

# RNB

## INTERIM REPORT

1 SEPTEMBER 2013 – 30 NOVEMBER 2013

# 1



**RNB** RETAIL AND BRANDS

POLARN O. PYRET  
DEPARTMENTS & STORES

**BROTHERS**

# The Group's performance during the interim period

## FIRST QUARTER, 1 SEPTEMBER 2013 – 30 NOVEMBER 2013 IN SUMMARY

- On November 1, 2013, RNB entered into an agreement to divest the subsidiary JC to Denim Island AB. During the quarter, JC's sales amounted to SEK 111 M (174) and the operating income was SEK -6 M (-21).
- Net sales excluding the divested operation totaled SEK 484 M (494), a decrease of 2.0 percent.
- Operating income, excluding the divested operation, totaled SEK 15 M (20).
- Profit before tax, excluding the divested operation, amounted to SEK 13 M (10).
- Profit before tax, including the divested operation, amounted to SEK 7 M (-11).
- Profit after tax including the divested operation amounted to SEK 6 M (-11), corresponding to SEK 0.19 (-12.94) per share.
- Cash flow from operating activities amounted to SEK -19 M (-57).
- 1 new store was opened during the Quarter (Polarn O. Pyret).
- During the quarter, Polarn O Pyret entered into an agreement to acquire 100% of the shares in WAM AS in Norway. WAM AS is the Master Franchisee of Polarn O. Pyret in Norway. Completion of the acquisition will be on January 2, 2014.

### Group overview, excluding the divested operation

	Q1		Full year	
	2013/ 2014	2012/ 2013	Latest 12 months	2012/ 2013
Net sales, SEK M	484	494	1,936	1,945
Gross margin (%)	52.3	53.5	49.0	49.3
Operating income, SEK M	15	20	-105	-100
Profit before tax, SEK M	13	10	-124	-127
Profit after tax, SEK M	12	10	-181	-183
Operating margin (%)	3.1	4.0	-5.4	-5.1
Earnings per share, SEK	0.2	-12.9	-30.9	-54.6
Cash flow from operating activities, SEK M	-19.3	-56.7	-58.4	-95.8
Number of stores	272	269		271

### Group overview

	Q1		Full year	
	2013/ 2014	2012/ 2013	Latest 12 months	2012/ 2013
Net sales, SEK M	595	668	2,547	2,620
Gross margin (%)	51.7	53.0	46.4	46.8
Operating income excluding writedown of Trademark and Goodwill, SEK M	9	-1	-332	-342
Operating income, SEK M	9	-1	-591	-601
Profit before tax, SEK M	7	-11	-611	-628
Profit after tax, SEK M	6	-11	-612	-629
Operating margin (%)	1.6	-0.1	-23.2	-23.0
Earnings per share, SEK	0.2	-12.9	-30.9	-54.6
Cash flow from operating activities, SEK M	-19.3	-56.7	-58.4	-95.8
Number of stores	272	385		383

## CONTACT

Magnus Håkansson, President +46 (0)768 87 20 02

Stefan Danieli, CFO +46 (0)768 87 22 25

## PRESS AND ANALYST MEETING

RNB will hold a press and analyst conference in connection with publication of today's interim report for the first quarter 2013/2014. The conference will be held at the company's premises at Regeringsgatan 29, today, January 15, 2014 at 9.30 a.m..

## FINANCIAL CALENDAR

Interim report, first quarter 2013/2014 January 15, 2014

Annual General Meeting January 16, 2014

Interim report, second quarter 2013/2014 April 2, 2014

The information is such that RNB RETAIL AND BRANDS AB (publ) is required to disclose under Sweden's Securities Market Act and/or Financial Instruments Trading Act. It was released for publication at 7.30 am CET on January 15, 2014.

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 the CEO

During the first quarter 2013/2014, we focused to a large extent on the divestment of JC, which was completed on November 1. I am very satisfied that we managed to conclude a sale that has resulted in a neutral liquidity effect for RNB. We also made a pledge to shareholders, in connection with the rights issue initiated in February 2013, to evaluate the operations in JC. With the divestment of JC, this strategic review is now concluded. The RNB Group now consists of three concepts – Polarn O. Pyret, Departments & Stores and Brothers.

During the quarter, we took a further step in Polarn O. Pyret's international expansion through acquisition of the Norwegian master franchisee, WAM AS. WAM AS is a stable company with a strong market position and the acquisition will contribute to strengthening P O. P.'s profitability. WAM AS has 24 stores as well as an e-commerce site and generates sales of approximately SEK 130 million on an annual basis with good profitability. The acquisition was completed on January 2. As part of the continued expansion to new markets, we are currently conducting discussions regarding new master franchise agreements.

Group sales increased by 1.0 percent during the period September to November 2013, and this was better than the market, which fell by 1.2 percent according to HUI. Even though we are outperforming the market, the Brothers' concept is performing weaker than expected. We saw a positive development for P O. P in Sweden, which was unfortunately counterbalanced by a weaker performance in the recently opened Dutch stores. The performance of Departments & Stores was stable during the quarter. The business continued to be profitable and developed favourably despite a tough market climate. The quarter was also dominated by the closure process of Sisters, which will essentially be completed on March 31, 2014. Some duo-stores were closed for conversion for some weeks during the quarter and

certain stores will be closed completely in connection with the concept's discontinuation. This has obviously had a negative effect on sales in the Brothers' concept.

## A MORE EFFICIENT RNB

Our strategic work is principally aimed at further boosting efficiency in our three remaining concepts. This implies, among other things, that we complete the closure of Sisters and that we ensure a cost-effective organization after the divestment of JC. We see potential to increase our margins based on more effective collaboration with the production office in Hong Kong and by integrating e-commerce sales into our three concepts and through implementation of our multi-channel strategy. Specifically in relation to Departments & Stores, we have to improve collaboration with other businesses in NK in order to realize the vision of a world-class department store.

A more stable financial position also provides scope to focus more strongly on the strategic development of our operations in the longer term. Our main priorities are to continue the work on improving our customer offering in all three concepts and to continue the concentrated efforts towards the international expansion of P O. P.

## FINANCIAL STRUCTURE

The RNB Group's financial position is more stable, but is still under some pressure since our net cash flows are not sufficiently strong. The new loan agreements signed with Konsumentföreningen in Stockholm in connection with the rights issue mean significantly improved interest-rate levels and loan-terms. In late 2013, RNB also changed its main bank with improved terms and conditions as a positive effect.

## ORGANIZATIONAL CHANGES

After the end of the quarter, certain organizational changes were announced. One consequence of these changes, means that the role of Supply Chain Director will disappear. In addition, Maria Öqvist will leave her role as president of Brothers & Sisters and will be succeeded by Peter Bondelid as of February 1, 2014. Peter Bondelid currently holds the position as Supply Chain Director. In July 2013 Hanna Graflund Sleyman was appointed CEO of Departments & Stores to succeed Amelie Söderberg as of January 1, 2014.

## OUTLOOK

As we have completed the divestment of JC and are in the final phase of closing-down the Sisters concept, we have now created better financial and operational conditions for the RNB group. We will also continue to swiftly implement actions in order to increase efficiency. In light of this, I feel confident about the opportunities to realize the full profitability potential of RNB RETAIL AND BRANDS.

Magnus Håkansson



# DEPARTMENTS & STORES

## POLARN O. PYRET

## BROTHERS

RNB RETAIL AND BRANDS owns, operates and develops fashion, clothing, accessories, jewelry and cosmetics stores that focus on providing excellent service and a world-class shopping experience. RNB has operations in 11 countries. The total number of stores in the RNB Group amounts to 272, of which 107 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 segment, retail sector under the ticker RNBS.

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 business area offers 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.

# Revenue and earnings, RNB Group

## FIRST QUARTER, SEPTEMBER 1, 2013 – NOVEMBER 30, 2013

RNB's net sales excluding divested operation (JC) during the quarter totaled SEK 484 M (494), which was a decrease of 2.0 percent.

Gross margin during the quarter was 52.3 percent (53,5) and showed some weakening compared to the previous year, as a result of a number of interacting factors (closure of Sisters, temporary margin effects from PO.P's franchise sales, certain marketing activities in Brothers). The decrease in gross profit was offset by lower overhead expenses in the Group.

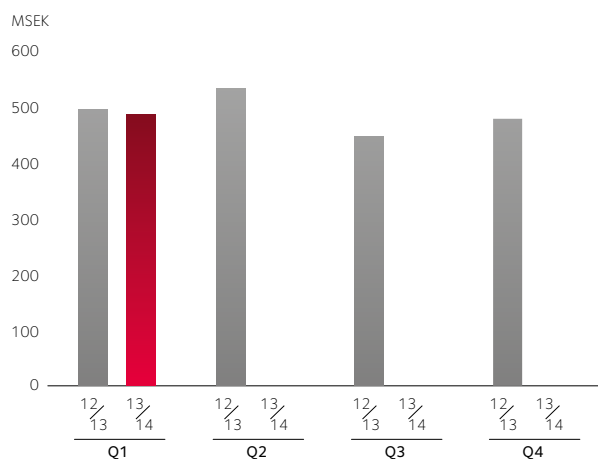
Operating income excluding divested operation totaled SEK 15 M (20).

Financial expenses amounted to SEK -2 M (-14). The decrease was explained by renegotiated loans and adjusted loan terms.

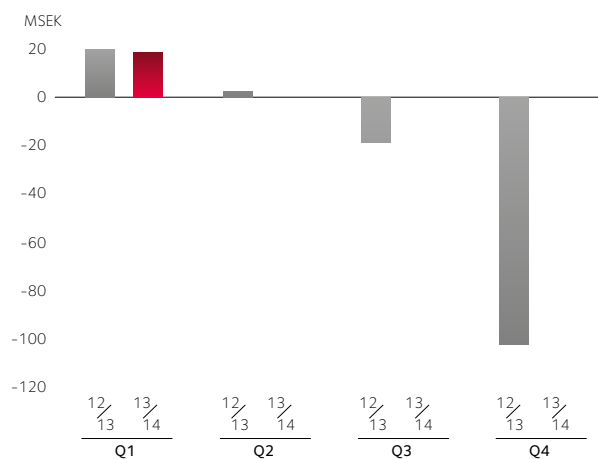
Profit before tax excluding divested operation amounted to SEK 13 M (10), while the profit before tax including divested operation amounted to SEK 7 M (-11). Profit after tax excluding divested operation amounted to SEK 12 M (10), whereas the equivalent profit including divested operation was SEK 6 M (-11).

Unrealized results on futures contracts affected earnings by SEK 0 M (3).

**Net sales per quarter, excluding divested operation, MSEK**



**Operating income per quarter, excl. writedown of goodwill & trademark and divested operation, MSEK**

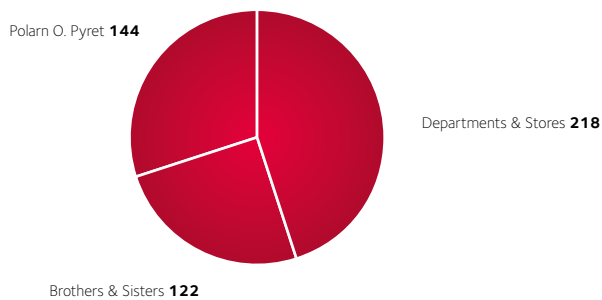


## FINANCIAL OVERVIEW BUSINESS AREAS

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

	Polarn O. Pyret		DSE		Brothers & Sisters	
	Q1 13/14	Q1 12/13	Q1 13/14	Q1 12/13	Q1 13/14	Q1 12/13
Net sales, SEK M	144	134	218	228	122	133
Operating income, SEK M	11	11	18	19	-10	-6
Number of stores	141	136	45	47	86	86
Of which, franchise	78	80	-	-	29	31

### Net sales per business area, September–November 2013, MSEK



# POLARN O. PYRET

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Polarn O. Pyret is a brand focused on baby and children's wear and comprises 141 stores, of which 78 are franchise stores. Today, Polarn O. Pyret is established in 11 countries.

## **FIRST QUARTER, SEPTEMBER 1, 2013 – NOVEMBER 30, 2013**

Net sales in the period amounted to SEK 144 M (134), including a continued increase in sales in proprietary stores as well as to franchisees. Sales in comparable proprietary stores increased 3.2%, year-on-year.

Brand sales (total sales to consumers, excluding VAT, in all markets and distribution channels) amounted to SEK 764 M (683), measured on a rolling 12-month basis.

Gross margin in the quarter fell marginally compared to the same quarter of the previous year, partly explained by a

somewhat weak margin trend in franchise sales. However, total gross profit increased during the quarter, as a consequence of increased sales.

Fixed costs for proprietary stores increased compared to the first quarter last year, due to new stores in Sweden and in Holland, while fixed costs in other parts of the operations continued to fall due to rationalization work in both PO.P and the Group.

Operating income amounted to SEK 11 M (11), corresponding to an operating margin of 7.6% (8.1).

Inventory levels continued to be stable during the quarter, with a limited decrease. Compared to the previous year, the inventory level was marginally higher.

The number of proprietary stores at the end of the period was 63 (56). In addition, there were 78 (80) franchise stores, including 8 (11) in Sweden and 70 (69) abroad.

During the quarter, Polarn O Pyret entered into an agreement to acquire 100% of the shares in WAM AS in Norway. WAM AS is the Master Franchisee of Polarn O. Pyret in Norway, and has 24 stores nationwide, as well as e-com, and is expected to turnover approx. SEK 130 M annually. Completion of the acquisition will be on January 2, 2014.



# DEPARTMENTS & STORES

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The business area comprises operations at the department stores NK Stockholm and NK Gothenburg. The number of proprietary stores at the end of the period was 45 (47).

## **FIRST QUARTER, SEPTEMBER 1, 2013 – NOVEMBER 30, 2013**

Net sales in the Department & Stores business area amounted to SEK 218 M (228), a decrease of 4.4 percent. Sales in comparable stores increased by 1.4 percent. The decrease in sales was solely related to Kosta Outlet Mode, a business which was sold as of June 1, 2013 – while sales in the NK department stores increased somewhat.

Gross margin during the period was largely unchanged, even excluding Kosta. Gross profit fell compared to the previous year, however, once again solely due to the divestment of Kosta. Gross profit in the NK department stores remained unchanged.

Fixed costs, excluding Kosta, were slightly lower compared to the previous year for stores as well as for head office

functions, with very small variations for the various types of costs. Overall, fixed costs fell compared to the same quarter of last year, including Kosta.

Operating income amounted to SEK 18 M (19), with an improved operating margin of 8.5% (8.2). As Kosta's earnings in the first quarter of the previous year amounted to SEK 0 M, there is no earnings discrepancy between years due to Kosta.

Inventory levels in the business area developed positively compared to the same period of the previous year, while the development during the last quarter resulted in a seasonally-dependent, planned, inventory increase ahead of the Christmas season and subsequent sales period.





# BROTHERS

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Brothers is a volume-oriented comprehensive concept for men, and the business area has a total of 86 (86) stores, of which 29 (31) are operated by franchisees. Sisters is being closed down, with completion expected in quarter 3, 2013/14.

## **FIRST QUARTER, SEPTEMBER 1, 2013 – NOVEMBER 30, 2013**

Net sales for Brothers & Sisters totaled SEK 122 M (133), a decrease of 8.1 percent. Sales in comparable proprietary stores decreased by 4.1 percent.

Net sales for Brothers showed an increase in proprietary stores, but a decrease in the franchise side, and amounted to SEK 110 M (113).



Net sales for Sisters decreased, as a result of the company's plan for discontinuing the internal product range, reduced sales areas and number of stores, to SEK 12 M (20).

Total brand sales (total sales to consumers, excluding VAT, in all markets and distribution channels) amounted to SEK 625 M (654), measured on a rolling 12-month basis.

Overall, gross margin for the business area decreased somewhat compared to the previous year, mainly due to a negative gross margin in Sisters during the quarter, while the gross margin for Brothers fell marginally during the same period. Sisters' margin fell, due to increased sales promotions.

Fixed costs in comparable stores and head office functions continued to decrease, while fixed costs for new stores increased. However, these costs were covered by gross profits from the additional proprietary sales. A positive result was reported for the new stores during the quarter.

Operating income totaled SEK -10 M (-6).

The quality and level of inventories continued to develop favorably with lower levels during the quarter and compared to the previous year.

# Financial position and liquidity

The Group had total assets of SEK 1,147 M compared to SEK 1,301 M at the end of the previous fiscal year. Shareholders' equity amounted to SEK 433 M (618) at the end of the period, providing an equity/assets ratio of 37.7 percent (34.1).

At November 30, 2013, inventories totaled SEK 334 M (364).

Cash flow from operating activities amounted to SEK -19.3 M (-56.7). Working capital has been positively impacted by some decrease in inventory levels. However, an increase in current receivables and lower trade payables have resulted in an increase in working capital - net, working capital (excl. inventories) increased by SEK 50 M. After investments, cash flow amounted to SEK -26 M (-84).

Net debt amounted to SEK 347 M compared to SEK 681 M during the year-earlier period.

Consolidated cash and cash equivalents at the end of the period, including unutilized overdraft facilities, amounted to SEK 120 M compared to SEK 61 M at the end of the previous fiscal year.

## INVESTMENTS, DEPRECIATION AND IMPAIRMENTS

Investments during the period totaled SEK 8 M (30). Depreciation and impairments amounted to SEK 13 M (17), excluding divested operation.

## PERSONNEL

The average number of employees during the period was 1,180 (1,325).

## RELATED-PARTY TRANSACTIONS

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

The Company has two loans from its principal shareholder Konsumentföreningen Stockholm, totaling SEK 349 M, with terms and interest-rates in line with market conditions.

For further information on transactions with related parties, see Note 5 on pages 31-33 of the Annual Report 2012/2013.

## TAX PAID

During the period, the Group paid tax totaling SEK 0 M (2).

## PARENT COMPANY

Net sales in the Parent Company amounted to SEK 36 M (37). The result after net financial items amounted to SEK -5 M (-18). Investments totaled SEK 0 M (4).

## ACCOUNTING POLICIES

This report was prepared in accordance with IAS 34, Interim Financial Reporting and the Swedish Annual Accounts Act. The interim report for the Parent Company was prepared in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2 - Accounting for Legal Entities. The accounting policies applied correspond with those presented in the 2012/2013 Annual Report.

## RISKS AND UNCERTAINTIES

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

### Financial risks

- Currency exposure related to purchase 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

- Demand for RNB's products, like general demand in the retail sector, is affected by changes in the overall economy.
- Competition from other players active in the same segment as RNB.
- Identification of constantly shifting fashion trends and customer preferences.

In other respects, refer to the detailed description of the Group's management of financial risks in the 2012/2013 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 interim report provides a true and fair overview of the Company's and the Group's operations, financial position and earnings and also describes significant risks and uncertainties facing the Company and other companies in the Group.

Stockholm, January 15, 2014

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

Laszlo Kriss  
*Chairman of the Board*

Jan Carlzon  
*Board member*

Ann-Sofie Danielsson  
*Board member*

Ivar Fransson  
*Board member*

Michael Lemner  
*Board member*

Mikael Solberg  
*Board member*

Per Thunell  
*Board member*

Magnus Håkansson  
*President and CEO*

**Largest shareholders** as of November 30, 2013

	Number of shares	Share capital/ Voting rights, %
Konsumentföreningen Stockholm	11,246,598	33.16
Catella Fondförvaltning	3,153,854	9.30
Avanza Pension	1,966,812	5.80
Client Long	961,774	2.84
Nordnet Pensionsförsäkring	776,856	2.29
Vätterleden AB	690,605	2.04
Löfman Michael	575,000	1.70
SEB Life International Assurance	476,512	1.41
Skandinaviska Enskilda Banken	474,149	1.40
Handelsbanken Fonder	435,602	1.28
<b>Total 10 largest shareholders</b>	<b>20,757,762</b>	<b>61.22</b>
Other	13,154,414	38.78
<b>Total</b>	<b>33,912,176</b>	<b>100.00</b>

Källa: Euroclear Sweden AB

# Consolidated Income Statement

SEK M	Note	3 months		12 months	
		Sep 2013 –Nov 2013	Sep 2012 –Nov 2012	Dec 2012 –Nov 2013	Sep 2012 –Aug 2013
Net sales		483.8	493.5	1,935.7	1,945.4
Goods for resale		-230.9	-229.4	-987.8	-986.3
<b>Gross income</b>		<b>252.9</b>	<b>264.1</b>	<b>947.9</b>	<b>959.1</b>
Other operating income		-1.2	1.7	4.6	7.5
Other external expenses		-100.0	-113.0	-440.6	-453.6
Personnel expenses		-121.1	-116.1	-487.2	-482.2
Depreciation and impairment of non-current assets		-13.1	-17.0	-126.2	-130.1
Impairment of goodwill and trademark		-	-	-	-
Profit/loss on sale of subsidiary		-2.6	-	-3.3	-0.7
<b>Operating income</b>		<b>14.9</b>	<b>19.7</b>	<b>-104.8</b>	<b>-100.0</b>
Financial income		0.3	0.7	2.3	2.7
Financial expenses		-2.4	-13.7	-23.0	-34.3
Unrealized profit/loss on futures contracts		-	3.0	1.7	4.7
<b>Net financial items</b>		<b>-2.1</b>	<b>-10.0</b>	<b>-19.0</b>	<b>-26.9</b>
<b>Profit before tax from continuing operations</b>		<b>12.8</b>	<b>9.7</b>	<b>-123.8</b>	<b>-126.9</b>
Tax on net income for the period		-0.6	0.1	-57.2	-56.5
<b>Net income for the period from continuing operations</b>		<b>12.2</b>	<b>9.8</b>	<b>-181.0</b>	<b>-183.4</b>
<b>Discontinued operations</b>					
Profit after tax for the fiscal year relating to discontinued operations	1	-5.9	-20.5	-430.7	-445.3
<b>Net income for the period</b>		<b>6.3</b>	<b>-10.7</b>	<b>-611.7</b>	<b>-628.7</b>
<b>Other comprehensive income</b>					
Translation differences		-1.2	1.1	-2.9	-0.6
<b>Comprehensive income for the period</b>		<b>5.1</b>	<b>-9.6</b>	<b>-614.6</b>	<b>-629.3</b>
<b>Net income for the period attributable to:</b>					
Parent Company's shareholders		6.3	-10.7	-611.7	-628.7
Non-controlling interests		-	-	-	-
<b>Comprehensive income attributable to:</b>					
Parent Company's shareholders		5.1	-9.6	-614.6	-629.3
Non-controlling interests		-	-	-	-
<b>Earnings per share before and after dilution (SEK)</b>		<b>0.19</b>	<b>-12.94</b>	<b>-30.94</b>	<b>-54.56</b>
<b>Average number of shares, (000s) *</b>		<b>33,912</b>	<b>827</b>	<b>19,772</b>	<b>11,523</b>

\* In connection with the completed rights issue, a 200:1 reverse share split was carried out. Historical comparative figures regarding the average number of shares and earnings per share have been adjusted for this.

# Consolidated Balance Sheet

SEK M	Note	Nov 30, 2013	Nov 30, 2012	Aug 31, 2013
<b>Assets</b>				
Goodwill		483.7	483.7	483.7
Trademarks		-	-	-
Other intangible assets		34.7	102.0	37.2
Property, plant and equipment		101.6	104.7	105.8
Non-current receivables		2.6	7.7	5.4
Inventories		333.5	364.0	327.7
Other current assets		191.0	149.1	169.6
Assets included in disposal groups are classified as if they are held for sale/discontinuation	1	-	599.4	171.2
<b>Total assets</b>		<b>1,147.1</b>	<b>1,810.6</b>	<b>1,300.6</b>
<b>Shareholders' equity and liabilities</b>				
Equity attributable to the Parent Company's shareholders		432.9	618.3	427.8
Non-current liabilities		359.1	451.9	363.4
Current liabilities		355.1	408.8	342.6
Liabilities included in disposal groups are classified as if they are held for sale/discontinuation	1	-	331.6	166.8
<b>Total equity and liabilities</b>		<b>1,147.1</b>	<b>1,810.6</b>	<b>1,300.6</b>

# Consolidated Cash Flow Statement

SEK M	Sep 2013 –Nov 2013	Sep 2012 –Nov 2012	Sep 2012 –Aug 2013
<b>Operating activities</b>			
Operating income from continuing operations	14.1	-0.9	-601.4
Operating income from discontinued operations	-5.6	-	-
Adjustment for non-cash items	11.4	15.4	448.3
Interest received and other financial income	0.4	1.2	4.7
Interest paid	-3.1	-18.6	-42.9
Other	-	-1.7	-0.5
<b>Cash flow before change in working capital</b>	<b>18.0</b>	<b>-4.6</b>	<b>-191.8</b>
<b>Cash flow from changes in working capital</b>			
Change in inventories	3.9	-19.2	66.1
Change in operating receivables and liabilities	-41.2	-32.9	29.9
<b>Change in working capital</b>	<b>-37.3</b>	<b>-52.1</b>	<b>96.0</b>
<b>Cash flow from operating activities</b>	<b>-19.3</b>	<b>-56.7</b>	<b>-95.8</b>
<b>Cash flow from investing activities</b>	<b>-6.2</b>	<b>-27.0</b>	<b>-70.9</b>
<b>Cash flow after investments</b>	<b>-25.5</b>	<b>-83.7</b>	<b>-166.7</b>
<b>Financing activities</b>			
Change in liabilities to credit institutions	-	-	-
Repayment of loans	-	-	-236.0
Borrowings	-	-	85.0
Rights issue	-	-	429.2
Change in overdraft facility	-	67.0	-83.7
Other	-1.6	-1.1	-10.7
<b>Cash flow from financing activities</b>	<b>-1.6</b>	<b>65.9</b>	<b>183.8</b>
<b>Cash flow during the period</b>	<b>-27.1</b>	<b>-17.8</b>	<b>17.1</b>

## Changes in shareholders' equity

SEK M	Sep 2013 –Nov 2013	Sep 2012 –Nov 2012	Sep 2012 –Aug 2013
Opening balance	427.8	627.9	627.9
Net income for the period	6.3	-10.7	-628.7
Other comprehensive income	-1.2	1.1	-0.6
Rights issue	-	-	429.2
<b>Balance at end of period</b>	<b>432.9</b>	<b>618.3</b>	<b>427.8</b>

## Key ratios excluding divested operation

		3 months Sep 2013 –Nov 2013	3 months Sep 2012 –Nov 2012	12 months Sep 2012 –Aug 2013
Gross margin	%	52.3	53.5	49.3
Operating margin	%	3.1	4.0	-5.1
Profit margin	%	2.5	2.0	-9.4
Equity/assets ratio	%	37.7	34.1	32.9
Interest coverage ratio	times	6.3	1.7	-2.7
Net debt	SEK M	346.5	680.9	325.3
Net debt/equity ratio	%	80.0	110.1	76.0
Average number of employees, full time		1,013	966	936
Average number of shares, (000s)		33,912	827	11,523
Number of shares at end of period, (000s) *		33,912	827	33,912
Profit after tax per share	SEK	0.19	-12.94	-54.56
Equity per share at end of period	SEK	12.77	747.53	12.62

## Net Sales and Operating Income per Business Area

Net sales, SEK M	3 months		12 months	
	Sep 2013 –Nov 2013	Sep 2012 –Nov 2012	Dec 2012 –Nov 2013	Sep 2012 –Aug 2013
Polarn O. Pyret	144.0	133.8	519.4	509.2
Departments & Stores	218.1	228.2	888.5	898.6
Brothers & Sisters	121.9	132.6	528.6	539.3
Other	-0.2	-1.1	-0.8	-1.7
<b>Total continuing operations</b>	<b>483.8</b>	<b>493.5</b>	<b>1,935.7</b>	<b>1,945.4</b>
Divested operations	110.8	174.1	611.2	674.5
<b>Total</b>	<b>594.6</b>	<b>667.6</b>	<b>2,546.9</b>	<b>2,619.9</b>
<b>Operating income, SEK M</b>				
Polarn O. Pyret	10.9	10.8	13.8	13.7
Departments & Stores	18.3	18.7	46.2	46.6
Brothers & Sisters	-10.1	-5.8	-80.5	-76.2
Other	-4.2	-4.0	-84.3	-84.1
<b>Total continuing operations</b>	<b>14.9</b>	<b>19.7</b>	<b>-104.8</b>	<b>-100.0</b>
Divested operations	-5.6	-20.6	-486.4	-501.4
<b>Total</b>	<b>9.3</b>	<b>-0.9</b>	<b>-591.2</b>	<b>-601.4</b>

# Income Statement per quarter, Group

SEK M	Note	2013 Sep-Nov	2013 Jun-Aug	2013 Mar-May	2012/2013 Dec-Feb	2012 Sep-Nov
Net sales		483.8	476.3	444.6	531.0	493.5
Goods for resale		-230.9	-249.2	-222.7	-285.0	-229.4
<b>Gross profit</b>		<b>252.9</b>	<b>227.1</b>	<b>221.9</b>	<b>246.0</b>	<b>264.1</b>
<b>Gross profit margin</b>		<b>52.3%</b>	<b>47.7%</b>	<b>49.9%</b>	<b>46.3%</b>	<b>53.5%</b>
Other operating income		-1.2	1.4	2.2	2.2	1.7
Other external expenses		-100.0	-125.6	-105.5	-109.5	-113.0
Personnel expenses		-121.1	-122.2	-120.9	-123.0	-116.1
Depreciation and impairment of non-current assets		-13.1	-83.2	-16.5	-13.4	-17.0
Profit/loss on sale of subsidiary		-2.6	-0.7	-	-	-
<b>Operating income</b>		<b>14.9</b>	<b>-103.2</b>	<b>-18.8</b>	<b>2.3</b>	<b>19.7</b>
Financial income		0.3	0.3	1.3	0.4	0.7
Financial expenses		-2.4	-2.1	-4.2	-14.3	-13.7
Unrealized profit/loss on futures contracts		-	1.0	-0.8	1.5	3.0
<b>Result after net financial items</b>		<b>12.8</b>	<b>-104.0</b>	<b>-22.5</b>	<b>-10.1</b>	<b>9.7</b>
Tax		-0.6	-56.7	-0.1	0.2	0.1
<b>Net income for the period</b>		<b>12.2</b>	<b>-160.7</b>	<b>-22.6</b>	<b>-9.9</b>	<b>9.8</b>
<b>Discontinued operations</b>						
Profit after tax for the fiscal year relating to discontinued operations	1	-5.9	-126.8	-7.8	-290.2	-20.5
<b>Net income for the period</b>		<b>6.3</b>	<b>-287.5</b>	<b>-30.4</b>	<b>-300.1</b>	<b>-10.7</b>
<b>Other comprehensive income</b>						
Translation differences		-1.2	-0.7	0.2	-1.2	1.1
<b>Comprehensive income for the period</b>		<b>5.1</b>	<b>-288.2</b>	<b>-30.2</b>	<b>-301.3</b>	<b>-9.6</b>



# Number of Stores at end of period

	Nov 30, 2013	Aug 31, 2013	May 31, 2013	Feb 28, 2013	Nov 30, 2012	Aug 31, 2012
Own stores Sweden	150	208	207	204	205	201
Own stores Finland	12	29	29	29	29	27
Own stores Netherlands	3	3	2	1	0	0
Franchise stores Sweden	37	73	76	77	82	83
Franchise stores outside Sweden	70	70	70	69	69	65
<b>Total</b>	<b>272</b>	<b>383</b>	<b>384</b>	<b>380</b>	<b>385</b>	<b>376</b>

Polarn O. Pyret	Nov 30, 2013			Nov 30, 2012		
	Own	Franchise	Total	Own	Franchise	Total
Sweden	60	8	68	56	11	67
Norway	-	26	26	-	26	26
Finland	-	16	16	-	16	16
England	-	12	12	-	11	11
Scotland	-	2	2	-	2	2
Ireland	-	4	4	-	4	4
Iceland	-	2	2	-	2	2
Estonia	-	2	2	-	2	2
Latvia	-	1	1	-	1	1
Netherlands	3	-	3	-	-	-
USA	-	5	5	-	5	5
<b>Total</b>	<b>63</b>	<b>78</b>	<b>141</b>	<b>56</b>	<b>80</b>	<b>136</b>

Departments & Stores	Nov 30, 2013		Nov 30, 2012	
	Own	Franchise	Own	Franchise
<b>Number of stores</b>	<b>45</b>	<b>47</b>	<b>47</b>	<b>47</b>
Total retail space, m <sup>2</sup>	11,145		16,645	

JC	Nov 30, 2013			Nov 30, 2012		
	Own	Franchise	Total	Own	Franchise	Total
JC, Sweden	-	-	-	59	40	99
JC, Finland	-	-	-	17	-	17
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>76</b>	<b>40</b>	<b>116</b>

Brothers & Sisters	Nov 30, 2013			Nov 30, 2012		
	Own	Franchise	Total	Own	Franchise	Total
Brothers, Sweden (single)	26	16	42	20	16	36
Brothers, Finland (single)	12	-	12	12	-	12
Bro & Sis, Sweden (duo)	18	13	31	23	15	38
Outlet (duo)	1	-	1	-	-	-
<b>Total</b>	<b>57</b>	<b>29</b>	<b>86</b>	<b>55</b>	<b>31</b>	<b>86</b>

## NOTE 1 DISPOSAL GROUP THAT IS FOR SALE/DISCONTINUATION

In February 2013, RNB RETAIL AND BRANDS AB (publ) announced that the company was conducting a strategic review of the JC business area. One of the alternatives in this strategic review was a disposal of JC. In line with this, this alternative became a reality in September and RNB Retail and Brands has now entered into an agreement on divestment of JC to an external buyer. The sale was completed with effect from November 1, 2013.

SEK M	Sep 2013 -Nov 2013	Sep 2012 -Nov 2012	Sep 2012 -Aug 2013
Net sales	110.8	174.1	674.5
Goods for resale	-56.2	-84.4	-406.2
<b>Gross income</b>	<b>54.6</b>	<b>89.7</b>	<b>268.3</b>
Other operating income	-1.7	1.5	2.1
Other external expenses	-31.0	-65.1	-282.4
Personnel expenses	-27.5	-43.0	-155.7
Depreciation and impairment of non-current assets	-	-3.7	-74.0
Impairment of goodwill and trademark	-	-	-259.7
Profit/loss on sale of subsidiary	-	-	-
<b>Operating income</b>	<b>-5.6</b>	<b>-20.6</b>	<b>-501.4</b>
Financial income	0.1	0.5	2.0
Financial expenses	-0.3	-0.4	-2.0
<b>Net financial items</b>	<b>-0.2</b>	<b>0.1</b>	<b>0.0</b>
<b>Profit before tax of operation for disposal</b>	<b>-5.8</b>	<b>-20.5</b>	<b>-501.4</b>
Tax on net income for the year	-0.1	-	56.1
<b>Net loss for the year of operation for disposal</b>	<b>-5.9</b>	<b>-20.5</b>	<b>-445.3</b>

SEK M	Nov 30, 2013	Nov 30, 2012	Aug 31, 2013
<b>Assets</b>			
Goodwill	-	-	-
Trademarks	-	259.7	-
Other intangible assets	-	14.0	-
Property, plant and equipment	-	54.0	-
Non-current receivables	-	5.3	-
Inventories	-	139.1	82.1
Other current assets	-	127.3	89.1
<b>Total assets for disposal</b>	<b>0.0</b>	<b>599.4</b>	<b>171.2</b>
<b>Liabilities</b>			
Non-current liabilities	-	74.9	-
Current liabilities	-	256.7	166.8
<b>Total liabilities directly associated with assets for disposal</b>	<b>0.0</b>	<b>331.6</b>	<b>166.8</b>
<b>Net assets directly associated with operation for disposal</b>	<b>0.0</b>	<b>267.8</b>	<b>4.4</b>

Included in other comprehensive income:

SEK M	Nov 30, 2013	Nov 30, 2012	Aug 31, 2013
Translation differences	-	0.6	-0.6
<b>Other reserves of operation for disposal</b>	<b>0.0</b>	<b>0.6</b>	<b>-0.6</b>

Net cash flow in the JC segment is as follows:

SEK M	Sep 2013 -Nov 2013	Sep 2012 -Nov 2012	Sep 2012 -Aug 2013
Operating activities	-3.0	1.6	-218.9
Investment	-	-11.0	-11.3
Financing	-6.9	-1.4	228.2
<b>Net cash flow</b>	<b>-9.9</b>	<b>-10.8</b>	<b>-2.0</b>

# Income Statement Parent Company

SEK M	3 months		12 months	
	Sep 2013 –Nov 2013	Sep 2012 –Nov 2012	Dec 2012 –Nov 2013	Sep 2012 –Aug 2013
Net sales	35.7	36.9	144.7	145.9
Other operating income	0.2	2.2	9.5	11.5
	<b>35.9</b>	<b>39.1</b>	<b>154.2</b>	<b>157.4</b>
Other external expenses	-20.9	-23.3	-92.0	-94.4
Personnel expenses	-15.9	-16.0	-71.1	-71.2
Depreciation and impairment of non-current assets	-1.6	-4.6	-76.6	-79.6
<b>Operating income</b>	<b>-2.5</b>	<b>-4.8</b>	<b>-85.5</b>	<b>-87.8</b>
Result from participations in group companies	-	-	-517.0	-517.0
Financial income	-	-	-	-
Financial expenses	-2.1	-12.8	-21.8	-32.5
<b>Result after financial items</b>	<b>-4.6</b>	<b>-17.6</b>	<b>-624.3</b>	<b>-637.3</b>
Taxes	-	-9.6	-54.3	-63.9
<b>Net income for the period</b>	<b>-4.6</b>	<b>-27.2</b>	<b>-678.6</b>	<b>-701.2</b>

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

# Balance Sheet Parent Company

SEK M	Nov 30, 2013	Nov 30, 2012	Aug 31, 2013
<b>Assets</b>			
Intangible assets	21.7	85.9	23.0
Property, plant and equipment	0.9	1.5	1.1
Financial assets	651.6	945.2	651.6
Deferred tax assets	-	54.3	-
Other current assets	64.8	230.9	74.3
<b>Total assets</b>	<b>739.0</b>	<b>1,317.8</b>	<b>750.0</b>
<b>Shareholders' equity and liabilities</b>			
Equity	356.7	606.0	361.3
Non-current liabilities	349.0	500.0	349.0
Current liabilities	33.3	211.8	39.7
<b>Total equity and liabilities</b>	<b>739.0</b>	<b>1,317.8</b>	<b>750.0</b>

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