

RNB RETAIL AND BRANDS

Polarn O. Pyret – Focus on profitable growth

Polarn O. Pyret has today taken the decision to close the smaller and unprofitable operations in the Netherlands and China and to expand the number of stores in Finland and Norway. The measures will generate a positive earnings effect from June 2017. The strategic review of Polarn O. Pyret's operation continue.

As communicated in the second quarter interim report 2015/16 an overview of Polarn O. Pyret's operations is conducted. One of the findings from this overview is to further deepen the presence in the company's core markets. As part of this Polarn O. Pyret has now taken the decision to close down the operations in Holland and China and expand the store network in Finland and Norway. The closure will not affect the production office in Hong Kong, which will remain fully operational in its present form. The Dutch e-commerce business will not be affected of the closure of the three physical stores in Holland. The measures will generate a positive earnings effect from June 2017.

- The measures have a clear purpose - to increase the profitability of Polarn O. Pyret and create better conditions for profitable growth. The markets that we are now completely dismantle has so far only resulted in negative profitability while the larger markets, where we have achieved a certain presence and sales, have historically shown an acceptable profitability. I am convinced that profitability has the potential to increase at a higher rate after these measures are implemented, says Magnus Håkansson, President and CEO of RNB RETAIL AND BRANDS.

The process of closing down the operations in Holland and China will commence immediately and is expected to be completed by June 2017. During the 2014/2015 fiscal year, the operations in Holland and China generated sales of about SEK 11 M. Total sales for the Polarn O. Pyret business area amounted to SEK 667 M for the same period.

- The focus on the core markets means that we can now free up resources and better prioritize our investments on our core markets where we have good opportunities to create value for our customers and shareholders. The decision to expand our proprietary store network until June 2017 in Finland and Norway mean that the number of stores will increase in the coming 15 months. The prerequisites for profitable growth in Finland and Norway has been made possible through the acquisition of the franchisees in each country. This is an exciting time for Polarn O. Pyret, as we build an even stronger company for the future, says Magnus Håkansson.

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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. Sales are mainly conducted in Scandinavia

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through the store concepts Brothers and Polarn O. Pyret, as well as through shops in the department stores NK in Stockholm and Gothenburg. RNB RETAIL AND BRANDS has operation in 12 countries. RNB RETAIL AND BRANDS has been listed on the OMX Nordic Exchange since 2001.