



WEAK WOMEN'S WEAR OFFER UNDERMINED THE QUARTER

“The third quarter was challenging for KappAhl with a very weak close in the Nordic markets. Turnover in women's wear decreased, while children's wear increased and continued to report strong business. E-commerce accounted for 6.2 (5.6) per cent of total sales during the quarter.”

Read the full CEO statement on the next page.

- Sales decreased in the third quarter by 3.3 per cent. In the period September-May sales grew by 1.6 per cent.
- The gross margin for the third quarter was 60.8 (64.5) per cent. In the period September-May it was 60.5 (62.7) per cent.
- Operating profit for the third quarter decreased to SEK 6 (121) million. In the period September-May it was SEK 60 (216) million.
- The operating profit was affected by non-recurring costs of SEK 43 million for the programme started to improve earnings. The operating profit adjusted for one-off costs for the quarter was 49 (121) and accumulated SEK 103 (216) million.
- Elisabeth Peregi, new President and Chief Executive Officer at KappAhl, took up her post on 7 April 2019.

	Third Quarter (March-May)			Nine months (Sep-Feb)		
	2018/2019	2017/2018	Change	2018/2019	2017/2018	Change
Net sales, SEK million	1 200	1 242	-42	3 580	3 522	58
Gross margin, %	60,8	64,5	-3,7	60,5	62,7	-2,2
Operating profit/loss, SEK million	6	121	-115	60	216	-156
Operating margin, %	0,5	9,7	-9,2	1,7	6,1	-4,5
Profit after tax, SEK million	6	94	-88	45	175	-130
Earnings per share, SEK	0,08	1,22	-1,14	0,58	2,28	-1,71
Cash flow from operating activities, SEK million	183	292	-109	163	343	-180

For further information

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ELISABETH PEREGI, PRESIDENT/CEO: WEAK WOMEN'S WEAR OFFER UNDERMINED THE QUARTER



Elisabeth Peregi
President and Chief Executive Officer

The third quarter was challenging for KappAhl with a very weak close in the Nordic markets. Turnover in women's wear decreased, while children's wear increased and continued to report strong business. E-commerce accounted for 6.2 (5.6) per cent of total sales during the quarter. The heavy competitive pressure led to a higher reduction level than the previous year and together with increasing purchasing prices gave a gross margin for the quarter of 60.8 (64.5) per cent. Inventory levels are higher than planned but mainly consist of summer goods that are still in season.

In terms of sales, the third quarter was a disappointment, apart from Poland that continued their positive sales development. KappAhl's offer in the Nordic markets was too weak, as our women's wear hasn't been attractive enough. We have simply not been sufficiently relevant to our important women customers. Accumulated after nine months, the operating profit is SEK 60 (216) million and the operating margin is 1.7 (6.1) per cent.

Administrative costs decreased during the quarter as an effect of the previously announced earnings improvement programme. We have reduced staffing by 50 administrative positions, 40 of which at the head office. We have also identified the 20 stores that do not meet our profitability requirements and that will therefore be closed. Together with intensified rent negotiations and renegotiations of other contracts, this will give us a profit-enhancing effect of SEK 100 million with full effect from September and twelve months forward.

During my first intensive months at KappAhl a short-term and a long-term plan have been drawn up. In the short term we will do what we must to improve the initial position, a painful but necessary process. We see that the earnings improvement programme will be more extensive than the SEK 100 million previously decided. We will prepare the additional measures in the near future. What we know for sure is that a continued major focus will be on adapting our store rents and store space to today's visitor levels.

In the long term, in the coming years we will use and sharpen KappAhl's strengths – our attractive store network, competent staff, strong customer base and ability to build strong brands – and implement changes where required. Focus will be on components such as business model, women's wear range, establishment strategy and interaction between physical and digital sales channels. There is a solid base where we clearly see what we need to do to develop the KappAhl Group and our various brands. The objective is to make KappAhl the first choice of each priority customer group.

Elisabeth Peregi
President and Chief Executive Officer

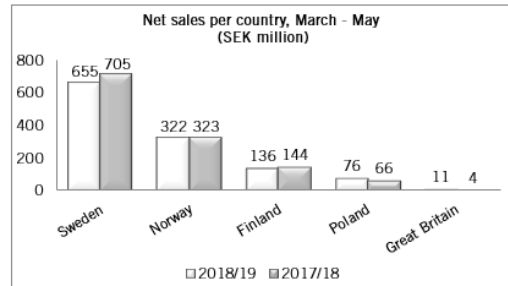
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KappAhl, founded in 1953 in Gothenburg, is one of the leading Nordic fashion chains, with 382 KappAhl and Newbie stores in Sweden, Norway, Finland, Poland and Great Britain, as well as Shop Online. Our mission is to offer value-for-money fashion of our own design with wide appeal. Today 57 per cent of the company's products are sustainability labelled. In 2017/2018 net sales were SEK 4.8 billion and the number of employees was about 4,000 in ten countries. KappAhl is listed on Nasdaq Stockholm. More information can be found at www.kappahl.com.

COMMENTS ON THE THIRD QUARTER

Net sales and profit

KappAhl's net sales for the quarter were SEK 1,200 (1,242) million, a decrease of 3.3 per cent. This is explained by the change in comparable stores, - 5.6 per cent; new and closed stores, 1.5 per cent; and currency translation differences totalling 0.8 per cent.



Gross profit for the quarter was SEK 730 (801) million, which corresponds to a gross margin of 60.8 (64.5) per cent.

Selling and administrative expenses for the quarter were SEK 724 (680) million. The cost increase is explained by non-recurring costs of SEK 43 million for the programme started to improve earnings.

The operating profit was SEK 6 (121) million. This is equivalent to an operating margin of 0.5 (9.7) per cent. The operating profit adjusted for one-off costs was 49 (121) SEK million.

Depreciation was SEK 40 (43) million.

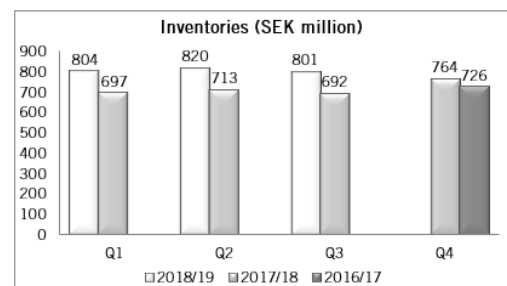
Net financial income was SEK -4 (0) million for the quarter. Profit before tax was SEK 2 (121) million and profit after tax was SEK 6 (94) million. Earnings per share for the quarter were SEK 0.08 (1.22).

Taxes

Tax for the period amounted to SEK 4 (-27) million. The Group has net deferred tax assets of SEK 60 (58) million and deferred tax liabilities of SEK 143 (157) million. KappAhl recognises deferred tax assets referring to loss carry forwards attributable to Finland. Deferred tax assets referring to losses in Poland are not measured.

Inventories

Inventories at the end of the period were SEK 801 (692) million. The increase in inventories compared with the same period in the previous year is due to poorer sales in the quarter compared with the previous year and to a higher dollar exchange rate, but mainly consists of summer goods that are still in season.

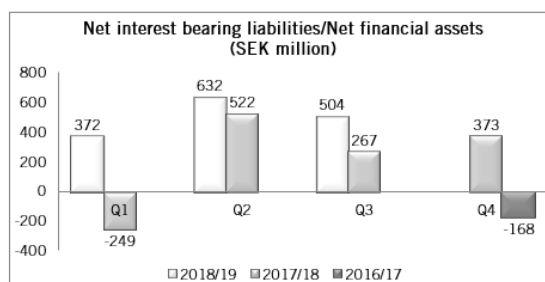


Cash flow

KappAhl's cash flow from operating activities before changes in working capital was SEK 50 (158) million. The change in cash flow mainly refers to reduced operating profit. Cash flow from changes in working capital was SEK 133 (134) million. The Group's investments in the quarter amounted to SEK 56 (36) million and referred to investments in existing and newly opened stores, as well as digital investments. Cash flow from financing activities was SEK -104 (-239) million.

Financing and liquidity

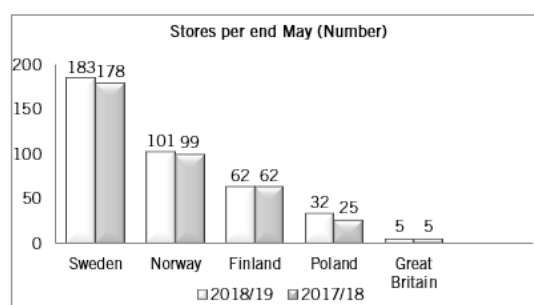
At the close of the period Kappahl had net interest bearing liabilities of SEK 504 (267) million. Net interest-bearing liabilities/EBITDA was 1.8 for the past twelve months. The equity/assets ratio decreased to 51.1 (57.2) per cent.



Cash and cash equivalents amounted to SEK 76 (54) million as at 31 May 2019. At the period close there were unutilised credit facilities of about SEK 525 (725) million.

Store network and expansion

At the close of the period the total number of stores was 383 (369), of which 26 (19) Newbie Stores. Of the total number of stores, there were 183 in Sweden, 101 in Norway, 62 in Finland, 32 in Poland and 5 in the United Kingdom.



Five stores were opened during the quarter and two were closed.

The work of seeking attractive store locations in existing markets is proceeding, but priority is given to optimising store areas for the Group as a whole.

Parent Company

Parent company net sales for the quarter were SEK 7 (4) million and pre-tax profit was SEK 1 (-1) million. The parent company did not make any investments during the period.

COMMENTS ON THE NINE MONTH PERIOD

1.6 %

increased net sales

Net sales and profit

KappAhl's net sales were SEK 3,580 (3,522) million for the nine month period. This is an increase of 1.6 per cent compared with the previous year. This is explained by the change in comparable stores of -1.6 per cent, new and closed stores, 1.5 per cent; and currency translation differences totalling 1.7 per cent.

Gross profit for the period was SEK 2,167 (2,209) million, which corresponds to a gross margin of 60.5 (62.7) per cent.

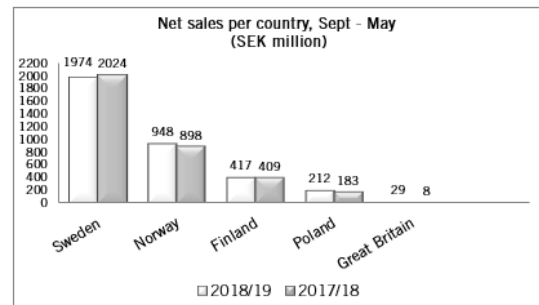
Selling and administrative expenses for the period were SEK 2,107 (1,993) million. The cost increase is partly explained by non-recurring costs of SEK 43 million for the programme started to improve earnings.

The operating profit was SEK 60 (216) million. This is equivalent to an operating margin of 1.7 (6.1) per cent. The operating profit adjusted for one-off costs was SEK 103 (216) million.

Depreciation was SEK 117 (110) million.

Net financial income was SEK -10 (1) million for the nine-month period. Profit before tax was SEK 50 (217) million and profit after tax was SEK 45 (175) million.

Earnings per share for the period were SEK 0.58 (2.28).



Cash flow

KappAhl's cash flow from operating activities before changes in working capital was SEK 133 (232) million for the year. The change is due to a lower operating profit and a lower amount of tax paid. Increased inventories in the period is the main reason for reduced cash flow from changes in working capital, which amounted to SEK 30 (111) million for the nine-month period. Cash flow from investing activities was SEK -141 (-128) million and refers mainly to investments in existing and newly opened stores and digital investments. Cash flow from financing activities was SEK 17 (-403) million. The change in relation to the previous year refers to the redemption of shares amounting to SEK 499 million that took place in the second quarter of 2017/2018.

Parent Company

Parent company net sales for the nine-month period were SEK 13 (14) million and the pre-tax profit was SEK 41 (31) million. The parent company received dividend from subsidiaries of SEK 49 (50) million. Dividend of SEK 154 (154) million was distributed to the shareholders. 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 3.8 million from companies 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 2017/2018. The risks include competition in the fashion industry, economic fluctuations, fashion trends, weather conditions, store locations, changed customer behaviour and significant exchange rate fluctuations in currencies important for the company. 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 2017/2018, Note 18. The reported risks are otherwise deemed to be unchanged in all essentials.

Post balance sheet events

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.

Financial calendar

*Fourth quarter 2018/19
9 October 2019.*

Annual General Meeting
6 December 2019

Presentation of the report

A presentation of the report will be broadcast via the web and as a telephone conference today, 26 June at 09.00. To participate by telephone please call +46 8 505 583 55 (SWE) or +44 333 300 9268 (GB) about 5 minutes before the start.

The webcast can be accessed via www.kappahl.se, under the heading "Financial information", select "Reports & presentations".

*Möln dal, 26 June 2019
KappAhl AB (publ)*

Elisabeth Peregi
President and Chief Executive Officer

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 Chief Executive Officer Elisabeth Peregi on 26 June 2019 at 07.30 CET.

AUDITOR'S REPORT

KappAhl AB (Publ), corp. reg. no. 556661-2312

Introduction

We have reviewed the condensed interim financial information (interim report) of KappAhl AB (Publ), as of May 31 2019 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.

Mölndal, June 26 2019

PricewaterhouseCoopers AB

Eva Carlsvi

Authorized Public Accountant

CONSOLIDATED INCOME STATEMENT

Amounts in SEK million	Q3 2018/2019	Q3 2017/2018	Sept-Feb 2018/2019	Sept-Feb 2017/2018	Latest 12 months Mar-Feb
Net sales	1 200	1 242	3 580	3 522	4 819
Cost of goods sold	-470	-441	-1 413	-1 313	-1 916
Gross profit	730	801	2 167	2 209	2 903
Selling expenses	-672	-625	-1 950	-1 826	-2 559
Administrative expenses	-52	-55	-157	-167	-217
Other operating income	-	-	-	-	-
Other operating expenses	-	0	-	-	-
Operating profit	6	121	60	216	126
Financial income	3	2	7	6	8
Financial expenses	-7	-2	-17	-5	-20
Total net financial expense	-4	0	-10	1	-11
Profit/loss before taxes	2	121	50	217	116
Taxes	4	-27	-5	-42	-21
Net profit/loss for the period	6	94	45	175	95
Profit attributable to parent company shareholders	6	94	45	175	95
Earnings per share, SEK	0,08	1,22	0,58	2,28	1,22

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts in SEK million	Q3 2018/2019	Q3 2017/2018	Sept-Feb 2018/2019	Sept-Feb 2017/2018	Latest 12 months Mar-Feb
Net profit/loss for the period	6	94	45	175	95
Items not to be recognised in net profit for the year					
Actuarial gains/losses	-	-	-	-	-18
Tax relating to actuarial gains/losses	-	-	-	-	4
Total items not to be recognised in net profit for the year	0	0	0	0	-14
Items to be recognised in income					
Translation differences for the period	2	6	-2	8	3
Cash flow hedges – value change	-2	10	7	21	1
Cash flow hedges returned to profit	0	5	-15	27	-15
Tax attributable to other comprehensive income	0	-3	2	-10	3
Total items that have been reposted or may be reposted to the net profit for the year	0	18	-8	46	-8
Total comprehensive income attributable to parent company's shareholders	6	112	37	221	73

CONSOLIDATED BALANCE SHEET

Amounts in SEK million

2019-Feb-28 2018-Feb-28 2018-Aug-31

ASSETS			
Non-current assets			
Intangible assets*	1 423	1 394	1 405
Tangible assets	423	431	424
Deferred tax assets	60	58	61
Total non-current assets	1 905	1 883	1 890
Current assets			
Inventories	801	692	764
Other operating receivables	215	188	170
Cash and cash equivalents	76	54	36
Total current assets	1 092	934	970
Total assets	2 997	2 817	2 860
EQUITY AND LIABILITIES			
Equity	1 530	1 610	1 647
Non-current liabilities			
Interest-bearing long-term liabilities	56	46	57
Deferred tax liabilities	143	157	151
Total non-current liabilities	199	203	208
Current liabilities			
Interest-bearing current liabilities	524	275	353
Non-interest-bearing current liabilities	744	729	652
Total current liabilities	1 268	1 004	1 005
Total equity and liabilities	2 997	2 817	2 860
*of which goodwill	696	696	696
*of which trademarks	610	610	610

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amounts in SEK million

Q3 Q3 Sept-Feb Sept-Feb Sep-Aug
2018/2019 2017/2018 2018/2019 2017/2018 2017/2018

Opening equity	1 524	1 498	1 647	2 042	2 042
Net profit/loss for the year	6	94	45	175	224
Other comprehensive income					
Year's translation differences	2	6	-2	8	14
Cash flow hedges - value changes	-2	10	7	21	16
Cash flow hedges - recognized in income	0	5	-15	27	27
Actuarial gains/losses	-	-	-	-	-18
Tax attributable to item in other comprehensive income	0	-3	2	-10	-5
Total other comprehensive income	0	18	-8	46	34
Total comprehensive income	6	112	37	221	258
Transactions with shareholders					
Redemption of shares	-	-	-	-499	-499
Dividend	-	-	-154	-154	-154
Total transactions with shareholders	-	-	-154	-653	-653
Closing equity	1 530	1 610	1 530	1 610	1 647

CONSOLIDATED CASH FLOW STATEMENT

Amounts in SEK million	Q3 2018/2019	Q3 2017/2018	Sept-May 2018/2019	Sept-May 2017/2018
Cash flow from operating activities				
Operating profit	6	121	60	216
Adjustments for non-cash items	77	59	158	129
Paid interest	-4	-5	-8	-4
Paid tax	-29	-17	-77	-109
Cash flow from operating activities before changes in working capital	50	158	133	232
Cash flow from changes in working capital				
Decrease (+) Increase (-) in inventories	19	22	-38	34
Decrease (+) Increase (-) in operating receivables	-5	21	-12	8
Decrease (-) Increase (+) in operating expenses	119	91	80	69
Cash flow from operating activities	183	292	163	343
Cash flow from investing activities	-56	-36	-141	-128
Cash flow from investing activities	-56	-36	-141	-128
Change in bank overdraft facility	-104	-239	171	250
Redemption of shares	-	-	-	-499
Dividend	-	-	-154	-154
Cash flow from financing activities	-104	-239	17	-403
Cash flow for the period	23	17	39	-188
Cash and cash equivalents at beginning of the period	53	38	36	238
Exchange rate differences in cash and cash equivalents	0	-1	1	4
Cash and cash equivalents at the end of the period	76	54	76	54

PARENT COMPANY INCOME STATEMENT

Amounts in SEK million	Q3 2018/2019	Q3 2017/2018	Sept-May 2018/2019	Sept-May 2017/2018	Latest 12 months June-May
Net sales	7	4	13	14	24
Gross profit	7	4	13	14	24
Other operating charges	-6	-6	-19	-21	-36
Operating profit	1	-2	-6	-7	-12
Result from participations in group companies	-	-	49	50	71
Financial income	11	3	26	11	33
Financial expenses	-11	-2	-28	-23	-34
Profit/loss before taxes	1	-1	41	31	57
Taxes	0	-1	2	4	-2
Net profit/loss for the period	1	-2	43	35	56

STATEMENT OF COMPREHENSIVE INCOME FOR THE PARENT COMPANY

Amounts in SEK million	Q3 2018/2019	Q3 2017/2018	Sept-May 2018/2019	Sept-May 2017/2018	Latest 12 months June-May
Net profit/loss for the period	1	-2	43	35	56
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	1	-2	43	35	56

PARENT COMPANY BALANCE SHEET - SUMMARY

Amounts in SEK million	2019-Feb-28	2018-Feb-28	2018-Aug-31
ASSETS			
Non-current assets			
Financial assets	2 711	2 711	2 711
Deferred tax assets	2	5	2
Total non-current assets	2 713	2 716	2 713
Current assets			
Other operating receivables	12	8	17
Cash and cash equivalents	16	17	16
Total current assets	28	25	32
Total assets	2 741	2 741	2 745
EQUITY AND LIABILITIES			
Equity	1 244	1 343	1 356
Non-current liabilities			
Interest-bearing long-term liabilities	-	-	-
Total non-current liabilities	-	-	-
Current liabilities			
Interest-bearing current liabilities	811	644	644
Non-interest-bearing current liabilities	686	754	745
Total current liabilities	1 497	1 398	1 389
Total equity and liabilities	2 741	2 741	2 745

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 for 2017/2018 with the exception that as of 1 September 2018 the Group applies IFRS 15 and IFRS 9. IFRS 15 is the new standard for revenue recognition. IFRS 15 has replaced IAS 18 Revenue and IAS 11 Construction contracts. IFRS 15 is based on the principle that revenue is recognised when the customer obtains control over a good or service - a principle that has replaced the earlier principle that revenue is recognised when risks and rewards have been transferred to the buyer. IFRS 9 Financial instruments has replaced most of the guidance in IAS 39. The new standard updates classification, recognition and impairment testing for financial assets and imposes new requirements on application of hedge accounting. KappAhl has no material transition effects on the income statement or balance sheet from IFRS 9 and IFRS 15.

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 for 2017/2018.

This report has been 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 have been restated for comparison periods. The number of shares has been adjusted to allow for the effect of 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 currency forwards that are measured at fair value in the balance sheet. Fair value measurement of currency forwards is based on published forward rates on an active market. 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 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 7 (21) million for currency forwards. The Group hedges currency flows in USD, for which currency forwards have maturities of up to 6 months.

NUMBER OF STORES PER COUNTRY

	2019-May-31	2019-Feb-28	2019-Nov-30	2018-Aug-31	2018-May-31
Sweden	183	182	181	177	178
Norway	101	101	102	99	99
Finland	62	61	63	62	62
Poland	32	29	29	25	25
Great Britain	5	7	7	6	5
Total	383	380	382	369	369

SALES PER COUNTRY

Amounts in SEK million	Q3 2018/2019	Q3 2017/2018	Change SEK %	Change local currency %
Sweden	655	705	-7,1%	-7,1%
Norway	322	323	-0,3%	-1,7%
Finland	136	144	-5,4%	-8,1%
Poland	76	66	15,4%	14,0%
Great Britain	11	4	168,5%	130,2%
Total	1 200	1 242	-3,3%	-

Amounts in SEK million	Sep-May 2018/2019	Sep-May 2017/2018	Change SEK %	Change local currency %
Sweden	1 974	2 024	-2,5%	-2,5%
Norway	948	898	5,6%	1,7%
Finland	417	409	2,0%	-2,7%
Poland	212	183	15,7%	12,4%
Great Britain	29	8	254,1%	235,4%
Total	3 580	3 522	1,6%	-

QUARTERLY INCOME STATEMENT

Amounts in SEK million	2018/2019			2017/2018				2016/2017				2015/2016				2014/2015			
	Q1	Q2	Q3	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net sales	1194	1185	1200	1166	1115	1242	1239	1261	1189	1217	1248	1165	1116	1195	1248	1174	1133	1132	1149
Cost of goods sold	-438	-504	-470	-413	-460	-441	-506	-437	-489	-442	-491	-401	-462	-420	-524	-431	-478	-433	-490
Gross profit	756	681	730	753	655	801	733	824	700	775	757	764	654	775	724	743	655	699	659
Selling expenses	-653	-625	-672	-607	-594	-625	-606	-626	-602	-606	-568	-597	-570	-614	-574	-606	-604	-612	-563
Administrative expenses	-51	-54	-52	-56	-56	-55	-61	-54	-51	-50	-50	-50	-53	-58	-51	-42	-42	-45	-44
Other operating income	-	-	-	0	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Operating profit	52	2	6	90	5	121	66	144	47	119	139	117	31	103	99	95	9	42	52
Financial income	1	3	3	2	2	2	2	4	4	0	0	0	0	0	1	0	0	0	1
Financial expenses	-3	-6	-7	-1	-2	-2	-3	-5	0	-9	-15	-2	-2	0	-5	-8	-3	-5	-6
Total net financial expense	-2	-3	-4	1	0	0	-1	-1	4	-9	-15	-2	-2	0	-4	-8	-3	-5	-5
Profit/loss before taxes	50	-1	2	91	5	121	65	143	51	110	124	115	29	103	95	87	6	37	47
Taxes	-9	0	4	-14	0	-27	-16	-36	-17	-29	17	-32	-15	-14	-36	-26	-9	-14	-17
Net profit	41	-1	6	77	5	94	49	107	34	81	141	83	14	89	59	61	-3	23	30
Operating margin	4,4%	0,2%	0,5%	7,8%	0,4%	9,7%	5,3%	11,4%	4,0%	9,8%	11,1%	10,0%	2,8%	8,6%	7,9%	8,1%	0,8%	3,7%	4,5%
Earnings per share, SEK	0,53	-0,02	0,08	1,00	0,07	1,22	1,22	1,39	0,44	1,05	1,84	1,08	0,18	1,16	0,77	0,81	-0,04	0,30	0,39
Number of stores	382	380	383	363	363	369	369	368	357	357	356	373	370	373	368	377	373	372	368

YEARLY INCOME STATEMENT

Amounts in SEK million	Sep-Aug 2017/2018	Sep-Aug 2016/2017	Sep-Aug 2015/2016	Sep-Aug 2014/2015	Sep-Aug 2013/2014
Net sales	4 760	4 916	4 724	4 588	4 743
Cost of goods sold	-1 818	-1 860	-1 806	-1 832	-1 857
Gross profit	2 942	3 056	2 918	2 756	2 886
Selling expenses	-2 432	-2 403	-2 356	-2 385	-2 469
Administrative expenses	-228	-205	-212	-173	-145
Other operating income	-	-	-	-	-
Operating profit	282	448	350	198	272
Financial income	8	1	1	1	0
Financial expenses	-8	-22	-10	-22	-68
Total net financial expense	0	-21	-9	-21	-68
Profit/loss before taxes	282	427	341	177	204
Taxes	-58	-63	-96	-66	-75
Net profit/loss for the year	224	364	245	111	129
Operating margin	5,9%	9,1%	7,4%	4,3%	5,7%
Earnings per share after dilution, SEK	Note 2 2,92	4,73	3,19	1,45	1,71

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	Gross profit 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 / EBITDA for immediately preceding twelve-month period	Net debt / 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 capital 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 / number of shares	Equity per share measures the company's net value per share and determines whether a company increases the shareholders' wealth over time
Earnings per share	Profit after tax / 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 / 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)	Profit before net financial income and income tax (EBIT = 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 structure
Operating profit (EBITDA)	Operating profit before amortisation and impairment (EBITA = 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 effects	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
Overhead expenses as a percentage of sales	Selling expenses and administration expenses / Net sales	The key ratio shows the realiton of the company's overhead expenses to sales

KEY RATIOS

	Q3 2018/2019	Q3 2017/2018	Sept-May 2018/2019	Sept-May 2017/2018	Latest 12 months June-May
Earnings per share, SEK	0,08	1,22	0,58	2,28	1,22
Total depreciation	40	43	117	110	161
Operating result (EBIT)	6	121	60	216	126
Gross margin	60,8%	64,5%	60,5%	62,7%	60,2%
Operating margin	0,6%	9,7%	1,7%	6,1%	2,6%
Interest coverage ratio	1,3	56,6	3,9	40,9	6,8
Net interest-bearing liabilities	504	267	504	267	504
Net interest-bearing liabilities/EBITDA	-	-	-	-	1,8
Equity/assets ratio	51,3%	57,2%	51,3%	57,2%	51,3%
Equity per share, SEK	20,03	20,96	20,03	20,96	20,03
Return on equity	-	-	-	-	6,0%
Return on capital employed	-	-	-	-	6,2%
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)

	Q3 2018/2019	Q3 2017/2018	Sept-May 2018/2019	Sept-May 2017/2018	Latest 12 months June-May
Amounts in SEK million					
Operation profit	6	121	60	216	126
Depreciations and write-downs	40	43	117	110	161
Operation profit (EBITDA)	46	164	177	326	287

KAPPAHL'S 20 LARGEST SHAREHOLDERS AS OF 31 MAY

	Number of shares	Percentage of shares and votes 2019-May-31	Change compared with 2019-Feb-28
Mellby Gård AB	22 721 692	29,58	0
Brown Brothers Harriman/LUX, W8IMY WPR	5 172 538	6,73	0
Swedbank Robur fonder	5 122 454	6,67	0
SEB Investment Management	2 163 242	2,82	216 842
Försäkringsaktiebolaget, Avanza Pension	1 987 090	2,59	48 887
BNY Mellon NA (former Mellon), W9	1 660 774	2,16	-142 564
State Street Bank and Trust Co, W9	1 498 132	1,95	54 498
CBNY-DFA-INT SML CAP V	1 376 842	1,79	68 051
CBNY-INT COR EQ POR DFA IN DIM GR I	1 134 782	1,48	0
Nordea Livförsäkring Sverige AB	1 076 308	1,40	374
BNY Mellon SA/NV (former BNY), W8IMY	1 002 547	1,31	-222 566
Nordnet Pensionsförsäkring AB	909 733	1,18	278 368
Swedbank Försäkring	791 182	1,03	2 285
CBNY-Norges Bank	660 214	0,86	-57 102
Ulsmo Finans AS	580 000	0,76	0
Euroclear Bank S.A/N.V, W8-IMY	570 254	0,74	-130 133
SLB for SEF 2-Penser Yield	532 234	0,69	0
Morgan Stanley and CO LLC, W9	521 837	0,68	-2 975
CBNY-DFA-CNTL SML CO S	488 702	0,64	0
Nordea Bank ABP, Nordea Bank AB(publ)	461 756	0,60	80 730
Other	26 388 067	34,34	-194 695
Total	76 820 380	100,00	0,00