

# RNB

## INTERIM REPORT

1 SEPTEMBER 2014 – 30 NOVEMBER 2014

# 1



**RNB** RETAIL AND BRANDS

**POLARN O. PYRET**  
DEPARTMENTS & STORES

**BROTHERS**

# The Group's performance 2014/2015

RNB RETAIL AND BRANDS' profit improvement trend is continuing – for the first quarter 2014/15, RNB reports positive operating income of SEK 23 M, an improvement of SEK 14 M in total compared to the previous year. The first quarter 2014/15 was the company's third consecutive quarter with better sales than the market, where all concepts also displayed a better performance than the market.

## FIRST QUARTER SEPTEMBER 1, 2014 – NOVEMBER 30, 2014 IN SUMMARY

- Sales in comparable stores increased during the quarter by +4.5%, compared to the market's decrease of -2.2% (Swedish Retail and Wholesale Trade Research Institute's (HUI))
  - Net sales totaled SEK 509 M (595, including the divested operation (JC)).
  - Operating income amounted to SEK 23 M (9, including the divested operation (JC)).
  - Operating income for the past 12-month period totaled SEK 14 M (3).
  - Profit before tax amounted to SEK 22 M (7, including the divested operation (JC)).
  - Profit after tax amounted to SEK 22 M (6, including the divested operation (JC)), which corresponds to SEK 0.65 (0.19) per share.
- Cash from operating activities was SEK 6 M (-14).
  - During the quarter, three new stores were opened, all in Polarn O. Pyret's Norwegian operations. Meanwhile, a total of five stores were closed, three in Polarn O. Pyret Sweden, and two in Brothers Sweden.
  - After the end of the quarter, RNB entered into an agreement on extension of the business financing from the company's main owner, Konsumentföreningen Stockholm (SEK 200 M). The agreement provides a possibility to extend the financing by one year, from 2016 to 2017.
  - On November 1, 2013, RNB entered into an agreement to divest the subsidiary JC to Denim Island AB. During the first quarter of 2013/2014, JC's sales amounted to SEK 111 M and its operating income totaled SEK -6 M.

## 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 2014/2015. The conference will be held at the company's premises at Regeringsgatan 29, today, December 18, 2014 at 9.30 a.m.

## FINANCIAL CALENDAR

Annual General Meeting	December 18 2014
Interim report, second quarter 2014/2015	March 26 2015
Interim report, third quarter 2014/2015	June 23 2015
Year-end report 2014/2015	October 22 2015

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 December 18, 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 President

## POSITIVE RESULTS

RNB displayed positive operating income of SEK 23 M during the first quarter of 2014/2015, which represented an improvement of SEK 14 M, compared to the first quarter of the previous year. We are continuing the profit improvement trend and RNB has displayed positive operating income for four of the five past quarters. The work on implementation of the turnaround plans for Brothers and PO.P in Holland and the integration work with PO.P in Norway are continuing as planned and are gradually delivering results. My view is that the coming year will be characterized by a continued strong market climate, which will support a continued positive sales trend. Taken together, this gives us a good basis for achieving a significant improvement in profit this year compared to the previous year.

## STRONG COLLECTIONS ARE KEEPING UP SALES

The RNB Group's sales in comparable stores increased by 4.5 percent during the first quarter, which was considerably better than the market, which showed a decrease of 2.2 percent according to HUI. All three concepts are growing faster than the market and Brothers performed particularly well during the quarter. The unusual warm fall weather had a negative impact on the market and also on sales in Brothers and PO.P since customers chose to defer purchases of outdoor garments and functional clothing. Even though sales of outdoor garments and functional clothing were weak during the period, this was more than offset by strong sales increases in other categories. Yet again, this is confirmation that we have strong collections in PO.P and particularly in Brothers.

## POLARN O. PYRET ON THE RIGHT TRACK

The Swedish Operations in Polarn O. Pyret continue to perform well and capture market shares in relevant segments. It should be noted that e-commerce made a strong contribution to the positive trend. PO.P has strong collections and an attractive range that support a continued strong performance. In PO.P Norway, the integration work is progressing, but sales have still not really gained momentum. What is positive though is that the non-recurring effects, which were charged to earnings during the previous year are now finished. In PO.P Holland, the turnaround work is moving forward and sales have improved. However, we are still at a much too low level in terms of sales in Holland. We are continuing to implement turnaround and integration plans with full force and we will see gradual earnings improvements for PO.P in Norway and Holland during the year.

## DSE IS STILL STABLE

DSE is well-run and performed positively even though we saw marginally weaker earnings in the first quarter compared to the year-earlier period. We are continuing to invest in retail space and the plan for the fiscal year also includes conversion

of a number of departments, which will gradually strengthen sales during the year and going forward. The supplier portfolio has recently been strengthened with the BCBGMAXAZRIA brand and we will launch additional new brands during the current fiscal year.

## ON THE WAY TOWARDS THE NEXT MILESTONE

Our positive performance is continuing and we are working purposefully towards reaching the next milestone. We have clear, carefully prepared plans and our operations are infused with creativity and energy. Everything is carried out based on strong teamwork where the entire organization is cooperating better and better in order to deliver strong value propositions to our customers.

We also note that the role of e-commerce is continuing to be more and more important, both as a sales channel in combination with our physical stores and as an integrated part of the digital communication with our customers. This is a prioritized area for us during the current fiscal year and going forward.

When this report for the first quarter is published we will be in the final days of the Christmas trade. This is a very important period of the year for our industry and we are also looking forward with confidence to a strong Christmas for retail this year.

Magnus Håkansson  
President and CEO



# BROTHERS

## DEPARTMENTS & STORES

### POLARN O. PYRET

RNB RETAIL AND BRANDS owns, operates and develops fashion, ready-to-wear 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 267, of which 79 are operated by franchisees. The RNB RETAIL AND BRANDS share has been listed on the NASDAQ Stockholm Exchange since 2001 in the Small Cap segment, retail sector under the ticker RNBS.

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 is a volume-

oriented comprehensive concept for men and offers a mix of strong proprietary and external brands.

In the Department & 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.

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.

# Revenue and earnings, RNB Group

## FIRST QUARTER SEPTEMBER 1, 2014 – NOVEMBER 30, 2014

Reported net sales for the Group's remaining concepts during the first quarter of the year increased, from SEK 484 M in the previous year to SEK 509 M in the first quarter of this year, equivalent to an increase of 5.2 percent. Excluding the discontinuation of Sisters, sales in RNB's three concepts increased by 8 percent in total. Compared to the year-earlier period, net sales decreased from SEK 595 M to SEK 509 M including JC. The sales trend during the quarter was positive for RNB overall, despite limited price activities, with comparable stores in Sweden displaying a total increase of 4.5% (HUI -2.2%).

Gross margin during the quarter for remaining operations was 54.5 percent (52.3), with improvements compared to the previous year in Brothers and Polarn O. Pyret. The increased gross margin in the the business area Polarn O. Pyret is

explained by the changed mix of franchisee and own stores. Well-received collections and strong sales, combined with limited price activities during the quarter, contributed to increased gross margins. Total gross profit for the Group increased compared to the previous year, while other revenue increased (revenue in the previous year included some adjustment items connected to the divestment of JC). Total overhead costs increased compared to the previous year, mainly due to the acquired Norwegian operations in Polarn O. Pyret.

Operating income amounted to SEK 23 M (9, including the divested operation (JC)).

Financial expenses amounted to SEK -4 M (-2) and profit before tax, including the divested operation (JC), amounted to SEK 22 M (7). Profit after tax including the divested operation amounted to SEK 22 M (6).

Unrealized results on futures contracts affected earnings by SEK 1 M (0).

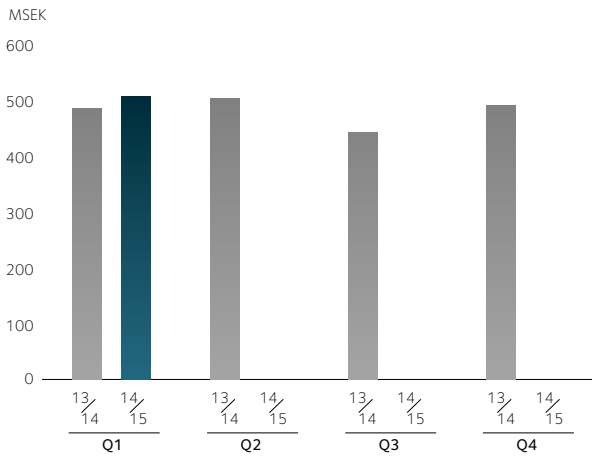
### Group overview, including the divested operation (JC)

	Q4		Full year	
	2014/ 2015	2013/ 2014	Latest 12 months	2013/ 2014
Net sales, SEK M	509	595	1,942	2,028
Gross margin (%)	54.5	51.7	51.6	50.9
Operating income excluding non-recurring items, writedown of Trademark & Goodwill and loss on sale of subsidiary, SEK M	23	12	14	3
Writedown of goodwill and trademark	-	-	-151	-151
Result on sale of subsidiary	-	-3	-	-3
Operating income, SEK M	23	9	-137	-151
Profit before tax, SEK M	22	7	-146	-161
Profit after tax, SEK M	22	6	-145	-161
Operating margin (%)	4.5	1.6	-7.1	-7.4
Earnings per share, SEK	0.65	0.19	-4.28	-4.75
Cash flow from operating activities, SEK M	6	-14	14	-6
Number of stores	267	272		267

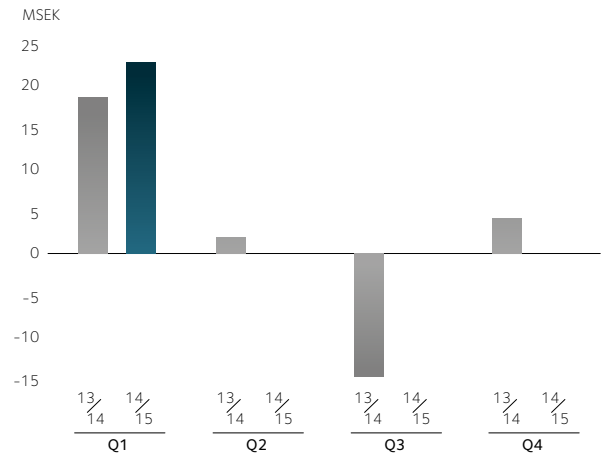
### Group overview, excluding the divested operation (JC)

	Q4		Full year	
	2014/ 2015	2013/ 2014	Latest 12 months	2013/ 2014
Net sales, SEK M	509	484	1,942	1,917
Gross margin (%)	54.5	52.3	51.6	51.0
Operating income excluding non-recurring items, writedown of Trademark & Goodwill and loss on sale of subsidiary, SEK M	23	18	14	9
Writedown of goodwill and trademark	-	-	-151	-151
Result on sale of subsidiary	-	-3	-	-3
Operating income, SEK M	23	15	-137	-145
Profit before tax, SEK M	22	13	-146	-155
Profit after tax, SEK M	22	12	-145	-155
Operating margin (%)	4.5	3.1	-7.1	-7.6
Earnings per share, SEK	0.65	0.36	-4.28	-4.57
Cash flow from operating activities, SEK M	6	-14	14	-6
Number of stores	267	272		267

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



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

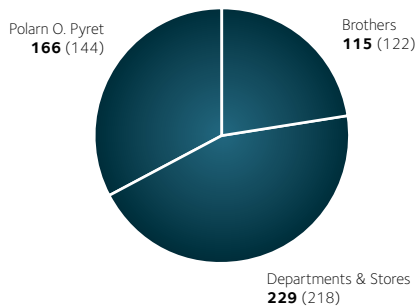


**FINANCIAL OVERVIEW BUSINESS AREAS**

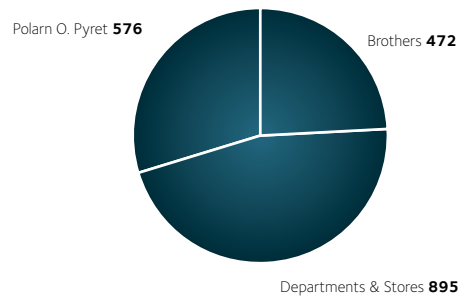
RNB RETAIL AND BRANDS reports sales and results for three business areas: Brothers, Departments & Stores and Polarn O. Pyret.

	Brothers		Departments & Stores		Polarn O. Pyret	
	Q1 14/15	Q1 13/14	Q1 14/15	Q1 13/14	Q1 14/15	Q1 13/14
Net sales, SEK M	115	122	229	218	166	144
Operating income, excluding writedown of Goodwill, SEK M	-3	-10	17	18	13	11
Operating income, SEK M	-3	-10	17	18	13	11
Number of stores	77	86	45	45	145	141
Of which, franchise	27	29	-	-	54	78

**Net sales per business area, September–November 2014, MSEK**



**Net sales per business area, December 2013–November 2014, MSEK**



# BROTHERS

Brothers is a volume-oriented comprehensive concept for men and the business area has a total of 77 (86) stores, of which 27 (29) are operated by franchisees. Sisters has been closed down.

## **FIRST QUARTER SEPTEMBER 1, 2014 – NOVEMBER 30, 2014**

Net sales for Brothers totaled SEK 115 M (122), a decrease of 6.1 percent. The decrease was explained by falling sales in Sisters. Sales in comparable proprietary stores in Sweden and Finland increased by 11.1 percent in total.

Net sales in Brothers showed an increase in proprietary stores during the quarter, while sales on the franchise side fell.

Total brand sales (total sales to consumers, excluding VAT, in all markets and distribution channels) amounted to SEK 571 M (625), measured on a rolling 12-month basis.

Gross margin for the business area continued to increase compared to the previous year. Limited price activities in combination with strong demand for fall and winter products

had a positive effect on gross margins, and like the increased sales, contributed to increased gross profit.

Overhead costs for Brothers have continued to decrease, both in the stores and in head office functions. The closure of Sisters stores also contributed to the cost reductions.

Operating income totaled SEK -3 M (-10).

The quality and level of inventories continued to develop favorably, however, with increased levels during the quarter, due to increased purchase volumes, and also partly as a result of advance deliveries of spring products.



# DEPARTMENTS & STORES

---

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 (45).

## **FIRST QUARTER SEPTEMBER 1, 2014 – NOVEMBER 30, 2014**

Net sales in the Departments & Stores business area amounted to SEK 229 M (218), an increase of 4.8 percent. Sales increased in both Stockholm and Gothenburg, and the performance in Gothenburg was particularly strong.

Gross profit in the NK department stores rose due to the increase in sales, despite some weakening of the gross margin, among other things, as a result of the currency trend, which had a negative effect on purchasing costs from international suppliers.

Overhead costs showed some increases compared to the previous year in stores and in head office functions, due to contractual increases in costs of premises (stores) and increases in personnel expenses and some non-recurring costs also arose during the first quarter.

Operating income amounted to SEK 17 M (18), with an operating margin of 7.6 percent (8.4).

The business area's inventories increased during the quarter, due to additional purchasing, increased deliveries for certain more exclusive brands, and altered contractual terms where Departments & Stores has changed to holding inventories for certain brands.





# POLARN O. PYRET

---

Polarn O. Pyret is a brand focused on baby and children's wear and comprises 145 stores, of which 54 are franchise stores. Today, Polarn O. Pyret is established in 11 countries.

## **FIRST QUARTER SEPTEMBER 1, 2014 – NOVEMBER 30, 2014**

Net sales in the period amounted to SEK 166 M (144), including a continued increase in sales in proprietary stores (partly explained by the acquired operations in Norway) and in the e-commerce business. Sales in comparable proprietary stores fell 1.2%, year-on-year. Franchise sales decreased on account of the acquisition in Norway, where sales have shifted to proprietary stores.

Brand sales (total sales to consumers, excluding VAT, in all markets and distribution channels) amounted to SEK 752 M (764), measured on a rolling 12-month basis.

Gross margin during the quarter increased compared to the year-earlier period, as a consequence of the fact that the Norwegian sales changed from franchise to proprietary stores. Gross margin development, in combination with increased sales, generated an improvement in gross profit.

Overhead costs for proprietary stores increased compared to the year-earlier period, due to the acquisition of the Norwegian operation.

Operating income totaled SEK 13 M (11). The result in Sweden clearly improved compared to the previous year despite the negative impact of lower franchise sales in Norway and some increased costs related to new operations abroad. The operations in Norway, which were acquired in January 2014, are now contributing positive quarterly results for the first time. The operation in the Netherlands, where the first store was established in the second quarter 2013/2014, continued to adversely affect the business area's result, although at a slower rate.

Inventory levels have increased, due to the acquired Norwegian operations (and also marginally due to the Dutch operations), but also as a consequence of increased purchasing. Current inventory levels are considered to be acceptable, with good quality and age structure.

The number of proprietary stores at the end of the period was 91 (63). In addition, there were 54 (78) franchise stores, including 7 (8) in Sweden and 47 (70) abroad.



# Financial position and liquidity

The Group had total assets of SEK 1,050 M compared to SEK 1,030 M at the end of the previous fiscal year. Shareholders' equity amounted to SEK 288 M (266) at the end of the period, providing an equity/assets ratio of 27.4 percent (25.8).

At November 30, 2014, inventories totaled SEK 394 M (347), where all concepts increased their inventories.

Cash from operating activities amounted to SEK 6 M (-14). Working capital has been positively impacted by reduced trade receivables and other current receivables as well as by increases in trade payables, and so working capital (excl. inventories) increased by SEK 22 M. After investments, cash flow amounted to SEK 1 M (-20), corresponding to an increase of SEK 21 M compared to the equivalent period last year.

Net debt amounted to SEK 362 M compared to SEK 365 M during the year-earlier period.

The Group's cash and cash equivalents at the end of the period, including unutilized overdraft facilities, amounted to SEK 141 M compared to SEK 140 M at the end of the previous fiscal year.

## INVESTMENTS, DEPRECIATION AND IMPAIRMENTS

Investments during the period, excluding investment in subsidiaries totaled SEK 11 M (8). Depreciation and impairments amounted to SEK -11 M (-13) excluding the divested operation.

## PERSONNEL

The average number of employees during the period was 1,018 (1,325), including employees in divested operation and excluding employees in divested operation (JC) 1,018 (936).

## RELATED-PARTY TRANSACTIONS

No transactions were conducted between the RNB Group and related parties, which have materially impacted the Group's financial position and results.

The company has two loans from Konsumentföreningen Stockholm, the company's principal shareholder, totaling SEK 400 M, which were raised on market-related terms.

For further information on transactions with related parties, see Note 5 on pages 47-49 of the Annual Report 2013/2014.

## TAX

During the period, the Group paid tax totaling SEK 0 M (0). As the company has existing loss carry forward the period is not burdened with taxes.

## PARENT COMPANY

Net sales in the Parent Company amounted to SEK 21 M (36). The result after net financial items amounted to SEK -9 M (-5). Investments totaled SEK 1 M (0).

## 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 2013/2014 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 market conditions.
- 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 2013/2014 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, December 18, 2014

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

Laszlo Kriss  
*Chairman of the Board*

Ann-Sofie Danielsson  
*Vice Chairman of the Board*

Monika Elling  
*Board member*

Ivar Fransson  
*Board member*

Michael Lemner  
*Board member*

Per Thunell  
*Board member*

Magnus Håkansson  
*President & CEO*

**Largest shareholders** as of November 30, 2014

	Number of shares	Share capital/ Voting rights, %
Konsumentföreningen Stockholm	11,246,598	33.16
Catella Fondförvaltning	4,371,764	12.89
Avanza Pension	1,559,030	4.60
Client Long	953,025	2.81
Provobis Property & Leisure AB	861,997	2.54
Nordnet Pensionförsäkring	680,251	2.01
Skandinaviska Enskilda Banken	658,447	1.94
Löfman Michael	575,000	1.70
SEB Life International Assurance	476,512	1.41
Case Asset Management AB	450,000	1.33
<b>Total 10 largest shareholders</b>	<b>21,832,624</b>	<b>64.38</b>
Other	12,079,552	35.62
<b>Total</b>	<b>33,912,176</b>	<b>100.00</b>

Source: Euroclear Sweden AB

# Consolidated Income Statement

SEK M	3 months		12 months	
	Sep 2014 –Nov 2014	Sep 2013 –Nov 2013	Dec 2013 –Nov 2014	Sep 2013 –Aug 2014
Net sales	509.1	483.8	1 942.3	1 917.0
Goods for resale	-231.8	-230.9	-940.3	-939.4
<b>Gross income</b>	<b>277.3</b>	<b>252.9</b>	<b>1002.0</b>	<b>977.6</b>
Other operating income	6.3	-1.2	17.9	10.4
Other external expenses	-122.6	-100.0	-455.2	-432.6
Personnel expenses	-127.0	-121.1	-508.8	-502.9
Depreciation and impairment of non-current assets	-11.2	-13.1	-42.1	-44.0
Impairment of goodwill	-	-	-150.9	-150.9
Profit/loss on sale of subsidiary	-	-2.6	-	-2.6
<b>Operating income</b>	<b>22.8</b>	<b>14.9</b>	<b>-137.1</b>	<b>-145.0</b>
Financial income	2.2	0.3	3.6	1.7
Financial expenses	-3.8	-2.4	-14.5	-13.1
Unrealized profit/loss on futures contracts	0.9	0.0	2.3	1.4
<b>Net financial items</b>	<b>-0.7</b>	<b>-2.1</b>	<b>-8.6</b>	<b>-10.0</b>
<b>Profit before tax from continuing operations</b>	<b>22.1</b>	<b>12.8</b>	<b>-145.7</b>	<b>-155.0</b>
Tax on net income for the period	-	-0.6	0.5	-0.1
<b>Net income for the period from continuing operations</b>	<b>22.1</b>	<b>12.2</b>	<b>-145.2</b>	<b>-155.1</b>
<b>Discontinued operations</b>				
Profit after tax for the fiscal year relating to discontinued operations	-	-5.9	-	-5.9
<b>Net income for the period</b>	<b>22.1</b>	<b>6.3</b>	<b>-145.2</b>	<b>-161.0</b>
<b>Other comprehensive income</b>				
Translation differences	-0.2	-1.2	0.3	-0.7
<b>Comprehensive income for the period</b>	<b>21.9</b>	<b>5.1</b>	<b>-144.9</b>	<b>-161.7</b>
<b>Net income for the period attributable to:</b>				
Parent Company's shareholders	22.1	6.3	-145.2	-161.0
Non-controlling interests	-	-	-	-
<b>Comprehensive income attributable to:</b>				
Parent Company's shareholders	21.9	5.1	-144.9	-161.7
Non-controlling interests	-	-	-	-
<b>Earnings per share before and after dilution (SEK)</b>	<b>0.65</b>	<b>0.19</b>	<b>-4.28</b>	<b>-4.75</b>
<b>Average number of shares, (000s)</b>	<b>33,912</b>	<b>33,912</b>	<b>33,912</b>	<b>33,912</b>

# Consolidated Balance Sheet

SEK M	Nov 30, 2014	Nov 30, 2013	Aug 31, 2014
<b>Assets</b>			
Goodwill	379.2	483.7	379.2
Other intangible assets	32.1	34.7	32.0
Property, plant and equipment	88.5	101.6	92.1
Non-current receivables	2.8	2.6	8.8
Inventories	394.0	333.5	347.4
Other current assets	153.0	191.0	170.8
<b>Total assets</b>	<b>1,049.6</b>	<b>1,147.1</b>	<b>1,030.3</b>
<b>Shareholders' equity and liabilities</b>			
Equity attributable to the Parent Company's shareholders	288.0	432.9	266.1
Non-current liabilities	400.2	359.1	402.7
Current liabilities	361.4	355.1	361.5
<b>Total equity and liabilities</b>	<b>1,049.6</b>	<b>1,147.1</b>	<b>1,030.3</b>

# Consolidated Cash Flow Statement

SEK M	Sep 2014 –Nov 2014	Sep 2013 –Nov 2013	Sep 2013 –Aug 2014
<b>Operating activities</b>			
Operating income from continuing operations	22.8	14.9	-145.1
Operating income from discontinued operations	-	-	-5.6
Adjustment for non-cash items	13.0	11.4	195.8
Interest received and other financial income	2.2	0.4	1.8
Interest paid	-4.6	-3.1	-10.7
<b>Cash flow before change in working capital</b>	<b>33.4</b>	<b>23.6</b>	<b>36.2</b>
<b>Cash flow from changes in working capital</b>			
Change in inventories	-46.6	3.9	-9.8
Change in operating receivables and liabilities	19.0	-41.2	-32.3
<b>Change in working capital</b>	<b>-27.6</b>	<b>-37.3</b>	<b>-42.1</b>
<b>Cash flow from operating activities</b>	<b>5.8</b>	<b>-13.7</b>	<b>-5.9</b>
<b>Cash flow from investing activities</b>	<b>-4.6</b>	<b>-6.2</b>	<b>-50.0</b>
<b>Cash flow after investments</b>	<b>1.2</b>	<b>-19.9</b>	<b>-55.9</b>
<b>Financing activities</b>			
Repayment of loans	-	-	51.0
Change in overdraft facility	-	-	-
Other	-	-1.6	-1.6
<b>Cash flow from financing activities</b>	<b>0.0</b>	<b>-1.6</b>	<b>49.4</b>
<b>Cash flow during the period</b>	<b>1.2</b>	<b>-21.5</b>	<b>-6.5</b>

## Changes in shareholders' equity

SEK M	Sep 2014 –Nov 2014	Sep 2013 –Nov 2013	Sep 2013 –Aug 2014
Opening balance	266.1	427.8	427.8
Net income for the period	22.1	6.3	-161.0
Other comprehensive income	-0.2	-1.2	-0.7
<b>Balance at end of period</b>	<b>288.0</b>	<b>432.9</b>	<b>266.1</b>

## Key ratios, excluding the divested operation

		3 months		12 months	
		Sep 2014 -nov 2014	Sep 2013 -Nov 2013	Dec 2013 -Nov 2014	Sep 2013 -Aug 2014
Gross margin	%	54.5	52.3	51.6	51.0
Operating margin	%	4.5	3.1	-7.1	-7.6
Profit margin	%	4.3	2.5	-7.5	-8.1
Equity/assets ratio	%	27.4	37.7	27.4	25.8
Interest coverage ratio	ggr	6.8	6.3	-9.0	-10.8
Net debt	Mkr	362.4	346.5	362.4	364.7
Net debt/equity ratio	%	125.8	80.0	125.8	137.1
Average number of employees, full time		1 018	936	1 032	1 040
Average number of shares, (000s)		33 912	33 912	33 912	33 912
Number of shares at end of period, (000s)		33 912	33 912	33 912	33 912
Profit after tax per share	Kr	0.65	0.19	-4.28	-4.75
Equity per share at end of period	Kr	8.49	12.77	8.49	7.85

## Net Sales and Operating Income per Business Area

	3 months		12 months	
	Sep 2014 -nov 2014	Sep 2013 -Nov 2013	Dec 2013 -Nov 2014	Sep 2013 -Aug 2014
<b>Nettoomsättning, Mkr</b>				
Brothers	114.5	121.9	471.8	479.2
Departments & Stores	228.6	218.1	895.1	884.6
Polarn O. Pyret	165.9	144.0	575.5	553.7
Other	0.1	-0.2	-0.2	-0.5
<b>Total continuing operations</b>	<b>509.1</b>	<b>483.8</b>	<b>1 942.3</b>	<b>1 917.0</b>
Divested operations	0.0	110.8	0.0	110.8
<b>Total</b>	<b>509.1</b>	<b>594.6</b>	<b>1 942.3</b>	<b>2 027.8</b>
<b>Operating income, SEK M</b>				
Brothers	-2.5	-10.1	-172.3	-179.9
Departments & Stores	17.4	18.3	53.7	54.6
Polarn O. Pyret	12.8	10.9	7.5	5.6
Other	-4.9	-4.2	-26.0	-25.3
<b>Total continuing operations</b>	<b>22.8</b>	<b>14.9</b>	<b>-137.1</b>	<b>-145.0</b>
Divested operations	-	-5.6	-	-5.6
<b>Total</b>	<b>22.8</b>	<b>9.3</b>	<b>-137.1</b>	<b>-150.6</b>

# Income Statement per quarter, Group

Mkr	Note	2014	2014	2014	2013/2014	2013	2013
		Sep-Nov	Jun-Aug	Mar-May	Dec-Feb	Sep-Nov	Jun-Aug
Net sales		509.1	490.0	441.5	501.7	483.8	476.3
Goods for resale		-231.8	-248.6	-207.7	-252.2	-230.9	-249.2
<b>Gross profit</b>		<b>277.3</b>	<b>241.4</b>	<b>233.8</b>	<b>249.5</b>	<b>252.9</b>	<b>227.1</b>
<b>Gross profit margin</b>		<b>54.5%</b>	<b>49.3%</b>	<b>53.0%</b>	<b>49.7%</b>	<b>52.3%</b>	<b>47.7%</b>
Other operating income		6.3	4.0	3.7	3.9	-1.2	1.4
Other external expenses		-122.6	-99.2	-119.4	-113.6	-100.0	-125.6
Personnel expenses		-127.0	-131.6	-122.1	-128.1	-121.1	-122.2
Depreciation and impairment of non-current assets		-11.2	-10.8	-10.6	-9.9	-13.1	-83.2
Impairment of goodwill		-	-	-150.9	-	-	-
Profit/loss on sale of subsidiary		-	-	-	-	-2.6	-0.7
<b>Operating income</b>		<b>22.8</b>	<b>3.8</b>	<b>-165.5</b>	<b>1.8</b>	<b>14.9</b>	<b>-103.2</b>
Financial income		2.2	1.0	-	0.4	0.3	0.3
Financial expenses		-3.8	-3.0	-4.6	-3.1	-2.4	-2.1
Unrealized profit/loss on futures contracts		0.9	1.2	1.0	-0.8	-	1.0
<b>Result after net financial items</b>		<b>22.1</b>	<b>3.0</b>	<b>-169.1</b>	<b>-1.7</b>	<b>12.8</b>	<b>-104.0</b>
Tax		0.0	0.7	0.0	-0.2	-0.6	-56.7
<b>Net income for the period</b>		<b>22.1</b>	<b>3.7</b>	<b>-169.1</b>	<b>-1.9</b>	<b>12.2</b>	<b>-160.7</b>
<b>Discontinued operations</b>							
Profit after tax for the fiscal year relating to discontinued operations	1	-	-	-	-	-5.9	-126.8
<b>Net income for the period</b>		<b>22.1</b>	<b>3.7</b>	<b>-169.1</b>	<b>-1.9</b>	<b>6.3</b>	<b>-287.5</b>
<b>Other comprehensive income</b>							
Translation differences		-0.2	-1.4	1.5	0.4	-1.2	-0.7
<b>Comprehensive income for the period</b>		<b>21.9</b>	<b>2.3</b>	<b>-167.6</b>	<b>-1.5</b>	<b>5.1</b>	<b>-288.2</b>



## Number of Stores at end of period

	Nov 30, 2014	Aug 31, 2014	May 31, 2014	Feb 28, 2014	Nov 30, 2013	Aug 31, 2013
Own stores Sweden	142	147	147	149	150	208
Own stores Norway	28	25	25	25	-	-
Own stores Finland	12	12	12	12	12	29
Own stores Netherlands	4	4	4	4	3	3
Franchise stores Sweden	34	34	34	34	37	73
Franchise stores outside Sweden	47	45	45	43	70	70
<b>Total</b>	<b>267</b>	<b>267</b>	<b>267</b>	<b>267</b>	<b>272</b>	<b>383</b>

Brothers	Nov 30, 2014			Nov 30, 2013		
	Own	Franchise	Total	Own	Franchise	Total
Brothers, Sweden (single)	38	27	65	26	16	42
Brothers, Finland (single)	12	-	12	12	-	12
Bro & Sisters Sweden (duo)	-	-	0	18	13	31
Outlet (duo)	-	-	0	1	-	1
<b>Total</b>	<b>50</b>	<b>27</b>	<b>77</b>	<b>57</b>	<b>29</b>	<b>86</b>

Departments & Stores	Own	Own
<b>Number of stores</b>	<b>45</b>	<b>45</b>
Total retail space, m <sup>2</sup>	11 145	11 145

Polarn O. Pyret	Own	Franchise	Total	Own	Franchise	Total
Sweden	59	7	66	60	8	68
Norway	28	-	28	-	26	26
Finland	-	16	16	-	16	16
England	-	15	15	-	12	12
Scotland	-	2	2	-	2	2
Ireland	-	3	3	-	4	4
Iceland	-	1	1	-	2	2
Estonia	-	4	4	-	2	2
Latvia	-	1	1	-	1	1
Netherlands	4	-	4	3	-	3
USA	-	5	5	-	5	5
<b>Total</b>	<b>91</b>	<b>54</b>	<b>145</b>	<b>63</b>	<b>78</b>	<b>141</b>

## NOTE 1 DISPOSAL GROUP THAT IS SOLD DISCONTINUED

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 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 2014 -Nov 2014	Sep 2013 -Nov 2013	Sep 2013 -Aug 2013
Net sales	-	110.8	110.8
Goods for resale	-	-56.2	-56.2
<b>Gross income</b>	<b>0.0</b>	<b>54.6</b>	<b>54.6</b>
Other operating income	-	-1.7	-1.7
Other external expenses	-	-31.0	-31.0
Personnel expenses	-	-27.5	-27.5
Depreciation and impairment of non-current assets	-	-	-
Impairment of trademark	-	-	-
<b>Operating income</b>	<b>0.0</b>	<b>-5.6</b>	<b>-5.6</b>
Financial income	-	0.1	0.1
Financial expenses	-	-0.3	-0.3
<b>Net financial items</b>	<b>0.0</b>	<b>-0.2</b>	<b>-0.2</b>
<b>Profit before tax of operation for disposal</b>	<b>0.0</b>	<b>-5.8</b>	<b>-5.8</b>
Tax on net income for the year	-	-0.1	-0.1
<b>Net loss for the year of operation for disposal</b>	<b>0.0</b>	<b>-5.9</b>	<b>-5.9</b>

SEK M	Nov 30, 2013	Nov 30, 2012	Aug 31, 2013
<b>Assets</b>			
Goodwill	-	-	-
Trademarks	-	-	-
Other intangible assets	-	-	-
Property, plant and equipment	-	-	-
Non-current receivables	-	-	-
Inventories	-	-	-
Other current assets	-	-	-
<b>Total assets for disposal</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Liabilities</b>			
Non-current liabilities	-	-	-
Current liabilities	-	-	-
<b>Total liabilities directly associated with assets for disposal</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Net assets directly associated with operation for disposal</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Included in other comprehensive income:

SEK M	Nov 30, 2013	Nov 30, 2012	Aug 31, 2013
Translation differences	-	-	-
<b>Other reserves of operation for disposal</b>	<b>0</b>	<b>0</b>	<b>0</b>

Net cash flow in the JC segment is as follows:

SEK M	Sep 2014 -nov 2014	Sep 2013 -nov 2013	Sep 2013 -aug 2014
Operating activities	-	-3.0	-3.0
Investment	-	-	-
Financing	-	-6.9	-6.9
<b>Net cash flow</b>	<b>0.0</b>	<b>-9.9</b>	<b>-9.9</b>

# Income Statement Parent Company

SEK M	3 months		12 months	
	Sep 2014 –Nov 2014	Sep 2013 –Nov 2013	Dec 2013 –Nov 2014	Sep 2013 –Aug 2014
Net sales	20.7	35.7	92.7	107.7
Other operating income	2.8	0.2	7.5	4.9
	<b>23.5</b>	<b>35.9</b>	<b>100.2</b>	<b>112.6</b>
Other external expenses	-17.0	-20.9	-75.2	-79.1
Personnel expenses	-10.9	-15.9	-46.5	-51.5
Depreciation and impairment of non-current assets	-1.7	-1.6	-6.8	-6.7
<b>Operating income</b>	<b>-6.1</b>	<b>-2.5</b>	<b>-28.3</b>	<b>-24.7</b>
Result from participations in group companies	-	-	-123.2	-123.2
Financial income	0.2	-	1.1	0.9
Financial expenses	-2.6	-2.1	-12.2	-11.7
<b>Result after financial items</b>	<b>-8.5</b>	<b>-4.6</b>	<b>-162.6</b>	<b>-158.7</b>
Taxes	-	-	-	-
<b>Net income for the period</b>	<b>-8.5</b>	<b>-4.6</b>	<b>-162.6</b>	<b>-158.7</b>

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

# Balance Sheet Parent Company

SEK M	Nov 30. 2014	Nov 30. 2013	Aug 31. 2014
<b>Assets</b>			
Intangible assets	19.2	21.7	20.0
Property, plant and equipment	1.5	0.9	1.4
Financial assets	501.6	651.6	501.7
Deferred tax assets	-	-	-
Other current assets	106.6	64.8	119.7
<b>Total assets</b>	<b>628.9</b>	<b>739.0</b>	<b>642.8</b>
<b>Shareholders' equity and liabilities</b>			
Equity	194.1	356.7	202.6
Non-current liabilities	400.0	349.0	400.0
Current liabilities	34.8	33.3	40.2
<b>Total equity and liabilities</b>	<b>628.9</b>	<b>739.0</b>	<b>642.8</b>

# RNB RETAIL AND BRANDS

---

**Postal address:**

Box 161 42  
103 23 Stockholm

**Visiting address:**

Regeringsgatan 29, 9 tr  
Stockholm

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

**Questions about the report**

can be directed to [info@rnb.se](mailto:info@rnb.se)