

# RNB

## INTERIM REPORT

1 SEPTEMBER 2019 – 30 NOVEMBER 2019

# 1



**RNB** RETAIL AND BRANDS

**POLARN O. PYRET**  
DEPARTMENTS & STORES

**Man of a kind**  
**BROTHERS**

# Positive earnings for Man of a kind

RNB started e-commerce in the luxury segment for men, Man of a kind in 2016. During the quarter, a very important milestone was reached by the quarterly results reaching black figures for the first time. The focus has been on full price sales and despite the lack of discounts, the segment has grown by 27% during the quarter and rolling twelve-month sales are now at SEK 25 million. RNBs operating income before restructuring expenses and IFRS 16 amounted to SEK 17 million in the quarter.

## FIRST QUARTER, SEPTEMBER 1, 2019 – NOVEMBER 30, 2019 IN SUMMARY

- Net sales decreased to SEK 573 M (600).
- Comparable sales for the Group on all national markets decreased by -9.0 percent.
- Sales for comparable units in Sweden decreased by -8.5 percent, compared to the market downturn of -2.5 percent.
- Operating income was SEK 12 M (36).
- Operating income, excluding restructuring costs and IFRS 16, the new accounting standard, amounted to SEK 17 M (36).
- Profit after tax amounted to SEK -4 M (25). Excluding IFRS 16 was profit after tax 0 Mkr (25).
- Earnings per share was SEK -0.12 (0.75).
- Cash flow from operating activities was SEK 99 M (47).

## EVENTS IN THE QUARTER

- The Extraordinary General Meeting on October 30, 2019 decided to implement a fully guaranteed new issue expected to raise some SEK 84.8 M before issue expenses.
- In a written procedure, bondholders approved changes to the terms of the bonds which included an extension of the bond loan to February 2023, and adjustments to repayment on final maturity and voluntary buy-back.
- The Company announced that Kristian Lustin had been appointed President and CEO of RNB from January 1, 2020.

## EVENTS AFTER THE END OF THE QUARTER

- The rights issue was completed and RNB received the issue proceeds. The increased share capital and new shares have been registered.

## CONTACT

CEO Magnus Håkansson +46 (0)8 410 520 02  
CFO Kristian Lustin +46 (0)8 410 524 63

## PRESS AND ANALYST MEETING

RNB will hold a press and analyst conference in connection with the publication of the report, presented by Magnus Håkansson, President and CEO and Kristian Lustin, CFO. The presentation will be held on December 19 at 10:00 a.m. CET and can be followed through a teleconference/audiocast.

To participate in the teleconference please call before the opening of the conference:

+46 856 642 707 (Sweden)  
+44 333 300 92 73 (UK)

Or at the following link: <http://www.rnb.se/Investor-relations/>

## FINANCIAL CALENDAR

Annual General Meeting 2018/2019	December 19, 2019
Interim Report, second quarter 2019/2020	March 26, 2020
Interim Report, third quarter 2019/2020	June 25, 2020
Interim Report, fourth quarter 2019/2020	October 8, 2020
Interim Report, first quarter 2020/2021	December 22, 2020

This information is such that RNB RETAIL AND BRANDS AB (publ) is required to disclose according to the EU's Market Abuse Regulation and the Swedish Securities Markets Act. The information was submitted for publication through the agency of the above contact persons on December 19, 2019 at 07:00 a.m. (CEST).

*This report has been prepared in English and Swedish versions. In the event of any discrepancy between the two versions, the Swedish report shall prevail.*

# Comments from the CEO

## **MAN OF A KIND HITS MILESTONE, BROTHERS UNDER PRESSURE**

According to Stilindex, the Swedish market contracted by -2.5% in the quarter for comparable stores and associated e-commerce. The corresponding figure for RNB was -8.5%. Departments & Stores was stable in the quarter, Man of a kind was strong, and Polarn O. Pyret and Brothers made weak progress. A two-year perspective neutralizes the discrepancy however, as RNB outperformed the market by just over 6% last year. In addition to the market analyzed by Stilindex, the new e-commerce market also needs to be taken into account. Although there is significant oversupply in the total market, the consumption is increasing at lower gross margins.

Adjusted operating income was SEK +17 M (36) in the quarter. Almost all of the decrease was due to weaker profitability in Brothers. The highlight in the quarter was provided by Man of a kind, which delivered its first positive result of SEK 0 M (-3), an important milestone.

## **POLARN O. PYRET COMPENSATES FOR CHALLENGING MARKET**

Polarn O. Pyret has worked systematically to develop the clothing range, renewing stores and sharpening the e-commerce focus over the past three years. Most of this work has yielded results, and the business area has won awards for best loyalty program, store design concept, brand management etc. while profitability has also gradually increased over the last four years. In March, the positive profit trend turned negative. Sales were weak (-13%) in this first quarter of the year, although gross margin was stronger than last year. Good cost control ensured that Polarn O. Pyret stabilized in the quarter, returning positive profit of SEK 27 M (31).

Although Polarn O. Pyret's inventory levels are excessive, the company is systematically working to decrease them. The conditions are favorable for reversing the trend over the coming quarters.

## **BROTHERS HAS POTENTIAL**

We consider that the Brothers concept offers a great clothing range that provides value for money. The stores have a high service rate. Brothers' e-commerce operations have grown significantly in recent years and now represent just over 6% of sales.

The combination of unsatisfactory renewal of the clothing range and intensifying competition generated weak sales for comparable stores (-11%), while gross margins have also fallen significantly.



Brothers harbors potential by continuing to work on the brand, digital marketing channels and e-commerce growth to further clarify the value offering to its customers. Although this work is in progress, it generated an increase in total costs in the quarter.

Operating income was SEK -16 M (3) in the first quarter.

Brothers', despite low sales, had low inventory levels at the end of the quarter. Throughput of goods was too low in the period.

## **GRADUAL IMPROVEMENT FOR DEPARTMENTS & STORES**

Conditions for profitable operations are now gradually improving as operations in the Stockholm department store stabilize. Sales for comparable stores decreased by -4.3% in the first quarter, although total sales increased by just under 4% including refurbished and new stores. As a result of good cost control, operating income was SEK 13 M (12) in the quarter.

The transformation of NK in Stockholm, where Departments & Stores constitute a significant part of operations, is expected to continue to yield further positive effects at a pace with refurbishment being completed by mid-2020.

### **POSTIVE PROFIT FOR MAN OF A KIND**

Man of a kind continued to make good progress in terms of sales, reaching a positive 27% in the first quarter. More and more right focus in the marketing work and reduction of related costs contributed positively to the result. In the quarter, operating income reached a small positive SEK 0 M (-3) for the first time. The focus on active brand curation of brands for men with distinguished taste has been successful. Sales totaled SEK 25 M over the past 12 months.

### **PROSPECTS FOR 2019/2020**

The year has been demanding because of the work associated with separating off the business areas which is now completed. In addition, we strengthened our capital base through a fully underwritten new issue in the fall.

We anticipate positive progress and growth for Polarn O. Pyret over the coming years. We also expect to gradually clarify Brothers' value offering to its customers. For Departments & Stores, we're now gradually seeing the effects of the extensive development and transformation of the Stockholm department store. Man of a kind has good growth potential and is now profitable.

The restructuring costs of SEK 35 million over the past 12 months will cease, while the full effect of significant cost rationalizations will be realized, during the coming quarters.

Looking ahead, the work with potential divestments can proceed on the basis of the strong foundations we've created in each of the operations, our well-structured business plans and the unchanged operational focus on implementing the companies' individual plans.

Magnus Håkansson  
*President and CEO*

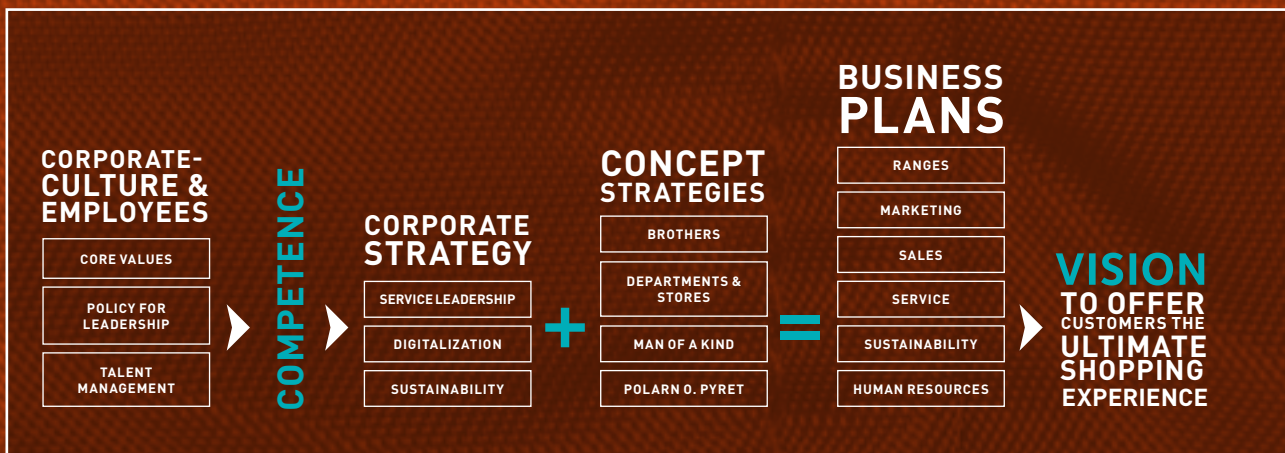
# RNB RETAIL AND BRANDS

RNB RETAIL AND BRANDS owns, operates and develops fashion wear, ready-to-wear clothing, accessories, jewelry and cosmetics stores and e-commerce that focus on providing excellent service and a world-class shopping experience. Sales are conducted through the concepts Brothers, Departments & Stores, Man of a kind and Polarn O. Pyret. The Group has more than 250 stores and e-commerce platforms in 10 countries. RNB RETAIL AND BRANDS is listed on Nasdaq Stockholm (RNBS).

## Vision

RNB RETAIL AND BRANDS' vision is to offer customers the ultimate shopping experience.

## Business model



The above figure illustrates how our corporate culture and core values – “The customer is most important”, “We do sustainable and smart business”, “We believe in people” and “Direct communication” – coupled with our strategy and vision, express RNB’s business model and show the way forward. The core values pervade RNB’s operations and define our strong corporate culture, which is a key building block of our strategy. The strategy is then given concrete form in the business plans of individual subsidiaries with the aim of realizing our vision.

The starting point for RNB’s strategy is to operate through four clearly positioned and differentiated store concepts aimed at the respective target groups. The concepts are characterized by inspiring stores, excellent service with a pronounced digital presence, accessibility and attractive fashion ranges. Sales are conducted in large cities, smaller towns and shopping centers and through e-commerce. All aspects of operations are carried out on the basis of achieving clear and long-term sustainability.

# Revenue and earnings RNB Group

## **FIRST QUARTER, SEPTEMBER 1, 2019 - NOVEMBER 30, 2019**

Reported net sales for the Group were SEK 573 M (600) in the first quarter. Departments & Stores and Man of a kind increased net sales in the quarter. For comparable units in Sweden, sales were -8.5 percent compared to +2,4 last year, and for all national markets sales decreased by -9.0 percent (+2,8) expressed in SEK.

The Group's gross margin decreased slightly to 53.5 percent (53.9) in the quarter, with the business areas Man of a kind and Polarn O. Pyret increasing margins. Margins decreased in the two other business areas, due to more campaigns and increased discounting and negative exchange rate effects in the quarter.

Total costs, excluding restructuring costs, decreased in the quarter year-on-year owing to cost reductions. Depreciation/amortization in the quarter totaled SEK -78 M (-11), whereby SEK -69 M related to depreciation/amortization of leasing assets in accordance with IFRS 16.

In the quarter, costs for restructuring totaled SEK 9 M, reported under "Group wide and eliminations". Costs are reported under Other external expenses and personnel expenses.

Operating income, excluding restructuring costs and IFRS 16, the new accounting standard, amounted to SEK 17 M (36).

Operating income was SEK 12 M (36). IFRS 16 had a positive effect on the operating income of SEK 3 M. Excluding IFRS 16, operating income was SEK 8 M (36).

Net financial items totaled SEK -15 M (-10), of which unrealized gains on currency hedges not affecting cash flow affected net financial items by SEK 0 M (-2) and for IFRS 16 -7 M (0).

Profit after tax amounted to SEK -4 M (25).

### *Market progress in the quarter*

According to Stilindex (the Swedish Retail and Wholesale Trade Research Institute), clothing sales in Sweden decreased by -2.5 (-3.7) percent in the quarter. Sales in Finland of men's, women's and children's clothing increased by 3.2 percent (-4.0).

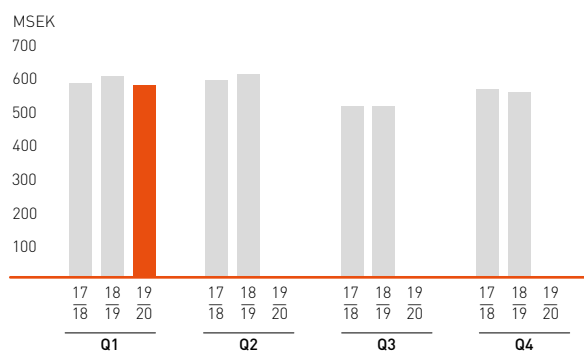
### *IFRS 16*

In order to enable comparison of the 2019/2020 financial year results with previous year's results, some financial ratios will be stated excluding the IFRS 16 effect.

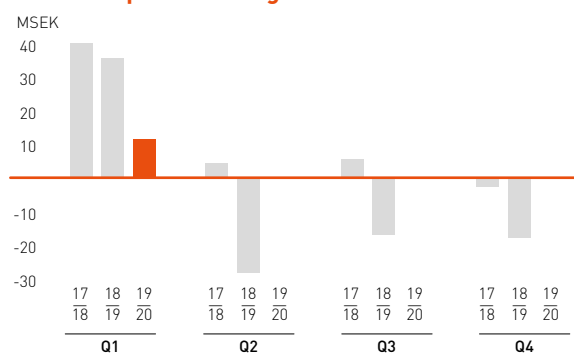
## Group overview

	3 months		12 months	Full Year
	Sep 2019 -Nov 2019	Sep 2018 -Nov 2018	Dec 2018 -Nov 2019	Sep 2018 -Aug 2019
Net sales, SEK M	573	600	2,240	2,267
Gross margin,(%)	53.5	53.9	48.9	49.1
Operating income ,SEK M	12	36	-134	-110
<i>Operating income before restructuring expenses and impairment of goodwill, SEK M</i>	17	36	-37	-18
Operating income excl. IFRS 16, SEK M	8	36	-137	-110
Profit after tax, SEK M	-4	25	-172	-142
Operating margin (%)	2.0	5.9	-6.0	-4.9
<i>Operating margin before restructuring expenses and impairment of goodwill, (%)</i>	2.9	5.9	-1.7	-0.8
Operating margin (%), excl. IFRS 16	1.4	5.9	-6.1	-4.9
Earnings per share, SEK	-0.12	0.75	-5.06	-4.20
Cash flow from operating activities, SEK M	99	47	102	50
Number of sales points	249	262	249	247

### Net sales per quarter



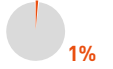



### Operating income per quarter before Impairment of goodwill



# Financial overview, business areas

RNB RETAIL AND BRANDS reports net sales and operating income for four business areas: Brothers, Departments & Stores, Man of a kind and Polarn O. Pyret.

Business area	Net sales, Sept-Nov	Share, %	Operating income, Sept-Nov	Own stores		Franchise	
				Stores	E-com	Stores	E-com
<b>BROTHERS</b>	<b>117 MSEK</b>	 20%	<b>-16 MSEK</b>	<b>Total</b>	<b>55</b>	<b>2</b>	<b>11</b>
				Sweden	43	1	11
				Finland	12	1	
DEPARTMENTS & STORES	<b>234 MSEK</b>	 41%	<b>13 MSEK</b>	<b>Total</b>	<b>44</b>		
				NK Stockholm	28		
				NK Gothenburg	16		
Man of a kind	<b>8 MSEK</b>	 1%	<b>0 MSEK</b>	<b>Total</b>	<b>1</b>		
POLARN O. PYRET	<b>214 MSEK</b>	 37%	<b>27 MSEK</b>	<b>Total</b>	<b>97</b>	<b>4</b>	<b>29</b>
				Sweden	53	3	7
				Norway	23	1	
				Finland	18		1
				England			11
				USA			3
				Estonia	2		
				Ireland			2
				Scotland			3
				Iceland			1
				Latvia			1
<b>Total</b>	<b>573 MSEK</b>		<b>8 MSEK</b>		<b>196</b>	<b>7</b>	<b>40</b>
RNB RETAIL AND BRANDS				<b>236 stores</b>	<b>13 e-com</b>	<b>10 countries</b>	<b>6</b>

Net sales and operating income per business area	3 months		12 months	Full Year
	Sep 2019 -Nov 2019	Sep 2018 -Nov 2018	Dec 2018 -Nov 2019	Sep 2018 -Aug 2019
<b>Net sales, SEK M</b>				
Brothers	116.6	133.2	522.5	539.1
Departments & Stores	234.0	225.5	928.2	919.7
Man of a kind	8.0	6.2	25.3	23.5
Polarn O. Pyret	214.1	234.6	763.9	784.4
Central operations & eliminations	0.0	0.0	0.0	0.0
<b>Total</b>	<b>572.7</b>	<b>599.5</b>	<b>2,239.9</b>	<b>2,266.7</b>
<b>Operating income, SEK M</b>				
Brothers	-15.6	2.6	-30.5	-12.3
Departments & Stores <sup>1</sup>	12.5	11.9	17.5	16.9
Man of a kind	0.4	-3.0	-10.2	-13.6
Polarn O. Pyret	26.8	30.8	16.0	20.0
Central operations & eliminations	-15.8	-6.7	-65.2	-56.1
<b>Operating income excl. IFRS 16<sup>1</sup></b>	<b>8.3</b>	<b>35.6</b>	<b>-72.4</b>	<b>-45.1</b>
Operating income before restructuring expenses, impairment of goodwill and IFRS 16	16.8	35.6	-37.0	-18.2

<sup>1</sup> The group's operating profit is charged with impairment of goodwill assignable to Department & Stores



# BROTHERS

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Brothers is a men's fashion chain in the upper mid-price segment, offering smart casual men's fashion in an inspiring store environment, with knowledgeable staff and a strong emphasis on service

## **FIRST QUARTER, SEPTEMBER 1, 2019 - NOVEMBER 30, 2019**

Net sales in the Brothers business area totaled SEK 117 M (133). Sales in comparable stores in Sweden and Finland decreased by 11.4 percent expressed in SEK. Sales in the Black Friday week was higher year-on-year both in store and in e-commerce. Net sales from franchise stores were down in the quarter compared to the corresponding period in the previous year, mainly due to a decrease in the number of franchise stores. Total brand sales (total sales to consumers excluding VAT across all markets) were SEK 581 M (603) on a rolling 12-month basis.

The number of paying customers in comparable stores decreased in the quarter compared to the corresponding quarter in the previous year. The in-store conversion rate was lower. For e-commerce, the visitor numbers continued to increase, while the conversion rate decreased.

The business area's gross margin was down in the quarter in year-on-year terms, mainly due to negative exchange rate effects. Expenses, mainly marketing costs, increased in the quarter.

Operating income, excluding IFRS 16, was SEK -16 M (3) in the quarter, which corresponded to a gross margin of -13.4 percent (2.0).

Inventories decreased in the quarter and were significantly lower at the end of the quarter in year-on-year terms.

During the quarter, the business area took over the franchise store in Luleå which was re-opened at the end of October.

In September, Brothers launched its new communication concept "A Brothers world". The goal is to reposition the brand from a destination for formal suits towards smart casual fashion.



# DEPARTMENTS & STORES

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Departments & Stores offers customers an international product mix in an inspiring environment with world class service

## **FIRST QUARTER, SEPTEMBER 1, 2019 - NOVEMBER 30, 2019**

Net sales in the Departments & Stores business area were SEK 234 M (226), an increase of 3.8 percent. The number of visitors in the two in-store departments in Stockholm and Gothenburg was in-line with the corresponding quarter of the previous year. Average spend per customer increased, while the conversion rate declined.

Gross margin decreased compared to the corresponding quarter of the previous year. Total expenses were lower in the quarter year-on-year. Higher rent costs were offset by a reduction in other overhead costs. Operating income was SEK 13 M (12), excluding IFRS 16, with an operating margin of 5.3 percent (5.3).

Business area inventories increased in the quarter but were slightly lower at the end of the quarter compared to the previous year. This despite a larger floor space, in year-on-year terms.

The refurbishment of the department stores continued. In the quarter, the Business area opened NK Details in both Stockholm and Gothenburg, offering a wide range of exclusive jewelry and sunglasses. NK Male Grooming in Stockholm, a specialist department for men's underwear, shaving sets, fragrances and hair and skin products, moved to a new floor space. A piercing studio opened on the ground floor in Stockholm, with the Swedish jewelry brand Ennui Atelier, NK Hair Bar and also a temporary Artby area.



# Man of a kind

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Man of a kind offers a curated range of the strongest international and Scandinavian brands in an inspiring environment with world-class service

**FIRST QUARTER,  
SEPTEMBER 1, 2019 - NOVEMBER 30, 2019**

Net sales in the Man of a kind business area were SEK 8 M (6). Visitor numbers continued to increase significantly in year-on-year terms. Gross margin was significantly higher compared to the corresponding quarter in the previous year due to a focus on full price, new arrivals and brands. Expenses relating to performance marketing were down in relation to net sales, both compared to the previous year and previous quarter.

Operating income was SEK 0 M (-3), excluding IFRS 16.

Man of a kind's inventories are included in Departments & Stores' inventories.

Some of the brands Man of a kind offer online are exclusive to Man of a kind in Sweden, i.e. the brands are not available online from any other retailer.



# POLARN O. PYRET

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Through its devotion to children, Polarn O. Pyret provides the most relevant and attractive range of quality clothing. With expertise, passion and commitment, we guide and inspire our customers towards better purchases—today and for the future

## **FIRST QUARTER, SEPTEMBER 1, 2019 - NOVEMBER 30, 2019**

Net sales totaled SEK 214 M (235) in the quarter. Sales in comparable proprietary stores on all national markets decreased by -13.0 percent year-on-year, expressed in SEK. Brand sales (total sales to consumers excluding VAT across all markets and distribution channels) were SEK 886 M (907) on a rolling 12-month basis.

The number of paying customers in comparable stores was down on the corresponding period in the previous year. The in-store conversion rate decreased while average spend per

customer increased slightly. In e-commerce, visitor numbers were down slightly with a decreased conversion rate, although average spend per customer increased.

Gross margin for the quarter was up year-on-year.

Operational expenses were lower compared to the corresponding quarter of the previous year, with the largest decrease due to personnel costs.

Operating income was SEK 27 M (31), excluding IFRS 16, corresponding to an operating margin of 12.5 percent (13.1).

Business area inventories increased slightly in the quarter but were lower at the end of the quarter in year-on-year terms.



# Financial position and liquidity

The Group's total assets amounted to SEK 2,339 M, compared to SEK 1,112 M at the end of the previous financial year. At the end of the period, equity was SEK 218 M, and SEK 235 M at the end of the previous financial year, providing an equity/assets ratio of 9.3 percent (21.1) at year-end. Excluding IFRS 16, the equity/assets ratio was 18.6 percent (21.1).

As of November 30, inventories totaled SEK 482 M (506), compared to SEK 458 M at the end of the previous financial year.

Cash flow from changes in working capital was positive in the period at SEK 24 M (9). Cash flow from operating activities was SEK 99 M (47) in the period. After investments, cash flow was SEK 91 M (22).

Net debt increased to SEK 1,565 M, compared to SEK 442 M at the end of the previous financial year. Excluding the effect from IFRS 16, net debt amounted to SEK 396 M (412). The Group's cash and cash equivalents including unutilized overdraft facilities totaled SEK 105 M at the end of the period, compared to SEK 58 M at the end of the previous financial year.

## INVESTMENTS AND DEPRECIATION/AMORTIZATION AND IMPAIRMENT

Investments during the period, excluding investments in subsidiaries, totaled SEK 5 M (25). Depreciation/amortization and impairment totaled SEK -78 M (-11) of which -69 M is due to IFRS 16.

## EMPLOYEES

The average number of employees, recalculated as full-time employees, was 917 (997) in the quarter.

## RELATED-PARTY TRANSACTIONS

There were no transactions in the financial year between the RNB Group and related parties that materially impacted the Group's financial position and results of operations. In September 2019, RNB announced a new issue where the company's two largest shareholders have committed to subscribe to approximately 45 percent of the issue. For more information on transactions with related parties, see Note 34 of the 2018/2019 Annual Report.

## TAX

During the financial year, the Group paid tax totaling SEK 0 M (0). As the company has non-capitalized loss carry forwards of SEK 779 M, tax expenses are expected to remain low. For more information, see Note 9 of the 2018/2019 Annual Report.

## PARENT COMPANY

Parent Company net sales were SEK 14 (27) M. Profit/loss after net financial items was SEK -22 (-12) M. Investments totaled SEK 1 (7) M.

## SEASONAL VARIATIONS

Retail sales are affected by seasonal variations, with the highest sales generated during the fall and winter. Gross margin is affected by periodic clearance sales. Deviations from

normal weather conditions impact both sales and margins. Sales per quarter are relatively evenly distributed during the year, although the first quarter is generally the strongest and the third quarter weakest in terms of sales. Operating income varies significantly between quarters. The first quarter generates a significantly higher share of operating income. The third quarter generally generates the lowest operating income.

## RISKS AND UNCERTAINTIES

RNB is exposed to a number of risk factors that are wholly or partly outside the company's control, but which could affect the Group's earnings and operations.

### Financial risks

- Financing risk relating to the Group's borrowing.
- Currency risk in fair value terms and future cash flow where the estimated highest risk is attributable to goods purchased in foreign currency.
- Interest-rate exposure associated with the Group's net debt.
- Liquidity risk associated with the Group's financial liabilities.

### Operational risks

- Demand for RNB's products, like general demand in the retail sector, is affected by changes in overall market conditions, consumer patterns and weather conditions.
- Competition from existing and new operators active in RNB's segments.
- Identifying continuously shifting fashion trends and customer preferences.

For a more detailed description of the Group's risks and risk management, see the 2018/2019 Annual Report.

## NEW ISSUE

A fully guaranteed preferential rights issue was completed in the period, raising some SEK 84.8 M before issue expenses. The issue was completed and registered after the end of the quarter and increased the share capital in the company by SEK 30.5 M and the number of shares to 101,736,528 shares.

## BOND LOAN

The following changes to the conditions of the bond loan became effective on October 22, 2019.

- Definition of Final Maturity date is February 2, 2023.
- Definition of permitted loan was adjusted,
- Repayment on final maturity has been adjusted so that the amount repaid on term is 106 percent of the nominal amount, plus accrued, unpaid interest, and
- Voluntary buy-back has been adjusted with regard to dates and prices.

## REVIEW

This Interim Report has not been subject to review by the Company's Auditors.

The Board of Directors and President provide their assurance that the Interim Report provides a fair and accurate view of the company's and Group's operations, financial position and results of operations, and describes the material risks and uncertainties the company and the companies included in the Group face.

Stockholm, Sweden, December 19, 2019  
The Board of Directors and Chief Executive Officer of  
RNB RETAIL AND BRANDS AB (publ)

Laszlo Kriss  
*Chairman*

Per Thunell  
*Deputy Chairman*

Monika Elling  
*Board member*

Michael Lemner  
*Board member*

Joel Lindeman  
*Board member*

Sara Wimmercranz  
*Board member*

Magnus Håkansson  
*President and CEO*

# Consolidated Income Statement

SEK M	3 months		12 months	Full Year
	Sep 2019 –Nov 2019	Sep 2018 –Nov 2018	Dec 2018 –Nov 2019	Sep 2018 –Aug 2019
Net sales	572.7	599.5	2,239.9	2,266.7
Goods for resale	-266.5	-276.5	-1,144.1	-1,154.1
<b>Gross income</b>	<b>306.2</b>	<b>323.0</b>	<b>1,095.8</b>	<b>1,112.6</b>
Other operating income	7.9	6.6	30.9	29.6
Other external expenses	-89.6	-141.3	-518.7	-570.4
Personnel expenses	-135.1	-142.0	-563.3	-570.2
Depreciation and impairment of non-current assets	-77.8	-10.7	-113.8	-46.7
Impairment of goodwill	-	-	-65.0	-65.0
<b>Operating income</b>	<b>11.6</b>	<b>35.6</b>	<b>-134.1</b>	<b>-110.1</b>
Financial income	1.3	0.7	2.8	2.2
Financial expenses	-16.2	-8.9	-39.3	-32.0
Unrealized profit/loss on futures contracts	0.0	-1.8	-0.8	-2.6
<b>Net financial items</b>	<b>-14.9</b>	<b>-10.0</b>	<b>-37.3</b>	<b>-32.4</b>
<b>Profit before tax from continuing operations</b>	<b>-3.3</b>	<b>25.6</b>	<b>-171.4</b>	<b>-142.5</b>
Tax on net income for the period	-0.6	-0.2	-0.3	0.1
<b>Net income for the period</b>	<b>-3.9</b>	<b>25.4</b>	<b>-171.7</b>	<b>-142.4</b>
<b>Other comprehensive income</b>				
<i>Other comprehensive income, which will be reclassified to net income in subsequent periods</i>				
Cash flow hedges – value changes	-8.2	-1.3	8.3	15.2
Cash flow hedges recognised in income	-4.4	-6.3	-26.5	-28.4
Translation differences	-0.9	0.9	-0.6	1.2
Tax attributable to items in other comprehensive income	-	-	-	-
<b>Comprehensive income for the period</b>	<b>-17.4</b>	<b>18.7</b>	<b>-190.5</b>	<b>-154.4</b>
<b>Net income for the period attributable to:</b>				
Parent Company's shareholders	-3.9	25.4	-171.7	-142.4
	<b>-3.9</b>	<b>25.4</b>	<b>-171.7</b>	<b>-142.4</b>
<b>Comprehensive income attributable to:</b>				
Parent Company's shareholders	-17.4	18.7	-190.5	-154.4
	<b>-17.4</b>	<b>18.7</b>	<b>-190.5</b>	<b>-154.4</b>
<b>Earnings per share before and after dilution (SEK)</b>	<b>-0.12</b>	<b>0.75</b>	<b>-5.06</b>	<b>-4.20</b>
<b>Average number of shares, (000s)</b>	<b>33,912</b>	<b>33,912</b>	<b>33,912</b>	<b>33,912</b>

## Consolidated Balance Sheet, in summary

SEK M	Nov 30, 2019	Nov 30, 2018	Aug 31, 2019
<b>Assets</b>			
Intangible assets	384.3	449.5	386.3
Tangible assets	81.9	87.3	84.8
Right-of-use assets	1165.4	0.0	0.0
Financial assets	9.8	13.5	9.7
<b>Total non-current assets</b>	<b>1641.4</b>	<b>550.3</b>	<b>480.8</b>
Inventories	481.7	505.9	458.4
Current receivables	191.0	140.8	162.1
Cash	24.7	6.7	10.6
<b>Total current assets</b>	<b>697.4</b>	<b>653.4</b>	<b>631.1</b>
<b>Total assets</b>	<b>2,338.8</b>	<b>1,203.7</b>	<b>1,111.9</b>
<b>Shareholders' equity and liabilities</b>			
Equity attributable to the Parent Company shareholders	217.6	408.1	235.0
<b>Total equity</b>	<b>217.6</b>	<b>408.1</b>	<b>235.0</b>
Long-term lease liabilities	935.8	–	–
Non-current liabilities	421.3	418.8	422.7
Current lease liabilities	233.4	–	–
Current liabilities	530.7	376.8	454.2
<b>Total liabilities</b>	<b>2121.2</b>	<b>795.6</b>	<b>876.9</b>
<b>Total equity and liabilities</b>	<b>2,338.8</b>	<b>1,203.7</b>	<b>1,111.9</b>

## Changes in shareholders' equity, in summary

SEK M	Sep 2019 –Nov 2019	Sep 2018 –Nov 2018	Sep 2018 –Aug 2019
Opening balance	235.0	389.4	389.4
<b>Net income for the period</b>	<b>–3.9</b>	<b>25.4</b>	<b>–142.4</b>
<b>Other comprehensive income</b>			
Changes to cash flow hedges	–8.2	–1.3	15.2
Cash flow hedges recognised in income	–4.4	–6.3	–28.4
Translation differences	–0.9	0.9	1.2
<b>Total comprehensive income for the year</b>	<b>–17.4</b>	<b>18.7</b>	<b>–154.4</b>
Paid dividend	0.0	0.0	0.0
<b>Balance at end of period</b>	<b>217.6</b>	<b>408.1</b>	<b>235.0</b>



# Consolidated Cash Flow Statement, in summary

SEK M	3 months		12 months	Full Year
	Sep 2019 -Nov 2019	Sep 2018 -Nov 2018	Dec 2018 -Nov 2019	Sep 2018 -Aug 2019
<b>Operating activities</b>				
Operating income	11.6	35.6	-134.1	-110.1
Interest received and other financial income	1.3	0.7	2.8	2.2
Interest paid	-15.7	-9.0	-36.4	-29.7
Adjustment for non-cash items	77.8	10.6	182.5	115.3
Tax paid	0.0	0.0	2.0	2.0
<b>Cash flow before change in working capital</b>	<b>75.0</b>	<b>37.9</b>	<b>16.8</b>	<b>-20.3</b>
<b>Cash flow from change in working capital</b>				
Change in inventories	-23.1	-5.4	22.6	40.3
Decrease (+)/increase (-) in current receivables	-36.0	28.1	-68.7	-4.6
Decrease (-)/increase (+) in current liabilities	83.4	-13.7	131.5	34.3
<b>Change in working capital</b>	<b>24.3</b>	<b>9.0</b>	<b>85.4</b>	<b>70.0</b>
<b>Cash flow from operating activities</b>	<b>99.3</b>	<b>46.9</b>	<b>102.2</b>	<b>49.7</b>
<b>Cash flow from investing activities</b>	<b>-8.4</b>	<b>-25.0</b>	<b>-40.3</b>	<b>-56.9</b>
<b>Cash flow after investments</b>	<b>90.9</b>	<b>21.9</b>	<b>61.9</b>	<b>-7.2</b>
<b>Financing activities</b>				
Change in overdraft facility	-32.9	-26.3	0.0	6.6
Other liabilities raised	20.0	-	20.0	-
Change in liabilities to financial institutions	0.0	0.0	0.0	0.0
Issue of Corporate bond	0.7	0.0	0.7	0.0
Amortization of loan	0.0	0.0	0.0	0.0
Payment of lease liabilities (rental payments)	-64.7	0.0	-64.7	0.0
Paid dividend	0.0	0.0	0.0	0.0
<b>Cash flow from financing activities</b>	<b>-76.9</b>	<b>-26.3</b>	<b>-44.0</b>	<b>6.6</b>
<b>Cash flow during the period</b>	<b>14.0</b>	<b>-4.4</b>	<b>17.9</b>	<b>-0.6</b>
Cash and cash equivalents at beginning of period	10.6	11.3	6.7	11.3
Exchange difference in cash and cash equivalents	0.1	-0.1	0.1	-0.1
<b>Cash and cash equivalents at end of period</b>	<b>24.7</b>	<b>6.7</b>	<b>24.7</b>	<b>10.6</b>

## Key ratios

SEK M	Sep 2019 -nov 2019	Sep 2018 -nov 2018	Dec 2018 -nov 2019	Sep 2018 -aug 2019
Gross margin, %	53.5	53.9	48.9	49.1
Operating margin, %	2.0	5.9	-6.0	-4.9
Operating margin, excl. IFRS 16, %	1.4	5.9	-6.0	-4.9
Equity/assets ratio, %	9.3	33.9	9.3	21.1
Equity/assets ratio, excl. IFRS 16, %	18.6	33.9	18.6	21.1
Interest coverage ratio, x	0.8	3.4	-3.3	-3.1
Ratio of net debt and operating income before depreciation/amortization	17.5	8.9	35.0	276.4
Net debt, MSEK	1,565.1	412.1	1,565.1	442.3
Net debt/equity ratio, %	719.3	101.0	719.3	188.2
Return on equity, %	-1.7	6.4	-54.9	-45.6
Return on capital employed, %	1.2	4.4	-10.9	-14.7
Average number of shares, 000s	33,912	33,912	33,912	33,912
Number of shares at end of period, 000s	33,912	33,912	33,912	33,912
Profit after tax per share, SEK	-0.12	0.75	-5.06	-4.20
Equity per share at end of period, SEK	6.42	12.03	6.42	6.93
Average number of employees, full time	917	997	912	992

See Definition of key ratios at page 23

## Shareholders

Largest shareholders as of November 30, 2019

	Number of shares	Share capital/ Votes, %
Konsumentföreningen Stockholm	11,246,598	33.2
Novobis AB	4,000,000	11.8
Avanza Pension Försäkringsaktiebolaget	1,745,975	5.2
Nordnet pensionsförsäkring AB	1,674,343	4.9
Youplus Assurance	500,000	1.5
Johan Fahlin	335,503	1.0
Achille Fedeli	300,000	0.9
Anders Olsson	250,000	0.7
Kalp AB	200,000	0.6
Ekeborg Kapital	198,500	0.6
<b>Total 10 largest shareholders</b>	<b>20,450,919</b>	<b>60.4</b>
Other	13,461,257	39.6
<b>Total</b>	<b>33,912,176</b>	<b>100.0</b>

Source: Euroclear Sweden AB

## Income Statement per quarter, Group

SEK M	Q1		Q4		Q3		Q2	
	2019/ 2020	2018/ 2019	2018/ 2019	2017/ 2018	2018/ 2019	2017/ 2018	2018/ 2019	2017/ 2018
Net sales	572.7	599.5	552.0	560.7	511.3	509.5	603.9	587.2
Goods for resale	-266.5	-276.5	-309.4	-301.0	-244.3	-243.1	-323.9	-312.1
<b>Gross income</b>	<b>306.2</b>	<b>323.0</b>	<b>242.6</b>	<b>259.7</b>	<b>267.0</b>	<b>266.4</b>	<b>280.0</b>	<b>275.1</b>
Other operating income	7.9	6.6	5.8	6.5	9.3	9.3	7.9	9.4
Other external expenses	-89.6	-141.3	-141.3	-133.1	-145.5	-123.1	-142.3	-128.0
Personnel expenses	-135.1	-142.0	-132.0	-124.8	-137.8	-137.0	-158.4	-141.9
Depreciation and impairment of non-current assets	-77.8	-10.7	-10.6	-11.1	-9.9	-10.0	-15.5	-10.3
Impairment of goodwill	0.0	-	-65.0	-	-	-	-	-
<b>Operating income</b>	<b>11.6</b>	<b>35.6</b>	<b>-100.5</b>	<b>-2.8</b>	<b>-16.9</b>	<b>5.6</b>	<b>-28.3</b>	<b>4.3</b>
Financial income	1.3	0.7	1.4	2.7	0.1	1.2	0.0	-0.7
Financial expenses	-16.2	-8.9	-7.2	-9.1	-8.4	-9.4	-7.5	-3.0
Unrealized profit/loss on futures contracts	0.0	-1.8	-0.1	-1.5	0.1	5.8	-0.8	0.2
<b>Net financial items</b>	<b>-14.9</b>	<b>-10.0</b>	<b>-5.9</b>	<b>-7.9</b>	<b>-8.2</b>	<b>-2.4</b>	<b>-8.3</b>	<b>-3.5</b>
<b>Profit before tax from continuing operations</b>	<b>-3.3</b>	<b>25.6</b>	<b>-106.4</b>	<b>-10.7</b>	<b>-25.1</b>	<b>3.2</b>	<b>-36.6</b>	<b>0.8</b>
Tax on net income for the quarter	-0.6	-0.2	0.2	-2.1	-1.8	-0.2	1.9	0.0
<b>Net income for the quarter</b>	<b>-3.9</b>	<b>25.4</b>	<b>-106.2</b>	<b>-12.8</b>	<b>-26.9</b>	<b>3.0</b>	<b>-34.7</b>	<b>0.8</b>
<b>Other comprehensive income</b>								
Other comprehensive income, to be reclassified to net income in subsequent quarters								
Cash flow hedges – value changes	-8.2	-1.3	5.3	2.7	5.2	7.7	6.0	4.2
Cash flow hedges recognised in income	-4.4	-6.3	-8.4	-1.6	-7.8	3.9	-5.9	-0.3
Translation differences	-0.9	0.9	1.0	-0.7	0.2	-0.3	-0.9	-1.5
Tax attributable to items in other comprehensive income	-	-	-	-	-	-	-	-
<b>Comprehensive income for the quarter</b>	<b>-17.4</b>	<b>18.7</b>	<b>-108.3</b>	<b>-12.4</b>	<b>-29.3</b>	<b>14.3</b>	<b>-35.5</b>	<b>3.2</b>

## Key ratios per quarter

SEK M	Q1		Q4		Q3		Q2	
	2019/ 2020	2018/ 2019	2018/ 2019	2017/ 2018	2018/ 2019	2017/ 2018	2018/ 2019	2017/ 2018
Gross margin, %	53.5	53.9	43.9	46.3	52.2	52.3	46.4	46.8
Operating margin, %	2.0	5.9	-18.2	-0.5	-3.3	1.1	-4.7	0.7
Return on equity, %	-1.7	6.4	-36.7	-3.2	-7.5	0.8	-8.9	0.2
Number of shares at end of quarter, 000s	33,912	33,912	33,912	33,912	33,912	33,912	33,912	33,912
Profit after tax per share, SEK	-0.12	0.75	-3.13	-0.38	-0.79	0.09	-1.02	0.02
Equity per share at end of quarter, SEK	6.53	12.03	6.93	11.48	10.12	11.85	10.99	11.43
Total equity	221.5	408.1	235.0	389.4	343.3	401.8	372.6	387.5
Cash flow per share from operating activities	-1.3	1.4	-1.3	-1.1	0.5	0.1	0.8	-0.5
Cash flow from operating activities	-42.6	46.9	-42.6	-38.9	18.4	3.0	27.0	-15.9
Share price at end of quarter, SEK	1.3	6.7	3.8	8.3	4.7	7.3	6.0	8.8

## Income Statement, Parent Company

SEK M	3 months		12 months	Full Year
	Sep 2019 –Nov 2019	Sep 2018 –Nov 2018	Dec 2018 –Nov 2019	Sep 2018 –Aug 2019
Net sales	14.1	27.4	103.5	103.5
Other operating income	0.7	1.8	4.8	4.8
	<b>14.8</b>	<b>29.2</b>	<b>108.3</b>	<b>108.3</b>
<b>Operating expenses</b>				
Other external expenses	-20.2	-18.6	-88.5	-88.5
Personnel expenses	-9.0	-14.5	-58.6	-58.6
Depreciation and impairment of non-current assets	-1.3	-3.0	-17.7	-17.7
<b>Operating income</b>	<b>-15.7</b>	<b>-6.9</b>	<b>-56.5</b>	<b>-56.5</b>
Result from participations in group companies	0.0	0.0	45.0	45.0
Financial income	1.4	1.3	5	5.0
Financial expenses	-7.4	-6.7	-28.5	-28.5
<b>Result after financial items</b>	<b>-21.7</b>	<b>-12.3</b>	<b>-35.0</b>	<b>-35.0</b>
Taxes	-	-	-	-
<b>Net income for the period</b>	<b>-21.7</b>	<b>-12.3</b>	<b>-35.0</b>	<b>-35.0</b>

Comprehensive income for the period corresponds to net income for the period

## Balance Sheet, Parent Company, in summary

SEK M	Nov 30, 2019	Nov 30, 2018	Aug 31, 2019
<b>Assets</b>			
Intangible assets	23.2	44.3	23.2
Property, plant and equipment	1.3	3.4	1.5
Financial assets	520.1	567.4	520.3
Deferred tax assets	140.3	117.3	201.9
Other current assets		0.0	0.0
<b>Total assets</b>	<b>684.9</b>	<b>732.4</b>	<b>746.9</b>
<b>Shareholders' equity and liabilities</b>			
Equity	202.4	246.8	224.1
Non-current liabilities	398.6	395.6	399.9
Current liabilities	83.9	90.0	122.9
<b>Total equity and liabilities</b>	<b>684.9</b>	<b>732.4</b>	<b>746.9</b>

## Reconciliation of key ratios

SEK M	3 months		12 months	Full Year
	Sep 2019 –Nov 2019	Sep 2018 –Nov 2018	Dec 2018 –Nov 2019	Sep 2018 –Aug 2019
Net sales	572.7	599.5	2,239.9	2,266.7
Goods for resale	-266.5	-276.5	-1,144.1	-1,154.1
<b>Gross profit</b>	<b>306.2</b>	<b>323.0</b>	<b>1,095.8</b>	<b>1,112.6</b>
Other operating income	7.9	6.6	30.9	29.6
Other external expenses	-89.6	-141.3	-518.7	-570.4
Personnel expenses	-135.1	-142.0	-563.3	-570.2
Depreciation and impairment of non-current assets	-77.8	-10.7	-113.8	-46.7
Impairment of goodwill	0.0	0.0	-65.0	-65.0
<b>Operating income (EBIT)</b>	<b>11.6</b>	<b>35.6</b>	<b>-134.1</b>	<b>-110.1</b>
Interest income and similar profit/loss items	1.3	0.7	2.8	2.2
Interest expenses and similar profit/loss items	-16.2	-8.9	-39.3	-32.0
Unrealized profit/loss on futures contracts	0.0	-1.8	-0.8	-2.6
<b>Net financial items</b>	<b>-14.9</b>	<b>-10.0</b>	<b>-37.3</b>	<b>-32.4</b>
<b>Profit/loss after financial items</b>	<b>-3.3</b>	<b>25.6</b>	<b>-171.4</b>	<b>-142.4</b>
Adjustments:				
Tax on net profit/loss for the period	-0.6	-0.2	-0.3	0.1
<b>Net income for the period</b>	<b>-3.9</b>	<b>25.4</b>	<b>-171.7</b>	<b>-142.4</b>
Operating income	11.6	35.6	-134.1	-110.1
Depreciation and impairment of non-current assets	77.8	10.7	113.8	46.7
Impairment of goodwill	-	-	65.0	65.0
<b>Operating income before depreciation, amortization and impairment of non-current assets (EBITDA)</b>	<b>89.4</b>	<b>46.3</b>	<b>44.7</b>	<b>1.6</b>

## Reconciliation of key ratios, cont.

SEK M	3 months		12 months	Full Year
	Sep 2019 –Nov 2019	Sep 2018 –Nov 2018	Dec 2018 –Nov 2019	Sep 2018 –Aug 2019
Loans	0.0	0.0	0.0	0.0
Contingent consideration	22.7	23.2	22.7	22.8
Other non-current interest-bearing liabilities	397.9	395.6	397.9	397.2
Other non-current liabilities	0.7	0.0	0.7	2.7
Long-term lease liabilities	935.8	0.0	935.8	0.0
<b>Non-current liabilities</b>	<b>1,357.1</b>	<b>418.8</b>	<b>1,357.1</b>	<b>422.7</b>
Loans	0.0	0.0	0.0	0.0
Contingent consideration	22.7	23.2	22.7	22.8
Long-term lease liabilities	935.8	0	935.8	0
Other non-current interest-bearing liabilities	397.9	395.6	397.9	397.2
Current lease liabilities	233.4	0.0	233.4	0.0
Other current interest-bearing liabilities	0.0	0.0	0.0	32.9
Cash and cash equivalents	-24.7	-6.7	-24.7	-10.6
<b>Net debt</b>	<b>1,565.1</b>	<b>412.1</b>	<b>1,565.1</b>	<b>442.3</b>
Equity, opening balance	235.0	389.4	408.1	389.4
Equity, closing balance	217.6	408.1	217.6	235.0
<b>Average equity</b>	<b>226.3</b>	<b>398.8</b>	<b>312.9</b>	<b>312.2</b>
Total assets	2,338.8	1,203.7	2,338.8	1,111.9
Trade payables	-309.6	-177.0	-309.6	-215.2
Current lease liabilities	-233.4	0.0	-233.4	0.0
Other current liabilities	-221.1	-199.8	-221.1	-239.0
<b>Capital employed</b>	<b>1,574.7</b>	<b>826.9</b>	<b>1,574.7</b>	<b>657.7</b>
Net income for the period	-3.9	25.4	-171.7	-142.4
Average equity	226.3	398.8	312.9	312.2
<b>Return on equity, %</b>	<b>-1.7</b>	<b>6.4</b>	<b>-54.9</b>	<b>-45.6</b>
Capital employed, opening balance	657.7	807.9	826.9	807.9
Capital employed, closing balance	1,574.7	826.9	1,574.7	657.7
<b>Average capital employed</b>	<b>1,116.2</b>	<b>817.4</b>	<b>1,200.8</b>	<b>732.8</b>
Interest expenses and similar profit/loss items	-16.2	-8.9	-39.3	-32.0
Unrealized expense on futures contracts	0.0	-1.8	-0.8	-2.6
Profit before tax from continuing operations	-3.3	25.6	-171.4	-142.4
Average capital employed	1,116.2	817.4	1,200.8	732.8
<b>Return on capital employed, %</b>	<b>1.2</b>	<b>4.4</b>	<b>-10.9</b>	<b>-14.7</b>
Operating income	11.6	35.6	-134.1	-110.1
Interest income and similar profit/loss items	1.3	0.7	2.8	2.2
Unrealized income on futures contracts	0.0	0.0	0.0	0.0
<b>Profit/loss after financial income</b>	<b>12.9</b>	<b>36.3</b>	<b>-131.3</b>	<b>-107.9</b>

# Definition of key ratios

This report contains financial metrics not defined in IFRS. These financial metrics are used to monitor, analyze and control operations, and to provide the Group's stakeholders with financial information about the Group's financial position, results and performance. These financial targets are considered necessary to follow and control the progress of the Group's financial targets and are therefore presented on a continual basis.

A list of definitions of the key ratios used in this report follows.

## MARGIN METRICS

### *Gross profit margin*

Net sales less goods for resale in relation to net sales.

*Purpose:* The margin illustrates the proportion of sales remaining to cover other expenses.

### *Operating margin*

Operating income as a percentage of net sales.

*Purpose:* The margin measures operational profitability.

## RETURN METRICS

### *Return on equity*

Net income excluding minority interests as a percentage of average equity. Average equity is calculated as equity attributable to parent company shareholders at the beginning of the year plus equity attributable to parent company shareholders at year-end divided by two.

*Purpose:* The measure illustrates returns generated on shareholders' equity.

### *Return on capital employed*

Profit/loss after net financial items plus financial expenses as a percentage of average capital employed. Average capital employed is calculated as capital employed at the beginning of the year plus capital employed at year-end divided by two. Capital employed is calculated as equity plus interest-bearing liabilities.

*Purpose:* Return generated by the company independently of financing.

## FINANCIAL METRICS

### *Equity/assets ratio*

Shareholders' equity in relation to total assets.

*Purpose:* The equity/assets ratio indicates the proportion of assets financed by shareholders' equity.

### *Net debt*

Loans and other current and non-current interest-bearing liabilities less financial assets including cash and cash equivalents.

*Purpose:* Net debt illustrates the company's ability to use cash and cash equivalents to repay interest-bearing liabilities if they were to become due on the day of calculation.

### *Net debt/equity ratio*

Net debt as a percentage of equity attributable to parent company shareholders.

*Purpose:* The measure illustrates the company's financial strength.

### *Interest coverage ratio*

Profit/loss after net financial items plus financial expenses divided by financial expenses and the expense for unrealized profit/loss on futures contracts.

*Purpose:* The interest coverage ratio illustrates the company's ability to cover its financial expenses.

### *Ratio of net debt and operating income before depreciation/amortization*

Debt less investments and cash and cash equivalents divided by operating income before depreciation/amortization.

*Purpose:* The measure illustrates the company's ability to pay its debts.

## SHARE-BASED METRICS

### *Equity per share*

Equity attributable to parent company shareholders divided by the number of shares at the end of the period.

*Purpose:* The measure illustrates shareholders' equity per share.

### *Earnings per share*

Net income divided by the weighted average number of shares in the period.

*Purpose:* The measure is used to assess investment progress from a shareholder perspective.

## OTHER TERMS

### *Number of full-time employees*

Total number of hours of attendance during the past 12-month period divided by the normal hours worked per year in each country.

### *Average number of shares*

Weighted average of outstanding common shares in the period.

### *Sales for comparable units, change, %*

Change in sales for comparable units including e-commerce after adjustment for opened/closed units and exchange rate effects.

### *Sales points*

Physical stores, own e-commerce sites and e-commerce partnerships.

### *Stilindex*

The index of sales growth of clothing in proprietary stores and on internet, as measured in comparable units and in current prices. Presented by Svensk Handel Stil. HUI Research is responsible for data collection and processing.

# Notes

## NOTE 1 ACCOUNTING PRINCIPLES

This report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Annual Accounts Act. The Interim Report for the Parent Company has been prepared in accordance with the Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2—Accounting for Legal Entities. The accounting policies applied correspond to the information provided in the Annual Report 2018/2019, with the exception that the Group applies IFRS 16 from September 1, 2019.

In the Interim Report, gross profit is reported separately, which diverges from the presentation in the Annual Report.

### New IFRS standards issued but not yet applied

None of the IFRS or IFRIC interpretations that have not yet become effective are expected to have any material impact on the Financial Statements of the Group and Parent Company

## NOTE 2 FINANCIAL ASSETS AND LIABILITIES VALUED AT FAIR VALUE

The Group's financial instruments consist of cash and cash equivalents, trade receivables, accrued income, other receivables, trade payables, interest-bearing liabilities, accrued expenses, conditional purchase consideration and other liabilities and currency derivatives. Trade receivables and trade payables are reported at estimated fair value. Group borrowing is reported at accrued cost. Currency derivatives in the form of currency futures are valued at fair value based on the valuation of credit institutions in accordance with level 2 in the Fair value hierarchy.

The Group uses derivative instruments to manage currency risks in USD and EUR. The reporting applies hedge accounting when there is an effective link between hedged future cash flows and financial derivatives. Fair value of financial derivatives was SEK -5 (14) M.

## NOTE 3 LEASE AGREEMENTS IFRS 16

From September 1, 2019, RNB applies the standard IFRS 16 Leases, whereby lease agreements are reported in the Balance Sheet and all lease expenses are reported as amortization and interest expenses. The Group's lease agreements mainly relate to rent agreements for store premises. The lease period is determined by the contractual non-cancellable period governing extension and cancellation of the agreement, and the reasonable certainty that this option will be utilized. If it cannot be determined with reasonable certainty that an extension or cancellation will take place, the extension is not included in the calculation of the lease liability.

The main effects of IFRS 16 are as follows:

*EBITDA*: positive effect as all lease expenses are reported as amortization and interest expenses (outside EBITDA). Previously, operating lease agreements were reported as operating expenses in EBITDA.

*Equity*: no effect because the increase in rights-in-use (lease contracts) corresponds to the increase in lease liabilities.

*Net debt*: increases significantly due to the increase in lease liabilities.

*Cash flow*: no effect on total cash flow.

RNB uses the modified retrospective transition approach, which means that comparative figures have not been restated. RNB also applies the practical exceptions regarding reporting payments attributable to short-term lease agreements and lease agreements for assets of low value as an expense in the Income Statement.

The transition to IFRS 16 had the following effects on the Group Balance Sheet as of September 1, 2019.

<b>Operating lease commitments as of August 31, 2019</b>	<b>698,006</b>
Discounting using the Group's weighted average marginal interest rate on borrowing of 1.74%	-49,203
Additional liabilities for financial leases as of August 31, 2019	0
<b>Less:</b> short-term lease agreements and lease agreements where the underlying asset has a low value which has been expensed linearly	-6,815
Additional adjustments due to judgments regarding utilization of extension options or cancelled agreements	564,535
<b>Lease liabilities as of September 1, 2019</b>	<b>1,206,523</b>



# RNB RETAIL AND BRANDS

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