



ANOTHER GOOD QUARTER

“The quarter started cautiously but picked up towards the end. An aggressive market contributed to a higher percentage of discounted sales, which had a negative impact on the margin. Despite this, determined work on our new range strategy and pricing and campaign strategy has led to yet another good quarter...”

Read the full CEO statement on the next page.

- Sales increased during the quarter by 1.8 per cent and in September-May by 5.5 per cent.
- The gross margin was 63.7 (64.9) and was negatively impacted by a higher percentage of clearance sales, changes in the range mix and a continued weak krona compared with the previous year.
- Operating profit for the quarter was SEK 119 (103) million and SEK 310 (251) million for September-May.
- The equity ratio is 65.7 (57.3) per cent.
- Growth over the rolling twelve months is 6.3 per cent.

After the end of the quarter

- KappAhl have decided to open Newbie Store and associated online shopping in the United Kingdom. The first stores are expected to open during the fall.

	Third Quarter (Mar-May)			Nine month (Sep-May)		
	2016/2017	2015/2016	Change	2016/2017	2015/2016	Change
Net sales, SEK million	1 217	1 195	22	3 668	3 476	192
Operating profit/loss, SEK million	119	103	16	310	251	59
Gross margin, %	63,7	64,9	-1,2	62,7	63,1	-0,4
Operating margin, %	9,8	8,6	1,2	8,5	7,2	1,3
Profit after tax, SEK million	81	89	-8	222	186	36
Earnings per share, SEK	1,05	1,16	-0,11	2,89	2,42	0,47
Cash flow from operating activities, SEK million	322	202	120	511	307	204

For further information

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DANNY FELTMANN, PRESIDENT: ANOTHER GOOD QUARTER



Danny Feltmann
President and CEO

In the third quarter of the financial year sales increased by 1.8 per cent to SEK 1,217 (1,195) million and the operating profit was SEK 119 (103) million. In total **sales have increased by 5.5 per cent** in the nine months of the financial year and over the rolling twelve months has contributed to **sales growth of 6.3 per cent** and an **operating margin of 8.3 per cent**.

The quarter started cautiously but picked up towards the end. An aggressive market contributed to a higher percentage of discounted sales, which had a negative impact on the margin. Despite this, determined work on **our new range strategy and pricing and campaign strategy has led to yet another good quarter.** Overhead expenses during the quarter were SEK 16 million lower than the previous year, partly thanks to effects of the restructuring programme in Poland. Our work to build flexible and customer-oriented operations is reflected in our investment rate of SEK 64 (15) million, mainly consisting of store conversions and projects related to processes and IT.

Our new range strategy, Scandinavian Feminine, was introduced to customers during the quarter. Our customers have appreciated a consistently attractive trouser range, supplemented by trends such as bomber jackets and fashion influenced by Asian pattern mixes. At the same time our children's range continues to be successful.

Newbie Store has grown with one new store in Sweden and two in Finland. As part of the development of omnichannel services we have launched the functions "Click & Collect", order online and collect in a store, and "Shop Online in Store", enabling a customer in a store to order goods online and have them delivered to their home. We are pleased with the tests of these services and are continuing to roll them out.

New solutions for **more sustainable fashion consumption** are always on our agenda. One example is the opportunities to use left-over fabric presented by this year's winner of the KappAhl Sustainable Design Contest. As of this year we also have swimwear produced from more sustainable fabrics.

Delivering attractive fashion to our customers is moving ahead. We continue to develop the range. Investments in operational development, store network and digital services will also characterise future operations. In the autumn Newbie Store will open in Poland and we have recently decided to open Newbie Store and associated online shopping in the United Kingdom. The first stores are expected to open this fall. KappAhl is moving towards an exciting future and we look forward to meeting it.

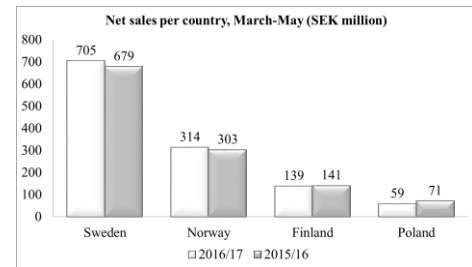
Danny Feltmann
President and Chief Executive Officer

KappAhl, founded in 1953 in Gothenburg, is one of the leading Nordic fashion chains with nearly 370 stores in Sweden, Norway, Finland and Poland. Our mission is to offer value-for-money fashion of our own design with wide appeal. More than half the range is sustainability labelled. In 2015/2016 net sales were SEK 4.7 billion and the number of employees was about 4,000 in nine countries. KappAhl has been listed on Nasdaq Stockholm since 2006.

COMMENTS ON THE THIRD QUARTER

Net sales and profit

KappAhl's net sales for the quarter amounted to SEK 1,217 (1,195) million, an increase of 1.8 per cent. This is explained by the effect of new and closed stores, -0.7 per cent; change in comparable stores, 0.5 per cent; and currency translation differences totalling 2.0 per cent.



Gross profit for the quarter was SEK 775 (775) million, which corresponds to a gross margin of 63.7 (64.9) per cent.

Selling and administrative expenses for the quarter were SEK 656 (672) million.

Operating profit was SEK 119 (103) million. This is equivalent to an operating margin of 9.8 (8.6) per cent.

Depreciation was SEK 33 (31) million.

Net financial income was SEK -9 (0) million for the quarter and is mainly attributable to unrealised exchange losses. Profit before tax was SEK 110 (103) million and profit after tax was SEK 81 (89) million. Earnings per share for the quarter were SEK 1.05 (1.16).

1.2 %

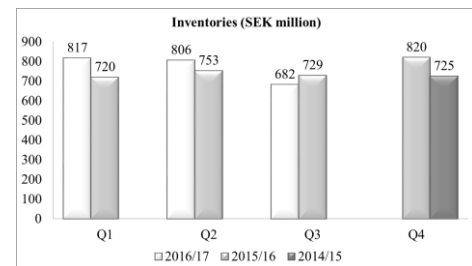
Increased operating margin

Taxes

Taxes during the period amount to SEK 29 (14) million, the difference is mainly due to full utilisation of the available loss carry-forwards in Sweden in the previous year. The Group has net deferred tax assets of SEK 31 (11) million and deferred tax liabilities of SEK 152 (140) million. Deferred tax assets referring to losses in Poland and Finland are not currently measured.

Inventories

At the close of the period inventories amounted to SEK 682 (729) million, a decrease of SEK 47 million compared with the previous year.



Cash flow

KappAhl's cash flow from operating activities before changes in working capital was SEK 133 (126) million. Cash flow from changes in working capital was SEK SEK 189 (76) million and is due to reduced inventories and increased operating liabilities. The cash flow from investing activities was SEK -64 (-15) million, which in the first place was affected by investments in the new store concept and process and IT related investments. Cash flow from financing activities was SEK -106 (0) million and is mainly attributable to reduced overdraft facilities.

65.7 %

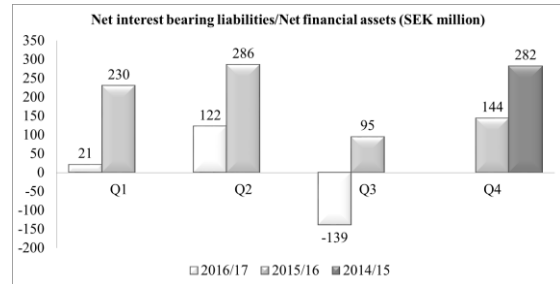
Current equity/assets ratio

Financing and liquidity

At the close of the period Kappahl had net financial assets of SEK 139 million compared with net interest bearing liabilities of SEK 95 million in the previous year. The equity/assets ratio increased to 65.7 (57.3) per cent.

Cash and cash equivalents

amounted to SEK 205 (364) million as at 31 May 2017. At the period close there were unutilised credit facilities of about SEK 981 (588) million.

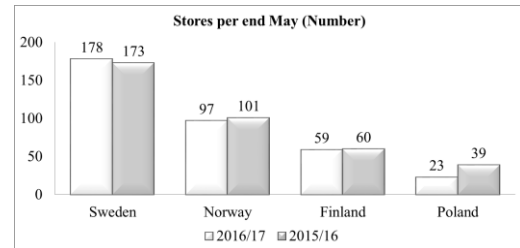


Store network and expansion

At the close of the period the total number of stores was 357 (373). Of these, 178 were in Sweden, 97 in Norway, 59 in Finland and 23 in Poland.

Six stores opened and six were closed during the quarter.

The work of seeking attractive store locations in existing markets is proceeding.



Parent company

Parent company net sales for the quarter were SEK 7 (10) million and pre-tax profit was SEK-13 (-5) million. The parent company did not make any investments during the period.

COMMENTS ON THE NINE MONTH PERIOD

2.4 %

Increased sales in comparable stores

1.6 %

Overhead expenses lower as a percentage of sales

Net sales and profit

KappAhl's net sales were SEK 3,668

(3,476) million for the nine month period. This is an increase of 5.5 per cent compared with the previous year. This is explained by the effect of new and closed stores, 0.8 per cent; change in comparable stores,

2.4 per cent; and currency translation differences totalling 2.3 per cent.

Gross profit for the period was SEK 2,299 (2,193) million, which corresponds to a gross margin of 62.7 (63.1) per cent.

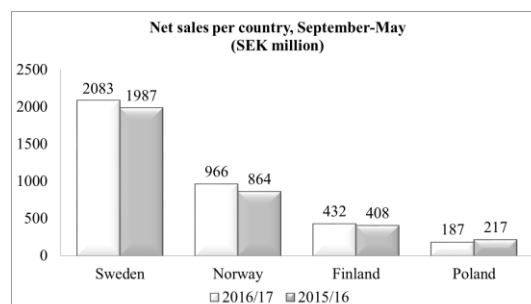
Selling and administrative expenses for the period were SEK 1,989(1,942) million.

Operating profit was SEK 310 (251) million. This is equivalent to an operating margin of 8.5 (7.2) per cent.

Depreciation was SEK 93 (94) million.

Net financial income was SEK -7 (-5) million for the nine-month period and is attributable to exchange losses, lower utilisation of credit and current revaluation of interest swaps. Pre-tax profit was SEK 303 (246) million and profit after tax was SEK 222 (186) million.

Earnings per share for the period were SEK 2.89 (2.42).



Investments

Investments of SEK 143 (73) million were made during the year and refer mainly to investments in existing and newly opened stores and investments in IT and internal processes.

Cash flow

KappAhl's cash flow from operating activities before changes in working capital for the nine-month period was SEK 370 (310) million. Cash flow from changes in working capital was SEK 141 (-3) and was mainly attributable to decreased inventories, decreased operating receivables and increased operating liabilities. Cash flow from investing activities was SEK -143 (-73) million. Cash flow from financing activities was SEK -477 (-58) million and was mainly attributable to amortisation of long-term debt and payment of a higher dividend than the previous year.

Parent company

Parent company net sales for the nine-month period were SEK 20 (21) million and the pre-tax profit was SEK 32 (-4) million. The parent company received dividend from subsidiaries of SEK 49 (13) million. The parent company's long-term loan of SEK 400 million was repaid during the period. The parent company did not make any investments during the period.

OTHER INFORMATION

Related party transactions

During the nine-month period there were transactions with associated companies. Purchases were made for SEK 0,2 million from a company in the Mellby Gård Group. The purchases were on commercial terms.

Risks and uncertainties

The most important strategic and operative risks that affect KappAhl's operations and industry are described in detail in the annual report for 2015/2016. The risks include competition in the fashion industry, economic fluctuations, fashion trends, weather conditions, store locations, store expansion and significant exchange rate fluctuations in currencies important for the company. Moreover the company has a customer-oriented business model where customer purchase patterns and behaviour are constantly analysed. The company's risk management is also described in the corporate governance report in the same annual report, under the section "Report on internal controls". The same applies to the Group's management of financial risks, which are described in the annual report for 2015/2016, Note 18. The reported risks are otherwise deemed to be unchanged in all essentials.

Events after the balance sheet date

No significant events have taken place after the balance sheet date up to the date on which this report was signed.

This report has been reviewed by the company's auditors.

The Board of Directors and the President certify that the nine-month report provides a true and fair view of the parent company's and the Group's business, financial position and performance and describes material risks and uncertainties to which the parent company and the Group are exposed.

Möln dal, 28 June 2017

KappAhl AB (publ)

Anders Bülow, Chairman

Susanne Holmberg

Kicki Olivensjö

Melinda Hedström

Danny Feltmann, President and Chief Executive Officer

Pia Rudengren

Göran Bille

Cecilia Kocken

Michael Bjerregaard Jensen

This information is information that KappAhl AB is obliged to disclose pursuant to the EU Market Abuse Regulation and the Securities Market Act. The information was released for public disclosure through the agency of President and CEO Danny Feltmann on 29 June 2017 at 07.30 CET.

Financial calendar

Third quarter 2016/2017 (March-May)	29 June 2017
Fourth quarter 2016/2017 (June-August)	12 October 2017
Annual General Meeting 2017	5 December 2017

Presentation of the report

A presentation of the report will be broadcast via the web and as a telephone conference today, 29 June, at 09.00. To participate by telephone please call +46 8 566 426 62 about 5 minutes before the start. The webcast can be accessed via www.kappahl.se, under the heading "Financial information", select "[Reports & presentations](#)".

AUDITOR'S REVIEW REPORT

KappAhl AB (publ), corporate ID no 556661-2312

Introduction

We have reviewed the condensed interim financial information (interim report) of KappAhl AB (Publ) as of 31 May 2017 and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the 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.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, *Review of Interim Report Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

Möln dal, 28 June 2017

Öhrlings PricewaterhouseCoopers

Eva Carlsvi
Authorized Public Accountant

CONSOLIDATED INCOME STATEMENT

Amounts in SEK million	Q3		Sep-May		Latest 12
	2016/2017	2015/2016	2016/2017	2015/2016	months Jun-May
Net sales	1 217	1 195	3 668	3 476	4 915
Cost of goods sold	-442	-420	-1 369	-1 283	-1 892
Gross profit	775	775	2 299	2 193	3 023
Selling expenses	-606	-614	-1 835	-1 781	-2 408
Administrative expenses	-50	-58	-154	-161	-206
Other operating income	-	-	-	-	0
Other operating expenses	0	-	0	-	0
Operating profit	119	103	310	251	409
Financial income	0	0	1	0	5
Financial expenses	-9	0	-8	-5	-15
Total net financial expense	-9	0	-7	-5	-10
Profit/loss before taxes	110	103	303	246	399
Taxes	-29	-14	-81	-60	-118
Net profit/loss for the period	81	89	222	186	281
Profit attributable to parent company shareholders	81	89	222	186	281
Earnings per share, SEK	1,05	1,16	2,89	2,42	3,66

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts in SEK million	Q3		Sep-May		Latest 12
	2016/2017	2015/2016	2016/2017	2015/2016	months Jun-May
Net profit/loss for the period	81	89	222	186	281
Items not to be recognised in net profit for the year					
Actuarial gains/losses	-	-	-	-	-8
Tax relating to actuarial gains/losses	-	-	-	-	2
Total items not to be recognised in net profit for the year	-	-	-	-	-6
Items to be recognised in income					
Cash flow hedges – value change	-4	-5	2	-1	13
Cash flow hedges returned to profit	-1	-2	-9	-14	-11
Translation differences for the period	-5	2	-3	1	-1
Tax attributable to other comprehensive income	1	1	2	3	0
Total items that have been reposted or may be reposted to the net profit	-9	-4	-8	-11	1
Total comprehensive income attributable to parent company's shareholders	72	85	214	175	276

CONSOLIDATED BALANCE SHEET

Amounts in SEK million	2017-May-31	2016-May-31	2016-Aug-31
ASSETS			
Non-current assets			
Intangible assets*	1 374	1 353	1 351
Tangible assets	455	435	429
Deferred tax assets	31	11	31
Total non-current assets	1 860	1 799	1 811
Current assets			
Inventories	682	729	820
Other operating receivables	177	146	163
Cash and cash equivalents	205	364	314
Total current assets	1 064	1 239	1 297
Total assets	2 924	3 038	3 108
EQUITY AND LIABILITIES			
Equity	1 922	1 742	1 805
Non-current liabilities			
Interest-bearing long-term liabilities	47	447	448
Deferred tax liabilities	152	140	151
Total non-current liabilities	199	587	599
Current liabilities			
Interest-bearing current liabilities	19	12	10
Non-interest-bearing current liabilities	784	697	694
Total current liabilities	803	709	704
Total equity and liabilities	2 924	3 038	3 108
*of which goodwill	696	696	696
*of which trademarks	610	610	610

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amounts in SEK million	Q3 2016/2017	Q3 2015/2016	Sep-May 2016/2017	Sep-May 2015/2016	Sep-Aug 2015/2016
Opening equity	1 850	1 657	1 805	1 625	1 625
Net profit/loss for the year	81	89	222	186	245
Other comprehensive income					
Cash flow hedges - value changes	-4	-5	2	-1	9
Cash flow hedges - recognized in income	-1	-2	-9	-14	-15
Year's translation differences	-5	2	-3	1	3
Actuarial gains/losses	-	-	-	-	-8
Tax attributable to item in other comprehensive income	1	1	2	3	4
Total comprehensive income	72	85	214	175	238
Transactions with shareholders					
Dividend	-	-	-96	-58	-58
Total transactions with shareholders	-	-	-96	-58	-58
Closing equity	1 922	1 742	1 923	1 742	1 805

CONSOLIDATED CASH FLOW STATEMENT

Amounts in SEK million	Q3 2016/2017	Q3 2015/2016	Sep-Feb 2016/2017	Sep-Feb 2015/2016
Cash flow from operating activities before changes in working capital	133	126	370	310
Changes in working capital	189	76	141	-3
Cash flow from operating activities	322	202	511	307
Cash flow from investing activities	-64	-15	-143	-73
Cash flow from investing activities	-64	-15	-143	-73
Change in bank overdraft facility	-106	-	-381	-
Dividend	-	-	-96	-58
Cash flow from financing activities	-106	-	-477	-58
Cash flow for the period	152	188	-109	176
Cash and cash equivalents at beginning of the period	53	176	314	188
Cash and cash equivalents at the end of the period	205	364	205	364

PARENT COMPANY INCOME STATEMENT

Amounts in SEK million	Q3 2016/2017	Q3 2015/2016	Sep-May 2016/2017	Sep-May 2015/2016	Latest 12 months Jun-May
Net sales	7	10	20	21	25
Gross profit	7	10	20	21	25
Other operating charges	-10	-12	-28	-27	-39
Operating profit	-3	-2	-8	-6	-14
Result from participations in group companies	-	-	49	13	75
Financial income	0	4	3	7	11
Financial expenses	-10	-7	-12	-18	-25
Profit/loss before taxes	-13	-5	32	-4	47
Taxes	3	1	4	3	1
Net profit/loss for the period	-10	-4	36	-1	48

STATEMENT OF COMPREHENSIVE INCOME FOR THE PARENT COMPANY

Amounts in SEK million	Q3 2016/2017	Q3 2015/2016	Sep-May 2016/2017	Sep-May 2015/2016	Latest 12 months Jun-May
Net profit/loss for the period	-10	-4	36	-1	48
Items not to be recognised in net profit for the year	-	-	-	-	-
Total items not to be recognised in net profit for the year	-	-	-	-	-
Items to be recognised in income	-	-	-	-	-
Total items to be recognised in income	-	-	-	-	-
Total other comprehensive income	-10	-4	36	-1	48

PARENT COMPANY BALANCE SHEET - SUMMARY

Amounts in SEK million	2017-May-31	2016-May-31	2016-Aug-31
ASSETS			
Non-current assets			
Financial assets	3 172	3 143	3 144
Deferred tax assets	4	3	0
Total non-current assets	3 176	3 147	3 144
Current assets			
Other operating receivables	156	255	287
Cash and cash equivalents	25	3	3
Total current assets	181	258	290
Total assets	3 357	3 405	3 434
EQUITY AND LIABILITIES			
Equity	2 411	2 459	2 471
Non-current liabilities			
Interest-bearing long-term liabilities	-	400	400
Total non-current liabilities	-	400	400
Current liabilities			
Interest-bearing current liabilities	2	339	354
Non-interest-bearing current liabilities	944	207	209
Total current liabilities	946	546	563
Total equity and liabilities	3 357	3 405	3 434

NOTES

Note 1 Accounting policies

The Group applies International Financial Reporting Standards, IFRS, as adopted by the EU.

The accounting policies applied are consistent with what is stated in the annual report of 31 August 2016. Several standards, interpretations and amendments have been published that are not yet in force or adopted by the EU.

IFRS 9 "Financial Instruments" will replace the current IAS 39 "Financial Instruments: Recognition and measurement".

The company management assesses that application of IFRS 9 will impact the Group's financial statements. KappAhl has not yet finished analysing the consequences IFRS 9 will have for its own operations, but work is in progress. The standard is applicable to financial years starting on or after 1 January 2018.

IFRS 15 "Revenue from contracts with customers" will replace IAS 18 "Revenue" and IAS 11 "Construction contracts" and will come into force on 1 January 2018. The current assessment by the company's management is that the standard will not entail any material difference for the Group.

IFRS 16 "Leases" will replace IAS 17 "Leases". The standard comes into force on 1 January 2019 but early application is permitted. The company management assesses that the standard will have a material effect on the Group's reported assets and liabilities referring to the Group's tenancy agreements for premises, but has not yet quantified its effects. For further information please refer to the annual report.

This report was prepared in accordance with IAS 34. The report for the parent company was prepared in accordance with the Annual Accounts Act and the Swedish Financial Reporting Board recommendation RFR 2, Accounting for Legal Entities.

KappAhl currently has no outstanding share-based incentive programmes.

Note 2 Calculation of earnings per share

Earnings per share is restated for comparison periods. The number of shares has been adjusted to allow for the effect of the rights issue and reverse split of shares as well as redemption of warrants.

Note 3 Financial assets and liabilities measured at fair value

The Group's financial instruments consist of trade receivables, other receivables, cash and cash equivalents, trade payables, interest-bearing liabilities, currency forwards and interest rate derivatives. The carrying amounts of trade receivables and trade payables represent a reasonable estimate of their fair values. Group loans are measured at amortised cost.

Fair value hierarchy:

The Group holds financial instruments in the form of interest rate derivatives and currency forwards that are recorded at fair value in the balance sheet. Fair value measurement of currency forwards is based on published forward rates on an active market. Measurement of interest swaps is based on forward rates derived from observed yield curves. The derivatives are recognised at fair value based on level 2 inputs in the fair value hierarchy.

The Group uses the following hierarchy to classify the instruments on the basis of the valuation technique:

1. Quoted prices (unadjusted) on active markets for identical assets or liabilities.
2. Other inputs than the quoted prices included in Level 1, that are observable for the asset or liability either direct (i.e. as prices) or indirect (i.e. derived from prices).
3. Inputs for the asset or liability in question that are not based on observable market data (non-observable inputs).

The Group uses derivative financial instruments to manage interest rate and currency risks. Hedge accounting is applied when there is an effective link between hedged flows and derivative financial instruments. The fair value of financial derivative instruments was SEK 2 (-1) million for currency forwards and SEK -2 (-12) million for interest swaps. The Group hedges currency flows in USD, NOK and PLN for which currency forwards have maturities of up to 9 months.

NUMBER OF STORES PER COUNTRY

	2017-May-31	2017-Feb-28	2016-Nov-30	2016-Aug-31	2016-May-29
Sweden	178	176	176	174	173
Norway	97	98	101	100	101
Finland	59	58	59	59	60
Poland	23	25	32	35	39
Total	357	357	368	368	373

SALES PER COUNTRY

Amounts in SEK million	Q3 2016/2017	Q3 2015/2016	Change SEK %	Change local currency %
Sweden	705	679	3,8%	3,7%
Norway	314	303	3,6%	-1,2%
Finland	139	141	-1,4%	-4,9%
Poland	59	71	-16,9%	-22,0%
Total	1 217	1 195	1,8%	-

Amounts in SEK million	Sep-May 2016/2017	Sep-May 2015/2016	Change SEK %	Change local currency %
Sweden	2 083	1 987	4,8%	4,8%
Norway	966	864	11,8%	4,7%
Finland	432	408	5,8%	2,3%
Poland	187	217	-13,8%	-16,4%
Total	3 668	3 476	5,5%	-

GEOGRAFIC REPORTING

Amounts in SEK million	Net sales Q3 2016/2017	Net sales Q3 2015/2016	Operating income Q3 2016/2017	Operating income Q3 2015/2016
Nordic countries	1 158	1 124	129	139
Other	59	71	-10	-36
Total	1 217	1 195	119	103

Amounts in SEK million	Net sales Sep-May 2016/2017	Net sales Sep-May 2015/2016	Operating income Sep-May 2016/2017	Operating income Sep-May 2015/2016
Nordic countries	3 481	3 259	339	317
Other	187	217	-29	-66
Total	3 668	3 476	310	251

QUARTERLY INCOME STATEMENT

Amounts in SEK million	2016/2017			2015/2016				2014/2015				2013/2014				2012/2013			
	Q1	Q2	Q3	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net sales	1 261	1 189	1 217	1 165	1 116	1 195	1 248	1 174	1 133	1 132	1 149	1 243	1 114	1 201	1 185	1 245	1 148	1 210	1 148
Cost of goods sold	-437	-489	-442	-401	-462	-420	-524	-431	-478	-433	-490	-456	-471	-448	-482	-457	-516	-470	-494
Gross profit	824	700	775	764	654	775	724	743	655	699	659	787	643	753	703	788	632	740	654
Selling expenses	-626	-602	-606	-597	-570	-614	-574	-606	-604	-612	-563	-651	-603	-617	-598	-650	-636	-627	-575
Administrative expenses	-54	-51	-50	-50	-53	-58	-51	-42	-42	-45	-44	-37	-37	-35	-36	-34	-31	-49	-36
Other operating income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	77	-1	-	-
Operating profit	144	47	119	117	31	103	99	95	9	42	52	99	3	101	69	181	-36	64	43
Financial income	4	4	0	0	0	0	1	0	0	0	1	0	0	0	0	0	0	0	0
Financial expenses	-5	0	-9	-2	-2	0	-5	-8	-3	-5	-6	-12	-8	-38	-10	-43	-17	-21	-7
Total net financial expense	-1	4	-9	-2	-2	0	-4	-8	-3	-5	-5	-12	-8	-38	-10	-43	-17	-21	-7
Profit/loss before taxes	143	51	110	115	29	103	95	87	6	37	47	87	-5	63	59	138	-53	43	36
Taxes	-36	-17	-29	-32	-15	-14	-36	-26	-9	-14	-17	-25	-2	-21	-27	-23	-11	-11	-29
Net profit	107	34	81	83	14	89	59	61	-3	23	30	62	-7	42	32	115	-64	32	7
Operating margin	11,4%	4,0%	9,8%	10,0%	2,8%	8,6%	7,9%	8,1%	0,8%	3,7%	4,5%	8,0%	0,3%	8,4%	5,8%	8,3%*	-3,1%	5,3%	3,7%
Earnings per share, SEK	1,39	0,44	1,05	1,08	0,18	1,16	1,05	0,81	-0,04	0,30	0,39	0,83	-0,09	0,56	0,42	2,35	-0,85	0,43	0,09
Number of stores	368	357	357	373	370	373	368	377	373	372	368	389	379	378	377	395	391	392	390

* excl. sales of property

YEARLY INCOME STATEMENT

Amounts in SEK million	Sep-Aug 2015/2016	Sep-Aug 2014/2015	Sep-Aug 2013/2014	Sep-Aug 2012/2013	Sep-Aug 2011/2012
Net sales	4 724	4 588	4 743	4 751	4 587
Cost of goods sold	-1 806	-1 832	-1 857	-1 937	-1 988
Gross profit	2 917	2 756	2 886	2 814	2 599
Selling expenses	-2 356	-2 385	-2 469	-2 488	-2 527
Administrative expenses	-212	-173	-145	-150	-136
Other operating income	1)	-	-	76	-
Operating profit	349	198	272	252	-64
Financial income	1	1	0	1	0
Financial expenses	-10	-22	-68	-88	-166
Total net financial expense	-9	-21	-68	-87	-166
Profit/loss before taxes	340	177	204	165	-230
Taxes	-95	-66	-75	-74	6
Net profit/loss for the year	245	111	129	91	-224
Operating margin	7,4%	4,3%	5,7%	5,3%	-1,4%
Earnings per share after dilution, SEK	Note 2	3,19	1,45	1,71	-5,30

1) Capital gain sale of property Q1 2012/13

DEFINITIONS

Some information in this report used by company management and analysts to assess the Group's development has not been prepared in accordance with IFRS.

The company management considers that this information makes it easier for investors to analyse the Group's performance and financial structure. Investors should regard this information as a complement to rather than a replacement for financial reporting in accordance with IFRS.

Key figures and ratios	Definition/calculation	Purpose
Margins		
Gross margin	Net sales less cost of goods sold as a percentage of net sales	Gross margin is used to measure profitability of goods distribution
Operating margin	Operating profit as a percentage of net sales	Operating margin is used to measure operative profitability
Return		
Return on equity	12-month rolling profit for the period as a percentage of average equity	This key ratio shows return on owners' invested capital from the point of view of the owners
Return on capital employed	12-months rolling operating profit plus financial income as a percentage of capital employed	This key ratio is the central measure of return on all capital used in the business
Capital structure		
Net interest-bearing liabilities / Net financial assets	Interest-bearing liabilities minus cash and cash equivalents	Used to measure the capacity for repaying interest-bearing liabilities with available cash and cash equivalents if these fell due on the date of the calculation
Net interest-bearing liabilities/EBITDA (multiple)	Net interest bearing liabilities divided by EBITDA for the immediately preceding twelve-month period	Net debt divided by EBITDA gives an estimate of the company's capacity to pay its interest bearing liabilities
Equity-assets ratio	Equity / balance sheet total at the close of the period	This key ratio shows financial risk, expressed as the proportion of total restricted equity that is financed by the owners
Average equity	Equity at the close of the period and equity at the close of the period of comparison in the previous year, divided by two	Average equity is used when calculating the key ratio return on equity
Capital employed	Balance sheet total less non-interest bearing debt including deferred tax liabilities at the close of the period and for the period of comparison in the previous year divided by two	Capital employed measures the use of capital and effectiveness
Data per share		
Equity per share	Equity divided by the number of shares	Equity per share measures the company's net value per share and determines whether a company increases the shareholders' wealth
Earnings per share	Profit after tax divided by average number of shares	This key ratio is used to assess the development of the investment from the point of view of the owners
Earnings per share after dilution	Profits after tax divided by average number of shares after full dilution	This key ratio is used to assess the development of the investment from the point of view of the owners
Other definitions		
Gross profit	Net sales less cost of goods sold	Gross profit is used to measure profitability of goods distribution
Operating profit (EBIT)	Total profit before financial income and income tax (earnings before interest and taxes)	This key ratio makes it possible to compare profitability regardless of corporate tax rate and independent of the company's financing
EBITDA	Operating result before amortisation and impairment (earnings before interest, tax, depreciation and amortisation)	This key ratio is used to measure cash flow from operating activities, regardless of the effects of financing and valuation of non-current assets
Sales in comparable stores	Change in sales in comparable units (on a like-for-like basis) after adjustment for opened/closed stores and foreign exchange	This key ratio makes it possible to analyse sales excluding opened/closes stores and foreign exchange effects
Interest coverage ratio (multiple)	Operating profit plus interest income / interest expense, for the preceding twelve—month period	This key ratio shows the company's capacity to cover its financial expenses

KEY RATIOS

	Q3 2016/2017	Q3 2015/2016	Sep-May 2016/2017	Sep-May 2015/2016	Latest 12 months Jun-May
Earnings per share, SEK	1,05	1,16	2,89	2,42	3,66
Total depreciation	33	31	93	94	124
Operating result (EBIT)	119	103	310	251	409
Gross margin	63,7%	64,9%	62,7%	63,1%	61,5%
Operating margin	9,8%	8,6%	8,5%	7,2%	8,3%
Interest coverage ratio	-	-	27,6	27,6	27,6
Net interest-bearing liabilities	-139	95	-139	95	-139
Net interest-bearing liabilities/EBITDA	-	-	-0,26	0,2	-0,26
Equity/assets ratio	65,7%	57,3%	65,7%	57,3%	65,7%
Equity per share, SEK	25,02	22,68	25,02	22,68	25,02
Return on equity	-	-	-	-	15,3%
Return on capital employed	-	-	-	-	18,5%
Number of shares	76 820 380	76 820 380	76 820 380	76 820 380	76 820 380

RECONCILIATION BETWEEN IFRS AND USED KEY RATIO DEFINITIONS

OPERATING PROFIT (EBITDA)

Amounts in SEK million	Q3 2016/2017	Q3 2015/2016	Sep-May 2016/2017	Sep-May 2015/2016	Latest 12 months Jun-May
Operation profit	119	103	310	251	409
Depreciations and write-downs	33	31	93	94	124
Operation profit (EBITDA)	152	134	403	345	533

KAPPAHL'S 20 LARGEST SHAREHOLDERS, 31 MAY 2017

	Number of shares	Percentage of shares and votes with 2017-May-31	Change compared with 2017- Feb-28
Mellby Gård AB	15 759 875	20,52	0
Swedbank Robur fonder	4 554 828	5,93	500 000
Handelsbanken fonder	3 877 382	5,05	5 480
Fidelity Funds - Nordic Fund	2 692 469	3,50	1 010 504
Catella Fondförvaltning	2 086 099	2,72	-150 760
MSIL IPB Client Account	1 563 355	2,04	227 907
SEB Investment Management	1 427 342	1,86	115 311
CBNY-DFA-INT SML CAP V	1 415 666	1,84	61 047
CBLDN-OM GLBAL Investors Series PLC	1 321 742	1,72	383 742
Livförsäkringsbolaget Skandia ÖMS	1 206 315	1,57	1 206 315
State Street Bank	1 158 010	1,51	57 642
Försäkringsaktiebolaget, Avanza Pension	1 065 349	1,39	-106 378
JP Morgan Bank Luxembourg S.A.	996 369	1,30	-1 087 431
BNYM SANV RE GCLB RE BNY GCM CLIENT	993 509	1,29	-120 930
JP Morgan Securities LLC, W9	973 469	1,27	-71 079
Nordea Livförsäkring Sverige AB	886 270	1,15	-301
CBNY-Norges Bank	875 768	1,14	27 167
Nordea Investment Funds	781 194	1,02	726 194
DB LDN GPF CLT OMNI FULL TAX	729 784	0,95	90 909
Euroclear Bank S.A/N.V, W8-IM Y	713 934	0,93	486 885
Other	31 741 651	41,30	-3 362 224
Total	76 820 380	100,00	0,00