	-805	-12,799	8,936	-3,863
Operating profit/loss	-9,262	-711	-9,973	-44,744	-1,565	-46,309
Net financial items	198	-400	-201	-2,418	1,713	-705
Profit/loss before taxes	-9,063	-1,111	-10,174	-47,163	149	-47,014
Taxes	22	-	22	-247	-	-247
Net profit/loss	-9,042	-1,111	-10,153	-47,410	149	-47,261

EFFECT OF IFRS 16 ON THE CONSOLIDATED BALANCE SHEET

SEK in thousands	Sep 30 2019 incl. IFRS 16	Sep 30 2019 IFRS 16 effect	Sep 30 2019 excl. IFRS 16
ASSETS			
Total non-current assets	27,656	-16,632	11,023
Total current assets	120,985	-	120,985
Total assets	148,640	-16,632	132,008
SHAREHOLDERS' EQUITY AND LIABILITIES			
Total shareholders' equity	57,174	149	57,322
Total non-current liabilities	5,724	-4,277	1,448
Total current liabilities	85,742	-12,504	73,238
Total shareholders' equity and liabilities	148,640	-16,632	132,008

EFFECT OF IFRS16 ON THE GROUP'S KEY FIGURES

SEK in thousands	Jul-Sep 2019 incl. IFRS 16	Jul-Sep 2019 excl. IFRS 16	Jan-Sep 2019 incl. IFRS 16	Jan-Sep 2019 excl. IFRS 16
Total operating revenue, SEK million	76.6	76.6	225.5	225.5
Gross profit margin, %	47.6	47.6	49.1	49.1
Operating profit/loss, SEK million	-9.3	-10.0	-44.7	-46.3
Operating margin, %	-12.1	-13.0	-19.8	-20.5
Net profit/loss, SEK million	-9.0	-10.2	-47.4	-47.3
Earnings per share before dilution , SEK	-0.61	-0.68	-4.39	-4.37
Earnings per share after dilution , SEK	-0.61	-0.68	-4.39	-4.37
Weighted average number of shares before dilution	14,865,555	14,865,555	10,803,549	10,803,549
Weighted average number of shares after dilution	14,865,555	14,865,555	10,803,549	10,803,549
Return on equity, %	-14.6	-16.3	-69.5	-71.1
Equity/assets ratio, %	38	43	38	43
Equity per share before dilution, SEK	3.85	3.86	5.29	5.31
Equity per share after dilution , SEK	3.85	3.86	5.29	5.31
Cash flow from operating activities, SEK million	-1.9	-5.8	-4.1	-12.9
Cash flow from operating activities per share before dilution, SEK	-0.13	-0.39	-0.38	-1.19

Alternative performance measures

Following are definitions of the concepts and measures that have been identified as vital to describe the company's performance and financial position and therefore are used in the report but not defined or specified as concepts according to IFRS.

GROSS PROFIT MARGIN

SEK in thousands	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	Jan-Dec 2018	Oct 2018- Sep 2019
<i>Operating revenue</i>						
Net sales	75,470	99,060	223,733	279,457	344,940	289,216
<i>Operating expenses</i>						
Cost of goods sold	-39,556	-48,528	-113,931	-128,629	-159,766	-145,068
Gross profit	35,914	50,532	109,802	150,828	185,173	144,148
Gross profit margin, %	47.6	51.0	49.1	54.0	53.7	49.8

To calculate the gross profit margin, gross profit is calculated first by subtracting the cost of goods sold from net sales. Gross profit is then measured in relation to net sales to obtain the gross profit margin. The margin, which indicates how large a percentage of net sales becomes profit after the cost of goods sold, is impacted by factors such as pricing, commodity and manufacturing costs, inventory writedowns and exchange rates. All measures used in the calculation can be found in the consolidated income statement.

OPERATING MARGIN

SEK in thousands	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	Jan-Dec 2018	Oct 2018- Sep 2019
<i>Operating revenue</i>						
Net sales	75,470	99,060	223,733	279,457	344,940	289,216
Other operating revenue	1,094	392	1,767	1,783	1,978	1,962
Total operating revenue	76,564	99,452	225,500	281,240	346,918	291,178
Operating profit/loss	-9,262	-19,330	-44,744	-37,963	-60,593	-67,375
Operating margin, %	-12.1	-19.4	-19.8	-13.5	-17.5	-23.1

To calculate the operating margin, operating profit is measured in relation to total operating revenue. This measure indicates how large a percentage of total operating revenue becomes profit after operating expenses. All measures used in the calculation can be found in the consolidated income statement. Operating margin is one of the company's communicated financial targets.

EQUITY/ASSETS RATIO

SEK in thousands	Sep 30 2019	Sep 30 2018	Dec 31 2018
Shareholders' equity	57,174	97,020	75,604
Total assets	148,640	183,083	162,516
Equity/assets ratio, %	38	53	47

The equity/assets ratio is calculated by measuring equity in relation to total assets, providing an indication of how large a percentage of the assets is financed with equity. All measures used in the calculation can be found in the consolidated balance sheet. Equity/assets ratio is one of the company's communicated financial targets.

RETURN ON EQUITY

	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	Jan-Dec 2018	Oct 2018- Sep 2019
SEK in thousands						
Result attributable to Parent Company's shareholders (net after tax)	-9,042	-15,712	-47,410	-32,759	-53,477	-68,128
Average equity	61,481	105,230	66,389	94,011	83,303	77,097
Return on equity, %	-14.7	-14.9	-71.4	-34.8	-64.2	-88.4

The return on equity is calculated by measuring net profit for the period in relation to average equity during the period (opening balance + closure balance divided by two). The return on equity measures the company's return during the period on the equity invested by shareholders, and thus how profitable a company is for its shareholders. Measures used in the calculation can be found in the consolidated balance sheet and income statement.

NET LIQUIDITY

	Sep 30 2019	Sep 30 2018	Dec 31 2018
SEK in thousands, Group			
Cash and cash equivalents	17,925	21,156	16,528
Utilized overdraft facilities at the end of the period	13,687	19,569	24,881
Net liquidity	4,238	1,587	-8,352
	Sep 30 2019	Sep 30 2018	Dec 31 2018
SEK in thousands, Parent Company			
Cash and cash equivalents	11,258	12,879	8,739
Utilized overdraft facilities at the end of the period	13,687	19,569	24,881
Net liquidity	-2,429	-6,690	-16,142

Net liquidity is calculated by subtracting utilized overdraft facilities from cash and cash equivalents. Measures used in the calculation come from the Group's and the Parent Company's balance sheet and cash flow statement.

EQUITY PER SHARE

	Sep 30 2019	Sep 30 2018	Dec 31 2018
Weighted average number of shares before dilution (Jan-Sep/full-year)	10,803,549	6,670,422	7,111,244
Shareholders' equity, SEK thousands	57,174	97,020	75,604
Equity per share before dilution, SEK	5.29	14.54	10.63

Equity per share, also called a company's net asset value, is calculated by measuring shareholders' equity in relation to the average number of shares before dilution. Calculation methods can be found in the consolidated balance sheet and the Number of shares.

PARENT COMPANY'S ADJUSTED EQUITY

	Sep 30 2019	Sep 30 2018	Dec 31 2018
SEK in thousands			
Shareholders' equity	35,102	67,790	47,470
78/78.6 percent of the untaxed reserves	-	7,254	-
Adjusted equity	35,102	75,044	47,470

The Parent Company's adjusted equity is calculated by adding 78 percent (2018) and 78.6 percent (2019 given the change in the corporate tax rate from 2019) of the Parent Company's untaxed reserves to the Parent Company's shareholders' equity. All measures used in the calculation can be found in the Parent Company's balance sheet.

Condensed financial information

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK in thousands	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	Jan-Dec 2018	Oct 18- Sep 19
<i>Operating revenue</i>						
Net sales	75,470	99,060	223,733	279,457	344,940	289,216
Other operating revenue	1,094	392	1,767	1,783	1,978	1,962
Total operating revenue	76,564	99,452	225,500	281,240	346,918	291,178
<i>Operating expenses</i>						
Cost of goods sold	-39,556	-48,528	-113,931	-128,629	-159,766	-145,068
Other external expenses	-27,196	-47,730	-91,600	-122,295	-156,049	-125,282
Personnel expenses	-15,444	-18,626	-51,667	-57,582	-78,005	-72,163
Depreciation/amortization	-3,571	-3,089	-12,799	-9,187	-12,048	-15,660
Other operating expenses	-58	-808	-247	-1,509	-1,643	-381
Operating profit/loss	-9,262	-19,330	-44,744	-37,963	-60,593	-67,375
<i>Result from financial items</i>						
Interest income	973	196	1,409	590	654	380
Interest expenses	-774	-182	-3,827	-918	-1,227	-3,044
Profit/loss after financial items	-9,063	-19,315	-47,163	-38,290	-61,167	-70,039
Taxes	22	3,603	-247	5,531	7,690	1,911
Net profit/loss attributable to Parent Company's shareholders	-9,042	-15,712	-47,410	-32,759	-53,477	-68,128
<i>Other comprehensive income</i>						
Items that will be reclassified to profit or loss						
Translation difference	-16	-52	697	1,671	1,307	333
Cash flow hedges	564	-841	1,214	2,341	1,897	770
Tax effect cash flow hedges	-121	185	-260	-515	-406	-151
Total comprehensive income attributable to Parent Company's shareholders	-8,615	-16,420	-45,759	-29,262	-50,679	-67,176
Earnings per share before dilution, SEK	-0.61	-1.87	-4.39	-4.91	-7.52	-6.68
Earnings per share after dilution, SEK	-0.61	-1.87	-4.39	-4.91	-7.52	-6.68

CONSOLIDATED BALANCE SHEET

	Sep 30 2019	Sep 30 2018	Dec 31 2018
SEK in thousands			
ASSETS			
<i>Non-current assets</i>			
Intangible non-current assets	940	2,072	1,211
Tangible non-current assets	19,769	7,324	5,564
Financial non-current assets	689	1,087	1,087
Deferred tax assets	6,258	5,809	6,258
	27,656	16,293	14,121
<i>Current assets</i>			
Inventories	56,012	77,415	80,571
Advance payments to suppliers	3,387	6,037	1,176
Accounts receivable	27,524	51,486	38,808
Current receivables	16,137	10,695	11,312
Cash and cash equivalents	17,925	21,156	16,528
	120,985	166,790	148,395
TOTAL ASSETS	148,640	183,083	162,516
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	57,174	97,020	75,604
Deferred tax	1,448	3,483	1,311
Non-current liabilities	4,277	-	-
Current liabilities	85,742	82,580	85,602
	148,640	183,083	162,516
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	148,640	183,083	162,516

Cash and cash equivalents are recognized gross, before utilized overdraft facilities. Utilized overdraft facilities are recognized in current liabilities. The difference between net liquidity and gross liquidity is recognized in the consolidated cash flow statement. Right-of-use assets and corresponding lease liabilities are included as of January 1, 2019 in tangible non-current assets and non-current and current liabilities, respectively. Right-of-use assets amount as of September 30, 2019 to SEK 16,632 thousand, while the non-current lease liability amounts to SEK 4,277 thousand and the current lease liability to SEK 12,504 thousand. Comparative figures have not been restated. See also pages 9-11.

PLEDGED ASSETS AND CONTINGENT LIABILITIES

	Sep 30 2019	Sep 30 2018	Dec 31 2018
SEK in thousands			
Pledged assets	30,000	30,000	30,000
Pledged receivables	12,109	9,503	6,222
Contingent liabilities	500	1,415	1,415

CHANGES IN THE GROUP'S SHAREHOLDERS' EQUITY

	Sep 30 2019	Sep 30 2018	Dec 31 2018
SEK in thousands			
Attributable to Parent Company's shareholders:			
Shareholders' equity at the beginning of the year	75,604	91,002	91,002
New share issue	27,329	35,280	35,280
Total comprehensive income for the period	-45,759	-29,262	-50,679
Shareholders' equity at the end of the period	57,174	97,020	75,604

CASH FLOW STATEMENT FOR THE GROUP

SEK in thousands	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	Jan-Dec 2018
Operating activities					
Operating profit/loss	-9,262	-19,330	-44,744	-37,963	-60,593
Adjustments	5,200	3,985	15,859	11,821	14,502
Interest received	1,201	196	1,409	590	654
Interest paid	-1,003	-182	-3,827	-918	-1,227
Income tax paid	-664	-1,202	-2,271	-8,328	-8,717
Cash flow from operating activities before changes in working capital	-4,528	-16,532	-33,575	-34,798	-55,382
Changes in working capital					
Change in inventories	-2,746	-3,160	25,197	867	-2,469
Change in receivables	9,970	-3,712	6,532	6,416	24,013
Change in current liabilities	-4,575	2,786	-2,247	6,313	3,253
Cash flow from operating activities	-1,880	-20,618	-4,092	-21,202	-30,585
Investing activities					
Acquisition of intangible non-current assets	-998	-	-998	-	-
Acquisition of tangible non-current assets	-1,278	-46	-1,764	-558	-896
Reversal of financial non-current assets	-	-	-	45	45
Cash flow from investing activities	-2,276	-46	-2,761	-512	-851
Financing activities					
New share issue	-	-	27,329	35,280	35,280
Repayment of lease liability	-3,877	-	-8,788	-	-
Cash flow from financing activities	-3,877	-	18,541	35,280	35,280
Cash flow for the period	-8,033	-20,664	11,688	13,566	3,844
Cash and cash equivalents at the beginning of the period	16,526	26,138	16,528	17,050	17,050
Utilized overdraft facilities at the beginning of the period	4,585	3,712	24,881	29,602	26,920
Cash and cash equivalents at the beginning of the period, net	11,941	22,426	-8,352	-12,553	-12,553
Exchange rate difference in cash and cash equivalents	330	-175	902	574	357
Change in overdraft facilities utilized	9,102	15,856	-11,194	-10,033	-4,722
Cash and cash equivalents at the end of the period	17,925	21,156	17,925	21,156	16,528
Utilized overdraft facilities at the end of the period*	13,687	19,569	13,687	19,569	24,881
Cash and cash equivalents at the end of the period, net	4,238	1,587	4,238	1,587	-8,352

*The total overdraft and invoice factoring limit amounts to SEK 50 million as of September 30, 2019.

REVENUE AND OPERATING RESULT BY SEGMENT

SEK in thousands	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	Jan-Dec 2018	Oct 18- Sep 19
Wholesale						
Revenue	30,947	46,946	86,145	117,990	146,516	114,672
Operating result	2,807	5,198	-4,193	12,389	8,481	-8,100
Licensing						
Revenue	348	-	2,758	-	-	2,758
Operating result	241	-	827	-	-	827
Retail						
Revenue	45,269	52,507	136,596	163,250	200,402	173,748
Operating result	4,275	-1,853	16,094	6,888	7,177	16,383
Common Group costs						
Operating result	-16,584	-22,674	-57,472	-57,239	-76,252	-76,484
Total						
Revenue	76,564	99,452	225,500	281,240	346,918	291,178
Operating result	-9,262	-19,330	-44,744	-37,963	-60,593	-67,375

The company reports revenue and operating results for four segments: wholesale, retail, licensing and common group costs. Operating results for each segment are charged with direct costs for the segment. Costs not directly attributable to wholesale or retail are reported in the segment common group costs.

QUARTERLY DATA

	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017
Total operating revenue, million	76.6	62.7	86.2	65.7	99.5	76.3	105.5	89.6
Gross profit margin, %	47.6	50.6	49.3	52.4	51.0	57.6	54.1	51.6
Operating profit/loss, SEK million	-9.3	-17.9	-17.6	-22.6	-19.3	-11.9	-6.7	-11.1
Operating margin, %	-12.1	-28.5	-20.5	-34.5	-19.4	-15.6	-6.3	-12.4
Net profit/loss, SEK million	-9.0	-19.2	-19.2	-20.7	-15.7	-10.3	-6.7	-9.2
Earnings per share before dilution, SEK	-0.61	-2.12	-2.27	-2.46	-1.87	-1.78	-1.17	-1.6
Earnings per share after dilution, SEK	-0.61	-2.12	-2.27	-2.46	-1.87	-1.78	-1.17	-1.6
Weighted average number of shares before dilution, thousands	14,866	9,055	8,419	8,419	8,419	5,811	5,752	5,752
Weighted average number of shares after dilution, thousands	14,866	9,055	8,419	8,419	8,419	5,811	5,752	5,752
Return on equity, %	-14.6	-30.3	-28.2	-24.0	-14.9	-10.3	-7.6	-9.7
Equity/assets ratio, %	38	38	31	47	53	63	47	50
Equity per share before dilution, SEK	3.85	7.27	7.13	8.98	11.52	19.52	15.14	15.82
Cash flow from operating activities, SEK million	-1.9	4.0	-6.2	-9.4	-20.6	7.3	-7.9	13.7
Cash flow from operating activities per share before dilution, SEK	-0.13	0.44	-0.74	-1.11	-2.45	1.26	-1.38	2.38

Some of the key ratios have been affected by IFRS 16 as of January 1, 2019. Comparative figures have not been restated. See page 10 for pro forma key ratios excluding the effect of IFRS 16.

PARENT COMPANY INCOME STATEMENT

SEK in thousands	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	Jan-Dec 2018
<i>Operating revenue</i>					
Net sales	67,737	89,847	209,237	262,736	319,198
Other operating revenue	237	217	674	1,608	1,770
Total operating revenue	67,974	90,064	209,911	264,344	320,968
<i>Operating expenses</i>					
Cost of goods sold	-35,868	-46,050	-105,962	-122,291	-149,386
Other external expenses	-29,548	-44,409	-97,758	-115,964	-146,911
Personnel expenses	-13,463	-16,299	-45,014	-50,225	-68,190
Depreciation/amortization of tangible and intangible non-current assets	-298	-1,432	-1,721	-4,277	-5,530
Other operating expenses	1,663	-803	1,505	-803	-815
Operating profit/loss	-9,541	-18,929	-39,039	-29,216	-49,864
<i>Result from financial items</i>					
Interest income	109	196	317	590	647
Interest expenses	-300	-169	-991	-877	-1,179
Impairment of receivables to subsidiary	-	-	-	-	-8,335
Profit/loss after financial items	-9,732	-18,902	-39,713	-29,503	-58,731
Appropriations	-	-	-	-	9,300
Profit/loss before tax	-9,732	-18,902	-39,713	-29,503	-49,431
Taxes	-	3,438	-	5,801	5,801
Net profit/loss	-9,732	-15,464	-39,713	-23,701	-43,629

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

SEK in thousands	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	Jan-Dec 2018
<i>Items that will be reclassified to profit or loss</i>					
Cash flow hedges	564	-841	1,214	2,341	1,897
Tax effect cash flow hedges	-121	185	-260	-515	-406
Total comprehensive income for the period	-9,289	-16,120	-38,759	-21,875	-42,138

PARENT COMPANY BALANCE SHEET

SEK in thousands	Sep 30 2019	Sep 30 2018	Dec 31 2018
ASSETS			
Non-current assets			
Intangible non-current assets	990	253	183
Tangible non-current assets	2,355	3,987	2,945
Financial non-current assets	24,784	25,019	25,006
Deferred tax assets	6,258	5,809	6,258
	34,386	35,069	34,392
Current assets			
Inventory	48,590	67,222	72,942
Advance payments to suppliers	3,387	6,033	1,174
Accounts receivable	23,663	43,859	35,601
Current receivables	18,078	21,840	8,539
Cash and cash equivalents	11,258	12,879	8,739
	104,976	151,833	126,995
TOTAL ASSETS	139,362	186,902	161,387
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	35,102	67,790	47,470
Untaxed reserves	-	9,300	-
Deferred tax	27	96	-
Current liabilities	104,233	109,717	113,917
	139,362	186,902	161,387
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	139,362	186,902	161,387

Cash and cash equivalents are recognized gross, before utilized overdraft facilities. Utilized overdraft facilities are recognized in current liabilities.

PARENT COMPANY PLEDGED ASSETS AND CONTINGENT LIABILITIES

SEK in thousands	Sep 30 2019	Sep 30 2018	Dec 31 2018
Pledged assets	30,000	30,000	30,000
Pledged receivables	12,109	9,503	6,222
Contingent liabilities	500	1,415	1,415

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

Stockholm, October 25, 2019

Patrik Tillman, Chairman

Mia Arnhult, Board Member

Anna Frick, Board Member

Johan Mark, Board Member

Elin Ryer, Board Member

Jennie Högstedt Björk, CEO

REVIEW REPORT

Odd Molly International AB (publ), corporate identity number 556627-6241

Introduction

We have reviewed the condensed interim report for Odd Molly International AB (publ) as at September 31, 2019 and for the nine months period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements, ISRE 2410 Review of Interim Financial Statements Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

Stockholm, October 25, 2019

Ernst & Young AB

Andreas Troberg

Authorized Public Accountant

SCHEDULED INFORMATION DATES

- The year-end report for 2019 will be released on February 14, 2020.
- The interim report for January-March 2020 will be released on May 7, 2020.
- The interim report for January-June 2020 will be released on August 26, 2020.

PRESENTATION OF THE REPORT

The report will be presented at the company's head office, Kornhamnstorg 6, Stockholm, on October 25, 2019 at 10:00 am CET. To attend the presentation, contact jacob.neckmar@oddmolly.com.

For further information, please contact:

Jennie Högstedt Björk, CEO, +46-8-522 28 509

Johanna Palm, CFO, +46-760-10 24 55

This information is information that Odd Molly International AB is obliged to make public pursuant to the EU's Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set above, on October 25, 2019 at 8.00 am CET.

This is a translation of the original Swedish language report. In the event of discrepancies, the original Swedish wording shall prevail.

ABOUT ODD MOLLY

Odd Molly is a Swedish company that designs, markets and sells distinctive fashion. The company's products are mainly sold through its own channels as well as through its own sellers and external agents and licensees to retailers. A growing share of sales comes from Odd Molly's own channels, mainly from the company's web shop, which reaches over 40 countries. The company also has of its own physical stores as well as stores managed by partners in selected markets. The Odd Molly share is traded Nasdaq Stockholm's small cap list.

OUR STRATEGY

Odd Molly will profitably grow by continuing to create inspiring collections, strengthening the brand and developing new and existing sales channels and models. The corporate culture is rooted in quality, responsibility and engagement. At the end of 2018, Odd Molly reformulated its growth strategy to strengthen digital and international growth with lower costs, complexity and tied-up capital:

Brand and product range Odd Molly will strengthen its brand position with more streamlined product range.

Channels Odd Molly will refine its channel strategy with a focus online – by increasing our own e-commerce and reducing the number of stores.

Expansion Odd Molly will focus on international growth through a licensing model outside main strategic markets.

Sustainability Odd Molly's organization will maintain the highest quality, drive and engagement and be adapted to the company's long-term needs and growth. Care for Odd Molly's world will be reflected in everything we do.

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Press photos can be downloaded from Odd Molly's website at www.oddmolly.com under "press".

Odd Molly also produces a newsletter with reports on daily operations. To subscribe, go to

www.oddmolly.com.