

RNB RETAIL AND BRANDS

PRESS RELEASE
September 30, 2019

Preliminary results for RNB's fourth quarter 2018/19

The operating result for RNB Retail and Brands AB ("RNB") in the fourth quarter of 2018/19 is estimated to be approximately between SEK -35 and -39 million compared with SEK -3 million for the fourth quarter of 2017/18. In addition, operating result for the fourth quarter will be adversely affected by impairment of goodwill of SEK 65 million. EBITDA excluding restructuring costs is expected to amount to between SEK 25 and 29 million for the full year.

RNB today announces, in a separate press release, a guaranteed new share issue of SEK 85 million and an extension of the bond.

The operating profit for the Group's business areas in the fourth quarter is consistently lower than the corresponding quarter last year, which results in an expected operating result for the Group of SEK -35 to -39 million, of which nearly SEK 4 million is restructuring costs.

For the full year 2018/19, operating result, excluding impairment of goodwill, is estimated to amount to SEK -45 to -49 million compared with SEK 47 million the previous financial year. Restructuring costs for the full year amounts to SEK 27 million. The operating profit for the full year excluding restructuring costs and impairment of goodwill is accordingly estimated to amount to SEK -18 to -22 million. EBITDA excluding restructuring costs is expected to amount to between SEK 25 and 29 million for the full year.

Common for the companies is that the reorientation required a lot from the organizations during the year together with demanding markets and continued unfavorable exchange rate development in Sweden. Focused work on stock reductions throughout the Group has had a significant effect on earnings (lower purchasing volumes and higher price reductions).

Specific for the business areas is that Departments & Stores are still in a transition phase within the framework of NK Stockholm's concept change work and at the same time Brothers is in the middle of a turnaround and repositioning work. Polarn O. Pyret, which in recent years has carried out a similar turnaround and repositioning work with positive result effects but, in addition to what has been mentioned above, has now been adversely affected by an assortment that has been received less commercial than previous seasons and partly wrong priced.

Positive effects of reduced inventories for the Group by approximately SEK 14 million in the quarter, compared to an increase of SEK 46 million corresponding quarter last year, and approximately SEK 40 million for the full year 2018/19, resulting in a total positive working capital change of approximately SEK 72 million for the full year. The change has contributed positively but not sufficiently to balance the earnings trend. Therefore, cash flow after investments is estimated to be negative by approximately SEK 7 million for the full year. The business, which for many years has a high level of indebtedness, has had a challenging liquidity situation during the year.

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 about 250 stores and e-commerce platforms in 10 countries. RNB RETAIL AND BRANDS is listed on Nasdaq Stockholm (RNB). www.rnb.se

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A rationalization work is in progress in all three business areas with planned measures regarding hours in store, staffing at the head office and continued work on inventory reduction. Full cost effect is expected to be achieved at the end of the second half of the 2019/20 fiscal year.

The Board of Directors has in its meeting today also approved a goodwill impairment of 65 million pertaining to the business area, Departments & Stores. The non-cash impairment write-down will affect the result for the fourth quarter of 2018/19.

The company's year-end report will be published on October 10, 2019.

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