

RNB

INTERIM REPORT

1 SEPTEMBER 2019 – 29 FEBRUARY 2020

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RNB RETAIL AND BRANDS

POLARN O. PYRET
DEPARTMENTS & STORES

Man of a kind
BROTHERS

All companies under pressure

The second quarter was very tough for all of RNB's concepts. A mild winter and weak December meant lower sales for all concepts. The end of the second quarter and the beginning of the third were characterized by unprecedented market conditions caused by the Covid-19 pandemic. RNB's operating income before IFRS 16 was SEK -55 M in the quarter.

SECOND QUARTER, DECEMBER 1, 2019 – FEBRUARY 29, 2020 IN SUMMARY

- Net sales decreased to SEK 561 M (604).
- Comparable sales for the Group on all national markets decreased by -11.6 percent.
- Sales for comparable units in Sweden decreased by -9.4 percent, compared to the market upturn of 0.1 percent.
- Operating income was SEK -52 M (-28).
- Operating income, excluding IFRS 16, the new accounting standard, amounted to SEK -55 M (-28).
- Profit after tax amounted to SEK -63 M (-35).
- Earnings per share was SEK -0.66 (-1.02).
- Cash flow from operating activities was SEK -32 M (27).

THE PERIOD, SEPTEMBER 1, 2019 – FEBRUARY 29, 2020 IN SUMMARY

- Net sales decreased to SEK 1,134 M (1,203).
- Comparable sales for the Group on all national markets decreased by -10.3 percent.
- Sales for comparable units in Sweden decreased by -8.9 percent, compared to the market downturn of -1.2 percent.

- Operating income was SEK -40 M (7).
- Operating income, excluding IFRS 16, the new accounting standard, amounted to SEK -47 M (7).
- Profit after tax amounted to SEK -67 M (-9).
- Earnings per share was SEK -1.03 (-0.27).
- Cash flow from operating activities was SEK 68 M (74).

EVENTS IN THE QUARTER

- In December a preferential rights issue was completed raising some SEK 84.8 M before issue expenses.

EVENTS AFTER THE END OF THE QUARTER

- The Covid-19 pandemic had a negative impact on sales in March. Sales and profit for the rest of the quarter will be negatively affected by the pandemic, although the extent is hard to judge at present due to the changeable nature of the situation.
- The subsidiaries Brothers AB, Departments & Stores Europe AB and Polarn O. Pyret AB filed for company reorganisation on 23 March.

CONTACT

CEO Kristian Lustin +46 (0)8 410 524 63

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 March 23 at 10:00 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 8 505 583 52 (Sweden)

+44 333 300 92 65 (UK)

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

FINANCIAL CALENDAR

Interim Report, third quarter 2019/2020	June 25, 2020
Interim Report, fourth quarter 2019/2020	October 8, 2020
Interim Report, first quarter 2020/2021	December 22, 2020

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 above on Monday, March 23, 2020 at 08.15 (CET).

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

The second quarter was characterized by a very mild winter on most of our markets, fewer visitors in stores and numerous campaigns and offers. In comparable terms, sales decreased by just under 12 percent. Our e-commerce operations resisted the weak progress and posted a modest increase. December provided the largest decrease, both in absolute terms and as a percentage.

In the second half of last year, we initiated a savings program relating to personnel expenses and other costs. The program had the desired effect in the quarter, but was insufficient to offset the substantial fall in sales in December, January and February. During the last 12 months, a net total of 7 stores closed, and average full-time positions were reduced by 7 percent. Despite these cost savings, operating income fell to SEK -55 M in the quarter.

We are focusing on the divestment processes, although these are taking longer to complete because of very weak progress in the sector as a whole.

I am delighted that the new Boards and CEOs of the subsidiaries are highly committed to their new tasks and that they are in the process of planning and implementing a number of new ideas.

BROTHERS

Comparable sales for Brothers decreased by just under 7 percent in the second quarter, although e-commerce increased month-on-month. Effective cost control and increased margins also improved operating income. Brothers' clothing range was not sufficiently updated during the fall and winter season, which was reflected in declining customer numbers. From the start of the year, and even more so during the spring, much-awaited new stock will be reaching stores. The updated clothing ranges include visible changes in design and appearance, as well as a price range that is attractive to customers, and the beginning of the year suggests that customers appreciate the new range.

During the year, Brothers stepped up its marketing initiatives to make the brand more visible and relevant. This is part of long-term initiatives that are set to continue, while simultaneously continuing to improve operations.

DEPARTMENTS & STORES

Comparable sales for Departments & Stores decreased by 10 percent in the quarter, while total sales decreased by 2 percent. Refurbishment is still underway in the NK department store in Stockholm, although conditions are improving gradually as the extensive construction work that has been carried out over a number of years is expected to be completed in summer 2020. Refurbishments and conversions in the neighborhoods around the department store were also largely finalized during the year, which is expected to have a positive impact on city-center customer flows.

MAN OF A KIND

During the first quarter, Man of a kind posted positive profit for the first time. The positive sales progress continued in the second quarter with an increase of just under 13 percent. In December, sales increased by as much as 45%. With the exception of the sales period, the full price strategy continued, which improved gross margin while the brands where we have exclusive rights continued to perform well. Profit improved on the previous year, although the figure was negative for the quarter as a whole.

POLARN O. PYRET

Sales in the second quarter remained weak, down 16 percent for comparable stores and e-commerce. PO.P has now posted contracting sales for four consecutive quarters. The reasons for the declining sales are multiple. The absence of winter in many parts of the Nordic countries significantly reduced sales of winter clothing, which is a significant part of PO.P's range. The lack of certain colors in the clothing range and a generally decreased willingness to purchase clothing are other significant factors that influenced sales. The product range for fall 2020 has been adjusted and developed on the basis of last year's fall sales and weather, and includes a number of new items that we are confident about.

In the quarter, PO.P launched in-store second hand sales, which strengthens the sustainability promise launched in the quarter. PO.P also introduced sales through Zalando and Amazon in Germany. An improved sustainability profile and sales through new channels are some of the measures intended to decrease PO.P's dependence on historical winter weather.

OUTLOOK

Visitors to our stores, particularly Departments & Stores, significantly decreased in March as a result of the Covid-19 pandemic. At present, it is not possible to judge the extent of this effect and how long the situation is likely to continue. However, there is no doubt that it will negatively impact sales and profit in the third quarter. E-commerce trade offset a considerable proportion of this in Brothers and PO.P. At present, we do not foresee any significant delays to deliveries of our spring, summer and autumn collections. The companies are now working at full speed to manage the situation within the framework of what is possible.

As a direct result of the global Covid-19 pandemic, we today filed for company reorganisation for the subsidiaries Brothers AB, Departments & Stores Europe AB and Polarn O. Pyret AB. The decision was based on the liquidity crisis that is expected as a direct result of the pandemic. The reconstruction is necessary to give the companies the time needed to put in place a long-term financial solution and carry out operational and organizational changes.

Kristian Lustin
President and CEO

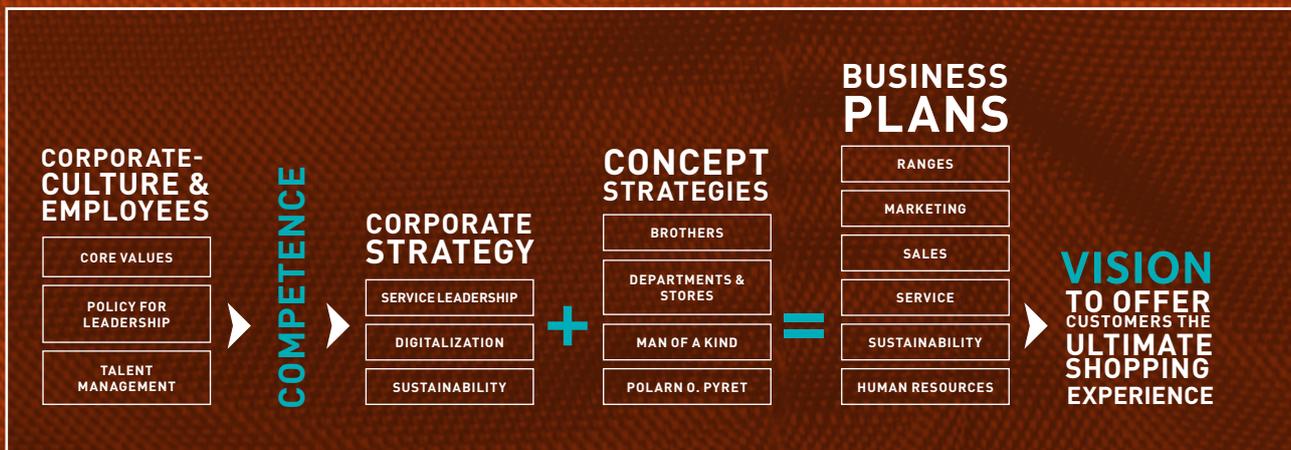
RNB RETAIL AND BRANDS

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, Departments & Stores, Man of a kind and Polarn O. Pyret. The Group has around 240 stores and e-commerce platforms in 10 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

SECOND QUARTER, DECEMBER 1, 2019 - FEBRUARY 29, 2020

Reported net sales for the Group were SEK 561 M (604) in the second quarter. Man of a Kind increased net sales in the quarter. For comparable units in Sweden, sales were -9.4 percent compared to +1.5 previous year, and for all national markets, sales decreased by -11.6 percent (+2.2) expressed in SEK.

The Group's gross margin decreased slightly to 43.0 percent (46.4) in the quarter, with the business areas Man of a kind and Brothers increasing their margins. Margins decreased in the two other business areas, due to more campaigns, increased discounting and lower volumes in the quarter.

Total costs, including restructuring costs, decreased in the quarter year-on-year due to cost reductions. Depreciation/amortization in the quarter totaled SEK -78 M (-16). During the quarter, costs for restructuring totaled SEK 4 M, reported under "Group wide and eliminations". Costs are reported under Other external expenses and personnel expenses.

Operating income, excluding restructuring costs and IFRS 16, the new accounting standard, amounted to SEK -51 M (-12).

Operating income was SEK -52 M (-28). IFRS 16 had a positive impact on operating income of SEK 3 M, which equals operating income, excluding IFRS 16, of SEK -55 M (-28).

Net financial items totaled SEK -12 M (-8), of which unrealized gains on currency hedges not affecting cash flow affected net financial items by SEK 0 M (-1) and IFRS 16 with SEK -7 M (0). Profit after tax amounted to SEK -63 M (-35).

Market progress in the quarter

According to Stilindex (the Swedish Retail and Wholesale Trade Research Institute), clothing sales in Sweden increased by 0.1 percent (-1.6) in the quarter. Sales in Finland of men's, women's and children's clothing decreased by -3.6 percent (-3.2).

THE PERIOD, SEPTEMBER 1, 2019 - FEBRUARY 29, 2020

Reported net sales for the Group were SEK 1,134 M (1,203) in the first six months. Man of a Kind increased net sales in the period. For comparable units in Sweden, sales were -8.9 percent compared to +2.0 previous year, and for all national markets sales decreased by -10.3 percent (+2.3) expressed in SEK.

The Group's gross margin decreased slightly to 48.3 percent (50.1) in the period, with the business areas Man of a kind increasing its margins. Margins decreased in the three other business areas, due to more campaigns, increased discounting, negative exchange rate effects and lower volumes in the period.

Total costs, including restructuring costs, decreased in the period year-on-year due to cost reductions. Depreciation/amortization in the quarter totaled SEK -156 M (-26).

During the period, costs for restructuring totaled SEK 12 M, reported under "Group wide and eliminations". Costs are reported under Other external expenses and personnel expenses.

Operating income, excluding restructuring costs and IFRS 16, the new accounting standard, amounted to SEK -35 M (24).

Operating income was SEK -40 M (7). IFRS 16 had a positive impact on the operating income of SEK 7 M, which equals operating income, excluding IFRS 16, of SEK -47 M (7).

Net financial items totaled SEK -27 M (-18), of which unrealized gains on currency hedges not affecting cash flow affected net financial items by SEK 0 M (-3) and IFRS 16 with SEK -14 M (0). Profit after tax amounted to SEK -67 M (-9).

Market progress in the period

According to Stilindex (the Swedish Retail and Wholesale Trade Research Institute), clothing sales in Sweden decreased by -1.2 percent (-2.7) in the period. Sales in Finland of men's, women's and children's clothing decreased by -2.0 percent (-3.5).

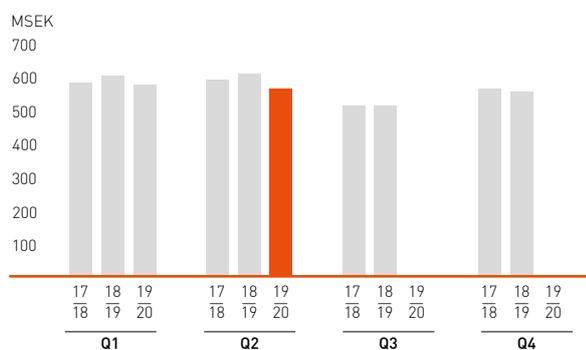
IFRS 16

In order to enable comparison of the 2019/2020 financial year results with previous year's results, some financial ratios will be stated excluding the IFRS 16 effect.

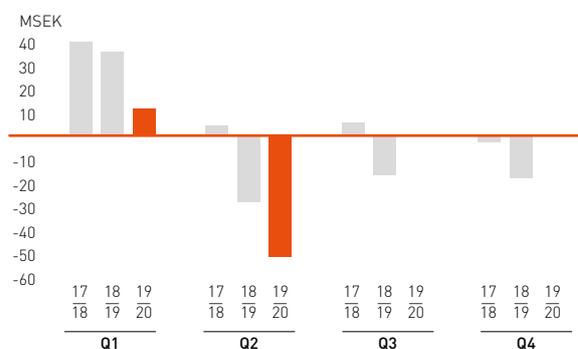
Group overview

	3 months		6 months		12 months	Full Year
	Dec 2019	Dec 2018	Sep 2019	Sep 2018	Mar 2019	Sep 2018
	-Feb 2020	-Feb 2019	-Feb 2020	-Feb 2019	-Feb 2020	-Aug 2019
Net sales, SEK M	561	604	1,134	1,203	2,197	2,267
Gross margin,(%)	43.0	46.4	48.3	50.1	48.1	49.1
Operating income ,SEK M	-52	-28	-40	7	-158	-110
<i>Operating income before restructuring expenses and impairment of goodwill, SEK M</i>	-48	-12	-28	24	-70	-18
Operating income excl. IFRS 16, SEK M	-55	-28	-47	7	-164	-110
Profit after tax, SEK M	-63	-35	-67	-9	-200	-142
Operating margin (%)	-9.2	-4.7	-3.5	0.6	-7.2	-4.9
<i>Operating margin before restructuring expenses and impairment of goodwill, (%)</i>	-8.6	-2.0	-2.5	2.0	-3.2	-0.8
Operating margin (%), excl. IFRS 16	-9.8	-4.7	-4.1	0.6	-7.5	-4.9
Earnings per share, SEK	-0.66	-1.02	-1.03	-0.27	-4.06	-4.20
Cash flow from operating activities, SEK M	-32	27	68	74	43	50
Number of sales points	241	253	241	253	241	247

Net sales per quarter



Operating income per quarter before Impairment of goodwill



Financial overview, business areas

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

Business area	Net sales, Sept-Feb	Share, %	Operating income, Sept-Feb excl. IFRS 16	Own stores		Franchise	
				Stores	E-com	Stores	E-com
BROTHERS	235MSEK	 21%	-32MSEK	Total	55	2	11
				Sweden	43	1	11
				Finland	12	1	
DEPARTMENTS & STORES	482MSEK	 43%	-1MSEK	Total	40		
				NK Stockholm	24		
				NK Gothenburg	16		
Man of a kind	15MSEK	 1%	-1MSEK	Total	1		
POLARN O. PYRET	402MSEK	 35%	16MSEK	Total	92	4	29
				Sweden	51	3	7
				Norway	21	1	
				Finland	18		1
				England			11
				USA			3
				Estonia	2		
				Ireland			2
				Scotland			3
				Iceland			1
				Latvia			1
Total	1,134MSEK		-47MSEK		187	7	40
RNB RETAIL AND BRANDS				227 stores	14 e-com		10 countries

Net sales and operating income per business area	3 months		6 months		12 months	Full Year
	Dec 2019 -Feb 2020	Dec 2018 -Feb 2019	Sep 2019 -Feb 2020	Sep 2018 -Feb 2019	Mar 2019 -Feb 2020	Sep 2018 -Aug 2019
Net sales, SEK M						
Brothers	118.2	124.9	234.8	258.1	515.8	539.1
Departments & Stores	248.2	253.1	482.2	478.6	923.3	919.7
Man of a kind	6.7	6.0	14.7	12.2	26.0	23.5
Polarn O. Pyret	187.8	219.9	401.9	454.5	731.8	784.4
Central operations & eliminations	0.0	0.0	0.0	0.0	0.0	0.0
Total	560.9	603.9	1,133.6	1,203.4	2,196.9	2,266.7
Operating income, SEK M						
Brothers	-16.0	-16.9	-31.6	-14.3	-29.6	-12.3
Departments & Stores ¹	-13.4	6.2	-0.9	18.1	-2.1	16.9
Man of a kind	-1.7	-4.5	-1.3	-7.5	-7.4	-13.6
Polarn O. Pyret	-10.8	14.7	16.0	45.5	-9.5	20.0
Central operations & eliminations	-13.0	-27.9	-28.8	-34.6	-50.3	-56.1
Operating income excl. IFRS 16¹	-54.9	-28.4	-46.6	7.2	-98.9	-45.1
Operating income before restructuring expenses, impairment of goodwill and IFRS 16	-51.3	-11.9	-34.5	23.7	-76.4	-18.2

¹ The group's operating profit is charged with impairment of goodwill assignable to Department & Stores

BROTHERS

Brothers is a men's fashion chain in the mid-price segment, offering smart casual men's fashion in an inspiring store environment, with knowledgeable staff and a strong emphasis on service

SECOND QUARTER, DECEMBER 1, 2019 – FEBRUARY 29, 2020

Net sales in the Brothers business area totaled SEK 118 M (125). Sales in comparable stores in Sweden and Finland decreased by - 6.7 percent expressed in SEK. E-commerce increased in the quarter. Net sales from franchise stores were down in the quarter compared to the corresponding period in the previous year, mainly due to a decrease in the number of franchise stores. Total brand sales (total sales to consumers excluding VAT across all markets) were SEK 565 M (601) on a rolling 12-month basis.

The number of paying customers in comparable stores was down in the quarter compared to the corresponding period in the previous year. In e-commerce, visitor numbers continued to increase and the conversion rate also increased at the end of the quarter.

The business area's gross margin was higher in the quarter in year-on-year terms, mainly due to a new clothing range and a better price mix. Total expenses were slightly higher in the quarter year-on-year.

Operating income, excluding IFRS 16, was SEK -16 M (-17) in the quarter, which corresponded to an operating margin of -13.5 percent (-13.5).

Inventories were at the same level at the end of the quarter in year-on-year terms.

THE PERIOD, SEPTEMBER 1, 2019 – FEBRUARY 29, 2020

Net sales in the Brothers business area totaled SEK 235 M (258). Sales in comparable stores in Sweden and Finland decreased by - 9.1 percent expressed in SEK. Net sales from franchise stores were down in the period compared to the corresponding period in the previous year, mainly due to a decrease in the number of franchise stores. The number of paying customers in comparable stores was down on the corresponding period in the previous year. The in-store conversion rate was lower. In e-commerce, the increase in visitor numbers continued.

Gross margin in the business area was marginally lower in the period year-on-year. Expenses, mainly marketing costs and IT-costs, increased in the period.

Operating income, excluding IFRS 16, was SEK -32 M (-14) in the period, which corresponded to an operating margin of -13.5 percent (-5.5).

Inventories remained unchanged at the end of February in year-on-year terms.

At the beginning of the period, Brothers launched its new communication concept "A Brothers world". The goal is to reposition the brand from a destination for formal suits towards smart casual fashion. These changes continue and are generating many positive results.



DEPARTMENTS & STORES

Departments & Stores offers paying customers an international product mix in an inspiring environment with world class service

SECOND QUARTER, DECEMBER 1, 2019 – FEBRUARY 29, 2020

Net sales in the Departments & Stores business area was SEK 248 M (253), a decrease of -1.9 percent. The number of visitors in our in-store departments in Stockholm decreased in the quarter, and visitor numbers in our stores in the Gothenburg department store were lower in the quarter compared to the corresponding quarter of the previous year. Average spend per customer increased, while the conversion rate declined.

Gross margin decreased compared to the corresponding quarter of the previous year. Total expenses were higher in the quarter year-on-year. Operating income was SEK -13 M (6), excluding IFRS 16, with an operating margin of -5.4 percent (2.4).

Business area inventories increased in the quarter, and were up slightly in year-on-year terms at the end of the quarter. This was achieved with a larger floor space compared to the previous year.

Refurbishment in the department store continues and the business area closed five stores and opened one (NK Designers Collection) in the quarter. More store openings are planned in the third quarter, although with some minor delays. NK Luxury Corner has been delayed as a result of the Covid-19 outbreak, Hugo is due to open at the end of March and Byredo will be opening its new store at the end of March; the merchandize is currently sold in a temporary space during refurbishment.

THE PERIOD, SEPTEMBER 1, 2019 – FEBRUARY 29, 2020

Net sales in the Departments & Stores business area was SEK 482 M (479), an increase of 0.8 percent. The number of visitors in the two in-store departments in Stockholm and Gothenburg was lower in the period year-on-year. Average spend per customer increased, but the conversion rate declined.

Gross margin decreased compared to the corresponding quarter of the previous year. Total expenses in the period were up in year-on-year terms. Operating income was SEK -1 M (18), excluding IFRS 16, with an operating margin of -0.2 percent (3.8).

Business area inventories increased in the period, and were up slightly year-on-year at the end of the period. This was achieved with a larger floor space compared to the previous year.

Refurbishment in the department store continues. During the period, the business area opened NK Details in both Stockholm and Gothenburg, a well as other new stores. NK Male Grooming in Stockholm relocated to a different floor. A piercing studio opened on the ground floor in Stockholm, as well as Swedish jewelry brand Ennui Atelier, NK Hair Bar, and a temporary art village area. The business area has several store openings planned during the third quarter, although with some minor delays. NK Luxury Corner has been delayed due to the outbreak of Covid-19, Hugo will open at the end of March, and Byredo will also open its store at the end of March; merchandize is currently being sold in a temporary space during refurbishment.



Man of a kind

Man of a kind offers a curated range of the strongest international and Scandinavian brands in an inspiring environment with world-class service

SECOND QUARTER, DECEMBER 1, 2019 – FEBRUARY 29, 2020

Net sales in the Man of a kind business area were SEK 7 M (6). Visitor numbers continue to increase significantly in year-on-year terms. Gross margin was significantly higher compared to the corresponding quarter in the previous year due to a focus on full price, news and brands. Expenses relating to performance marketing continued to decrease in relation to net sales, compared to previous year.

Operating income was SEK -2 M (-5), excluding IFRS 16.

Man of a kind's inventories are included in Departments & Stores' inventories.

Some of the brands Man of a kind offer online are exclusive to Man of a kind in Sweden, i.e. the brands are not available online by any other retailer.

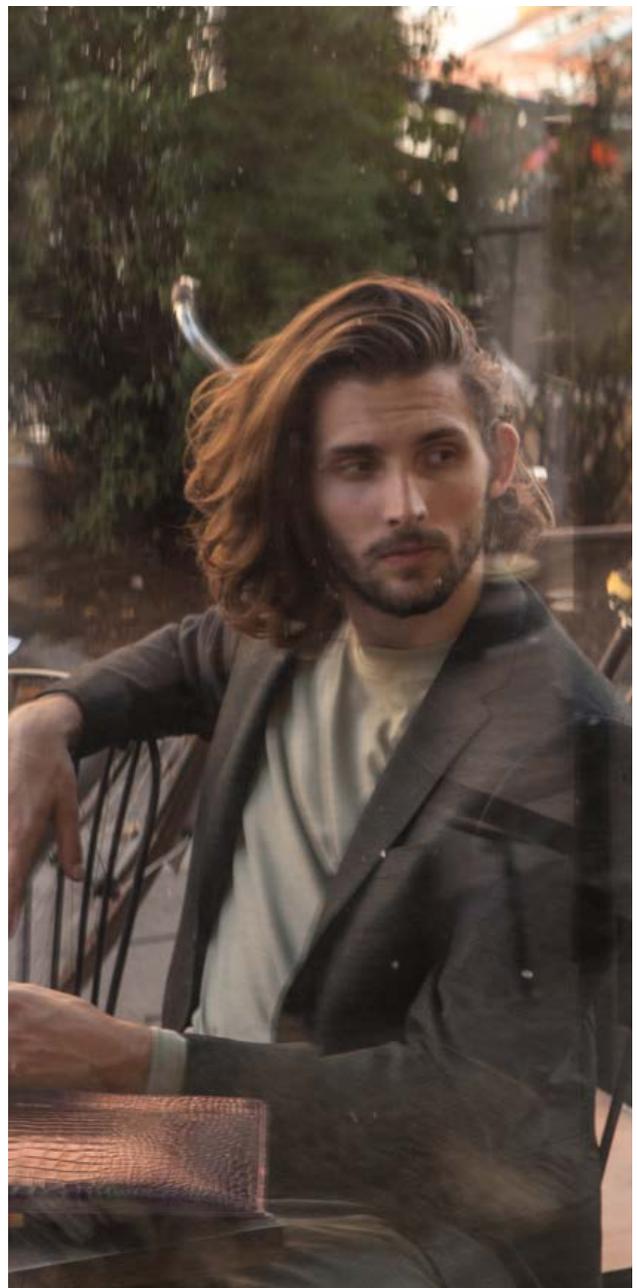
THE PERIOD, SEPTEMBER 1, 2019 – FEBRUARY 29, 2020

Net sales in the Man of a kind business area increased to SEK 15 M (12). Visitor numbers continued to increase significantly in year-on-year terms. Gross margin was significantly higher compared to the corresponding period in the previous year due to a focus on full price, news and brands. Expenses relating to performance marketing continued to decrease in relation to net sales, compared to the corresponding period of the previous year.

Operating income was SEK -1 M (-8), excluding IFRS 16.

Man of a kind's inventories are included in Departments & Stores' inventories.

Some of the brands Man of a kind offer online are exclusive to Man of a kind in Sweden, i.e. the brands are not available online by any other retailer.



POLARN O. PYRET

Through 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 customers towards better purchases—today and in the future

SECOND QUARTER, DECEMBER 1, 2019 – FEBRUARY 29, 2020

Net sales totaled SEK 188 M (220) in the quarter. Sales in comparable proprietary stores on all national markets decreased by -16.4 percent year-on-year, expressed in SEK. Brand sales (total sales to consumers excluding VAT across all markets and distribution channels) were SEK 854 M (934) on a rolling 12-month basis.

The total number of paying customers in comparable stores was down on the corresponding period in the previous year. The in-store conversion rate and average spend per customer decreased. In e-commerce, visitor numbers were slightly down albeit with a higher conversion rate, and average spend per customer was also down slightly. Gross margin for the quarter was lower year-on-year.

Operational expenses were slightly higher compared to the corresponding quarter of the previous year. Operating income was SEK -11 M (15), excluding IFRS 16, corresponding to an operating margin of -5.7 percent (6.7).

Business area Inventories decreased slightly in the quarter, and were lower at the end of the quarter in year-on-year terms. In the quarter, the business area has closed down five stores.

THE PERIOD, SEPTEMBER 1, 2019 – FEBRUARY 29, 2020

Net sales totaled SEK 402 M (455) in the period. Sales in comparable proprietary stores on all national markets decreased by -14.7 percent year-on-year, expressed in SEK. The total number of paying customers in comparable stores was down on the corresponding period of the previous year. The in-store conversion rate decreased. In e-commerce, visitor numbers

were down slightly with a decreased conversion rate, but with higher average spend per customer.

Gross margin for the period was lower year-on-year.

Operational expenses were higher compared to the corresponding quarter of the previous year. Operating income was SEK 16 M (46), excluding IFRS 16, corresponding to an operating margin of 4.0 percent (10.0).

Business area inventories were lower at the end of the period in year-on-year terms.



Financial position and liquidity

The Group's total assets amounted to SEK 2,212 M, compared to SEK 1,112 M at the end of the previous financial year. At the end of the period, equity was SEK 233 M, and SEK 235 M at the end of the previous financial year, providing an equity/assets ratio of 10.6 percent (21.1) at year-end. Excluding IFRS 16, the equity/assets ratio was 21.1 percent (31.2).

As of February 29, inventories totaled SEK 427 M (449), compared to SEK 458 M at the end of the previous financial year.

Cash flow from changes in working capital was negative in the period at SEK -16 M (59). Cash flow from operating activities was SEK 68 M (74) in the period. After investments, cash flow was SEK 37 M (31).

Net debt increased to SEK 1,539 M, compared to SEK 442 M at the end of the previous financial year. Excluding the IFRS 16 effect, the net debt amounted to SEK 433 M (404). The Group's cash and cash equivalents including unutilized overdraft facilities totaled SEK 63 M at the end of the period, compared to SEK 58 M at the end of the previous financial year.

INVESTMENTS AND DEPRECIATION/AMORTIZATION

Investments during the period, excluding investments in subsidiaries, totaled SEK 14 M (38). Depreciation/amortization in the quarter totaled SEK -156 M (-26), of which SEK -137 M related to depreciation/amortization of leasing assets in accordance with IFRS 16.

EMPLOYEES

The average number of employees, recalculated as full time employees, was 917 (987) in the period.

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 34 of the 2018/2019 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 779 M, tax expenses are expected to remain low. For more information, see Note 9 of the 2018/2019 Annual Report.

PARENT COMPANY

Parent Company net sales were SEK 20 M (53). Profit/loss after net financial items was SEK -41 M (-46). Investments totaled SEK 2 M (13).

SEASONAL VARIATIONS

Retail sales are affected by seasonal variations, with the highest sales generated during 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.

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 segments.
- Identifying continuously shifting fashion trends and customer preferences.

For a more detailed description of the Group's risks and risk management, see the 2018/2019 Annual Report.

RIGHTS ISSUE

During the quarter a preferential rights issue was completed raising some SEK 84.8 M before issue expenses. The issue increases the company's share capital to SEK 30.5 M, and the number of shares to 101,736,528 and the number of votes to 101,736,528.

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, March 23, 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
President and CEO

Consolidated Income Statement

SEK M	3 months		6 months		12 months	Full Year
	Dec 2019 -Feb 2020	Dec 2018 -Feb 2019	Sep 2019 -Feb 2020	Sep 2018 -Feb 2019	Mar 2019 -Feb 2020	Sep 2018 -Aug 2019
Net sales	560.9	603.9	1,133.6	1,203.4	2,196.9	2,266.7
Goods for resale	-319.9	-323.9	-586.4	-600.4	-1,140.1	-1,154.1
Gross income	241.0	280.0	547.2	603.0	1,056.8	1,112.6
Other operating income	9.5	7.9	17.4	14.5	32.5	29.6
Other external expenses	-79.9	-142.3	-169.5	-283.6	-456.3	-570.4
Personnel expenses	-144.1	-158.4	-279.2	-300.4	-549.0	-570.2
Depreciation and impairment of non-current assets	-78.2	-15.5	-156.0	-26.2	-176.5	-46.7
Impairment of goodwill	-	-	-	-	-65.0	-65.0
Operating income	-51.7	-28.3	-40.1	7.3	-157.5	-110.1
Financial income	-0.1	0.0	1.2	0.7	2.7	2.2
Financial expenses	-12.1	-7.5	-28.3	-16.4	-43.9	-32.0
Unrealized profit/loss on futures contracts	0.0	-0.8	0.0	-2.6	0.0	-2.6
Net financial items	-12.2	-8.3	-27.1	-18.3	-41.2	-32.4
Profit before tax from continuing operations	-63.9	-36.6	-67.2	-11.0	-198.7	-142.5
Tax on net income for the period	0.8	1.9	0.2	1.7	-1.4	0.1
Net income for the period	-63.1	-34.7	-67.0	-9.3	-200.1	-142.4
Other comprehensive income						
<i>Other comprehensive income, which will be reclassified to net income in subsequent periods</i>						
Cash flow hedges – value changes	4.2	6.0	-4.0	4.7	6.5	15.2
Cash flow hedges recognised in income	-1.0	-5.9	-5.4	-12.2	-21.6	-28.4
Translation differences	0.8	-0.9	-0.1	0.0	1.1	1.2
Tax attributable to items in other comprehensive income	-	-	-	-	-	-
Comprehensive income for the period	-59.1	-35.5	-76.5	-16.8	-214.1	-154.4
Net income for the period attributable to:						
Parent Company's shareholders	-63.1	-34.7	-67.0	-9.3	-200.1	-142.4
	-63.1	-34.7	-67.0	-9.3	-200.1	-142.4
Comprehensive income attributable to:						
Parent Company's shareholders	-59.1	-35.5	-76.5	-16.8	-214.1	-154.4
	-59.1	-35.5	-76.5	-16.8	-214.1	-154.4
Earnings per share before and after dilution (SEK)	-0.66	-1.02	-1.03	-0.27	-4.06	-4.20
Average number of shares, (000s)	95,774	33,912	64,843	33,912	49,293	33,912

Consolidated Balance Sheet, in summary

SEK M	Feb 29, 2020	Feb 28, 2019	Aug 31, 2019
Assets			
Intangible assets	381.6	448.0	386.3
Tangible assets	83.6	85.9	84.8
Right-of-use assets	1098.6	–	–
Financial assets	23.0	15.3	9.7
Total non-current assets	1586.8	549.2	480.8
Inventories	427.1	448.5	458.4
Current receivables	144.7	181.4	162.1
Cash	53.1	16.3	10.6
Total current assets	624.9	646.2	631.1
Total assets	2,211.7	1,195.4	1,111.9
Shareholders' equity and liabilities			
Equity attributable to the Parent Company shareholders	233.4	372.6	235.0
Total equity	233.4	372.6	235.0
Long-term lease liabilities	873.1	–	–
Non-current liabilities	398.5	428.9	422.7
Current lease liabilities	233.3	–	–
Current liabilities	473.4	393.9	454.2
Total liabilities	1978.3	822.8	876.9
Total equity and liabilities	2,211.7	1,195.4	1,111.9

Changes in shareholders' equity, in summary

SEK M	Sep 2019 –Feb 2020	Sep 2018 –Feb 2019	Sep 2018 –Aug 2019
Opening balance	235.0	389.4	389.4
Net income for the period	–67.0	–9.3	–142.4
Other comprehensive income			
Changes to cash flow hedges	–4.0	4.7	15.2
Cash flow hedges recognised in income	–5.4	–12.2	–28.4
Translation differences	–0.1	0.0	1.2
Total comprehensive income for the year	–76.5	–16.8	–154.4
Paid dividend	0.0	0.0	0.0
Rights issue	74.9	0.0	0.0
Balance at end of period	233.4	372.6	235.0

Consolidated Cash Flow Statement, in summary

SEK M	3 months		6 months		12 months	Full Year
	Dec 2019 -Feb 2020	Dec 2018 -Feb 2019	Sep 2019 -Feb 2020	Sep 2018 -Feb 2019	Mar 2019 -Feb 2020	Sep 2018 -Aug 2019
Operating activities						
Operating income	-51.7	-28.3	-40.1	7.3	-157.5	-110.1
Interest received and other financial income	-0.1	0.0	1.2	0.7	2.7	2.2
Interest paid	-18.0	-11.2	-33.7	-20.2	-43.2	-29.7
Adjustment for non-cash items	78.2	16.1	156.0	26.7	244.6	115.3
Tax paid	0.0	0.0	0.0	0.0	2.0	2.0
Cash flow before change in working capital	8.4	-23.4	83.4	14.5	48.6	-20.3
Cash flow from change in working capital						
Change in inventories	54.2	56.3	31.1	50.9	20.5	40.3
Decrease (+)/increase (-) in current receivables	48.4	-21.7	12.4	6.4	1.4	-4.6
Decrease (-)/increase (+) in current liabilities	-142.8	15.8	-59.4	2.1	-27.2	34.3
Change in working capital	-40.2	50.4	-15.9	59.4	-5.3	70.0
Cash flow from operating activities	-31.8	27.0	67.6	73.9	43.4	49.7
Cash flow from investing activities	-22.0	-17.6	-30.4	-42.6	-44.7	-56.9
Cash flow after investments	-53.8	9.4	37.2	31.3	-1.4	-7.2
Financing activities						
Change in overdraft facility	69.8	0.0	36.9	-26.3	69.8	6.6
Other liabilities raised	0.0	0.0	20.0	0.0	20.0	0.0
Change in liabilities to financial institutions	0.0	0.0	0.0	0.0	0.0	0.0
Issue of Corporate bond	0.6	0.0	1.3	0.0	1.3	0.0
Amortization of loan	0.0	0.0	0.0	0.0	0.0	0.0
Payment of lease liabilities (rental payments)	-64.3	0.0	-129.0	0.0	-129.0	0.0
Paid dividend	0.0	0.0	0.0	0.0	0.0	0.0
Rights issue	74.9	0.0	74.9	0.0	74.9	0.0
Cash flow from financing activities	81.0	0.0	4.1	-26.3	37.0	6.6
Cash flow during the period	27.2	9.4	41.3	5.0	35.6	-0.6
Cash and cash equivalents at beginning of period	24.7	6.7	10.6	11.3	16.3	11.3
Exchange difference in cash and cash equivalents	1.2	0.1	1.3	0.0	1.1	-0.1
Cash and cash equivalents at end of period	53.1	16.3	53.1	16.3	53.1	10.6

Key ratios

SEK M	Sep 2019 -Feb 2020	Sep 2018 -Feb 2019	Mar 2019 -Feb 2020	Sep 2018 -Aug 2019
Gross margin, %	48.3	50.1	48.1	49.1
Operating margin, %	-3.5	0.6	-7.2	-4.9
Operating margin, excl. IFRS 16, %	-4.1	0.6	-7.5	-4.9
Equity/assets ratio, %	10.6	31.2	10.6	21.1
Equity/assets ratio, excl. IFRS 16, %	21.1	31.2	21.1	21.1
Interest coverage ratio, x	-1.4	0.4	-3.5	-3.1
Ratio of net debt and operating income before depreciation/amortization	13.3	12.1	18.3	276.4
Net debt, MSEK	1539.1	404.0	1539.1	442.3
Net debt/equity ratio, %	659.4	108.4	659.4	188.2
Return on equity, %	-28.6	-2.4	-66.0	-45.6
Return on capital employed, %	-3.5	1.0	-13.4	-14.2
Average number of shares, 000s	64,843	33,912	49,293	33,912
Number of shares at end of period, 000s	101,737	33,912	101,737	33,912
Profit after tax per share, SEK	-1.03	-0.27	-4.06	-4.20
Equity per share at end of period, SEK	2.29	10.99	2.29	6.93
Average number of employees, full time	917	987	922	992

See Definition of key ratios at page 22

Shareholders

Largest shareholders as of February 29, 2020

	Number of shares	Share capital/ Votes, %
Konsumentföreningen Stockholm	41 832 649	41,1
Novobis AB	14 057 790	13,8
Nordnet pensionsförsäkring AB	7 319 866	7,2
Bengt Stillström	4 150 000	4,1
Avanza Pension Försäkringsaktiebolaget	3 920 973	3,9
Youplus Assurance	1 500 000	1,5
Gynningskust Holding AB	1 200 000	1,2
Habtezion Tesfahiwet	657 400	0,7
SEB Investment Management	542 568	0,5
Hans Christer Artursson	532 909	0,5
Total 10 largest shareholders	75 714 155	74,5
Other	26 022 373	25,5
Total	101 736 528	100,0

Source: Euroclear Sweden AB

Income Statement per quarter, Group

SEK M	Q2		Q1		Q4		Q3	
	2019/ 2020	2018/ 2019	2019/ 2020	2018/ 2019	2018/ 2019	2017/ 2018	2018/ 2019	2017/ 2018
Net sales	560.9	603.9	572.7	599.5	552.0	560.7	511.3	509.5
Goods for resale	-319.9	-323.9	-266.5	-276.5	-309.4	-301.0	-244.3	-243.1
Gross income	241.0	280.0	306.2	323.0	242.6	259.7	267.0	266.4
Other operating income	9.5	7.9	7.9	6.6	5.8	6.5	9.3	9.3
Other external expenses	-79.9	-142.3	-89.6	-141.3	-141.3	-133.1	-145.5	-123.1
Personnel expenses	-144.1	-158.4	-135.1	-142.0	-132.0	-124.8	-137.8	-137.0
Depreciation and impairment of non-current assets	-78.2	-15.5	-77.8	-10.7	-10.6	-11.1	-9.9	-10.0
Impairment of goodwill	0.0	-	0.0	-	-65.0	-	-	-
Operating income	-51.7	-28.3	11.6	35.6	-100.5	-2.8	-16.9	5.6
Financial income	-0.1	0.0	1.3	0.7	1.4	2.7	0.1	1.2
Financial expenses	-12.1	-7.5	-16.2	-8.9	-7.2	-9.1	-8.4	-9.4
Unrealized profit/loss on futures contracts	0.0	-0.8	0.0	-1.8	-0.1	-1.5	0.1	5.8
Net financial items	-12.2	-8.3	-14.9	-10.0	-5.9	-7.9	-8.2	-2.4
Profit before tax from continuing operations	-63.9	-36.6	-3.3	25.6	-106.4	-10.7	-25.1	3.2
Tax on net income for the quarter	0.8	1.9	-0.6	-0.2	0.2	-2.1	-1.8	-0.2
Net income for the quarter	-63.1	-34.7	-3.9	25.4	-106.2	-12.8	-26.9	3.0
Other comprehensive income								
Other comprehensive income, to be reclassified to net income in subsequent quarters								
Cash flow hedges – value changes	4.2	6.0	-8.2	-1.3	5.3	2.7	5.2	7.7
Cash flow hedges recognised in income	-1.0	-5.9	-4.4	-6.3	-8.4	-1.6	-7.8	3.9
Translation differences	0.8	-0.9	-0.9	0.9	1.0	-0.7	0.2	-0.3
Tax attributable to items in other comprehensive income	-	-	-	-	-	-	-	-
Comprehensive income for the quarter	-59.1	-35.5	-17.4	18.7	-108.3	-12.4	-29.3	14.3

Key ratios per quarter

SEK M	Q2		Q1		Q4		Q3	
	2019/ 2020	2018/ 2019	2019/ 2020	2018/ 2019	2018/ 2019	2017/ 2018	2018/ 2019	2017/ 2018
Gross margin, %	43.0	46.4	53.5	53.9	43.9	46.3	52.2	52.3
Operating margin, %	-9.2	-4.7	2.0	5.9	-18.2	-0.5	-3.3	1.1
Return on equity, %	-27.7	-8.9	-1.7	6.4	-36.7	-3.2	-7.5	0.8
Number of shares at end of quarter, 000s	101,737	33,912	33,912	33,912	33,912	33,912	33,912	33,912
Profit after tax per share, SEK	-0.62	-1.02	-0.12	0.75	-3.13	-0.38	-0.79	0.09
Equity per share at end of quarter, SEK	2.29	10.99	6.53	12.03	6.93	11.48	10.12	11.85
Total equity	233.4	372.6	221.5	408.1	235.0	389.4	343.3	401.8
Cash flow per share from operating activities	-0.3	0.8	-1.3	1.4	-1.3	-1.1	0.5	0.1
Cash flow from operating activities	-31.8	27.0	-42.6	46.9	-42.6	-38.9	18.4	3.0
Share price at end of quarter, SEK	1.0	6.0	1.3	6.7	3.8	8.3	4.7	7.3

Income Statement, Parent Company

SEK M	3 months		6 months		12 months	Full Year
	Dec 2019 -Feb 2020	Dec 2018 -Feb 2019	Sep 2019 -Feb 2020	Sep 2018 -Feb 2019	Mar 2019 -Feb 2020	Sep 2018 -Aug 2019
Net sales	5.6	25.4	19.7	52.8	70.4	103.5
Other operating income	0.4	1.1	1.1	2.9	3.0	4.8
	6.0	26.5	20.8	55.7	73.4	108.3
Operating expenses						
Other external expenses	-10.6	-23.5	-30.8	-42.1	-77.2	-88.5
Personnel expenses	-6.4	-22.2	-15.4	-36.7	-37.3	-58.6
Depreciation and impairment of non-current assets	-1.6	-8.1	-2.9	-11.1	-9.5	-17.7
Operating income	-12.6	-27.3	-28.3	-34.2	-50.6	-56.5
Result from participations in group companies	0.0	0.0	0.0	0.0	45.0	45.0
Financial income	1.7	0.9	3.1	2.2	5.9	5.0
Financial expenses	-8.2	-6.8	-15.6	-13.5	-30.6	-28.5
Result after financial items	-19.1	-33.2	-40.8	-45.5	-30.3	-35.0
Taxes	-	-	-	-	-	-
Net income for the period	-19.1	-33.2	-40.8	-45.5	-30.3	-35.0

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

Balance Sheet, Parent Company, in summary

SEK M	Feb 29, 2020	Feb 28, 2019	Aug 31, 2019
Assets			
Intangible assets	14.6	43.4	23.2
Property, plant and equipment	1.1	2.2	1.5
Financial assets	524.7	569.1	519.3
Deferred tax assets	212.0	118.6	202.9
Other current assets	0.0	0.0	0.0
Total assets	752.4	733.3	746.9
Shareholders' equity and liabilities			
Equity	258.2	213.7	224.1
Non-current liabilities	398.5	404.7	399.9
Current liabilities	95.7	114.9	122.9
Total equity and liabilities	752.4	733.3	746.9

Reconciliation of key ratios

SEK M	6 months		12 months	Full Year
	Sep 2019 -Feb 2020	Sep 2018 -Feb 2019	Mar 2019 -Feb 2020	Sep 2018 -Aug 2019
Net sales	1,133.6	1,203.4	2,196.9	2,266.7
Goods for resale	-586.4	-600.4	-1,140.1	-1,154.1
Gross profit	547.2	603.0	1,056.8	1,112.6
Other operating income	17.4	14.5	32.5	29.6
Other external expenses	-169.5	-283.6	-456.3	-570.4
Personnel expenses	-279.2	-300.4	-549.0	-570.2
Depreciation and impairment of non-current assets	-156.0	-26.2	-176.5	-46.7
Impairment of goodwill	0.0	0.0	-65.0	-65.0
Operating income (EBIT)	-40.1	7.3	-157.5	-110.1
Interest income and similar profit/loss items	1.2	0.7	2.7	2.2
Interest expenses and similar profit/loss items	-28.3	-16.4	-43.9	-32.0
Unrealized profit/loss on futures contracts	0.0	-2.6	0.0	-2.6
Net financial items	-27.1	-18.3	-41.2	-32.4
Profit/loss after financial items	-67.2	-11.0	-198.7	-142.5
Adjustments:				
Tax on net profit/loss for the period	0.2	1.7	-1.4	0.1
Net income for the period	-67.0	-9.3	-200.1	-142.4
Operating income	-40.1	7.3	-157.5	-110.1
Depreciation and impairment of non-current assets	156.0	26.2	176.5	46.7
Impairment of goodwill	-	-	65.0	65.0
Operating income before depreciation, amortization and impairment of non-current assets (EBITDA)	115.9	33.5	84.0	1.6

Reconciliation of key ratios, cont.

SEK M	6 months		12 months	Full Year
	Sep 2019 -Feb 2020	Sep 2018 -Feb 2019	Mar 2019 -Feb 2020	Sep 2018 -Aug 2019
Loans	0,0	0,0	0,0	0,0
Contingent consideration	0,0	0,0	0,0	22,8
Other non-current interest-bearing liabilities	398,5	420,3	398,5	397,2
Other non-current liabilities	0,0	8,6	0,0	2,7
Long-term lease liabilities	873,1	0,0	873,1	0,0
Non-current liabilities	1 271,6	428,9	1 271,6	422,7
Loans	0,0	0,0	0,0	0,0
Contingent consideration	0,0	0,0	0,0	22,8
Long-term lease liabilities	873,1	0,0	873,1	0,0
Other non-current interest-bearing liabilities	398,5	420,3	398,5	397,2
Current lease liabilities	233,3	0,0	233,3	0,0
Other current interest-bearing liabilities	87,3	0,0	87,3	32,9
Cash and cash equivalents	-53,1	-16,3	-53,1	-10,6
Net debt	1 539,1	404,0	1 539,1	442,3
Equity, opening balance	235,0	389,4	372,6	389,4
Equity, closing balance	233,4	372,6	233,4	235,0
Average equity	234,2	381,0	303,0	312,2
Total assets	2 211,7	1 195,4	2 211,7	1 111,9
Trade payables	-198,3	-199,3	-198,3	-215,2
Current lease liabilities	-233,3	0,0	-233,3	0,0
Other current liabilities	-275,1	-194,6	-275,1	-206,1
Capital employed	1 505,0	801,5	1 505,0	690,6
Net income for the period	-67,0	-9,3	-200,1	-142,4
Average equity	234,2	381,0	303,0	312,2
Return on equity, %	-28,6	-2,4	-66,0	-45,6
Capital employed, opening balance	690,6	834,2	801,5	834,2
Capital employed, closing balance	1 505,0	801,5	1 505,0	690,6
Average capital employed	1 097,8	817,9	1 153,3	762,4
Interest expenses and similar profit/loss items	-28,3	-16,4	-43,9	-32,0
Unrealized expense on futures contracts	0,0	-2,6	0,0	-2,6
Profit before tax from continuing operations	-67,2	-11,0	-198,7	-142,5
Average capital employed	1 097,8	817,9	1 153,3	762,4
Return on capital employed, %	-3,5	1,0	-13,4	-14,2
Operating income	-40,1	7,3	-157,5	-110,1
Interest income and similar profit/loss items	1,2	0,7	2,7	2,2
Unrealized income on futures contracts	0,0	0,0	0,0	0,0
Profit/loss after financial income	-38,9	8,0	-154,8	-107,9

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.

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 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.

Stilindex

The index of sales growth of clothing in proprietary stores and on internet, as measured in comparable units and in current prices. Presented by Svensk Handel Stil. HUI Research is responsible for data collection and processing.

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 2018/2019, with the exception that the Group applies IFRS 16 from September 1, 2019.

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

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

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 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. The reporting applies hedge accounting when there is an effective link between hedged future cash flows and financial derivatives. Fair value of financial derivatives was SEK -4 (13) 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 Group's lease agreements mainly relate to rent agreements for store premises. The lease period is determined by the contractual non-cancellable period governing extension and cancellation of the agreement, and the reasonable certainty that this option will be utilized. 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.

The main effects of IFRS 16 are as follows:

EBITDA: positive effect as all lease expenses are reported as amortization and interest expenses (outside EBITDA). Previously, operating lease agreements were reported as operating expenses in EBITDA.

Equity: no effect because the increase in rights-in-use (lease contracts) corresponds to the increase in lease liabilities.

Net debt: increases significantly due to the increase in lease liabilities.

Cash flow: no effect on total cash flow.

RNB uses the modified retrospective transition approach, which means that comparative figures have not been restated. RNB also applies the practical exceptions regarding reporting payments attributable to short-term lease agreements and lease agreements for assets of low value as an expense in the Income Statement.

The transition to IFRS 16 had the following effects on the Group Balance Sheet as of September 1, 2019.

Operating lease commitments as of August 31, 2019	698,006
Discounting using the Group's weighted average marginal interest rate on borrowing of 1.74%	-49,203
Additional liabilities for financial leases as of August 31, 2019	0
Less: short-term lease agreements and lease agreements where the underlying asset has a low value which has been expensed linearly	-6,815
Additional adjustments due to judgments regarding utilization of extension options or cancelled agreements	564,535
Lease liabilities as of September 1, 2019	1,206,523

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