

STOCKHOLM--([BUSINESS WIRE](#))--Regulatory News:

RNB RETAIL AND BRANDS (STO:RNBS)

FOURTH QUARTER, JUNE 1, 2013 – AUGUST 31, 2013 IN SUMMARY

- Net sales totaled SEK 642 M (671), a decrease of 4.3 percent.
- Provisions and write-downs, primarily related to the closing down of JC stores and the closure of Sisters, have been made with SEK 152 M.
- Operating income, including provisions and write-downs, amounted to SEK -182 M (-230).
- Profit before tax amounted to SEK -182 M (-258).
- Profit after tax amounted to SEK -182 M (-250), corresponding to SEK -5.38 (-302.49) per share.
- Cash from operating activities amounted to SEK -6 M (-12).
- 2 new stores were opened (excluding stores taken over and closed).

THE PERIOD, SEPTEMBER 1, 2012 – AUGUST 31, 2013 in summary

- Net sales totaled SEK 2,620 M (2,791), a decrease of 6.1 percent.

- Provisions and write-downs, primarily related to closing down JC stores and the closure of Sisters, have been made with SEK 152 M.

- A write-down of SEK 260 M of the JC trademark was made during the year. In the previous year, a write-down of SEK 201 M was made in relation to goodwill values in Brothers & Sisters.

- Operating income, incl. provisions and write-downs, amounted to SEK -237 M (-102) excluding this year's and the previous year's write-downs of trademark and goodwill of SEK 260 M (201).

- Profit before tax amounted to SEK -523 M (-360).

- Profit after tax amounted to SEK -524 M (-329), corresponding to SEK -45.46 (-397.64) per share. The result includes a write-down of SEK 203 M after tax of the JC trademark and the previous year's write-down of goodwill in Brothers & Sisters of SEK 201 M.

- Cash from operating activities amounted to SEK -90 M (-4).

- The rights issue of SEK 463 M in total was completed. Net proceeds from the issue have been utilized for repayment of loans and to strengthen the company's cash flow.

- Kosta Outlet Mode AB was sold to Airport Retail Group. The transaction was completed on June 1, 2013.

- 15 new stores were opened (excluding stores taken over and closed).

Comments from the CEO

It has been an eventful but challenging year for RNB as the market has been characterized by increasing competition from e-commerce players and a continued weak market trend. We managed to secure the Group's financial platform through a rights issue in the spring, while renegotiating the terms of our loans. Concurrently, we have continued our intensive restructuring efforts. This work has resulted in the sale of Kosta, and the closure of the Sisters concept has been initiated. However, the major activity has been the strategic review of the business concept in JC.

RNB and the market are changing

Market conditions during the fiscal year 2012/2013 got even tougher with relatively weak consumer confidence and negative growth for the third consecutive year in comparable stores, with increasingly aggressive offers from e-commerce players, with segment substitution between the sportswear and clothing trade, combined with excessive product supply that is aggressively fighting over shrinking demand with net prices falling as a consequence.

For the Group, the challenges facing the respective concepts are different although they all have the same underlying market and competitive situation.

- DSE, the market leader in luxury goods with the NK department stores as a marketplace, displayed a stable performance in terms of sales and earnings. In cosmetics, we are seeing pressure for change as certain players are repositioning cosmetics from luxury goods to a middle market position.

- Polarn O. Pyret, with a continued market leading position despite strong competitive

pressure, displayed a volatile sales trend during the year with lower profitability during the first half of 2013. However, the trend became positive again during the second half of the year and early autumn. Brothers & Sisters consists of two linked concepts, of which Brothers has been continuously positively received by customers. The performance within Sisters, which is being closed down, was negative for obvious reasons. We noted an underlying positive sales trend in Brothers during the year. The business area as a whole was adversely impacted in terms of profitability by the complex restructuring process regarding the write down of Sisters in a number of locations (23 proprietary and 14 franchisee-operated stores) where Brothers and Sisters share retail space, point of sales systems and personnel. Most of the franchisees have opted to continue working with the combined concept but for Sisters based on each their own purchasing.

Sustainability issues in focus

There has been increasing focus on sustainability issues relating to use of chemicals and water, material choice, working conditions and wages. RNB has been working actively on these issues for some time directly with producers, but also through cooperation as part of the BSCI (Business Social Compliance Initiative) and STWI (Sweden Textile Water Initiative) and through direct contacts with a number of players in the industry. Bangladesh, in particular, has been in focus, in connection with factory fires and demands for living wages. We manufacture 9 percent of our proprietary products in Bangladesh and are working actively in line with the above to improve conditions there as well as in the other production countries.

Outlook

We will continue to work hard on developing our customer value propositions on improving cost efficiency in all facets of our operations and on creating a stable financial structure based on positive operating cash flows.

Polarn O. Pyret is being renewed and developed in order to be more clearly differentiated from low- and medium-priced alternatives that aspire to offer some of the same advantages as P.O.P. We will continue P.O.P's growth and we will launch the concept in more international markets during the year through physical stores strengthened by e-commerce investments.

The Brothers concept will become increasingly distinct and cohesive with high-quality development of proprietary products within the tailored garment and smart casual segments at moderate prices.

I am confident about the potential for development within RNB, a potential we have a chance to realize by fully focusing.

Magnus Håkansson

President and CEO

The information is such that RNB RETAIL AND BRANDS AB (publ) is required to disclose in accordance with the Swedish Financial Instruments Trading Act and/or the Swedish Securities Market Act. The information was submitted for publishing at 08:00 a.m. on October 31, 2013.

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 through the three store concepts Brothers & Sisters, JC 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 11 countries. RNB RETAIL AND BRANDS has been listed on the OMX Nordic Exchange since 2001.

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