

RNB

YEAR-END REPORT

1 SEPTEMBER 2013 – 31 AUGUST 2014



4

RNB RETAIL AND BRANDS

POLARN O. PYRET

DEPARTMENTS & STORES

BROTHERS

The Group's performance during 2013/2014

RNB has reached a milestone in the turnaround work and post a positive operating income for the financial year 2013/2014. The fourth quarter showed stronger sales in comparable stores than the market and also a positive result. With this, combined with strong collections, we are now looking forward to further increase profitability and develop our concepts.

FOURTH QUARTER, JUNE 1, 2014 – AUGUST 31, 2014 IN SUMMARY

- Net sales amounted to SEK 490 M (476).
- Operating income, including the divested operation (JC), amounted to SEK 4 M (-287).
- Operating income, excluding the divested operation (JC), amounted to SEK 4 M (-103).
- Profit before tax amounted to SEK 3 M (-104).
- Profit after tax amounted to SEK 4 M (-161), corresponding to SEK 0.11 (-4.74) per share.
- Profit after tax, including the divested operation (JC) amounted to SEK 4 M (-289), corresponding to SEK 0.11 (-8.48) per share.
- Cash flow from operating activities was SEK -8 M (-10).

THE PERIOD, SEPTEMBER 1, 2013 – AUGUST 31, 2014 IN SUMMARY

- On November 1, 2013, RNB Agreement entered into an agreement to divest the subsidiary JC to Denim Island AB. During the first quarter of this year, JC's sales amounted to SEK 111 M and its operating income totaled SEK -6 M. In the preceding year, JC's net sales amounted to SEK 674 M and its operating income totaled SEK -501 M, of which SEK -260 M related to impairment of the trademark in the second quarter.
- During the first quarter, Polarn O. Pyret entered into an agreement to acquire 100 percent of the shares in WAM AS in Norway. WAM AS was the master franchisee of Polarn O. Pyret in Norway. The acquisition was completed on January 2, 2014.

- An impairment of goodwill in Brothers & Sisters of SEK 151 M has occurred during the third quarter.
- Net sales amounted to SEK 1,917 M (1,945).
- Operating income, including the divested operation (JC) and excluding impairment of goodwill in Brothers & Sisters, amounted to SEK 3 M (-341).
- Operating income, excluding the divested operation (JC) and excluding impairment of goodwill in Brothers & Sisters, amounted to SEK 9 M (-99).
- Operating income, including the divested operation (JC) and including impairment of goodwill in Brothers & Sisters, amounted to SEK -151 M (-601).
- Operating income, excluding the divested operation (JC) and including impairment of goodwill in Brothers & Sisters, amounted to SEK -145 M (-100).
- Profit before tax amounted to SEK -155 M (-127).
- Profit after tax amounted to SEK -155 M (-183), corresponding to SEK -4.57 (-15.92) per share.
- Profit after tax amounted to SEK -155 M (-183), corresponding to SEK -4.57 (-15.92) per share.
- Profit after tax, including the divested operation (JC) amounted to SEK -160 M (-629), corresponding to SEK -4.75 (-54.56) per share.
- Cash flow from operating activities was SEK -9 M (-95).
- Apart from the takeover of 24 stores that occurred in Norway in connection with the acquisition of the Master Franchisee WAM AS, three new stores (Polarn O. Pyret) were opened during the period, of which one was a proprietary store (Sweden) and two were franchise stores (UK and Estonia).

CONTACT

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PRESS AND ANALYST MEETING

RNB will hold a press and analyst conference in connection with the publication of today's interim report for the fourth quarter 2013/2014. The conference will be held in the company's premises at Regeringsgatan 29, today, October 23, 2014 at 09.30a.m.

FINANCIAL CALENDAR

Annual General Meeting December 18, 2014
Interim report, first quarter 2014/2015 December 18, 2014

The information is such that RNB RETAIL AND BRANDS AB (publ) is required to disclose under Sweden's Securities Market Act and/or Financial Instruments Trading Act. It was released for publication at 7.30 a.m. CET on October 23, 2014.

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

Comments from the CEO

MILESTONE IN THE TURN-AROUND WORK – POSITIVE FULL-YEAR RESULT

RNB displayed a positive result during the fourth quarter of SEK 4 million, which meant an improvement of SEK 41 M, compared to the fourth quarter of the previous year. For the first time since 2010, RNB displayed positive operating income for the full-year, even though JC had a negative impact of SEK 6 million on operating income during the first quarter. This means that we have reached an important milestone in the turn-around work, which began in 2011. The improvement in operating income in the fourth quarter was due to positive effects from the restructuring efforts and from strong fall collections, which generated very strong sales during August in all three concepts. In addition to this, it should be pointed out that we are currently conducting activities in order to boost profitability in PO.P and Brothers.

STRONG COLLECTIONS AND WELL-TIMED FALLS DELIVERIES ARE DRIVING SALES.

RNB Group's sales in comparable stores increased by 3.5 percent during the fourth quarter, i.e. better than the market when using the Swedish Retail and Wholesale Trade Research Institute's (HUI) index, which showed an increase of 2.8 percent. PO.P and DSE displayed a strong sales trend during the quarter, with increases of 3.1 percent and 4.9 percent, respectively, for comparable stores in Sweden. Brothers' sales in the fourth quarter decreased by 1.1 percent, which was due to lower sales driven by low inventories early in the quarter. However, this was offset to some extent by very strong sales during August. In August, the previously low inventory levels worked to our advantage as well-timed and punctual fall deliveries were able to fill stores already at the beginning of the month and thereby created the basis for a very good start to fall sales. My view is that RNB has strong collections and customer ranges in all three concepts approaching the fall and winter.

BROTHERS ON THE RIGHT TRACK

The strong and cohesive turn-around plan for Brothers, established earlier during the year is now being implemented. We can already see the first positive market effects, although quite a lot of work remains to be done. The focus of the plan is on improving coordination between product categories and also between the external and internal ranges. The plan covers both proprietary stores and the franchise business. The stores will sell more through clearer presentation of the products, color ranges, and price points; which will be complemented by more focused marketing on volume investments in the range. I am convinced that we will see a stronger 2014/2015 for Brothers in terms of earnings compared to the now ended fiscal year. However, we do not expect positive operating income until the 2015/2016 fiscal year.

PO.P FOCUSING ON HOLLAND AND NORWAY

The earnings trend in PO.P's Swedish operations developed favorably during the year and finished up with improved operating income compared to the fourth quarter of the previous year. The renewal of the range and look is now bearing

fruit and has been well-received by consumers with increasing market shares in Sweden as a result. However, operating income for the entire concept during the fourth quarter was also affected by the company's three new stores in Holland. Detailed turn-around efforts are underway in the Dutch stores and are expected to substantially reduce the operating loss in the three stores during the next fiscal year. Earnings in the Norwegian operations were also weaker than the year-earlier period, but were better in the fourth quarter than in the third quarter. We are now in the final phase of completing the integration work and we expect that the Norwegian operations will gradually make a positive contribution to earnings during the next fiscal year. During the 2014/2015 fiscal year, we will focus on advancing our leading position in Sweden and on reaching profitability in Norway and Holland, which means that international expansion will have a lower priority during the coming year.

DEPARTMENT & STORES IS STILL STABLE

Departments & Stores is well-positioned, well-managed in all areas and is performing positively. During the quarter, the launch occurred of the rebuilt cosmetics department, BCBG, Boomerang and Filippa K Dam at NK in Stockholm and Boss at NK in Gothenburg. All rebuilt departments were well-received by customers. Continual work with investments in, and development of all departments in Stockholm and Gothenburg is also creating the basis for Departments & Stores to continue to perform positively in the future.

STARTING POINT TOWARDS THE NEXT MILESTONE

Last year's operating loss of SEK 92 M, has now been turned around to an operating profit of SEK 3 M. With this behind us, we are now moving on to our next goal – to achieve a significant improvement in profits this year compared to the now ended fiscal year. After that we are aiming to achieve the target of an EBIT margin of five percent, a target that was established in connection with the rights issue in 2013. To achieve this, we are continuing our efforts to advance the range, to improve service and boost sales in all our three concepts with a special focus on the turn-around plans for Brothers and PO.P in Holland. In PO.P and Brothers, we also have good potential to continue to increase margins based on more efficient cooperation between the various range departments and production operations in Hong Kong. In DSE, we are still working on continuous development of all departments and advancement of operational efficiency in all areas. Finally, we see huge potential in ensuring optimal interaction between the physical stores and the e-commerce business and to continue advancing our digital communications in all areas.

Magnus Håkansson
VD och Koncernchef



DEPARTMENTS & STORES

POLARN O. PYRET

BROTHERS

RNB RETAIL AND BRANDS owns, operates and develops fashion, clothing, accessories, jewelry and cosmetics stores that focus on providing excellent service and a world-class shopping experience. RNB has operations in 11 countries. The total number of stores in the RNB Group amounts to 267, of which 79 are operated by franchisees. The RNB RETAIL AND BRANDS share has been listed on the NASDAQ OMX Nordic Exchange since 2001 in the Small Cap segment, retail sector under the ticker RNBS.

The store concept strategy is to offer attractive and target-group-oriented ranges of fashion and accessories in major cities, towns and shopping centers. The Brothers business area is a volume-

oriented comprehensive concept for men and offers a mix of strong proprietary and external brands. Polarn O. Pyret is the leading brand and store concept for baby and children's wear in the quality segment of the Swedish market and also has a growing international presence.

In the department and stores business area, rnb focuses on the customer interface and on providing high-quality product ranges and store environments. The stores offer fashion for women, men and children, as well as accessories, jewelry and cosmetics for customers demanding top-class service and quality. Sales are conducted in the NK department stores in Stockholm and Gothenburg.

Revenue and earnings, RNB Group

FOURTH QUARTER, JUNE 1, 2014 – AUGUST 31, 2014

Reported net sales for the Group's remaining concepts during the fourth quarter of the year increased slightly, from SEK 476 M in the previous year to SEK 490 in the fourth quarter of this year, equivalent to an increase of 2.9 percent. Excluding the discontinuation of Sisters and the divestment of the Kosta Outlet business, sales in RNB's three concepts increased by 8 percent in total. Compared to the year-earlier period, net sales decreased from SEK 642 M to SEK 490 M including JC. The sales trend during the quarter was positive for RNB overall, despite limited price activities, with comparable stores in Sweden displaying an increase of 3.5% (HUI +2.8%). Gross margin during the quarter for remaining operations was 49.3 percent (47.7), with improvements compared to the previous year in all concepts. Limited price activities during the quarter, partly due to low inventory levels, contributed to increased gross margins. Total gross profit for the Group increased compared to the previous year, while other revenue rose somewhat. Total costs decreased overall compared to the preceding year, mainly due to non-recurring costs in the final quarter of last year. Operating income amounted to SEK 4 M (103). Financial expenses amounted to SEK -3 M (-2) and profit before tax, excluding the divested operation, amounted to SEK 3 M (-104). Profit after tax, including the divested operation, amounted to SEK 4 M (-288). The equivalent result excluding the divested operation amounted to SEK 4 M (-161). Unrealized results on futures contracts affected earnings by SEK 1 M (1).

THE PERIOD, SEPTEMBER 1, 2013 – AUGUST 31, 2014

RNB's net sales excluding the divested operation (JC) amounted to SEK 1,917 M (1,945) during the period. Excluding the discontinuation of Sisters and the divestment of the Kosta business, sales in RNB's three concepts increased by about 3 percent in total. Net sales including the divested operation totaled SEK 2,028 M (2,620).

Gross margin during the period was 51.0 percent (49.3), and showed some improvement compared to the previous year in all remaining concepts, as a result of several different interacting factors, but mainly connected to strong demand and lower price activity. Total fixed costs decreased compared to the previous year, due to non-recurring costs in the fourth quarter of last year – the underlying development in the individual concepts is different, with an increase primarily in Polarn O. Pyret, a small increase in Departments & Stores, while costs in Brothers decreased. Operating income, including JC and excluding impairment of goodwill in Brothers & Sisters of SEK 151 M, amounted to SEK 3 M (-341). Operating income, excluding JC and excluding impairment of goodwill in Brothers & Sisters of SEK 151 M, amounted to SEK 9 M (-99). Financial expenses amounted to SEK -13 M (-34). The improvement was explained by lower interest expenses as a result of renegotiated loans with better loan terms. Profit before tax including the divested operation amounted to SEK -160 M (-629), whereas the result excluding the divested operation amounted to SEK -4 M (-127), excluding this year's impairment of goodwill in Brothers & Sisters of SEK 151 M. Profit after tax including the divested operation amounted to SEK -161 M (-629). The previous year's result included an impairment of the JC trademark of SEK 203 M after tax and this year's result includes impairment of goodwill in Brothers & Sisters of SEK 151 M. Profit after tax excluding the divested operation amounted to SEK -155 M (-183). Unrealized results on futures contracts affected earnings by SEK 1 M (5).

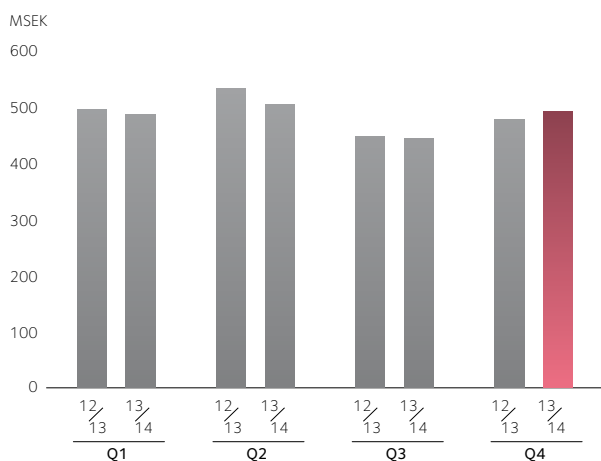
Group overview, including the divested operation

	Q4		Full year	
	2013/ 2014	2012/ 2013	2013/ 2014	2012/ 2013
Net sales, SEK M	490	642	2 028	2 620
Gross margin (%)	49.3	36.3	50.9	46.8
Operating income excluding non-recurring items, writedown of Trademark & Goodwill and loss on sale of subsidiary, SEK M	4	-37	3	-92
Non-recurring items	0	-249	0	-249
Operating income excluding writedown of Trademark & Goodwill and loss on sale of subsidiary, SEK M	4	-286	3	-341
Impairment of goodwill and trademark	-	-	-151	-260
Result on sale of subsidiary	-	-1	-3	-1
Operating income, SEK M	4	-287	-151	-601
Profit before tax, SEK M	3	-287	-161	-628
Profit after tax, SEK M	4	-288	-161	-629
Operating margin (%)	0.8	-44.7	-7.4	-23.0
Earnings per share, SEK	0.11	-8.48	-4.75	-54.56
Cash flow from operating activities, SEK M	-8	-10	-7	-95
Number of stores			267	383

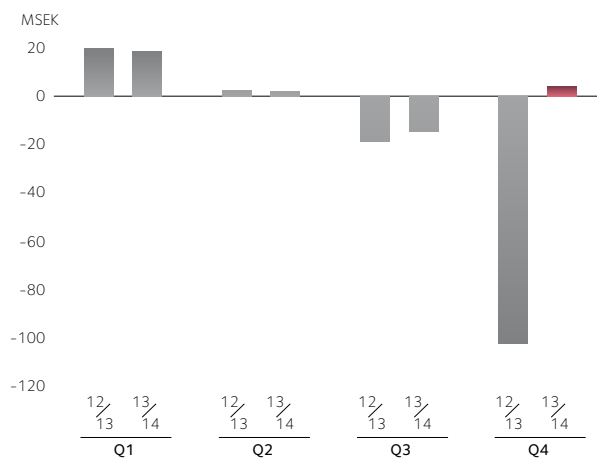
Group overview, excluding the divested operation

	Q4		Full year	
	2013/ 2014	2012/ 2013	2013/ 2014	2012/ 2013
Net sales, SEK M	490	476	1 917	1 945
Gross margin (%)	49.3	47.7	51.0	49.3
Operating income excluding non-recurring items, writedown of Trademark & Goodwill and loss on sale of subsidiary, SEK M	4	-12	9	-8
Non-recurring items	0	-91	0	-91
Operating income excluding writedown of Trademark & Goodwill and loss on sale of subsidiary, SEK M	4	-103	9	-99
Impairment of goodwill and trademark	-	-	-151	-
Result on sale of subsidiary	-	-1	-3	-1
Operating income, SEK M	4	-103	-145	-100
Profit before tax, SEK M	3	-104	-155	-127
Profit after tax, SEK M	4	-161	-155	-183
Operating margin (%)	0.8	-21.7	-7.6	-5.1
Earnings per share, SEK	0.11	-4.74	-4.57	-15.92
Cash flow from operating activities, SEK M	-8	-10	-7	-95
Number of stores			267	271

Net sales per quarter, excluding divested operation, MSEK



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



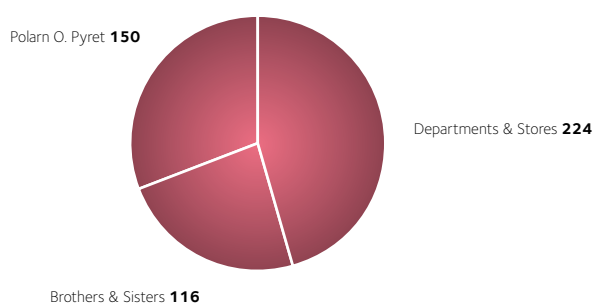
FINANCIAL OVERVIEW BUSINESS AREAS

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

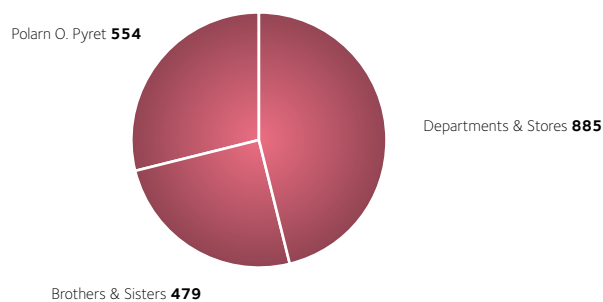
	Polarn O. Pyret		DSE		Brothers & Sisters	
	Q4 13/14	Q4 12/13	Q4 13/14	Q4 12/13	Q4 13/14	Q4 12/13
Net sales, SEK M	150	130	224	215	116	132
Operating income, excluding writedown of Goodwill, SEK M	3	-1	14	12	-4	-53
Operating income, SEK M	3	-1	14	12	-4	-53
Number of stores	143	140	45	45	79	86
Of which, franchise	52	79	-	-	27	29

	Polarn O. Pyret		DSE		Brothers & Sisters	
	2013/ 2014	2012/ 2013	2013/ 2014	2012/ 2013	2013/ 2014	2012/ 2013
Net sales, SEK M	554	509	885	899	479	539
Operating income, excluding writedown of Goodwill, SEK M	6	14	55	47	-29	-78
Operating income, SEK M	6	14	55	47	-180	-78
Number of stores	143	140	45	45	79	86
Of which, franchise	52	79	-	-	27	29

Net sales per business area,
June–August 2014, MSEK



Net sales per business area,
September 2013–August 2014, MSEK



POLARN O. PYRET

Polarn O. Pyret is a brand focused on baby and children's wear and comprises 143 stores, of which 52 are franchise stores. Today, Polarn O. Pyret is established in 11 countries.

FOURTH QUARTER, JUNE 1, 2014 – AUGUST 31, 2014

Net sales in the period amounted to SEK 150 M (130), including a continued increase in sales in proprietary stores and in the e-commerce business. Sales in comparable proprietary stores increased by 3.1 percent, year-on-year. Franchise sales decreased on account of the acquisition in Norway, where sales have shifted to proprietary stores.

Brand sales (total sales to consumers, excluding VAT, in all markets and distribution channels) amounted to SEK 763 M (733), measured on a rolling 12-month basis. Gross margin during the quarter continued to improve compared to the year-earlier period, which combined with increased sales generated an improvement in gross profit. Costs for proprietary stores increased compared to the fourth quarter of the previous year, as a result of new stores in Sweden, Norway and in Holland.

Operating income amounted to SEK 3 M (1). The result in Sweden clearly improved compared to the previous year despite the negative impact of lower franchise sales in Norway and some increased costs for new operations abroad. The negative result in Holland decreased, but it continued to adversely affect the business area's results. The recently acquired operations in Norway did not report positive operating income during this quarter either, but the earnings trend has begun to stabilize and displayed an improvement compared to the third quarter.

Inventory levels continued to be stable, with an increase during the quarter and also compared to the previous year. This increase was almost entirely related to the acquired Norwegian operations (and also marginally to the Dutch operations). Current inventory levels are estimated to be acceptable, although perhaps slightly on the low side in order to obtain desired product demand during the entire fall. The number of proprietary stores at the end of the period was 91 (61). In addition, there were 52 (79) franchise stores, of which 7 (9) in Sweden and 45 (70) abroad.

THE PERIOD, SEPTEMBER 1, 2013 – AUGUST 31, 2014

Net sales in the period amounted to SEK 554 M (379), including an increase in sales in both proprietary stores and in e-commerce sales. Franchise sales decreased due to the

acquisition of the Norwegian operations, while proprietary sales increased. Gross margin increased during the period for most of the business, on account of a continued positive performance in the fourth quarter as a whole. Costs for proprietary stores and head office functions increased compared to the previous year, due to new stores and operations in Sweden, Norway and in Holland.

Operating income amounted to SEK 6 M (14), corresponding to an operating margin of 1.0 percent (2.7). The Swedish operations performed well during the year and displayed an increase in earnings despite a negative effect from lower franchise sales in Norway and some increased costs for new operations abroad. The negative result in Holland continues to adversely impact the business area's results, although to a lesser degree, after a somewhat improved fourth quarter compared to the previous year. The recently acquired operations in Norway are also having a negative effect on the business area's results, but to a lesser extent on account of a weak start after the takeover in January 2014. Inventory levels continued to be stable during the period, with a marginal increase, including additional inventory in Norway.

The acquisition of 100 percent of the shares in WAM AS in Norway was completed as of year-end. WAM AS, which was the Master Franchisee of Polarn O. Pyret in Norway operated 24 stores as well as an e-commerce business with expected sales of about SEK 130 M annually.



DEPARTMENTS & STORES

The business area comprises operations at the department stores NK Stockholm and NK Gothenburg. The number of proprietary stores at the end of the period was 45 (45).

FOURTH QUARTER, JUNE 1, 2014 – AUGUST 31, 2014

Net sales in the Departments & Stores business area amounted to SEK 224 M (215), an increase of 4.2 percent. Sales increased in both Stockholm and Gothenburg, despite limited sales activities during the quarter. Gross margin during the period was essentially unchanged. Gross profit increased compared to the previous year, as a consequence of less price activities. Gross profit in the NK department stores rose due to the increase in sales.

Costs increased slightly compared to the previous year for stores as well as for head office functions, with very small variations for the various types of costs, aside from personnel expenses, where the quarter was affected by certain accrued costs from previous quarters during the fiscal year. Operating income amounted to SEK 14 M (12), with an operating margin of 6.3 percent (5.7).

The business area's inventories increased during the quarter, due to additional deliveries for certain more exclusive brands, and altered contractual terms with individual suppliers, to the effect that Departments & Stores has become an owner of inventories for certain brands.

THE PERIOD, SEPTEMBER 1, 2013 – AUGUST 31, 2014

Net sales in the Departments & Stores business area, excluding the Kosta business, which was divested as of June 1, 2013, amounted to SEK 885 M (869), an increase of 1.8 percent. Net sales including Kosta decreased from SEK 899 M to SEK 885 M, corresponding to a decrease of 1.6 percent.

Gross margin during the period was essentially unchanged, even excluding Kosta. Gross profit in the NK department stores rose, due to a positive sales trend. Gross profit fell overall compared to the previous year, as a consequence of the divestment of Kosta.

Overall, total costs in the business area decreased compared to the year-earlier period, including Kosta. Costs, excluding Kosta, were slightly higher compared to the previous year for stores as well as for head office functions, with small variations for the various types of costs – a limited increase occurred in premises and personnel expenses.

Operating income amounted to SEK 55 M (47), with an improved operating margin of 6.2 percent (5.2). Inventory levels in the business area increased during the period, mainly due to increased purchasing values connected to expanded operations in department stores.



BROTHERS

Brothers is a volume-oriented comprehensive concept for men and the business area has a total of 79 (86) stores, of which 27 (29) are operated by franchisees. Sisters has essentially been closed down.

FOURTH QUARTER, JUNE 1, 2014 – AUGUST 31, 2014

Net sales for Brothers & Sisters totaled SEK 116 M (132), a decrease of 12.0 percent. The decrease was mainly due to lower sales in Sisters. Sales in comparable proprietary stores in Sweden decreased by 1.1 percent.

Net sales in Brothers showed an increase in proprietary stores during the quarter, while sales on the franchise side fell. Meanwhile, net sales for Sisters also decreased, as a result of the company's essentially completed discontinuation process. Total brand sales (i.e. total sales to consumers, excluding VAT, in all markets and distribution channels) amounted to SEK 573 M (617), measured on a rolling 12-month basis.

Gross margin for the business area continued to increase overall compared to the previous year. Limited price activities combined with strong demand for fall and winter merchandise had a positive effect on the gross margin. Costs in Brothers & Sisters continued to decrease, both in the stores and head office functions. Operating income amounted to SEK -4 M (-53). Quality and inventory levels continued to develop favorably, however, with increased levels during the quarter, due to early deliveries of the fall collection. There is a need for increased inventory levels in order to improve product demand in the stores.

THE PERIOD, SEPTEMBER 1, 2013 – AUGUST 31, 2014

Net sales for Brothers & Sisters totaled SEK 479 M (539), a decrease of 11.1 percent. Net sales for Brothers showed a largely unchanged performance in proprietary stores, but a decrease in sales on the franchise side. Net sales for Sisters decreased, as a result of the company's now completed discontinuation process. Gross margin for the business area decreased overall compared to the previous year, mostly due to non-recurring effects in Brothers and a negative performance in Sisters during the first two quarters of the year. Gross margin in Brothers developed positively during the second half of the year. Costs in proprietary stores and head office functions

continued to decrease significantly, while fixed costs for new stores increased. However, these new stores displayed positive operating income overall during the period. Expenses during the year for bad debt losses were essentially zero on the franchise side, while the result last year was affected by significant expenses and provisions.

Generally speaking, it can be said that the earnings trend in Brothers was negatively impacted during the year by the divestment of JC, by the related organizational changes carried out, and also by certain adverse effects on the Group's cost structure. Operating income amounted to SEK -29 M (-78), excluding impairment of goodwill in Brothers & Sisters of SEK 151 M.

The quality and level of inventories continued to develop favorably with lower total levels during the period, and compared to the previous year. Lower inventories in Sisters due to the closure, were countered by well needed, limited, inventory increases in Brothers ahead of the fall.



Financial position and liquidity

The Group had total assets of SEK 1,030 M, compared to SEK 1,301 M at the end of the previous fiscal year. Shareholders' equity amounted to SEK 266 M (428) at the end of the period, providing an equity/assets ratio of 25.8 percent (32.9). On August 31, inventories amounted to SEK 347 M (328). Cash flow from operating activities amounted to SEK -7 M (-95). Working capital has been positively impacted by reduced trade receivables and other current receivables, while lower trade payables has resulted in an increase in working capital - net, so working capital (excl. inventories) increased by SEK 32 M. After investments, cash flow amounted to SEK -56 M (-166).

Net loan debt amounted to SEK 365 M compared to SEK 325 M during the year-earlier period. The Group's cash and cash equivalents including unutilized overdraft facilities, amounted to SEK 140 M at the end of the period compared to SEK 147 M at the end of the previous fiscal year.

INVESTMENTS, DEPRECIATION AND IMPAIRMENTS

Investments during the period, excluding investment in subsidiaries totaled SEK 38 M (84). Depreciation and impairments amounted to SEK 44 M (-130), excluding the divested operation and excluding impairment of goodwill in Brothers & Sisters of SEK 151 M.

PERSONNEL

The average number of employees during the period was 1,092 (1,399), including personnel in divested operations and excluding personnel in the divested JC operation 1,040 (1,013).

RELATED-PARTY TRANSACTIONS

No transactions were conducted between the RNB Group and related parties, which have materially impacted the Group's financial position and results. The Company has two loans from its principal shareholder Konsumentföreningen Stockholm, totaling SEK 400 M, with terms and interest-rates in line with market conditions. For further information on transactions with related parties, see Note 5 on pages 31-33 of the Annual Report 2012/2013.

TAX PAID

During the period, the Group paid tax totaling SEK 0 M (0).

PARENT COMPANY

Net sales in the Parent Company amounted to SEK 108 M (146). The result after net financial items amounted to SEK -159 M (-637). Investments totaled SEK 4 M (16).

ACCOUNTING POLICIES

This report was prepared in accordance with IAS 34, Interim Financial Reporting and the Swedish Annual Accounts Act. The interim report for the Parent Company was prepared in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2 - Accounting for Legal Entities. The accounting policies applied correspond with those presented in the 2012/2013 Annual Report.

RISKS AND UNCERTAINTIES

RNB is exposed to a number of risk factors that are wholly or partly beyond the company's control, but which could affect the Group's earnings.

Financial risks

- Currency exposure related to purchase of goods and sales in international markets.
- Interest-rate exposure associated with the Group's net debt.
- Financial covenants to lenders.

Strategic and operational risks

- Demand for RNB's products, like general demand in the retail sector, is affected by changes in the overall economy.
- Competition from other players active in the same segment as RNB.
- Identification of constantly shifting fashion trends and customer preferences.
- In other respects, refer to the detailed description of the Group's management of financial risks in the 2012/2013 Annual Report.

The Board of Directors and the President declare that the interim report provides a true and fair overview of the Company's and the Group's operations, financial position and earnings and also describes significant risks and uncertainties facing the Company and other companies in the Group.

Stockholm, October 23, 2014

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

Laszlo Kriss
Chairman of the Board

Ann-Sofie Danielsson
Vice Chairman of the Board

Monika Elling
Board member

Ivar Fransson
Board member

Michael Lemner
Board member

Per Thunell
Board member

Magnus Håkansson
President and CEO

Largest shareholders as of August 31, 2014

	Number of shares	Share capital/ Voting rights, %
Konsumentföreningen Stockholm	11,246,598	33.16
Catella Fondförvaltning	4,340,314	12.80
Avanza Pension	1,617,566	4.77
Client Long	953,025	2.81
Skandinaviska Enskilda Banken	675,447	1.99
Provobis Property & Leisure AB	649,163	1.91
Löfman Michael	575,000	1.70
Nordnet Pensionförsäkring	494,945	1.46
SEB Life International Assurance	476,512	1.41
Banque de Luxembourg	400,000	1.18
Total 10 largest shareholders	21,428,570	63.19
Other	12,483,606	36.81
Total	33,912,176	100.00

Source: Euroclear Sweden AB

Consolidated Income Statement

SEK M	3 months		12 months	
	Jun 2013 –Aug 2014	Jun 2012 –Aug 2013	Sep 2013 –Aug 2014	Sep 2012 –Aug 2013
Net sales	490.0	476.3	1,917.0	1,945.4
Goods for resale	-248.6	-249.2	-939.4	-986.3
Gross income	241.4	227.1	977.6	959.1
Other operating income	4.0	1.4	10.4	7.5
Other external expenses	-99.2	-125.6	-432.2	-453.6
Personnel expenses	-131.6	-122.4	-502.9	-482.2
Depreciation and impairment of non-current assets	-10.8	-83.2	-44.4	-130.1
Impairment of goodwill	-	-	-150.9	-
Profit/loss on sale of subsidiary	-	-0.7	-2.6	-0.7
Operating income	3.8	-103.4	-145.0	-100.0
Financial income	1.0	0.3	1.7	2.7
Financial expenses	-3.0	-2.1	-13.1	-34.3
Unrealized profit/loss on futures contracts	1.2	1.0	1.4	4.7
Net financial items	-0.8	-0.8	-10.0	-26.9
Profit before tax from continuing operations	3.0	-104.2	-155.0	-126.9
Tax on net income for the period	0.7	-56.7	-0.1	-56.5
Net income for the period from continuing operations	3.7	-160.9	-155.1	-183.4
Discontinued operations				
Profit after tax for the fiscal year relating to discontinued operations	-	-126.6	-5.9	-445.3
Net income for the period	3.7	-287.5	-161.0	-628.7
Other comprehensive income				
Translation differences	-1.4	-1.4	-0.7	-0.6
Comprehensive income for the period	2.3	-288.9	-161.7	-629.3
Net income for the period attributable to:				
Parent Company's shareholders	3.7	-287.5	-161.0	-628.7
Non-controlling interests	-	-	-	-
Comprehensive income attributable to:				
Parent Company's shareholders	2.3	-288.9	-161.7	-629.3
Non-controlling interests	-	-	-	-
Earnings per share before and after dilution (SEK)	0.11	-8.48	-4.75	-54.56
Average number of shares, (000s) *	33,912	33,912	33,912	11,523

* In connection with the completed rights issue, a 200:1 reverse share split was carried out. Historical comparative figures regarding the average number of shares and earnings per share have been adjusted for this.

Consolidated Balance Sheet

SEK M	Aug 31, 2014	Aug 31, 2013
Assets		
Goodwill	379.2	483.7
Other intangible assets	32.0	37.2
Property, plant and equipment	92.1	105.8
Non-current receivables	8.8	5.4
Inventories	347.4	327.7
Other current assets	170.8	169.6
Assets included in disposal groups are classified as if they are held for sale/discontinuation	-	171.2
Total assets	1,030.3	1,300.6
Shareholders' equity and liabilities		
Equity attributable to the Parent Company's shareholders	266.1	427.8
Non-current liabilities	402.7	363.4
Current liabilities	361.5	342.6
Liabilities included in disposal groups are classified as if they are held for sale/discontinuation	-	166.8
Total equity and liabilities	1,030.3	1,300.6

Consolidated Cash Flow Statement

SEK M	Sep 2013 –Aug 2014	Sep 2012 –Aug 2013
Operating activities		
Operating income from continuing operations	-145.0	-601.4
Operating income from discontinued operations	-5.6	0.0
Adjustment for non-cash items	194.3	448.3
Interest received and other financial income	1.8	4.7
Interest paid	-10.6	-42.9
Other	-	-0.5
Cash flow before change in working capital	34.9	-191.8
Cash flow from changes in working capital		
Change in inventories	-9.8	66.2
Change in operating receivables and liabilities	-32.3	30.4
Change in working capital	-42.1	96.6
Cash flow from operating activities	-7.2	-95.2
Cash flow from investing activities	-48.7	-71.1
Cash flow after investments	-55.9	-166.3
Financing activities		
Repayment of loans	-	-236.0
Borrowings	51.0	85.0
Rights issue	-	429.2
Change in overdraft facility	-	-83.7
Other	-1.6	-10.7
Cash flow from financing activities	49.4	183.8
Cash flow during the period	-6.5	17.5

Changes in shareholders' equity

SEK M	Sep 2013 –Aug 2014	Sep 2012 –Aug 2013
Opening balance	427,8	627,9
Net income for the period	-161,0	-628,7
Other comprehensive income	-0,7	-0,6
Rights issue	-	429,2
Balance at end of period	266,1	427,8

Key ratios, excluding the divested operation

		Sep 2013 –Aug 2014	Sep 2012 –Aug 2013
Gross margin	%	51,0	49,3
Operating margin	%	-7,6	-5,1
Profit margin	%	-8,1	-9,4
Equity/assets ratio	%	25,8	32,9
Interest coverage ratio	times	-10,8	-2,7
Net debt	SEK M	364,7	325,3
Net debt/equity ratio	%	137,1	76,0
Average number of employees, full time		1 040	1 013
Average number of shares, (000s)		33 912	11 523
Number of shares at end of period, (000s) *		33 912	33 912
Profit after tax per share	SEK	-4,57	-15,92
Equity per share at end of period	SEK	7,85	12,62

*Reverse share split 200:1, processed June 5 2013.

Net Sales and Operating Income per Business Area

	3 months		12 months	
	Jun 2013 –Aug 2014	Jun 2012 –Aug 2013	Sep 2013 –Aug 2014	Sep 2012 –Aug 2013
Net sales, SEK M				
Polarn O. Pyret	150.0	129.8	553.7	509.2
Departments & Stores	223.7	214.6	884.6	898.6
Brothers & Sisters	116.4	132.2	479.2	539.3
Other	-0.1	-0.3	-0.5	-1.7
Total continuing operations	490.0	476.3	1,917.0	1,945.4
Divested operations	-	165.4	110.8	674.5
Total	490.0	641.7	2,027.8	2,619.9
Operating income, SEK M				
Polarn O. Pyret	2.7	-1.4	5.6	13.7
Departments & Stores	14.0	12.2	54.6	46.6
Brothers & Sisters	-4.1	-53.0	-179.9	-77.7
Other	-8.8	-61.2	-25.3	-82.6
Total continuing operations	3.8	-103.4	-145.0	-100.0
Divested operations	-	-183.2	-5.6	-501.4
Total	3.8	-286.6	-150.6	-601.4

Income Statement per quarter, Group

SEK M	Note	2014	2014	2013/2014	2013	2013	2013
		Jun-Aug	Mar-May	Dec-Feb	Sep-Nov	Jun-Aug	Mar-May
Net sales		490.0	441.5	501.7	483.8	476.3	444.6
Goods for resale		-248.6	-207.7	-252.2	-230.9	-249.2	-222.7
Gross profit		241.4	233.8	249.5	252.9	227.1	221.9
Gross profit margin		49.3%	53.0%	49.7%	52.3%	47.7%	49.9%
Other operating income		4.0	3.7	3.9	-1.2	1.4	2.2
Other external expenses		-99.2	-119.4	-113.6	-100.0	-125.6	-105.5
Personnel expenses		-131.6	-122.1	-128.1	-121.1	-122.2	-120.9
Depreciation and impairment of non-current assets		-10.8	-10.6	-9.9	-13.1	-83.2	-16.5
Impairment of goodwill		-	-150.9	-	-	-	-
Profit/loss on sale of subsidiary		-	-	-	-2.6	-0.7	-
Operating income		3.8	-165.5	1.8	14.9	-103.2	-18.8
Financial income		1.0	-	0.4	0.3	0.3	1.3
Financial expenses		-3.0	-4.6	-3.1	-2.4	-2.1	-4.2
Unrealized profit/loss on futures contracts		1.2	1.0	-0.8	-	1.0	-0.8
Result after net financial items		3.0	-169.1	-1.7	12.8	-104.0	-22.5
Tax		0.7	-	-0.2	-0.6	-56.7	-0.1
Net income for the period		3.7	-169.1	-1.9	12.2	-160.7	-22.6
Discontinued operations							
Profit after tax for the fiscal year relating to discontinued operations	1	-	-	-	-5.9	-126.8	-7.8
Net income for the period		3.7	-169.1	-1.9	6.3	-287.5	-30.4
Other comprehensive income							
Translation differences		-1.4	1.5	0.4	-1.2	-0.7	0.2
Comprehensive income for the period		2.3	-167.6	-1.5	5.1	-288.2	-30.2

Number of Stores at end of period

	Aug 31, 2014	May 31, 2014	Feb 28, 2014	Nov 30, 2013	Aug 31, 2013	May 31, 2013
Own stores Sweden	147	147	149	150	208	207
Own stores Norway	25	25	25	-	-	-
Own stores Finland	12	12	12	12	29	29
Own stores Netherlands	4	4	4	3	3	2
Franchise stores Sweden	34	34	34	37	73	76
Franchise stores outside Sweden	45	45	43	70	70	70
Total	267	267	267	272	383	384

Polarn O. Pyret	Aug 31, 2014			Aug 31, 2013		
	Own	Franchise	Total	Own	Franchise	Total
Sweden	62	7	69	58	9	67
Norway	25	-	25	-	26	26
Finland	-	16	16	-	16	16
England	-	13	13	-	12	12
Scotland	-	2	2	-	2	2
Ireland	-	4	4	-	4	4
Iceland	-	1	1	-	2	2
Estonia	-	3	3	-	2	2
Latvia	-	1	1	-	1	1
Netherlands	4	-	4	3	-	3
USA	-	5	5	-	5	5
Total	91	52	143	61	79	140

Departments & Stores	Own	Own
Number of stores	45	45
Total retail space, m ²	11,145	11,145

JC	Own	Franchise	Total	Own	Franchise	Total
JC, Sweden	-	-	-	60	35	95
JC, Finland	-	-	-	17	-	17
Total	0	0	0	77	35	112

Brothers & Sisters	Own	Franchise	Total	Own	Franchise	Total
Brothers, Sweden (single)	38	27	65	26	16	42
Brothers, Finland (single)	12	-	12	12	-	12
Bro & Sis, Sweden (duo)	1	-	1	18	13	31
Outlet (duo)	1	-	1	1	-	1
Total	52	27	79	57	29	86

NOTE 1 DISPOSAL GROUP THAT IS SOLD DISCONTINUED

In February 2013, RNB RETAIL AND BRANDS AB (publ) announced that the company was conducting a strategic review of the JC business area. One of the alternatives in this strategic review was a disposal of JC. In line with this, this alternative became a reality in September and RNB Retail and Brands entered into an agreement on divestment of JC to an external buyer. The sale was completed with effect from November 1, 2013.

SEK M	Sep 2013 -Aug 2014	Sep 2012 -Aug 2013
Net sales	110.8	674.5
Goods for resale	-56.2	-406.2
Gross income	54.6	268.3
Other operating income	-1.7	2.1
Other external expenses	-31.0	-282.4
Personnel expenses	-27.5	-155.7
Depreciation and impairment of non-current assets	-	-74.0
Impairment of trademark	-	-259.7
Operating income	-5.6	-501.4
Financial income	0.1	2.0
Financial expenses	-0.3	-2.0
Net financial items	-0.2	0.0
Profit before tax of operation for disposal	-5.8	-501.4
Tax on net income for the year	-0.1	56.1
Net loss for the year of operation for disposal	-5.9	-445.3

SEK M	Aug 31, 2014	Aug 31, 2013
Assets		
Goodwill	-	-
Trademarks	-	-
Other intangible assets	-	-
Property, plant and equipment	-	-
Non-current receivables	-	-
Inventories	-	82.1
Other current assets	-	89.1
Total assets for disposal	0.0	171.2
Liabilities		
Non-current liabilities	-	-
Current liabilities	-	166.8
Total liabilities directly associated with assets for disposal	0.0	166.8
Net assets directly associated with operation for disposal	0.0	4.4

Included in other comprehensive income:

SEK M	Aug 31, 2014	Aug 31, 2013
Translation differences	-	-0.6
Other reserves of operation for disposal	0	-0.6

Net cash flow in the JC segment is as follows:

SEK M	Sep 2013 -Aug 2014	Sep 2012 -Aug 2013
Operating activities	-3.0	-218.9
Investment	-	-11.3
Financing	-6.9	228.2
Net cash flow	-9.9	-2.0

Income Statement Parent Company

SEK M	3 months		12 months	
	Jun 2013 –Aug 2014	Jun 2012 –Aug 2013	Sep 2013 –Aug 2014	Sep 2012 –Aug 2013
Net sales	20.0	36.3	107.6	145.9
Other operating income	-1.6	2.7	4.9	11.5
	18.4	39.0	112.5	157.4
Other external expenses	-17.6	-22.4	-79.0	-94.4
Personnel expenses	-7.2	-15.0	-51.5	-71.2
Depreciation and impairment of non-current assets	-1.6	-65.4	-6.6	-79.6
Operating income	-8.0	-63.8	-24.6	-87.8
Result from participations in group companies	26.8	-219.0	-123.2	-517.0
Financial income	0.8	1.6	0.8	1.6
Financial expenses	-3.3	-3.3	-11.7	-34.1
Result after financial items	16.3	-284.5	-158.7	-637.3
Taxes	0.0	0.0	0.0	-63.9
Net income for the period	16.3	-284.5	-158.7	-701.2

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

Balance Sheet Parent Company

SEK M	Aug 31, 2014	Aug 31, 2013
Assets		
Intangible assets	20.0	23.0
Property, plant and equipment	1.4	1.1
Financial assets	501.7	651.6
Deferred tax assets	-	-
Other current assets	119.7	74.5
Total assets	642.8	750.2
Shareholders' equity and liabilities		
Equity	202.6	361.3
Non-current liabilities	400.0	349.0
Current liabilities	40.2	39.9
Total equity and liabilities	642.8	750.2

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