

annual report 2007
short version

celebrating
yourselves

odd molly_{co} incorporated



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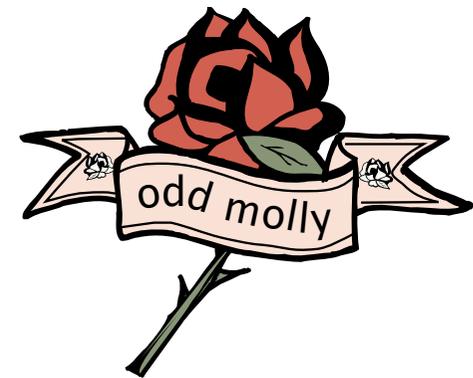
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odd molly is a brand with a mind, a heart and a conscience.

odd molly is also a loving brand with high ambitions,
still a brand that will never take itself very seriously.

the odd molly mind loves to submit to its appetite for more,
always being damn fabulous meanwhile.

we want to believe that our customers,
great women worldwide,
share the same cool core values.



About Odd Molly

The company in brief

Odd Molly is a Swedish company that designs, markets and sells women's clothing through better boutiques around the world. Odd Molly's clothing is distinguished by beautiful design, qualitative values and sensuality. In 2007 Odd Molly products were sold in 31 countries, including 22 through the company's local representatives. For the spring/summer collection 2008 the company has a total of 1,400 retailers mainly in Europe, North America, Japan, Australia and New Zealand.

Odd Molly was founded on a small scale in 2002, and its first collection was sold based on sketches alone, without any samples. Since then it has experienced tremendous growth, greatly expanding its international presents each year. In August 2006 the company held its first international show in Stockholm and a year later its second in Hollywood, USA. In 2007 a subsidiary was established in the U.S., and the Odd Molly share was listed on the First North marketplace. Odd Molly's profitable growth is based on creative design, consistent branding and a business model that facilitates expansion with limited capital and minimal inventory risk.

Odd Molly sells its designs to retailers through independent agents and distributors. Odd Molly outsources production of only the quantity of each item on order, so practically no inventory is built up. At the same time, the size of the organization and its work can be quickly adapted to trends. In March 2008 there were 26 employees in Stockholm and Los Angeles.

Overall goal and strategy

Odd Molly's goal is that all its contacts, from consumers to business partners, will find value in their relationship with the company. Shareholders will see their investments appreciate as the company profitably grows.

Odd Molly will continue to grow – while holding high quality standards and being responsible to its communities – by:

- Further expanding geographically
- Increasing number of retailers
- Developing new products
- Broader marketing
- Strengthening the organization.

Financial goal

Odd Molly's financial goals are the following

- A turnover growth exceeding 20 per cent annually over the coming years
- Over a time corresponding to a trace cycle, guarantee an EBIT well above 10 per cent
- The equity ratio should over time be at least 40 per cent

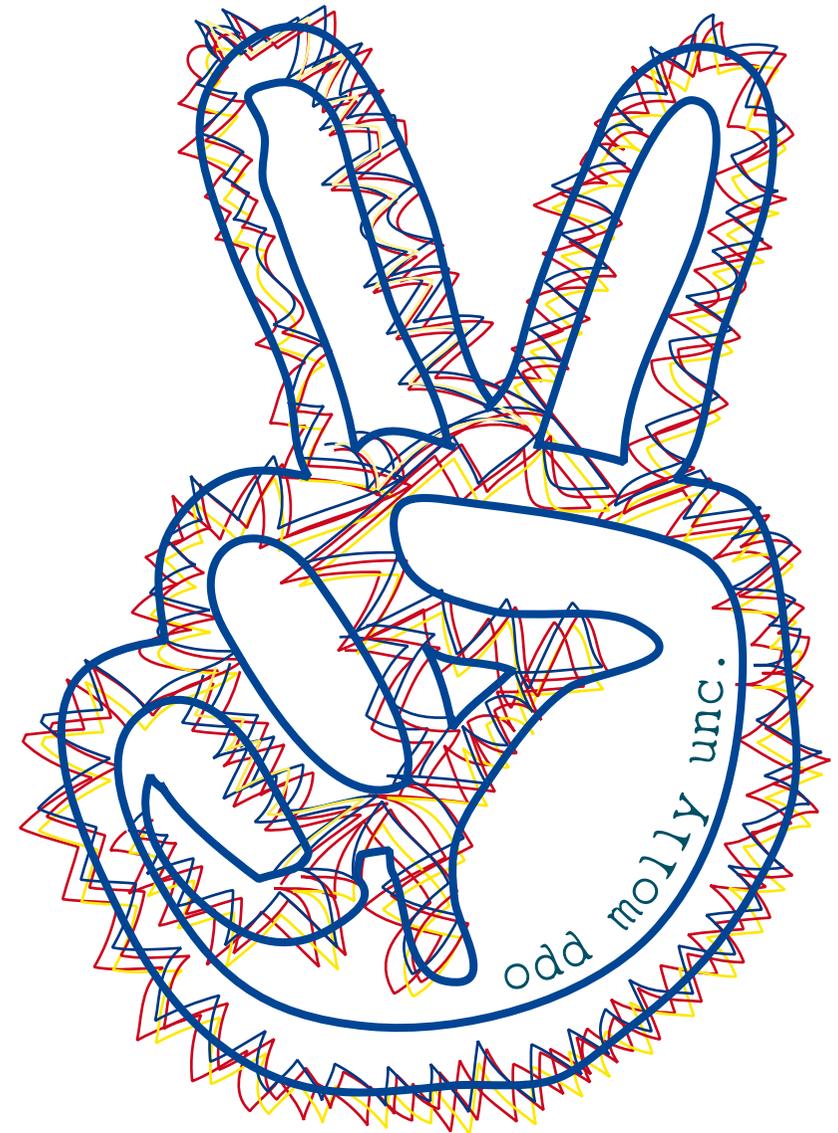


2007 in brief

- Net sales increased by 139 percent to SEK 130.3 million (54.5)
- The gross profit margin rose to 57.2 percent (54.9)
- Operating profit increased to SEK 18.5 million (4.9), or an operating margin of 14.2 percent (9.1)
- Profit after tax was SEK 12.9 million (3.4). The net margin rose to 9.9 percent (6.2)
- Earnings per share amounted to SEK 2.40 (0.70)

Seasonality

Odd Molly currently has four collections per year and operations are heavily seasonal. The first and third quarters are the strongest in terms of sales and in general, since this is when most of the spring and fall collections are invoiced to retailers. The second and fourth quarters are the weakest with current seasonal patterns.



Operations

Business model

The main reason for Odd Molly's profitable growth and the foundation for its future development, aside from creative design and consistent, long-term branding, is its business model. By its design, the business model facilitates expansion with limited capital and minimal risk of large, obsolete inventories.

The business model is to sell Odd Molly products through retailers. To reach as many better boutiques as possible – and as many of the right retailers as possible – Odd Molly works with agents, or in rare cases distributors, in its various countries. Every agent has a showroom to display Odd Molly's collections to buyers and where it receives orders for each collection. The agent has the right to sell Odd Molly products in a geographically defined market. For Odd Molly, this means it has a partner in each country that understands the local business culture, language and fashion business. At year-end Odd Molly had 16 agents and 3 distributors together covering 23 countries.

To represent the brand and sell each collection in the best way possible, each agent is allowed to borrow a collection from Odd Molly to show retailers. When it has received all the orders from its agents, Odd Molly sums them up and places them with selected factories. As a result, Odd Molly produces only enough items to meet binding orders, minimizing inventory risk.

The products are delivered to Odd Molly, which repackages and delivers them to each retailer. Odd Molly maintains a small inventory of its own and therefore does not risk that the products become obsolete. Nor does Odd Molly have any of its own distribution operations, relying instead on third-party logistics providers. Once Odd Molly has sold the products to retailers, they assume the risk of sales to consumers.

In four markets – Australia, New Zealand, Japan and Russia, the last added in 2007 – Odd Molly has chosen to cooperate with distributors instead of agents. The distributor buys the collection from Odd Molly and is responsible for delivery and invoicing to retailers. Instead of receiving a commission on order volumes from retailers, the distributor buys the products at a discounted price.

Odd Molly obtains credit for many of its suppliers for goods that have been delivered. The company's customers receive essentially the same terms after credit approval. This business model ensures that working capital needs are relatively limited.

The long lead times between selling to retailers and delivery mean that sales for each fiscal year can be predicted fairly accurately. It also means that Odd Molly is able to adapt its staff to keep pace with orders and assure high quality in everything from sourcing to deliveries.



Core brand values

Consistent, long-term branding is essential in order to develop and maintain a unique position in the international women's fashion market. In other words, we have to stay true to our core values, while continuing to develop and challenging ourselves. It is also important that there is credibility behind the brand.

Odd Molly works continuously to create and expand trademark protection in all countries where the brand is represented and other markets where plans are in place to begin selling or there is a high risk of pirating. Odd Molly continuously monitors attempts by other companies to register the Odd Molly name.

During the year the company gained attention for its active role in the debate on trademark infringement and pirating. A number of items sold by well-known Swedish and international chains were criticized and in most cases recalled. Though it has received written apologies from the companies responsible for these outright copies, Odd Molly will continue to monitor the market to stop the illegal copying of its unique designs.



Design

All of Odd Molly's clothing share exceptional design, unique style and feeling – and do not slavishly follow fashion trends. Of course, the design team still conducts market research to stay informed on issues that are important to women.

Every collection has a special theme and platform of values reflected in the entire collection. The theme is represented by a symbol used in parts of the collection, and each is described with the help of a pay-off or tagline. New themes are created twice a year. The theme for spring 2008 is “amore spare integritas” and for summer “sovereign.” The fall 2008 collection is called “maestress selectif” and for winter 2008 it is “flow feathers.”

Prior to each sales period, the theme is first presented to Odd Molly's agents and distributors, who receive a thorough review from the design team from Stockholm on the materials, colors and models in the collection. Each then receives a sample collection to show current and prospective retailers. Odd Molly's chief designer summarizes the most important ideas behind the collection in a letter to all partners. Each individual item then comes with a mini-folder presenting the theme. In connection with shipment of the collection, retailers also receive displays incorporating these images and logos for their stores – all produced centrally by Odd Molly. To further underscore the feeling and theme of the collection, small words of wisdom are printed inside each article together with a visible product number.

Unique design and strong underlying values combine to make Odd Molly the distinctive brand it is. All communication in the form of products, marketing and PR reflect Odd Molly's message. An important parameter in all development work is to give customers value beyond the product itself, no matter what country or part of the world she comes from.

The fashion industry is often caught up in an unending search for perfection. Odd Molly instead wants to preserve the very things that make us unique, unusual and individual. Odd Molly prefers to focus on what women have in common and what brings us together. Odd Molly tries to serve its products packaged in a feeling, a distillation of women's thoughts, needs, secrets and dreams. We want the customer to feel a sense of belonging, that these clothes were made just for her.



The brand worldwide

Every country is unique, and Odd Molly's business model is to utilize what is genuine to each local market. Though it is a Swedish company, Odd Molly is a citizen of the world who is at home wherever she is. That is why Swedish is not used in its marketing. Despite a multicultural outlook, it is obviously important that the brand's core values are communicated in similar fashion around the world.

Aside from its distinctive style, another way to recognize every item is an outside label, a white canvas decal that reads, "Odd Molly Uncorporated, Celebrating Yourselves."

One of the tools that has been produced to summarize what Odd Molly stands for – the company's and brand's soft values – is called the "Odd Molly Manifest," which serves as the guiding principles for employees throughout the organization and is shared with partners around the world. Personal meetings, an open dialogue and close relationships with agents, distributors and suppliers are also important aspects of international branding. At least twice a year employees from Odd Molly and all representatives of the brand meet in different locations around the world to trade ideas and build support for the brand's basic philosophy. These local agents and distributors – and our international PR agents – are responsible for day-to-day management of the brand in their respective markets.

All of Odd Molly's campaigns are developed by a creative team in Stockholm, but adapted to each local market in cooperation with the agent or distributor, who actively handles sales to retailers. Every campaign is carefully crafted, and everyone in the network receives detailed instructions on the theme and ideas behind it. Signs and display material are also produced centrally to ensure that the message to the consumer is uniform, consistent and in line with Odd Molly's marketing strategy.



respectfully

ignoring

rules



Board of Directors' Report

The Board of Directors and President of Odd Molly International AB (publ), Corporate Organization No. 556627-6241, hereby issue the annual report and consolidated accounts for the fiscal year, January 1, 2007 – December 31, 2007.

The company was registered at 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 subsidiary, Odd Molly Inc., registered in Delaware, US. The principal operations are conducted in Odd Molly International AB while Odd Molly Inc. has conducted Odd Molly's operations in the US and Canada from Los Angeles since the second half year of 2007.

Operations

Odd Molly is a Swedish company that designs, markets and sells women's clothing through retailers worldwide. The products are characterized by attractive, personal and sensual designs combined with high quality and a distinct profile.

Odd Molly is represented by independent agents or distributors worldwide who are responsible for geographically defined markets. Odd Molly has no proprietary stores and the company produces every collection based on binding orders from external retailers. The business model implies that expansion can occur with limited operational risk and tied-up capital, and with retained control of the concept and brand. The company has shown rapid expansion together with strong and increasing profitability. Odd Molly's profitability growth is based on creative design, consistent branding and a business model that facilitates expansion with limited tied-up capital and minimal inventories risk.

For the 2008 spring/summer collection, Odd Molly had 1,400 retailers in 34 countries worldwide.

Significant events during the year

Listing on First North

In May, the Board of Directors decided to implement a new share issue and listing of the company share on First North to strengthen Odd Molly financially and create improved prerequisites for the continued expansion of its operations. Odd Molly was listed on First North on June 18, 2007 and in conjunction with this event received slightly more than 2,000 new shareholders. Prior to this, Odd Molly was converted on April 10, 2007 into a limited liability company and since May 2, 2007 the company has been a VPC-registered company. During the second quarter, Odd Molly also implemented a 41:1 share split. In June, a new share issue of 750,000 shares was implemented, which contributed approximately SEK 25 million to the company after issue expenses. Following the issue, there were 5,752,000 shares outstanding.

The offer was strongly oversubscribed and according to the Board of Directors, the outcome of the listing was very positive for the company's development during 2007.

Several new markets during 2007

During the first six months, Odd Molly signed agreements for representation of the brand in three additional markets; Portugal, Greece and Belgium. The first order from these markets will be delivered in the spring of 2008. Previously, Portugal and Greece had limited sales without local representation.

During the third quarter, Odd Molly signed an agreement for representation of the brand in another market, Russia. Odd Molly's products were previously available on a small scale in Russia, but the company has now decided to be represented through a distributor in this market. The first order will be delivered from the autumn/winter collection of 2008.

At the end of the year, Odd Molly had local representation in 23 countries through 16 independent agents and three distributors and sold in an additional 11 countries without representation.



Subsidiary in the US and fashion show in Hollywood

Since 2006, Odd Molly has been actively selling through an agent in the US (delivery during the spring of 2007), where Odd Molly has established cooperation with approximately 300 retailers. The US is currently one of Odd Molly's largest markets and the trend is positive. Odd Molly believes there is significant potential for additional growth in this market. In order to cultivate the US market on location and provide good service to customers, the company established a wholly owned subsidiary and opened an office in Los Angeles during the period.

With the aim of additionally strengthening its presence, brand and position in the US, Odd Molly held a major fashion show in the middle of August in conjunction with the fashion fair in Los Angeles. The event received significant attention from both the foreign and Swedish media and the activity is judged as successful.

Strengthened organization for continued growth

During recent years, Odd Molly has demonstrated strong growth. To provide the prerequisites for the company's continued rapid expansion and to assure high quality in all respects, the company employed an additional eight people during 2007 and at the end of the year, the company had a total of 22 employees (of whom, two in the US). During January and February, an additional four persons were employed bringing the total number of employees to 26.

The strengthening of head office and process development generated excellent results. Design and production have worked exceedingly well and distribution and delivery assurance have never been better despite the large volumes. The strategy to work selectively with strong retailers meant that the company was able to keep customer losses at a low level. The increased presence with the subsidiary and office in the US during the autumn of 2007, has contributed to improved conditions for sales increases.



Sales and revenue for 2007

Parent Company

During the year, Odd Molly International AB had sales of SEK 126.7 million (54.5) and reported operating profit of SEK 19.9 million (4.9). The Parent Company's equity amounted to SEK 46.4 million (6.0). Cash and cash equivalents amounted to SEK 26.6 million (3.3).

Group

Net sales

The sales trend remained strong and even somewhat higher than the company's forecast of SEK 127 million. Net sales amounted to SEK 130.3 million (54.5), which was an increase of 139% compared with the preceding year.

Odd Molly increased its sales in all markets in which the company has local presence. Odd Molly's four largest markets (Sweden, US, Denmark and Norway) accounted for approximately 70% of the total sales during 2007. During the year, Sweden and North America accounted for the largest growth measured in SEK, while the markets that demonstrated the largest growth in percentage terms were the US, Canada, Spain and Ireland. The positive trend in, for example, Italy and Spain showed that the brand gained strong penetration in markets in southern Europe.

Earning

The gross profit margin amounted to 57.2% (54.9). Odd Molly's relatively high gross profit margin was partly attributable to the continued favorable dollar rate, since a major portion of the purchases was in USD, and partly due to strong sales at normal prices. Operating profit amounted to SEK 18.5 million (4.9), corresponding to an operating margin of 14.2% (9.1). Other external expenses amounted to SEK 42.8 million (19.3), which represented 32.9% (35.5) of sales.

The increased profitability was due to a rise in gross profit margin and economies of scale pertaining to fixed and semi-fixed costs concurrent with rising sales. Examples of such expenses include marketing and leasing. As an increasingly major player, Odd Molly is also able to negotiate more advantageous purchase prices.

Operating expenses can be divided into four primary items, cost of materials including freight and customs duty, commissions for local agents, marketing & PR including trade-fair costs, distribution to retailers and other costs including personnel. The first two and distribution costs are basically directly variable in relation to sales, while marketing & PR are connected to growth but revenue from these can only be derived the years after they arise. Other expenses include primarily central costs for the head office organization and personnel. As a result of the excellent time margin, these can be adjusted relatively simply, concurrently with increasing sales and demand.

Personnel expenses totaled SEK 12.6 million (5.1) and approximately the same proportion of sales as the preceding year (9.6% in 2007 compared with 9.4% in 2006). In relation to sales, personnel expenses did not decrease due to efforts implemented during the year to strengthen the organization with key employees. Furthermore, in prior years the President was invoiced on a consulting basis and the costs were reported under Other Expenses.

Seasonal variations

Odd Molly has four collections per year (spring, summer, autumn and winter) and of these, spring and autumn have historically been the strongest collections, in terms of sales. Odd Molly's operation is strongly seasonal, which means that the first and third quarters are strong, while the second and fourth quarters are significantly weaker. This means that Odd Molly's operations, sales and profits are best followed on a six-month basis. Odd Molly delivers, for example, the autumn collection traditionally from the beginning of August to mid-September and the winter collection in October, which means that the autumn collection is delivered in quarter three and the winter collection in quarter four.



Financial position

The company's total assets amounted to SEK 60.1 million (10.5) at the end of the year. Shareholders' equity was SEK 45.1 million at the end of the year compared with SEK 6.0 million in the year-earlier period. The equity/assets ratio amounted to 75% (58) at the end of the period. Cash and cash equivalents on December 31, 2007 were SEK 29.8 million (3.3). Net receivables amounted to SEK 26.1 million.

On December 31, 2007, inventories amounted to SEK 13.7 million compared with SEK 1.4 million at the end of 2006. Inventories' proportion of sales for the 2007 period (full-year) amounted to 10.5% compared with 2% in the preceding year. The reason for the increase in inventories was due to Odd Molly having several sales collections with agents and mainly because the company had received a delivery of spring goods at the end of the fourth quarter which was to be distributed at the beginning of January. The proportion of new goods awaiting distribution at the beginning of January (spring collection 2008) amounted to approximately 70% of the total inventories.

Investments and cash flow

The company's investments comprise primarily investments in equipment and continued further development of the IT system, but are relatively limited. Total investments for 2007 amounted to SEK 1.2 million (1.0). Cash flow for the year amounted to SEK 26.7 million (1.7) for the full-year 2007, of which SEK 3.3 million from operating activities. The SEK 24.6 million in June 2007 pertains to the new share issue.

Employees

Concurrent with the rapid growth in sales, the organization has been strengthened to safeguard and improve the company's various functions. The company's business concept with independent agents and retailers imply that substantial large-scale advantages can be achieved concurrent with increased volume.

At the end of 2007, the number of employees totaled 22 (of which two in the US), compared with 14 at the end of 2006. Of these, 18 were women. The average number of employees during the period was 19 (10).



Environmental and social responsibility

Odd Molly is concerned about its fellow humans and the environment and how these may be affected by the company's operations. Odd Molly has no proprietary production but has a Code of Conduct, which is aimed at ensuring that production occurs under acceptable working and environmental conditions. For example, there is a list of the chemicals that must not be used in production. All suppliers must confirm that these chemicals are not used. Odd Molly continuously visits its suppliers, to the extent possible, to ensure compliance with the Code of Conduct.

Risk factors

There are several factors that can affect Odd Molly's operations, growth potential, financial position and results. Many are internal, which can be influenced by adequate procedures and control, while others are more external and more difficult for the company to influence. A number of risk factors are described below, which may have considerable impact on Odd Molly's future outlook. A more comprehensive risk section is available in the company's prospectus, which was prepared in conjunction with the listing on First North.

Ability to manage growth

Odd Molly's operations to date have had rapid organic growth and the company's ability to cope with continued growth places demands on management and the operative and financial infrastructure of the company.

The future growth is dependent upon the ability of current retailers to increase sales of Odd Molly's products and that more retailers begin to sell Odd Molly's products.

Dependence on key persons and employees

Odd Molly's success depends to a large degree on the knowledge, experience and commitment of company management and other key employees. Odd Molly views its entire staff as a significant asset and consequently works to maintain good staff policy and market conditions. If any of the company's key employees resigns, it could have a negative impact on the operations and brand.

Brand protection

Odd Molly's brand is of fundamental significance to the company's position and success. Copying the Odd Molly brand or distribution and sale of Odd Molly's products without the company's permission will damage the Odd Molly brand, customers' confidence in Odd Molly's products and thus profitability for the company. Odd Molly actively protects its brands and works continuously with control and follow-ups of the company's brand protection.

Business cycle influence, consumer confidence and fashion trends

Demand for Odd Molly's products is influenced by changes in the general business cycle. A strong business cycle can have a positive impact on households' private finances and thereby their consumption patterns. A weaker business cycle can have the opposite effect. Odd Molly conducts operations in various geographic markets, which means that the business cycle can be different in different markets. Furthermore, Odd Molly is largely dependent on customers' preferences in design, quality and prices. A miscalculation of customers' preferences can result in demand for Odd Molly's products declining or disappearing completely.

Supplier risks

Odd Molly has no proprietary production, but is entirely dependent upon external suppliers to provide goods. However, Odd Molly uses several different suppliers in different countries and is consequently not dependent upon any individual supplier for its operation. Goods being delivered on time are most important to Odd Molly. Loss of one or several suppliers or delay or absence of deliveries would have a negative impact on the company's operations, profits and financial position.

Some of Odd Molly's products are manufactured in developing countries. Conditions and regulations pertaining to the environment and working conditions differ in many aspects from conditions in the countries in which the products are sold. Particularly consumer-product companies with suppliers in developing countries can be subject to criticism concerning for example, working conditions, product quality and product environmental influence, which would lead to negative exposure and reduced confidence in the company's brand.

Import quotas

Odd Molly purchases a portion of its assortment from countries outside the EU. As a step in strengthening certain sectors within Europe, the EU has in certain instances introduced import restrictions on goods, for example, clothing, which can influence purchasing costs. The US currently has import quotas on products from certain source countries. Since Odd Molly's assortment is of high quality and thus has higher prices, potential effects are relatively limited compared with players within low-cost segments. Despite this, it is not impossible that future trade restrictions could signify that the company must change its purchasing procedures and increase purchasing costs, which in turn will have negative consequences for the company.

Exchange-rate changes

Odd Molly is exposed to exchange-rate risks in purchasing from suppliers and sales to foreign countries. Approximately 50% of purchases occur in USD and 50% in EURO. Odd Molly receives revenue in six different currencies, SEK, USD, EURO, NOK, DKK and GBP, as a result of sales to foreign retailers. Since the company's reporting currency is SEK and purchasing occurs primarily in USD and EURO, while a significant portion of sales are in currencies other than SEK, the company's exposure to exchange-rate fluctuations can affect the company's operations, earnings and financial position. Although the company manages the currency exposure in USD through hedging transactions, there are no guarantees that the company's hedging strategies are sufficient to protect operating profits from the effects of future exchange-rate fluctuations.



Corporate Governance

Odd Molly is governed through the Annual General Meeting, the Board of Directors and President in accordance with the Swedish Companies Act and the company's Articles of Association. More information on the company's governance is available on page 54 of the printed Annual Report.

In 2007, Odd Molly's Board of Directors comprised five members elected by the 2007 Annual General Meeting. The President is not a Board member. The auditors are the registered company, Ernst & Young AB.

Odd Molly's Board of Directors has prepared a report pertaining to work distribution and reporting. The Board of Directors' report also regulates Board meetings, items to be addressed, the Chairman's assignments, the President's assignments and certain other issues. The Report is reviewed annually.

In addition to the statutory meetings, the Board held seven ordinary meetings and two extraordinary meetings during the year. The ordinary meetings primarily focused on revenue follow-ups, budget and budget follow-ups, organizational issues, strategic issues and external reporting. Preparations and decisions in conjunction with the listing on First North were important during the first part of the year.

Since Odd Molly is traded on First North and the company's market value is below SEK 3 billion, Odd Molly is not obligated to follow the Swedish Code of Corporate Governance ("The Code"). In cases where the Code is binding for Odd Molly, the company will comply with the Code.

The company did not have a Remuneration Committee during 2007, since the Board of Directors believes that due to the size of the company, these issues are best handled within the framework of the ordinary Board work. The Board has decided on remuneration levels for other senior executives after the Chairman of the Board had prepared the issue. Furthermore, the President and Chairman of the Board decided on remuneration levels for other senior executives. To ensure that the auditors are continuously updated on the company's development, the auditor, as with the Board, receives regular reports from the President with information on operations development and financial results.

Share and ownership

The number of shareholders on December 31, 2007 totaled approximately 2,500, of which approximately 85% were registered in Sweden. The five largest shareholders were ATV Hotell och Restaurant AB, Kattvik Financial Services AB, Karin Jimfelt-Ghatan, Per Holknekt and Fidelity Small Cap. More information is available under the section on share capital and ownership on page 30 of the company's printed annual report.

Odd Molly currently has no share-based incentives.

Future outlook

The primary reason for Odd Molly's profitability growth and the basis for the future development, along with creative design and a long-term and consistent brand work, is the company's business concept. Through its formation, the business concept facilitates continued expansion with limited capital requirements and minimal risks for large and obsolete inventories. The long lead times between selling-in and delivery mean that it is possible to forecast sales for a fiscal year to a relatively high degree.

On October 4, 2007, Odd Molly reported orders for spring and summer 2008. Binding orders for the first six months of 2008 corresponded to sales of approximately SEK 125 million. This would mean a sales increase of 158% compared with the first six months of 2007. There are certain uncertainties compared with the final outcome, including due to future currency development and individual retailers' development. The majority of the sales occur during the first quarter of the year.

On April 9, 2008, orders were reported for the autumn and winter of 2008, in which the majority of sales will be from deliveries during the third quarter. In October 2008, the orders for spring and summer of 2009 will be published.

Odd Molly will not be submitting any forecast for 2008 for sales and profits in addition to these order values announced.

Dividend

The Board of Directors has proposed that no dividend be paid for 2007. Instead, it is proposed that profits for the year be reinvested in the operations for continued expansion of the company in line with the dividend policy that was announced prior to the company's listing on First North in June 2007. The objective is that the Board shall annually review the proposed dividend policy. In consideration of future dividends, the Board will consider several factors, including the company's operations, operating profits and financial position, current and expected liquidity requirements, expansion plans and other significant factors. The Board is of the opinion that liquidity that is not needed in the operation over time shall be distributed equally to shareholders.

Proposal for appropriation of profits concerning the company's profit or loss

The Board of Directors proposes that unappropriated funds amounting to SEK 44,188,624 be disposed as follows:

Carried forward to new account	44 188 624
Total	44 188 624





Summary of financial information – Group

<i>Amount in TSEK</i>	2007	*2006	*2005	*2004
Profit/Loss				
Net sales	130 260	54 477	21 151	10 271
Operating profit/loss, EBIT	18 457	4 932	890	-290
Profit/loss for the year	12 922	3 358	600	-552
Margins				
Operating margin, EBIT, %	14	9	4	-3
Profit margin, %	14	9	3	-5
Yield measurement				
Return on capital employed, %	68	89	33	-21
Return on shareholders' equity, %	42	77	42	-155
Financial position				
Total assets	60 082	10 512	4 702	2 386
Shareholders' equity	45 079	6 046	2 754	112
Equity/assets ratio, %	75	57	58	5
Interest-coverage ratio, multiple	67	16	4	-1
Per share**				
Shareholders' equity per share, SEK	8,34	1,20	0,54	0,02
Profit/loss per share, SEK	2,39	0,67	0,12	-0,11
Dividend per share, SEK	0	0	0	0
Employees				
Average number of employees	19	10	5	3
Net sales per employee	6 856	5 448	4 230	3 424

* Parent Company's figures are reported for the years 2004, 2005 and 2006, since the Group was formed on May 1, 2007.

** Based on weighted average recalculated after implemented split.

Income statement – Group

Amount in SEK

		Group		Parent Company	
	Note	2007	*2006	2007	2006
Net sales	1	130 260 021	54 477 442	125 472 061	54 477 442
Other operating revenues	2	47 350	–	1 200 990	–
		130 307 371	54 477 442	126 673 051	54 477 442
Operating expenses					
Goods for resale		–55 703 655	–24 570 163	–53 710 943	–24 570 163
Other external expenses	3,4	–42 841 581	–19 348 412	–40 575 514	–19 348 412
Personnel expenses	5	–12 556 871	–5 123 497	–11 764 277	–5 123 497
Depreciation of tangible fixed assets	6	–431 960	–156 347	–407 345	–156 347
Other operating expenses	7	–316 741	–347 476	–313 951	–347 476
Operating profit		18 456 563	4 931 547	19 901 021	4 931 547
Profit/loss from financial items					
Interest income and similar income items	8	605 834	87 917	595 457	87 917
Interest expense and similar expense items	9	–283 801	–317 768	–283 571	–317 768
Profit after financial items		18 778 596	4 701 696	20 212 907	4 701 696
Tax on profit for the year	10	–5 856 686	–1 344 067	–5 911 347	–1 344 067
Profit for the year		12 921 910	3 357 629	14 301 560	3 357 629
Earnings per share		2,39	0,67		

* In the Group's income statement, balance sheet and cash-flow statement, the Parent Company's figures were reported for the comparative year since the Group was formed on May 1, 2007.

Balance sheet -Group

Amount in SEK

	Note	Group		Parent Company	
		Dec. 31, 2007	*Dec. 31, 2006	Dec. 31, 2007	Dec. 31, 2006
Assets					
Fixed assets					
<i>Tangible fixed assets</i>					
Equipment, tools, fixtures and fittings	11	1 644 832	981 758	1 496 920	981 758
		1 644 832	981 758	1 496 920	981 758
<i>Financial fixed assets</i>					
Deferred tax assets	14	59 987	–	–	–
Participations in Group companies	12			170 260	–
		59 987	–	170 260	–
Total fixed assets		1 704 819	981 758	1 667 180	981 758
Current assets					
<i>Inventories, etc.</i>					
Finished products and goods for resale		13 717 178	1 413 903	11 449 838	1 413 903
		13 717 178	1 413 903	11 449 838	1 413 903
<i>Current receivables</i>					
Accounts receivables		12 447 500	3 437 226	11 746 281	3 437 226
Receivables from Group companies	13			6 650 879	–
Other receivables		486 779	222 682	341 027	222 682
Prepaid expenses and accrued income	15	1 885 135	1 182 194	1 864 931	1 182 194
		14 819 414	4 842 102	20 603 118	4 842 102
Cash and bank balance		29 840 090	3 274 488	26 634 344	3 274 488
Total current assets		58 376 682	9 530 493	58 687 300	9 530 493
Total assets		60 081 501	10 512 251	60 354 480	10 512 251

* In the Group's income statement, balance sheet and cash-flow statement, the Parent Company's figures are reported for the comparative year since the Group was formed on May 1, 2007.

Balance sheet - Group

Amount in SEK	Note	Group		Parent Company	
		Dec. 31, 2007	Dec. 31, 2006	Dec. 31, 2007	Dec. 31, 2006
Shareholders' equity and liabilities					
Shareholders' equity	16				
<i>Restricted shareholders' equity</i>					
Share capital (5,752,000 shares)		575 200	122 000	575 200	122 000
Statutory reserve		1 659 788	2 046 560	1 628 040	2 006 240
		2 234 988	2 168 560	2 203 240	2 128 240
<i>Unrestricted shareholders' equity</i>					
Unrestricted reserves		29 922 143	519 599	–	–
Share Premium reserve		–	–	26 009 836	–
Profit brought forward		–	–	3 877 228	519 599
Profit for the year		12 921 910	3 357 629	14 301 560	3 357 629
		42 844 053	3 877 228	44 188 624	3 877 228
		45 079 041	6 045 788	46 391 864	6 005 468
Provisions					
Provisions for deferred tax	18	15 680	15 680	–	–
		15 680	15 680	–	–
Untaxed reserves					
Tax allocation reserve	17	–	–	56 000	56 000
		–	–	56 000	56 000
Long-term liabilities					
Other liabilities to credit institutions	19,20	–	71 430	–	71 430
		–	71 430	–	71 430
Current liabilities					
Liabilities to credit institutions	20	71 428	142 856	71 428	142 856
Advances from customers		18 440	173 412	18 440	173 412
Accounts payable		3 788 571	996 001	3 101 901	996 001
Current income tax liability		3 688 656	1 395 046	3 683 482	1 395 046
Other liabilities		2 139 325	301 631	2 109 203	301 631
Accrued expenses and deferred Income	22	5 280 360	1 370 407	4 922 162	1 370 407
		14 986 780	4 379 353	13 906 616	4 379 353
Total shareholders' equity and liabilities		60 081 501	10 512 251	60 354 480	10 512 251
Pledged assets and contingent liabilities					
Pledged assets	20	2 500 000	6 328 726	2 500 000	6 328 726
Contingent liabilities		None	None	None	None

* In the Group's income statement, balance sheet and cash-flow statement, the Parent Company's figures were reported for the comparative year since the Group was formed on May 1, 2007.

Cash-flow analysis - Group

Amount in SEK	Note	Group		Parent Company	
		2007	*2006	2007	2006
Operating activities					
Operating profit		18 456 563	4 931 547	19 901 021	4 931 547
Adjustments for items not included in the cash flow					
Depreciation/amortization and impairment losses		431 960	156 347	407 345	156 347
Capital gains from equipment sales		-2 265	-	-2 265	-
Interest received		605 834	87 917	595 457	87 917
Interest paid		-283 801	-317 768	-283 571	-317 768
		19 208 291	4 858 043	20 617 987	4 858 043
Tax paid		-2 040 360	8 094	-2 100 347	8 094
Cash flow from operating activities					
before changes in working capital		17 167 931	4 866 137	18 517 640	4 866 137
Cash flow from changes in working capital					
Increase(-)/Decrease(+) in inventories		-12 376 408	-480 500	-10 035 935	-480 500
Increase(-)/Decrease(+) in operating receivables		-10 006 675	-2 773 577	-15 761 016	-2 773 577
Increase(+)/Decrease(-) in operating liabilities		8 541 502	1 809 267	7 238 827	1 809 267
Cash flow from operating activities		3 326 350	3 421 327	-40 484	3 421 327
Investing activities					
Acquisition of tangible fixed assets		-1 132 928	-996 650	-956 042	-996 650
Divestment of tangible fixed assets		35 800	-	35 800	-
Acquisition of financial assets**		-59 987	-	-170 260	-
Cash flow from investing activities		-1 157 115	-996 650	-1 090 502	-996 650
Financing activities					
New share issue		30 000 000	-	30 000 000	-
Issue expenses		-5 437 728	-	-5 437 728	-
Repaid contingent shareholders' contribution		-	-66 000	-	-66 000
Amortization of debt		-71 430	-642 858	-71 430	-642 858
Cash flow from financing activities		24 490 842	-708 858	24 490 842	-708 858
Cash flow for the year					
Cash and cash equivalents at the beginning of the year		3 274 488	1 558 669	3 274 488	1 558 669
Exchange-rate difference in cash and cash equivalents		-94 475	-	-	-
Cash and cash equivalents at the end of the year		29 840 090	3 274 488	26 634 344	3 274 488
Utilitized credit facilities amounted to	21	2 000 000	14 000 000	2 000 000	14 000 000

* In the Group's income statement, balance sheet and cash-flow statement, the Parent Company's figures were reported for the comparative year since the Group was formed on May 1, 2007.

** Pertains to shares in subsidiaries.

The share

Listing

Odd Molly was listed on the unofficial First North marketplace on June 18, 2007, in connection with which the company added slightly over 2,000 new shareholders. The sales price was set at SEK 40 and the original offer was heavily oversubscribed.

Market capitalization and turnover

The last price paid on December 31, 2007 was SEK 173.50, giving Odd Molly a market capitalization of SEK 995.1 million. During the fiscal year an average of 42,587.64 shares were traded per day. A total of 5,791,919 million Odd Molly shares were traded on First North at a value of SEK 658,251,008 million. The lowest price was SEK 55.50 (June 18) and the highest price was SEK 200 (October 30, November 16, December 14). The share rose by 334 percent in 2007.

Share capital

Odd Molly's share capital amounted to SEK 575,200 on December 31, 2007, divided among 5,752,000 shares with a quota value of SEK 0.10 per share. According to the Articles of Association, the share capital will be no less than SEK 500,000 and no more than SEK 2,000,000, divided among no less than 5,000,000 shares and no more than 20,000,000 shares. At the Annual General Meeting, each share is entitled to one vote, and all shareholders can vote the full number of shares they hold without limitations on their voting rights. The shares can be freely transferred.

Split

Odd Molly completed a 41-to-1 stock split in the second quarter of 2007. In June a new issue of 750,000 shares was floated, providing the company with proceeds of approximately SEK 25 million after issue costs.

Share-based incentive programs

Odd Molly currently has no share-based incentive programs.

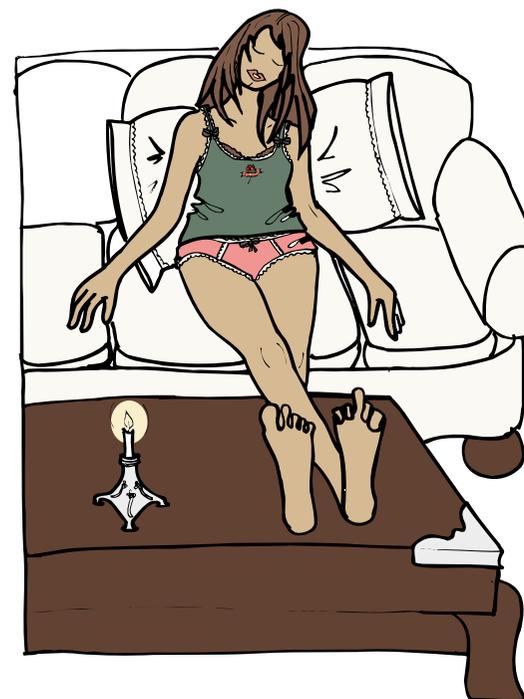
Dividend policy

The Board of Directors has proposed that no dividend be paid for 2007. Instead it has proposed that profit for the year be returned to operations for the company's continued expansion, in line with the dividend policy presented prior to the listing on First North in June 2007. The aim is that the Board will annually apply the established dividend policy.

Ownership structure as of December 31, 2007

On December 31, 2007 Odd Molly had 2,530 shareholders according to VPC (Central Securities Depository). Odd Molly's ten largest shareholders owned shares representing 80.5 percent of the votes and capital in the company. Foreign owners accounted for 14.6 percent as of December 31, 2007.

"don't push me..."





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