



A CHALLENGING YEAR

“...Effects of fewer visits to stores and tough competition contributed to a decrease in sales of 3.2 per cent (for the full year). At the same time, good cost control and intensive development work ...have meant that we are in a stronger starting position than a year ago...”

Read the full CEO statement on the next page.

- Sales decreased by 0.7 per cent in the quarter. In the period September 2017 -August 2018 they decreased by 3.2 per cent.
- The gross margin was 59.2 (60.7) per cent for the quarter. Accumulated for the fiscal year it was 61.8 (62.2) per cent.
- The operating profit was reduced to SEK 66 (139) million for the quarter and SEK 282 (448) million for September-August.
- The Board of Directors proposes that a dividend of SEK 2.00 per share be distributed.

	Forth Quarter (June-Aug)			Twelve months (Sep-Aug)		
	2017/2018	2016/2017	Change	2017/2018	2016/2017	Change
Net sales, SEK million	1 239	1 248	-9	4 760	4 916	-156
Operating profit/loss, SEK million	66	139	-73	282	448	-166
Gross margin, %	59,2	60,7	-1,5	61,8	62,2	-0,4
Operating margin, %	5,3	11,1	-5,9	5,9	9,1	-3,3
Profit after tax, SEK million	49	141	-92	224	364	-140
Earnings per share, SEK	0,64	1,84	-1,19	2,92	4,74	-1,82
Cash flow from operating activities, SEK million	-47	61	-108	294	572	-278

For further information

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GÖRAN BILLE, ACTING PRESIDENT/CEO: A CHALLENGING YEAR



Göran Bille
Acting President and Chief
Executive Officer

KappAhl, founded in 1953 in Gothenburg, is one of the leading Nordic fashion chains with more than 370 KappAhl and Newbie stores in Sweden, Norway, Finland, Poland and the United Kingdom, 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

The past year was challenging for KappAhl. Effects of fewer visits to stores and tough competition contributed to a decrease in sales of 3.2 per cent. At the same time, good cost control and intensive development work with digital solutions and in the store network have meant that we are in a stronger starting position than a year ago. The operating profit amounted to SEK 282 (448) million and the operating margin 5.9 (9.1) per cent for the year.

The determined work of following our customers in their ongoing change in behaviour has included developing technology and services. Our eCommerce increased by 38 per cent compared with the previous year and is now about five per cent of total sales. More than half of our eCommerce is supplied via Click&Collect and also adds to extra sales in stores. The proportion of eCommerce orders in store has continued to increase.

During the year we opened four new KappAhl stores, closed four and converted 23. Newbie Store has continued its successful expansion and at the close of the year numbered 22 (11) stores. We are pleased with the sales trend in the United Kingdom and clearly see that the Newbie concept has a place and will continue to work well. Poland continues to perform well and we will continue to expand these operations. During the year we opened two new stores here.

The exceptional summer weather, already in May, resulted in a large proportion of summer clothes were sold even before KappAhl's **fourth quarter of operations** began. In order to maintain sales in an challenging market with weakening traffic, a consequence of the continued high summer weather, we have maintained a high activity rate. We could thereby maintain sales, though with lower share of full-price business. In the transition to the early autumn sales of childrenswear started really well. At the same time too-low inventories and a rather narrow offer affected full-price womenswear sales negatively. A higher dollar exchange rate also had a negative impact on the quarter's margins. Cost increases in the quarter are mainly attributable to severance pay to the previous President, exchange rate effects and increased costs of market penetration.

Our sustainability work continues with activities in many important areas. During the year the sustainability labelled fashion range increased its share to 57 (53) per cent. We joined the Sustainable Apparel Coalition (SAC), where our active membership can harmonise our working methods with other actors in the fashion industry as regards increased transparency and a faster rate of development of sustainable working methods. Our successful industry collaboration, One Bag Habit, has drawn consumers' attention to the need to reduce bag consumption and thus reduced the use of bags by as much as 70 per cent.

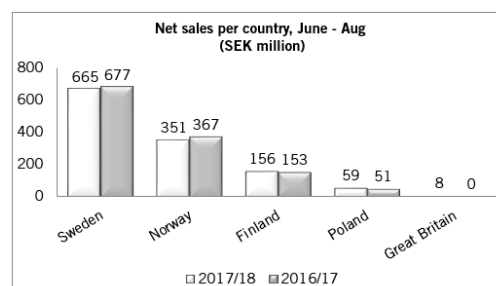
KappAhl has been strong in the market for 65 years. Our focus lies on our customer and product and we will intensify this work forward. An attractive range, well-co-ordinated campaigns and a well-managed supply chain will provide good quality sales. We develop our sales channels to create attractive customer offers. All with continued sound cost control. Our clear ambition is to achieve increased profitability by being our customer's first hand choice, regardless of channel.

Göran Bille
Acting President and CEO

COMMENTS ON THE FOURTH QUARTER

Net sales and profit

KappAhl's net sales for the quarter amounted to SEK 1,239 (1,248) million, a decrease of 0.7 per cent. This is explained by the effect changes in comparable stores, -1.6 per cent; new and closed stores, -1.9 per cent; and currency translation differences totalling 2.8 per cent.



Gross profit for the quarter was SEK 733 (757) million, which corresponds to a gross margin of 59.2 (60.7) per cent.

Selling and administrative expenses for the quarter were SEK 667 (618) million.

The operating profit was SEK 66 (139) million. This is equivalent to an operating margin of 5.3 (11.1) per cent.

Depreciation was SEK 41 (31) million.

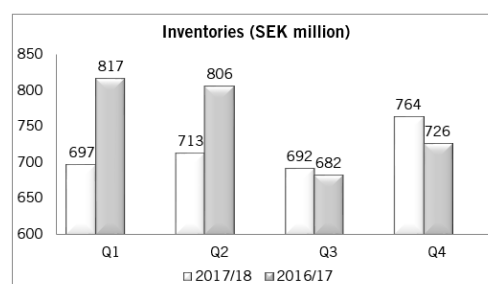
Net financial income was SEK -1 (-15) million for the quarter. Profit before tax was SEK 65 (124) million and profit after tax was SEK 49 (141) million. Earnings per share for the quarter were SEK 0.64 (1.84).

Taxes

Tax for the period amounted to SEK -16 (17) million. The Group has net deferred tax assets of SEK 61 (58) million and deferred tax liabilities of SEK 151 (148) million. KappAhl recognises deferred tax assets referring to loss carry forwards attributable to Finland. Deferred tax assets referring to losses in Poland are not currently measured.

Inventories

At the close of the period inventories amounted to SEK 764 (726) million, an increase of 5.2 per cent compared with the previous year. The increase in inventories consists of new autumn goods, which have been delivered earlier than in the previous year to meet the demand in stores and eCommerce.



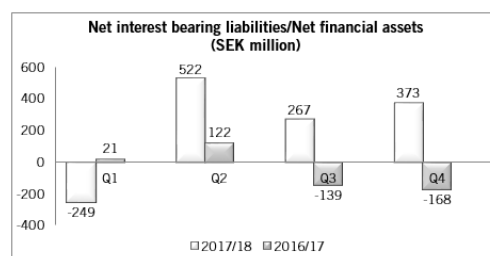
Cash flow

KappAhl's cash flow from operating activities before changes in working capital was SEK 66 (159) million. Cash flow from changes in working capital was SEK -113 (-98) million and is mainly due to increased inventories and reduced operating liabilities. The cash flow from investing activities was SEK -44 (-35) million, which in the first place was affected by investments in establishing new stores and IT related investments. Cash flow from financing activities was SEK 78 (7) million and is mainly attributable to increased use of existing overdraft facilities.

Financing and liquidity

At the close of the period Kappahl had net interest-bearing liabilities of SEK 373 million compared with net financial assets of SEK 168 million as at 31 August 2017. The net interest-bearing liabilities/EBITDA ratio was 0.9 (-0.3) at the end of the period. The equity/assets ratio decreased to 57.6 (67.4) per cent. The change is mainly attributable to a share redemption of SEK 499 million and the fact that dividend this year was SEK 58 million more than the previous year.

Cash and cash equivalents as at 31 August 2018 amounted to SEK 36 (238) million. At the period close there were unutilised credit facilities of about SEK 647 (975) million.

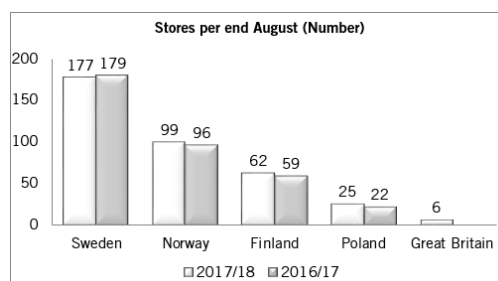


Store network and expansion

At the close of the period the total number of stores was 369 (356), of which 22 (11) are Newbie Stores. Of these, 177 were in Sweden, 99 in Norway, 62 in Finland, 25 in Poland and 6 in the United Kingdom.

Two stores were opened during the quarter and one was 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 12 (10) million and pre-tax profit was SEK 16 (-447) million. The parent company did not make any investments during the period.

COMMENTS ON THE FULL YEAR

Net sales and profit

KappAhl's net sales were SEK 4,760 (4,916) million for the full year. This is a decrease of 3.2 per cent compared with the previous year. This is explained by the change in comparable stores of -2.0 per cent, new and closed stores, -2.0 per cent; and currency translation differences totalling 0.8 per cent.



Gross profit for the full year was SEK 2,942 (3,056) million, which corresponds to a gross margin of 61.8 (62.8) per cent.

Selling and administrative expenses for the period were SEK 2,660 (2,608) million.

The operating profit was SEK 282 (448) million. This is equivalent to an operating margin of 5.9 (9.1) per cent.

Depreciation was SEK 151 (124) million.

Net financial income for the full year was SEK 0 (-21) million. Pre-tax profit was SEK 282 (427) million and profit after tax was SEK 224 (364) million.

Earnings per share for the period were SEK 2.92 (4.74).

Investments

Investments of SEK 172 (177) million were made during the year and refer mainly to investments in existing and newly opened stores and investments in IT and processes for increased customer benefit.

Cash flow

KappAhl's cash flow from operating activities before changes in working capital was SEK 296 (529) million for the year. Cash flow from changes in working capital was SEK -2 (43) million. Cash flow from investing activities was SEK -172 (-177) million. Cash flow from financing activities was SEK -325 (-471) million and is mainly attributable to loans raised and higher dividend than the previous year and a completed share redemption.

Parent company

Parent company net sales for the full year were SEK 26 (30) million and the pre-tax profit was SEK 47 (-415) million. The parent company received dividend from subsidiaries of SEK 50 (49) million. Dividend of SEK 154 million has been distributed to shareholders and a further transfer to shareholders was made of SEK 499 million in the form of a share split combined with a share redemption procedure. During the year the parent company raised new short-term loans of SEK 200 million and utilised bank overdraft facilities of SEK 444 million. The parent company did not make any investments during the period.

OTHER INFORMATION

Financial calendar

*Annual General Meeting
2018 6 December 2018*

*First quarter 18/19
19 December 2018*

*Second quarter 18/19
20 March 2019*

*Third quarter 18/19
26 June 2019*

Presentation of the report

A presentation of the report, which will also be made available via the web and as a telephone conference, will be given for analysts, media and investors today at 09.00 at Helio GT 30, Grev Turegatan 30 in Stockholm.

To notify attendance at the event, please email hearings@financialhearings.com.

To participate by telephone please call +46 8 566 426 97 about 5 minutes before the start.

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

Related party transactions

During the full year there were transactions with associated companies. Purchases were made for SEK 1.5 million from a company in the Mellby Gård Group. The purchases were on commercial terms. In August 2017 the principal owner Mellby Gård AB offered the previous President and Group Management options with a maturity of three years. For further information concerning this transaction please refer to the Annual Report for 2016/2017, Note 22. In May 2018 a further 75,000 options with a maturity of three years were issued from Mellby Gård AB to Chief Financial Officer Peter Andersson.

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 2016/2017. 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 2016/2017, 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.

Annual General Meeting

The Annual General Meeting will be held at the company's head office in Mölndal on 6 December, at 10.00. The annual report will be available on the company's website on 7 November. The Board of Directors proposes that a dividend of SEK 2.00 per share be distributed.

This report has not been reviewed by the company's auditors. The Board of Directors and President certify that the report gives a fair presentation of the Parent Company's and Group's operations, financial position and performance and describes material risks and uncertainties facing the Parent Company and the Group.

Mölndal, 11 October 2018

KappAhl AB (publ)

Anders Bülow, Chair

Susanne Holmberg

Cecilia Kocken

Johanna Bergqvist

Göran Bille, acting President and Chief Executive Officer and member of the Board

Pia Rudengren

Kicki Olivensjö

Thomas Gustafsson

Marie-Louise Jansson Bring

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 acting President and CEO Göran Bille, on 11 October 2018 at 07.30 CET.

CONSOLIDATED INCOME STATEMENT

Amounts in SEK million	Q4 2017/2018	Q4 2016/2017	Sep-Aug 2017/2018	Sep-Aug 2016/2017	Latest 12 months Sep-Aug
Net sales	1 239	1 248	4 760	4 916	4 760
Cost of goods sold	-506	-491	-1 818	-1 860	-1 818
Gross profit	733	757	2 942	3 056	2 942
Selling expenses	-606	-568	-2 432	-2 403	-2 432
Administrative expenses	-61	-50	-228	-205	-228
Other operating income	-	-	-	-	-
Other operating expenses	-	0	-	0	-
Operating profit	66	139	282	448	282
Financial income	2	0	8	1	8
Financial expenses	-3	-15	-8	-22	-8
Total net financial expense	-1	-15	0	-21	0
Profit/loss before taxes	65	124	282	427	282
Taxes	-16	17	-58	-63	-58
Net profit/loss for the period	49	141	224	364	224
Profit attributable to parent company shareholders	49	141	224	364	224
Earnings per share, SEK	Note 2 0,64	1,84	2,92	4,74	2,92

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts in SEK million	Q4 2017/2018	Q4 2016/2017	Sep-Aug 2017/2018	Sep-Aug 2016/2017	Latest 12 months Sep-Aug
Net profit/loss for the period	49	141	224	364	224
Items not to be recognised in net profit for the year					
Actuarial gains/losses	-18	-2	-18	-2	-18
Tax relating to actuarial gains/losses	4	-	4	-	4
Total items not to be recognised in net profit for the year	-14	-2	-14	-2	-14
Items to be recognised in income					
Translation differences for the period	6	-27	14	-27	14
Cash flow hedges – value change	-6	0	15	-9	15
Cash flow hedges returned to profit	0	2	27	-1	27
Tax attributable to other comprehensive income	1	6	-9	8	-9
Total items that have been reposted or may be reposted to the net profit for the year	1	-19	47	-29	47
Total comprehensive income attributable to parent company's shareholders	36	120	257	333	257

CONSOLIDATED BALANCE SHEET

Amounts in SEK million	2018-Aug-31	2017-Aug-31
ASSETS		
Non-current assets		
Intangible assets*	1 405	1 369
Tangible assets	424	436
Deferred tax assets	61	58
Total non-current assets	1 890	1 863
Current assets		
Inventories	764	726
Other operating receivables	170	201
Cash and cash equivalents	36	238
Total current assets	970	1 165
Total assets	2 860	3 028
EQUITY AND LIABILITIES		
Equity	1 647	2 042
Non-current liabilities		
Interest-bearing long-term liabilities	57	45
Deferred tax liabilities	151	148
Total non-current liabilities	208	193
Current liabilities		
Interest-bearing current liabilities	353	25
Non-interest-bearing current liabilities	652	768
Total current liabilities	1 005	793
Total equity and liabilities	2 860	3 028
*of which goodwill	696	696
*of which trademarks	610	610

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amounts in SEK million	Q4 2017/2018	Q4 2016/2017	Sep-Aug 2017/2018	Sep-Aug 2016/2017	Sep-Aug 2016/2017
Opening equity	1 610	1 922	2 042	1 805	1 805
Net profit/loss for the year	49	141	224	364	364
Other comprehensive income					
Year's translation differences	7	2	15	-1	-1
Cash flow hedges - value changes	-6	-27	15	-27	-27
Cash flow hedges - recognized in income	0	0	27	-9	-9
Actuarial gains/losses	-18	-2	-18	-2	-2
Tax attributable to item in other comprehensive income	5	6	-5	8	8
Total comprehensive income	37	120	258	333	333
Transactions with shareholders					
Redemption of shares	-	-	-499	-	-
Dividend	-	-	-154	-96	-96
Total transactions with shareholders	-	-	-653	-96	-96
Closing equity	1 647	2 042	1 647	2 042	2 042

CONSOLIDATED CASH FLOW STATEMENT

Amounts in SEK million	Q4 2017/2018	Q4 2016/2017	Sep-Aug 2017/2018	Sep-Aug 2017/2018
Cash flow from operating activities				
Operating profit	66	139	282	448
Adjustments for non-cash items	41	54	169	135
Paid interest	-2	-14	-7	-23
Paid tax	-39	-20	-147	-31
Cash flow from operating activities before changes in working capital	66	159	296	529
Cash flow from changes in working capital				
Decrease (+) Increase (-) in inventories	-72	-44	-38	94
Decrease (+) Increase (-) in operating receivables	15	26	23	0
Decrease (-) Increase (+) in operating expenses	-56	-81	13	-51
Cash flow from operating activities	-47	60	294	572
Cash flow from investing activities	-44	-35	-172	-177
Cash flow from investing activities	-44	-35	-172	-177
Change in bank overdraft facility	78	7	328	-375
Redemption of shares	-	-	-499	0
Dividend	-	-	-154	-96
Cash flow from financing activities	78	7	-325	-471
Cash flow for the period	-14	33	-203	-76
Cash and cash equivalents at beginning of the period	54	205	238	314
Exchange rate differences in cash and cash equivalents	-4	-	1	-
Cash and cash equivalents at the end of the period	36	238	36	238

PARENT COMPANY INCOME STATEMENT

Amounts in SEK million	Q4 2017/2018	Q4 2016/2017	Sep-Aug 2017/2018	Sep-Aug 2016/2017	Latest 12 months Sep-Aug
Net sales	12	10	26	30	26
Gross profit	12	10	26	30	26
Other operating charges	-17	-9	-38	-37	-38
Operating profit	-5	1	-12	-7	-12
Result from participations in group companies	22	-453	72	-404	72
Financial income	6	1	17	4	17
Financial expenses	-6	4	-29	-8	-29
Profit/loss before taxes	16	-447	47	-415	47
Taxes	-4	-3	1	1	1
Net profit/loss for the period	13	-450	48	-414	48

STATEMENT OF COMPREHENSIVE INCOME FOR THE PARENT COMPANY

Amounts in SEK million	Q4 2017/2018	Q4 2016/2017	Sep-Aug 2017/2018	Sep-Aug 2016/2017	Latest 12 months Sep-Aug
Net profit/loss for the period	13	-450	48	-414	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	13	-450	48	-414	48

PARENT COMPANY BALANCE SHEET - SUMMARY

Amounts in SEK million	2018-Aug-31	2017-Aug-31
ASSETS		
Non-current assets		
Financial assets	2 711	2 711
Deferred tax assets	2	1
Total non-current assets	2 713	2 712
Current assets		
Other operating receivables	17	37
Cash and cash equivalents	16	16
Total current assets	32	53
Total assets	2 745	2 765
EQUITY AND LIABILITIES		
Equity	1 356	1 961
Non-current liabilities		
Interest-bearing long-term liabilities	-	-
Total non-current liabilities	-	-
Current liabilities		
Interest-bearing current liabilities	644	-
Non-interest-bearing current liabilities	745	804
Total current liabilities	1 389	804
Total equity and liabilities	2 745	2 765

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 2017.

IFRS 9 "Financial instruments" deals with classification, measurement and accounting for financial assets and liabilities. It replaces parts of IAS 39 that deals with classification and measurement of financial instruments.

IFRS 15 "Revenue from contracts with customers" contains a single model for revenue recognition for contracts with customers that are not covered by other standards. It replaces IAS 11, Construction contracts, IAS 18, Revenue and the related interpretations, IFRIC 13, 15, 18 and SIC-31.

The Group's analysis has shown that the implementation of IFRS 9 and IFRS 15 will not have any material impact on the Group's financial statements based on the extent of activities in 2018. Hence no transition effects will arise as a consequence of the introduction of these financial reporting standards.

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 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 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 21 (2) million for currency forwards and SEK 0 (-2) million for interest swaps. The Group hedges currency flows in USD, for which currency forwards have maturities of up to 6 months.

NUMBER OF STORES PER COUNTRY

	2018-Aug-31	2018-May-31	2018-Feb-28	2017-Nov-30	2017-Aug-31
Sweden	177	178	180	181	179
Norway	99	99	98	98	96
Finland	62	62	59	59	59
Poland	25	25	24	24	22
Great Britain	6	5	2	1	0
Total	369	369	363	363	356

SALES PER COUNTRY

Amounts in SEK million	Q4 2017/2018	Q4 2016/2017	Change SEK %	Change local currency %
Sweden	665	677	-1,8%	-1,8%
Norway	351	367	-4,5%	-9,2%
Finland	156	153	2,2%	-4,7%
Poland	59	51	16,5%	10,6%
Great Britain	8	-	-	-
Total	1 239	1 248	-0,6%	-

Amounts in SEK million	Sep-Aug 2017/2018	Sep-Aug 2016/2017	Change SEK %	Change local currency %
Sweden	2 689	2 760	-2,6%	-2,6%
Norway	1 249	1 333	-6,3%	-6,3%
Finland	564	584	-3,4%	-7,5%
Poland	242	239	1,6%	-3,7%
Great Britain	16	-	-	-
Total	4 760	4 916	-3,2%	-

QUARTERLY INCOME STATEMENT

Amounts in SEK million	2017/2018				2016/2017				2015/2016				2014/2015				2013/2014			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net sales	1166	1115	1242	1239	1261	1189	1217	1248	1165	1116	1195	1248	1174	1133	1132	1149	1243	1114	1201	1185
Cost of goods sold	-413	-460	-441	-506	-437	-489	-442	-491	-401	-462	-420	-524	-431	-478	-433	-490	-456	-471	-448	-482
Gross profit	753	655	801	733	824	700	775	757	764	654	775	724	743	655	699	659	787	643	753	703
Selling expenses	-607	-594	-625	-606	-626	-602	-606	-568	-597	-570	-614	-574	-606	-604	-612	-563	-651	-603	-617	-598
Administrative expenses	-56	-56	-55	-61	-54	-51	-50	-50	-50	-53	-58	-51	-42	-42	-45	-44	-37	-37	-35	-36
Other operating income	0	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Operating profit	90	5	121	66	144	47	119	139	117	31	103	99	95	9	42	52	99	3	101	69
Financial income	2	2	2	2	4	4	0	0	0	0	0	1	0	0	0	1	0	0	0	0
Financial expenses	-1	-2	-2	-3	-5	0	-9	-15	-2	-2	0	-5	-8	-3	-5	-6	-12	-8	-38	-10
Total net financial expense	1	0	0	-1	-1	4	-9	-15	-2	-2	0	-4	-8	-3	-5	-5	-12	-8	-38	-10
Profit/loss before taxes	91	5	121	65	143	51	110	124	115	29	103	95	87	6	37	47	87	-5	63	59
Taxes	-14	0	-27	-16	-36	-17	-29	17	-32	-15	-14	-36	-26	-9	-14	-17	-25	-2	-21	-27
Net profit	77	5	94	49	107	34	81	141	83	14	89	59	61	-3	23	30	62	-7	42	32
Operating margin	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%	8,0%	0,3%	8,4%	5,8%
Earnings per share, SEK	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	0,83	-0,09	0,56	0,42
Number of stores	363	363	369	369	368	357	357	356	373	370	373	368	377	373	372	368	389	379	378	377

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	4,74	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	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 shows the realiton of the company's overhead expenses to sales

KEY RATIOS

	Q4 2017/2018	Q4 2016/2017	Sep-Aug 2017/2018	Sep-Aug 2016/2017	Latest 12 months Sep-Aug
Earnings per share, SEK	0,64	1,84	2,92	4,74	2,92
Total depreciation	41	31	151	124	151
Operating result (EBIT)	66	139	282	448	282
Gross margin	59,2%	60,7%	61,8%	62,2%	61,8%
Operating margin	5,3%	11,1%	5,9%	9,1%	5,9%
Interest coverage ratio	-	-	36,1	20,4	36,1
Net interest-bearing liabilities	373	-168	373	-168	373
Net interest-bearing liabilities/EBITDA	-	-	0,9	-0,3	0,9
Equity/assets ratio	57,6%	67,4%	57,6%	67,4%	57,6%
Equity per share, SEK	21,43	26,58	21,43	26,58	21,43
Return on equity	-	-	12,2%	18,9%	12,2%
Return on capital employed	-	-	13,0%	19,2%	13,0%
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	Q4 2017/2018	Q4 2016/2017	Sep-Aug 2017/2018	Sep-Aug 2016/2017	Latest 12 months Sep-Aug
Operation profit	66	139	282	448	282
Depreciations and write-downs	41	31	151	124	151
Operation profit (EBITDA)	107	170	433	572	433

KAPPAHL'S 20 LARGEST SHAREHOLDERS AS AT 31 AUGUST 2018

	Number of shares	Percentage of shares and votes 2018-Aug-31	Change compared with 2018-May-31
Mellby Gård AB	22 721 692	29,58	0
Fidelity Funds - Nordic Fund	5 172 538	6,73	0
Swedbank Robur fonder	5 122 454	6,67	0
SEB Investment Management	2 440 884	3,18	746 890
Handelsbanken fonder	1 795 346	2,34	0
CBNY-DFA-INT SML CAP V	1 715 445	2,23	211 800
State street Bank	1 186 246	1,54	-498 505
Försäkringsaktiebolaget, Avanza Pension	989 561	1,29	-197 967
Nordea Investment Funds	980 466	1,28	-228 582
Nordea Livförsäkring Sverige AB	829 350	1,08	-8 000
JPM CHASE NA	814 248	1,06	329 752
CBNY-NORGES BANK	710 440	0,92	548 169
ELO MUT PENS INS	675 221	0,88	121 832
The Nomura Trust and Banking LTD, RE FID EUR	661 447	0,86	-42 653
Euroclear Bank S.A/N.V., W8-IMY	598 294	0,78	75 888
Fidelity Funds European Smaller, Companies Pool	554 323	0,72	0
SEI Trust Company for the ben of, Segall	485 775	0,63	0
CBNY-DFA-CNTL SML CO S	462 502	0,60	3 577
CBNY-INT COR EQ POR DFA IN DIM GR I	413 353	0,54	48 497
BANQUE DE LUXEMBOURG	374 624	0,49	374 624
Other	28 116 171	36,60	-1 485 322
Total	76 820 380	100,00	0,00