

# RNB

INTERIM REPORT  
SEPTEMBER 1, 2012 – MAY 31, 2013

# 3



RNB RETAIL AND BRANDS

POLARN O. PYRET

DEPARTMENTS & STORES

**BROTHERS**

**SISTERS**

**JC**

Jeans Company

# The RNB group in brief

## THIRD QUARTER, MARCH 1, 2013 – MAY 31, 2013

- Net sales totaled SEK 609 M (613), down by 0.7 percent.
- The operating result amounted to SEK -27 M (-34).
- The profit before tax amounted to SEK -30 M (-42).
- Profit after tax amounted to SEK -30 M (-32), corresponding to a profit per share of SEK -0.01 (-0.19).
- Cash flow from operating activities amounted to SEK -44 M (-13).
- The rights issue amounting to SEK 463 M has been completed. Net funds from the issue have been utilized for loan repayments as well as strengthening the company's cash position. Annual interest expenses will be reduced from SEK 65 M to estimated SEK 10 M.
- Kosta Outlet Mode AB has been acquired by Airport Retail Group. The transaction was completed on June 1, 2013, and will generate a significant positive cash flow effect on the second half of the accounting year.
- 23 shops in JC, 16 in Sweden and 7 in Finland, will be closed this year (up to Q2 2013/14)
- 4 new stores opened (excl. taken-over and closed stores).

## THE PERIOD, SEPTEMBER 1, 2012 – MAY 31, 2013

- Net sales totaled SEK 1.978 M (2.121), down by 6.7 percent.
- Write-down of JC-trademark has been made with SEK 260 M.
- The operating profit amounted to SEK -55 M (-74), excluding write-down of JC-trademark with SEK 260 M.
- The profit before tax amounted to SEK -81 M (-101), excluding write-down of JC-trademark with SEK 260 M.
- Profit after tax amounted to SEK -341 M (-79), corresponding to a profit per share of SEK -0.43 (-0.48). Profit after tax includes a write-down of JC-trademark with SEK 203 M.
- Cash flow from operating activities amounted to SEK -85 M (8).
- The rights issue amounting to SEK 463 M has been completed. Net funds from the issue have been utilized for loan repayments as well as strengthening the company's cash position.
- The closure of Sisters is in process, and will be completed by quarter 2, 2013/14.
- Kosta Outlet Mode AB has been acquired by Airport Retail Group. The transaction was completed on June 1, 2013.
- 23 shops in JC, 16 in Sweden and 7 in Finland, will be closed this year (up to Q2 2013/14)
- 13 new stores opened (excl. taken-over and closed stores).

### Group overview

	Q3		9 month Sep - May		Full year	
	2012/ 2013	2011/ 2012	2012/ 2013	2011/ 2012	Last 12 month	2011/ 2012
Net turnover, SEK M	609	613	1,978	2,121	2,649	2,791
Gross Margin, %	51.6	50.4	50.3	48.6	48.9	47.7
Operating income excl. write-down of trademark and goodwill, SEK M	-27	-34	-55	-74	-83	-102
Operating income, SEK M	-27	-34	-315	-74	-544	-303
Profit before tax, SEK M	-30	-42	-341	-101	-600	-360
Profit after tax, SEK M	-30	-32	-341	-79	-591	-329
Operating profit margin, %	-4.4	-5.5	-15.9	-3.5	-20.6	-10.9
Earnings per share, SEK	0.0	-0.2	-0.4	-0.5	-0.7	-2.0
Cash flow from operations, SEK M	-43.5	-12.9	-84.9	7.9	-97.1	-4.3
Number of stores	384	378				376

### CONTACT

Magnus Håkansson, President +46 (0)768-87 20 02  
Stefan Danieli, CFO +46 (0)768-87 22 25

### FINANCIAL CALENDAR

Year-End Report for 2012/2013 24 October, 2013

### PRESS AND ANALYST MEETING

With reference to the interim report on the second quarter of 2012/2013, RNB will be holding a press and analyst conference. The conference will be held at the company's premises at Regeringsgatan 29 today, June 27, 2013 at 09:30 a.m.

This is the type of information that must be published by RNB RETAIL AND BRANDS AB (publ) in accordance with the Swedish Securities Market Act and/or the Financial Instruments Trading Act. The information was submitted for publishing on June 27, 2013, at 7:00 a.m.

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

# Comments from CEO

## SALES AND EARNINGS

The third quarter was characterized by continued weak market conditions. Despite this, RNB reported an earnings improvement compared with the year-earlier period, while sales in comparable stores were weaker than the market average during the quarter. JC and Brothers & Sisters noted a weak performance during the quarter, while sales for PO.P and DSE outperformed the market. Market conditions are expected to remain weak, although year-on-year comparisons may appear better as RNB is comparing with weak year-earlier figures.

In terms of earnings, RNB is showing improvements both during the quarter and accumulated after three quarters, despite a weak market. The underlying earnings problems remain unresolved, however, primarily in JC, whose results explain more than RNB's entire loss.

## RATIONALIZATION MEASURES AND BUSINESS PERFORMANCE

Work on strengthening the customer offering and communication within PO.P continues and has been clarified through the product range during the spring and will be further clarified during the summer and autumn. During the third quarter, PO.P opened its second store in the Netherlands and also

during the quarter opened new stores in Sweden at Ingelsta, Nordby and Kupolen. A lease has been signed for the third store in the Netherlands, which will open during the autumn.

Work on the restructuring of JC is entering a more intensive phase. During the current year, 23 stores will be closed, of which 16 in Sweden and seven in Finland. Positioning with a focus on jeans is being further clarified and the range will be reoriented so that the connection to jeans will become even more consistent and distinct. As previously announced, the results of the ongoing strategic review of operations within JC will be communicated no later than in connection with the report on the first quarter of 2013/2014.

During the year, a number of rationalization measures have been implemented, including actions to improve the cost and efficiency situation of the head office for JC and Brothers, a reduction in hours worked in stores and now more recently the sale of Kosta to Airport Retail Group. The initiated phase-out of Sisters will be completely finalized by February 28, 2014.

DSE opened the newly remodeled Hermès store at NK on March 22 and the sales performance has been favorable since the opening.

## FINANCIAL STRUCTURE

The new share issue was implemented in line with the resolution passed by a general meeting on March 27 and the proceeds were transferred to the company in early May. A part of the net proceeds has been used to repay loans and the remaining part is being retained as a liquidity buffer for the implementation of necessary measures in JC and to realize the growth potential of PO.P and DSE. As a result of the new loan structure, anticipated annual interest expenses have been reduced from about SEK 65 M to slightly more than SEK 10 M.

## OUTLOOK

We will be continuing the work to rationalize our operations through the measures that I have described above. The strategic review of JC will require a clear-cut choice of direction during the autumn. The foundation is now being laid for closure decisions regarding loss-making stores and the work on implementing these will start immediately.

The company is maintaining a high tempo in the change efforts in order to be better positioned to realize the profitability potential of RNB RETAIL AND BRANDS ahead of the 2013/2014 fiscal year.

Magnus Håkansson  
*President and CEO*



# DEPARTMENTS & STORES

## POLARN O. PYRET

## BROTHERS

## SISTERS

# JC

Jeans Company

RNB RETAIL AND BRANDS owns, operates and develops fashion, clothing, accessories, jewellery and cosmetics stores that focus on providing excellent service and a world-class shopping experience. Sales are mainly conducted in Scandinavia through the three store concepts Brothers & Sisters, JC and Polarn O. Pyret, as well as through shops in the department stores NK in Stockholm and Gothenburg. RNB RETAIL AND BRANDS has operation in 11 countries. RNB has a total of 384 stores, of which 146 are operated by franchisees. The RNB RETAIL AND BRANDS share has been listed on the Nasdaq OMX Nordic Exchange since 2001 in the Small Cap retail sector under the RNBS ticker.

The store concept strategy is to offer attractive and target-group-oriented ranges of fashion and

accessories in major cities, towns and shopping centers. The Brothers & Sisters and JC business areas offer a mix of strong proprietary and external brands, with a distinct profile in the volume segment. Polarn O. Pyret is the leading brand and store concept for baby and children's wear in the quality segment of the Swedish market and also has a growing international presence.

In the Department and Stores business area, RNB focuses on the customer interface and on providing high-quality product ranges and store environments. The stores offer fashion for women, men and children, as well as accessories, jewelry and cosmetics for customers demanding top-class service and quality. Sales are conducted in the NK department stores in Stockholm and Gothenburg, and at the Kosta Outlet.

# Revenue and earnings RNB group

## THIRD QUARTER, MARCH 1, 2013 – MAY 31, 2013

RNB's net sales during the quarter totaled SEK 609 M (613), a decrease with 0.7 percent.

The gross margin in the quarter was 51.6 percent (50.4), showing a continued improvement compared to the previous year.

The operating result amounted to SEK -27 M (-34).

Financial costs amounted to SEK -3 M (-12), the reductions is explained by new loan agreements entered into during the quarter, with adjusted interest rates, including a retroactive adjustment of accrued interest costs in the second quarter.

The profit before tax amounted to SEK -30 M (-42).

Unrealized results on currency futures affected the quarter with SEK -1 M (5).

Profit after tax amounted to SEK -30 M (-32).

## THE INTERIM-REPORT PERIOD, SEPTEMBER 1, 2012 – MAY 31, 2013

RNB's net sales during the period totaled SEK 1.978 M (2.121), a decrease with 6.7 percent.

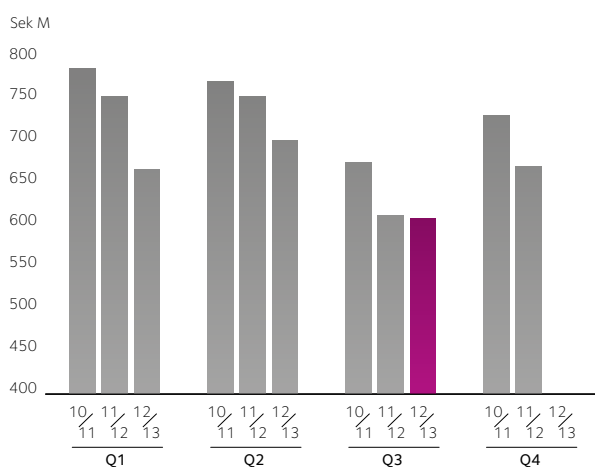
The gross margin in the quarter was 50.3 percent (48.6).

The operating profit amounted to SEK -55 M (-74), excluding write-down of JC-trademark with SEK 260 M.

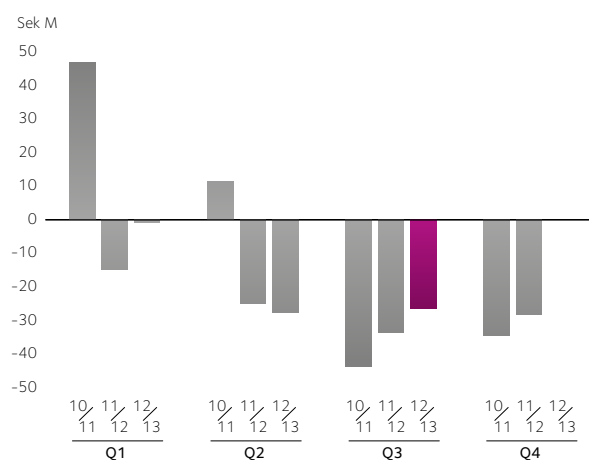
The profit before tax amounted to SEK -81 M (-101), excluding write-down of JC-trademark with SEK 260 M. Unrealized results on currency futures affected the quarter with SEK 4 M (6).

Profit after tax amounted to SEK -341 M (-79), which includes a write-down of JC-trademark with SEK 203 M.

Net turnover per quarter, Sek M



Operating profit per quarter, ex. goodwill and trademark writedown, Sek M

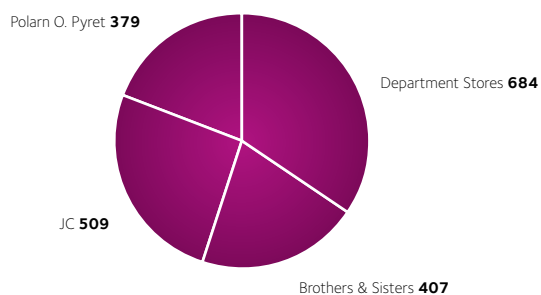


## FINANCIAL OVERVIEW BUSINESS AREAS

RNB reports turnover and result for four business areas: Polarn O. Pyret, Department Stores, JC and Brothers & Sisters.

Q3	Polarn O. Pyret		Department Stores		JC		Brothers & Sisters	
	2012/ 2013	2011/ 2012	2012/ 2013	2011/ 2012	2012/ 2013	2011/ 2012	2012/ 2013	2011/ 2012
Net turnover, Sek M	111	102	202	204	164	179	132	131
Operating profit, Sek M	0	0	-1	1	-8	-13	-10	-14
Stores	139	124	46	47	114	122	85	85
Of wich franchise	79	72	-	-	38	47	29	36

**Net turnover, business units**  
September 2012 – May 2013, **Sek M**



# POLARN O. PYRET

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Polarn O. Pyret is a brand focused on baby and children's wear and comprises 139 stores, of which 79 is franchise stores. Today, Polarn O. Pyret is located in 11 countries.

## **THIRD QUARTER, MARCH 1, 2013 – MAY 31, 2013**

Net sales in the quarter amounted to SEK 111 M (102), which includes a limited increase in sales in proprietary stores as well as to franchisees. Sales in comparable proprietary stores increased by 1.1 percent compared to last year..

Brand sales (total sales to consumers, excluding VAT, in all markets and distribution channels) amounted to SEK 713 M (702), measured over a rolling 12-month period.

The gross margin in the quarter was kept on the same level as the corresponding quarter last year. As a consequence, the total gross profit increased during the quarter, due to the increased sales..

Fixed costs for proprietary stores increased compared to the third quarter last year, as a consequence of higher costs of staff and rent costs for new stores opening in Sweden and in Holland.

Operating profit totaled SEK 0 M (0), corresponding to an operating margin of -0.4 percent (0.1).

The development of inventory levels has continued to be stable during the third quarter, with a limited, seasonal, increase.

The number of proprietary stores at the end of the period was 60 (52). In addition, there were 79 (72) franchise stores, including 9 (12) in Sweden and 70 (60) abroad.

## **THE INTERIM-REPORT PERIOD, SEPTEMBER 1, 2012 – MAY 31, 2013**

Net sales in the period amounted to SEK 379 M (394). The decrease is entirely due to reduced sales to franchise, while total sales across all proprietary stores showed an increase. Sales in comparable proprietary stores decreased by 4.6 percent.

The gross margin in the first nine months showed a positive development compared to last year, as a consequence of reduced levels of discounted sales, in combination with somewhat reduced costs of goods sold.

Fixed costs for proprietary stores increased during the period, as a consequence of new stores opening in Sweden and Holland. Other fixed costs remained mainly unchanged.

Operating profit totaled SEK 15 M (33), corresponding to an operating margin of 4.0 percent (8.4).

The development of inventories during August-May has continued to be positive, with reduced levels as well as continued improvement in qualities - contributing to the improved gross margins.



# DEPARTMENTS & STORES

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The business area comprises operations at the department stores NK Stockholm, NK Gothenburg and Kosta Outlet. The number of proprietary stores at the end of the period, was 46 (47) with a total retail area of 17,038 square meters (17,038).

## **THIRD QUARTER, MARCH 1, 2013 – MAY 31, 2013**

Net sales in the Department Stores business area amounted to SEK 202 M (204), down 1.1 percent. Sales in comparable proprietary stores decreased 0.5 percent. The reduction in sales has been generated from Kosta Mode Outlet, a business which has been disposed of per June 1, 2013.

The gross margin in the period decreased compared to last year, primarily due to price-reduction activities in Kosta, in order to reduce inventory levels. The gross margin for the businesses at NK has remained unchanged in the quarter, compared to last year.

Fixed costs in Sweden, for stores as well as central head office functions, decreased somewhat compared to last year.

Operating profit totaled SEK -1 M (1). The drop in operating profit is entirely a consequence of the development in Kosta Mode Outlet, with an operating loss in the quarter of SEK -4 M (-0), while the NK-businesses reported a profit of SEK 3 M (1). The Kosta loss is a result from extraordinary sales activities, implemented in order to reduce inventories.

Inventory levels in the Department Stores business area developed positively in the quarter, with a reduced total level (primarily related to Kosta) as well as a continued positive development of the aging structure.

## **THE INTERIM-REPORT PERIOD, SEPTEMBER 1, 2012 – MAY 31, 2013**

Net sales in the Department Stores business area amounted to SEK 684 M (730), down 6.3 percent. In the corresponding period last year sales from the now discontinued Danish operation was included with SEK 22 M. Additionally, a change in reporting principles relating to costs for the NK loyalty program has led to a reduction in sales versus last year of SEK 10 M. Sales in comparable proprietary stores decreased 2.1 percent.

The gross margin in the period remained unchanged compared to last year.

Fixed costs in Sweden, for stores as well as central head office functions were at the same levels as previous year.

Operating profit totaled SEK 34 M (31), with Kosta reporting a loss of SEK -6 M (-3), and the NK business showing a profit of SEK 40 M (34).

Inventory levels in the Department Stores business area developed positively in the period, with a reduced total level as well as a continued positive development of the aging structure.





# BROTHERS SISTERS

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Brothers & Sisters are two volume-oriented comprehensive concepts for men and women and has a total of 85 (85) stores, of which 29 (36) are operated by franchisees.

## **THIRD QUARTER, MARCH 1, 2013 – MAY 31, 2013**

Net sales for Brothers & Sisters totaled SEK 132 M (131), up 0.5 percent. Sales in comparable proprietary stores increased 8.5 percent.

Net sales for Brothers continued to increase, and amounted to SEK 112 M (107), equal to an increase of 4.2 percent.

The increase in sales is generated from like-for-like stores as well as new stores, while sales to franchisees decrease.

Net sales for Sisters decreased, in line with plans for discontinuing the internal product range, as well as reduced sales areas, to SEK 20 M (24), representing a reduction of 16.3 percent.

Brand sales (total sales to consumers excluding VAT in all markets and in all distribution channels) measured on a rolling 12-month basis amounted to SEK 634 M (680).

The total gross margin for the business area has increased compared to the same quarter last year, due to a positive development for Brothers in proprietary stores as well as for franchise sales, while the gross margin for Sisters decreased, mainly due to the phasing out of the internal product range. Increases in fixed costs for new proprietary stores have been

covered by gross profits from the added sales volumes. Fixed costs in like-for-like stores and closed down stores as well as head office functions have decreased compared to last year.

Operating profit for Brothers & Sisters totaled SEK -10 M (-14).

The quality, as well as the level, of inventories has continued to develop well, with stable levels during the quarter, but with a significant increase versus last year, as a result of increased purchasing of selected product ranges (non-seasonal products).

## **THE INTERIM-REPORT PERIOD, SEPTEMBER 1, 2012 – MAY 31, 2013**

Net sales for Brothers & Sisters totaled SEK 407 M (413), down 1.5 percent. Sales in comparable proprietary stores declined 3.0 percent.

Net sales for Brothers continued to increase, and amounted to SEK 347 M (320), equal to an increase of 8.4 percent.

The increase in sales is generated from like-for-like store as well as new stores, while sales to franchisees decrease.

Net sales for Sisters decreased, according to plan, to SEK 60 M (93) as a consequence from reduced sales areas and the discontinuation of the internal product range. This represents a reduction of 35.3 percent.

The gross margin for the business area has increase compared to the first nine months 2011/12, leading to an increase in gross profits.

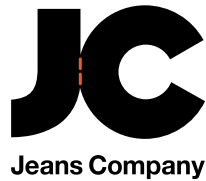
Increases in fixed costs for new proprietary stores have been covered by gross profits from the added sales volumes. Fixed costs in like-for-like stores and for the franchise business increased slightly, while head office costs have decreased, and additionally, cost reductions have followed from the closing down of some stores in the period.

Operating profit for Brothers & Sisters totaled SEK -25 M (-23).

Inventory levels have increased in the first none month of the year, mainly for non-seasonal goods, leading to a good mix and maintained quality of inventories.

The previously announced work with closing down Sisters progresses according to plan, and is expected to be finalized no later than per the end of the second quarter 2013/14.





The JC concept is based on jeans and clothing worn with jeans and has a total of 114 (122) stores, of which 38 (47) are operated by franchisees.

### **THIRD QUARTER, MARCH 1, 2013 – MAY 31, 2013**

Net sales for JC amounted to SEK 164 M (179), a reduction of -8.2 percent. Sales in comparable proprietary stores decreased 12.3 percent.

Brand sales (total sales to consumers excluding VAT in all markets and in all distribution channels) measured on a rolling 12-month basis amounted to SEK 805 M (1.004).

Gross margin in the period developed positively compared to the third quarter in the previous accounting year, primarily for proprietary stores. The decreased sales volumes generated a drop in gross profits for the quarter.

Fixed costs for the business area decreased versus the third quarter last year, with some remaining impact last year from the discontinued Norway operation. Fixed costs for like-for-like stores decreased somewhat, while central head office function costs remained stable compared to last year.

Operating profit in JC amounts to SEK -8 M (-13).

Inventory levels have remained stable during the quarter, with improved aging structures. Compared to previous year, inventories increased somewhat. As a part of the restructuring processes being implemented, it has been decided that 23 shops in JC will be closed down, 16 in Sweden and 7 in Finland.

### **THE INTERIM-REPORT PERIOD, SEPTEMBER 1, 2012 – MAY 31, 2013**

Net sales for JC amounted to SEK 509 M (592), down -14.1 percent. Out of the decrease SEK 61 M, related to the closed down business Norway. Sales in comparable proprietary stores decreased 9.8 percent.

Gross margin in the period developed positively compared to the first nine months in the previous accounting year for all parts of the business. The decreased sales volumes generated a drop in gross profits compared to last year.

Fixed costs for the business area increased versus the nine months last year (excl. Norway), almost entirely relating to new proprietary stores (newly opened and taken over from

franchisees). Fixed costs for like-for-like stores decreased marginally, while costs for central head office functions have mainly remained stable in the period.

Operating profit in JC amounts to SEK -58 M (-88), excluding write-down of JC-trademark with SEK 260 M.

Inventory levels have increased somewhat in the period, with continued improvements in aging structures.

As a part of the restructuring processes being implemented, it has been decided that 23 shops in JC will be closed down, 16 in Sweden and 7 in Finland.



# Financial position and liquidity

RNB has in the third quarter 2012/13 completed a rights issue of, in total, SEK 463 M, and subsequently entered into new loan agreements with its main shareholder, Konsumentföreningen Stockholm. The Group had total assets of SEK 1 546 M compared with SEK 1 802 M at the end of the prior fiscal year. Shareholders' equity amounted to SEK 717 M (880), resulting in an equity/assets ratio of 46.4 percent (46.2).

At May 31, 2013, inventories totaled SEK 466 M compared with SEK 432 M a year earlier. This includes inventories absorbed from taken-over franchisee stores, amounting to approx. SEK 30 M.

Cash flow from operating activities was SEK -85 M (8). Working capital has been positively impacted by a certain decrease in inventory levels (SEK 18 M), in combination with reduced receivables, although the effect from decreased liabilities to suppliers generated a net increase in working capital. The reported change in inventory levels in the first nine months of the previous year (SEK 141 M) were significantly impacted by discounted sales and write-offs, which explains more than the total variance year-on-year for the period.

Cash flow after investments was SEK -144 M (-56).

Net debt amounted to SEK 304 M compared with SEK 550 M a year earlier.

Consolidated cash and cash equivalents at the close of the interim-report period, including unutilized overdraft facilities, amounted to SEK 177 M compared with SEK 146 M at the end of the preceding fiscal year.

## INVESTMENTS AND DEPRECIATION/AMORTIZATION

Investments during the period totaled SEK 66 M (84). Depreciation/amortization during the period amounted to SEK 318 M (70), which includes a write-down of the JC-trademark with SEK 260 M.

## PERSONNEL

The average number of employees during the period was 1 350 (1 340).

## RELATED-PARTY TRANSACTIONS

No transactions have taken place between the Group and related parties that have materially affected the Group's financial position and results.

The Company has two loans from main shareholder Konsumentföreningen Stockholm, totaling SEK 349 M at market interest rate and covenant terms.

For further information on transactions with related parties, see Note 4 in the Annual Report 2011/2012, page 70.

## REVERSE SHARE SPLIT

As resolved by the Extraordinary General Meeting on 27 March 2013, a reverse share split was conducted where 200 existing shares are consolidated into one. The record date was 10 June 2013.

## TAX PAID

During the interim-report period, the Group has paid tax of SEK 7 M (6).

## PARENT COMPANY

Net sales in the Parent Company amounted to SEK 110 M (108). After net financial items a loss of SEK -353 M (-58) was reported. Investments during the period totaled SEK 11 M (27).

## ACCOUNTING PRINCIPLES

This report was prepared in accordance with IAS 34 Interim 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 stated in the 2011/2012 Annual Report.

## RISKS AND UNCERTAINTIES

RNB is exposed to a number of risks that are in full or in part beyond the company's control but which could affect its earnings.

### Financial risks

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

### Strategic and operational risks

- In common with all retailers, the demand for RNB's products is affected by fluctuations in the general state of the economy.
- Competition from other players active in the same segment as RNB.
- Identification of constantly shifting fashion trends and consumer preferences.

In other respects, refer to the detailed description of the Group's management of financial risks in the 2011/2012 Annual Report.

## REVIEW

This interim report has not been subject to review by the company's auditor.

The Board of Directors and the President declare that the report provides an accurate view of the development of the Group's operations, position and earnings and also describes significant risks and uncertainties facing the Group and the subsidiaries including in the Group.

Stockholm, June 27, 2013  
RNB RETAIL AND BRANDS AB (publ)

Board of Directors and President,  
RNB RETAIL AND BRANDS (publ)

Laszlo Kriss  
*Chairman of the Board*

Jan Carlzon  
*Boardmember*

Ann-Sofie Danielsson  
*Boardmember*

Michael Lemner  
*Boardmember*

Mikael Solberg  
*Boardmember*

Per Thunell  
*Boardmember*

Ivar Fransson  
*Boardmember*

Magnus Håkansson  
*President and CEO*

#### Largest shareholders as of 2013-05-31

	Number of shares	Share capital/ Voting rights, %
Konsumentföreningen Stockholm	2,249,319,735	33.16
Catella Fondförvaltning	399,140,057	5.88
Avanza Pension	348,374,590	5.14
Client Long	190,815,082	2.81
MSIL IPB Client Account	140,000,000	2.06
Vätterleden AB	138,121,016	2.04
Löfman Michael	115,000,000	1.70
NordnetPensionsförsäkring	111,348,578	1.64
Handelsbanken Fonder AB RE JPMEL	103,948,079	1.53
Goldman Sachs International LTD, W8IMY	97,302,541	1.43
<b>Total 10 largest shareholders</b>	<b>3,893,369,678</b>	<b>57.40</b>
Other	2,889,065,522	42.60
<b>Total</b>	<b>6,782,435,200</b>	<b>100.00</b>

Source: Euroclear Sweden AB

Reverse share split 200:1 processed June 5, 2013.

# Consolidated Income Statement

MSEK	3 months		9 months		Last	12 months
	Mar 2013 –May 2013	Mar 2012 –May 2012	Sep 2012 –May 2013	Sep 2011 –May 2012	12 months	Sep 2011 –Aug 2012
Net turnover	608.7	612.9	1,978.2	2,120.5	2,648.7	2,791.0
Goods for resale	-294.9	-303.9	-984.0	-1,089.7	-1,353.5	-1,459.2
<b>Gross profit</b>	<b>313.8</b>	<b>309.0</b>	<b>994.2</b>	<b>1,030.8</b>	<b>1,295.2</b>	<b>1,331.8</b>
Other operating incomes	2.5	5.2	8.2	12.6	5.7	10.1
Other external costs	-163.4	-168.7	-516.6	-568.6	-679.5	-731.5
Personnel costs	-158.8	-156.0	-482.3	-478.9	-628.6	-625.2
Depreciation and impairment of fixed assets	-20.6	-23.2	-58.6	-69.6	-76.1	-87.1
Impairment of goodwill and trademark	0.0	0.0	-259.7	0.0	-461.1	-201.4
<b>Operating income</b>	<b>-26.5</b>	<b>-33.7</b>	<b>-314.8</b>	<b>-73.7</b>	<b>-544.4</b>	<b>-303.3</b>
Financial incomes	1.7	-1.0	3.8	4.6	4.0	4.8
Financial costs	-4.7	-11.4	-34.1	-38.3	-54.7	-58.9
Unrealised profit on futures	-0.8	4.6	3.7	6.0	-4.4	-2.1
<b>Net financial</b>	<b>-3.8</b>	<b>-7.8</b>	<b>-26.6</b>	<b>-27.7</b>	<b>-55.1</b>	<b>-56.2</b>
<b>Income after financial items</b>	<b>-30.3</b>	<b>-41.5</b>	<b>-341.4</b>	<b>-101.4</b>	<b>-599.5</b>	<b>-359.5</b>
Tax for the period	-0.1	9.9	0.2	22.7	8.1	30.6
<b>Profit/loss for period</b>	<b>-30.4</b>	<b>-31.6</b>	<b>-341.2</b>	<b>-78.7</b>	<b>-591.4</b>	<b>-328.9</b>
<b>Other comprehensive income</b>						
Translation difference	0.2	0.6	0.1	-0.3	-2.2	-2.6
<b>Total Income for the period</b>	<b>-30.2</b>	<b>-31.0</b>	<b>-341.1</b>	<b>-79.0</b>	<b>-593.6</b>	<b>-331.5</b>
<b>Net profit/loss for the period pertaining to:</b>						
Parent Company's shareholders	-30.4	-31.6	-341.2	-78.7	-591.4	-328.9
Minority shareholders	-	-	-	-	-	-
<b>Comprehensive income for the period pertaining to:</b>						
Parent Company's shareholders	-30.2	-31.0	-341.1	-79.0	-593.6	-331.5
Minority shareholders	-	-	-	-	-	-
<b>Earnings per share before and after dilution (SEK)</b>	<b>-0.01</b>	<b>-0.19</b>	<b>-0.43</b>	<b>-0.48</b>	<b>-0.74</b>	<b>-1.99</b>
<b>Average number of shares, 000's *</b>	<b>2,035,450</b>	<b>165,425</b>	<b>795,617</b>	<b>165,425</b>	<b>795,617</b>	<b>165,425</b>

\*Reverse share split 200:1 processed June 5, 2013.

# Consolidated Balance Sheet

MSEK	31 May 2013	31 May 2012	31 Aug 2012
<b>Assets</b>			
Goodwill	483.7	685.1	483.7
Brands	0.0	259.7	259.7
Other intangible fixed assets	110.3	117.2	121.5
Tangible fixed assets	162.0	126.7	144.6
Long-term receivables	9.4	0.0	16.4
Inventories	466.1	432.1	483.8
Other current assets	314.0	285.5	291.9
<b>Total assets</b>	<b>1,545.5</b>	<b>1,906.3</b>	<b>1,801.6</b>
<b>Shareholders' equity and liabilities</b>			
Shareholders' equity attributable to Parent Company's shareholder	716.7	880.4	627.9
Long-term liabilities	362.3	440.2	534.4
Short-term liabilities	466.5	585.7	639.3
<b>Total shareholders' equity and liabilities</b>	<b>1,545.5</b>	<b>1,906.3</b>	<b>1,801.6</b>

# Cash-flow Statement

MSEK	Sep 2012 –May 2013	Sep 2011 –May 2012	Sep 2011 –Aug 2012
<b>Operating activities</b>			
Operating profit/loss	-314.8	-73.7	-303.3
Adjustment for non-cash items	304.8	51.6	264.9
Interest received	3.8	4.6	4.8
Interest paid	-41.6	-37.0	-54.3
Other	-6.7	-5.7	-6.6
<b>Cash flow from operation activities before changes in working capital</b>	<b>-54.5</b>	<b>-60.2</b>	<b>-94.5</b>
<b>Cash flow from change in working capital</b>			
Inventories	17.7	141.0	88.7
Change in current receivables and liabilities	-48.1	-72.9	1.5
<b>Change in working capital</b>	<b>-30.4</b>	<b>68.1</b>	<b>90.2</b>
<b>Cash flow from operating activities</b>	<b>-84.9</b>	<b>7.9</b>	<b>-4.3</b>
<b>Cash flow from investing activities</b>	<b>-59.0</b>	<b>-63.4</b>	<b>-108.9</b>
<b>Cash flow after investments</b>	<b>-143.9</b>	<b>-55.5</b>	<b>-113.2</b>
<b>Financing activities</b>			
Change in liabilities to credit institutions	0.0	21.6	23.9
Repayment of borrowings	-236.0	-	-
Borrowings	85.0	0.0	100.0
New issue	429.9	-	-
Change in overdraft facility	-83.7	4.2	-31.2
Other	-3.7	-3.6	-3.3
<b>Cash flow from financing activities</b>	<b>191.5</b>	<b>22.2</b>	<b>89.4</b>
<b>Cash flow during the period</b>	<b>47.6</b>	<b>-33.3</b>	<b>-23.8</b>

# Changes in Shareholders' Equity

MSEK	Sep 2012 –May 2013	Sep 2011 –May 2012	Sep 2011 –Aug 2012
Opening balance	627.9	959.4	959.4
Profit/loss for period	-341.2	-78.7	-328.9
Other overall results	0.1	-0.3	-2.6
New issue	429.9	-	-
<b>Balance at end of period</b>	<b>716.7</b>	<b>880.4</b>	<b>627.9</b>

## Key Figures

		9 months Sep 2012 –May 2013	9 months Sep 2011 –May 2012	12 months Sep 2011 –Aug 2012
Gross margin	%	50.3	48.6	47.7
Operating margin	%	-15.9	-3.5	-10.9
Profit margin	%	-17.2	-3.7	-11.8
Solidity	%	46.4	46.2	34.9
Interest coverage ratio	mult	-9.0	-1.6	-4.9
Net debt	MSEK	303.9	549.9	603.6
Net debt/equity ratio	%	42.4	62.5	96.1
Average number of employees, full time		1,350	1,340	1,404
Average number of shares, 000's		795,617	165,425	165,425
Number of shares at end of period, 000's*		6,782,435	165,425	165,425
Earnings per share before and after dilution	SEK	-0.43	-0.48	-1.99
Shareholders' equity per share at end of period	SEK	0.11	5.32	3.80

\*Reverse share split 200:1 processed June 5, 2013.

## Net Turnover and Operating Result per Business Area

	3 months		9 months		Last 12 months	12 months Sep 2011 –Aug 2012
	Mar 2013 –May 2013	Mar 2012 –May 2012	Sep 2012 –May 2013	Sep 2011 –May 2012		
Net turnover, MSEK						
Polarn O. Pyret	111.2	101.5	379.4	394.4	500.0	515.0
Department Stores	201.6	203.8	684.0	729.7	911.6	957.3
Brothers & Sisters	131.6	131.0	407.1	413.2	543.3	549.4
JC	164.1	178.7	509.1	592.4	695.6	778.9
Other	0.2	-2.2	-1.4	-9.3	-1.7	-9.6
<b>Total</b>	<b>608.7</b>	<b>612.8</b>	<b>1,978.2</b>	<b>2,120.4</b>	<b>2,648.8</b>	<b>2,791.0</b>
<b>Operating result, MSEK</b>						
Polarn O. Pyret	-0.4	0.1	15.1	33.3	14.6	32.8
Department Stores	-1.1	1.2	34.4	31.1	61.7	58.4
Brothers & Sisters	-9.9	-13.5	-24.7	-22.8	-246.0	-244.1
JC	-7.8	-13.2	-318.1	-88.1	-340.6	-110.6
Other	-7.3	-8.3	-21.5	-27.2	-34.1	-39.8
<b>Total</b>	<b>-26.5</b>	<b>-33.7</b>	<b>-314.8</b>	<b>-73.7</b>	<b>-544.4</b>	<b>-303.3</b>

# Income Statement per quarter, Group

Mkr	2013	2012/2013	2012	2012	2012	2011/2012
	Mar-maj	Dec-feb	Sep-nov	Jun-aug	Mar-maj	Dec-feb
Net turnover	608.7	701.9	667.6	670.5	612.9	754.0
Goods for resale	-294.9	-375.3	-313.8	-369.5	-303.9	-420.6
<b>Gross profit</b>	<b>313.8</b>	<b>326.6</b>	<b>353.8</b>	<b>301.0</b>	<b>309.0</b>	<b>333.4</b>
<b>Gross margin</b>	<b>51.6%</b>	<b>46.5%</b>	<b>53.0%</b>	<b>44.9%</b>	<b>50.4%</b>	<b>44.2%</b>
Other operating incomes	2.5	2.5	3.2	-2.5	5.2	4.8
Other external costs	-163.4	-175.1	-178.1	-162.9	-168.7	-185.4
Personnel costs	-158.8	-164.4	-159.1	-146.3	-156.0	-160.2
Depreciation and impairment of fixed assets	-20.6	-17.3	-20.7	-17.5	-23.2	-17.7
Impairment of goodwill and trademark	0.0	-259.7	0.0	-201.4	-	-
<b>Operating income</b>	<b>-26.5</b>	<b>-287.4</b>	<b>-0.9</b>	<b>-229.6</b>	<b>-33.7</b>	<b>-25.1</b>
Financial incomes	1.7	0.9	1.2	0.2	-1.0	3.6
Financial costs	-4.7	-15.3	-14.1	-20.6	-11.4	-15.4
Unrealised profit on futures	-0.8	1.5	3.0	-8.1	4.6	-4.7
<b>Income after financial items</b>	<b>-30.3</b>	<b>-300.3</b>	<b>-10.8</b>	<b>-258.1</b>	<b>-41.5</b>	<b>-41.6</b>
Tax	-0.1	0.2	0.1	7.9	9.9	22.1
<b>Profit/loss for period</b>	<b>-30.4</b>	<b>-300.1</b>	<b>-10.7</b>	<b>-250.2</b>	<b>-31.6</b>	<b>-19.5</b>
<b>Other overall results</b>						
Translation difference	0.2	-1.2	1.1	-2.3	0.6	-0.5
<b>Total Income for the period</b>	<b>-30.2</b>	<b>-301.3</b>	<b>-9.6</b>	<b>-252.5</b>	<b>-31.0</b>	<b>-20.0</b>



# Number of Stores at end of period

	31 May 13	28 Feb 13	30 Nov 12	31 Aug 12	31 May 12	28 Feb 12
Own stores Sweden	207	204	205	201	196	181
Own stores Norway	0	0	0	0	0	13
Own stores Finland	29	29	29	27	27	27
Own stores Netherlands	2	1	0	0	0	0
Franchise stores Sweden	76	77	82	83	95	110
Franchise stores outside Sweden	70	69	69	65	60	59
<b>Total</b>	<b>384</b>	<b>380</b>	<b>385</b>	<b>376</b>	<b>378</b>	<b>390</b>

Polarn O. Pyret	31 May 2013			31 May 2012		
	Own	Franchise	Total	Own	Franchise	Total
Sweden	58	9	67	52	12	64
Norway	0	26	26	0	22	22
Finland	0	16	16	0	12	12
United Kingdom	0	12	12	0	13	13
Scotland	0	2	2	0	2	2
Ireland	0	4	4	0	2	2
Iceland	0	2	2	0	2	2
Estonia	0	2	2	0	2	2
Latvia	0	1	1	0	1	1
Netherlands	2	0	2	0	0	0
USA	0	5	5	0	4	4
<b>Total</b>	<b>60</b>	<b>79</b>	<b>139</b>	<b>52</b>	<b>72</b>	<b>124</b>

Department Stores	Own	Own
<b>Number of stores</b>	<b>46</b>	<b>47</b>
Total retail space, m <sup>2</sup>	17,038	17,038

JC	Own	Franchise	Total	Own	Franchise	Total
JC, Sweden	59	38	97	57	47	104
JC, Finland	17	0	17	18	0	18
<b>Total</b>	<b>76</b>	<b>38</b>	<b>114</b>	<b>75</b>	<b>47</b>	<b>122</b>

Brothers & Sisters	Own	Franchise	Total	Own	Franchise	Total
Brothers, Sweden (single)	22	16	38	10	17	27
Brothers, Finland (single)	12	0	12	9	0	9
Sisters, Sweden (single)	0	0	0	1	0	1
Bro&Sis, Sweden (duo)	21	13	34	29	19	48
Outlet (duo)	1	0	1	0	0	0
<b>Total</b>	<b>56</b>	<b>29</b>	<b>85</b>	<b>49</b>	<b>36</b>	<b>85</b>

## **NOTE 1 ACQUISITION**

During the financial year RNB acquired the assets of 27 stores whose business previously was run by franchisees in JC and Brothers & Sisters. The purchase price amounts to SEK 29.6 M and has been paid mainly by set off against outstanding claims. Fair value of acquired assets consists primarily of tenancy rights and shop fittings.

# Income Statement Parent Company

MSEK	3 months		9 months		Last	12 months
	Mar 2013 –May 2013	Mar 2012 –May 2012	Sep 2012 –May 2013	Sep 2011 –May 2012	12 months	Sep 2011 –Aug 2012
Net turnover	36.3	35.9	109.6	107.7	147.4	145.5
Other operating incomes	2.8	0.2	8.8	0.6	14.0	5.8
	39.1	36.1	118.4	108.3	161.4	151.3
Other external costs	-19.5	-24.5	-72.0	-80.3	-107.2	-115.5
Personnel costs	-22.5	-15.4	-56.2	-46.9	-73.4	-64.1
Depreciation and impairment of fixed assets	-4.8	-5.4	-14.2	-9.9	-19.0	-14.7
<b>Operating income</b>	<b>-7.7</b>	<b>-9.2</b>	<b>-24.0</b>	<b>-28.8</b>	<b>-38.2</b>	<b>-43.0</b>
Results from participation in Group companies	0.0	0.0	-298.0	0.0	-522.2	-224.2
Financial incomes	0.0	0.0	0.0	0.0	0.0	0.0
Financial costs	-3.8	-10.5	-30.8	-29.5	-42.9	-41.6
<b>Income after financial items</b>	<b>-11.5</b>	<b>-19.7</b>	<b>-352.8</b>	<b>-58.3</b>	<b>-603.3</b>	<b>-308.8</b>
Tax	0.0	5.7	-63.9	15.7	-57.1	22.5
<b>Profit/loss for period</b>	<b>-11.5</b>	<b>-14.0</b>	<b>-416.7</b>	<b>-42.6</b>	<b>-660.4</b>	<b>-286.3</b>

Total Income equals the profit/loss for the period

# Balance Sheet Parent Company

MSEK	31 May 2013	31 May 2012	31 Aug 2012
<b>Assets</b>			
Intangible fixed assets	83.4	86.0	86.4
Tangible fixed assets	1.4	2.8	1.9
Financial fixed assets	795.2	1,146.9	945.2
Deferred tax assets	0.0	57.2	63.9
Other current assets	255.8	220.7	199.4
<b>Total assets</b>	<b>1,135.8</b>	<b>1,513.6</b>	<b>1,296.8</b>
<b>Shareholders' equity and liabilities</b>			
Shareholders' equity	646.5	877.0	633.2
Untaxed reserves	0.0	12.5	0.0
Long-term liabilities	349.0	400.0	500.0
Short-term liabilities	140.3	224.1	163.6
<b>Total shareholders' equity and liabilities</b>	<b>1,135.8</b>	<b>1,513.6</b>	<b>1,296.8</b>

# RNB RETAIL AND BRANDS

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**Postal address:**

Box 161 42  
103 23 Stockholm

**Visiting address:**

Regeringsgatan 29,  
9th floor, Stockholm

**[www.rnb.se](http://www.rnb.se)**

**Questions about the  
report** can be directed  
to [info@rnb.se](mailto:info@rnb.se)