

# RNB

## INTERIM REPORT

1 SEPTEMBER 2017 – 30 NOVEMBER 2017

# 1



RNB RETAIL AND BRANDS

POLARN O. PYRET  
DEPARTMENTS & STORES

Man of a kind  
**BROTHERS**

# Rapid progress in e-commerce

RNB is increasing the pace of its digital transformation by investing in technology and competences, and by developing its omni-channel offerings further. Sales in comparable Swedish stores increased in the quarter, outperforming the market significantly. E-commerce sales continued to grow. Earnings in the first quarter were down year-on-year due to increased marketing costs. Operating income for the first quarter was SEK 40 M (46).

## FIRST QUARTER, SEPTEMBER 1, 2017 – NOVEMBER 30, 2017 IN SUMMARY

- Sales for comparable stores in Sweden increased by 0.6 percent in the quarter, above the market downturn of -2.3 percent.
- Net sales were SEK 583 M (584).
- Operating income increased to SEK 40 M (46).
- Profit after tax was SEK 45 M (58), of which market valuation of currency hedges was SEK 9 M (15).
- Market value of currency hedges was SEK -0,4 M in the last 15 month period.
- Earnings per share were SEK 1.34 (1.71).
- Cash flow from operating activities was SEK 62 M (38).

## EVENTS IN THE FIRST QUARTER

- Frontmen.com was acquired in the quarter to further consolidate the company's digital offering. Frontmen is an established retailer in men's online fashion in Sweden.
- Polarn O. Pyret entered into a cooperation with Bootz. The collaboration implies that Bootz.com will become an exclusive partner of Polarn O. Pyret, in addition to the proprietary business, and a channel for reaching new markets.
- Brothers opened a new store in Hallarna just outside Halmstad.
- Lina Söderqvist has been appointed new CEO of Departments & Stores as of April 16, 2018. Nanna Hedlund is acting CEO of Departments & Stores from December 1, 2017 until April 15, 2018.

## CONTACT

Magnus Håkansson, President +46 (0)8 410 520 02  
Kristian Lustin, CFO +46 (0)8 410 524 63

## PRESS AND ANALYST MEETING

RNB will hold a press and analyst conference in connection with publication of today's report, presented by Magnus Håkansson, President and CEO and Kristian Lustin, CFO, today, December 21, 2017 at 09.30 a.m. CET and can be followed through a teleconference/audiocast.

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

+46 8 566 426 62 (Sweden)  
+44 20 300 898 03 (UK)  
+1 855 753 22 36 (US)

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

## FINANCIAL CALENDAR

Annual General Meeting 2016/2017	December 21, 2017
Interim Report, second quarter 2017/2018	March 27, 2018
Interim Report, third quarter 2017/2018	June 27, 2018
Interim Report, fourth quarter 2017/2018	October 11, 2018.

This information is such that RNB Retail and Brands AB is required to disclose according to the EU's Market Abuse Regulation and the Swedish Securities Markets Act. The information was submitted for publication through the agency of the above contact persons on, December 21, 2017, at 07:30 a.m. CET.

Both an English version and a Swedish version of this report have been prepared. In the event of discrepancy between the two reports, the Swedish version should prevail.

# Comments from the CEO

## RAPID PROGRESS IN E-COMMERCE

We've now focused on our digital transformation for some time, as we firmly believe that e-commerce and digitalization are key to RNB's future. During the quarter, we acquired Frontmen and entered into a cooperation with Boozt.com. The sales for Man of a kind is now of such significance that the concept is reported separately. It's indeed very encouraging to report that online sales continued to return strong growth in the quarter and sales were SEK 40 M, up 29 percent year-on-year.

RNB's sales in Sweden for the quarter was in line with the previous year, and again outperformed the Swedish market as a whole, which contracted by -2.3 percent according to Stilindex (The Swedish Retail and Wholesale Trade Research Institute). In terms of sales, all concepts, but mainly PO.P, generated sales growth compared to the previous year.

RNB delivered operating income of SEK 40 M in the quarter, implying a rolling 12-month operating income of SEK 56 M.

## POLARN O. PYRET – POSITIVE START TO THE YEAR

Polarn O. Pyret continued to make positive progress. Sales in the quarter increased by 2.8 percent for comparable Swedish stores, and gross margin was in line with the previous year. PO.P Finland contributed to the positive results, although the Norwegian operations continued to make weak progress.

Operating income in the quarter was SEK 34 M, an increase of SEK 4 M year-on-year. Given rolling 12-month operating income of SEK 40 M, EBIT reached just over 5 percent. This is a significant increase of SEK 30 M over the last five quarters.

RNB also signed a distribution agreement with Boozt in the quarter, and sales and earnings gains are expected to be visible in the second half of 2018. This was communicated in a press release in the quarter.

The prospects are positive for PO.P to continue to deliver profit growth looking ahead.

## BROTHERS – STRONG SALES BUT REDUCED GROSS MARGIN

Sales outperformed the market once more, although gross margin was down year-on-year. The online sales channel is progressing well in terms of percentage growth, albeit from a low starting point. Brothers' casual "East West" clothing range continued to grow. Brand awareness is steadily increasing, and Brothers is currently investing in e-commerce and new proprietary stores. Brothers' operating income in the quarter was SEK 7 M, a decrease of SEK 8 M year-on-year. Rolling 12-month operating income was SEK 16 M.

## DEPARTMENTS & STORES – CHALLENGING CONDITIONS

Departments & Stores made positive progress compared to the previous year. However, progress remained unsatisfactory and, as expected, the business area remains burdened by ongoing redevelopment in central Stockholm and intensified competition from online sales. Sales for comparable stores decreased by 2.1 percent. Sales in Gothenburg increased



slightly, although this was offset by a 3.6 percent decrease in sales in Stockholm.

Operating income of SEK 12 M represented an increase relative to the corresponding quarter in the previous year. Rolling 12-month operating income stands at SEK 44 M, implying an operating margin of around 4.5 percent.

## MAN OF A KIND – CLEAR SALES INCREASE

Man of a kind delivered distinct positive growth in the quarter, with sales of SEK 3 M—higher than total sales for the full previous financial year.

The business area still incurs significant development costs, hence operating income for the quarter was SEK -3 M. The strategic acquisition of Frontmen contributed to an increased customer base. We anticipate positive sales growth from Man of a kind over the coming quarters.

## RNB – POSITIVE PROGRESS AND RAPID REORIENTATION

We've increased the pace of the digital transformation process and our reorientation initiatives. We're focusing on investment in technology, pursuing key recruitments with the aim of competences shift, and develop our omni-channel offerings. In addition the transformation involves a major focus on development of the in-store service concepts.

The key recruitments we've made are an important part of our progress. Lina Söderqvist, new CEO of Departments & Stores, will have impact on the marketing model in partnership with NK. Marcus Ugglå has already contributed to the progress of Man of a kind, and Oscar Arrsjö is now involved in the development of Man of a kind and Brothers.

The profit growth of PO.P, driven by the reorientation completed in the last year and a half, and the equivalent reorientation of Brothers over the last four years, demonstrates our ability to improve our businesses and increase profitability. Departments & Stores' earnings continued to be negatively impacted by extensive redevelopment projects in central Stockholm and intensified competition from online sales.

RNB has a strong portfolio of attractive retail business concepts, and online sales is growing rapidly. Despite the challenging market climate, I take a positive view of our prospects and perceive positive potential in all four business areas.

Magnus Håkansson  
President and CEO



# 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, Man of a kind and Polarn O. Pyret. Within the Departments & Stores business area, departments are managed in the department store NK in Stockholm and in Gothenburg. The Group has some 270 stores and e-commerce platforms in 10 countries. RNB RETAIL AND BRANDS has been listed on Nasdaq Stockholm since 2001 under the ticker RNBS.

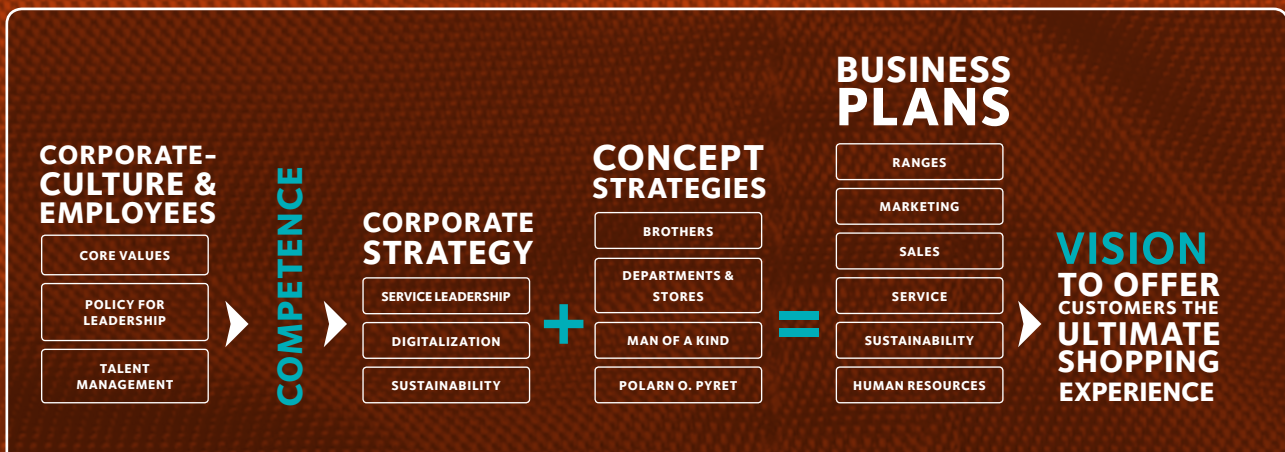
## Vision

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

## Business concept

RNB RETAIL AND BRANDS' business concept is to realize operational synergies through active ownership that develops and distributes brands in distinct concepts and stores offering an attractive range of fashion wear, ready-to-wear clothing, accessories, jewelry and cosmetics where customers are provided with excellent service and a world-class 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, 2017 – NOVEMBER 30, 2017

Reported net sales for the Group in the first quarter were SEK 583 M (584). Sales increased in the Brothers and Man of a kind business areas. Polarn O. Pyret's sales was stable meanwhile Departments & Stores returned a slight decrease in year-on-year sales. E-commerce sales increased in all business areas using the online sales channel. For comparable stores in Sweden, sales increased by 0.6 percent, and for all national markets sales decreased by -0.2 percent expressed in SEK.

Gross margin for the Group decreased slightly to 54.4 percent (54.9) in the quarter, with increased gross margin in Departments & Stores, Man of a kind and Polarn O. Pyret and a decrease in gross margin in Brothers. Total operating expenses increased slightly in the quarter compared to

previous year, mainly due to investments in marketing costs. Operating income amounted to SEK 40 M (46).

Net financial items were SEK 5 M (13), unrealized gains on currency hedges not affecting cash flow had a positive effect of SEK 9 M (15) on net financial items. Market valuation of currency hedges, realized earnings currency hedges as well as change cash flow hedges, has affected earnings by SEK -0.4 million in the last 15 months.

Profit after tax amounted to SEK 45 M (58).

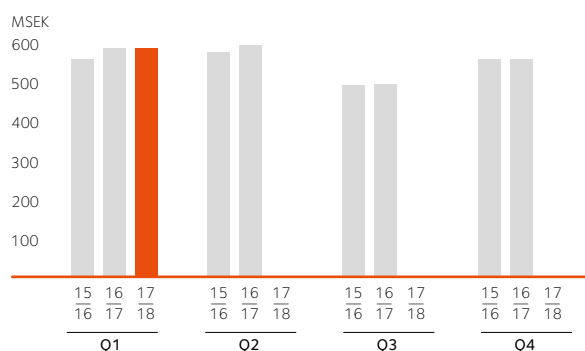
### Market progress in the quarter

In Sweden, clothing sales decreased by -2.3 percent in the quarter according to Stilindex. Sales of men's, women's and children's clothing in Finland decreased by -2.9 percent in the quarter according to Tekstiili- ja Muotialat TMA (Textile and Fashion Suppliers and Retailers in Finland).

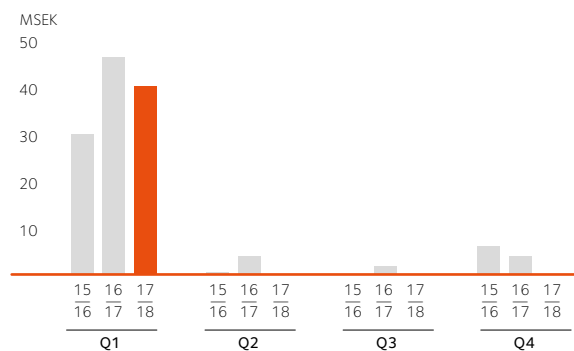
### Group overview

	3 months		12 months	
	Sep 2017 -Nov 2017	Sep 2016 -Nov 2016	Dec 2016 -Nov 2017	Sep 2016 -Aug 2017
Net sales, SEK M	583	584	2,220	2,222
Gross margin,(%)	54.4	54.9	50.5	50.6
Operating income ,SEK M	40	46	56	63
Profit before tax, SEK M	45	59	19	33
Profit after tax, SEK M	45	58	18	30
Operating margin (%)	6.9	7.9	2.5	2.8
Earnings per share, SEK	1.34	1.71	0.53	0.90
Cash flow from operating activities, SEK M	62	38	76	51
Number of sales points	266	267	266	265

### Net sales per quarter







### Operating income per quarter



# Financial overview, business areas

RNB RETAIL AND BRANDS reports sales and results for four business areas: Brothers, Departments & Stores, Man of a kind and Polarn O. Pyret.

Business area	Net sales, interim period	Share, %	Operating income, interim period	Own stores		Franchise	
				Stores	E-com	Stores	E-com
<b>BROTHERS</b>	<b>131MSEK</b>	 22%	<b>7MSEK</b>	<b>Total</b>	<b>51</b>	<b>2</b>	<b>19</b>
				Sweden	39	1	19
				Finland	12	1	
DEPARTMENTS & STORES	<b>230MSEK</b>	 40%	<b>12MSEK</b>	<b>Total</b>	<b>42</b>		
				NK Stockholm	27		
				NK Gothenburg	15		
Man of a kind	<b>3MSEK</b>	 0%	<b>-3MSEK</b>	<b>Total</b>		<b>1</b>	
POLARN O. PYRET	<b>219MSEK</b>	 38%	<b>34MSEK</b>	<b>Total</b>	<b>100</b>	<b>4</b>	<b>40</b>
				Sweden	56	2	7
				Norway	28	1	
				Finland	16	1	2
				England			18
				USA			3
				Estonia			3
				Ireland			2
				Scotland			3
				Iceland			1
				Latvia			1
<b>Total</b>	<b>583MSEK</b>		<b>40MSEK</b>		<b>193</b>	<b>7</b>	<b>59</b>
RNB RETAIL AND BRANDS					<b>252 stores</b>	<b>14 e-com</b>	<b>10 countries</b>

Net sales and operating income per business area	3 months		12 months	
	Sep 2017 –Nov 2017	Sep 2016 –Nov 2016	Dec 2016 –Nov 2017	Sep 2016 –Aug 2017
<b>Net sales, SEK M</b>				
Brothers	130.5	130.1	531.2	530.8
Departments & Stores	230.4	235.0	961.3	965.9
Man of a kind	2.6	0.3	4.3	2.0
Polarn O. Pyret	219.0	218.8	723.1	722.9
Other	0.0	0.1	-0.1	0.0
<b>Total</b>	<b>582.5</b>	<b>584.3</b>	<b>2,219.8</b>	<b>2,221.6</b>
<b>Operating income, SEK M</b>				
Brothers	7.1	14.9	16.0	23.8
Departments & Stores	12.2	11.1	44.0	42.9
Man of a kind	-2.9	-2.9	-13.2	-13.2
Polarn O. Pyret	33.7	29.6	40.1	36.0
Other	-10.1	-6.4	-30.6	-26.9
<b>Total</b>	<b>40.0</b>	<b>46.3</b>	<b>56.3</b>	<b>62.6</b>



# BROTHERS

Brothers is a men's fashion concept offering a smart alternative to premium brands.

## FIRST QUARTER, SEPTEMBER 1, 2017 – NOVEMBER 30, 2017

Net sales in the Brothers business area were SEK 131 M (130), an increase of 0.3 percent. Net sales in comparable proprietary stores increased in the quarter. The positive sales trend for e-commerce continued. Sales from franchise stores were down marginally in the quarter compared to the corresponding quarter of the previous year.

Sales for comparable proprietary stores in Sweden and Finland increased by 2.3 percent. The number of paying customers decreased in the quarter year-on-year, although average spend per paying customer increased. Total brand sales (total sales to consumers excluding VAT across markets and distribution channels) were SEK 603 M (615) on a rolling 12-months basis.

Gross margin for the business area was down in year-on-year terms, which is explained by exchange rate losses. Operating expenses were higher in the period, mainly due to increased marketing costs.

Operating income in the quarter decreased to SEK 7 M (15), implying an operating margin of 5.4 percent (11.5).

Inventories decreased in the quarter, but were up slightly at the end of the quarter in year-on-year terms, mainly due to goods in transit of spring season goods.

In September 1992, Brothers opened its first store with the vision of being a source of inspiration for the fashion-conscious man. Brothers celebrated its 25th anniversary in the quarter, launching a limited jubilee range. The ICONS range includes classic clothing items that have formed part of the range since the start, but with a fresh modern twist.



# DEPARTMENTS & STORES

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Departments & Stores offer paying customers an international product mix and world-class service in an inspiring environment.

## **FIRST QUARTER, SEPTEMBER 1, 2017 – NOVEMBER 30, 2017**

Net sales in the Departments & Stores business area were SEK 230 M (235), a decrease of 2.0 percent. The number of visitors in the two department stores fluctuated; visitor numbers in Stockholm decreased while visitors in Gothenburg increased. The total number of visitors was down slightly in the quarter compared to the corresponding quarter of the previous year. The total number of paying customers was down slightly in the quarter, although this was offset by an increase in average spend.

Gross margin increased compared to the corresponding quarter of the previous year. Operating expenses were unchanged year-on-year, despite normal increases in rent and salary costs.

Operating income amounted to SEK 12 M (11), with operating margin of 5.3 percent (4.7).

Business area inventories increased as expected in the fall, but were also higher at the end of the quarter in year-on-year terms.





# Man of a kind

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Man of a kind is the new online destination for exclusive men's fashion. Man of a kind was launched in fall 2016 and offers a carefully selected premium clothing range and world-class service in an inspiring environment.

## **FIRST QUARTER, SEPTEMBER 1, 2017 – NOVEMBER 30, 2017**

Net sales in the Man of a kind business area were SEK 3 M (0). The number of visitors increased in the quarter. The conversion rate and average spend also increased year-on-year. Gross margin increased compared to the corresponding quarter of the previous year. Operating expenses were up on last year, mainly due to increased marketing costs.

Operating income amounted to SEK -3 M (-3).

Man of a kind acquired Frontmen.com in the quarter, which has now been integrated into the Man of a kind website. After the acquisition, the business area recruited fashion and e-commerce profile Oscar Arrsjö to further strengthen its digital competence. The clothing range expanded in the quarter, adding strong brands like Helmut Lang, Parajumpers and RM Williams to the range.



# POLARN O. PYRET

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

## FIRST QUARTER, SEPTEMBER 1, 2017 – NOVEMBER 30, 2017

Net sales for the quarter were SEK 219 M (219), with a decrease in sales for proprietary comparable stores, and continued growth in e-commerce sales. Sales in comparable proprietary stores including e-commerce sales on all national markets increased by 0.8 percent compared to the previous year. Brand sales (total sales to consumers excluding VAT across all markets and distribution channels) were SEK 850 M (871) on a rolling 12-months basis.

Gross margin for the quarter was somewhat higher with the corresponding period of the previous year. Operating expenses were down year-on-year.

Operating income amounted to SEK 34 M (30), an improvement of SEK 4 M corresponding to an operating margin of 15.4 percent (13.5).

Business area inventories increased slightly in the period, with the largest increase due to goods in transit. The inventory was higher at the end of the quarter in year-on-year terms.

In November, RNB announced that Polarn O. Pyret is expanding its online growth initiative through a partnership with Boozt.com. Boozt.com is a rapidly growing fashion market place with a strong position in the Nordics. The collaboration will increase choices for paying customer, who will be able to choose between buying Polarn O. Pyret clothes through PO.P's own channels with the advantages of excellent service, expertise and a reward program, or through Boozt.com, which offers a selection of over 600 brands. The collaboration implies that Boozt.com will become an exclusive partner of Polarn O. Pyret, in addition to the proprietary business. The collaboration is a channel for reaching new markets whereby it enables Polarn O. Pyret to enter the Danish market which is assessed to have good potential but where Polarn O. Pyret does not yet have proprietary stores.



# Financial position and liquidity

The Group's total assets amounted to SEK 1,204 M, compared to SEK 1,123 M at the end of the previous financial year. At the end of the period, equity was SEK 395 M and SEK 340 M at the end of the previous financial year, providing an equity/assets ratio of 32.8 percent (30.3).

As of November 30, inventories totaled SEK 458 M (423), where Brothers' inventory decreased and the other business areas' inventories increased in year-on-year terms.

Cash flow from changes in working capital was positive at SEK 16 M (-21), mainly due to an increase in short term liabilities and offset by increased inventory. Cash flow from operating activities increased to SEK 62 M (38) in the period. After investments, cash flow was SEK 50 M (21).

Net debt decreased to SEK 314 M, against SEK 363 M at the end of the previous financial year. The Group's cash and cash equivalents including unutilized overdraft facilities were SEK 187 M at the end of the period, against SEK 136 M at the end of the previous financial year.

## INVESTMENTS AND DEPRECIATION/ AMORTIZATION

Investments during the period, excluding investment in subsidiaries, totaled SEK 11 M (16). Depreciation/amortization totaled SEK -11 M (-12).

## EMPLOYEES

The average number of employees in the period was 1,009 (1,027).

## RELATED-PARTY TRANSACTIONS

No transactions were conducted between the RNB Group and related parties which materially impacted the Group's financial position and profit/loss.

The company has two loans from Konsumentföreningen Stockholm, the company's principal shareholder, totaling SEK 380 M (385). The loans mature in December 2018.

For more information on transactions with related parties, see Note 32 in the Annual Report 2016/2017.

## TAX

During the period, the Group paid tax totaling SEK 0 M (0). As the company has non-capitalized loss carry forwards of SEK 691 M, the tax expenses are expected to remain low. For more information, see Note 9 of the Annual Report 2016/2017.

## PARENT COMPANY

Parent Company net sales were SEK 23 M (28). Profit after net financial items was SEK -5 M (-11). Investments were SEK 4 M (2).

## SEASONAL VARIATIONS

Retail sales are affected by seasonal variations, with the highest sales generated during the fall and the winter. Gross margin is affected by clearance sales periods. 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 the highest share of earnings, and has increased in recent years. 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 risk is attributable to goods purchased in foreign currency.
- Interest-rate exposure associated with the Group's net debt.

### Strategic and operational risks

- Demand for RNB's products, like general demand in the retail sector, is affected by changes in overall market conditions, consumer patterns and weather conditions.
- Competition from existing and new operators active in RNB's segment.
- Identifying continuously shifting fashion trends and customer preferences.

For a more detailed description of the Group's management of financial risks, see Note 33 of the 2016/2017 Annual Report.

## REVIEW

This Interim Report has not been subject to review by the company's auditors.

Stockholm, Sweden, December 21, 2017  
RNB RETAIL AND BRANDS AB (publ),  
corporate ID no. 556495-4682

Magnus Håkansson  
President & CEO



# Consolidated Income Statement

SEK M	3 months		12 months	
	Sep 2017 –Nov 2017	Sep 2016 –Nov 2016	Dec 2016 –Nov 2017	Sep 2016 –Aug 2017
Net sales	582.5	584.3	2,219.8	2,221.6
Goods for resale	-265.8	-263.4	-1,099.1	-1,096.7
<b>Gross income</b>	<b>316.7</b>	<b>320.9</b>	<b>1,120.7</b>	<b>1,124.9</b>
Other operating income	7.1	4.4	32.8	30.1
Other external expenses	-132.7	-128.7	-503.6	-499.6
Personnel expenses	-140.6	-138.1	-547.9	-545.4
Depreciation and impairment of non-current assets	-10.5	-12.2	-45.7	-47.4
<b>Operating income</b>	<b>40.0</b>	<b>46.3</b>	<b>56.3</b>	<b>62.6</b>
Financial income	2.0	2.2	2.3	2.5
Financial expenses	-5.9	-4.7	-19.4	-18.2
Unrealized profit/loss on futures contracts	9.3	15.1	-20.0	-14.2
<b>Net financial items</b>	<b>5.4</b>	<b>12.6</b>	<b>-37.1</b>	<b>-29.9</b>
<b>Profit before tax from continuing operations</b>	<b>45.4</b>	<b>58.9</b>	<b>19.2</b>	<b>32.7</b>
Tax on net income for the period	0.0	-1.0	-1.3	-2.3
<b>Net income for the period</b>	<b>45.4</b>	<b>57.9</b>	<b>17.9</b>	<b>30.4</b>
<b>Other comprehensive income</b>				
<i>Other comprehensive income, which will be reclassified to net income in subsequent periods</i>				
Changes to cash flow hedges	10.1	-	4.5	-5.6
Translation differences	-1.0	-1.3	0.5	0.2
Tax attributable to items in other comprehensive income	-	-	-	-
<b>Comprehensive income for the period</b>	<b>54.5</b>	<b>56.6</b>	<b>22.9</b>	<b>25.0</b>
<b>Net income for the period attributable to:</b>				
Parent Company's shareholders	45.4	57.9	17.9	30.4
	<b>45.4</b>	<b>57.9</b>	<b>17.9</b>	<b>30.4</b>
<b>Comprehensive income attributable to:</b>				
Parent Company's shareholders	54.5	56.6	22.9	25.0
	<b>54.5</b>	<b>56.6</b>	<b>22.9</b>	<b>25.0</b>
<b>Earnings per share before and after dilution (SEK)</b>	<b>1.34</b>	<b>1.71</b>	<b>0.53</b>	<b>0.90</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 Cash Flow Statement, in summary

SEK M	3 months		12 months	
	Sep 2017 –Nov 2017	Sep 2016 –Nov 2016	Dec 2016 –Nov 2017	Sep 2016 –Aug 2017
<b>Operating activities</b>				
Operating income	40.0	46.3	56.3	62.6
Interest received and other financial income	2.0	2.2	2.3	2.5
Interest paid	-5.9	-4.7	-19.4	-18.2
Adjustment for non-cash items	10.5	14.9	43.7	48.1
Tax paid	0.0	0.0	-0.9	-0.9
<b>Cash flow before change in working capital</b>	<b>46.6</b>	<b>58.7</b>	<b>82.0</b>	<b>94.1</b>
<b>Cash flow from change in working capital</b>				
Change in inventories	-30.4	-18.6	-35.9	-24.1
Decrease (+)/increase (-) in current receivables	4.2	6.3	-16.2	-14.1
Decrease (-)/increase (+) in current liabilities	42.0	-8.8	45.9	-4.9
<b>Change in working capital</b>	<b>15.8</b>	<b>-21.1</b>	<b>-6.2</b>	<b>-43.1</b>
<b>Cash flow from operating activities</b>	<b>62.4</b>	<b>37.6</b>	<b>75.8</b>	<b>51.0</b>
<b>Cash flow from investing activities</b>	<b>-12.2</b>	<b>-16.8</b>	<b>-19.5</b>	<b>-24.1</b>
<b>Cash flow after investments</b>	<b>50.2</b>	<b>20.8</b>	<b>56.3</b>	<b>26.9</b>
<b>Financing activities</b>				
Change in liabilities to financial institutions	-0.1	-0.2	-0.8	-0.8
Amortization of loan	0.0	0.0	-5.0	-5.0
Paid dividend	0.0	0.0	-8.5	-8.5
<b>Cash flow from financing activities</b>	<b>-0.1</b>	<b>-0.2</b>	<b>-14.3</b>	<b>-14.3</b>
<b>Cash flow during the period</b>	<b>50.1</b>	<b>20.6</b>	<b>42.1</b>	<b>12.6</b>
Cash and cash equivalents at beginning of period	36.4	24.2	45.0	24.2
Exchange difference in cash and cash equivalents	0.0	0.2	-0.6	-0.4
<b>Cash and cash equivalents at end of period</b>	<b>86.5</b>	<b>45.0</b>	<b>86.5</b>	<b>36.4</b>

## Consolidated Balance Sheet, in summary

SEK M	Nov 30, 2017	Nov 30, 2016	Aug 31, 2017
<b>Assets</b>			
Intangible assets	432,0	422,2	429,4
Tangible assets	68,4	80,8	70,6
Financial assets	9,6	22,8	9,5
<b>Total non-current assets</b>	<b>510,0</b>	<b>525,8</b>	<b>509,5</b>
Inventories	458,2	423,1	427,7
Current receivables	149,3	148,5	149,3
Cash	86,5	45,0	36,4
<b>Total current assets</b>	<b>694,0</b>	<b>616,6</b>	<b>613,4</b>
<b>Total assets</b>	<b>1 204,0</b>	<b>1 142,4</b>	<b>1 122,9</b>
<b>Shareholders' equity and liabilities</b>			
Equity attributable to the Parent Company shareholders	394,5	380,1	340,0
<b>Total equity</b>	<b>394,5</b>	<b>380,1</b>	<b>340,0</b>
Non-current liabilities	400,4	401,8	399,0
Current liabilities	409,1	360,5	383,9
<b>Total liabilities</b>	<b>809,5</b>	<b>762,3</b>	<b>782,9</b>
<b>Total equity and liabilities</b>	<b>1 204,0</b>	<b>1 142,4</b>	<b>1 122,9</b>

## Changes in shareholders' equity, in summary

SEK M	Sep 2017 –Nov 2017	Sep 2016 –Nov 2016	Sep 2016 –Aug 2017
Opening balance	340,0	323,5	323,5
Net income for the period	45,4	57,9	30,4
<b>Other comprehensive income</b>			
Changes to cash flow hedges	10,1	-	-5,6
Translation differences	-1,0	-1,3	0,2
<b>Total comprehensive income for the year</b>	<b>54,5</b>	<b>56,6</b>	<b>25,0</b>
Paid dividend	0,0	0,0	-8,5
<b>Balance at end of period</b>	<b>394,5</b>	<b>380,1</b>	<b>340,0</b>



# Key ratios

SEK M	Sep 2017 –Nov 2017	Sep 2016 –Nov 2016	Dec 2016 –Nov 2017	Sep 2016 –Aug 2017
Gross margin, %	54.4	54.9	50.5	50.6
Operating margin, %	6.9	7.9	2.5	2.8
Equity/assets ratio, %	32.8	33.3	32.8	30.3
Interest coverage ratio, x	8.7	13.5	1.5	2.0
Net debt, MSEK	313.9	357.8	313.9	362.7
Net debt/equity ratio, %	79.6	94.1	79.6	106.7
Return on equity, %	12.4	16.5	4.6	9.2
Return on capital employed, %	6.7	8.4	7.4	8.9
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, SEK	1.34	1.71	0.53	0.90
Equity per share at end of period, SEK	11.63	11.21	11.63	10.03
Average number of employees, full time	1,009	1,027	1,010	1,028

# Shareholders

Largest shareholders as of November 30, 2017

	Number of shares	Share capital/ Voting rights, %
Konsumentföreningen Stockholm	11,246,598	33.16
Novobis AB	4,000,000	11.80
Avanza Pension Försäkringsaktiebolaget	2,432,339	7.17
Catella Fondförvaltning	2,150,084	6.34
Nordnet pensionsförsäkring AB	996,135	2.94
Hawk Invest AS	986,249	2.91
Hans Björkstrand	592,500	1.75
Christian Kock	443,192	1.31
Johan Fahlin	337,585	1.00
Clients Account - DCS	234,030	0.69
<b>Total 10 largest shareholders</b>	<b>23,418,712</b>	<b>69.1</b>
Other	10,493,464	30.9
<b>Total</b>	<b>33,912,176</b>	<b>100.0</b>

Source: Euroclear Sweden AB

# Income Statement per quarter, Group

SEK M	Q1		Q4		Q3		Q2	
	2017/ 2018	2016/ 2017	2016/ 2017	2015/ 2016	2016/ 2017	2015/ 2016	2016/ 2017	2015/ 2016
Net sales	582.5	584.3	555.4	555.3	491.7	488.9	590.2	572.5
Goods for resale	-265.8	-263.4	-290.6	-286.9	-226.9	-223.6	-315.8	-303.2
<b>Gross income</b>	<b>316.7</b>	<b>320.9</b>	<b>264.8</b>	<b>268.4</b>	<b>264.8</b>	<b>265.3</b>	<b>274.4</b>	<b>269.3</b>
Other operating income	7.1	4.4	11.7	4.2	6.8	5.9	7.2	2.3
Other external expenses	-132.7	-128.7	-128.9	-119.9	-124.6	-121.5	-117.4	-116.3
Personnel expenses	-140.6	-138.1	-132.2	-130.1	-133.6	-137.6	-141.5	-143.4
Depreciation and impairment of non-current assets	-10.5	-12.2	-11.4	-16.6	-11.7	-12.1	-12.1	-11.4
<b>Operating income</b>	<b>40.0</b>	<b>46.3</b>	<b>4.0</b>	<b>6.0</b>	<b>1.7</b>	<b>0.0</b>	<b>10.6</b>	<b>0.5</b>
Financial income	2.0	2.2	-0.3	0.9	0.8	0.4	-0.2	0.4
Financial expenses	-5.9	-4.7	-5.2	-3.9	-3.8	-3.1	-4.5	-2.3
Unrealized profit/loss on futures contracts	9.3	15.1	-10.6	7.4	-9.1	-7.6	-9.6	-3.2
<b>Net financial items</b>	<b>5.4</b>	<b>12.6</b>	<b>-16.1</b>	<b>4.4</b>	<b>-12.1</b>	<b>-10.3</b>	<b>-14.3</b>	<b>-5.1</b>
<b>Profit before tax from continuing operations</b>	<b>45.4</b>	<b>58.9</b>	<b>-12.1</b>	<b>10.4</b>	<b>-10.4</b>	<b>-10.3</b>	<b>-3.7</b>	<b>-4.6</b>
Tax on net income for the quarter	0.0	-1.0	-0.7	0.0	-1.6	0.0	1.0	0.0
<b>Net income for the quarter</b>	<b>45.4</b>	<b>57.9</b>	<b>-12.8</b>	<b>10.4</b>	<b>-12.0</b>	<b>-10.3</b>	<b>-2.7</b>	<b>-4.6</b>
<b>Other comprehensive income</b>								
Other comprehensive income, to be reclassified to net income in subsequent quarters								
Changes to cash flow hedges	10.1	-	-5.6	-	-	-	-	-
Translation differences	-1.0	-1.3	1.5	0.6	-0.1	-0.7	0.1	0.1
Tax attributable to items in other comprehensive income	-	-	-	-	-	-	-	-
<b>Comprehensive income for the quarter</b>	<b>54.5</b>	<b>56.6</b>	<b>-16.9</b>	<b>11.0</b>	<b>-12.1</b>	<b>-11.0</b>	<b>-2.6</b>	<b>-4.5</b>

# Key ratios per quarter

SEK M	Q1		Q4		Q3		Q2	
	2017/ 2018	2016/ 2017	2016/ 2017	2015/ 2016	2016/ 2017	2015/ 2016	2016/ 2017	2015/ 2016
Gross margin, %	54.4	54.9	47.7	48.3	53.9	54.3	46.5	47.0
Operating margin, %	6.9	7.9	0.7	1.1	0.3	0.0	1.8	0.1
Return on equity, %	12.36	16.46	-3.67	3.21	-3.31	-3.18	-0.72	-1.39
Number of shares at end of quarter, 000s	33,912	33,912	33,912	33,912	33,912	33,912	33,912	33,912
Profit after tax per share, SEK	1.34	1.71	-0.38	0.31	-0.35	-0.30	-0.08	-0.14
Equity per share at end of quarter, SEK	11.63	11.21	10.03	9.54	10.52	9.54	10.88	9.54
Total equity	394.5	380.1	340.0	323.5	356.9	323.6	369.0	323.5
Cash flow per share from operating activities	1.8	0.5	-0.7	0.5	0.3	0.3	0.8	0.6
Cash flow from operating activities	62.4	17.8	-23.6	17.8	11.2	10.1	25.7	20.3
Share price at end of quarter, SEK	11.3	11.6	12.6	11.6	12.8	11.5	18.6	17.3

# Income Statement, Parent Company

SEK M	3 months		12 months	
	Sep 2017 –Nov 2017	Sep 2016 –Nov 2016	Dec 2016 –Nov 2017	Sep 2016 –Aug 2017
Net sales	22.9	28.0	104.7	109.8
Other operating income	1.3	0.2	3.7	2.6
	<b>24.2</b>	<b>28.2</b>	<b>108.4</b>	<b>112.4</b>
<b>Operating expenses</b>				
Other external expenses	-19.0	-16.0	-65.7	-62.7
Personnel expenses	-12.8	-16.5	-61.9	-65.6
Depreciation and impairment of non-current assets	-2.8	-2.8	-11.1	-11.1
<b>Operating income</b>	<b>-10.4</b>	<b>-7.1</b>	<b>-30.3</b>	<b>-27.0</b>
Result from participations in group companies	0.0	0.0	73.2	73.2
Financial income	9.3	0.2	9.8	0.7
Financial expenses	-3.8	-4.0	-26.4	-26.6
<b>Result after financial items</b>	<b>-4.9</b>	<b>-10.9</b>	<b>26.3</b>	<b>20.3</b>
Taxes	-	-	-	-
<b>Net income for the period</b>	<b>-4.9</b>	<b>-10.9</b>	<b>26.3</b>	<b>20.3</b>

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

# Balance Sheet, Parent Company, in summary

SEK M	Nov 30, 2017	Nov 30, 2016	Aug 31, 2017
<b>Assets</b>			
Intangible assets	25.4	20.8	24.3
Property, plant and equipment	4.6	5.6	4.7
Financial assets	566.7	576.6	566.7
Deferred tax assets	64.9	90.6	95.2
Other current assets	73.9	34.8	25.9
<b>Total assets</b>	<b>735.5</b>	<b>728.4</b>	<b>716.8</b>
<b>Shareholders' equity and liabilities</b>			
Equity	263.6	245.5	268.5
Non-current liabilities	380.0	385.0	380.0
Current liabilities	91.9	97.9	68.3
<b>Total equity and liabilities</b>	<b>735.5</b>	<b>728.4</b>	<b>716.8</b>



# Reconciliation of key ratios

SEK M	3 months		12 months	
	Sep 2017 –Nov 2017	Sep 2016 –Nov 2016	Dec 2016 –Nov 2017	Sep 2016 –Aug 2017
Net sales	582.5	584.3	2,219.8	2,221.6
Goods for resale	-265.8	-263.4	-1,099.1	-1,096.7
<b>Gross profit</b>	<b>316.7</b>	<b>320.9</b>	<b>1,120.7</b>	<b>1,124.9</b>
Other operating income	7.1	4.4	32.8	30.1
Other external expenses	-132.7	-128.7	-503.6	-499.6
Personnel expenses	-140.6	-138.1	-547.9	-545.4
Depreciation and impairment of non-current assets	-10.5	-12.2	-45.7	-47.4
<b>Operating income (EBIT)</b>	<b>40.0</b>	<b>46.3</b>	<b>56.3</b>	<b>62.6</b>
Interest income and similar profit/loss items	2.0	2.2	2.3	2.5
Interest expenses and similar profit/loss items	-5.9	-4.7	-19.4	-18.2
Unrealized profit/loss on futures contracts	9.3	15.1	-20.0	-14.2
<b>Net financial items</b>	<b>5.4</b>	<b>12.6</b>	<b>-37.1</b>	<b>-29.9</b>
<b>Profit/loss after financial items</b>	<b>45.4</b>	<b>58.9</b>	<b>19.2</b>	<b>32.7</b>
Adjustments:				
Tax on net profit/loss for the period	0.0	-1.0	-1.3	-2.3
<b>Net income for the period</b>	<b>45.4</b>	<b>57.9</b>	<b>17.9</b>	<b>30.4</b>
Operating income	40.0	46.3	56.3	62.6
Depreciation and impairment of non-current assets	10.5	12.2	45.7	47.4
<b>Operating income before depreciation, amortization and impairment of non-current assets (EBITDA)</b>	<b>50.5</b>	<b>58.5</b>	<b>102.0</b>	<b>110.0</b>
Loans	380.0	385.0	380.0	380.0
Contingent consideration	20.4	16.7	20.4	19.0
Other non-current interest-bearing liabilities	0.0	0.1	0.0	0.0
<b>Non-current liabilities</b>	<b>400.4</b>	<b>401.8</b>	<b>400.4</b>	<b>399.0</b>
Loans	380.0	385.0	380.0	380.0
Contingent consideration	20.4	16.7	20.4	19.0
Other non-current interest-bearing liabilities	0.0	0.1	0.0	0.0
Other current interest-bearing liabilities	0.0	1.0	0.0	0.1
Cash and cash equivalents	-86.5	-45.0	-86.5	-36.4
<b>Net debt</b>	<b>313.9</b>	<b>357.8</b>	<b>313.9</b>	<b>362.7</b>
Equity, opening balance	340.0	323.5	380.1	323.5
Equity, closing balance	394.5	380.1	394.5	340.0
<b>Average equity</b>	<b>367.3</b>	<b>351.8</b>	<b>387.3</b>	<b>331.8</b>
Total assets	1,204.0	1,142.4	1,204.0	1,122.9
Trade payables	-207.8	-162.4	-207.8	-176.4
Other current liabilities	-201.3	-197.1	-201.3	-207.4
<b>Capital employed</b>	<b>794.9</b>	<b>782.9</b>	<b>794.9</b>	<b>739.1</b>
Net income for the period	45.4	57.9	17.9	30.4
Average equity	367.3	351.8	387.3	331.8
<b>Return on equity, %</b>	<b>12.4</b>	<b>16.5</b>	<b>4.6</b>	<b>9.2</b>
Capital employed, opening balance	739.1	726.6	782.9	726.6
Capital employed, closing balance	794.9	782.9	794.9	739.1
<b>Average capital employed</b>	<b>767.0</b>	<b>754.8</b>	<b>788.9</b>	<b>732.9</b>
Interest expenses and similar profit/loss items	-5.9	-4.7	-19.4	-18.2
Unrealized expense on futures contracts	0.0	0.0	-20.0	-14.2
Profit before tax from continuing operations	45.4	58.9	19.2	32.7
Average capital employed	767.0	754.8	788.9	732.9
<b>Return on capital employed, %</b>	<b>6.7</b>	<b>8.4</b>	<b>7.4</b>	<b>8.9</b>
Operating income	40.0	46.3	56.3	62.6
Interest income and similar profit/loss items	2.0	2.2	2.3	2.5
Unrealized income on futures contracts	9.3	15.1	0.0	0.0
<b>Profit/loss after financial income</b>	<b>51.3</b>	<b>63.6</b>	<b>58.6</b>	<b>65.1</b>

# Definition of key ratios

This report contains financial metrics not defined in IFRS. These financial metrics are used to monitor, analyze and control operations, and to provide the Group's stakeholders with financial information about the Group's financial position, results and performance. These financial targets are considered necessary to follow and control the progress of the Group's financial targets and are therefore presented 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 sales remaining to cover other expenses.

### Operating margin

Operating income as a percentage of net sales.

*Purpose:* The margin measures operational profitability.

## RETURN METRICS

### Return on equity

Net income excluding minority interests as a percentage of average equity. Average equity is calculated as equity attributable to parent company shareholders at the beginning of the year plus equity attributable to parent company shareholders at year-end divided by two.

*Purpose:* The measure illustrates returns generated on shareholders' equity.

### Return on capital employed

Profit/loss 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:* Return generated by the company independently of financing.

## FINANCIAL METRICS

### Equity/assets ratio

Shareholders' equity in relation to total assets.

*Purpose:* The equity/assets ratio indicates the proportion of assets financed by shareholders' equity.

### 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 company's ability to use cash and cash equivalents to repay interest-bearing liabilities if they were to become due on the day of calculation.

### 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/loss after net financial items plus financial expenses divided by financial expenses and the expense for unrealized profit/loss on futures contracts.

*Purpose:* The interest coverage ratio illustrates the company's ability to cover its financial expenses.

## SHARE-BASED METRICS

### Equity per share

Equity attributable to parent company 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 in the period.

*Purpose:* The measure is used to assess investment progress from a shareholder perspective.

## OTHER TERMS

### Number of full-time employees

Total number of hours of attendance during the past 12-month period divided by the normal hours worked per year in each country.

### Average number of shares

Weighted average of outstanding common 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.

# Notes

## NOTE 1 ACCOUNTING POLICIES

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 2016/2017.

In the Interim Report, gross profit is reported separately, which diverges from the presentation in the Annual Report.

From the fourth quarter 2016/2017, hedge accounting has been applied where there is an effective link between hedged future cash flows and financial derivatives. This implies that value changes in currency derivatives where there is an effective link are presented under Other comprehensive income, in the line Cash flow hedges—value change, instead of being included under Financial items in the Income Statement. The change is forward-looking and has not been adjusted retroactively, as the measurement of hedge effectiveness was not initiated until the fourth quarter.

Furthermore, since the previous quarter, unrealized losses on currency hedges that fail to comply with hedge accounting are reported on a dedicated line under Net financial items.

### **New IFRS standards that have been issued but not yet become effective**

**IFRS 9 Financial Instruments**, applies to financial years starting January 1, 2018, which for RNB Retail and Brands means the financial year 2018/2019. The preliminary assessment is that the standard will have an impact on the Financial Statements, mainly requirements pertaining to the information provided in Notes.

**IFRS 15 Revenue from Customer Contracts**, applies to financial years starting January 1, 2018, which for RNB Retail and Brands means the financial year 2018/2019. The company's preliminary assessment is that the standard will not imply any significant changes for the Group.

**IFRS 16 Leases**, applies to financial years starting January 1, 2019, which for RNB Retail and Brands means the financial year 2019/2020. The company's preliminary assessment is that the standard will significantly affect the Financial Statements as the standard will result in the reporting of material assets and liabilities attributed to the Group's rental agreements for its premises.

## 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 and currency derivatives. Trade receivables and trade payables are reported at estimated fair value. Group borrowing is reported at accrued cost. Currency derivatives in the form of currency futures and currency options are valued at fair value based on the valuation of credit institutions in accordance with level 2 in the Fair value hierarchy.

The Group uses derivative instruments to manage currency risks in USD and EUR. From the fourth quarter 2016/2017, the reporting applies hedge accounting when there is an effective link between hedged future cash flows and financial derivatives. Furthermore, since the previous quarter, unrealized losses on currency hedges that fail to comply with hedge accounting are reported on a dedicated line under Net financial items.

Fair value of financial derivatives was SEK 2 (17) M.

## NOTE 3 ACQUISITION OF FRONTMEN

RNB acquired Frontmen in October 2017. Frontmen is an established online retailer in men's fashion in Sweden.

The acquisition was an asset acquisition where the fashion brands, domains and the customer data base were acquired. The purchase consideration is based on future sales generated from the acquisition in the first 18 months. The acquisition was consolidated as of November 1, 2017.

# RNB RETAIL AND BRANDS

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