

RNB

INTERIM REPORT

1 SEPTEMBER 2015 – 31 MAY 2016

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RNB RETAIL AND BRANDS

POLARN O. PYRET
DEPARTMENTS & STORES

BROTHERS

Clear improvement from Q2

All three concepts are performing well in general. Brothers stands out with a sales increase of 7 percent in total and a positive result in the third quarter of SEK 12 M. Departments & Stores continues to display a stable performance and delivered a small increase in the quarterly result compared to the third quarter of the previous year, despite weak visitor figures. Polarn O. Pyret increased its sales during the ongoing restructuring of its operations.

THIRD QUARTER, MARCH 1, 2016 – MAY 31, 2016 IN SUMMARY

- Sales in comparable stores in Sweden increased during the quarter by 1.0 percent, compared to the market's increase of 1.7 percent, Swedish Retail and Wholesale Trade Research Institute (HUI).
- Net sales totaled SEK 489 M (485), an increase of 0.7 percent.
- Operating income amounted to SEK 0 M (4).
- Operating income before amortization for the latest 12-month period totaled SEK 89 M.
- Operating income for the latest 12-month period totaled SEK 42 M (40).
- The loss before tax amounted to SEK -10 M (-8).
- The loss after tax amounted to SEK -10 M (-8), corresponding to SEK -0.28 (-0.25) per share.
- Cash flow from operating activities was SEK 10 M (40).
- Polarn O. Pyret acquired 51 percent of Kids Company Oy. Kids Company Oy, which is the master franchise business in Finland, is expected to generate sales of just over SEK 100 M on an annual basis and consists of 12 stores, an e-commerce store and three franchise stores in Finland.

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

- Sales in comparable stores increased by 3.7 percent during the period.
- Net sales totaled SEK 1,618 M (1,573), equivalent to an increase of 2.9 percent.
- Operating income totaled SEK 30 M (36).
- Profit before tax amounted to SEK 15 M (36).
- Profit after tax amounted to SEK 15 M (36), which corresponds to SEK 0.49 (1.07) per share.
- Cash flow from operating activities was SEK 46 M (88).

EVENTS AFTER THE END OF THE PERIOD

- In June, 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 with unchanged contractual terms.

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 third quarter 2015/2016. The conference will be held at the company's premises at Drottninggatan 33, today, June 23, 2016 at 9.30 a.m.

FINANCIAL CALENDAR

Year-end report 2015/2016 October 19, 2016

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 am CET on June 23, 2016.

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

A CLEAR IMPROVEMENT COMPARED TO THE PREVIOUS QUARTER

Brothers continued its turnaround during the third quarter with a stronger momentum and positive earnings trend. Departments & Stores continued to display a stable performance and delivered a quarterly result at the same level as the third quarter of the previous year. Polarn O. Pyret's performance during the third quarter was in line with the corresponding period of the previous fiscal year for comparable operations, in other words excluding Finland. The turnaround work in Polarn O. Pyret is now being implemented with great energy and at a fast pace.

BROTHERS IS NOW PROFITABLE

Brothers' exceptionally strong performance continued at the same rate. The value proposition to customers is a winning one and Brothers has clearly captured market shares in Sweden and Finland. We offer an attractive balance in the product range between tailored and volume products. The continued advancement of e-commerce and service concepts in stores will further strengthen the value proposition and drive sales going forward. Operating income after the third quarter of the year is now almost SEK 19 M better than the corresponding period of the previous year. For the nine-month period, operating income was positive at SEK 13 M, which means that the profit forecast for the present year will almost certainly be met.

DEPARTMENTS & STORES – GOOD PERFORMANCE DESPITE DECLINING TRAFFIC

The sales trend in Departments & Stores was somewhat weak during the quarter as a consequence of declining traffic volumes at NK in Stockholm and Gothenburg. Operating income was still higher than the year-earlier period, which is a sign of strength.

RNB is continuing to invest in modernizing retail space at NK in Stockholm and Gothenburg. Comprehensive work on conversion and development of retail space is ongoing during the spring and will be completed during the summer with positive effects expected during the fall and winter.

During the quarter, NK in Stockholm and Gothenburg were affected by a continued fall in visitor numbers. It was the second consecutive quarter with declining visitor figures and we are now working according to the hypothesis that visitor numbers will level out at the current levels. So far Departments & Stores has been successful in compensating for most of this through a higher conversion rate and increased average spends.

POLARN O. PYRET – MANY ACTIVITIES AND HIGH TEMPO IN THE TURNAROUND WORK

Just as communicated earlier, a comprehensive review of Polarn O. Pyret's business was initiated during the winter. This review resulted in a number of conclusions where the most important one was to focus on the larger markets in order to boost profitability and create the best opportunities for

profitable growth. The work on closing down Polarn O. Pyret's operations in Holland is continuing as planned with positive effects expected during the first half of the next fiscal year. The business in the US is currently undergoing operational and financial restructuring and the e-commerce business in China has now been discontinued. Polarn O. Pyret in Finland is currently being integrated after the acquisition of 51 percent of the master franchise business.

During the quarter, a number of organizational changes were implemented and all central departments have been reorganized. Concurrently with the closure and restructuring of the smaller markets and integration of the Finnish master franchise business, comprehensive work is also ongoing with customer surveys. The result of these customer surveys is then supplemented with brand development efforts. The reorientation and modernization work is further clarified on the basis of these activities.

The measures, which are currently being implemented in Polarn O. Pyret aim to clearly boost the profitability of the business area and raise the growth rate again.

CONTINUED PROFITABILITY IMPROVEMENT IN FOCUS

During the third quarter, RNB was on the path to regained stability. Meanwhile, we made a lot of progress during the period in the work on establishing a new platform for profitability and on ensuring continued growth in Polarn O. Pyret. With Brothers continued success, a continuing stable performance in Departments & Stores and a successful 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 fiscal year.

It is also gratifying that RNB is in the final phase of the work on launching a new e-commerce concept, which is targeted towards masculine style and fashion. More information regarding this will be provided in connection with the launch in August.

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 264, of which 63 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 volume-

oriented comprehensive 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

THIRD QUARTER, MARCH 1, 2016 – MAY 31, 2016

Reported net sales for the Group's concepts during the third quarter of the year increased, from SEK 485 M in the previous year to SEK 489 M, equivalent to an increase of 0.7 percent. The business areas Brothers and Polarn O. Pyret increased their sales while Departments & Stores reported lower sales during the quarter. The operations in Polarn O. Pyret Finland, which were acquired during the quarter contributed to increased sales in April and May. In comparable stores in Sweden, the sales increase was 1.0 percent (HUI 1.6 percent) and in all countries 0.6 percent, calculated in Swedish kronor.

Gross margin during the quarter for RNB's operations was 54.3 percent (51.1), where Brothers and Polarn O. Pyret increased their margins, while the margin in Departments & Stores fell slightly. Gross profit for the Group increased by 6.9 percent overall compared to the previous year as a consequence of the higher gross margin.

Total overhead costs increased compared to the previous year due to costs related to the ongoing conversion work in Polarn O. Pyret and the acquisition of Polarn O. Pyret's operations in Finland.

Operating income amounted to SEK 0 M (4). Operating income for the latest 12-month period totaled SEK 42 M (40).

Net financial items amounted to SEK -10 M (-5) and the loss before tax totaled SEK -10 M (-8).

The loss after tax was SEK -10 M (-8). The Finnish business is owned to 51 percent. Results of operations are consolidated at 100 percent after which 49 percent of the net profit is reported separately in the income statement as Non-controlling interests.

Unrealized results on futures contracts affected earnings by SEK -8 M (-3).

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

Reported net sales for the Group's concepts during the period increased, from SEK 1,573 M in the previous year to SEK 1,618 in the same period this year, equivalent to an increase of 2.9 percent. The business areas Brothers and Polarn O. Pyret increased their sales while Departments & Stores' sales fell slightly during the period.

Gross margin during the period was 51.0 percent (50.9), with an improvements compared to the previous year in Brothers, a stable performance in Departments & Stores but a 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.

Total gross profit for the Group increased compared to the previous year. Total overhead costs increased compared to the year-earlier period, but were lower than planned. Overhead costs were also impacted by the consolidation of Polarn O. Pyret's business in Finland.

Operating income totaled SEK 30 M (36).

Net financial items amounted to SEK -15 M (0) and profit before tax amounted to SEK 15 M (36). Profit after tax amounted to SEK 15 M (36).

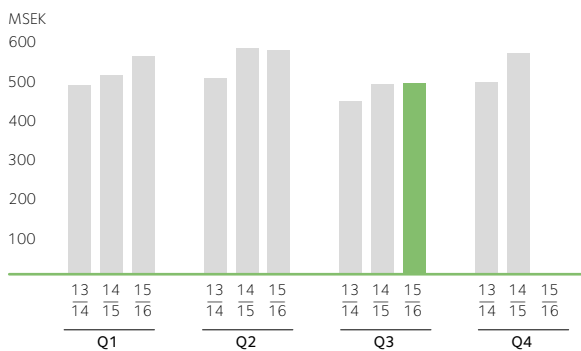
Unrealized results on futures contracts affected earnings by SEK -7 M (6).

Group overview

	3 months		9 months		12 months	
	Mar 2016 –May 2016	Mar 2015 –May 2015	Sep 2015 –May 2016	Sep 2014 –May 2015	Latest 12 months	Sep 2014 –Aug 2015
Net sales, SEK M	489	485	1,618	1,573	2,181	2,136
Gross margin (%)	54.3	51.1	51.0	50.9	50.2	50.1
Operating income, SEK M	0	-4	30	36	42	48
Profit before tax, SEK M	-10	-8	15	36	21	42
Profit after tax, SEK M	-10	-8	15	36	21	42
Operating margin (%)	0.0	-0.8	1.9	2.3	1.9	2.2
Earnings per share, SEK	-0.28	-0.25	0.49	1.07	0.66	1.25
Cash flow from operating activities, SEK M	10	40	46	88	32	74
Number of stores	264	267	264	267	264	267

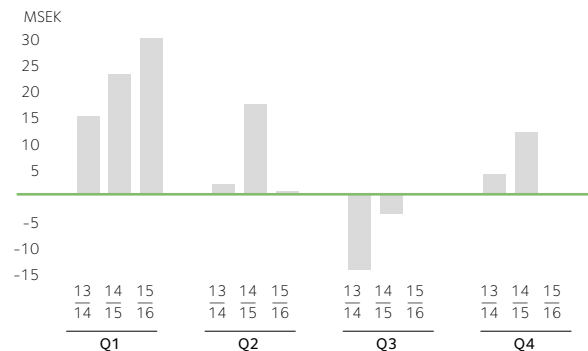
Net sales per quarter

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	390 MSEK 	24%	13 MSEK	Total 77 of which 22 franchise Sweden 64 of which 22 franchise Finland 13 of which 0 franchise
DEPARTMENTS & STORES	720 MSEK 	45%	49 MSEK	Total 44 NK Stockholm 29 NK Gothenburg 15
POLARN O. PYRET	508 MSEK 	31%	-6 MSEK	Total 143 of which 41 franchise Sweden 63 of which 7 franchise Norway 28 of which 0 franchise Finland 17 of which 3 franchise England 16 of which 16 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	1 618 MSEK		30 MSEK	264 stores 11 countries

Net Sales and Operating Income per Business Area	3 months		9 months		12 months	
	Mar 2016 -May 2016	Mar 2015 -May 2015	Sep 2015 -May 2016	Sep 2014 -May 2015	Latest 12 months	Sep 2014 -Aug 2015
Net sales, SEK M						
Brothers	130.7	130.0	389.9	365.0	517.3	492.4
Departments & Stores	214.8	222.8	720.1	724.4	972.3	976.6
Polarn O. Pyret	143.4	132.5	507.8	483.2	691.7	667.1
Other	0.0	0.0	0.0	0.0	0.1	0.1
Total	488.9	485.3	1,617.8	1,572.6	2,181.4	2,136.2
Operating income, SEK M						
Brothers	11.9	1.0	12.5	-5.8	7.5	-10.8
Departments & Stores	10.6	9.8	49.3	48.7	59.5	58.9
Polarn O. Pyret	-11.9	-9.3	-6.2	10.3	7.5	24.0
Other	-10.6	-5.3	-25.3	-17.1	-32.4	-24.2
Total	0.0	-3.8	30.3	36.1	42.1	47.9

BROTHERS

Brothers is a volume-oriented, comprehensive concept for men and has a total of 77 (77) stores, of which 22 (25) are operated by franchisees.

THIRD QUARTER, MARCH 1, 2016 – MAY 31, 2016

Net sales for Brothers totaled SEK 131 M (130), an increase of 0.5 percent. Net sales during the quarter displayed increases in proprietary stores and in the e-commerce business while sales on the franchise side remained lower than the year-earlier period.

Sales in comparable proprietary stores in Sweden and Finland increased by 6.8 percent. The number of paying customers in the stores continued to rise and with an increased average spend. Total brand sales (total sales to consumers, excluding VAT, in all markets and distribution channels) amounted to SEK 611 M (581), measured on a rolling 12-month basis.

Gross margin for the business area increased during the quarter compared to the previous year. The higher gross margin was due to mix effects and lower currency effects compared to the previous year. The increased sales during the quarter contributed to a higher gross profit. Proprietary brand sales continued to increase during the quarter.

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 12 M (1), with an operating margin of 9.1 percent (0.8). Operating margin increased significantly during the quarter compared to the corresponding quarter of the previous year.

Inventories decreased during the quarter but were higher at the end of the third quarter this year than on the same date last year. However, the inventory level is of a good quality and corresponds to the planned increase in product demand.

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

Net sales for Brothers totaled SEK 390 M (365), an increase of 6.8 percent. Net sales for Brothers showed an increase in proprietary stores and in e-commerce during the period, and slightly lower sales on the franchise side.

Sales in comparable proprietary stores in Sweden and Finland increased by 9.7 percent. Both the number of visitors and the number of customers increased during the period.

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 according to plan. The main reason was higher personnel expenses and costs for premises as a consequence of new stores and additional sales.

Operating income amounted to SEK 13 M (-6), with an operating margin of 3.2 percent (-1.6).

Inventories decreased during the period but were higher at the end of the period than 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).

THIRD QUARTER, MARCH 1, 2016 – MAY 31, 2016

Net sales in the Departments & Stores business area amounted to SEK 215 M (223), a decrease of 3.6 percent. The number of visitors to both department stores has continually decreased since the middle of November last year. Through increased average spends and higher conversion rates, the decrease in the number of visitors has been compensated in terms of sales but not fully, however.

The gross margin fell slightly compared to the same quarter of the previous year.

Overhead costs increased somewhat compared to the previous year but have been adjusted to the lower sales so the increase was lower than planned.

Operating income amounted to SEK 11 M (10), with an operating margin of 4.9 percent (4.4).

Inventories in the business area increased during the quarter and were higher at the end of the quarter than the same quarter last year. 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 – MAY 31, 2016

Net sales in the Departments & Stores business area amounted to SEK 720 M (724), a decrease of 0.6 percent. Sales increased significantly in Stockholm as well as in Gothenburg early in the period but have showed a decline since November.

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

Operating income amounted to SEK 49 M (49), with an operating margin of 6.8 percent (6.7).

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 143 stores, of which 41 are franchise stores. Today, Polarn O. Pyret is established in 11 countries.

THIRD QUARTER, MARCH 1, 2016 – MAY 31, 2016

Net sales during the quarter amounted to SEK 143 M (133), with an increase in sales in both proprietary stores and in the e-commerce business. The operations acquired in Finland during the quarter also contributed to the increased sales. Franchise sales increased during the quarter, both internationally and in Sweden.

Sales in comparable proprietary stores declined 1.4% year-on-year for all countries compared to the previous year, however, sales increased in Sweden and Holland. Brand sales (total sales to consumers, excluding VAT, in all markets and distribution channels) amounted to SEK 882 M (803), 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 activities in all markets. Gross profit increased during the quarter as a consequence.

Overhead costs increased compared to the year-earlier period, mainly due to the ongoing conversion work initiated during the second quarter, which has continued during the third quarter. During the quarter, a number of organizational changes were implemented and all central departments have been reorganized. Concurrently with the closure and restructuring of the smaller markets, integration of the acquired Finnish master franchise business has commenced. The acquired operations in Finland also contributed to the increased overhead costs since the ordinary business-related overhead costs are now consolidated.

Operating income totaled SEK -12 M (-9), equivalent to an operating margin of -8.3 percent (-7.0). The Finnish business is owned to 51 percent. Results of operations are consolidated at 100 percent after which 49 percent of the net profit is reported separately in the income statement as Non-controlling interests.

Inventories in the business area increased during the quarter, due to ongoing deliveries, and were higher at the end of the quarter than the previous year. Current inventory levels are considered to be effective, with good quality and a better age structure than at the end of the year-earlier period.

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

Net sales during the period amounted to SEK 508 M (483), where both sales in proprietary stores and e-commerce contributed. The operations acquired in Finland during the third quarter also contributed to the increased sales. Franchise-side sales were stable during the period.

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 personnel and sales-related expenses and the ongoing work on reorientation and modernization of the business during the third quarter.

Operating income totaled SEK -6 M (10), equivalent to an operating margin of -1.2 percent (2.1). The results from the Finnish operations for April and May are included in the business area's operating income.

Inventory levels decreased during the period but were at a higher level at the end of the period than the same date of the previous year. Current inventory levels are considered to be effective, with good quality and a better age structure than at the end of the year-earlier period.



Financial position and liquidity

The Group had total assets of SEK 1,084 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 29.9 percent (27.8).

At May 31, 2016 inventories totaled SEK 405 M (368), where all three business areas increased their inventory levels compared to the previous year. The increase was due to currency effects, additional purchasing and ongoing deliveries for the next season.

Cash flow from changes in working capital was negative and amounted to SEK -10 M (28) for the period due to decreased other current liabilities and reduced inventories, after elimination of the acquisition of the Finnish operations. Cash flow from operating activities amounted to SEK 46 M (88) during the period. Cash flow after investments amounted to SEK -11 M (49), which is equivalent to a deterioration of SEK 59 M compared to the previous year. Net debt amounted to SEK 360 M compared to SEK 341 M at the end of the previous fiscal year.

The Group's cash and cash equivalents at the end of the period, including unutilized overdraft facilities, amounted to SEK 128 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 quarter.

INVESTMENTS AND DEPRECIATION/ AMORTIZATION

Investments during the period, excluding investment in subsidiaries totaled SEK 39 M (26). Depreciation/amortization totaled SEK -35 M (-36).

EMPLOYEES

The average number of employees during the period was 1,023 (987).

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 72 M (64). The result after net financial items amounted to SEK -31 M (-25). Investments totaled SEK 14 M (4).

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.

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

In June, 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. As the agreement was entered into after the end of the period, the loans have been reclassified from non-current liabilities to current liabilities in the third quarter. In the fourth quarter, the loans will be classified as a non-current liability again.

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, June 23, 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 May 31, 2016

	Number of shares	Share capital/ Voting rights, %
Konsumentföreningen Stockholm	11,246,598	33.2
Catella Fondförvaltning	3,154,723	9.3
Novobis AB	2,500,000	7.4
Avanza Pension	2,218,638	6.5
ABG Sundal Collier ASA	664,249	2.0
Skandinaviska Enskilda Banken	535,000	1.6
Nordnet pensionsförsäkring	526,599	1.6
Case Asset Management AB	500,000	1.5
Johan Fahlin	352,000	1.0
Michael Löfman	284,612	0.8
Total 10 largest shareholders	21,982,419	64.9
Other	11,929,757	35.1
Total	33,912,176	100.0

Source: Euroclear Sweden AB

Review report

RNB RETAIL AND BRANDS AB (PUBL), CORPORATE IDENTITY NUMBER 556495-4682

INTRODUCTION

We have reviewed the summary interim financial information (Interim Report) of RNB RETAIL AND BRANDS AB (publ) as of May 31, 2016 and for the nine-month period that ended on this date. The Board of Directors and the President are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

THE FOCUS AND SCOPE OF THE REVIEW

We conducted our review in accordance with the International Standard on Review Engagements, ISRE 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of the interim report consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and is substantially smaller in scope than an audit conducted in accordance with International Standards on Auditing (ISA) and other generally accepted auditing practices.

The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Accordingly, the conclusion expressed based on a review does not constitute the same level of assurance as a conclusion based on an audit.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the Interim Report, in all material respects, is not prepared for the Group in compliance with IAS 34 and the Swedish Annual Accounts Act and for the Parent Company in compliance with the Swedish Annual Accounts Act.

Stockholm, June 23, 2016
Ernst & Young AB

Johan Eklund
Authorized Public Accountant

Consolidated Income Statement

SEK M	3 months		9 months		12 months	
	Mar 2016 –May 2016	Mar 2015 –May 2015	Sep 2015 –May 2016	Sep 2014 –May 2015	Latest 12 months	Sep 2014 –Aug 2015
Net sales	488.9	485.3	1,617.8	1,572.6	2,181.4	2,136.2
Goods for resale	-223.6	-237.1	-792.6	-771.7	-1,086.6	-1,065.7
Gross income	265.3	248.2	825.2	800.9	1,094.8	1,070.5
Other operating income	5.9	4.8	12.5	14.2	13.6	15.3
Other external expenses	-121.5	-117.1	-357.5	-356.7	-468.6	-467.8
Personnel expenses	-137.6	-126.4	-414.6	-385.9	-550.9	-522.2
Depreciation and impairment of non-current assets	-12.1	-13.3	-35.3	-36.4	-46.8	-47.9
Operating income	0.0	-3.8	30.3	36.1	42.1	47.9
Financial income	0.4	0.3	1.0	3.5	2.5	5.0
Financial expenses	-3.1	-2.2	-8.7	-9.2	-10.7	-11.2
Unrealized profit/loss on futures contracts	-7.6	-2.7	-7.1	6.0	-12.5	0.6
Net financial items	-10.3	-4.6	-14.8	0.3	-20.7	-5.6
Profit before tax from continuing operations	-10.3	-8.4	15.5	36.4	21.4	42.3
Tax on net income for the period	0.0	0.0	0.0	0.0	0.0	0.0
Net income for the period from continuing operations	-10.3	-8.4	15.5	36.4	21.4	42.3
Net income for the period	-10.3	-8.4	15.5	36.4	21.4	42.3
Other comprehensive income						
<i>Other comprehensive income, which will be reclassified to net income in subsequent periods</i>						
Translation differences	-0.7	-0.4	-0.2	-1.6	-1.3	-2.7
Comprehensive income for the period	-11.0	-8.8	15.3	34.8	20.1	39.6
Net income for the period attributable to:						
Parent Company's shareholders	-9.3	-8.4	16.5	36.4	22.4	42.3
Non-controlling interests	-1.0	0.0	-1.0	0.0	-1.0	0.0
	-10.3	-8.4	15.5	36.4	21.4	42.3
Comprehensive income attributable to:						
Parent Company's shareholders	-10.0	-8.8	16.3	34.8	21.1	39.6
Non-controlling interests	-1.0	0.0	-1.0	0.0	-1.0	0.0
	-11.0	-8.8	15.3	34.8	20.1	39.6
Earnings per share before and after dilution (SEK)	-0.28	-0.25	0.49	1.07	0.66	1.25
Average number of shares, (000s)	33,912	33,912	33,912	33,912	33,912	33,912

Consolidated Cash Flow Statement, in summary

SEK M	3 months		9 months		12 months	
	Mar 2016 –May 2016	Mar 2015 –May 2015	Sep 2015 –May 2016	Sep 2014 –May 2015	Latest 12 months	Sep 2014 –Aug 2015
Operating activities						
Operating income	0.0	-3.8	30.3	36.1	42.1	47.9
Interest received and other financial income	0.4	0.3	1.0	3.5	2.5	5.0
Interest paid	-3.1	-4.4	-8.6	-12.5	-10.3	-14.2
Adjustment for non-cash items	11.5	9.1	33.4	32.8	47.7	47.1
Cash flow before change in working capital	8.8	1.2	56.1	59.9	82.0	85.8
Cash flow from changes in working capital						
Change in inventories	-5.5	-0.1	8.3	-20.3	-25.9	-54.5
Decrease (+)/increase (-) in current receivables	14.7	2.1	0.5	6.3	-2.4	3.4
Decrease (-)/increase (+) in current liabilities	-7.9	36.8	-18.8	41.6	-21.6	38.9
Change in working capital	1.3	38.8	-10.0	27.6	-49.8	-12.2
Cash flow from operating activities	10.1	40.0	46.1	87.5	32.2	73.6
Cash flow from investing activities	-35.9	-8.8	-56.6	-38.9	-68.9	-51.2
Cash flow after investments	-25.8	31.2	-10.5	48.6	-36.7	22.4
Financing activities						
Change in liabilities to financial institutions	0.5	0.0	0.5	0.0	0.5	0.0
Amortization of loan	0.0	0.0	0.0	0.0	-15.0	-15.0
Paid dividend	0.0	0.0	-8.5	0.0	-8.5	0.0
Cash flow from financing activities	0.5	0.0	-8.0	0.0	-23.0	-15.0
Cash flow during the period	-25.3	31.2	-18.5	48.6	-59.7	7.4
Cash and cash equivalents at beginning of period	53.3	57.7	47.2	40.2	88.7	40.2
Exchange difference in cash and cash equivalents	-0.1	-0.2	-0.8	-0.1	-1.1	-0.4
Cash and cash equivalents at end of period	27.9	88.7	27.9	88.7	27.9	47.2

Consolidated Balance Sheet, in summary

SEK M	May 31, 2016	May 31, 2015	Aug 31, 2015
Assets			
Intangible assets	417.4	407.6	407.8
Tangible assets	85.7	84.4	87.6
Financial assets	21.9	4.5	5.6
Total non-current assets	525.0	496.5	501.0
Inventories	404.5	367.7	400.9
Current receivables	126.4	129.5	126.7
Cash	27.9	88.7	47.2
Total current assets	558.8	585.9	574.8
Total assets	1,083.8	1,082.4	1,075.8
Shareholders' equity and liabilities			
Equity attributable to the Parent Company's shareholders	313.5	300.9	305.7
Non-controlling interests	10.1	-	-
Total equity	323.6	300.9	305.7
Non-current liabilities	1.3	400.0	385.5
Current liabilities	758.9	381.5	384.6
Total liabilities	760.2	781.5	770.1
Total equity and liabilities	1,083.8	1,082.4	1,075.8

Changes in shareholders' equity, in summary

SEK M	Sep 2015 –May 2016	Sep 2014 –May 2015	Sep 2014 –Aug 2015
Opening balance	305.7	266.1	266.1
Net income for the period	15.5	36.4	42.3
Other comprehensive income	-0.2	-1.6	-2.7
Total comprehensive income for the year	15.3	34.8	39.6
Paid dividend	-8.5	-	-
Acquisition of non-controlling interest	11.1	-	-
Balance at end of period	323.6	300.9	305.7

Income Statement per quarter, Group

SEK M	2016 Mar-May	2015/2016 Dec-Feb	2015 Sep-Nov	2015 Jun-Aug	2015 Mar-May	2014/2015 Dec-Feb
Net sales	488.9	572.5	556.4	563.6	485.3	578.2
Goods for resale	-223.6	-303.2	-265.8	-294.0	-237.1	-302.8
Gross profit	265.3	269.3	290.6	269.6	248.2	275.4
Gross profit margin	54.3%	47.0%	52.2%	47.8%	51.1%	47.6%
Other operating income	5.9	2.3	4.3	1.1	4.8	3.1
Other external expenses	-121.5	-116.3	-119.7	-111.1	-118.5	-117.0
Personnel expenses	-137.6	-143.4	-133.6	-136.3	-126.4	-132.5
Depreciation and impairment of non-current assets	-12.1	-11.4	-11.8	-11.5	-11.9	-11.9
Operating income	0.0	0.5	29.8	11.8	-3.8	17.1
Financial income	0.4	0.4	0.2	1.5	0.3	1.0
Financial expenses	-3.1	-2.3	-3.3	-2.0	-2.2	-3.2
Unrealized profit/loss on futures contracts	-7.6	-3.2	3.7	-5.4	-2.7	7.8
Result after net financial items	-10.3	-4.6	30.4	5.9	-8.4	22.7
Tax	0.0	0.0	0.0	0.0	0.0	0.0
Net income for the period	-10.3	-4.6	30.4	5.9	-8.4	22.7
Other comprehensive income						
Translation differences	-0.7	0.1	0.4	-1.1	-0.4	-1.0
Comprehensive income for the period	-11.0	-4.5	30.8	4.8	-8.8	21.7

Key ratios

	9 months		12 months		
	Sep 2015 -May 2016	Sep 2014 -May 2015	Latest 12 months	Sep 2014 -Aug 2015	
Sales development in comparable stores, RNB total, %		0.6	9.9	2.6	11.9
Gross margin, %		51.0	50.9	50.2	50.1
Operating margin, %		1.9	2.3	1.9	2.2
Profit margin, %		1.0	2.3	1.0	2.0
Equity/assets ratio, %		29.9	27.8	29.9	28.4
Interest coverage ratio, x		2.0	5.0	1.9	4.8
Net debt, MSEK		359.9	312.6	359.9	340.5
Net debt/equity ratio, %		114.8	103.9	114.8	111.4
Average number of employees, full time		1,023	987	1,028	1,024
Average number of shares, 000s		33,912	33,912	33,912	33,912
Number of shares at end of period, 000s		33,912	33,912	33,912	33,912
Profit after tax per share, SEK		0.49	1.07	0.66	1.25
Equity per share at end of period, SEK		9.24	8.87	9.24	9.01

Income Statement Parent Company

SEK M	3 months		9 months		12 months	
	Mar 2016 –May 2016	Mar 2015 –May 2015	Sep 2015 –May 2016	Sep 2014 –May 2015	Latest 12 months	Sep 2014 –Aug 2015
Net sales	24,8	21,5	71,8	63,9	93,1	85,2
Other operating income	1,0	2,7	2,8	6,9	4,5	8,6
	25,8	24,2	74,6	70,8	97,6	93,8
Operating expenses						
Other external expenses	-18,0	-15,3	-50,3	-46,3	-63,6	-59,6
Personnel expenses	-15,9	-12,4	-44,1	-36,3	-58,4	-50,6
Depreciation and impairment of non-current assets	-1,9	-2,1	-5,5	-6,1	-8,7	-9,3
Operating income	-10,0	-5,6	-25,3	-17,9	-33,1	-25,7
Result from participations in group companies	-	-	-	-	95,5	95,5
Financial income	0,1	0,4	0,2	1,0	0,7	1,5
Financial expenses	-2,5	-2,4	-6,0	-7,7	-8,1	-9,8
Result after financial items	-12,4	-7,6	-31,1	-24,6	55,0	61,5
Taxes	-	-	-	-	-	-
Net income for the period	-12,4	-7,6	-31,1	-24,6	55,0	61,5

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

Balance Sheet Parent Company, in summary

SEK M	May 31, 2016	May 31, 2015	Aug 31, 2015
Assets			
Intangible assets	20.7	17.1	15.3
Property, plant and equipment	5.8	2.6	2.8
Financial assets	576.6	501.7	561.7
Deferred tax assets	32.2	54.1	70.4
Other current assets	16.6	79.1	35.9
Total assets	651.9	654.6	686.1
Shareholders' equity and liabilities			
Equity	224.5	178.0	264.1
Non-current liabilities	0.0	400.0	385.0
Current liabilities	427.4	76.6	37.0
Total equity and liabilities	651.9	654.6	686.1

Notes to the Financial Statements

NOTE 1 ACQUISITION OF KIDS COMPANY OY

Polarn O. Pyret acquired 51 percent of Kids Company Oy with takeover on March 31, 2016. There is a mutual option to acquire or sell the remaining 49 percent within a four-year period.

Kids Company Oy 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.

Acquisition analysis, SEK M	SEK
Goodwill	7.7
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
Non-controlling interests	-11.1
Purchase price	11.6
Purchase price entered as a liability	-6.0
Purchase price paid	5.5
Cash and cash equivalents in the divested company	-2.7
Impact on the Group's cash and cash equivalents	2.9

Non-controlling interests are recognized at fair value. The acquisition analysis is preliminary and may be adjusted during the coming quarters.

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