

# RNB

## INTERIM REPORT

SEPTEMBER 1, 2016 – MAY 31, 2017

# 3



RNB RETAIL AND BRANDS

POLARN O. PYRET

DEPARTMENTS & STORES

**BROTHERS**

# POLARN O. PYRET SHOWS STRENGTH

Operating income was SEK 2 M in the third quarter, an improvement of SEK 2 M year-on-year. Continued earnings growth in Polarn O. Pyret offset slightly lower earnings in the Brothers business area and a clear downturn in Departments & Stores. Rolling 12-month EBITDA increased to SEK 117 M (89).

## THIRD QUARTER, MARCH 1, 2017 – MAY 31, 2017, IN SUMMARY

- Sales for comparable stores in Sweden increased by 3.1 percent in the quarter, below the market downturn of 1.1 percent.
- Net sales were SEK 492 M (489), up 0.6 percent.
- Operating income increased to SEK 2 M (0).
- Operating income before amortization for the last 12-month period was SEK 117 M (89), up 33 percent.
- Profit after tax was SEK -12 M (-10), of which market valuation of currency hedges SEK -9 M (-8).
- Earnings per share was SEK -0.35 (-0.30).
- Cashflow from operating activities was SEK 11 M (10).

## THE PERIOD, SEPTEMBER 1, 2016 – MAY 31, 2017, IN SUMMARY

- Sales for comparable stores in Sweden decreased by 1.2 percent, above the market downturn of 1.9 percent.
- Net sales were SEK 1,666 M (1,618), up 3.0 percent.
- Operating income increased to SEK 59 M (30).
- Operating income before amortization was SEK 95 M (66).
- Profit after tax was SEK 43 M (15), of which market valuation of currency hedges SEK -4 M (-7).
- Earnings per share was SEK 1.27 (0.46).
- Cashflow from operating activities was SEK 74 M (46).

## CONTACT

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

## PRESS AND ANALYST MEETING

RNB will hold a press and analyst conference in connection with publication of today's interim report for the third quarter 2016/2017. The conference will be presented by Magnus Håkansson, President and CEO and Kristian Lustin, CFO, today, June 21, 2017 at 09:30 a.m. and can be followed through a teleconference/audiocast.

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

+46 8 566 426 90 (Sweden)  
+44 20 300 898 06 (UK)  
+1 855 753 22 35 (US)

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

## FINANCIAL CALENDAR

Interim Report, fourth quarter 2016/2017	October 12, 2017
Annual General Meeting 2016/2017	December 21, 2017
Interim Report, first quarter 2017/2018	December 21, 2017
Interim Report, second quarter 2017/2018	March 27, 2018

This information is such that RNB RETAIL AND BRANDS AB 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 June 21, 2017 at 7:30 a.m. CET.

Both an English version and a Swedish version of this report have been prepared. In the event of a discrepancy between the two reports, the Swedish version shall prevail.

# Comments from the CEO

## **EARNINGS GROWTH DRIVEN BY POLARN O. PYRET**

RNB returned total operating income of just under SEK 2 M, an improvement of some SEK 2 M year-on-year. We are far from satisfied, but strategic improvements continue to have a positive impact on profit and there is further earnings potential.

The quarter has been characterized by the abnormal temperature distribution during the winter and spring as well as the horrific terrorist attack in Stockholm on 7 April. We were close to the scene of this event and feel strongly for the victims and their families. These circumstances have affected our operations in the quarter.

## **POLARN O. PYRET—NEXT STEP IN TURNAROUND PROCESS**

Polarn O. Pyret's operating income was up SEK 8 M year-on-year. The positive effects of the extensive reorientation initiatives started to feed through in the fourth quarter last year, and were clearly evidenced in subsequent quarters.

Sales decreased by 4.5 percent for comparable stores in the quarter, and although the trend is unsatisfactory, it's primarily due to fewer campaigns. This means that gross margin is up on last year which, in combination with a reduction in hours worked by in-store personnel, improved profit. The divestment of the Dutch operations also created a more favorable structure, and Polarn O. Pyret Finland is now contributing to earnings improvement. The rolling 12-month operating margin is just below 5 percent, which means that there's still a way to go before we reach our target of 10 percent.

We're in the process of reorienting our product range and accordingly, we shared elements of the collection with the press in the quarter with positive results. This is expected to start having a positive effect over the coming quarter, and subsequently feed through fully to sales over the next financial year. We foresee positive prospects for continued profit improvement over coming periods.

## **BROTHERS—STRONG SALES GROWTH**

The Brothers business area's operating income of SEK 10 M was down SEK 2 M on the corresponding quarter last year, which was strong. Once again, business area sales outperformed the market, although gross margin was down on the previous year. Operating income of SEK 20 M after three quarters is evidence of the concept's strength.

We're focusing on long-term initiatives aimed at developing Brothers' service offering and the digitalization of operations, which represents an intensive phase. Brothers' 'Perfect fit' tour was also well received in train stations, airports and shopping malls around the country. The collections performed well in the period, particularly men's suits aimed at graduating students made positive progress in line with our plan.

We retain our assessment that Brothers' full year operating income is set to improve, and the concept is expected to return profit within the framework of a target operating margin of 4-6 percent.

## **DEPARTMENTS & STORES—WEAK VISITOR NUMBERS IN THE QUARTER**

Departments & Stores made weak progress in the quarter. Despite improved accessibility in NK Stockholm compared to last fall, and several new departments becoming fully operational earlier in the financial year, traffic to NK Stockholm didn't head in the right direction in the period. Sales for comparable stores decreased by 5.4 percent, underperforming the Swedish market.

Operating income of SEK 4 M more than halved year-on-year. Cost control remains effective, which partly offset the profit decrease from the weak sales progress.

Extensive plans for reorienting our NK operations are in place, with the aim of strengthening NK's value offering to customers. The reorientation work is a key part of these initiatives, which we expect to bear fruit over the coming years.

## **POSITIVE FULL YEAR OUTLOOK**

The past quarter was challenging, with unfavorable external conditions that were outside our control. Despite this, operating income improved year-on-year as a result of underlying strong trends generated by our change work. This is mainly due to the reorientation of Polarn O. Pyret, which returned positive results in the quarter and will continue to have a positive impact, and the underlying momentum in the Brothers business area, which is expected to continue.

Profit growth in Departments & Stores was unsatisfactory. Although Man of a Kind made a negative contribution in the quarter, it's important that RNB has both a physical and online presence. This means that we're retaining the focus on developing our e-commerce and omni-channel offering, which returned positive growth, mainly driven by Polarn O. Pyret and Brothers. I'm convinced that our e-commerce business will provide a significant share of RNB's sales in the future, including Man of a Kind as an important channel.

Given the progress in the first three quarters and our expectations for the fourth quarter, we consider that the conditions are favorable for achieving a marked profit improvement on 2015/2016 during 2016/2017.

Magnus Håkansson  
*President & CEO*





# RNB RETAIL AND BRANDS

RNB RETAIL AND BRANDS owns, operates and develops fashion wear, ready-to-wear clothing, accessories, jewelry and cosmetics stores that focus on providing excellent service and a world-class shopping experience. The RNB Group has operations in 10 countries with a total of 260 stores, of which 62 are operated by franchisees. The RNB RETAIL AND BRANDS share has been listed on the Nasdaq Stockholm Exchange since 2001 in the Small Cap segment, retail sector under the ticker RNBS. Sales are mainly conducted through the store concepts Brothers and Polarn O. Pyret. In the Departments & Stores business area, RNB RETAIL AND BRANDS manages departments at NK in Stockholm and in Gothenburg.

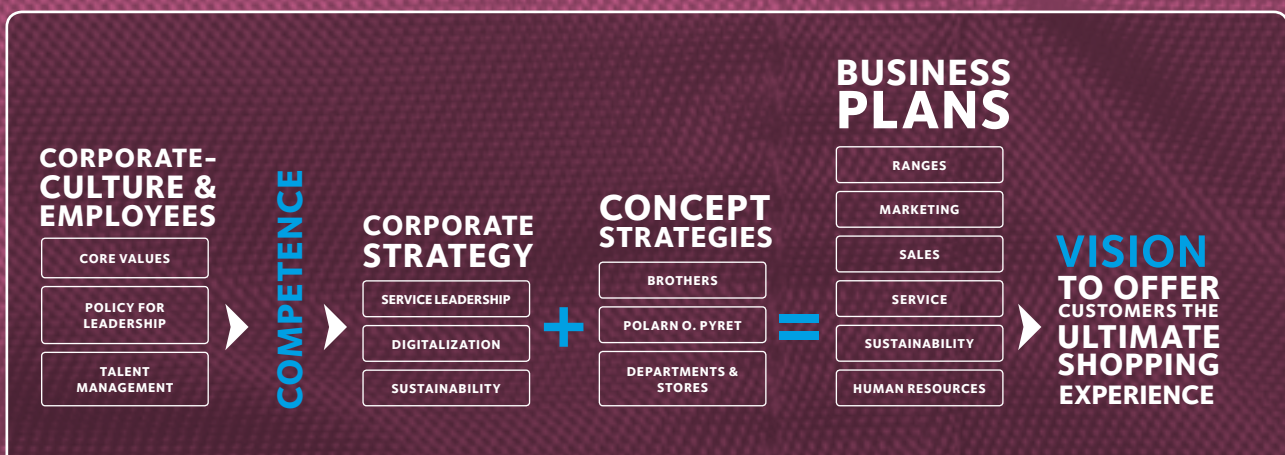
## Vision

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

## Business concept

RNB RETAIL AND BRANDS' business concept is to realize operational synergies through active ownership that develops and distributes brands in distinct concepts and stores offering an attractive range of fashion wear, ready-to-wear clothing, accessories, jewelry and cosmetics where customers are provided with excellent service and a world-class 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 three 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

## **THIRD QUARTER, MARCH 1 2017 – MAY 31 2017**

Reported net sales for the Group's concept increased from SEK 489 M last year to SEK 492 M in the third quarter, corresponding to an increase of 0.6 percent. Sales increased in the Brothers business area in the quarter, while sales in Departments & Stores and Polarn O. Pyret decreased and remained unchanged respectively. For comparable stores in Sweden, sales were down 3.1 percent, and sales on all national markets decreased by 3.0 percent expressed in SEK.

The e-commerce concept Man of a kind ([www.manofakind.se](http://www.manofakind.se)) was launched at the end of August 2016. Sales in Man of a kind were marginal in the quarter and are reported under the Other business area.

Gross margin for the Group decreased to 53.9 percent (54.3) in the quarter, with a positive gross margin contribution from Departments & Stores and Polarn O. Pyret. Brothers' gross margin decreased slightly.

Total operating expenses were down on last year as a result of a sharper cost focus. Operating income increased by SEK 2 M to SEK 2 M (0).

Net financial items were SEK -12 M (-10) and profit after tax amounted to SEK -12 M (-10). Unrealized gains on currency hedges not affecting cash flow had a negative effect of SEK -9 M (-8) on net financial items.

### **Market progress in the quarter**

In Sweden, clothing sales decreased by -1.1 percent in the quarter according to Stilindex (the Swedish Retail and Wholesale Trade Research Institute). Sales of men's, women's and children's clothing in Finland increased by 3.9 percent in March, and decreased by -9.9 percent in April according to Tekstiili- ja Muotialat TMA (Textile and Fashion Suppliers and Retailers in Finland).

## **THE PERIOD, SEPTEMBER 1 2016 – MAY 31 2017**

Reported net sales for the Group's concept increased from SEK 1,618 M last year to SEK 1,666 M in the period, corresponding to an increase of 3.0 percent. All business areas reported increased net sales in the period. For comparable stores in Sweden, sales decreased by 1.2 percent, and sales on all national markets decreased by 1.5 percent expressed in SEK.

The e-commerce concept Man of a kind ([www.manofakind.se](http://www.manofakind.se)) was launched at the end of August 2016. Sales for Man of a kind were marginal in the period and are reported under the Other business area.

Gross margin for the Group increased to 51.6 percent (51.0) in the period, with Brothers and Polarn O. Pyret making a positive margin contribution, while Departments & Stores' gross margin decreased slightly.

Total operating expenses increased on the previous year, mainly as a result of the consolidation of Polarn O. Pyret's operations in Finland, which were acquired in the third quarter of the previous year. Excluding the Finnish operations, operating expenses were down year-on-year.

Operating income increased by SEK 28 M to SEK 59 M (30), corresponding to an increase of 93.4 percent.

Net financial items amounted to SEK -14 M (-15) and profit after tax was SEK 43 M (16). Unrealized gains on currency hedges not affecting cash flow had a negative impact of SEK -4 M (-7) on net financial items.

### **Market progress in the period**

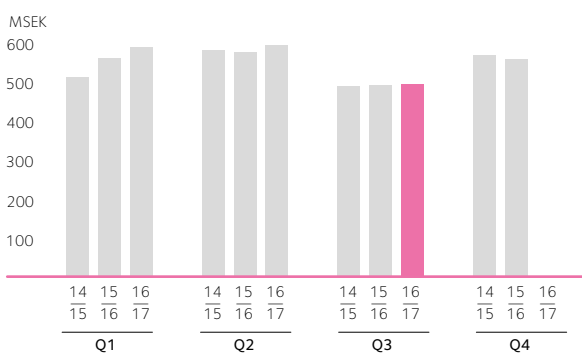
In Sweden, clothing sales decreased by -1.9 percent in the period according to Stilindex (the Swedish Retail and Wholesale Trade Research Institute). Sales of men's, women's and children's clothing in Finland decreased by -1.8 percent in September-April according to Tekstiili- ja Muotialat TMA (Textile and Fashion Suppliers and Retailers in Finland).



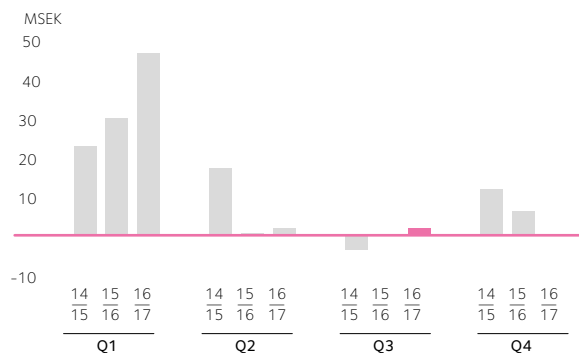
Group overview

	3 months		9 months		12 months	
	Mar 2017	Mar 2016	Sep 2016	Sep 2015	Jun 2016	Sep 2015
	-May 2017	-May 2016	-May 2017	-May 2016	-May 2017	-Aug 2016
Net sales, SEK M	492	489	1,666	1,618	2,222	2,173
Gross margin (%)	53.9	54.3	51.6	51.0	50.8	50.3
Operating income, SEK M	2	0	59	30	65	36
Profit before tax, SEK M	-10	-10	45	15	55	26
Profit after tax, SEK M	-12	-10	43	15	54	26
Operating margin (%)	0.3	0.0	3.5	1.9	2.9	1.7
Earnings per share, SEK	-0.35	-0.30	1.27	0.46	1.58	0.76
Cash flow from operating activities, SEK M	11	10	74	46	92	64
Number of stores			260	264	260	263

Net sales per quarter






Operating income per quarter



# Financial overview, business areas

RNB RETAIL AND BRANDS reports sales and results for three business areas: Brothers, Departments & Stores and Polarn O. Pyret.

Business area	Net sales, interim period	Share, %	Operating income, interim period	Stores
<b>BROTHERS</b>	<b>396</b> <sub>MSEK</sub>	 24%	<b>21</b> <sub>MSEK</sub>	<b>Total</b> <b>73</b> Sweden 60 of which 20 franchise stores Finland 13 of which 0 franchise stores
DEPARTMENTS & STORES	<b>723</b> <sub>MSEK</sub>	 43%	<b>33</b> <sub>MSEK</sub>	<b>Total</b> <b>42</b> NK Stockholm 27 NK Gothenburg 15
<b>POLARN O. PYRET</b>	<b>547</b> <sub>MSEK</sub>	 33%	<b>32</b> <sub>MSEK</sub>	<b>Total</b> <b>145</b> of which 42 franchise stores Sweden 64 of which 7 franchise stores Norway 29 of which 0 franchise stores Finland 19 of which 2 franchise stores England 18 of which 18 franchise stores USA 4 of which 4 franchise stores Estonia 4 of which 4 franchise stores Ireland 2 of which 2 franchise stores Scotland 3 of which 3 franchise stores Iceland 1 of which 1 franchise stores Latvia 1 of which 1 franchise stores
<b>Total RNB RETAIL AND BRANDS</b>	<b>1,666</b> <sub>MSEK</sub>		<b>59</b> <sub>MSEK</sub>	<b>260</b> <sub>stores</sub> <b>10</b> <sub>countries</sub>

Net sales and operating income per business area	3 months		9 months		12 months	
	Mar 2017 –May 2017	Mar 2016 –May 2016	Sep 2016 –May 2017	Sep 2015 –May 2016	Jun 2016 –May 2017	Sep 2015 –Aug 2016
<b>Net sales, SEK M</b>						
Brothers	137.4	130.7	395.5	389.9	531.6	526.0
Departments & Stores	211.0	214.8	722.9	720.1	961.4	958.6
Polarn O. Pyret	143.1	143.4	546.7	507.8	727.4	688.5
Other	0.2	0.0	1.1	0.0	1.1	0.0
<b>Total</b>	<b>491.7</b>	<b>488.9</b>	<b>1,666.2</b>	<b>1,617.8</b>	<b>2,221.5</b>	<b>2,173.1</b>
<b>Operating income, SEK M</b>						
Brothers	9.8	11.9	20.6	12.5	20.9	12.8
Departments & Stores	4.5	10.6	33.3	49.3	42.0	58.0
Polarn O. Pyret	-4.5	-11.9	32.4	-6.2	33.3	-5.3
Other	-8.1	-10.6	-27.7	-25.3	-31.6	-29.2
<b>Total</b>	<b>1.7</b>	<b>0.0</b>	<b>58.6</b>	<b>30.3</b>	<b>64.6</b>	<b>36.3</b>

# BROTHERS

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Brothers is a men's fashion concept with a total of 73 (77) stores, including e-commerce stores in Sweden and Finland. Of total stores, 20 (22) are operated as franchises.

## **THIRD QUARTER, MARCH 1 2017 – MAY 31 2017**

Net sales in the Brothers business area totaled SEK 137 M (131), an increase of 5.1 percent. Net sales in the quarter increased in proprietary and e-commerce stores. Sales to franchise stores increased year-on-year, despite a reduction in the number of franchises.

Sales for comparable proprietary stores in Sweden and Finland increased by 3.0 percent. The number of paying customers was up compared to the corresponding quarter of the previous year, and average spend remained unchanged. Total brand sales (total sales to consumers excluding VAT across all markets and distribution channels) were SEK 608 M (594) on a rolling 12-month basis.

Gross margin for the business area decreased in the quarter compared to the corresponding period in the previous year. The lower gross margin is due to increased price activities.

Brothers' operating expenses were up slightly year-on-year, mainly due to increased marketing costs.

Operating income was SEK 10 M (12) in the quarter, implying an operating margin of 7.1 percent (9.1).

Inventories decreased in the quarter, and were also down year-on-year. A number of price activities were introduced in the quarter with the aim of reducing inventories.

## **THE PERIOD, SEPTEMBER 1 2017 – MAY 31 2017**

Brothers' net sales totaled SEK 396 M (390), an increase of 1.4 percent. Net sales in the period increased in proprietary and e-commerce stores. Sales to franchise stores were slightly higher compared to the corresponding period in the previous year.

Sales for comparable proprietary stores in Sweden and Finland increased by 1.5 percent. The number of paying customers in proprietary stores was down year-on-year, although average spend increased.

Gross margin for the business area increased in the period compared to the previous year. The higher gross margin is due to an increased proportion of proprietary brand sales, and partly to reduced price activities. Increased sales at a higher margin generated higher gross profit.

Brothers' operating expenses remained unchanged year-on-year, with increased marketing costs, which were essentially offset by a corresponding reduction in personnel costs.

Operating income was positive in the period, amounting to SEK 21 M (13). This was an increase of SEK 8 M, generating an operating margin of 5.2 percent (3.2).

Inventories decreased in the period and were also down year-on-year.





# DEPARTMENTS & STORES

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The business area comprises operations in the NK Stockholm and NK Gothenburg department stores. There were 42 (44) proprietary stores at the end of the period.

## **THIRD QUARTER, MARCH 1 2017 – MAY 31 2017**

Net sales in the Departments & Stores business area were SEK 211 M (215), a decrease of 1.8 percent. The number of visitors in in the two department stores fluctuated; visitor numbers in Stockholm decreased while visitors in Gothenburg were up. The total number of visitors decreased in the quarter compared to the corresponding period in the previous year. Although customer numbers were down in the quarter, average spend offset this somewhat. Sales were also negatively affected by the terrorist attack and fewer campaigns in the quarter compared to last year.

Gross margin increased year-on-year. Operating expenses were slightly higher year-on-year as a result of new store space, allocations to periods and normal cost increases.

Operating income was SEK 5 M (11), with operating margin of 2.1 percent (4.9).

Business area inventories increased slightly in the quarter and were also up somewhat year-on-year. The increase is due to new store space, early inbound deliveries for the coming season and the introduction of new brands.

## **THE PERIOD, SEPTEMBER 1 2016 – MAY 31 2017**

Net sales in the Departments & Stores business area totaled SEK 723 M (720), an increase of 0.4 percent. The number of visitors in the two department stores fluctuated in the period. Stockholm saw fewer visitors in the period, while visitor numbers in the Gothenburg store increased. The total number of visitors remained stable in the period in year-on-year terms. Although customer numbers were down in the period, increased average spend contributed to increased sales.

Gross margin was down year-on-year, mainly due to more price activities in the second quarter, and the sales mix.

Operating expenses were up on last year, due to higher costs for premises attributable to increased store space, increased rents and allocations to periods.

Operating income was SEK 33 M (49), with an operating margin of 4.6 percent (6.8).

Business area inventories increased in the period and were up slightly at the end of the period year-on-year. The increase is due to new store space, early inbound deliveries for the coming season and the introduction of new brands.



# POLARN O. PYRET

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Polarn O. Pyret is a brand focusing on baby and children's wear. The concept comprises 145 stores, of which 42 are franchises, and e-commerce. Polarn O. Pyret is established in 10 countries.

## **THIRD QUARTER, MARCH 1 2017 – MAY 31 2017**

Net sales for the quarter were SEK 143 M (143), with a slight decrease in sales for comparable proprietary stores, although this was offset by an increase in new stores and a continued increase in e-commerce. Sales in comparable proprietary stores, excluding e-commerce, on all national markets decreased by 4.3 percent. Average spend increased in the quarter. Brand sales (total sales to consumers excluding VAT across all markets and distribution channels) were SEK 852 M (884) on a rolling 12-month basis.

Gross margin in the quarter increased compared to the corresponding period in the previous year. As a result, gross profit was up in the quarter.

Operating expenses for the quarter were down year-on-year, despite the company acquisition in Finland.

Operating income was SEK -5 M (-12), an improvement of SEK 7 M, corresponding to an operating margin of -3.1 percent (-8.3). Operating income for the Swedish operations increased in the quarter, with the divestment of the Dutch operations making a positive contribution.

Business area inventories increased in the quarter, and were up in year-on-year terms. Current inventories are considered to be effective and of good quality.

## **THE PERIOD, SEPTEMBER 1 2016 – MAY 31 2017**

Net sales for the period were SEK 547 M (508), with slightly decreased sales for comparable proprietary stores, although this was offset by an increase in new stores and a continued increase in e-commerce. Sales in comparable proprietary stores, excluding e-commerce, on all national markets decreased by 2.4 percent year-on-year. Average spend increased in the period.

Gross margin in the period increased significantly year-on-year, mainly due to a limited number of price activities on all markets, and the product mix.

Operating expenses for the period increased as a result of the acquisition in Finland. Operating income was SEK 32 M (-6), an improvement of SEK 38 M, corresponding to an operating margin of 5.9 percent (-1.2). Operating income for the Swedish operations increased sharply in the period and the Finnish operations also made a substantial contribution to earnings growth.

Business area inventories decreased in the period, although inventories were up in year-on-year terms. Current inventories are considered to be effective and of good quality.



# Financial position and liquidity

The Group's total assets amounted to SEK 1,122 M, compared to SEK 1,103 M at the end of the previous financial year. At the end of the period, equity was SEK 357 M, and SEK 323 M at the end of the previous financial year, providing an equity/assets ratio of 31.8 percent (29.3).

As of 31 May, inventories totaled SEK 401 M (405), with an increase in Polarn O. Pyret's inventories. For the other two business areas, inventories decreased and remained stable respectively compared to the corresponding period in the previous year.

Cashflow from changes in working capital was negative at SEK -14 M (-10), mainly due to decreased current liabilities, partly offset by lower inventories. Cashflow from operating activities increased to SEK 74 M (46) in the period. After investments, cashflow was SEK 47 M (-11).

Net debt amounted to SEK 343 M, against SEK 379 M at the end of the previous financial year.

The Group's cash and cash equivalents including unutilized overdraft facilities were SEK 162 M at the end of the period, against SEK 124 M at the end of the previous financial year.

Work is underway to refinance the Group's current borrowing from the main owner. The Group is reviewing the alternatives with regard to extending its financing to other lenders, and is considering a number of options. The main owner has expressed its continued financing support.

## INVESTMENTS AND DEPRECIATION/AMORTIZATION

Investments during the period, excluding investment in subsidiaries, totaled SEK 21 M (39). Depreciation /amortization totaled SEK -36 M (-35).

## EMPLOYEES

The average number of employees was 992 (1,023) in the period, of which 52 in Polarn O. Pyret Finland. Excluding Finland, the average number of employees decreased from 1,023 to 940 compared to the previous year.

## RELATED-PARTY TRANSACTIONS

No transactions were conducted between the RNB Group and related parties which materially impacted the Group's financial position and profit/loss.

The company has two loans from Konsumentföreningen Stockholm, the company's principal shareholder, totaling SEK 385 M.

For more information on transactions with related parties, see Note 4 in the Annual Report 2015/2016.

## TAX

During the period, the Group paid tax totaling SEK 1 M (0). As the company has non-capitalized loss carryforwards of SEK 739 M, the tax expenses are expected to remain low. For more information see Note 11 in the 2015/2016 Annual Report.

## PARENT COMPANY

Parent Company net sales were SEK 81 M (72). Profit after net financial items was SEK -29 M (-31). Investments were SEK 10 M (14).

## ACCOUNTING POLICIES

This report was prepared in accordance with IAS 34, Interim Financial Reporting and the Swedish Annual Accounts Act. The interim report for the Parent Company was prepared in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2 - Accounting for Legal Entities. The accounting policies applied correspond with those presented in the 2015/2016 Annual Report. In the Interim Report, gross profit is reported separately, which differs from the format in the Annual Report. In the Interim Report, unrealized gains on currency hedges are recognized in a separate line under net financial items. The accounting policies applying to the purchase consideration posted to liabilities for Kids Company Oy and currency hedges are indicated in the Annual Report.

## SEASONAL VARIATIONS

Retail sales are affected by seasonal variations, with the highest sales generated during the fall and winter. Gross margin is affected by clearance sales periods. 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 the highest share of earnings, and has increased in recent years. 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

- Currency exposure related to purchase of goods and sales on international markets.
- Interest-rate exposure associated with the Group's net debt.
- Financial covenants to lenders.

### Strategic and 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 other operators active in RNB's segment.
- Identifying continuously shifting fashion trends and customer preferences.

For a more detailed description of the Group's management of financial risks, see the 2015/2016 Annual Report.

The Board of Directors and the President declare that the Interim Report provides a true and fair overview of the Company's and the Group's operations, financial position and earnings and also describes significant risks and uncertainties facing the Company and other companies in the Group.

Stockholm, June 21, 2017

The Board of Directors and President of  
RNB RETAIL AND BRANDS (publ), corporate ID no. 556495-4682

Laszlo Kriss  
*Chairman of the Board*

Per Thunell  
*Deputy Chairman of the Board*

Monika Elling  
*Board member*

Ivar Fransson  
*Board member*

Michael Lemner  
*Board member*

Sara Wimmercranz  
*Board member*

Magnus Håkansson  
*President & CEO*

#### Largest shareholders as of May 31, 2017

	Number of shares	Share capital/ Voting rights, %
Konsumentföreningen Stockholm	11,246,598	33.2
Novobis AB	3,700,000	10.9
Avanza Pension Försäkringsaktiebolaget	2,831,045	8.4
Catella Fondförvaltning	2,457,044	7.3
Nordnet pensionsförsäkring AB	987,720	2.9
Hawk Invest AS	986,249	2.9
Christian Kock	450,570	1.3
Johan Fahlin	322,640	1.0
Jan Åström Spindel	171,205	0.5
Skandia Leben	170,000	0.5
<b>Total 10 largest shareholders</b>	<b>23,323,071</b>	<b>38.9</b>
Other	10,589,105	61.1
<b>Total</b>	<b>33,912,176</b>	<b>100.0</b>

Source: Euroclear Sweden AB



# Auditor's review

## **RNB RETAIL AND BRANDS AB (PUBL), CORP. ID NO. 556495-4682**

### **INTRODUCTION**

We have performed an auditor's review of the financial information contained in this Interim Report for RNB RETAIL AND BRANDS AB (publ) as of May 31, 2017 and the nine-month period ended on this date. The Board of Directors and Chief Executive Officer are responsible for preparing and presenting this Interim Report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express our opinion on the basis of our Auditor's Review.

### **SCOPE AND FOCUS OF THE AUDITOR'S REVIEW**

We have conducted our Auditor's Review in accordance with the International Standard on Review Engagements ISRE 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity. The Auditor's Review includes making inquiries, mainly to persons responsible for financial and accounting matters, to analyze the information and to complete other audit review measures. The Auditor's Review has a different focus and a significantly reduced scope compared to the scope and focus of an audit in accordance with International Standards on Auditing and generally accepted accounting practice.

The measures completed in connection with the Auditor's Review do not enable us to assess with a degree of assurance that we have become aware of all significant circumstances that could have been identified in a full audit. Accordingly, the opinions stated on the basis of an Auditor's Review do not have the same degree of assurance as stated opinions on the basis of a full audit.

### **CONCLUSION**

On the basis of our Auditor's Review, no circumstances have come to our attention that would give us cause to consider that the Interim Report has not, in essence, been prepared in accordance with IAS 34 and the Annual Accounts Act, and for the parent company, in accordance with the Annual Accounts Act.

Stockholm, Sweden  
June 21, 2017  
Ernst & Young AB

Johan Eklund  
*Authorized Public Accountant*

# Reconciliation of key ratios

SEK M	9 months		12 months	
	Sep 2016 –May 2017	Sep 2015 –May 2016	Jun 2016 –May 2017	Sep 2015 –Aug 2016
Net sales	1,666.2	1,617.8	2,221.5	2,173.1
Goods for resale	-806.1	-792.6	-1,093.0	-1,079.5
<b>Gross profit</b>	<b>860.1</b>	<b>825.2</b>	<b>1,128.5</b>	<b>1,093.6</b>
Other operating income	18.4	12.5	22.6	16.7
Other external expenses	-370.7	-357.5	-490.6	-477.4
Personnel expenses	-413.2	-414.6	-543.3	-544.7
Depreciation and impairment of non-current assets	-36.0	-35.3	-52.6	-51.9
<b>Operating income (EBIT)</b>	<b>58.6</b>	<b>30.3</b>	<b>64.6</b>	<b>36.3</b>
Interest income and similar profit/loss items	2.8	1.0	3.7	1.9
Interest expenses and similar profit/loss items	-13.0	-8.7	-16.9	-12.6
Unrealized profit/loss on futures contracts	-3.6	-7.1	3.8	0.3
<b>Net financial items</b>	<b>-13.8</b>	<b>-14.8</b>	<b>-9.4</b>	<b>-10.4</b>
<b>Profit/loss after financial items</b>	<b>44.8</b>	<b>15.5</b>	<b>55.2</b>	<b>25.9</b>
Adjustments:				
Tax on net profit/loss for the period	-1.6	0.0	-1.6	0.0
<b>Net income for the period</b>	<b>43.2</b>	<b>15.5</b>	<b>53.6</b>	<b>25.9</b>
Operating income	58.6	30.3	64.6	36.3
Depreciation and impairment of non-current assets	36.0	35.3	52.6	51.9
<b>Operating income before depreciation, amortization and impairment of non-current assets (EBITDA)</b>	<b>94.6</b>	<b>65.6</b>	<b>117.2</b>	<b>88.2</b>
Loans	0.0	0.0	0.0	385.0
Contingent consideration	19.1	0.0	19.1	16.7
Other non-current interest-bearing liabilities	0.1	1.3	0.1	0.1
<b>Non-current liabilities</b>	<b>19.2</b>	<b>1.3</b>	<b>19.2</b>	<b>401.8</b>
Loans	385.0	385.0	385.0	385.0
Contingent consideration	19.1	0.0	19.1	16.7
Other non-current interest-bearing liabilities	0.1	1.3	0.1	0.1
Other current interest-bearing liabilities	0.4	1.5	0.4	1.3
Cash and cash equivalents	-62.0	-27.9	-62.0	-24.2
<b>Net debt</b>	<b>342.6</b>	<b>359.9</b>	<b>342.6</b>	<b>378.9</b>
Equity, opening balance	323.5	305.7	323.6	305.7
Equity, closing balance	356.9	323.6	356.9	323.5
<b>Average equity</b>	<b>340.2</b>	<b>314.7</b>	<b>340.3</b>	<b>314.6</b>
Total assets	1,122.4	1,083.8	1,122.4	1,102.6
Trade payables	-149.5	-157.0	-149.5	-180.5
Other current liabilities	-211.4	-215.4	-211.4	-195.5
<b>Capital employed</b>	<b>761.5</b>	<b>711.4</b>	<b>761.5</b>	<b>726.6</b>
Net income for the period	43.2	15.5	53.6	25.9
Average equity	340.2	314.7	340.3	314.6
<b>Return on equity, %</b>	<b>12.7</b>	<b>4.9</b>	<b>15.8</b>	<b>8.2</b>
Capital employed, opening balance	726.6	693.4	711.4	693.4
Capital employed, closing balance	761.5	711.4	761.5	726.6
<b>Average capital employed</b>	<b>744.1</b>	<b>702.4</b>	<b>736.5</b>	<b>710.0</b>
Interest expenses and similar profit/loss items	-13.0	-8.7	-16.9	-12.6
Unrealized expense on futures contracts	-3.6	-7.1	0.0	0.0
Profit before tax from continuing operations	44.8	15.5	55.2	25.9
Average capital employed	744.1	702.4	736.5	710.0
<b>Return on capital employed, %</b>	<b>8.3</b>	<b>4.5</b>	<b>9.8</b>	<b>5.4</b>
Operating income	58.6	30.3	64.6	36.3
Interest income and similar profit/loss items	2.8	1.0	3.7	1.9
Unrealized income on futures contracts	0.0	0.0	3.8	0.3
<b>Profit/loss after financial income</b>	<b>61.4</b>	<b>31.3</b>	<b>72.1</b>	<b>38.5</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.

## 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 ordinary shares during the period.

# Consolidated Income Statement

SEK M	3 months		9 months		12 months	
	Mar 2017 –May 2017	Mar 2016 –May 2016	Sep 2016 –May 2017	Sep 2015 –May 2016	Jun 2016 –May 2017	Sep 2015 –Aug 2016
Net sales	491.7	488.9	1,666.2	1,617.8	2,221.5	2,173.1
Goods for resale	-226.9	-223.6	-806.1	-792.6	-1,093.0	-1,079.5
<b>Gross income</b>	<b>264.8</b>	<b>265.3</b>	<b>860.1</b>	<b>825.2</b>	<b>1,128.5</b>	<b>1,093.6</b>
Other operating income	6.8	5.9	18.4	12.5	22.6	16.7
Other external expenses	-124.6	-121.5	-370.7	-357.5	-490.6	-477.4
Personnel expenses	-133.6	-137.6	-413.2	-414.6	-543.3	-544.7
Depreciation and impairment of non-current assets	-11.7	-12.1	-36.0	-35.3	-52.6	-51.9
<b>Operating income</b>	<b>1.7</b>	<b>0.0</b>	<b>58.6</b>	<b>30.3</b>	<b>64.6</b>	<b>36.3</b>
Financial income	0.8	0.4	2.8	1.0	3.7	1.9
Financial expenses	-3.8	-3.1	-13.0	-8.7	-16.9	-12.6
Unrealized profit/loss on futures contracts	-9.1	-7.6	-3.6	-7.1	3.8	0.3
<b>Net financial items</b>	<b>-12.1</b>	<b>-10.3</b>	<b>-13.8</b>	<b>-14.8</b>	<b>-9.4</b>	<b>-10.4</b>
<b>Profit before tax from continuing operations</b>	<b>-10.4</b>	<b>-10.3</b>	<b>44.8</b>	<b>15.5</b>	<b>55.2</b>	<b>25.9</b>
Tax on net income for the period	-1.6	0.0	-1.6	0.0	-1.6	0.0
<b>Net income for the period</b>	<b>-12.0</b>	<b>-10.3</b>	<b>43.2</b>	<b>15.5</b>	<b>53.6</b>	<b>25.9</b>
<b>Other comprehensive income</b>						
<i>Other comprehensive income, which will be reclassified to net income in subsequent periods</i>						
Translation differences	0.3	-0.7	-0.9	-0.2	-0.3	<b>0.4</b>
<b>Comprehensive income for the period</b>	<b>-11.7</b>	<b>-11.0</b>	<b>42.3</b>	<b>15.3</b>	<b>53.3</b>	<b>26.3</b>
<b>Net income for the period attributable to:</b>						
Parent Company's shareholders	-12.0	-10.3	43.2	15.5	53.6	25.9
	<b>-12.0</b>	<b>-10.3</b>	<b>43.2</b>	<b>15.5</b>	<b>53.6</b>	<b>25.9</b>
<b>Comprehensive income attributable to:</b>						
Parent Company's shareholders	-11.7	-11.0	42.3	15.3	53.3	26.3
	<b>-11.7</b>	<b>-11.0</b>	<b>42.3</b>	<b>15.3</b>	<b>53.3</b>	<b>26.3</b>
<b>Earnings per share before and after dilution (SEK)</b>	<b>-0.35</b>	<b>-0.30</b>	<b>1.27</b>	<b>0.46</b>	<b>1.58</b>	<b>0.76</b>
<b>Average number of shares, (000s)</b>	<b>33,912</b>	<b>33,912</b>	<b>33,912</b>	<b>33,912</b>	<b>33,912</b>	<b>33,912</b>



# Consolidated Cash Flow Statement, in summary

SEK M	3 months		9 months		12 months	
	Mar 2017 –May 2017	Mar 2016 –May 2016	Sep 2016 –May 2017	Sep 2015 –May 2016	Jun 2016 –May 2017	Sep 2015 –Aug 2016
<b>Operating activities</b>						
Operating income	1.7	0.0	58.6	30.3	64.6	36.3
Interest received and other financial income	0.8	0.4	2.8	1.0	3.7	1.9
Interest paid	0.1	-3.1	-9.2	-8.6	-12.7	-12.1
Adjustment for non-cash items	11.6	11.5	36.7	33.4	53.1	49.8
Tax paid	-0.9	0.0	-0.9	0.0	-0.9	0.0
<b>Cash flow before change in working capital</b>	<b>13.3</b>	<b>8.8</b>	<b>88.0</b>	<b>56.1</b>	<b>107.8</b>	<b>75.9</b>
<b>Cash flow from change in working capital</b>						
Change in inventories	-16.7	-5.5	3.5	8.3	4.5	9.3
Decrease (+)/increase (-) in current receivables	4.9	14.7	0.6	0.5	-6.1	-6.2
Decrease (-)/increase (+) in current liabilities	9.7	-7.9	-17.7	-18.8	-14.0	-15.1
<b>Change in working capital</b>	<b>-2.1</b>	<b>1.3</b>	<b>-13.6</b>	<b>-10.0</b>	<b>-15.6</b>	<b>-12.0</b>
<b>Cash flow from operating activities</b>	<b>11.2</b>	<b>10.1</b>	<b>74.5</b>	<b>46.1</b>	<b>92.3</b>	<b>63.9</b>
<b>Cash flow from investing activities</b>	<b>-10.2</b>	<b>-35.9</b>	<b>-27.7</b>	<b>-56.6</b>	<b>-49.2</b>	<b>-78.1</b>
<b>Cash flow after investments</b>	<b>1.0</b>	<b>-25.8</b>	<b>46.8</b>	<b>-10.5</b>	<b>43.1</b>	<b>-14.2</b>
<b>Financing activities</b>						
Change in liabilities to financial institutions	-0.2	0.5	-0.5	0.5	-1.3	-0.3
Amortization of loan	0.0	0.0	0.0	0.0	0.0	0.0
Paid dividend	0.0	0.0	-8.5	-8.5	-8.5	-8.5
<b>Cash flow from financing activities</b>	<b>-0.2</b>	<b>0.5</b>	<b>-9.0</b>	<b>-8.0</b>	<b>-9.8</b>	<b>-8.8</b>
<b>Cash flow during the period</b>	<b>0.9</b>	<b>-25.3</b>	<b>37.7</b>	<b>-18.5</b>	<b>33.2</b>	<b>-23.0</b>
Cash and cash equivalents at beginning of period	61.3	53.3	24.2	47.2	27.9	47.2
Exchange difference in cash and cash equivalents	-0.1	-0.1	0.1	-0.8	0.9	0.0
<b>Cash and cash equivalents at end of period</b>	<b>62.0</b>	<b>27.9</b>	<b>62.0</b>	<b>27.9</b>	<b>62.0</b>	<b>24.2</b>

## Consolidated Balance Sheet, in summary

SEK M	May 31, 2017	May 31, 2016	Aug 31, 2016
<b>Assets</b>			
Intangible assets	429.8	417.4	422.7
Tangible assets	72.5	85.7	90.3
Financial assets	21.2	21.9	22.8
<b>Total non-current assets</b>	<b>523.5</b>	<b>525.0</b>	<b>535.8</b>
Inventories	400.5	404.5	404.0
Current receivables	136.4	126.4	138.6
Cash	62.0	27.9	24.2
<b>Total current assets</b>	<b>598.9</b>	<b>558.8</b>	<b>566.8</b>
<b>Total assets</b>	<b>1,122.4</b>	<b>1,083.8</b>	<b>1,102.6</b>
<b>Shareholders' equity and liabilities</b>			
Equity attributable to the Parent Company shareholders	356.9	323.6	323.5
<b>Total equity</b>	<b>356.9</b>	<b>323.6</b>	<b>323.5</b>
Non-current liabilities	19.2	1.3	401.8
Current liabilities	746.3	758.9	377.3
<b>Total liabilities</b>	<b>765.5</b>	<b>760.2</b>	<b>779.1</b>
<b>Total equity and liabilities</b>	<b>1,122.4</b>	<b>1,083.8</b>	<b>1,102.6</b>

## Changes in shareholders' equity, in summary

SEK M	Sep 2016 –May 2017	Sep 2015 –May 2016	Sep 2015 –Aug 2016
Opening balance	323.5	305.7	305.7
Net income for the period	43.2	15.5	25.9
Other comprehensive income	-1.3	-0.2	0.4
<b>Total comprehensive income for the year</b>	<b>41.9</b>	<b>15.3</b>	<b>26.3</b>
Paid dividend	-8.5	-8.5	-8.5
<b>Balance at end of period</b>	<b>356.9</b>	<b>323.6</b>	<b>323.5</b>

# Key ratios

SEK M	<b>Sep 2016 –May 2017</b>	Sep 2015 –May 2016	Jun 2016 –May 2017	Sep 2015 –Aug 2016
Gross margin, %	51.6	51.0	50.8	50.3
Operating margin, %	3.5	1.9	2.9	1.7
Equity/assets ratio, %	31.8	29.9	31.8	29.3
Interest coverage ratio, x	3.7	2.0	4.3	3.1
Net debt, MSEK	342.6	359.9	342.6	378.9
Net debt/equity ratio, %	96.0	111.2	96.0	117.1
Return on equity, %	12.7	4.9	15.8	8.2
Return on capital employed, %	8.3	4.5	9.8	5.4
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	1.27	0.46	1.58	0.76
Equity per share at end of period, SEK	10.52	9.54	10.52	9.54
Average number of employees, full time	992	1,023	1,016	1,047

# Income Statement per quarter, Group

SEK M	Q3		Q2		Q1		Q4	
	2016/ 2017	2015/ 2016	2016/ 2017	2015/ 2016	2016/ 2017	2015/ 2016	2015/ 2016	2014/ 2015
Net sales	491.7	488.9	590.2	572.5	584.3	556.4	555.3	563.6
Goods for resale	-226.9	-223.6	-315.8	-303.2	-263.4	-265.8	-286.9	-294.0
<b>Gross income</b>	<b>264.8</b>	<b>265.3</b>	<b>274.4</b>	<b>269.3</b>	<b>320.9</b>	<b>290.6</b>	<b>268.4</b>	<b>269.6</b>
Other operating income	6.8	5.9	7.2	2.3	4.4	4.3	4.2	1.1
Other external expenses	-124.6	-121.5	-117.4	-116.3	-128.7	-119.7	-119.9	-111.1
Personnel expenses	-133.6	-137.6	-141.5	-143.4	-138.1	-133.6	-130.1	-136.3
Depreciation and impairment of non-current assets	-11.7	-12.1	-12.1	-11.4	-12.2	-11.8	-16.6	-11.5
<b>Operating income</b>	<b>1.7</b>	<b>0.0</b>	<b>10.6</b>	<b>0.5</b>	<b>46.3</b>	<b>29.8</b>	<b>6.0</b>	<b>11.8</b>
Financial income	0.8	0.4	-0.2	0.4	2.2	0.2	0.9	1.5
Financial expenses	-3.8	-3.1	-4.5	-2.3	-4.7	-3.3	-3.9	-2.0
Unrealized profit/loss on futures contracts	-9.1	-7.6	-9.6	-3.2	15.1	3.7	7.4	-5.4
<b>Net financial items</b>	<b>-12.1</b>	<b>-10.3</b>	<b>-14.3</b>	<b>-5.1</b>	<b>12.6</b>	<b>0.6</b>	<b>4.4</b>	<b>-5.9</b>
<b>Profit before tax from continuing operations</b>	<b>-10.4</b>	<b>-10.3</b>	<b>-3.7</b>	<b>-4.6</b>	<b>58.9</b>	<b>30.4</b>	<b>10.4</b>	<b>5.9</b>
Tax on net income for the quarter	-1.6	0.0	1.0	0.0	-1.0	0.0	0.0	0.0
<b>Net income for the quarter</b>	<b>-12.0</b>	<b>-10.3</b>	<b>-2.7</b>	<b>-4.6</b>	<b>57.9</b>	<b>30.4</b>	<b>10.4</b>	<b>5.9</b>
<b>Other comprehensive income</b>								
Other comprehensive income, to be reclassified to net income in subsequent quarters								
Translation differences	0.3	-0.7	0.1	0.1	-1.3	0.4	0.6	0.0
<b>Comprehensive income for the quarter</b>	<b>-11.7</b>	<b>-11.0</b>	<b>-2.6</b>	<b>-4.5</b>	<b>56.6</b>	<b>30.8</b>	<b>11.0</b>	<b>5.9</b>

# Key ratios per quarter

SEK M	Q3		Q2		Q1		Q4	
	2016/ 2017	2015/ 2016	2016/ 2017	2015/ 2016	2016/ 2017	2015/ 2016	2015/ 2016	2014/ 2015
Gross margin, %	53.9	54.3	46.5	47.0	54.9	52.2	48.3	47.8
Operating margin, %	0.3	0.0	1.8	0.1	7.9	5.4	1.1	2.1
Return on equity, %	-3.31	-3.18	-0.72	-1.39	16.46	9.47	3.21	1.95
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	-0.35	-0.30	-0.08	-0.14	1.71	0.90	0.31	0.17
Equity per share at end of quarter, SEK	10.52	9.54	10.88	9.54	11.21	9.92	9.54	9.01
Total equity	356.9	323.6	369.0	323.5	380.1	336.5	323.5	305.7
Cash flow per share from operating activities	0.3	0.3	0.8	0.6	1.1	0.5	0.5	-0.4
Cash flow from operating activities	11.0	10.1	25.7	20.3	37.6	15.7	17.8	-13.9
Share price at end of quarter, SEK	12.8	11.5	18.6	17.3	10.9	16.9	11.6	14.3



# Income Statement, Parent Company

SEK M	3 months		9 months		12 months	
	Mar 2017 –May 2017	Mar 2016 –May 2016	Sep 2016 –May 2017	Sep 2015 –May 2016	Jun 2016 –May 2017	Sep 2015 –Aug 2016
Net sales	29.5	24.8	81.0	71.8	107.2	98.0
Other operating income	0.0	1.0	4.9	2.8	7.7	5.6
	<b>29.5</b>	<b>25.8</b>	<b>85.9</b>	<b>74.6</b>	<b>114.9</b>	<b>103.6</b>
<b>Operating expenses</b>						
Other external expenses	-16.3	-18.0	-46.9	-50.3	-61.5	-64.9
Personnel expenses	-15.3	-15.9	-49.1	-44.1	-64.3	-59.3
Depreciation and impairment of non-current assets	-2.7	-1.9	-8.4	-5.5	-11.0	-8.1
<b>Operating income</b>	<b>-4.8</b>	<b>-10.0</b>	<b>-18.5</b>	<b>-25.3</b>	<b>-21.9</b>	<b>-28.7</b>
Result from participations in group companies	0.0	0.0	0.0	0.0	39.4	39.4
Financial income	1.2	0.1	1.2	0.2	1.9	0.9
Financial expenses	-4.4	-2.5	-12.1	-6.0	-16.7	-10.6
<b>Result after financial items</b>	<b>-8.0</b>	<b>-12.4</b>	<b>-29.4</b>	<b>-31.1</b>	<b>2.7</b>	<b>1.0</b>
Taxes	-	-	-	-	-	-
<b>Net income for the period</b>	<b>-8.0</b>	<b>-12.4</b>	<b>-29.4</b>	<b>-31.1</b>	<b>2.7</b>	<b>1.0</b>

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

# Balance Sheet, Parent Company, in summary

SEK M	May 31, 2017	May 31, 2016	Aug 31, 2016
<b>Assets</b>			
Intangible assets	24.1	20.7	21.7
Property, plant and equipment	5.1	5.8	5.9
Financial assets	576.7	576.6	576.7
Deferred tax assets	78.0	32.2	82.7
Other current assets	50.7	16.6	9.3
<b>Total assets</b>	<b>734.6</b>	<b>651.9</b>	<b>696.3</b>
<b>Shareholders' equity and liabilities</b>			
Equity	218.8	224.5	256.7
Non-current liabilities	0.0	0.0	385.0
Current liabilities	515.8	427.4	54.6
<b>Total equity and liabilities</b>	<b>734.6</b>	<b>651.9</b>	<b>696.3</b>

## NOTE 1 ACQUISITION OF KIDS COMPANY OY

<b>Acquisition analysis</b>	<b>SEK</b>
Goodwill	17.5
Other non-current assets	2.3
Inventories	11.9
Non-current receivables	0.7
Current receivables	5.1
Cash and cash equivalents	2.7
Current and non-current liabilities	-9.5
Tax	-0.1
<b>Purchase consideration</b>	<b>30.6</b>
Purchase consideration posted to debt	-19.1
<b>Purchase consideration paid</b>	<b>11.5</b>
Cash and cash equivalents in divested company	-2.7
Impact on Group cash and cash equivalents	8.8

The acquisition analysis has been completed.

# RNB RETAIL AND BRANDS

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**Questions about this report**

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