

RNB

YEAR-END REPORT

1 SEPTEMBER 2015 – 31 AUGUST 2016

4



RNB RETAIL AND BRANDS

POLARN O. PYRET
DEPARTMENTS & STORES

BROTHERS

Heading towards further results improvement

Operating income for the full-year, before restructuring costs, amounted to SEK 50 M compared to SEK 48 M in the previous year. Brothers stood out with a continued strong performance and delivered on its promise of a positive full-year result. Departments & Stores is continuing its stable performance despite lower visitor numbers. The comprehensive conversion work relating to Polarn O. Pyret's operations is continuing at a fast and efficient pace with the vision of achieving a clear increase in the business area's profitability as early as 2017 and with full effect during the 2018 calendar year.

FOURTH QUARTER, JUNE 1, 2016 – AUGUST 31, 2016 IN SUMMARY

- Sales in comparable stores in Sweden decreased during the quarter by 3.7 percent, compared to the market's increase of 0.9 percent (Swedish Retail and Wholesale Trade Research Institute (HUI)).
- Net sales totaled SEK 555 M (564), a decrease of 1.5 percent.
- Operating income before restructuring costs totaled SEK 16 M (12).
- Operating income amounted to SEK 6 M (12).
- Profit after tax amounted to SEK 10 M (6), which corresponds to SEK 0.31 (0.17) per share.
- Cash flow from operating activities was SEK 18 M (-14)
- The e-commerce concept exclusively in men's fashion – Man of a kind – was launched in late August. The launch of Man of a kind is a step in the implementation of the Group's long-term digital strategy.
- During the quarter, RNB entered into an agreement on possible extension of the existing business financing facility (SEK 400 M) from the company's principal owner, Konsumentföreningen Stockholm. The agreement implies a possibility to extend the financing from 2017 to 2018 subject to unchanged contractual terms.

THE PERIOD, SEPTEMBER 1, 2015 – AUGUST 31, 2016 IN SUMMARY

- Sales in comparable stores in Sweden increased during the quarter by 1.9 percent, compared to the market's increase of 2.6 percent (Swedish Retail and Wholesale Trade Research Institute (HUI)).
- Net sales totaled SEK 2,173 M (2,136), equivalent to an increase of 1.7 percent.
- Operating income before restructuring costs totaled SEK 50 M (48).
- Operating income amounted to SEK 36 M (48).
- Profit after tax amounted to SEK 26 M (42), which corresponds to SEK 0.76 (1.25) per share.
- Cash flow from operating activities was SEK 64 M (74).
- The Board of Directors proposes an unchanged dividend of SEK 0.25 per share (0.25).
- During the period, the closure of Polarn O. Pyret's operations in Holland continued and the Chinese business was closed down.
- The e-commerce concept Man of a kind was launched at the end of the fourth quarter.
- The business financing facility was extended in the fourth quarter.

EVENTS AFTER THE END OF THE PERIOD

- Polarn O. Pyret signed agreements with its landlords on vacating all retail space in Holland as of October 31, 2016.

CONTACT

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PRESS AND ANALYST MEETING

RNB will hold a press and analyst conference in connection with publication of today's interim report for the fourth quarter 2015/2016. The conference will be held at the company's premises at Drottninggatan 33, today, October 19, 2016 at 9.30 a.m.

FINANCIAL CALENDAR

Annual General Meeting 2015/2016	December 21, 2016
Interim report, first quarter 2016/2017	December 21, 2016
Interim report, second quarter 2016/2017	March 27, 2017

This information is such that RNB RETAIL AND BRANDS AB is required to disclose according to the EU's Market Abuse Regulation and the Swedish Securities Markets Act. The information was submitted for publication, through the agency of the above contact persons, on October 19, 2016 at 7:30 a.m. CET.

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

ON THE RIGHT TRACK

Operating income in the fourth quarter, before restructuring costs, amounted to SEK 16 M, an increase of SEK 4 M compared to the same period previous fiscal year. For the full-year, the equivalent result was SEK 50 M compared to SEK 48 M in the previous year. Brothers' operations continued to strengthen in the fourth quarter and the concept is delivering on its promise of a turnaround and profitability during the year. Departments & Stores continued to display a stable performance and delivered a quarterly result in line with the same period last year. Meanwhile, in comparable operations, Polarn O. Pyret's performance was also slightly weaker than the same quarter last year. In addition, there were interim effects from Finland and a special provision for the final costs of terminating the Dutch operations. To summarize, operating income for RNB increased in three out of four quarters, compared to the previous year but was adversely affected by Polarn O. Pyret's performance during the second quarter.

LAUNCH OF MAN OF A KIND

The new e-commerce business Man of a kind was launched at the end of the fourth quarter. Man of a kind is a men's fashion concept, offering a carefully selected product range of international luxury brands with Nordic aesthetics. The product range is supplemented by premium services, for instance made-to-measure, style advice and inspiring articles about masculine style and fashion. The launch of Man of a kind is a step in the implementation of the Group's long-term digital strategy.

BROTHERS ON THE WAY TO THE NEXT LEVEL

Brothers' value proposition to customers has been a winning one for a long time now and the concept is clearly capturing market shares. The balance between tailored and volume products has been successful and improvements in the volume range has further strengthened the performance towards year-end. The advancement of e-commerce and the instore service concept will further strengthen the value proposition and drive sales. Operating income for the full year was SEK 24 M better than previous year. Operating income was a positive SEK 13 M, which means that the profit forecast for the current fiscal year was met. Happily, the Finnish business also showed improved profitability during the year.

DEPARTMENTS & STORES – HIGH MODERNIZATION RATE AND DECLINING VISITOR NUMBERS

The sales trend in Departments & Stores remained somewhat weak during the quarter as a consequence of declining visitor numbers at NK in Stockholm and Gothenburg. This was the third consecutive quarter with declining visitor figures and we are now working based on the hypothesis that visitor numbers will continue to be challenging. Operating income was still well in line with the year-earlier period, thanks to stable gross margins and good cost control.

During the year, Departments & Store carried out major investments in modernizing retail space at NK in Stockholm and Gothenburg. This comprehensive work on conversion and

development of retail space was completed after the summer with positive effects expected during the coming fiscal year.

POLARN O. PYRET – THE CONVERSION WORK IS CONTINUING

We are continuing the comprehensive conversion work related to Polarn O. Pyret's operations. We are sharpening our focus on our core markets in order to boost profitability and create the best opportunities for profitable growth. The work on closing Polarn O. Pyret's operations in Holland is in its final phase. We have thus chosen, in addition to the underlying loss of SEK -7 M, to make a provision for the estimated remaining wind down costs. The weak result is partly explained by a deliberate strategy to reduce the share of discounted sales. US operations have been restructured and the e-commerce business in China has been discontinued. Polarn O. Pyret in Finland was acquired (51%) in March and is now being integrated.

A number of organizational changes were implemented and all central departments have been reorganized. Concurrently with the closure in some markets, restructuring and integration work, comprehensive customer surveys have been carried out. The modernization work is now continuing based on the customer survey information. This will gradually have a clear impact on for example the product range.

The measures now being implemented in Polarn O. Pyret's operations with the vision of achieving a clear increase in the business area's profitability as early as 2017 and with full impact during the 2018 calendar year.

AIMING FOR FURTHER IMPROVED PROFITABILITY IN 2016/2017

Brothers is successfully continuing its very strong performance, both in terms of sales and result. The development in Departments & Stores continue to be stable and combined with the expected positive impact from the turnaround work in Polarn O. Pyret, RNB has a good basis for delivering clear improvements in earnings during the 2016/2017 fiscal year compared to the present year.

Magnus Håkansson
President & CEO



BROTHERS

DEPARTMENTS & STORES

POLARN O. PYRET

RNB RETAIL AND BRANDS owns, operates and develops fashion, ready-to-wear 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 263, of which 61 are operated by franchisees. The RNB RETAIL AND BRANDS share has been listed on the NASDAQ Stockholm 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 fashion

concept for men and offers a mix of strong proprietary and external brands.

In the Department & 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.

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.

Revenue and earnings, RNB Group

FOURTH QUARTER, JUNE 1, 2016 – AUGUST 31, 2016

Reported net sales for the Group's concepts during the fourth quarter of the year decreased, from SEK 564 M in the previous year to SEK 555 M, equivalent to a decrease of 1.5 percent. The Brothers business area increased its sales while Polarn O. Pyret and Departments & Stores reported lower sales during the quarter. For comparable stores in Sweden, the sales decrease was 3.7 percent (HUI 0.9 percent) and in all countries the decrease was 3.7 percent, calculated in Swedish kronor.

In late August, the e-commerce concept Man of a kind (www.manofakind.se) was launched. Sales and earnings in the quarter were marginal and are reported within the business area Other. Development costs of SEK 5.5 M has been capitalized and own personnel have been expensed as incurred.

Gross margin increased during the quarter to 48.3 percent (47.8), where Brothers and Polarn O. Pyret increased their margins, while the margin in Departments & Stores fell slightly.

Total overhead costs increased compared to the previous year mainly due to restructuring and close-down costs for the conversion work in Polarn O. Pyret, and the consolidation of Polarn O. Pyret's operations in Finland.

Operating income before restructuring costs of SEK 10 M totaled SEK 16 M (12). The restructuring costs mainly relate to a provision for estimated remaining costs to close Polarn O. Pyret's operations and retail space in Holland. Operating income amounted to SEK 6 M (12).

Net financial items amounted to SEK 4 M (-6) and profit after tax amounted to SEK 10 M (6).

Unrealized results on futures contracts affected earnings by SEK 7 M (-5).

THE PERIOD, SEPTEMBER 1, 2015 – AUGUST 31, 2016

Reported net sales for the Group's concepts during the period increased, from SEK 2,136 M in the previous year to SEK 2,173 M in the same period this year, equivalent to an increase of 1.7 percent. The Brothers and Polarn O. Pyret business areas increased their sales while Departments & Stores' sales fell slightly during the period. Gross margin during the period was 50.3 percent (50.1), with improvements compared to the previous year in Brothers, a stable performance in Departments & Stores but a slightly lower margin in Polarn O. Pyret. Brothers' consistently strong sales, mix effects and less price activities during the period contributed to a higher gross margin. The Polarn O. Pyret business area displayed a slightly lower gross margin, mainly due to negative currency effects and mix effects from products sold but this was offset by less price activities.

Total gross profit for the Group increased compared to the previous year. Total overhead costs increased compared to the year-earlier period due to a larger number of stores, acquired operations in Finland and restructuring costs in Polarn O. Pyret attributable to the reorientation and modernization of the operations that began in early July.

Operating income before restructuring costs of SEK 13 M totaled SEK 50 M (48). The restructuring costs mainly relate to a provision for the estimated remaining costs to close Polarn O. Pyret's operations and retail space in Holland as well as restructuring and dismissal costs incurred during the year related to the conversion work initiated in Polarn O. Pyret during the second quarter. Operating income amounted to SEK 36 M (48).

Net financial items amounted to SEK -10 M (-6) and profit after tax amounted to SEK 26 M (42).

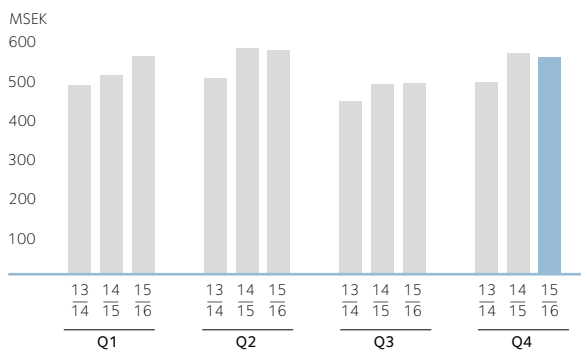
Unrealized results on futures contracts affected earnings by SEK 0 M (1).

Group overview

	3 months		12 months	
	Jun 2016 –Aug 2016	Jun 2015 –Aug 2015	Sep 2015 –Aug 2016	Sep 2014 –Aug 2015
Net sales, SEK M	555	564	2,173	2,136
Gross margin (%)	48.3	47.8	50.3	50.1
Operating income, SEK M	6	12	36	48
Profit before tax, SEK M	10	6	26	42
Profit after tax, SEK M	10	6	26	42
Operating margin (%)	1.1	2.1	1.7	2.2
Earnings per share, SEK	0.31	0.17	0.76	1.25
Cash flow from operating activities, SEK M	18	-14	64	74
Number of stores	263	262	263	262

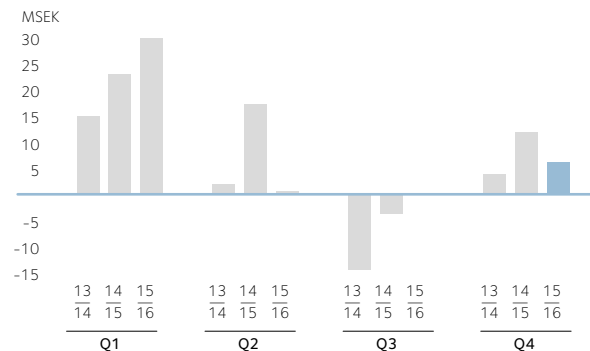
Net sales per quarter

excluding writedown of goodwill and divested operation






Operating income per quarter

excluding writedown of goodwill and divested operation



Financial overview business areas

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

Business area	Net sales, interim period	Share, %	Operating income, interim period	Stores
BROTHERS	526 MSEK	 24%	13 MSEK	Total 75 of which 21 franchise Sweden 61 of which 21 franchise Finland 14 of which 0 franchise
DEPARTMENTS & STORES	959 MSEK	 44%	58 MSEK	Total 44 NK Stockholm 29 NK Gothenburg 15
POLARN O. PYRET	689 MSEK	 32%	-5 MSEK	Total 144 of which 40 franchise Sweden 64 of which 7 franchise Norway 29 of which 0 franchise Finland 17 of which 3 franchise England 15 of which 15 franchise USA 5 of which 5 franchise Netherlands 4 of which 0 franchise Estonia 4 of which 4 franchise Ireland 2 of which 2 franchise Scotland 2 of which 2 franchise Iceland 1 of which 1 franchise Latvia 1 of which 1 franchise
Total RNB RETAIL AND BRANDS	2 173 MSEK		36 MSEK	263 stores 11 countries

Net Sales and Operating Income per Business Area	3 months		12 months	
	Jun 2016 –Aug 2016	Jun 2015 –Aug 2015	Sep 2015 –Aug 2016	Sep 2014 –Aug 2015
Net sales, SEK M				
Brothers	136.1	127.4	526.0	492.4
Departments & Stores	238.5	252.2	958.6	976.6
Polarn O. Pyret	180.7	183.9	688.5	667.1
Other	0.0	0.1	0.0	0.1
Total	555.3	563.6	2,173.1	2,136.2
Operating income, SEK M				
Brothers	0.3	-5.0	12.8	-10.8
Departments & Stores	8.7	10.2	58.0	58.9
Polarn O. Pyret	0.9	13.7	-5.3	24.0
Other	-3.9	-7.1	-29.2	-24.2
Total	6.0	11.8	36.3	47.9

BROTHERS

Brothers is a fashion concept for men and has a total of 75 (78) stores and e-commerce. Of the total number of stores 21 (25) are operated by franchisees.

FOURTH QUARTER, JUNE 1, 2016 – AUGUST 31, 2016

Net sales for Brothers totaled SEK 136 M (127), an increase of 6.8 percent. Net sales during the quarter displayed increases in proprietary stores and in the e-commerce business. Sales on the franchise side remained lower than the year-earlier period, partly due to fewer franchise stores.

Sales in comparable proprietary stores in Sweden and Finland increased by 10.8 percent. The number of paying customers in the stores continued to rise with an increased average spend. Total brand sales (total sales to consumers, excluding VAT, in all markets and distribution channels) amounted to SEK 618 M (594), measured on a rolling 12-month basis.

Gross margin for the business area increased during the quarter compared to the previous year. The increased gross margin was due a higher proportion of sales at standard prices during the summer, combined with a deferred clearance sale period. The increased sales during the quarter contributed to a higher gross profit.

Overhead costs in Brothers were unchanged compared to the year-earlier period, despite new stores and increased sales.

Operating income was positive during the quarter and amounted to SEK 0.3 M (-5.0), with an operating margin of 0.2 percent (-3.9), where the operations in both Sweden and Finland showed significantly improved operating income during the quarter.

Inventories increased during the quarter as planned due to deliveries of the fall collection and are in line with the

year-earlier period. The inventory level is of a good quality and corresponds to the planned increase in product demand.

THE PERIOD, SEPTEMBER 1, 2015 – AUGUST 31, 2016

Net sales for Brothers totaled SEK 526 M (492), an increase of 6.8 percent. Net sales for Brothers showed an increase in proprietary stores and in e-commerce during the period, and lower sales on the franchise side.

Sales in comparable proprietary stores in Sweden and Finland increased by 10.0 percent. The number of visitors increased as well as the number of customers combined with an increased average spend.

Gross margin in the business area increased compared to the year-earlier period, where less price activities and lower negative currency effects contributed to the increased gross margin and higher gross profit.

Overhead costs for Brothers were at a slightly higher level than the previous year, but lower than planned. The main reason was higher payroll taxes for young people and increased costs for premises as a consequence of new stores and additional sales.

Operating income amounted to SEK 13 M (-11), with an operating margin of 2.4 percent (-2.2).

Inventories were higher during most of the period compared to the previous period. However they were at the same level at the end of the period as the previous year. The quality of inventories is considered to be good and corresponds to the planned increase in product demand.



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 44 (44).

FOURTH QUARTER, JUNE 1, 2016 – AUGUST 31, 2016

Net sales in the Departments & Stores business area amounted to SEK 239 M (252), a decrease of 5.4 percent. The number of visitors to both department stores decreased during the quarter, probably to some extent due to the reconstruction of the street area outside the Stockholm department store. During the quarter, some sections were closed for conversions, which also had a negative impact on sales. Through increased average spends and higher conversion rates, the decrease in visitor numbers has been compensated in terms of sales but not fully, however. Gross margin fell slightly compared to the year-earlier period.

Overhead costs were lower than the previous year and have been adjusted to the lower sales. Operating income amounted to SEK 9 M (10), with an operating margin of 3.6 percent (4.0).

Inventories in the business area decreased during the quarter but were higher at the end of the quarter than the year-earlier period. The increase in inventories was a result of new premium brands, more exclusive and expensive products and altered contractual terms, which in combination led to increased inventory values.

THE PERIOD, SEPTEMBER 1, 2015 – AUGUST 31, 2016

Net sales in the Departments & Stores business area amounted to SEK 959 M (977), a decrease of 1.8 percent. Sales increased significantly in Stockholm and Gothenburg early in the period but showed a slight decline in the latter part of the period. The number of visitors decreased more than sales although the conversion rate and average spend increased during the period.

Gross margin was at a stable level compared to the corresponding period of the previous year. Gross profit fell slightly as a consequence of the lower sales.

Overhead costs were lower than the year-earlier period, due to adjustment of overhead costs to the lower sales.

Operating income amounted to SEK 58 M (59), with an increased operating margin of 6.1 percent (6.0).

Inventories in the business area increased during the period and were higher at the end of the period than the year-earlier period. The increase in inventories was a result of new premium brands, more exclusive and expensive products and altered contractual terms, which in combination led to increased inventory values.



POLARN O. PYRET

Polarn O. Pyret is a brand focused on baby and children's wear. The concept comprises e-commerce and 144 stores, of which 40 are franchise stores. Today, Polarn O. Pyret is established in 11 countries.

FOURTH QUARTER, JUNE 1, 2016 – AUGUST 31, 2016

Net sales during the quarter amounted to SEK 181 M (184), with lower sales in comparable stores but offset by a larger increase in new stores and continued growth in e-commerce. Sales in comparable proprietary stores declined 10.2% year-on-year for all countries compared to the previous year's sharp increase in sales. The average spend increased in all markets during the quarter. Brand sales (total sales to consumers, excluding VAT, in all markets and distribution channels) amounted to SEK 866 M (845), measured on a rolling 12-month basis.

Gross margin during the quarter increased compared to the same quarter of the previous year, which was mainly due to a limited number of price reduction activities in all markets. Gross profit increased during the quarter as a consequence.

Overhead costs during the quarter were lower in Sweden, Norway and Holland. The increase in overhead costs during the quarter was attributable to the acquired company in Finland, whose overhead costs are now being consolidated as well as costs for the conversion work in Polarn O. Pyret. The restructuring costs amounted to SEK 10 M during the quarter and mainly consisted of a provision for close-down costs relating to the Dutch operations and to a less extent of conversion and restructuring costs. The operating costs for Holland until the actual closure date will continue to affect operating income during the start of the first quarter of the coming fiscal year. The operating loss in Holland for the full-year 2015/2016 amounted to almost SEK 7 M.

Operating income before restructuring costs totaled SEK 11 M (14). The restructuring costs mainly relate to a provision for estimated remaining costs to close Polarn O. Pyret's operations and retail space in Holland. Operating income amounted to MSEK 1 (14), equivalent to an operating margin of 0.5 percent (7.4).

Inventories in the business area increased during the quarter, due to deliveries of the fall collection, and were higher at the end of the quarter than the previous year. Current inventory levels are estimated to be effective and of good quality.

THE PERIOD, SEPTEMBER 1, 2015 – AUGUST 31, 2016

Net sales during the period amounted to SEK 689 M (667), equivalent to an increase of 3.2 percent. Sales decreased in comparable stores but this was offset by new stores and continued growth in the e-commerce business. The operations acquired during the third quarter in Finland also contributed to the increased sales. Franchise sales decreased during the period for the same reason.

Gross margin during the period decreased slightly compared to the year-earlier period. Gross profit was higher during the period compared to the previous year.

Overhead costs increased compared to the previous year due to the consolidation of Finland and restructuring costs of SEK 13 M related to the reorientation and modernization of the business, which began in early July.

Operating income before restructuring costs totaled SEK 8 M (24). The restructuring costs mainly relate to a provision for estimated remaining costs to close Polarn O. Pyret's

operations and retail space in Holland as well as restructuring and dismissal costs incurred during the year related to the conversion work initiated in Polarn O. Pyret during the second quarter. Operating income totaled SEK -5 M (24), equivalent to an operating margin of -0.8 percent (3.6). The results from the Finnish business for the period April-August are included in the business area's operating income.

Inventory levels increased during the period and were at a higher level at the end of the period than on the same date of the previous year. Current inventory levels are considered to be effective and of good quality.



Financial position and liquidity

The Group had total assets of SEK 1,103 M compared to SEK 1,076 M at the end of the previous fiscal year. Shareholders' equity amounted to SEK 324 M at the end of the period, and to SEK 306 M at the end of the previous fiscal year, providing an equity/assets ratio of 29.3 percent (28.4).

At August 31, 2016 inventories totaled SEK 404 M (401), where all three business areas increased their inventory levels compared to the previous year. The increase was due to consolidation of the Finish operations, currency effects, additional purchasing and ongoing deliveries for the autumn and winter collections.

Cash flow from changes in working capital was unchanged from the previous period and amounted to SEK -12 M (-12). Current receivables increased and current liabilities decreased which was offset by decreasing inventory levels. Cash flow from operating activities amounted to SEK 64 M (74) during the period. Cash flow after investments amounted to SEK -14 M (22), which is equivalent to a deterioration of SEK 36 M due to higher investments and the acquisition of Polarn O. Pyret's Finish operations. Net debt amounted to SEK 379 M compared to SEK 341 M at the end of the previous fiscal year. A major part of the increase in net debt is explained by the acquisition of Kids Company Oy, see note 1.

The Group's cash and cash equivalents at the end of the period, including unutilized overdraft facilities, amounted to SEK 124 M compared to SEK 147 M at the end of the previous fiscal year. Blocked funds relating to hedging were reclassified in the third quarter from cash and cash equivalents to non-current receivables, which decreased the balance-sheet item Cash and cash equivalents in the third and fourth quarter.

INVESTMENTS AND DEPRECIATION/ AMORTIZATION

Investments during the period, excluding investment in subsidiaries totaled SEK 56 M (42). Depreciation/amortization totaled SEK -52 M (-48).

EMPLOYEES

The average number of employees during the period was 1,047 (1,024).

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 Konsumentföreningen Stockholm, the company's principal shareholder, totaling SEK 385 M.

For further information on transactions with related parties, see the Annual Report 2014/2015, Note 5 on page 46.

TAXES

During the period, the Group paid tax totaling SEK 0 M (0). As the company has existing loss carryforwards, no tax expense was charged to the period. For further information see the 2014/2015 Annual Report, Note 12 on pages 48-49.

PARENT COMPANY

Net sales in the Parent Company amounted to SEK 98 M (85). The result after net financial items amounted to SEK 1 M (62). Investments totaled SEK 19 M (6).

DIVIDEND

The Board of Directors proposes a dividend of SEK 0.25 per share for the fiscal year 2015/2016. The total sum corresponding to the proposed dividend amounts to SEK 8.5 M.

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 2014/2015 Annual Report. In the interim report, consolidated gross profit is recognized exclusively in comprehensive income. This differs from the format in the annual report. In the interim report, unrealized results and futures contracts are also recognized on a separate line in net financial items.

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 and operations.

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 overall market conditions, consumer behavior and the weather situation.
- 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 2014/2015 Annual Report.

EVENTS AFTER THE END OF THE PERIOD

Polarn O. Pyret signed agreements with its landlords on vacating all retail space in Holland as of October 31, 2016.

REVIEW

This interim report has not been subject to review by the company's auditors.

Reconciliation of key ratios

SEK M	3 months		12 months	
	Jun 2016 –Aug 2016	Jun 2015 –Aug 2015	Sep 2015 –Aug 2016	Sep 2014 –Aug 2015
Net sales	555.3	563.6	2,173.1	2,136.2
Goods for resale	–286.9	–294.0	–1,079.5	–1,065.7
Gross profit	268.4	269.6	1,093.6	1,070.5
Other operating income	4.2	1.1	16.7	15.3
Other external expenses	–119.9	–111.1	–477.4	–467.8
Personnel expenses	–130.1	–136.3	–544.7	–522.2
Depreciation and impairment of non-current assets	–16.6	–11.5	–51.9	–47.9
Operating income (EBIT)	6.0	11.8	36.3	47.9
Interest income and similar profit/loss items	0.9	1.5	1.9	5.0
Interest expenses and similar profit/loss items	–3.9	–2.0	–12.6	–11.2
Unrealized profit/loss on futures contracts	7.4	–5.4	0.3	0.6
Net financial items	4.4	–5.9	–10.4	–5.6
Profit/loss after financial items	10.4	5.9	25.9	42.3
Adjustments:				
Tax on net profit/loss for the period	0.0	0.0	0.0	0.0
Net income for the period	10.4	5.9	25.9	42.3
Operating income	6.0	11.8	36.3	47.9
Depreciation and impairment of non-current assets	16.6	11.5	51.9	47.9
Operating income before depreciation, amortization and impairment of non-current assets (EBITDA)	22.6	23.3	88.2	95.8
Loans	385.0	385.0	385.0	385.0
Contingent consideration	16.7	0.0	16.7	0.0
Other non-current interest-bearing liabilities	0.1	0.5	0.1	0.5
Non-current liabilities	401.8	385.5	401.8	385.5
Loans	385.0	385.0	385.0	385.0
Contingent consideration	16.7	0.0	16.7	0.0
Other non-current interest-bearing liabilities	0.1	0.5	0.1	0.5
Other current interest-bearing liabilities	1.3	2.2	1.3	2.2
Cash and cash equivalents	–24.2	–47.2	–24.2	–47.2
Net debt	378.9	340.5	378.9	340.5
Equity, opening balance	323.6	300.9	305.7	266.1
Equity, closing balance	323.5	305.7	323.5	305.7
Average equity	323.6	303.3	314.6	285.9
Net income for the period	10.4	5.9	25.9	42.3
Average equity	323.6	303.3	314.6	285.9
Return on equity, %	3.2	1.9	8.2	14.8
Total assets	1,102.6	1,075.8	1,102.6	1,075.8
Trade payables	–180.5	–202.0	–180.5	–202.0
Other current liabilities	–195.5	–180.4	–195.5	–180.4
Capital employed	726.6	693.4	726.6	693.4
Capital employed, opening balance	711.4	702.2	693.4	671.0
Capital employed, closing balance	726.6	693.4	726.6	693.4
Average capital employed	719.0	697.8	710.0	682.2
Interest expenses and similar profit/loss items	–3.9	–2.0	–12.6	–11.2
Unrealized expense on futures contracts	0.0	–5.4	0.0	0.0
Average capital employed	719.0	697.8	710.0	682.2
Net income for the period	10.4	5.9	25.9	42.3
Return on capital employed, %	2.0	1.9	5.4	7.8
Operating income	6.0	11.8	36.3	47.9
Interest income and similar profit/loss items	0.9	1.5	1.9	5.0
Unrealized income on futures contracts	7.4	0.0	0.3	0.6
Result after financial income	14.3	13.3	38.5	53.5

Definition of key ratios

This report contains financial metrics, which are not defined in IFRS. These financial metrics are used to follow-up, analyze and control the 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 in order to follow and control the development of the Group's financial goals and are thus relevant to present on a continual basis.

A list of definitions follows below of the key ratios used in this report.

MARGIN METRICS

Gross profit margin

Net sales less goods for resale in relation to net sales.

Operating margin

Operating income as a percentage of net sales.

RETURN METRICS

Return on equity

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

Return on capital employed

Result 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.

FINANCIAL METRICS

Equity/assets ratio

Shareholders' equity in relation to total assets.

Net debt

Loans and other current and non-current interest-bearing liabilities less financial assets including cash and cash equivalents.

Net debt/equity ratio

Net debt as a percentage of equity attributable to the parent company's shareholders.

Interest coverage ratio

Result after net financial items plus financial expenses divided by financial expenses and the expense for unrealized results on futures contracts.

SHARE-BASED METRICS

Equity per share

Equity attributable to the parent company's shareholders divided by the number of shares at the end of the period.

Earnings per share

Net income divided by the weighted average number of shares during the period.

OTHERS 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 ordinary shares during the period.

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 19, 2016

The Board of Directors and President of
RNB RETAIL AND BRANDS (publ), Corporate identity number 556495-4682

Laszlo Kriss
Chairman of the Board

Per Thunell
Vice Chairman of the Board

Monika Elling
Board member

Ivar Fransson
Board member

Michael Lemner
Board member

Sara Wimmercranz
Board member

Magnus Håkansson
President and CEO

Largest shareholders as of August 31, 2016

	Number of shares	Share capital/ Voting rights, %
Konsumentföreningen Stockholm	11,246,598	33.2
Novobis AB	3,200,000	9.4
Catella Fondförvaltning	3,154,723	9.3
Avanza Pension	2,202,674	6.5
ABG Sundal Collier ASA	664,249	2.0
Nordnet pensionsförsäkring	514,382	1.5
Skandinaviska Enskilda Banken	500,000	1.5
Johan Fahlin	349,000	1.0
Hans Björstrand	320,000	0.9
SEB Life	281,542	0.8
Total 10 largest shareholders	22,433,168	66.1
Other	11,479,008	33.9
Total	33,912,176	100.0

Source: Euroclear Sweden AB

Consolidated Income Statement

SEK M	3 months		12 months	
	Jun 2016 –Aug 2016	Jun 2015 –Aug 2015	Sep 2015 –Aug 2016	Sep 2014 –Aug 2015
Net sales	555.3	563.6	2,173.1	2,136.2
Goods for resale	–286.9	–294.0	–1,079.5	–1,065.7
Gross income	268.4	269.6	1,093.6	1,070.5
Other operating income	4.2	1.1	16.7	15.3
Other external expenses	–119.9	–111.1	–477.4	–467.8
Personnel expenses	–130.1	–136.3	–544.7	–522.2
Depreciation and impairment of non-current assets	–16.6	–11.5	–51.9	–47.9
Operating income	6.0	11.8	36.3	47.9
Financial income	0.9	1.5	1.9	5.0
Financial expenses	–3.9	–2.0	–12.6	–11.2
Unrealized profit/loss on futures contracts	7.4	–5.4	0.3	0.6
Net financial items	4.4	–5.9	–10.4	–5.6
Profit before tax from continuing operations	10.4	5.9	25.9	42.3
Tax on net income for the period	0.0	0.0	0.0	0.0
Net income for the period	10.4	5.9	25.9	42.3
Other comprehensive income				
<i>Other comprehensive income, which will be reclassified to net income in subsequent periods</i>				
Translation differences	0.6	–1.1	0.4	–2.7
Comprehensive income for the period	11.0	4.8	26.3	39.6
Net income for the period attributable to:				
Parent Company's shareholders	10.4	5.9	25.9	42.3
	10.4	5.9	25.9	42.3
Comprehensive income attributable to:				
Parent Company's shareholders	11.0	4.8	26.3	39.6
	11.0	4.8	26.3	39.6
Earnings per share before and after dilution (SEK)	0.31	0.17	0.76	1.25
Average number of shares, (000s)	33,912	33,912	33,912	33,912

Consolidated Cash Flow Statement, in summary

SEK M	3 months		12 months	
	Jun 2016 –Aug 2016	Jun 2015 –Aug 2015	Sep 2015 –Aug 2016	Sep 2014 –Aug 2015
Operating activities				
Operating income	6.0	11.8	36.3	47.9
Interest received and other financial income	0.9	1.5	1.9	5.0
Interest paid	–3.5	–1.7	–12.1	–14.2
Adjustment for non-cash items	16.4	14.3	49.8	47.1
Cash flow before change in working capital	19.8	25.9	75.9	85.8
Cash flow from changes in working capital				
Change in inventories	1.0	–34.2	9.3	–54.5
Decrease (+)/increase (-) in current receivables	–6.7	–2.9	–6.2	3.4
Decrease (-)/increase (+) in current liabilities	3.8	–2.7	–15.1	38.9
Change in working capital	–2.0	–39.8	–12.0	–12.2
Cash flow from operating activities	17.8	–13.9	63.9	73.6
Cash flow from investing activities	–21.6	–12.3	–78.1	–51.2
Cash flow after investments	–3.7	–26.2	–14.3	22.4
Financing activities				
Change in liabilities to financial institutions	–0.8	0.0	–0.3	0.0
Amortization of loan	0.0	–15.0	0.0	–15.0
Paid dividend	0.0	0.0	–8.5	0.0
Cash flow from financing activities	–0.8	–15.0	–8.8	–15.0
Cash flow during the period	–4.6	–41.2	–23.1	7.4
Cash and cash equivalents at beginning of period	27.9	88.7	47.2	40.2
Exchange difference in cash and cash equivalents	0.9	–0.3	0.0	–0.4
Cash and cash equivalents at end of period	24.2	47.2	24.2	47.2

Consolidated Balance Sheet, in summary

SEK M	Aug 31, 2016	Aug 31, 2015
Assets		
Intangible assets	422.7	407.8
Tangible assets	90.3	87.6
Financial assets	22.8	5.6
Total non-current assets	535.8	501.0
Inventories	404.0	400.9
Current receivables	138.6	126.7
Cash	24.2	47.2
Total current assets	566.8	574.8
Total assets	1,102.6	1,075.8
Shareholders' equity and liabilities		
Equity attributable to the Parent Company's shareholders	323.5	305.7
Total equity	323.5	305.7
Non-current liabilities *	401.8	385.5
Current liabilities	377.3	384.6
Total liabilities	779.1	770.1
Total equity and liabilities	1,102.6	1,075.8

* see note 1

Changes in shareholders' equity, in summary

SEK M	Sep 2015 –Aug 2016	Sep 2014 –Aug 2015
Opening balance	305.7	266.1
Net income for the period	25.9	42.3
Other comprehensive income	0.4	–2.7
Total comprehensive income for the year	26.3	39.6
Paid dividend	–8.5	–
Balance at end of period	323.5	305.7

Income Statement per quarter, Group

SEK M	2016 Jun-Aug	2016 Mar-May	2015/2016 Dec-Feb	2015 Sep-Nov	2015 Jun-Aug	2015 Mar-May
Net sales	555.3	488.9	572.5	556.4	563.6	485.3
Goods for resale	-286.9	-223.6	-303.2	-265.8	-294.0	-237.1
Gross profit	268.4	265.3	269.3	290.6	269.6	248.2
Gross profit margin	48.3%	54.3%	47.0%	52.2%	47.8%	51.1%
Other operating income	4.2	5.9	2.3	4.3	1.1	4.8
Other external expenses	-119.9	-121.5	-116.3	-119.7	-111.1	-118.5
Personnel expenses	-130.1	-137.6	-143.4	-133.6	-136.3	-126.4
Depreciation and impairment of non-current assets	-16.6	-12.1	-11.4	-11.8	-11.5	-11.9
Operating income	6.0	0.0	0.5	29.8	11.8	-3.8
Financial income	0.9	0.4	0.4	0.2	1.5	0.3
Financial expenses	-3.9	-3.1	-2.3	-3.3	-2.0	-2.2
Unrealized profit/loss on futures contracts	7.4	-7.6	-3.2	3.7	-5.4	-2.7
Result after net financial items	10.4	-10.3	-4.6	30.4	5.9	-8.4
Tax	0.0	0.0	0.0	0.0	0.0	0.0
Net income for the period	10.4	-10.3	-4.6	30.4	5.9	-8.4
Other comprehensive income						
Translation differences	0.6	-0.7	0.1	0.4	-1.1	-0.4
Comprehensive income for the period	11.0	-11.0	-4.5	30.8	4.8	-8.8

Key ratios

	Sep 2015 -Aug 2016	Sep 2014 -Aug 2015
Sales development in comparable stores, RNB total, %	50.3	50.1
Gross margin, %	1.7	2.2
Operating margin, %	29.3	28.4
Profit margin, %	3.1	4.8
Equity/assets ratio, %	378.9	340.5
Interest coverage ratio, x	117.1	111.4
Net debt, MSEK	8.2	14.8
Net debt/equity ratio, %	5.4	7.8
Average number of employees, full time	33,912	33,912
Average number of shares, 000s	33,912	33,912
Number of shares at end of period, 000s	0.76	1.25
Profit after tax per share, SEK	9.54	9.01
Equity per share at end of period, SEK	1,047	1,024

Income Statement Parent Company

SEK M	3 months		12 months	
	Jun 2016 –Aug 2016	Jun 2015 –Aug 2015	Sep 2015 –Aug 2016	Sep 2014 –Aug 2015
Net sales	26.2	21.3	98.0	85.2
Other operating income	2.8	1.7	5.6	8.6
	29.0	23.0	103.6	93.8
Operating expenses				
Other external expenses	-14.6	-13.3	-64.9	-59.6
Personnel expenses	-15.2	-14.3	-59.3	-50.6
Depreciation and impairment of non-current assets	-2.6	-3.2	-8.1	-9.3
Operating income	-3.4	-7.8	-28.7	-25.7
Result from participations in group companies	39.4	95.5	39.4	95.5
Financial income	0.0	0.5	0.2	1.5
Financial expenses	-3.9	-2.1	-9.9	-9.8
Result after financial items	32.1	86.1	1.0	61.5
Taxes	-	-	-	-
Net income for the period	32.1	86.1	1.0	61.5

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

Balance Sheet Parent Company, in summary

SEK M	Aug 31, 2016	Aug 31, 2015
Assets		
Intangible assets	21.7	15.3
Property, plant and equipment	5.9	2.8
Financial assets	576.7	561.7
Deferred tax assets	81.1	70.4
Other current assets	10.8	35.9
Total assets	696.2	686.1
Shareholders' equity and liabilities		
Equity	256.7	264.1
Non-current liabilities	385.0	385.0
Current liabilities	54.5	37.0
Total equity and liabilities	696.2	686.1

Notes to the Financial Statements

NOTE 1 ACQUISITION OF KIDS COMPANY OY

Polarn O. Pyret acquired 51 percent of Kids Company Oy in Finland during the fiscal year. Kids Company has 12 Polarn O. Pyret stores, which cover Finland geographically with a main focus on metropolitan areas, along with an e-commerce store and three franchise stores.

The acquisition was completed with takeover on March 31, 2016 and the company was consolidated from April 1, 2016. There is a mutual option to acquire or sell the remaining 49 percent within a four-year period. The estimated value of the option to acquire the remaining 49 percent is recognized as a financial liability for contingent consideration and classified as other non-current liability in RNB's consolidated financial statements. With this financial liability, no minority interest is recognized. The liability amounted to SEK 17 M on the balance sheet date. The change in the fair value of the financial liability will be recognized in the consolidated income statement.

The acquisition gives rise to goodwill of SEK 13 M and relates, among other things, to economies of scale in logistics, establishment and local market knowledge.

Acquisition analysis, SEK M	SEK
Goodwill	12,5
Other non-current assets	2,3
Inventories	11,9
Non-current receivables	0,7
Current receivables	6,9
Cash and cash equivalents	2,7
Current and non-current liabilities	-9,5
Purchase price	27,5
Contingent consideration	-16,7
Purchase price paid	10,8
Cash and cash equivalents in the divested company	-2,7
Impact on the Group's cash and cash equivalents	8,1

The acquisition analysis is preliminary and may be adjusted during the coming quarters.

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Questions about the report

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