

# RNB

THE FOURTH QUARTER  
SEPTEMBER 1, 2020– AUGUST 31, 2021

# 4



**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.

# Increased sales for Brothers

The number of visitors and sales in Brothers' stores continued to increase in the quarter. Brothers' sales increased sharply on the third quarter and sales outperformed the forecast for several months, leading to low stock levels. The Group continued its focus on finding solutions for the remaining operations.

## **FOURTH QUARTER, JUNE 1, 2021 – AUGUST 31, 2021 IN SUMMARY**

- Net sales increased to SEK 85 M (70).
- Brothers' sales for comparable units in Sweden increased by 17.5 percent (-24.3), compared to the market increase of 21.9 percent (-18.4).
- Operating income from remaining operations was SEK -7 M (-8).
- Profit after tax from remaining operations was SEK -11 M (-21).
- Earnings in the period totaled SEK -6 M (-50).
- Earnings per share was SEK -0.07 (-0.49).
- Cash flow from operating activities was SEK 13 M (9).

## **THE PERIOD, SEPTEMBER 1, 2020 – AUGUST 31, 2021 IN SUMMARY**

- Net sales decreased to SEK 248 M (363).
- Comparable sales on all national markets for all business areas decreased by -14.3 percent (-20.2).
- Sales for comparable units in Sweden for the business areas decreased by -17.0 percent (-20.4), compared to the market downturn of -4.3 percent (-12.1).
- Operating income from remaining operations was SEK -21 M (-168).

- Profit after tax from remaining operations was SEK -56 M (-220).
- Earnings in the period totaled SEK 111 M (-435).
- Earnings per share was SEK 1.08 (-5.21).
- Cash flow from operating activities was SEK 93 M (243).
- The business area Departments & Stores was divested in the second quarter.
- The business area Polarn O. Pyret was divested in the third quarter.

## **EVENTS IN THE FOURTH QUARTER**

- An Extraordinary General Meeting in August decided to change the financial year to the calendar year. This means that the current financial year has been extended to 31 December 2021. The next report, Year-End Report, will comprise the period September 2021 - December 2021.
- The remaining SEK 120 M of the preliminary purchase consideration from the divestment of Polarn O. Pyret was received on June 28.
- The bond loan was amortized by a further SEK 120 M on 15 July.

## **CONTACT**

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CEO Brothers, Christopher Englinde +46 (0) 76 887 24 17

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 September 22, 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.*

## **FINANCIAL CALENDAR**

Year-End Report February 25, 2022  
Annual General Meeting May 19, 2022  
Interim Report, first quarter 2022 May 19, 2022  
Interim Report, second quarter 2022 August 25, 2022  
Interim Report, third quarter 2022 November 24, 2022  
Year-end Report, fourth quarter 2022 February 23, 2023

# Comments from the CEO

Positive news in the period included a continued increase in visitor numbers in physical stores and higher than expected sales. However, delays to deliveries of the fall fashion range affected results towards the end of the period.

Comparable sales for the Group increased by 18 percent in the quarter, with the increase evenly distributed between stores and e-commerce. The strict cost control measures continued in the quarter, and will remain in place until stable sales growth is achieved.

## BROTHERS

During the fourth quarter, there was a sharp increase in visitor numbers in Brothers' stores. Visitor numbers also increased significantly nationwide, with a pronounced effect of the many holidaymakers around Sweden as stores in holiday destinations exceeded sales forecasts. The summer fashion range was very well received, outperforming all expectations and selling out faster than planned. The trend continued during the transition to the fall season. In August, sales of the fall fashion range was up 74 percent on August of the previous year.

Sales for comparable units including e-commerce increased by 46 percent on the previous quarter and 18 percent year-on-year. Brothers has not generated this level of sales growth for several years.

During the summer, Brothers introduced the usual seasonal sales which meant that we cleared out our inventories very effectively. Just like many other operators, Brothers was affected by the world-wide disruptions to logistics flows during the quarter. In combination with strong sales in June and July, this generated lower-than-expected inventories in August, which meant that we lost potential sales in the month.

In July, the store in Södertälje moved into new premises in the shopping mall Kringlan, a superb development. In August, sales increased by over 50 percent in year-on-year terms.

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.

Overall, record temperatures this summer meant that sales outperformed forecast, although disrupted logistics flows also led to low inventories in August, generating operating income of SEK -1 M, corresponding to an operating margin of -1 percent. Unfortunately delayed deliveries led to a negative operating income in the quarter, although we still saw an improvement of just above SEK 10 M in year-on-year terms, excluding IFRS16

and the reorientation support received in the previous year.

In September, inventories were quickly stocked with the fall fashion ranges, and given Brothers' clear trend in terms of its ranges, we are confident about the bright future that lies ahead.

## POLARN O. PYRET

The purchase consideration for P.O.P was set at SEK 355 M in the quarter. The full purchase consideration has been received.

## OUTLOOK

The announced easing of Covid-19 restrictions will be important for a large proportion of the retail sector. As more people return to the office, this will generate strong demand for updating the office wardrobe. This will affect Brothers' operations positively.

The process of finding a suitable solution for RNB and Brothers continues. Our goal is to announce and provide information about a solution for the companies' continued operations in the second half of 2021.

Kristian Lustin  
President and CEO

# Revenue and earnings RNB Group

## FOURTH QUARTER, JUNE 1, 2021 – AUGUST 31, 2021

The Group's reported net sales from remaining operations totaled SEK 85 M (70) in the fourth quarter. Sales for comparable units increased by 17.5 percent (-24.3) year-on-year.

Gross margin for the Group decreased to 50.7 percent (61.4).

Total operating expenses decreased in the period in year-on-year terms due to completed rationalizations. Depreciation/amortization in the fourth quarter totaled SEK 15 M (29), of which SEK 13 M (23) related to IFRS 16.

Operating income was SEK -7 M (-8), IFRS 16 had an impact on operating income of SEK 0 M (6), which equaled operating income, excluding IFRS 16, of SEK -6 M (-14).

Net financial items totaled SEK -5 M (-13), of which IFRS 16 affected net financial items by SEK -3 M (-6).

Profit for the period amounted to SEK -6 M (-50) of which SEK 5 M (-29) relates to divested operations.

### *Market progress in the fourth quarter*

According to Stilindex (the Swedish Retail and Wholesale Trade Research Institute), clothing sales in Sweden increased by 21.9 percent (-18.4) in the fourth quarter.

## THE PERIOD, SEPTEMBER 1, 2020 – AUGUST 31, 2021

The Group's reported net sales from remaining operations totaled SEK 248 M (363), in the period. Total sales for all business areas for comparable units in Sweden were -17.0 percent (-20.4), and sales decreased by -14.3 percent (-16.5) for all national markets, expressed in SEK. Gross margin for the Group improved to 52.1 percent (52.0).

Total operating expenses decreased significantly in the period in year-on-year terms due to completed rationalizations. Depreciation/amortization in the period totaled SEK 77 M (96), of which SEK 63 M (81) related to IFRS 16.

Operating income totaled SEK -21 M (-168), including gains from arrangements with creditors of SEK 61 M. IFRS 16 had a positive impact on operating income of SEK 3 M (10), which equals operating income, excluding IFRS 16, of SEK -24 M (-177).

Net financial items totaled SEK -34 M (-52), of which IFRS 16 affected net financial items by SEK -16 M (-18).

Profit for the period amounted to SEK 111 M (-435) of which SEK 167 M (-215) 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 -4.3 percent (-12.1) in the period.

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### *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.

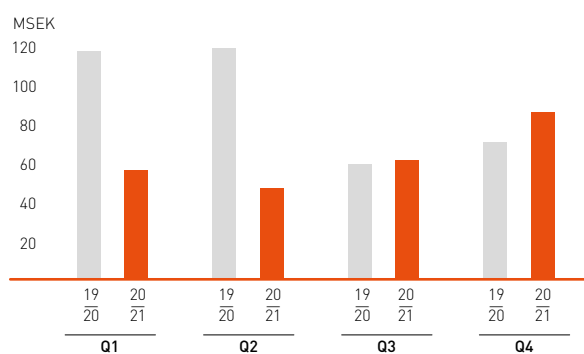
After the divestment of Polarn O. Pyret in March 2021, the Group has eliminated its overdraft and has a positive cash position.

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. The potential for operations generating cashflow according to plan will increase as Covid-19 restrictions will now largely be removed.

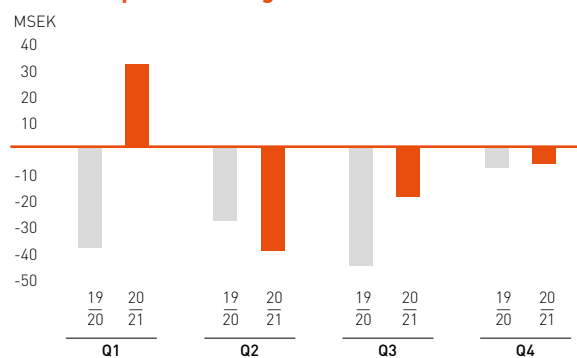
## Group overview

	3 months		12 months	12 months
	Jun 2021 – Aug 2021	Jun 2020 – Aug 2020	Sep 2020 –Aug 2021	Sep 2019 –Aug 2020
Net sales, SEK M	85	70	248	363
Gross margin, (%)	50.7	61.4	52.1	52.0
Operating income, SEK M	-7	-8	-21	-168
Operating income excl. IFRS 16 and goodwill impairment, SEK M	-6	-14	-24	-134
Net income for the period, SEK M	-6	-50	111	-435
Operating margin (%)	-7.8	-11.2	-8.6	-46.1
Operating margin (%), excl. IFRS16 and goodwill impairment, SEK M	-7.5	-19.6	-9.7	-36.9
Earnings per share, SEK	-0.07	-0.49	1.08	-5.21
Cash flow from operating activities, SEK M	13	9	93	243
Number of sales points	43	44	43	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 incl. divested operations, period, 12 months	Share, [%]	Operating income, for the period excl. IFRS 16 and goodwill impairment, 12 months	Own stores		Franchise agreements		
				Stores	E-com	Stores	E-com	
BROTHERS	SEK 248M	 19%	SEK 62M	Total	38	1	4	-
				Sweden	38	1	4	-
				Finland	-	-	-	-
Divested operations	SEK 677M	 81%	SEK 196M					
Total								
RNB RETAIL AND BRANDS	SEK 926M		SEK 172M	42 stores	1 e-commerce	1 country		

Net sales and operating income per business area	3 months		12 months	Full Year
	Jun 2021 - Aug 2021	Jun 2020 - Aug 2020	Sep 2020 -Aug 2021	Sep 2019 -Aug 2020
<b>Net sales, SEK M</b>				
Brothers	85.4	70.1	248.3	363.5
Central operations & eliminations	0.0	0.0	0.0	0.0
<b>Net sales remaining operations</b>	<b>85.4</b>	<b>70.1</b>	<b>248.3</b>	<b>363.5</b>
Divested operations	0.0	255.7	677.3	1,420.0
<b>Net sales incl. divested operations</b>	<b>85.4</b>	<b>325.8</b>	<b>925.6</b>	<b>1,783.5</b>
<b>Operating income, SEK M</b>				
Brothers	-1.2	-7.4	61.7	-82.7
Central operations & eliminations	-5.0	-6.3	-85.8	-51.4
<b>Operating income, excluding IFRS 16 and goodwill impairment from remaining operations</b>	<b>-6.2</b>	<b>-13.7</b>	<b>-24.1</b>	<b>-134.1</b>
Divested operations	0.0	-32.7	195.8	-56.4
<b>Operating income, excluding IFRS 16 and goodwill impairment incl. divested operations</b>	<b>-6.2</b>	<b>-46.4</b>	<b>171.7</b>	<b>-190.5</b>

# 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.

## FOURTH QUARTER, JUNE 1, 2021 – AUGUST 31, 2021

Net sales in the Brothers business area totaled SEK 85 M (70). Sales in comparable stores increased by 17.5 percent and e-commerce as a proportion of comparable sales amounted to 12 percent. Brothers' e-commerce sales as a proportion of total sales on a rolling 12-months basis totaled 14 percent. Net sales from franchise stores were higher in the fourth quarter compared to the corresponding period of the previous year.

The number of paying customers in comparable physical stores increased by eleven percent in the fourth quarter in year-on-year terms but with a decreased hit rate.

Gross profit margin for the business area declined in the fourth quarter. Gross margin was unusually high in the previous year as a result of procurement prices being renegotiated due to Covid 19. Rationalization measures implemented meant that costs were lower in the fourth quarter compared to the corresponding period in the previous year. The main cost reductions were derived from personnel costs.

Operating income totaled SEK -1 M (-2). Operating income excluding IFRS 16 amounted to SEK -1 M (-7).

Business area inventories were slightly lower compared to 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.

A store in Luleå closed in the quarter.

## THE PERIOD, SEPTEMBER 1, 2020 – AUGUST 31, 2021

Net sales in the Brothers business area totaled SEK 248 M (364). Sales in comparable stores decreased by -20.3 percent, with a negative trend in Sep-Oct and positive progress in Apr-Aug. E-commerce as a percentage of comparable sales was 15 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 (419).

The number of paying customers in comparable physical stores was down 28 percent in the period in year-on-year terms, with an increased hit rate.

In order to maintain sales and avoid increasing inventories, the last 12-month period has been very discount-driven. This affected gross margin which was lower compared to the previous 12-month period. 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 65 M (-116). Operating income excluding IFRS 16 amounted to SEK 62 M (-126).



# Financial position and liquidity

The Group's total assets amounted to SEK 418 M, compared to SEK 1,736 M at the end of the previous financial year. As of August 31, inventories totaled SEK 78 M, 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 35 M (223). Cash flow from operating activities was SEK 93 M (243) in the period. After investments, cash flow was SEK 361 M (215).

Net debt, including lease liabilities, decreased to SEK 195 M compared to SEK 1,159 M at the end of the previous financial year.

## SHAREHOLDERS' EQUITY

Group equity was SEK 64 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 15.2 percent (-7.6) at year-end. Excluding IFRS 16, the equity/assets ratio was 33.7 percent (-8.3).

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 higher priority than shareholder's equity and, for example, the hybrid bond must be repaid before dividends can be paid.

## LIQUIDITY

The Group's cash and cash equivalents totaled SEK 65 M 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 corresponding to guarantees issued. 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.

The corporate bond has been amortized by SEK 279 M during the year: by SEK 159 M in May and by SEK 120 M in July. The bond debt amounted to SEK 68 M including accrued interest as of August 31.

The corporate restructuring that took place between March 23, 2020 and November 6, 2020 means that certain bond covenants have been breached. As of 31 August 2021, all the bond terms have been met. 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 (25). Depreciation/amortization totaled SEK -77 M (-140), of which SEK -63 M (-81) 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 136 (182) for remaining operations in the period. For all operations the average number was 400 (757).

## 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 4 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 18 M (41) in the period September - August and profit/loss after net financial items was SEK -30 (-253) 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 the 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 had a negative impact on sales and profit.

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

## REVIEW

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

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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, September 22, 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  
*President and CEO*

# Consolidated Income Statement

SEK M	3 months		12 months	12 months
	Jun 2021 – Aug 2021	Jun 2020 – Aug 2020	Sep 2020 – Aug 2021	Sep 2019 – Aug 2020
Net sales	85.4	70.0	248.3	363.5
Goods for resale	-42.1	-27.0	-118.9	-174.3
<b>Gross income</b>	<b>43.3</b>	<b>43.0</b>	<b>129.3</b>	<b>189.2</b>
Other operating income	7.1	3.1	71.9	7.4
Other external expenses	-19.2	-2.0	-51.2	-84.6
Personnel expenses	-22.9	-23.4	-94.4	-135.2
Depreciation/amortization and impairment of non-current assets	-14.9	-28.6	-76.9	-96.5
Impairment of goodwill remaining operations	0.0	0.0	0.0	-43.0
Profit/loss from divestment of subsidiaries	0.0	0.0	0.0	-4.8
<b>Operating income from remaining operations</b>	<b>-6.6</b>	<b>-7.9</b>	<b>-21.3</b>	<b>-167.5</b>
Financial income etc.	0.5	0.0	1.8	0.0
Financial expenses etc.	-5.2	-13.4	-36.1	-52.0
Unrealized profit/loss on futures contracts	-	-	-	0.0
<b>Net financial items</b>	<b>-4.7</b>	<b>-13.4</b>	<b>-34.3</b>	<b>-52.0</b>
<b>Profit/loss after financial items from remaining operations</b>	<b>-11.3</b>	<b>-21.3</b>	<b>-55.5</b>	<b>-219.5</b>
Tax on profit for the period	0.0	0.0	0.0	-0.2
<b>Net income for the period from remaining operations</b>	<b>-11.3</b>	<b>-21.3</b>	<b>-55.5</b>	<b>-219.8</b>
Divested operations				
Net income for the period from divested operations	4.9	-28.8	166.9	-215.0
<b>Net income for the period</b>	<b>-6.4</b>	<b>-50.1</b>	<b>111.3</b>	<b>-434.8</b>
<b>Other comprehensive income</b>				
<i>Other comprehensive income to be reclassified to net income in subsequent periods</i>				
Cash flow hedges – value changes	0.0	8.8	0.0	4.8
Cash flow hedges recognized in income	0.0	-6.7	0.0	-12.1
Translation differences	0.0	-0.2	-0.3	-0.3
Tax attributable to items in other comprehensive income	-	-	-	-
<b>Comprehensive income for the period</b>	<b>-6.4</b>	<b>-48.2</b>	<b>111.0</b>	<b>-442.4</b>
<b>Net income for the period attributable to:</b>				
Parent Company shareholders	-6.4	-50.1	111.3	-434.8
	<b>-6.4</b>	<b>-50.1</b>	<b>111.3</b>	<b>-434.8</b>
<b>Comprehensive income attributable to:</b>				
Parent Company shareholders	-6.4	-48.2	111.0	-442.4
	<b>-6.4</b>	<b>-48.2</b>	<b>111.0</b>	<b>-442.4</b>
<b>Earnings per share before and after dilution (SEK)<sup>1)</sup></b>	<b>-0.07</b>	<b>-0.49</b>	<b>1.08</b>	<b>-5.21</b>
<b>Average number of shares (000s)</b>	<b>101,737</b>	<b>101,737</b>	<b>101,737</b>	<b>83,391</b>

1) See Reconciliation of KPIs on page 21-22

## Consolidated Balance Sheet, in summary

SEK M		August 31, 2021	August 31, 2020
<b>Assets</b>			
Intangible assets	Note 4	60.1	191.1
Tangible assets		7.0	73.1
Right-of-use assets	Note 3	172.5	772.8
Financial assets		8.0	12.5
<b>Total non-current assets</b>		<b>247.6</b>	<b>1,049.5</b>
Inventories		77.6	378.6
Current interest-bearing receivables		0.0	0.0
Current receivables		28.1	146.5
Cash and cash equivalents		65.1	161.1
<b>Total current assets</b>		<b>170.8</b>	<b>686.2</b>
<b>Total assets</b>		<b>418.4</b>	<b>1,735.7</b>
<b>Equity and liabilities</b>			
Equity attributable to Parent Company shareholders		63.5	-132.5
<b>Total equity</b>		<b>63.5</b>	<b>-132.5</b>
Long-term lease liabilities	Note 3	160.0	657.0
Bond loan, long-term		67.8	412.3
Current lease liabilities	Note 3	31.9	168.0
Bond loan, short-term		0.0	0.0
Other current liabilities		95.2	630.9
<b>Total liabilities</b>		<b>354.9</b>	<b>1,868.2</b>
<b>Total equity and liabilities</b>		<b>418.4</b>	<b>1,735.7</b>

## Changes in shareholders' equity, in summary

SEK M	Sep 2020 –Aug 2021	Sep 2019 –Aug 2020
Opening balance	-132.5	235.0
<b>Net income for the period</b>	<b>111.3</b>	<b>-434.8</b>
<b>Other comprehensive income</b>		
Changes to cash flow hedges	-	4.8
Cash flow hedges recognized in income	-	-12.1
Translation differences	-0.3	-0.3
<b>Total comprehensive income for the year</b>	<b>111.0</b>	<b>-442.4</b>
Rights issue	-	74.9
Hybrid bond	85.0	0.0
<b>Balance at the end of the period</b>	<b>63.5</b>	<b>-132.5</b>

# Consolidated Cash Flow Statement, in summary

SEK M	3 months		12 months	12 months
	Jun 2021 – Aug 2021	Jun 2020 – Aug 2020	Sep 2020 – Aug 2021	Sep 2019 – Aug 2020
<b>Operating activities</b>				
Operating income from remaining operations	-6.6	157.1	-21.3	-167.5
Operating income from divested operations	0.0	-173.8	176.1	-173.8
Interest received and other financial income	1.6	-0.5	1.8	1.3
Interest paid	-1.9	-19.2	-32.5	-77.1
Adjustment for non-cash items	14.4	34.2	-70.3	437.2
Tax paid	0.0	0.0	4.3	0.0
<b>Cash flow before change in working capital</b>	<b>7.5</b>	<b>-2.2</b>	<b>58.1</b>	<b>20.1</b>
<b>Cash flow from change in working capital</b>				
Change in inventories	11.9	-32.1	87.8	64.2
Decrease (+)/increase (-) in current receivables	4.6	-2.2	51.7	19.6
Decrease (+)/increase (-) in current liabilities	-11.2	45.2	-104.3	139.4
<b>Change in working capital</b>	<b>5.3</b>	<b>10.9</b>	<b>35.2</b>	<b>223.2</b>
<b>Cash flow from operating activities</b>	<b>12.8</b>	<b>8.7</b>	<b>93.3</b>	<b>243.3</b>
Acquisition of property, plant and equipment and intangible assets	-0.6	-1.1	-6.3	-21.8
Divestment of business	122.0	0.0	274.3	-3.0
Divestment of associated companies	0.0	1.0	0.0	1.0
Change in long-term receivables	0.0	0.8	0.2	-4.8
<b>Cash flow from investing activities</b>	<b>121.4</b>	<b>0.7</b>	<b>268.2</b>	<b>-28.6</b>
<b>Cash flow after investments</b>	<b>134.2</b>	<b>9.4</b>	<b>361.5</b>	<b>214.7</b>
<b>Financing activities</b>				
Change in overdraft facility	0.0	-5.7	-61.5	28.6
Change in other debt	0.0	0.0	0.0	20.0
Issue of corporate bond	0.0	0.0	0.0	0.0
Amortization of loan	-120.0	0.0	-278.7	-20.0
Amortization of lease liabilities	-25.5	-20.0	-117.2	-168.4
Rights issue	0.0	0.0	0.0	74.9
<b>Cash flow from financing activities</b>	<b>-145.5</b>	<b>-25.7</b>	<b>-457.4</b>	<b>-64.9</b>
<b>Cash flow for the period</b>	<b>-11.3</b>	<b>-16.3</b>	<b>-95.9</b>	<b>149.8</b>
Cash and cash equivalents at beginning of year	76.4	176.6	161.1	10.6
Exchange rate difference in cash and cash equivalents	0.1	0.8	-0.1	0.7
<b>Cash and cash equivalents at end of year</b>	<b>65.1</b>	<b>161.1</b>	<b>65.1</b>	<b>161.1</b>

# Income Statement, Parent Company

SEK M	3 months		12 months	12 months
	Jun 2021 – Aug 2021	Jun 2020 – Aug 2020	Sep 2020 – Aug 2021	Sep 2019 – Aug 2020
Net sales	0.4	14.8	17.9	41.0
Other operating income	2.2	-1.4	2.2	0.2
	<b>2.6</b>	<b>13.4</b>	<b>20.1</b>	<b>41.2</b>
<b>Operating expenses</b>				
Other external expenses	-5.1	-8.2	-44.8	-43.3
Personnel expenses	-2.2	-1.6	-10.4	-19.1
Depreciation/amortization and impairment of non-current assets	-0.6	-1.4	-4.0	-5.7
<b>Operating income</b>	<b>-5.3</b>	<b>2.2</b>	<b>-39.1</b>	<b>-26.9</b>
Profit from participations in Group companies	12.5	-9.1	25.1	-200.9
Financial income etc.	0.7	1.6	3.7	6.5
Financial expenses etc.	-1.9	-7.2	-19.8	-32.2
<b>Profit/loss after financial items</b>	<b>6.0</b>	<b>-12.5</b>	<b>-30.1</b>	<b>-253.5</b>
Taxes	-	-	-	-
<b>Net income for the period</b>	<b>6.0</b>	<b>-12.5</b>	<b>-30.1</b>	<b>-253.5</b>

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

## Balance Sheet, Parent Company, in summary

SEK M	August 31, 2021	August 31, 2020
<b>Assets</b>		
Intangible assets	4.6	12.1
Tangible assets	0.0	0.7
Financial assets	124.0	462.7
Other current receivables	20.8	56.4
Cash and cash equivalent	28.9	0.0
<b>Total assets</b>	<b>178.3</b>	<b>531.9</b>
<b>Equity and liabilities</b>		
<i>Restricted equity</i>		
Share capital	4.0	30.5
Revaluation reserve	0.0	0.0
<i>Total restricted equity</i>	<i>4.0</i>	<i>30.5</i>
<i>Non-restricted equity</i>		
Retained earnings	126.5	268.6
Net income for the period	-30.1	-253.5
<i>Total non-restricted equity</i>	<i>96.4</i>	<i>15.1</i>
<b>Total Equity</b>	<b>100.4</b>	<b>45.6</b>
Non-current liabilities	67.8	412.3
Current liabilities	10.1	74.0
<b>Total equity and liabilities</b>	<b>178.3</b>	<b>531.9</b>



# 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 6 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 adopted 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 become effective are expected to have any material impact on the Financial Statements of the Group and Parent Company.

## NOTE 2 FINANCIAL ASSETS AND LIABILITIES VALUED AT 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 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 August 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	Aug 31, 21	Aug 31, 20
Opening cost	151,143	335,229
Purchases in the year	-	-
Divested operations	-69,030	-
Impairment of divested operations in the year	-27,445	-184,000
Impairment in the year	-	-
Translation difference	-	-86
<b>Closing accumulated cost</b>	<b>54,668</b>	<b>151,143</b>

### Goodwill item allocated by segment:

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

### 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 based on outturn, 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 flows of the operating segment are 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 fourth quarter

Impairment testing carried out in the fourth 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 –Aug 2021	Sep 2019 –Aug 2020
<b>Net income for the period from divested operations</b>		
<b>Department and Stores</b>		
Net income for the period	45.4	-195.1
Capital loss on divestment	-120.8	-
	<b>-75.3</b>	<b>-195.1</b>
<b>Polarn O. Pyret</b>		
Net income for the period	87.9	-20.0
Capital gain on divestment	154.3	-
	<b>242.3</b>	<b>-20.0</b>
<b>Total Net income for the period from divested operations</b>	<b>166.9</b>	<b>-215.0</b>

On February 2, 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		12 months	12 months
	Jun 2021 – Aug 2021	Jun 2020 – Aug 2020	Sep 2020 –Aug 2021	Sep 2019 –Aug 2020
Revenue	-	159.8	403.3	796.5
<i>Of which external gains from arrangements with creditors</i>	-	0.0	115.7	0.0
Goodwill impairment	-	0.0	-27.5	-141.0
Costs	-	-165.1	-330.4	-850.6
<b>Net income for the period before tax from divested operations</b>	<b>-</b>	<b>-5.4</b>	<b>45.4</b>	<b>-195.1</b>
Tax for the period	-	0.0	0.0	0.0
<b>Net income for the period after tax from divested operations</b>	<b>-</b>	<b>-5.4</b>	<b>45.4</b>	<b>-195.1</b>
<b>Capital loss on divestment of operations</b>	<b>-</b>	<b>0.0</b>	<b>-120.8</b>	<b>0.0</b>
<b>Total Net income for the period from divested operations</b>	<b>-</b>	<b>-5.4</b>	<b>-75.3</b>	<b>-195.1</b>

**Balance Sheet Departments & Stores:**

SEK M	Feb 2, 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
<b>Total assets</b>	<b>601.8</b>
Long-term lease liabilities	352.1
Current lease liabilities	79.5
Other current liabilities	35.3
<b>Total liabilities</b>	<b>466.9</b>
<b>Net assets directly associated with operations for divestment</b>	<b>134.9</b>

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.

**Net cash flow in the segment Departments & Stores is as follows:**

SEK M	3 months		12 months	12 months
	Jun 2021 – Aug 2021	Jun 2020 – Aug 2020	Sep 2020 – Aug 2021	Sep 2019 – Aug 2020
Operating activities	0.0	6.3	90.7	142.4
Investments	0.0	-4.6	-3.3	-18.5
Financing	0.0	-9.9	-46.0	-64.5
<b>Net cash flow</b>	<b>0.0</b>	<b>-8.2</b>	<b>41.4</b>	<b>59.5</b>

On March 31, 2021 the business area Polarn O. Pyret was divested through a share transfer. 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		12 months	12 months
	Jun 2021 – Aug 2021	Jun 2020 – Aug 2020	Sep 2020 – Aug 2021	Sep 2019 – Aug 2020
Revenue	0.0	107.7	479.4	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>
Goodwill impairment	0.0	0.0	0.0	0.0
Costs	0.0	-129.6	-383.2	-682.6
<b>Net income for the period before tax from divested operations</b>	<b>0.0</b>	<b>-21.9</b>	<b>96.3</b>	<b>-19.7</b>
Tax for the period	0.0	-1.5	-8.4	-0.3
<b>Net income for the period after tax from divested operations</b>	<b>0.0</b>	<b>-23.4</b>	<b>87.9</b>	<b>-20.0</b>
<b>Capital loss on divestment of operations</b>	<b>2.0</b>	<b>0.0</b>	<b>154.3</b>	<b>0.0</b>
<b>Total Net income for the period from divested operations</b>	<b>2.0</b>	<b>-23.4</b>	<b>242.3</b>	<b>-20.0</b>

**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
<b>Total assets</b>	<b>350.8</b>
Long-term lease liabilities	13.5
Current lease liabilities	32.6
Other current liabilities	124.5
<b>Total liabilities</b>	<b>170.5</b>
<b>Net assets directly associated with operations for divestment</b>	<b>180.3</b>

The preliminary purchase consideration of SEK 355 M for Polarn O. Pyret was divided into three parts: one initial cash payment received on March 31 of SEK 233 M, SEK 120 M which was received on June 28 and final settlement of SEK 2 M which was received on 12 August.

**Net cash flow in the segment Polarn O. Pyret is as follows:**

SEK M	3 months		12 months	12 months
	Jun 2021 – Aug 2021	Jun 2020 – Aug 2020	Sep 2020 –Aug 2021	Sep 2019 –Aug 2020
Operating activities	0.0	-2.7	52.2	135.8
Investments	0.0	0.4	2.1	-10.7
Financing	0.0	1.7	-2.6	-40.3
<b>Net cash flow</b>	<b>0.0</b>	<b>-0.6</b>	<b>51.7</b>	<b>84.8</b>

# Key ratios for remaining operations

SEK M	Sep 2020 –Aug 2021	Sep 2019 –Aug 2020
Gross margin, %	52.1	52.0
Operating margin, %	-8.6	-46.1
Operating margin excl. IFRS 16, %	-9.7	-48.7
Equity/assets ratio, %	15.2	-7.6
Equity/assets ratio, excl. IFRS 16, %	33.7	-8.3
Interest coverage ratio, multiple	-0.5	-3.2
Ratio of net debt and operating income before depreciation/amortization	3.5	-41.3
Net debt, SEK M	194.6	1,159.0
Net debt/equity ratio, %	306.5	-874.7
Return on equity, %	161.0	-428.8
Return on capital employed, %	-3.2	-16.4
Average number of shares (000s)	101,737	83,391
Number of shares at end of period, (000s)	101,737	101,737
Profit after tax per share, SEK	1.08	-5.21
Equity per share at end of period, SEK	-0.21	-1.30
Number of full-time employees	136	182

See Definition of key ratios at page 22

## Shareholders

### Largest shareholders as of August 31, 2021

	Number of shares	Share capital/votes, %
Konsumentföreningen Stockholm	41,832,649	41.1
Novobis AB	11,957,790	11.8
Strategiq Capital AB	2,100,000	2.1
SEB Investment Management	2,045,845	2.0
Avanza Pension Försäkringsaktiebolaget	1,493,691	1.5
Lars-Erik Harvig	684,072	0.7
Michael Sandling	683,000	0.7
Sture Lundén	682,700	0.7
Michael Olsson	424,589	0.4
Björn Alexandersson	379,204	0.4
<b>Total, 10 largest shareholders</b>	<b>62,283,540</b>	<b>61.4</b>
Other, (18,552 shareholders)	39,452,988	38.6
<b>Total</b>	<b>101,736,528</b>	<b>100.0</b>

Source: Euroclear Sweden AB



# Income Statement per quarter, Group

SEK M	Q4		Q3		Q2		Q1	
	2020/ 2021	2019/ 2020	2020/ 2021	2019/ 2020	2020/ 2021	2019/ 2020	2020/ 2021	2019/ 2020
Net sales	85.4	70.0	60.8	58.7	46.6	118.3	55.6	116.5
Goods for resale	-42.1	-27.0	-25.1	-33.0	-22.8	-61.9	-29.3	-55.8
<b>Gross income</b>	<b>43.3</b>	<b>43.0</b>	<b>35.6</b>	<b>25.7</b>	<b>23.8</b>	<b>56.4</b>	<b>26.3</b>	<b>60.8</b>
Other operating income	7.1	3.1	8.3	23.1	5.3	15.2	62.0	11.5
Other external expenses	-19.2	-2.0	-20.0	-29.3	-20.0	-25.3	-15.9	-34.9
Personnel expenses	-22.9	-23.4	-24.9	-42.8	-28.8	-49.2	-24.6	-50.8
Depreciation/amortization and impairment of non-current assets	-14.9	-28.6	-18.2	-17.3	-20.0	-25.4	-16.3	-25.2
Goodwill impairment	-	0.0	-	-43.0	-	-	-	-
Profit/loss from divestment of subsidiaries	0.0	0.0	0.0	-4.8	0.0	-	-	-
<b>Operating income from remaining operations</b>	<b>-6.6</b>	<b>-7.9</b>	<b>-19.2</b>	<b>-88.4</b>	<b>-39.7</b>	<b>-28.2</b>	<b>31.4</b>	<b>-38.6</b>
Financial income etc.	0.5	0.0	1.3	0.0	0.0	0.0	0.0	0.0
Financial expenses etc.	-5.2	-13.4	-9.2	-17.3	-10.9	-10.1	-9.0	-9.6
Unrealized profit/loss on futures contracts	0.0	0.0	0.0	0.0	0.6	0.0	0.0	0.0
<b>Net financial items</b>	<b>-4.7</b>	<b>-13.4</b>	<b>-7.9</b>	<b>-17.3</b>	<b>-10.3</b>	<b>-10.1</b>	<b>-9.0</b>	<b>-9.6</b>
<b>Profit after financial items remaining operations</b>	<b>-11.3</b>	<b>-21.3</b>	<b>-27.1</b>	<b>-105.7</b>	<b>-50.0</b>	<b>-38.3</b>	<b>22.4</b>	<b>-48.2</b>
Tax on profit for the quarter	0.0	0.0	0.0	-0.3	0.0	0.0	0.0	0.0
<b>Profit for the quarter remaining operations</b>	<b>-11.3</b>	<b>-21.3</b>	<b>-27.1</b>	<b>-106.0</b>	<b>-49.9</b>	<b>-38.2</b>	<b>22.3</b>	<b>-48.2</b>
<b>Divested operations</b>								
Net income for the period from divested operations	4.9	-28.8	128.8	-211.7	-123.3	-24.9	166.9	44.3
Profit for the quarter	<b>-6.4</b>	<b>-50.1</b>	<b>101.7</b>	<b>-317.7</b>	<b>-173.2</b>	<b>-63.1</b>	<b>189.2</b>	<b>-3.9</b>
<b>Other comprehensive income</b>								
Other comprehensive income to be reclassified to net income in subsequent quarter								
Cash flow hedges – value changes	0.0	8.8	0.0	0.0	0.0	4.2	0.0	-8.2
Cash flow hedges recognized in income	0.0	-6.7	0.0	0.0	0.0	-1.0	0.0	-4.4
Translation differences	0.0	-0.2	0.1	0.0	-0.4	0.8	0.1	-0.9
Tax attributable to items in other comprehensive income	-	-	-	-	-	-	-	-
<b>Comprehensive income for the quarter</b>	<b>-6.4</b>	<b>-48.2</b>	<b>101.8</b>	<b>-317.7</b>	<b>-173.6</b>	<b>-59.1</b>	<b>189.3</b>	<b>-17.4</b>

## Key ratios per quarter for remaining operations

SEK M	Q4		Q3		Q2		Q1	
	2020/ 2021	2019/ 2020	2020/ 2021	2019/ 2020	2020/ 2021	2019/ 2020	2020/ 2021	2019/ 2020
Gross margin, %	50.7	61.4	58.7	43.7	51.1	47.7	47.3	52.1
Operating margin, %	-7.8	-11.2	-31.5	-150.6	-85.3	-23.8	56.5	-33.1
Return on equity, %	-17.0	19.9	-142.5	-139.5	-401.2	-17.0	-59.0	-17.2
Average number of shares (000s)	101,737	101,737	101,737	101,737	101,737	95,774	101,737	33,912
Number of shares at end of quarter, 000s	101,737	101,737	101,737	101,737	101,737	101,737	101,737	33,912
Profit after tax per share, SEK	-0.11	-0.21	-0.27	-1.04	-0.49	-0.40	0.22	-1.42
Equity per share at end of quarter, SEK	-0.21	-1.30	-0.15	-0.80	-1.15	2.29	0.56	6.42
Total Equity	63.5	-132.5	69.9	-81.5	-31.9	233.4	56.8	217.6
Cash flow from operating activities per share, SEK	0.1	0.1	0.4	1.4	-0.3	-0.3	0.6	2.9
Cash flow from operating activities	12.8	8.7	45.2	147.1	-34.5	-31.8	63.4	99.3
Share price at end of quarter	3.0	0.7	2.4	0.4	0.7	1.0	0.6	1.3

# Reconciliation of key ratios

SEK M	12 months Sep 2020 –Aug 2021	12 months Sep 2019 –Aug 2020
Net sales	248.3	363.5
Goods for resale	-118.9	-174.3
<b>Gross income</b>	<b>129.3</b>	<b>189.2</b>
Other operating income	71.9	7.4
Other external expenses	-51.2	-84.6
Personnel expenses	-94.4	-135.2
Depreciation/amortization and impairment of non-current assets	-76.9	-96.5
Impairment of goodwill remaining operations	0.0	-43.0
Profit/loss from divestment of subsidiaries	0.0	-4.8
<b>Operating income from remaining operations (EBIT)</b>	<b>-21.3</b>	<b>-167.5</b>
Financial income etc.	1.8	0.0
Financial expenses etc.	-36.1	-52.0
Unrealized profit/loss on futures contracts	0.0	0.0
<b>Net financial items</b>	<b>-34.3</b>	<b>-52.0</b>
<b>Profit/loss after financial items from remaining operations</b>	<b>-55.5</b>	<b>-219.5</b>
Adjustments:		
Tax on net profit/loss for the period	0.0	-0.2
<b>Net income for the period from remaining operations</b>	<b>-55.5</b>	<b>-219.8</b>
Operating income from remaining operations	-21.3	-167.5
Depreciation/amortization and impairment of non-current assets	76.9	96.5
Impairment of goodwill remaining operations	0.0	43.0
<b>Operating income before depreciation/amortization of non-current assets (EBITDA)</b>	<b>55.7</b>	<b>-28.1</b>
Operating income from remaining operations	-21.3	-167.5
Other external expenses IFRS16	-65.9	-90.9
Depreciation/amortization of right-of-use assets IFRS 16	62.8	81.3
Impairment of goodwill remaining operations	0.0	43.0
<b>Operating income, excluding IFRS 16 and goodwill impairment</b>	<b>-24.3</b>	<b>-134.2</b>

## Reconciliation of key ratios, cont.

SEK M	12 months Sep 2020 –Aug 2021	12 months Sep 2019 –Aug 2020
Contingent purchase consideration	0.0	0.0
Other non-current interest-bearing liabilities	67.8	412.3
Other non-current liabilities	0.0	0.0
Long-term lease liabilities	160.0	657.0
<b>Non-current liabilities</b>	<b>227.8</b>	<b>1,069.3</b>
Financial assets	0.0	0.0
Contingent purchase consideration	0.0	21.3
Long-term lease liabilities	160.0	657.0
Other non-current interest-bearing liabilities	67.8	412.3
Current lease liabilities	31.9	168.0
Other current interest-bearing liabilities	0.0	61.5
Cash and cash equivalents	-65.1	-161.1
<b>Net debt</b>	<b>194.6</b>	<b>1,159.0</b>
Equity, opening balance	-132.5	235.0
Equity, closing balance	63.5	-132.5
<b>Average equity</b>	<b>-34.5</b>	<b>51.3</b>
Total assets	418.4	1,735.7
Trade payables	-21.0	-228.0
Current lease liabilities	-31.9	-168.0
Other current liabilities	-74.2	-402.9
<b>Capital employed</b>	<b>291.3</b>	<b>936.8</b>
Net income for the period from remaining operations	-55.5	-219.8
Average equity	-34.5	51.3
<b>Return on equity, %</b>	<b>161.0</b>	<b>-428.8</b>
Capital employed, opening balance	936.8	1,103.4
Capital employed, closing balance	291.3	936.8
<b>Average capital employed</b>	<b>614.1</b>	<b>1,020.1</b>
Financial expenses etc.	-36.1	-52.0
Unrealized expense on currency hedges	0.0	0.0
Profit/loss after financial items from remaining operations	-55.5	-219.5
Average capital employed	614.1	1,020.1
<b>Return on capital employed, %</b>	<b>-3.2</b>	<b>-16.4</b>
Operating income from remaining operations	-21.3	-167.5
Financial income etc.	1.8	0.0
Unrealized income on currency hedges	0.0	0.0
<b>Profit/loss after financial items</b>	<b>-19.4</b>	<b>-167.6</b>
Net income for the period	111.3	-434.8
Interest expense hybrid bond	-1.0	0.0
Average number of shares (000s)	101,737	83,391
<b>Earnings per share</b>	<b>1.08</b>	<b>-5.21</b>

# 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 deductions for the 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 deductions for 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 costs*

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

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