

RNB

INTERIM REPORT FOR THE PERIOD
SEPTEMBER 1, 2020 - MAY 31, 2021

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RNB RETAIL AND BRANDS

BROTHERS

RNB RETAIL AND BRANDS owns, operates and develops stores and e-commerce in fashion wear, clothing and accessories. The focus is on providing excellent service and a world-class shopping experience. Sales are conducted through the concept Brothers. Brothers is a nationwide men's fashion chain with 44 stores including an e-commerce platform. Brothers is the number one destination when it comes to a smart and casual way of dressing, for all men no matter the occasion. RNB RETAIL AND BRANDS is listed on Nasdaq Stockholm under the ticker RNBS.

A brighter spring for Brothers

The quarter returned a welcome increase in customer numbers and sales for Brothers. Sales increased sharply compared to the second quarter and Brothers increased its market share in men's fashion. The progress continued in June. The divestment of Polarn O. Pyret was completed in the quarter and the Group continues to focus on finding a solution for the remaining operations.

THIRD QUARTER, MARCH 1, 2021 - MAY 31, 2021 IN SUMMARY

- Net sales increased to SEK 61 M (59).
 - Comparable sales on all national markets for all business areas increased by 20.1 percent (-32.1).
 - Sales for comparable units in Sweden for all business areas increased by 14.0 percent (-32.5), compared to the market increase of 19.8 percent (-28.5).
 - Operating income from remaining operations was SEK -19 M (-88).
 - Profit after tax from remaining operations was SEK -27 M (-106).
 - Profit after tax was SEK 102 M (-318).
 - Earnings per share was SEK 1.00 (-3.12).
 - Cash flow from operating activities was SEK 45 M (147).
- Operating income from remaining operations was SEK -15 M (-160).
 - Profit after tax from remaining operations was SEK -44 M (-198).
 - Profit after tax was SEK 118 M (-385).
 - Earnings per share was SEK 1.15 (-4.99).
 - Cash flow from operating activities was SEK 81 M (235).

EVENTS IN THE QUARTER

- In March, the business area Polarn O. Pyret was divested for a preliminary purchase consideration of SEK 353 M.
- At the beginning of May, CEO and President Kristian Lustin resigned at his own request to take up a new position with a different company.
- The Departments & Stores business area was divested in the second quarter.

THE PERIOD, SEPTEMBER 1, 2020 - MAY 31, 2021 IN SUMMARY

- Net sales decreased to SEK 163 M (293).
- Comparable sales on all national markets for all business areas decreased by -17.0 percent (-16.5).
- Sales for comparable units in Sweden for all business areas decreased by -20.5 percent (-15.8), compared to the market downturn of -12.7 percent (-9.9).

EVENTS AFTER THE END OF THE QUARTER

- The remaining SEK 120 M of the preliminary purchase consideration from the divestment of Polarn O. Pyret was received on June 28.
- A Notice convening an Extraordinary General Meeting was published on June 30.

CONTACT

President and CEO Kristian Lustin +46 (0)8 410 524 63
CEO Brothers, Christopher Englinde +46 (0) 76 887 24 17

PRESS AND ANALYST MEETING

RNB will hold a press and analyst conference in connection with the publication of the report, presented by Kristian Lustin, President and CEO, and Richard Roa, Group Business Controller. The presentation will be held on July 1 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 8 505 583 66 (Sweden)

+44 333 300 92 68 (UK)

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

FINANCIAL CALENDAR

Interim Report, fourth quarter 2020/2021 October 7, 2021

Annual General Meeting 2020/2021 December 22, 2021

Interim Report, first quarter 2021/22 December 22, 2021

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 person on July 1, 2021 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

The two main highlights in the quarter were a welcome influx of customers and increased sales for Brothers, and the divestment of the Polarn O. Pyret business area.

Comparable sales for the Group increased by 20 percent in the quarter, with the increase evenly distributed between stores and e-commerce. It is pleasing to see increasing visitor numbers in stores and that this trend continued into June.

The strict cost control measures continued in the quarter, and will remain in place until stable sales growth is achieved.

BROTHERS

Although the third quarter continued to be affected by Covid-19, mainly in the form of reduced customer flows due to restrictions on the number of store visitors, early restaurant closures and continued high infection rates, we saw a pronounced and clear increase in visitor numbers towards the end of the quarter. The Stockholm region and the stores that were hit first and hardest in the first few months of last year are those that have recovered most quickly. Even if differences remain between Sweden's different Regions, many stores are now approaching sales levels from 2019. Sales in Q3 increased by 30 percent on the previous quarter, with e-commerce representing the majority of the increase. For the quarter as a whole, e-commerce represented 19 percent of comparable sales.

Comparable sales in the quarter increased by just over 3 percent year-on-year. In order to ensure a equal comparison, we need to recapitulate the quarterly performance last year. Covid-19 hit with full effect, extensive discounting was introduced to boost sales, goods deliveries were halted due to corporate restructuring, rental discounts were received as well as significantly discounted purchasing prices due to successful negotiations. Comparable sales in June increased by 20 percent year-on-year.

Brothers made good progress compared to its competitors in the quarter. From March, Brothers increased its market share each month. Brothers also made excellent progress with an increased frequency of repeat customers. Alongside steadily increasing rates of conversion, this indicates that Brothers' end customers appreciate the offering.

Brothers' student offers on items such as suits was a sure sign of spring. Brothers' sales exceeded expectation, and doubled compared in year-on-year terms. This is another sign that operations are making significant strides towards more normal sales. The sharp increase in sales of suits, not just to students, also indicates that demand for well-dressed fashion is now growing rapidly.

In mid-March, Brothers launched new content for members of its customer loyalty scheme with increased benefits for members. This was very well received and sales to members increased significantly in the quarter; the share of sales from the customer loyalty scheme is now higher than ever.

In the quarter, Brothers continued to cut costs and once again demonstrated its responsiveness, flexibility and ability to introduce fast cost-cutting measures in the current uncertain climate. This is implemented through changed purchasing strategies, consolidation and rationalization of processes as well as the strong local retailer ethos that permeates the company.

The overall effect was that Brothers presented positive result of just under SEK 1 M. The trend is clearly positive and indicates sustained growth as May returned the strongest figures of the quarter. June also came off to a very strong start for Brothers, and there is considerable positive momentum surrounding the company.

It is very pleasing for everyone concerned that Brothers has now presented positive figures, and given the continued positive trend, the company has demonstrated sustainability and is looking forward to a bright future.

POLARN O. PYRET

Comparable total sales in March increased by 46 percent. A prolonged trend was interrupted as in-store sales showed the biggest increase, up by over 60 percent. This demonstrated that the new spring collection was successful and well-received by customers.

The divestment of PO.P to Procuritas was completed on March 31. After a dividend of SEK 40 M from Polarn O. Pyret to RNB, the preliminary purchase consideration amounted to SEK 353 M. The final purchase consideration has yet to be determined.

OUTLOOK

Two divestments have been completed and process for locating a suitable solution for RNB and Brothers continues.

It is pleasing to see that society is slowly returning to more normal conditions. This will affect our operations positively.

Kristian Lustin
President and CEO

Revenue and earnings RNB Group

THIRD QUARTER, MARCH 1, 2021 - MAY 31, 2021

The Group's reported net sales from remaining operations totaled SEK 61 M (59) in the third quarter. Total sales for comparable units in Sweden was up 14.0 percent (-32.5) year-on-year, and sales increase by 20.1 percent (-32.1) for all national markets, expressed in SEK.

Gross margin for the Group improved to 58.7 percent (43.7).

Total operating expenses decreased significantly in the quarter in year-on-year terms due to completed rationalizations. Depreciation/amortization in the quarter totaled SEK 18 M (17), of which SEK 18 M (14) related to IFRS 16.

Operating income was SEK -19 M (-88), IFRS 16 had a positive impact on operating income of SEK 4 M (2), which equals operating income, excluding IFRS 16, of SEK -23 M (-91).

Net financial items totaled SEK -8 M (-17), of which IFRS 16 affected net financial items by SEK -4 M (-4).

Profit after tax amounted to SEK 102 M (-318) of which SEK 129 M (-212) relates to divested operations.

Market progress in the quarter

According to Stilindex (the Swedish Retail and Wholesale Trade Research Institute), clothing sales in Sweden increased by 19.8 (-28.5) percent in the quarter.

THE PERIOD, SEPTEMBER 1, 2020 - MAY 31, 2021

The Group's reported net sales from remaining operations totaled SEK 163 M (293), in the period. Total sales for all business areas for comparable units in Sweden were -20.5 percent (-15.8), and sales decreased by -17.0 percent (-16.5) for all national markets, expressed in SEK. Gross margin for the Group improved to 52.8 percent (49.8).

Total operating expenses decreased significantly in the period in year-on-year terms due to completed rationalizations. Depreciation/amortization in the period totaled SEK 62 M (68), of which SEK 50 M (58) related to IFRS 16.

Operating income totaled SEK -15 M (-160), including gains from arrangements with creditors of SEK 61 M. IFRS 16 had a positive impact on operating income of SEK 3 M (4), which equals operating income, excluding IFRS 16, of SEK -18 M (-164).

Net financial items totaled SEK -30 M (-39), of which IFRS 16 affected net financial items by SEK -13 M (-13).

Profit after tax amounted to SEK 118 M (-385) of which SEK 162 M (-186) relates to divested operations.

Market progress in the period

According to Stilindex (the Swedish Retail and Wholesale Trade Research Institute), clothing sales in Sweden decreased by -12.7 percent (-9.9) in the period.

Assessment of going concern

The Board and CEO continuously monitor Group liquidity and financial resources in the short and long term. This quarterly report has been prepared on the basis of the assumption that the company has the ability to continue operations for the coming 12-month period, on a going concern basis. This assumption is based on RNB Retail and Brands AB and its subsidiaries having implemented forceful measures to strengthen the financial position since March 2020. The corporate restructuring of the subsidiaries was approved in March 2020, and the proposed arrangements with creditors gained legal force in November 2020. The gains from arrangements with creditors were recognized in November and strengthened the subsidiaries' financial position. The significant negative impact of Covid-19 on clothing sales has led to decreased sales revenue since March 2020.

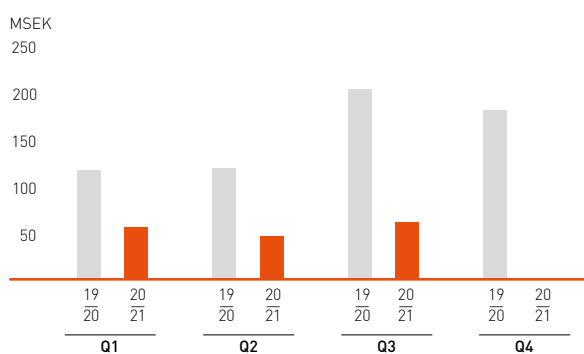
The divestment of Polarn O. Pyret was finalized March 31, 2021. After the divestment, the Group has eliminated its overdraft and has a positive cash position.

Accordingly, in the Board's and CEO's assessment, provided that the remaining operations generate cash flow as planned, the Group is expected to have sufficient liquidity and cash flow for continued operations in the coming 12-month period.

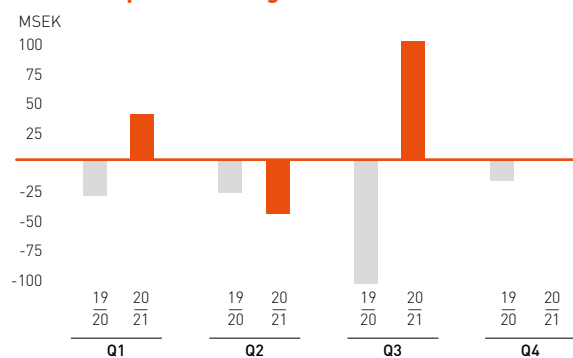
Group overview

	3 months		9 months		12 months	Full Year
	Mar 2021 – May 2021	Mar 2020 – May 2020	Sep 2020 – May 2021	Sep 2019 – May 2020	Jun 2020 – May 2021	Sep 2019 – Aug 2020
Net sales, SEK M	61	59	163	293	233	363
Gross margin, (%)	58.7	43.7	52.8	49.8	55.4	52.0
Operating income ,SEK M	-19	-88	-15	-160	-22	-168
<i>Operating income excl. IFRS 16 and goodwill impairment, SEK M</i>	-23	-48	-18	-120	-31	-134
Profit after tax, SEK M	102	-318	118	-385	68	-435
Operating margin (%)	-31,5	-150,6	-9,0	-54,4	-9,7	-46,1
<i>Operating margin (%), excl. IFRS16 and goodwill impairment, SEK M</i>	-38,1	-81,1	-10,9	-41,1	-13,5	-36,9
Earnings per share, SEK	1,00	-3,12	1,15	-4,99	0,66	-5,21
Cash flow from operating activities, SEK M	45	147	81	235	89	243
Number of sales points	44	50	44	50	44	44

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 the remaining operations Brothers, and Departments & Stores and Polarn O. Pyret as divested operations.

Business area	Net sales, including divested operations, period, 9 months	Share, (%)	Operating income for the period excl. IFRS 16 and goodwill impairment, 9 months	Own stores		Franchise agreements		
				Stores	E-commerce	Stores	E-commerce	
BROTHERS	SEK 163M	 19%	SEK 63M	Total	39	1	4	0
				Sweden	39	1	4	-
				Finland	0	0	-	-
Divested operations	SEK 677M	 81%	SEK 196M					
Total	SEK 840M		SEK 178M	43 stores	1 e-commerce	1 country		

Net sales and operating income per business area	3 months		9 months		12 months	Full Year
	Mar 2021 – May 2021	Mar 2020 – May 2020	Sep 2020 – May 2021	Sep 2019 – May 2020	Jun 2020 – May 2021	Sep 2019 – Aug 2020
Net sales, SEK M						
Brothers	60.8	58.6	162.9	293.4	233.0	363.5
Central operations & eliminations	0.0	0.0	0.0	0.0	0.0	0.0
Net sales remaining operations	60.8	58.6	162.9	293.4	233.0	363.5
Divested operations	58.0	265.5	677.4	1,164.3	933.1	1,420.0
Net sales	118.8	324.1	840.3	1,457.7	1,166.1	1,783.5
Operating income, SEK M						
Brothers	0.5	-43.9	62.9	-75.5	55.6	-82.9
Central operations & eliminations	-23.6	-0.3	-80.7	-29.1	-77.5	-25.9
Operating income, excluding IFRS 16 and goodwill impairment from remaining operations	-23.1	-44.2	-17.8	-104.6	-22.0	-108.8
Divested operations	8.8	-53.4	195.9	-39.6	153.6	-81.9
Operating income incl divested operations, excluding IFRS 16 and goodwill impairment	-14.3	-97.6	178.1	-144.2	131.7	-190.6

BROTHERS

Brothers is a menswear fashion retailer and the number one destination when it comes to a smart and casual way of dressing, with superb fit and great value for money for all men no matter the occasion.

THIRD QUARTER, MARCH 1, 2021 - MAY 31, 2021

Net sales in the Brothers business area totaled SEK 61 M (59). Sales in comparable stores increased by 3.2 percent and e-commerce as a proportion of comparable sales amounted to 19 percent. Brothers' e-commerce sales as a proportion of total sales on a rolling 12-month basis totaled 15 percent. Net sales from franchise stores were down in the quarter compared to the corresponding quarter in the previous year.

The number of paying customers in comparable physical stores was down five percent in the quarter in year-on-year terms but with an increased hit rate. Towards the end of the quarter, visitor numbers increased significantly.

The business area gross margin increased in the quarter, due to lower discounting in year-on-year terms. Due to the rationalizations implemented, costs were down in the quarter compared to the corresponding quarter in the previous year. The main cost reductions were derived from store rents and personnel costs.

Operating income totaled SEK 5 M (-85). Operating income excluding IFRS 16 amounted to SEK 0 M (-87).

Business area inventories were in line with the corresponding quarter of the previous year when dramatic changes were introduced. The focus is on active inventory control and ensuring a good product mix.

The store holding remained unchanged in the quarter.

THE PERIOD, SEPTEMBER 1, 2020 - MAY 31, 2021

Net sales in the Brothers business area totaled SEK 163 M (293). Sales in comparable stores decreased by -32.1 percent and the e-commerce share of comparable sales amounted to 18 percent. Net sales from franchise stores were down in the period compared to the corresponding period of the previous year. Total brand sales for rolling twelve months amounted to SEK 262 M (482).

The number of visitors in comparable physical stores decreased by 40 percent in the period in year-on-year terms, with an increased hit rate.

The business area gross margin increased in the period, due to lower discounting mainly in the third quarter. Due to the rationalizations implemented, costs were down in the period

compared to the corresponding period in the previous year. The main cost reductions were derived from store rents and personnel costs.

Operating income totaled SEK 66 M (-114). Operating income excluding IFRS 16 amounted to SEK 63 M (-119).



Financial position and liquidity

The Group's total assets amounted to SEK 583 M, compared to SEK 1,736 M at the end of the previous financial year. As of May 31, inventories totaled SEK 90 M (347), compared to SEK 379 M at the end of the previous financial year.

Cash flow from changes in working capital was positive in the period at SEK 30 M (212). Cash flow from operating activities was SEK 81 M (235) in the period. After investments, cash flow was SEK 227 M (205).

Net debt decreased to SEK 187 M (1,228), compared to SEK 1,159 M at the end of the previous financial year.

SHAREHOLDERS' EQUITY

Group equity was SEK 70 M at the end of the period, against SEK -133 M at the end of the previous financial year, implying an equity/assets ratio of 12.0 percent (-7.6) at year-end. Excluding IFRS 16, the equity/assets ratio was 21.2 percent (-5.0).

In the second quarter, a total of SEK 85 M of the corporate bond and accrued interest were converted to subordinated debt with perpetual maturity, known as a hybrid bond. The hybrid bond is classified as equity. The hybrid bond has a higher priority than the shareholders' capital and, for example, the hybrid bond must be repaid before a dividend can be paid.

LIQUIDITY

The Group's cash and cash equivalents totaled SEK 76 M (177) at the end of the period, compared to SEK 161 M at the end of the previous financial year. Settlements from arrangements with creditors for Departments & Stores and Polarn O. Pyret were paid in January, and in June for Brothers.

LIABILITIES

Brothers has a credit facility of SEK 10 M. The facility which is used for guarantee commitments is fully secured through deposits of blocked funds. The earlier credit limit in the Parent Company of SEK 110 M was amortized and terminated on March 31, 2021.

In the second quarter, a total of SEK 60 M of the corporate bond and SEK 25 M accrued interest were converted to subordinated debt with perpetual maturity, known as a hybrid bond.

In May, SEK 159 M of the corporate bond was amortized. The bond debt amounted to SEK 185 M including accrued interest as of 31 May.

The preliminary purchase consideration of SEK 353 M for Polarn O. Pyret is divided into two parts: one initial cash payment on March 31 of SEK 233, M and the remaining SEK 120 M which was received on June 28, 2021. The SEK 120 M will be used to amortize RNB's bond loan during mid-July.

The corporate restructuring that took place between March 23, 2020 and November 6, 2020 means that certain bond covenants have been breached, although this does not affect

maturity. Interest since March 2020 has been expensed but not paid, which has increased the corporate bond debt. SEK 25 M of accrued interest has been converted to a subordinated debenture with perpetual maturity.

INVESTMENTS AND DEPRECIATION/AMORTIZATION

Investments during the period, excluding investments in subsidiaries, totaled SEK 6 M (14). Depreciation/amortization totaled SEK -62 M (-68), of which SEK -50 M (-58) related to IFRS 16. In the second quarter, the company wrote down the value of the shares in Brothers by SEK 22 M to SEK 124 M. For more information see Note 4.

EMPLOYEES

The average number of employees, recalculated as full time equivalents, was 127 (210) for remaining operations in the period. For all operations the average number was 483 (838).

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. For more information on transactions with related parties, see Note 35 of the 2019/2020 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 949 M at the end of the previous financial year, tax expenses are expected to remain low. For more information, see Note 10 of the 2019/2020 Annual Report.

PARENT COMPANY

Parent Company net sales were SEK 17 M (26). Profit/loss after net financial items was SEK -36 (-241) M. Investments totaled SEK 0 M (2).

SEASONAL VARIATIONS

Retail sales vary according to season and gross margins are affected by sales periods. Deviations from normal weather conditions impact both sales and margins. Brothers' quarterly sales are relatively evenly distributed over the year. Operating income varies significantly between quarters. The first and third quarters have the highest share of the operating income for the year, while operating income is lower in the second and fourth quarters.

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 behavior, seasonal variations and weather patterns.
- Competition from existing and new operators active in RNB's segments.
- Identifying continuously shifting fashion trends and customer preferences.
- Covid-19 has negatively affected, and will continue to negatively affect, sales and profit, although it is difficult to gauge the extent and duration of this impact.

For a more detailed description of the Group's risks and risk management, see the 2019/2020 Annual Report.

EVENTS AFTER THE END OF THE QUARTER

On June 28, the acquirer of Polarn O. Pyret paid the remaining SEK 120 M, plus accrued interest of SEK 1.7 M, of the preliminary purchase consideration. The amount of SEK 120 M will be used to amortize RNB's bond loan in mid-July.

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, July 1, 2021
The Board of Directors and Chief Executive Officer of
RNB Retail and Brands AB

Michael Lemner
Board member

Per Thunell
Chairman

Joel Lindeman
Board member

Kristian Lustin
Chief Executive Officer

Audit Review

RNB RETAIL AND BRANDS AB (PUBL), CORP. REG. NO. 556495- 4682.

INTRODUCTION

We have reviewed the condensed interim report of RNB RETAIL AND BRANDS AB (publ) as at May 31, 2021 and the nine-month period then ended. The Board of Directors and CEO are responsible for the preparation and presentation of this Interim Report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on the Interim Report based on our review.

SCOPE OF THE REVIEW

We conducted our review in accordance with the International Standard on Review Engagements, ISRE 2410 Review of Interim Financial Statements Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing standards in Sweden.

The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

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

Stockholm, Sweden, July 1, 2021
Ernst & Young AB

Beata Lihammar
Authorized Public Accountant

Consolidated Income Statement

SEK M	3 months		9 months		12 months	Full Year
	Mar 2021 – May 2021	Mar 2020 – May 2020	Sep 2020 – May 2021	Sep 2019 – May 2020	Jun 2020 – May 2021	Sep 2019 – Aug 2020
Net sales	60.8	58.7	162.9	293.4	232.9	363.5
Goods for resale	-25.1	-33.0	-76.8	-147.3	-103.9	-174.3
Gross income	35.6	25.7	86.0	146.1	129.0	189.2
Other operating income	8.3	23.1	64.9	4.3	67.9	7.4
Other external expenses	-20.0	-29.3	-32.0	-82.6	-34.0	-84.6
Personnel expenses	-24.9	-42.8	-71.5	-111.8	-94.9	-135.2
Depreciation/amortization of non-current assets	-18.2	-17.3	-62.0	-67.9	-90.6	-96.5
Goodwill impairment from remaining operations note 4	0.0	-43.0	0.0	-43.0	0.0	-43.0
Profit/loss from divestment of subsidiaries	0.0	-4.8	0.0	-4.8	0.0	-4.8
Operating income from remaining operations	-19.2	-88.4	-14.6	-159.7	-22.5	-167.5
Financial income etc.	1.3	0.0	1.3	0.0	1.3	0.0
Financial expenses etc.	-9.2	-17.3	-30.9	-38.6	-44.3	-52.0
Unrealized profit/loss on futures contracts	0.0	0.0	0.0	0.0	0.0	0.0
Net financial items	-7.9	-17.3	-29.6	-38.6	-43.0	-52.0
Profit before tax from remaining operations	-27.1	-105.7	-44.2	-198.3	-65.5	-219.5
Tax on profit for the period	0.0	-0.3	0.0	-0.2	0.0	-0.2
Net income for the period from remaining operations	-27.1	-106.0	-44.2	-198.5	-65.5	-219.8
Divested operations						
Net income for the period from divested operations note 6	128.8	-211.7	161.9	-186.2	133.1	-215.0
Net income for the period	101.7	-317.7	117.7	-384.7	67.6	-434.8
Other comprehensive income						
<i>Other comprehensive income to be reclassified to net income in subsequent periods</i>						
Cash flow hedges – value changes	0.0	0.0	0.0	-4.0	8.8	4.8
Cash flow hedges recognized in income	0.0	0.0	0.0	-5.4	-6.7	-12.1
Translation differences	0.1	0.0	-0.3	-0.1	-0.5	-0.3
Tax attributable to items in other comprehensive income	-	-	-	-	-	-
Comprehensive income for the period	101.8	-317.7	117.4	-394.2	69.2	-442.4
Net income for the period attributable to:						
Parent Company shareholders	101.7	-317.7	117.7	-384.7	67.6	-434.8
	101.7	-317.7	117.7	-384.7	67.6	-434.8
Comprehensive income attributable to:						
Parent Company shareholders	101.8	-317.7	117.4	-394.2	69.2	-442.4
	101.8	-317.7	117.4	-394.2	69.2	-442.4
Earnings per share before and after dilution (SEK)¹⁾	1.00	-3.12	1.15	-4.99	0.66	-5.21
Average number of shares (000s)	101,737	101,737	101,737	77,141	101,737	83,391

1) See Reconciliation of KPIs on page 21-22

Consolidated Balance Sheet, in summary

SEK M		May 31, 2021	May 31, 2020	August 31, 2020
Assets				
Intangible assets	note 4	60.9	194.3	191.1
Tangible assets		8.2	75.0	73.1
Right-of-use assets	note 3	183.0	880.9	772.8
Financial assets		8.0	14.3	12.5
Total non-current assets		260.1	1,164.5	1,049.5
Inventories		89.5	346.5	378.6
Current interest-bearing receivables		120.0	0.0	0.0
Current receivables		36.8	130.1	146.5
Cash and cash equivalents		76.4	176.6	161.1
Total current assets		322.7	653.2	686.2
Total assets		582.8	1,817.7	1,735.7
Equity and liabilities				
Equity attributable to Parent Company shareholders		69.9	-81.5	-132.5
Total equity		69.9	-81.5	-132.5
Long-term lease liabilities	note 3	164.6	728.0	657.0
Bond loan, long-term		65.6	405.3	412.3
Current lease liabilities	note 3	33.1	187.7	168.0
Bond loan, short-term		120.0	0.0	0.0
Other current liabilities		129.6	578.2	630.9
Total liabilities		512.9	1,899.2	1,868.2
Total equity and liabilities		582.8	1,817.7	1,735.7

Changes in shareholders' equity, in summary

SEK M	Sep 2020 – May 2021	Sep 2019 – May 2020	Sep 2019 – Aug 2020
Opening balance	-132.5	235.0	235.0
Net income for the period	117.7	-384.7	-434.8
Other comprehensive income			
Changes to cash flow hedges	0.0	4.8	4.8
Cash flow hedges recognized in income	0.0	-12.1	-12.1
Translation differences	-0.3	0.6	-0.3
Total comprehensive income for the year	117.4	-391.4	-442.4
Rights issue	0.0	74.9	74.9
Hybrid bond	85.0	0.0	0.0
Balance at the end of the period	69.9	-81.5	-132.5

Consolidated Cash Flow Statement, in summary

SEK M	3 months		9 months		12 months	Full Year
	Mar 2021 – May 2021	Mar 2020 – May 2020	Sep 2020 – May 2021	Sep 2019 – May 2020	Jun 2020 – May 2021	Sep 2019 – Aug 2020
Operating activities						
Operating income from remaining operations	-19.2	-100.9	-14.6	-159.7	-22.5	-167.5
Operating income from divested operations	113.0	-183.6	176.1	-164.9	167.2	-173.8
Interest received and other financial income	0.2	0.6	0.2	1.8	-0.3	1.3
Interest paid	-9.2	-24.2	-30.6	-57.9	-49.8	-77.1
Adjustment for non-cash items	-61.9	247.0	-84.7	403.0	-50.5	437.2
Tax paid	4.3	0.0	4.3	0.0	4.3	0.0
Cash flow before change in working capital	27.2	-61.1	50.6	22.3	48.4	20.1
Cash flow from change in working capital						
Change in inventories	1.8	65.2	75.9	96.3	43.8	64.2
Decrease (+)/increase (-) in current receivables	4.4	9.4	47.1	21.8	44.9	19.6
Decrease (+)/increase (-) in current liabilities	11.8	133.6	-93.1	94.2	-47.9	139.4
Change in working capital	18.0	208.2	29.9	212.3	40.8	223.2
Cash flow from operating activities	45.1	147.1	80.5	234.6	89.2	243.3
Investing activities						
Change in tangible and intangible fixed assets	0.0	-4.6	-5.7	-20.7	-6.8	-21.8
Divestment of business	123.5	-3.0	152.3	-3.0	152.3	-3.0
Divestment of associated companies	0.0	0.0	0.0	0.0	1.0	1.0
Change in long-term receivables	0.6	8.7	0.2	-5.6	1.0	-4.8
Cash flow from investing activities	124.1	1.1	146.8	-29.3	147.5	-28.6
Cash flow after investments	169.2	148.2	227.3	205.3	236.7	214.7
Financing activities						
Change in overdraft facility	-54.9	-2.6	-61.5	34.3	-67.2	28.6
Change in other debt	0.0	0.0	0.0	20.0	0.0	20.0
Issue of corporate bond	0.0	-1.3	0.0	0.0	0.0	0.0
Amortization of loan	-158.7	0.0	-158.7	-20.0	-158.7	-20.0
Amortization of lease liabilities	-24.9	-19.4	-91.7	-148.4	-111.7	-168.4
Rights issue	0.0	0.0	0.0	74.9	0.0	74.9
Cash flow from financing activities	-238.5	-23.3	-311.9	-39.2	-337.6	-64.9
Cash flow for the period	-69.3	124.9	-84.6	166.1	-100.9	149.8
Cash and cash equivalents at beginning of year	145.9	53.1	161.1	10.6	176.6	10.6
Exchange rate difference in cash and cash equivalents	-0.2	-1.4	-0.1	-0.1	0.7	0.7
Cash and cash equivalents at end of period	76.4	176.6	76.4	176.6	76.4	161.1

Income Statement, Parent Company

SEK M	3 months		9 months		12 months	Full Year
	Mar 2021 – May 2021	Mar 2020 – May 2020	Sep 2020 – May 2021	Sep 2019 – May 2020	Jun 2020 – May 2021	Sep 2019 – Aug 2020
Net sales	1,9	6,5	17,5	26,2	32,3	41,0
Other operating income	0,0	0,5	0,0	1,6	-1,4	0,2
	1,9	7,0	17,5	27,8	30,9	41,2
Operating expenses						
Other external expenses	-4,4	-4,3	-35,6	-35,1	-43,8	-43,3
Personnel expenses	-3,1	-2,1	-8,2	-17,5	-9,8	-19,1
Depreciation/amortization and impairment of non-current assets	-3,3	-1,4	-7,5	-4,3	-8,9	-5,7
Operating income	-8,9	-0,8	-33,8	-29,1	-31,6	-26,9
Profit from participations in Group companies	267,1	-191,8	12,6	-191,8	3,5	-200,9
Financial income etc.	1,3	1,8	3,0	4,9	4,6	6,5
Financial expenses etc.	-4,5	-9,4	-17,9	-25	-25,1	-32,2
Profit/loss after financial items	255,0	-200,2	-36,1	-241,0	-48,6	-253,5
Taxes	-	-	-	-	-	-
Net income for the period	255,0	-200,2	-36,1	-241,0	-48,6	-253,5

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

Balance Sheet, Parent Company, in summary

SEK M	May 31, 2021	May 31, 2020	August 31, 2020
Assets			
Intangible assets	5.3	13.4	12.1
Tangible assets	0.0	0.9	0.7
Financial assets	124.0	475.3	462.7
Other current receivables	139.0	55.2	56.4
Cash and cash equivalents	23.9	0.0	0.0
Total assets	292.2	544.8	531.9
EQUITY AND LIABILITIES			
<i>Restricted equity</i>			
Share capital	4.0	30.5	30.5
Revaluation reserve	0.0	0.0	0.0
<i>Total restricted equity</i>	<i>4.0</i>	<i>30.5</i>	<i>30.5</i>
<i>Non-restricted equity</i>			
Retained earnings	126.5	268.5	268.6
Net income for the period	-36.1	-241.0	-253.5
<i>Total non-restricted equity</i>	<i>90.4</i>	<i>27.5</i>	<i>15.1</i>
Total Equity	94.4	58.0	45.6
Non-current liabilities	65.6	405.3	412.3
Current liabilities	132.2	81.5	74.0
Total equity and liabilities	292.2	544.8	531.9

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 2019/2020. Disclosures in accordance with IAS 34.16A appear in addition to the financial statements and their accompanying notes in other parts of this interim report.

This report includes critical estimates and judgments. For more information, see Note 2 of the Annual Report for 2019/2020.

Gross profit is reported separately in the Interim Report, diverging from the presentation in the Annual Report.

In the financial summary on page 8 of this report, operating income has been reported exclusive of IFRS 16 and goodwill impairment.

New IFRS standards issued but not yet applied

The Group applies the concession rule for reporting rent concessions due to Covid-19 introduced by IASB under IFRS 16, and which has been approved by the EU. IASB has also adopted an extension of the concession rule which implies that rent concessions that affect lease charges that would originally have matured by June 30, 2022 are encompassed by the concession rule, i.e. an extension of 12 months compared to earlier concession rules. The change in IFRS 16 shall be applied with full retroactivity. The extension of the concession rule has not been approved by the EU, which means that the rules have not been applied by the Group. No other IFRS or IFRIC interpretations that have not yet come into force are expected to have any material impact on the financial reports of the Group and Parent Company.

NOTE 2 FINANCIAL ASSETS AND LIABILITIES VALUED AT FAIRVALUE

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. Trade receivables and trade payables are reported at estimated fair value. Group borrowing is reported at accrued cost.

The Group previously used derivative instruments to manage currency risks in USD and EUR. The reporting applied hedge accounting when there was an effective link between hedged future cash flows and financial derivatives. The Group had no financial derivatives outstanding as of 31 May 2021 SEK (0) 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 company applies exemptions, for more information see paragraph 3 below). The Group's lease agreements are mainly rent agreements for store premises. The lease period is determined by the contractual non-cancellable period governing extension or expected cancellation of the agreement. 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. Rent agreements are reviewed continuously.

RNB also applies the practical exemptions regarding reporting payments attributable to short-term lease agreements and lease agreements for assets of low value as an expense in the Income Statement.

In cases where rental discounts have been obtained and fall under the Accounting for Covid-19 lease modification rule, these discounts have not affected IFRS 16 values, and the rent concession is recognized as a negative variable lease charge. In cases where rental discounts have been obtained, and do not fall under this rule, lease agreements have been revalued, which has resulted in a reduction in value of right-of-use assets and lease liabilities due to the lower remaining lease charges. The decrease in right-of-use assets and lease liabilities ultimately affect profit, where depreciation and amortization and interest expenses are reduced over the remaining lease period.

NOTE 4 GOODWILL IMPAIRMENT

Group	May 31, 21	Aug 31, 20
Opening cost	151,143	335,229
Purchases in the year	0	0
Divested operations	-69,030	0
Impairment in the year	-27,445	-184,000
Translation difference	0	-86
Closing accumulated cost	54,668	151,143

Goodwill item allocated by segment:

	May 31, 21	Aug 31, 20
Brothers	54,668	54,668
Departments & Stores	-	27,445
Polarn O. Pyret	-	69,030
Closing accumulated cost	54,668	151,143

Impairment testing of goodwill

Impairment testing for the quarter has been carried out for the remaining concept Brothers. In previous quarters, the same principle for impairment testing has also been used to carry out goodwill impairment testing in divested operations.

The Impairment testing was carried out by calculating value-in-use on the segment-by-segment basis for Brothers. The calculation is based on forecast cash flows over the period based on the outturns, budget and forecasts generated in 2021. The key parameters are revenue, operating income, working capital, investments and WACC. Future cash flows are calculated on the basis of present conditions, i.e. planned store expansions and other growth plans are not included in the cash flow forecasts. The cash flow of the operating segment is affected by commercial factors such as changed purchasing patterns, market growth, competitiveness, margins, cost trends, investment levels and tied-up working capital. Additional assessments of factors such as interest rates, cost of borrowing, market risk, beta values and tax rates are carried out in connection with discounting.

Forecast cash flows during the terminal period are based on an annual growth rate of 0.2 percent (0.2). This is based on an assessment of the future long-term market growth rate at the time of impairment testing. Forecast cash flows have been calculated at present value based on a discount rate of 11.0 percent (11.0) after tax. The discount rate reflects the market assessment of monetary values over time and the specific risks that pertain to the asset for which estimates of future cash flows have not been adjusted. A higher discount rate has been applied as a result of higher applied risk premiums due to increased uncertainty in the market climate.

Outcome from impairment testing in the quarter

Impairment testing carried out in the third quarter was done for the remaining concept Brothers and was based on forecasts for the current financial year, and the coming year in the forecast period. The impairment testing did not result in any goodwill impairment for Brothers.

In the first quarter, the Group impaired goodwill in Departments & Stores by SEK 27 M to SEK 0 M. In the second quarter, the parent company wrote down the value of the shares in Brothers by SEK 22 M to SEK 124 M.

NOTE 5 IFRS 15 REVENUE RECOGNITION

See page 6 for revenue recognition by segment and product category.

NOTE 6 DIVESTED OPERATIONS

	Sep 2020 – May 2021	Sep 2019 – May 2020
Net income for the period from divested operations		
Department and Stores		
Net income for the period	45.4	-189.7
Capital loss on divestment	-123.7	-
	-78.3	-189.7
Polarn O. Pyret		
Net income for the period	87.9	3.4
Capital gain on divestment	152.4	-
	240.3	3.4
Total Net income for the period from divested operations	162.0	-186.3

In February 2021, the operations in the Departments & Stores business area were divested in an asset transfer. The operations were reported as an independent segment in the financial year. The segment Departments & Stores' profit/loss is presented below:

Income Statement Departments & Stores:

SEK M	3 months		9 months		12 months	Full Year
	Mar 2021 – May 2021	Mar 2020 – May 2020	Sep 2020 – May 2021	Sep 2019 – May 2020	Jun 2020 – May 2021	Sep 2019 – Aug 2020
Revenue	-	129.8	403.3	636.8	563.0	796.5
<i>Of which external gains from arrangements with creditors</i>	-	0.0	115.7	0.0	115.7	0.0
Goodwill impairment	-	-141.0	-27.5	-141.0	-27.5	-141.0
Costs	-	-179.4	-330.4	-685.5	-495.5	-850.6
Net income for the period before tax from divested operations	-	-190.5	45.4	-189.7	40.1	-195.1
Tax for the period	-	0.0	0.0	0.0	0.0	0.0
Net income for the period after tax from divested operations	-	-190.5	45.4	-189.7	40.1	-195.1
Capital loss on divestment of operations	-	0.0	-123.7	0.0	-123.7	0.0
Total Net income for the period from divested operations	-	-190.5	-78.3	-189.7	-83.7	-195.1

Balance Sheet Departments & Stores:

SEK M

Feb 02, 2021

Intangible assets	0.0
Tangible assets	38.8
Right-of-use assets	414.8
Financial assets	0.0
Inventories	122.6
Current receivables	25.5
Cash and cash equivalent	0.0
Total assets	601.8
Long-term lease liabilities	352.1
Current lease liabilities	79.5
Other current liabilities	35.3
Total liabilities	466.9
Net assets directly associated with operations for divestment	134.9

The preliminary purchase consideration of SEK 58 M was dependent on factors including forecast inventories on the transfer date. Inventories were lower, while more debt than assumed was acquired by the buyer. This implied that the estimated, preliminary and adjusted purchase consideration amounts to SEK 36 M. The payment of the purchase consideration is based on measurements relating to the transfer of operations. In the second quarter, 29 M of the purchase consideration was received.

The net cash flow in the Departments & Stores segment is as follows:

SEK M	3 months		9 months		12 months	Full Year
	Mar 2021 – May 2021	Mar 2020 – May 2020	Sep 2020 – May 2021	Sep 2019 – May 2020	Jun 2020 – May 2021	Sep 2019 – Aug 2020
From the operation activities	-	-49.5	37.4	74.7	105.1	142.4
Investing activities	-	-3.7	-3.3	-10.1	-11.6	-18.5
Financing activities	-	-10.4	-46.0	-44.2	-66.4	-64.5
Cash flow for the period	0.0	-63.6	-11.9	20.4	27.1	59.4

In the third quarter, the business area Polarn O. Pyret was divested to an external buyer. The operations were reported as an independent segment in the financial year. Results of operations for the segment Polarn O. Pyret are presented below:

Income Statement Polarn O. Pyret.

SEK M	3 months		9 months		12 months	Full Year
	Mar 2021 – May 2021	Mar 2020 – May 2020	Sep 2020 – May 2021	Sep 2019 – May 2020	Jun 2020 – May 2021	Sep 2019 – Aug 2020
Revenue	48.9	149.7	479.4	555.2	587.1	662.9
<i>Of which external gains from arrangements with creditors</i>	<i>0.0</i>	<i>0.0</i>	<i>72.9</i>	<i>0.0</i>	<i>72.9</i>	<i>0.0</i>
Goodwill impairment	0.0	0.0	0.0	0.0	0.0	0.0
Costs	-45.7	-172.1	-383.2	-553.1	-512.7	-682.6
Net income for the period before tax from divested operations	3.2	-22.4	96.3	2.2	74.4	-19.7
Tax for the period	-7.9	1.1	-8.4	1.2	-9.9	-0.3
Net income for the period after tax from divested operations	-4.7	-21.3	87.9	3.4	64.5	-20.0
Capital loss on divestment of operations	152.4	0.0	152.4	0.0	152.4	0.0
Total Net income for the period from divested operations	147.7	-21.3	240.3	3.4	216.9	-20.0

Balance Sheet Polarn O. Pyret.

SEK M	Mar 31, 2021
Intangible assets	92.8
Tangible assets	14.4
Right-of-use assets	38.6
Financial assets	4.3
Inventories	90.6
Current receivables	27.7
Cash and cash equivalent	82.4
Total assets	350.8
Long-term lease liabilities	13.5
Current lease liabilities	32.6
Other current liabilities	124.5
Total liabilities	170.5
Net assets directly associated with operations for divestment	180.3

The preliminary purchase consideration for Polarn O. Pyret was divided into two parts: one initial cash payment received on March 31 of SEK 233 M, and the remaining SEK 120 M, plus accrued interest of SEK 1.7 M, which was received on June 28, 2021.

The net cash flow in the Polarn O. Pyret segment is as follows:

Mkr	3 months		9 months		12 months	Full Year
	Mar 2021 – May 2021	Mar 2020 – May 2020	Sep 2020 – May 2021	Sep 2019 – May 2020	Jun 2020 – May 2021	Sep 2019 – Aug 2020
From the operation activities	22.8	67.0	52.2	138.5	49.5	135.8
Investing activities	4.7	-2.6	2.1	-11.1	2.6	-10.7
Financing activities	-0.1	-8.4	-2.6	-42.0	-0.9	-40.3
Cash flow for the period	27.4	55.9	51.7	85.4	51.2	84.8

Key ratios for remaining operations

SEK M	Sep 2020 – May 2021	Sep 2019 – May 2020	Jun 2020 – May 2021	Sep 2019 – Aug 2020
Gross margin, %	52.8	49.8	55.4	52.0
Operating margin, %	-9.0	-54.4	-9.7	-46.1
Operating margin excl. IFRS 16, %	-10.9	-55.7	-13.5	-48.7
Equity/assets ratio, %	12.0	-4.5	12.0	-7.6
Equity/assets ratio, excl. IFRS 16, %	21.2	-5.0	21.2	-8.3
Interest coverage ratio, multiple	-0.4	-4.2	-0.5	-3.2
Ratio of net debt and operating income before depreciation/amortization	3.9	-25.2	2.7	-41.3
Net debt, MSEK	186.9	1,228.4	186.9	1,159.0
Net debt/equity ratio, %	267.4	-1,507.2	267.4	-874.7
Return on equity, %	141.3	-258.6	1128.9	-428.8
Return on capital employed, %	-2.1	-14.9	-3.1	-16.4
Average number of shares (000s)	101,737	77,141	101,737	83,391
Number of shares at end of period, (000s)	101,737	101,737	101,737	101,737
Profit after tax per share, SEK	1.15	-4.99	0.66	-5.21
Equity per share at end of period, SEK	-0.15	-0.80	-0.15	-1.30
Number of full-time employees	127	210	99	182

See Definition of key ratios at page 23

Shareholders

Largest shareholders as of May 31, 2021

	Number of shares	Share capital/votes, %
Konsumentföreningen Stockholm	41,832,649	41.1
Novobis AB	11,957,790	11.8
SEB Investment Management	2,334,356	2.3
Strategiq Capital AB	2,100,000	2.1
Avanza Pension Försäkringsaktiebolaget	1,707,343	1.7
Nordnet Pensionsförsäkring AB	1,158,871	1.1
Bofa Securities Europe SA	713,481	0.7
Lars-Erik Harvig	704,072	0.7
Per Dans	698,750	0.7
Michael Sandling	683,000	0.7
Total, 10 largest shareholders	63,890,312	62.9
Other, 11,161 shareholders	37,846,216	37.1
Total	101,736,528	100.0

Source: Euroclear Sweden AB

Income Statement per quarter, Group

SEK M	Q3		Q2		Q1		Q4	
	2020/ 2021	2019/ 2020	2020/ 2021	2019/ 2020	2020/ 2021	2019/ 2020	2019/ 2020	2018/ 2019
Net sales	60.8	58.7	46.6	118.3	55.6	116.5	180.0	315.5
Goods for resale	-25.1	-33.0	-22.8	-61.9	-29.3	-55.8	-72.2	-160.2
Gross income	35.6	25.7	23.8	56.4	26.3	60.8	107.7	155.3
Other operating income	8.3	23.1	5.3	15.2	62.0	11.5	5.2	-31.0
Other external expenses	-20.0	-29.3	-20.0	-25.3	-15.9	-34.9	-15.1	-77.8
Personnel expenses	-24.9	-42.8	-28.8	-49.2	-24.6	-50.8	-53.8	-62.1
Depreciation/amortization and impairment of non-current assets	-18.2	-17.3	-20.0	-25.4	-16.3	-25.2	-65.8	-9.1
Goodwill impairment	-	-43.0	-	-	-	-	-	-
Profit/loss from divestment of subsidiaries	0.0	-4.8	0.0	-	-	-	-	-
Operating income from remaining operations	-19.2	-88.4	-39.7	-28.2	31.4	-38.6	-21.8	-24.7
Financial income etc.	1.3	-0.5	0.0	0.0	0.0	0.0	1.0	1.4
Financial expenses etc.	-9.2	-16.8	-10.9	-10.1	-9.0	-9.6	-22.4	-6.5
Unrealized profit/loss on futures contracts	0.0	0.0	0.6	0.0	0.0	0.0	0.0	-0.1
Net financial items	-7.9	-17.3	-10.3	-10.1	-9.0	-9.6	-21.4	-5.2
Profit after financial items remaining operations	-27.1	-105.7	-50.0	-38.3	22.4	-48.2	-43.2	-29.9
Tax on profit for the quarter	0.0	-0.3	0.0	0.0	0.0	0.0	-1.5	0.2
Profit for the quarter remaining operations	-27.1	-106.0	-49.9	-38.2	22.3	-48.2	-44.7	-29.7
Divested operations								
Net income for the period from divested operations	128.8	-211.7	-123.3	-24.9	166.9	44.3	-5.4	-76.5
Profit for the quarter	101.7	-317.7	-173.2	-63.1	189.2	-3.9	-50.1	-106.2
Other comprehensive income								
Other comprehensive income to be reclassified to net income in subsequent quarter								
Cash flow hedges – value changes	0.0	0.0	0.0	4.2	0.0	-8.2	0.0	5.3
Cash flow hedges recognized in income	0.0	0.0	0.0	-1.0	0.0	-4.4	0.0	-8.4
Translation differences	0.1	0.0	-0.4	0.8	0.1	-0.9	-0.9	1.0
Tax attributable to items in other comprehensive income	-	-	-	-	-	-	-	-
Comprehensive income for the quarter	101.8	-317.7	-173.6	-59.1	189.3	-17.4	-51.0	-108.3

Key ratios per quarter for remaining operations

SEK M	Q3		Q2		Q1		Q4	
	2020/ 2021	2019/ 2020	2020/ 2021	2019/ 2020	2020/ 2021	2019/ 2020	2019/ 2020	2018/ 2019
Gross margin, %	58.7	43.7	51.1	47.7	47.3	52.1	59.9	49.2
Operating margin, %	-31.5	-150.6	-85.3	-23.8	56.5	-33.1	-12.1	-7.8
Return on equity, %	-142.5	-139.5	-401.2	-17.0	-59.0	-17.2	41.8	-10.3
Average number of shares (000s)	101,737	101,737	101,737	95,774	101,737	33,912	101,737	33,912
Number of shares at end of quarter, 000s	101,737	101,737	101,737	101,737	101,737	33,912	101,737	33,912
Profit after tax per share, SEK	-0.27	-1.04	-0.49	-0.40	0.22	-1.42	-0.44	-0.88
Equity per share at end of quarter, SEK	-0.15	-0.80	-1.15	2.29	0.56	6.42	-1.30	6.93
Total Equity	69.9	-81.5	-31.9	233.4	56.8	217.6	-132.5	235.0
Cash flow from operating activities per share, SEK	0.4	1.4	-0.3	-0.3	0.6	2.9	0.1	-1.3
Cash flow from operating activities	45.1	147.1	-34.5	-31.8	63.4	99.3	10.1	-43.6
Share price at end of quarter	2.4	0.4	0.7	1.0	0.6	1.3	0.7	3.8

Reconciliation of key ratios

SEK M	9 months		12 months	Full Year
	Sep 2020 – May 2021	Sep 2019 – May 2020	Jun 2020 – May 2021	Sep 2019 – Aug 2020
Net sales	162.9	293.4	232.9	363.5
Goods for resale	-76.8	-147.3	-103.9	-174.3
Gross income	86.0	146.1	129.0	189.2
Other operating income	64.9	4.3	67.9	7.4
Other external expenses	-32.0	-82.6	-34.0	-84.6
Personnel expenses	-71.5	-111.8	-94.9	-135.2
Depreciation/amortization and impairment of non-current assets	-62.0	-67.9	-90.6	-96.5
Goodwill impairment	0.0	-43.0	0.0	-43.0
Profit/loss from divestment of subsidiaries	0.0	-4.8	0.0	-4.8
Operating income from remaining operations	-14.6	-159.7	-22.5	-167.5
Financial income etc.	1.3	-0.5	1.8	0.0
Financial expenses etc.	-30.9	-38.1	-44.8	-52.0
Unrealized profit/loss on futures contracts	0.0	0.0	0.0	0.0
Net financial items	-29.6	-38.6	-43.0	-52.0
Profit/loss after financial items from remaining operations	-44.2	-198.3	-65.5	-219.5
Adjustments:				
Tax on net profit/loss for the period	0.0	-0.2	0.0	-0.2
Net income for the period from remaining operations	-44.2	-198.5	-65.5	-219.8
Operating income from remaining operations	-14.6	-159.7	-22.5	-167.5
Depreciation/amortization and impairment of non-current assets	62.0	67.9	90.6	96.5
Goodwill impairment	0.0	43.0	0.0	43.0
Operating income before depreciation/amortization of non-current assets (EBITDA)	47.4	-48.8	68.1	-28.1
Operating income from remaining operations	-14.6	-159.7	-22.5	-167.5
Other external expenses IFRS16	-53.3	-61.7	-82.5	-90.9
Depreciation/amortization of right-of-use assets IFRS 16	50.1	57.9	73.5	81.3
Goodwill impairment	0.0	43.0	0.0	43.0
Operating income, excluding IFRS 16 and goodwill impairment	-17.8	-120.5	-31.4	-134.1

Definition of key ratios, cont.

SEK M	9 months		12 months	Full Year
	Sep 2020 – May 2021	Sep 2019 – May 2020	Jun 2020 – May 2021	Sep 2019 – Aug 2020
Contingent purchase consideration	0.0	0.0	0.0	0.0
Other non-current interest-bearing liabilities	65.6	405.3	65.6	412.3
Other non-current liabilities	0.0	0.0	0.0	0.0
Long-term lease liabilities	164.6	728.0	164.6	657.0
Non-current liabilities	230.2	1,133.3	230.2	1,069.3
Financial assets	-120.0	0.0	-120.0	0.0
Contingent purchase consideration	0.0	16.8	0.0	21.3
Long-term lease liabilities	164.6	728.0	164.6	657.0
Other non-current interest-bearing liabilities	65.6	405.3	65.6	412.3
Current lease liabilities	33.1	187.7	33.1	168.0
Other current interest-bearing liabilities	120.0	67.2	120.0	61.5
Cash and cash equivalents	-76.4	-176.6	-76.4	-161.1
Net debt	186.9	1,228.4	186.9	1,159.0
Equity, opening balance	-132.5	235.0	-81.5	235.0
Equity, closing balance	69.9	-81.5	69.9	-132.5
Average equity	-31.3	76.8	-5.8	51.3
Total assets	582.8	1,817.7	582.8	1,735.7
Trade payables	-39.2	-236.5	-39.2	-228.0
Current lease liabilities	-33.1	-187.7	-33.1	-168.0
Other current liabilities	-210.4	-341.7	-210.4	-402.9
Capital employed	300.1	1,051.8	300.1	936.8
Net income for the period from remaining operations	-44.2	-198.5	-65.5	-219.8
Average equity	-31.3	76.8	-5.8	51.3
Return on equity, %	141.3	-258.6	1128.9	-428.8
Capital employed, opening balance	936.8	1,103.4	1,051.8	1,103.4
Capital employed, closing balance	300.1	1,051.8	300.1	936.8
Average capital employed	618.5	1,077.6	676.0	1,020.1
Financial expenses etc.	-30.9	-38.1	-44.8	-52.0
Unrealized expense on currency hedges	0.0	0.0	0.0	0.0
Profit/loss after financial items from remaining operations	-44.2	-198.3	-65.5	-219.5
Average capital employed	618.5	1,077.6	676.0	1,020.1
Return on capital employed, %	-2.1	-14.9	-3.1	-16.4
Operating income	-14.6	-159.7	-22.5	-167.5
Financial income etc.	1.3	-0.5	1.8	0.0
Unrealized income on currency hedges	0.0	0.0	0.0	0.0
Profit/loss after financial items	-13.3	-160.2	-20.7	-167.6
Net income for the period	117.7	-384.7	67.6	-434.8
Interest expense hybrid bond	-0.5	0.0	-0.5	0.0
Average number of shares (000s)	101,737	77,141	101,737	83,391
Earnings per share	1.15	-4.99	0.66	-5.21

Definition of key ratios

This report contains financial metrics not defined in IFRS. These financial metrics are used to follow-up, 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 progress of the Group's financial goals and are relevant to present 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 net sales remaining to cover other expenses.

Operating margin

Operating income as a percentage of net sales.

Purpose: The measure is used to measure operational profitability.

Operating margin excluding IFRS 16

Operating income excluding effects of the IFRS 16 reporting standard as a percentage of net sales (this KPI includes lease charges as an operating expense and not as depreciation/amortization and interest expenses).

Purpose: The measure is used to measure operational profitability and illustrate the effect of the relatively new reporting standard IFRS 16, thus facilitating comparability with earlier periods.

RETURN METRICS

Return on equity

Net income for the period excluding minority interests as a percentage of average equity. Average equity is calculated as equity attributable to the Parent Company's shareholders at the beginning of the year plus equity attributable to the Parent Company's shareholders at year-end divided by two.

Purpose: The measure illustrates the return generated by the company on shareholders' equity.

Return on capital employed

Profit 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: Illustrates the company's returns independent of financing.

FINANCIAL METRICS

Equity/assets ratio

Shareholders' equity in relation to total assets.

Purpose: Equity/assets illustrates the proportion of assets financed by equity.

Equity/assets ratio excluding IFRS 16

Equity in relation to total assets excluding effects from the reporting standard IFRS 16. (This KPI does not include lease contracts as an asset/liability in the Balance Sheet)

Purpose: Equity/assets illustrates the proportion of assets financed by equity. Removing the effect of the IFRS 16 reporting standard from the KPI facilitates comparability with previous periods.

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 ability to pay off interest-bearing liabilities using available liquid funds if due on the date of calculation.

Net debt excluding IFRS 16

Loans and other non-current and current interest-bearing liabilities less financial assets including cash and cash equivalents, excluding the effect of IFRS 16. The KPI does not include lease contracts as an asset/liability in the Balance Sheet.

Purpose: Net debt illustrates the ability to pay off interest-bearing liabilities using available liquid funds if due on the date of calculation. Removing the effect of the IFRS 16 reporting standard from the KPI facilitates comparability with previous periods.

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 after net financial items plus financial expenses divided by financial expenses and the expense for unrealized results on currency forwards.

Purpose: 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 the Parent Company's shareholders after deduction of hybrid bond 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 for the period after deduction of interest on the hybrid bond divided by the weighted average number of shares during the period.

Purpose: The performance measure is used to evaluate investment performance from a shareholder perspective.

OTHER TERMS

Number of full-time employees

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

Average number of shares

Weighted average of outstanding ordinary 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, proprietary e-commerce sites and e-commerce partnerships.

The Swedish Retail and Wholesale Trade Research Institute.

Indications of sales development in physical fashion stores and e-commerce in Sweden, measured by comparable units and by ongoing pricing. Presented by Svensk Handel Stil. HUI Research is responsible for collection and processing.

Total expenses

Total expenses include: other external expenses, personnel expenses and depreciation/amortization.

Total brand sales

Total sales in proprietary stores and franchisee stores to consumers, excluding sales tax, on all markets, measured on a rolling 12-month basis.

Restructuring expenses

Restructuring expenses are costs related to the separation and divestment project agreed at the AGM on December 20, 2018 and finalized in February 2020.

Operating income before restructuring costs

Operating income according to the Income Statement, excluding costs relating to the separation and divestment project agreed at the AGM on December 20, 2018.

Operating income before restructuring costs and goodwill impairment.

Operating income according to the Income Statement, excluding costs related to the separation and disposal project agreed at the AGM 20 December 2018, including goodwill impairment.

Operating income excluding IFRS 16

Operating income according to the Income Statement adjusted for the effect of the IFRS 16 reporting standard. (This KPI includes lease expenses as an operating expense and not as a cost of depreciation/amortization and interest expenses).

RNB RETAIL AND BRANDS

Postal address:

P.O. Box 161 42
SE-103 23 Stockholm,
Sweden

Visitors:

Drottninggatan 33
Stockholm, Sweden

www.rnb.se

Telephone +46 8 410 520 00
Corp. ID no. 556495-4682

Ticker:

RNBS in Nasdaq OMX
RNBS:SS in Bloomberg
RNBS.ST in Reuters
ISIN-kod: SE0005223674

Questions about this report should be directed to info@retailandbrands.se