

RNB

INTERIM REPORT

1 SEPTEMBER 2020 – 30 NOVEMBER 2020

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RNB RETAIL AND BRANDS

POLARN O. PYRET
DEPARTMENTS & STORES

Man of a kind
BROTHERS

Focus on the future

Polarn O. Pyret's sales were positive and operating income increased. RNB's focus on e-commerce paid off - e-commerce sales as a proportion of total rolling 12-month sales were up in the quarter, totaling 19 percent. Polarn O. Pyret is at the top of the league with 40 percent e-commerce sales. The corporate restructuring was completed in the quarter, generating restructuring gains of SEK 251 M. Operating income totaled SEK 213 M (12) in the quarter.

FIRST QUARTER, SEPTEMBER 1, 2020 - NOVEMBER 30, 2020 IN SUMMARY

- Net sales decreased to SEK 400 M (573).
- Comparable Group sales on all national markets decreased by -17.9, percent (-9.0).
- Sales for comparable units in Sweden decreased by -21.3 percent (-8.5), compared to the market downturn of -17.5 percent (-2.5).
- Operating income was SEK 213 M (12).
- Operating income, excluding reporting standard IFRS 16 and Goodwill impairment, was SEK 239 M (8).
- Profit after tax was SEK 189 M (-4).
- Earnings per share was SEK 1.86 (-0.12).
- Cash flow from operating activities was SEK 63 M (99).

EVENTS IN THE QUARTER

- The arrangements with creditors gained legal force on November 6. The agreed arrangements involve an initial payment of SEK 10,000 and 25 percent of the remainder to the companies' creditors.
- Goodwill for Departments & Stores was written down by SEK 27 M. After this impairment, no goodwill remains in Departments & Stores.

EVENTS AFTER THE END OF THE QUARTER

- Sales in the second quarter, and probably also in the third, will remain affected by Covid-19. Hopefully, anticipated vaccinations will contribute to reducing the spread of infection, and eventually lead to restrictions being lifted, although it is hard to predict when this will materialize.

CONTACT

CEO Kristian Lustin

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PRESS AND ANALYST MEETING

RNB will hold a press and analyst conference in connection with the publication of the report, presented by Kristian Lustin, President and CEO, and Richard Roa, Group Business Controller. The presentation will be held on December 22 at 10:00 CET and can be followed through a teleconference/audiocast.

To participate in the teleconference please call before the opening of the conference:

+46 8 556 427 05 (Sweden)

+44 333 300 90 35 (UK)

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

FINANCIAL CALENDAR

Annual General Meeting 2019/2020	December 22, 2020
Interim Report, first quarter 2020/2021	December 22, 2020
Interim Report, second quarter 2020/2021	March 25, 2021
Interim Report, third quarter 2020/2021	June 24, 2021
Interim Report, fourth quarter 2020/2021	October 7, 2021

This information is such that RNB RETAIL AND BRANDS AB (publ) is required to disclose according to the EU's Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 07:00 CET on December 22, 2020.

This report has been prepared in English and Swedish versions. In the event of any discrepancy between the two versions, the Swedish report shall prevail.

Comments from the CEO

This was the third consecutive quarter that was negatively affected by Covid-19. However, Polarn O. Pyret demonstrated its strength in the quarter, and comparable sales improved as a result of increased e-commerce sales throughout the quarter. The share of e-commerce sales was over 50 percent in November, which meant that operating income increased compared to the previous year.

Sales were affected by the mild weather in the fall, although sales improved in relative terms in September, and particularly in October. The trend was interrupted when Sweden's Public Health Agency introduced stricter recommendations, and store visitors halved over night for the second time this year.

The corporate restructuring was completed in the quarter. We have introduced many measures, which has improved the conditions for ensuring profitable business areas looking ahead, once the impact of Covid-19 decreases. Gains from arrangements with creditors totaled SEK 251 M.

Cost control remained tight in the quarter, with the aim of offsetting the lower sales volumes. Expenses were down by 30 percent in the quarter. Operating income, excluding IFRS 16 and goodwill, was SEK 239 M in the quarter, and SEK -12 M excluding gains from arrangements with creditors.

BROTHERS

A very mild fall alongside the Public Health Agency's tighter restrictions at the end of October led to a weak quarter for Brothers. Visitors and sales recovered at the beginning of the quarter, although this came to an abrupt end on 29 October. In November, store visitors were down significantly nationwide, and sales shadowed this trend. As a result of the massive drop in visitor numbers and to ensure that customers have a safe shopping experience, Brothers opted to extend Black Week to a total of 17 days. The measure received positive feedback from staff and customers, and generated some very good days in terms of sales. Brothers' comparable sales in the quarter decreased by 38 percent.

E-commerce sales improved in the quarter, which increased particularly towards the end of the quarter. E-commerce sales provided 14 percent of sales in the quarter, almost double the previous year, and amounts now to 11 percent over a 12-month period.

The cost cuts continued, and Brothers' expenses are down by more than 30 percent on the previous year calculated on the basis of remaining operations. Despite the positive e-commerce trend in November and excellent cost control, profit before restructuring gains decreased.

DEPARTMENTS & STORES AND MOAK

Considering the circumstances, sales were acceptable in September, and improved in October. On 29 October, sales dropped sharply and sales declined dramatically in November. Black Weekend generated some much-needed sales, but these were still down on the previous year. Although tourist sales were positive during the fall, they declined in November with a

year-on-year drop of over 90 percent in the quarter. Cosmetics products sold relatively well, while clothing sales were down significantly. Comparable sales in the department stores decreased by 32 percent in the quarter.

The cost cuts continue with the aim of offsetting lower sales. Store hours have been reduced to a minimum. Although furlough schemes were introduced, these only generated marginal cost cover.

Man of a kinds sales were weak, largely due to the warm fall and the resulting decrease in sales of winter coats. Positive trends included significantly fewer clothing returns and a higher conversion rate.

POLARN O. PYRET

The trend from recent months continued, with very strong sales in e-commerce and significantly lower in-store customer numbers. Comparable sales increased for both October and November, and were up by as much as 4 percent for the quarter as a whole. E-commerce increased by 58 percent in the quarter, and the share of e-commerce sales grew consistently throughout the quarter. In November, the share of e-commerce sales was over 50 percent. Over 12 months, PO.P's e-commerce sales were as high as 40 percent. All e-commerce markets returned very positive growth, including the master franchise markets in the US and UK, and the recently launched German e-commerce operations. Lower visitor numbers in physical stores implied lower in-store sales in the quarter.

Despite the uncertain world we live in, with enormous fluctuations in customer flows between different sales channels, PO.P has demonstrated its ability to adapt to the circumstances and care for its customers. The sustained focus on cost control resulted in cost reductions of almost 25 percent, and in combination with sales growth for comparable units this meant that operating income increased year-on-year! The measures introduced as part of the corporate restructuring, alongside active brand positioning, collections that have been very well received by our customers and effective e-commerce sales, really paid off for PO.P in the quarter.

OUTLOOK

We achieved the main goal of the quarter, which was to complete the corporate restructuring. Stricter recommendations about avoiding stores and shopping malls has hit our operations very hard. However, all RNB's employees believe in our concepts and are all fighting hard every day to manage this situation. Everyone has worked hard this year and is prepared for the Christmas shopping and the start of a new and better year.

Kristian Lustin
President and CEO

Covid-19 and corporate restructuring

COVID-19

The company remains affected by the effects of Covid-19. Swedish fashion retailing has not returned to the sales levels seen before the pandemic. During the quarter, further restrictions and recommendations from the government and public authorities have affected sales in physical stores negatively. There is now an approved vaccine against Covid-19. However, it is uncertain when extensive vaccination in the countries where RNB operates can begin, and when this will start to have an effect on restrictions and recommendations from the government and public authorities.

SALES AND PROFIT

The company's sales and profit have been negatively affected by Covid-19. It is difficult to gauge the precise impact Covid-19 has had on the Group, however sales for comparable stores decreased by more than 50 percent in the third quarter and by more than 40 percent in the fourth quarter in the financial year 19/20. In the first quarter 20/21, sales for comparable stores declined by some 18 percent. Covid-19 will continue to affect sales and profit negatively, although it is difficult to estimate the extent of the impact going forward.

PRODUCTION AND DELIVERY

The subsidiaries work closely with suppliers to secure production and delivery. Deliveries of fall items were delayed, but arrived in September and early October. At present, the companies are not experiencing any problems with deliveries. Prices have increased for some supply chains, although this is considered transient and does not significantly impact margins.

CORPORATE RESTRUCTURING

On March 23, the Stockholm District Court approved an application for corporate restructuring and decided that the subsidiaries Departments & Stores Europe AB, Polarn O. Pyret AB and Brothers AB would enter into restructuring. Pyret AB and Brothers AB was approved on 23 March. The restructuring continued for just over seven months and was concluded according to the original schedule. During this period, the companies have had to make many difficult business-critical decisions.

The corporate restructuring in Polarn O. Pyret Norway was completed on 24 September, and resulted in write down of debt of some 73 percent.

The corporate restructuring in Sweden was completed on 6 November, and resulted in write down of debt of some 75 percent. Gains from arrangements with creditors totaled SEK 251 M, and were recognized in the first quarter.

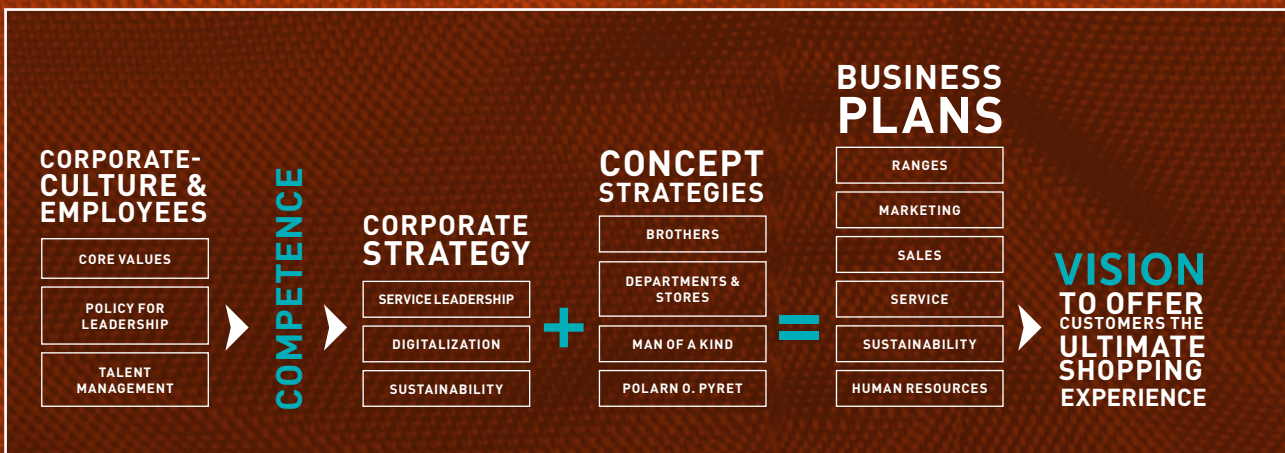
RNB RETAIL AND BRANDS

RNB RETAIL AND BRANDS owns, operates and develops fashion wear, ready-to-wear clothing, accessories, jewelry and cosmetics stores and e-commerce that focus on providing excellent service and a world-class shopping experience. Sales are conducted through the concepts Brothers, Departments & Stores, Man of a kind and Polarn O. Pyret. The Group has around 190 stores and e-commerce platforms in 11 countries. RNB RETAIL AND BRANDS is listed on Nasdaq Stockholm (RNBS).

Vision

RNB RETAIL AND BRANDS' vision is to offer customers the ultimate shopping experience.

Business model



The above figure illustrates how our corporate culture and core values – “The customer is most important”, “We do sustainable and smart business”, “We believe in people” and “Direct communication” – coupled with our strategy and vision, express RNB’s business model and show the way forward. The core values pervade RNB’s operations and define our strong corporate culture, which is a key building block of our strategy. The strategy is then given concrete form in the business plans of individual subsidiaries with the aim of realizing our vision.

The starting point for RNB’s strategy is to operate through four clearly positioned and differentiated store concepts aimed at the respective target groups. The concepts are characterized by inspiring stores, excellent service with a pronounced digital presence, accessibility and attractive fashion ranges. Sales are conducted in large cities, smaller towns and shopping centers and through e-commerce. All aspects of operations are carried out on the basis of achieving clear and long-term sustainability.

Revenue and earnings RNB Group

FIRST QUARTER, SEPTEMBER 1, 2020 - NOVEMBER 30, 2020

Reported net sales for the Group were SEK 400 M (573) in the first quarter. Sales decreased for all concepts in the quarter. Total Group sales for comparable units in Sweden were -21.3 percent (-8.5), and sales decreased by -17.9 percent (-9.0) for all national markets, expressed in SEK.

The Group's gross profit margin decreased to 48.5 percent (53.5) due to intensive campaigns in the quarter. Margins decreased for all concepts.

Total costs decreased significantly in the quarter in year-on-year terms due to completed rationalizations. Depreciation/amortization in the quarter totaled SEK -60 M (-78), of which SEK -50 M (-69) related to IFRS 16.

Goodwill impairment for Departments & Stores was SEK 27 M in the quarter. Goodwill impairment totaled SEK 233 M for Departments & Stores over the past six quarters.

Operating income totaled SEK 213 M (12), including gains from arrangements with creditors of SEK 251 M. IFRS 16 had a positive impact on the operating income of SEK 2 M (3), which equals operating income, excluding IFRS 16, of SEK 211 M (-8).

Net financial items totaled SEK -23 M (-15), of which IFRS 16 affected net financial items by SEK -10 M (-7). Profit after tax amounted to SEK 189 M (-4).

Market progress in the quarter

According to Stilindex (the Swedish Retail and Wholesale Trade Research Institute), clothing sales in Sweden decreased by -17.5 (-2.5) percent in the quarter. Sales in Finland of men's, women's and children's clothing decreased by -15.9 percent (3.2).

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 on November 6, 2020. The gains from arrangements with creditors were recognized in the quarter and strengthened the subsidiaries' financial position. The significant negative impact of Covid-19 on clothing sales since March has led to decreased sales revenue.

This means that the Group remains dependent on external loan financing from banks. The Group's bank extended the overdraft SEK 70 M to January 31, 2021. The Group's liquidity forecast assumes that the current overdraft facility from the bank remains unchanged.

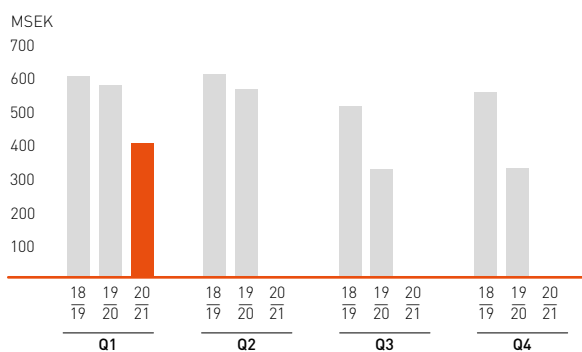
Accordingly, in the Board's and CEO's assessment, provided that the changes implemented generate cash flow as planned, and that the bank credit limit remains unchanged, the Group is expected to have sufficient liquidity and cash flow for continued operations in the coming 12-month period.

Should the above conditions not be satisfied, there is a significant risk to the Group's continued operations.

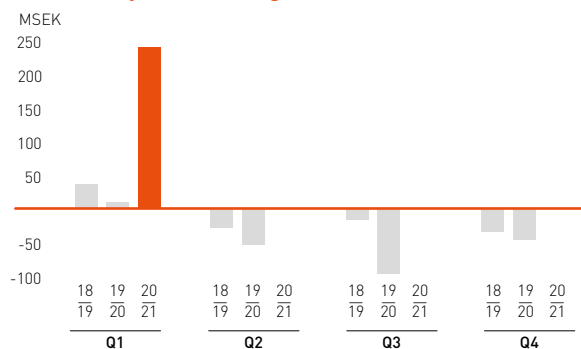
Group overview

	3 months		12 months	Full Year
	Sep 2020 -Nov 2020	Sep 2019 -Nov 2019	Dec 2019 -Nov 2020	Sep 2019 -Aug 2020
Net sales, SEK M	400	573	1,611	1,784
Gross margin, (%)	48.5	53.5	45.7	47.5
Operating income, SEK M	213	12	-140	-341
<i>Operating income before restructuring expenses and impairment of goodwill, SEK M</i>	239	8	40	-191
Profit after tax, SEK M	189	-4	-242	-435
Operating margin (%)	53.1	2.0	-8.7	-19.1
<i>Operating margin before restructuring expenses and impairment of goodwill, (%)</i>	59.6	1.4	2.5	-10.7
Earnings per share, SEK	1.86	-0.12	-2.41	-5.21
Cash flow from operating activities, SEK M	63	99	207	243
Number of sales points	199	250	199	191

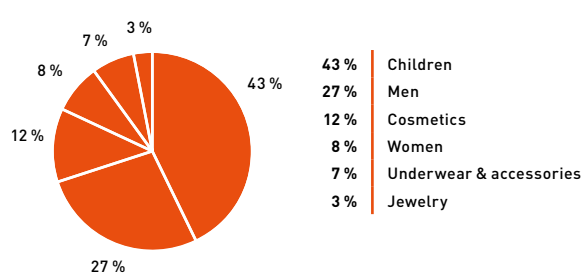
Net sales per quarter



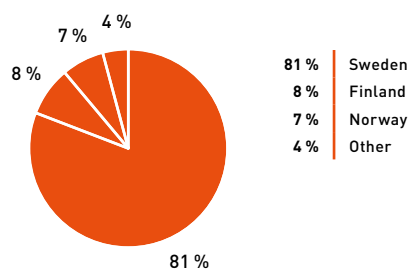
Operating income per quarter before Impairment of goodwill



NET SALES 2020/2021 PER PRODUCT CATEGORY, %




NET SALES 2020/2021 PER GEOGRAPHICAL MARKET, %



Financial overview, business areas

RNB RETAIL AND BRANDS reports net sales and operating income for four business areas: Brothers, Departments & Stores and Polarn O. Pyret.

Business area	Net sales, period, 3 months	Share, %	Operating result, period, excl. IFRS 16 and depreciation of goodwill, 3 months	Own stores		Franchise	
				Stores	E-com	Stores	E-com
BROTHERS	56MSEK	 14%	81MSEK	Total	39	1	4
				Sverige	39	1	4
				Finland			
DEPARTMENTS & STORES	157MSEK	 39%	183MSEK	Total	39	1	
				NK Stockholm	24		
				NK Gothenburg	15		
				Man of a kind		1	
POLARN O. PYRET	187MSEK	 47%	167MSEK	Total	68	8	31
				Sweden	37	6	6
				Norway	11	1	
				Finland	18	1	1
				England			17
				USA			2
				Estonia	2		2
				Ireland			1
				Scotland			2
				Iceland			1
				Latvia			1
				Switzerland			1
Total	400MSEK		239MSEK		146	10	35
RNB RETAIL AND BRANDS				181 stores	18 e-com	11 countries	8

Net sales and operating income per business area	3 months		12 months	Full Year
	Sep 2020 -Nov 2020	Sep 2019 -Nov 2019	Dec 2019 -Nov 2020	Sep 2019 -Aug 2020
Net sales, SEK M				
Brothers	55.6	116.6	302.5	363.5
Departments & Stores	157.4	242.0	679.7	764.3
Polarn O. Pyret	187.4	214.1	629.0	655.7
Central operations & eliminations	0.0	0.0	0.0	0.0
Total	400.4	572.7	1,611.2	1,783.5
Operating income, SEK M				
Brothers	81.3	-15.6	14.1	-82.9
Departments & Stores	183.3	12.9	116.7	-53.7
Polarn O. Pyret	166.5	26.8	111.5	-28.2
Central operations & eliminations	-192.6	-15.8	-202.7	-25.9
Operating income excl. IFRS 16 and depreciation of goodwill	238.5	8.3	39.6	-190.6

BROTHERS

The Brothers business area is a menswear fashion retailer and the number one destination when it comes to a smart and casual way of dressing, for all men no matter the occasion

FIRST QUARTER, SEPTEMBER 1, 2020 - NOVEMBER 30, 2020

Net sales in the Brothers business area totaled SEK 56 M (117). Sales in comparable stores in Sweden decreased by - 37.8 percent expressed in SEK. E-commerce increased significantly in the quarter and totaled 16 percent, compared to 8 percent in the corresponding quarter in the previous year. Net sales from franchise stores were down in the quarter compared to the corresponding quarter in the previous year. Total brand sales in twelve months amounted to SEK 352 M (581).

The number of paying customers in comparable stores almost decreased by 40 percent in the quarter in year-on-year terms. In e-commerce, visitor numbers decreased but the conversion rate increased.

The business area gross margin declined in the quarter, due to aggressive campaigns at lower prices. Due to the

rationalizations implemented, costs were down in the quarter compared to the corresponding quarter in the previous year. The main cost reductions were derived from store rents and personnel costs.

Operating income totaled SEK 80 M (-15), including gains from arrangements with creditors of SEK 84 M. Debts to the Parent Company of SEK 19 M were also written down, which had a positive impact on profit. Operating income excluding IFRS 16 amounted to SEK 81 M (-16).

Business area inventories were lower and with an improved product mix at the end of the quarter compared to the corresponding quarter in the previous year, due to the improvements to inventories in the previous financial year. The focus on maintaining sound inventory levels continued in the quarter.

The store holding remained unchanged in the quarter.



DEPARTMENTS & STORES

Departments & Stores offers paying customers an international product mix in an inspiring environment with world class service. Man of a kind offers a curated fashion range from the leading international and Scandinavian brands in an inspiring environment with world-class service.

FIRST QUARTER, SEPTEMBER 1, 2020 - NOVEMBER 30, 2020

Net sales in the Departments & Stores business area was SEK 157 M (242), a decrease of -35.0 percent. The number of visitors in our in-store departments in Stockholm and Gothenburg decreased by some 40 percent year-on-year. Stockholm had the largest reduction in visitor numbers. In the e-commerce channel Man of a kind, visits also decreased in the quarter. Returns in the e-commerce channel also decreased. Foreign tourist visitors decreased by some 90 percent in the quarter. Average spend per customer was slightly up year-on-year, and the conversion rate increased in both department stores. The conversion rate in the e-commerce channel increased sharply in the quarter, although average spend decreased.

Gross margin decreased year-on-year mainly due to attractive sales offers during Black Weekend. Due to the rationalizations implemented, costs were down in the quarter

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

Operating income totaled SEK 161 M (15), including gains from arrangements with creditors of SEK 183 M. Debts to the Parent Company of SEK 17 M were also written down, which had a positive impact on profit. Operating income excluding IFRS 16 and before impairment of goodwill amounted to SEK 183 M (13), with an operating margin of 116.5 percent (5.3).

Business area inventories were lower and with an improved product mix and age distribution at the end of the quarter compared to the corresponding quarter in the previous year, due to the improvements to inventories in the previous financial year. The focus on maintaining sound inventory levels continued in the quarter.



POLARN O. PYRET

Through its devotion to children, Polarn O. Pyret shall provide the most relevant and attractive range of quality clothing. With expertise, passion and commitment, we guide and inspire our customers towards better purchases—today and in the future.

FIRST QUARTER, SEPTEMBER 1, 2020 - NOVEMBER 30, 2020

Net sales totaled SEK 187 M (214) in the quarter. Sales in comparable proprietary stores on all national markets increased by 3.5 percent year-on-year, expressed in SEK. Comparable e-commerce sales increased by 46 percent. PO.P's e-commerce sales for R12 were 40 percent.

Total brand sales amounted to SEK 759 M (886).

The number of paying customers in comparable physical stores was nearly 25 percent down in year-on-year terms. The in-store conversion rate increased while average spend per customer decreased. In e-commerce, visitor numbers increased by nearly 30 percent, with a higher conversion rate. Average spend per customer was down. Gross margin for the quarter was slightly down year-on-year, driven by campaigns.

Operating expenses were clearly down year-on-year, due to the rationalizations implemented. Personnel expenses, followed by rents were the two cost items that decreased most in year-on-year terms.

Operating income totaled SEK 165 M (28), including gains from arrangements with creditors of SEK 139 M. Operating income, excluding IFRS 16, amounted to SEK 167 M (27) with an operating margin of 88.8 percent (12.5).

Business area inventories were lower and with an improved product mix at the end of the quarter compared to the corresponding quarter in the previous year, due to the improvements to inventories in the previous financial year, and more efficient inventory management processes.

During the quarter, the UK franchisee opened ten stores in the House of Fraser department store. Polarn O. Pyret ran several successful campaigns in the quarter, and the company held its first live shopping event with the journalist and fashion profile Ebba Kleberg von Sydow.



Financial position and liquidity

The Group's total assets amounted to SEK 1,642 M, compared to SEK 1,736 M at the end of the previous financial year.

As of November 30, inventories totaled SEK 350 M (482), 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 40 M (24). Cash flow from operating activities was SEK 63 M (99) in the period. After investments, cash flow was SEK 61 M (91).

Net debt decreased to SEK 1,142 M (1,565), compared to SEK 1,159 M at the end of the previous financial year. Excluding the IFRS 16 effect, net debt decreased to 334 M (396). The corporate bond with a nominal amount of SEK 400 M is the Group's largest liability and originates from the acquisition of JC in 2006.

SHAREHOLDERS' EQUITY

Group equity was SEK 57 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 3.5 percent (-7.6) at year-end. Excluding IFRS 16, the equity/assets ratio was 10.2 percent (18.9).

Group equity was negative as of August 31, 2020 due to substantial impairment because of changed assumptions and significant losses in the third quarter 19/20. The corporate restructuring became legally binding on November 6, 2020, when the Group's equity was significantly strengthened with 251 M, by gains from arrangements with creditors.

LIQUIDITY

The Group's cash and cash equivalents including overdraft facilities totaled SEK 183 M (105) at the end of the period, compared to SEK 170 M at the end of the previous financial year.

INVESTMENTS AND DEPRECIATION/AMORTIZATION

Investments during the period, excluding investments in subsidiaries, totaled SEK 1 M (5). Depreciation/amortization totaled SEK -87 M (-78), of which SEK -27 M (0) related to goodwill impairment and SEK -50(-69) M related to IFRS 16. For more information see Note 4 and 5.

EMPLOYEES

The average number of employees, recalculated as full time equivalents, was 606 (917) in the period, representing a decrease of 34 percent.

RELATED-PARTY TRANSACTIONS

There were no transactions in the financial year between the RNB Group and related parties that materially impacted the Group's financial position and results of operations. For more information on transactions with related parties, see Note 35 of the 2019/2020 Annual Report.

TAX

During the financial year, the Group paid tax totaling SEK 0 M (0). As the company has non-capitalized loss carry-forwards of SEK 949 M at the end of the previous financial year, tax expenses are expected to remain low. For more information, see Note 10 of the 2019/2020 Annual Report.

PARENT COMPANY

Parent Company net sales were SEK 9 (14) M. Profit/loss after net financial items was SEK -8 (-22) M. Investments totaled SEK 0 (1) M.

SEASONAL VARIATIONS

Retail sales are affected by seasonal variations, with the highest sales generated in the fall and winter. Gross margin is affected by periodic clearance sales. Deviations from normal weather conditions impact both sales and margins. Sales per quarter are relatively evenly distributed during the year, although the first quarter is generally the strongest and the third quarter weakest in terms of sales. Operating income varies significantly between quarters. The first quarter generates a significantly higher share of operating income. The third quarter generally generates the lowest operating income.

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.

The Parent Company's credit limit of SEK 110 M runs until January 31, 2021.

The corporate bond with a nominal amount of SEK 400 M runs until February 2023. The corporate restructuring means that certain bond covenants have been breached, although this does not affect maturity. Interest since March 2020 has been expensed but not paid, which has increased the corporate bond debt.

Operational risks

- Demand for RNB's products, like general demand in the retail sector, is affected by changes in overall market conditions, consumer patterns, 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, and will continue to, negatively affect sales and profit, although it is difficult to gage the extent and duration of this impact.

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

ANNUAL GENERAL MEETING

The AGM will be held on December 22, 2020. On the basis of temporary legislation (2020:198), the AGM will be held through mail-in ballot only.

REVIEW

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

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, December 22, 2020
The Board of Directors and Chief Executive Officer of
RNB RETAIL AND BRANDS AB (publ)

Michael Lemner
Board member

Per Thunell
Chairman

Joel Lindeman
Board member

Kristian Lustin
CEO

Consolidated Income Statement

SEK M	3 months		12 months	Full Year
	Sep 2020 -Nov 2020	Sep 2019 -Nov 2019	Dec 2019 -Nov 2020	Sep 2019 -Aug 2020
Net sales	400.4	572.7	1,611.2	1,783.5
Goods for resale	-206.1	-266.5	-875.2	-935.6
Gross income	194.3	306.2	736.0	847.9
Other operating income	259.6	7.9	298.5	46.8
Other external expenses	-63.2	-89.6	-253.0	-279.4
Personnel expenses	-90.9	-135.1	-419.4	-463.6
Depreciation and impairment of non-current assets	-59.5	-77.8	-285.9	-304.2
Impairment of goodwill	-27.5	0.0	-211.5	-184.0
Result from divestment of subsidiaries	0.0	0.0	-4.8	-4.8
Operating income	212.8	11.6	-140.1	-341.3
Financial income	0.4	1.3	1.9	2.8
Financial expenses	-23.7	-16.2	-103.3	-95.8
Unrealized profit/loss on futures contracts	0.0	0.0	0.0	0.0
Net financial items	-23.3	-14.9	-101.4	-93.0
Profit before tax from continuing operations	189.5	-3.3	-241.5	-434.3
Tax on net income for the period	-0.3	-0.6	-0.2	-0.5
Net income for the period	189.2	-3.9	-241.7	-434.8
Other comprehensive income				
<i>Other comprehensive income, which will be reclassified to net income in subsequent periods</i>				
Cash flow hedges – value changes	0.0	-8.2	13.0	4.8
Cash flow hedges recognised in income	0.0	-4.4	-7.7	-12.1
Translation differences	0.1	-0.9	0.7	-0.3
Tax attributable to items in other comprehensive income	-	-	-	-
Comprehensive income for the period	189.3	-17.4	-235.7	-442.4
Net income for the period attributable to:				
Parent Company's shareholders	189.2	-3.9	-241.7	-434.8
	189.2	-3.9	-241.7	-434.8
Comprehensive income attributable to:				
Parent Company's shareholders	189.3	-17.4	-235.7	-442.4
	189.3	-17.4	-235.7	-442.4
Earnings per share before and after dilution (SEK)	1.86	-0.12	-2.41	-5.21
Average number of shares, (000s)	101,737	33,912	100,254	83,391

Consolidated Balance Sheet, in summary

SEK M	Nov 30, 2020	Nov 30, 2019	Aug 31, 2020
Assets			
Intangible assets	160.4	384.3	191.1
Tangible assets	65.5	81.9	73.1
Right-of-use assets	776.2	1,165.4	772.8
Financial assets	12.1	9.8	12.5
Total non-current assets	1,014.2	1,641.4	1,049.5
Inventories	349.9	481.7	378.6
Current receivables	107.1	191.0	146.5
Cash	170.6	24.7	161.1
Total current assets	627.6	697.4	686.2
Total assets	1,641.8	2,338.8	1,735.7
Shareholders' equity and liabilities			
Equity attributable to the Parent Company shareholders	56.8	217.6	-132.5
Total equity	56.8	217.6	-132.5
Long-term lease liabilities	639.6	935.8	657.0
Other non-current liabilities	418.8	421.3	412.3
Current lease liabilities	168.2	233.4	168.0
Other current liabilities	358.4	530.7	630.9
Total liabilities	1,585.0	2,121.2	1,868.2
Total equity and liabilities	1,641.8	2,338.8	1,735.7

Changes in shareholders' equity, in summary

SEK, M	Sep, 2020 -Nov, 2020	Sep, 2019 -Nov, 2019	Sep, 2019 -Aug, 2020
Opening, balance,	-132.5	235.0	235.0
Net, income, for, the, period	189.2	-3.9	-434.8
Other, comprehensive, income			
Changes, to, cash, flow, hedges,	0.0	-8.2	4.8
Cash, flow, hedges, recognised, in, income	0.0	-4.4	-12.1
Translation, differences	0.1	-0.9	-0.3
Total, comprehensive, income, for, the, year	189.3	-17.4	-442.4
Rights, issue	0.0	0.0	74.9
Balance, at, end, of, period,	56.8	217.6	-132.5

Consolidated Cash Flow Statement, in summary

SEK M	3 months		12 months	Full Year
	Sep 2020 -Nov 2020	Sep 2019 -Nov 2019	Dec 2019 -Nov 2020	Sep 2019 -Aug 2020
Operating activities				
Operating income	212.8	11.6	-140.1	-341.3
Interest received and other financial income	0.4	1.3	0.4	1.3
Interest paid	-16.8	-15.7	-78.2	-77.1
Adjustment for non-cash items	-172.9	77.8	186.5	437.2
Tax paid	0.0	0.0	0.0	0.0
Cash flow before change in working capital	23.5	75.0	-31.4	20.1
Cash flow from change in working capital				
Change in inventories	29.7	-23.1	117.0	64.2
Decrease (+)/increase (-) in current receivables	40.3	-36.0	95.9	19.6
Decrease (-)/increase (+) in current liabilities	-30.1	83.4	25.9	139.4
Change in working capital	39.9	24.3	238.8	223.2
Cash flow from operating activities	63.4	99.3	207.4	243.3
Cash flow from investing activities	-2.7	-8.4	-22.9	-28.6
Cash flow after investments	60.7	90.9	184.5	214.7
Financing activities				
Change in overdraft facility	-4.0	-32.9	57.5	28.6
Change in other debt	0.0	20.0	0.0	20.0
Change in corporate bond	6.5	0.7	5.8	0.0
Amortization of loan	0.0	0.0	-20.0	-20.0
Amortization of lease liabilities (rental payments)	-53.8	-64.7	-157.5	-168.4
Rights issue	0.0	0.0	74.9	74.9
Cash flow from financing activities	-51.3	-76.9	-39.3	-64.9
Cash flow during the period	9.4	14.0	145.2	149.8
Cash and cash equivalents at beginning of period	161.1	10.6	24.7	10.6
Exchange difference in cash and cash equivalents	0.1	0.1	0.7	0.7
Cash and cash equivalents at end of period	170.6	24.7	170.6	161.1

Income Statement, Parent Company

SEK M	3 months		12 months	Full Year
	Sep 2020 –Nov 2020	Sep 2019 –Nov 2019	Dec 2019 –Nov 2020	Sep 2019 –Aug 2020
Net sales	9.2	14.1	36.1	41.0
Other operating income	0.6	0.7	0.1	0.2
	9.8	14.8	36.2	41.2
Operating expenses				
Other external expenses	-9.2	-20.2	-32.3	-43.3
Personnel expenses	-2.6	-9.0	-12.7	-19.1
Depreciation and impairment of non-current assets	-1.4	-1.3	-5.8	-5.7
Operating income	-3.4	-15.7	-14.6	-26.9
Result from participations in group companies	1.4	0.0	-199.5	-200.9
Financial income	1.2	1.4	6.3	6.5
Financial expenses	-7.0	-7.4	-31.8	-32.2
Result after financial items	-7.8	-21.7	-239.6	-253.5
Taxes	-	-	-	-
Net income for the period	-7.8	-21.7	-239.6	-253.5

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

Balance Sheet, Parent Company, in summary

SEK M	Nov 30, 2020	Nov 30, 2019	Aug 31, 2020
Assets			
Intangible assets	10.9	23.2	12.1
Property, plant and equipment	0.5	1.3	0.7
Financial assets	462.7	520.1	462.7
Deferred tax assets	49.8	140.3	56.4
Other current assets	0.0	0.0	0.0
Total assets	523.9	684.9	531.9
Shareholders' equity and liabilities			
<i>Restricted equity</i>			
Share capital	30.5	203.5	30.5
<i>Total restricted equity</i>	<i>30.5</i>	<i>203.5</i>	<i>30.5</i>
<i>Non-restricted equity</i>			
Retained earnings	15.1	20.6	268.6
Net income for the period	-7.8	-21.7	-253.5
<i>Total non-restricted equity</i>	<i>7.3</i>	<i>-1.1</i>	<i>15.1</i>
Total equity	37.8	202.4	45.6
Non-current liabilities	418.8	398.6	412.3
Current liabilities	67.3	83.9	74.0
Total equity and liabilities	523.9	684.9	531.9

Notes

NOTE 1 ACCOUNTING PRINCIPLES

This report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Annual Accounts Act. The Interim Report for the Parent Company has been prepared in accordance with the Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2—Accounting for Legal Entities. The accounting policies applied correspond to the information provided in the Annual Report 2019/2020. Disclosures in accordance with IAS 34.16A appear in addition to the financial statements and their accompanying notes in other parts of this interim report.

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

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

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

New IFRS standards issued but not yet applied

None of the 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. The Group applies the concession rule for reporting rent concessions due to Covid-19 introduced by IASB under IFRS 16, and which has been approved by the EU.

NOTE 2 FINANCIAL ASSETS AND LIABILITIES VALUED AT FAIR VALUE

The Group's financial instruments consist of cash and cash equivalents, trade receivables, accrued income, other receivables, trade payables, interest-bearing liabilities, accrued expenses, conditional purchase consideration and other liabilities. Trade receivables and trade payables are reported at estimated fair value. Group borrowing is reported at accrued cost.

The Group normally uses derivative instruments to manage currency risks in USD and EUR. The reporting applies hedge accounting when there is an effective link between hedged future cash flows and financial derivatives. The Group had no financial derivatives outstanding as of November 30, 2020 (SEK -5 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, most recently on November 30, 2020.

RNB applies IFRS 16's modified retrospective transition approach, which means that comparative figures have not been restated, in accordance with IFRS 16.C5(b). The right-of-use asset has been recognized according to the principle described in IFRS 16.C8(b.ii), i.e. at an amount corresponding to the lease liability adjusted for prepaid or accrued expenses. Comparative figures have not been restated. 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 falls under the Accounting for covid-19 lease modification rule, these discounts have not affected IFRS 16 calculations. In cases where rental discounts have been obtained and do not fall under this rule, these discounts have reduced the value of lease assets and lease liabilities, and depreciation/amortization and interest have been decreased.

NOTE 4 GOODWILL IMPAIRMENT

Group	Nov 30, 2020	Aug 31, 2020
Opening cost	151,143	335,229
Purchases in the year		
Impairment in the year	-27,445	-184,000
Translation difference	-23	-86
Closing accumulated cost	123,675	151,143

Goodwill item allocated by segment:

	Nov 30, 2020	Aug 31, 2020
Brothers	54,668	54,668
Departments & Stores	-	27,445
Polarn O. Pyret	69,007	69,030
Closing accumulated cost	123,675	151,143

Impairment testing of goodwill

Impairment testing is carried out by calculating value-in-use on a segment-by-segment basis. The calculations are based on forecast cash flows over the period based on the outturns, budget and strategic plans generated in 2020. 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 segments 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 (9.0) 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. All operating segments are deemed to have a similar risk profile, which is why the same discount rate is used.

Outcome from impairment testing in the quarter

Impairment testing carried out in the first quarter was based on updated forecasts for the current financial year. These did not result in any goodwill impairment for the segments Brothers and Polarn O. Pyret. For the segment Departments & Stores, impairment testing resulted in impairment of total goodwill of SEK 27 M. Goodwill impairment totaled SEK 233 M for Departments & Stores over the past six quarters.

NOTE 5 IFRS 15 REVENUE RECOGNITION

See page 7 for revenue recognition by segment and product category.

Key ratios

SEK M	Sep 2020 –Nov 2020	Sep 2019 –Nov 2019	Dec 2019 –Nov 2020	Sep 2019 –Aug 2020
Gross margin, %	48.5	53.5	45.7	47.5
Operating margin, %	53.1	2.0	-8.7	-19.1
Operating margin, excl. IFRS 16, %	52.7	1.4	-10.7	-21.0
Equity/assets ratio, %	3.5	9.3	3.5	-7.6
Equity/assets ratio, excl. IFRS 16, %	10.2	18.9	10.2	-8.3
Interest coverage ratio, x	9.0	0.8	-1.3	-3.5
Ratio of net debt and operating income before depreciation/amortization	3.8	17.5	3.2	7.9
Net debt, MSEK	1,141.5	1,565.1	1,141.5	1,159.0
Net debt/equity ratio, %	2,009.7	719.3	2,009.7	-874.7
Return on equity, %	-499.9	-1.7	-176.2	-848.4
Return on capital employed, %	20.8	1.1	-10.3	-41.6
Average number of shares, 000s	101,737	33,912	100,254	83,391
Number of shares at end of period, 000s	101,737	33,912	101,737	101,737
Profit after tax per share, SEK	1.86	-0.12	-2.41	-5.21
Equity per share at end of period, SEK	0.56	6.42	0.56	-1.30
Average number of employees, full time	606	917	446	757

See Definition of key ratios at page 23

Shareholders

Largest shareholders as of November 30, 2020

	Number of shares	Share capital/ Votes, %
Konsumentföreningen Stockholm	41,832,649	41.1
Novobis AB	11,957,790	11.8
Nordnet pensionsförsäkring AB	4,344,723	4.3
Strategiq Capital AB	2,100,000	2.1
Avanza Pension Försäkringsaktiebolaget	1,896,541	1.9
SEB Investment Management	1,885,670	1.9
Per Dans	1,000,000	1.0
Thomas Ottosson	889,000	0.9
Lars-Erik Harvig	677,072	0.7
Hans Christer Artursson	607,409	0.6
Total 10 largest shareholders	67,190,854	66.3
Other	34,545,674	33.7
Total	101,736,528	100.0

Source: Euroclear Sweden AB

Income Statement per quarter, Group

SEK M	Q1		Q4		Q3		Q2	
	2020/ 2021	2019/ 2020	2019/ 2020	2018/ 2019	2019/ 2020	2018/ 2019	2019/ 2020	2018/ 2019
Net sales	400.4	572.7	325.8	552.0	324.1	511.3	560.9	603.9
Goods for resale	-206.1	-266.5	-163.2	-309.4	-186.0	-244.3	-319.9	-323.9
Gross income	194.3	306.2	162.6	242.6	138.1	267.0	241.0	280.0
Other operating income	259.6	7.9	14.8	5.8	14.6	9.3	9.5	7.9
Other external expenses	-63.2	-89.6	-14.1	-141.3	-95.8	-145.5	-79.9	-142.3
Personnel expenses	-90.9	-135.1	-86.0	-132.0	-98.4	-137.8	-144.1	-158.4
Depreciation and impairment of non-current assets	-59.5	-77.8	-94.0	-10.6	-54.2	-9.9	-78.2	-15.5
Impairment of goodwill	-27.5	0.0	0.0	-65.0	-184.0	-	-	-
Result from divestment of subsidiaries	0.0	-	0.0	-	-4.8	-	-	-
Operating income	212.8	11.6	-16.7	-100.5	-284.5	-16.9	-51.7	-28.3
Financial income	0.4	1.3	1.0	1.4	0.6	0.1	-0.1	0.0
Financial expenses	-23.7	-16.2	-32.9	-7.2	-34.6	-8.4	-12.1	-7.5
Unrealized profit/loss on futures contracts	0.0	0.0	0.0	-0.1	0.0	0.1	0.0	-0.8
Net financial items	-23.3	-14.9	-31.9	-5.9	-34.0	-8.2	-12.2	-8.3
Profit before tax from continuing operations	189.5	-3.3	-48.6	-106.4	-318.5	-25.1	-63.9	-36.6
Tax on net income for the quarter	-0.3	-0.6	-1.5	0.2	0.8	-1.8	0.8	1.9
Net income for the quarter	189.2	-3.9	-50.1	-106.2	-317.7	-26.9	-63.1	-34.7
Other comprehensive income								
Other comprehensive income, to be reclassified to net income in subsequent quarters								
Cash flow hedges – value changes	0.0	-8.2	0.0	5.3	8.8	5.2	4.2	6.0
Cash flow hedges recognised in income	0.0	-4.4	0.0	-8.4	-6.7	-7.8	-1.0	-5.9
Translation differences	0.1	-0.9	-0.9	1.0	0.7	0.2	0.8	-0.9
Tax attributable to items in other comprehensive income	-	-	-	-	-	-	-	-
Comprehensive income for the quarter	189.3	-17.4	-51.0	-108.3	-314.9	-29.3	-59.1	-35.5

Key ratios per quarter

SEK M	Q1		Q4		Q3		Q2	
	2020/ 2021	2019/ 2020	2019/ 2020	2018/ 2019	2019/ 2020	2018/ 2019	2019/ 2020	2018/ 2019
Gross margin, %	48.5	53.5	49.9	43.9	42.6	52.2	43.0	46.4
Operating margin, %	53.1	2.0	-5.1	-18.2	-87.8	-3.3	-9.2	-4.7
Return on equity, %	-499.9	-1.7	46.8	-36.7	-418.3	-7.5	-28.0	-8.9
Average number of shares, 000s	101,737	33,912	101,737	33,912	101,737	33,912	95,774	33,912
Number of shares at end of quarter, 000s	101,737	33,912	101,737	33,912	101,737	33,912	101,737	33,912
Profit after tax per share, SEK	1.86	-0.12	-0.49	-3.13	-3.12	-0.79	-0.66	-1.02
Equity per share at end of quarter, SEK	0.56	6.42	-1.30	6.93	-0.80	10.12	2.29	10.99
Total equity	56.8	217.6	-132.5	235.0	-81.5	343.3	233.4	372.6
Cash flow per share from operating activities	0.6	2.9	0.1	-1.3	1.4	0.5	-0.3	0.8
Cash flow from operating activities	63.3	99.3	10.1	-43.6	147.0	18.4	-31.8	27.0
Share price at end of quarter, SEK	0.6	1.3	0.7	3.8	0.4	4.7	1.0	6.0

Reconciliation of key ratios

SEK M	3 months		12 months	Full Year
	Sep 2020 –Nov 2020	Sep 2019 –Nov 2019	Dec 2019 –Nov 2020	Sep 2019 –Aug 2020
Net sales	400.4	572.7	1,611.2	1,783.5
Goods for resale	-206.1	-266.5	-875.2	-935.6
Gross profit	194.3	306.2	736.0	847.9
Other operating income	259.6	7.9	298.5	46.8
Other external expenses	-63.2	-89.6	-253.0	-279.4
Personnel expenses	-90.9	-135.1	-419.4	-463.6
Depreciation and impairment of non-current assets	-59.5	-77.8	-285.9	-304.2
Impairment of goodwill	-27.5	0.0	-211.5	-184.0
Result from divestment of subsidiaries	0.0	0.0	-4.8	-4.8
Operating income (EBIT)	212.8	11.6	-140.1	-341.3
Interest income and similar profit/loss items	0.4	1.3	1.9	2.8
Interest expenses and similar profit/loss items	-23.7	-16.2	-103.3	-95.8
Unrealized profit/loss on futures contracts	0.0	0.0	0.0	0.0
Net financial items	-23.3	-14.9	-101.4	-93.0
Profit/loss after financial items	189.5	-3.3	-241.5	-434.3
Adjustments:				
Tax on net profit/loss for the period	-0.3	-0.6	-0.2	-0.5
Net income for the period	189.2	-3.9	-241.7	-434.8
Operating income	212.8	11.6	-140.1	-341.3
Depreciation and impairment of non-current assets	59.5	77.8	285.9	304.2
Impairment of goodwill	27.5	0.0	211.5	184.0
Operating income before depreciation, amortization and impairment of non-current assets (EBITDA)	299.8	89.4	357.3	146.9
Other operating income	212.8	11.6	-140.1	-341.3
Other external expenses IFRS 16	-52.2	-71.8	-276.9	-296.5
Depreciation and impairment of right-of-use assets	50.4	68.5	245.1	263.2
Impairment of goodwill	27.5	0.0	211.5	184.0
Operating income before IFRS 16 and impairment of goodwill	238.5	8.3	39.6	-190.6

Reconciliation of key ratios, cont.

SEK M	3 months		12 months	Full Year
	Sep 2020 –Nov 2020	Sep 2019 –Nov 2019	Dec 2019 –Nov 2020	Sep 2019 –Aug 2020
Contingent consideration	0.0	22.7	0.0	0.0
Other non-current interest-bearing liabilities	418.8	397.9	418.8	412.3
Other non-current liabilities	0.0	0.7	0.0	0.0
Long-term lease liabilities	639.6	935.8	639.6	657.0
Non-current liabilities	1,058.4	1,357.1	1,058.4	1,069.3
Contingent consideration	28.0	22.7	28.0	21.3
Long-term lease liabilities	639.6	935.8	639.6	657.0
Other non-current interest-bearing liabilities	418.8	397.9	418.8	412.3
Current lease liabilities	168.2	233.4	168.2	168.0
Other current interest-bearing liabilities	57.5	0.0	57.5	61.5
Cash and cash equivalents	-170.6	-24.7	-170.6	-161.1
Net debt	1,141.5	1,565.1	1,141.5	1,159.0
Equity, opening balance	-132.5	235.0	217.6	235.0
Equity, closing balance	56.8	217.6	56.8	-132.5
Average equity	-37.9	226.3	137.2	51.3
Total assets	1,641.8	2,338.8	1,641.8	1,735.7
Trade payables	-72.5	-309.6	-72.5	-228.0
Current lease liabilities	-168.2	-233.4	-168.2	-168.0
Other current liabilities	-285.9	-221.1	-285.9	-402.9
Capital employed	1,115.2	1,574.7	1,115.2	936.8
Net income for the period	189.2	-3.9	-241.7	-434.8
Average equity	-37.9	226.3	137.2	51.3
Return on equity, %	-499.9	-1.7	-176.2	-848.4
Capital employed, opening balance	936.8	690.6	1,574.7	690.6
Capital employed, closing balance	1,115.2	1,574.7	1,115.2	936.8
Average capital employed	1,026.0	1,132.7	1,345.0	813.7
Interest expenses and similar profit/loss items	-23.7	-16.2	-103.3	-95.8
Unrealized expense on futures contracts	0.0	0.0	0.0	0.0
Profit before tax from continuing operations	189.5	-3.3	-241.5	-434.3
Average capital employed	1,026.0	1,132.7	1,345.0	813.7
Return on capital employed, %	20.8	1.1	-10.3	-41.6
Operating income	212.8	11.6	-140.1	-341.3
Interest income and similar profit/loss items	0.4	1.3	1.9	2.8
Unrealized income on futures contracts	0.0	0.0	0.0	0.0
Profit/loss after financial income	213.2	12.9	-138.2	-338.5

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 of operations 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 profit 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 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 from 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 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 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, own e-commerce sites and e-commerce partnerships.

The Swedish Retail and Wholesale Trade Research Institute.

Index representing sales development of clothes in physical stores and online in Sweden, measured by comparable units and by ongoing pricing. Presented by Svensk Handel Stil. HUI Research is responsible for collection and processing.

Total expenses

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

Total brand sales

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

Restructuring expenses

Restructuring expenses are expenses attributable to the separation and disposal project agreed at the AGM December 20, 2018.

Operating profit before restructuring costs

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

Operating income before restructuring impairment of goodwill

Operating profit 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 profit excluding IIFRS 16

Operating profit 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 for depreciation/amortization and interest expenses)

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