HALF-YEARLY REPORT 2016/2017 6 April, 2017

GROWTH AND IMPROVED MARGIN

"In the second quarter of 2016/2017 our continued clarification of the collections together with our price and campaign strategy contributed to increased sales of 6.5 per cent compared with the previous year, of which the increase in comparable stores was 1.9 per cent..."

Read the full CEO statement on the next page.

- The Group's sales increased during the quarter by 6.5 per cent and by 7.4 per cent in the first half year.
- The gross margin was positively affected by continued work on the pricing and campaign strategies.
- Operating profit improved and was SEK 47 (31) million for the quarter and SEK 190 (148) million for the half year.
- New loan agreements have been signed and a total of SEK 400 million has been repaid.
- The equity/assets ratio was 64.5 (57.7) per cent.

	Second Quarter (Dec-Feb)			Half year (Sep-Feb)		
	2016/2017	2015/2016	Change	2016/2017	2015/2016	Change
Net sales, SEK million	1 189	1 116	73	2 450	2 281	169
Operating profit/loss, SEK million	47	31	16	190	148	42
Gross margin, %	58,9	58,6	0,3	62,2	62,2	0,0
Operating margin, %	4,0	2,8	1,2	7,8	6,5	1,3
Profit after tax, SEK million	34	14	20	141	97	44
Earnings per share, SEK	0,44	0,18	0,26	1,84	1,26	0,58
Cash flow from operating activities, SEK million	27	15	12	189	104	85

For further information

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KappAhl

DANNY FELTMANN, PRESIDENT: GROWTH AND IMPROVED MARGIN

Danny Feltmann
President and CEO

In the second quarter of 2016/2017 our continued clarification of the collections together with our price and campaign strategy contributed to **increased sales of 6.5 per cent** compared with the previous year, of which the increase in comparable stores was 1.9 per cent. The gross margin increased by 0.3 percentage points and the operating profit was SEK 47 (31) million.

At the end of 2016 new loan agreements were signed and we repaid a total of SEK 400 million. KappAhl has a **good equity/assets ratio** of 64.5 per cent. Our operating margin over the rolling twelve months **is 8.0 (5.3) per cent.**

KappAhl met Christmas with clear campaigns and an attractive range. Our strategy of incorporating more fashion in the Christmas campaigns boosted sales while communicating well that KappAhl is a given destination for buying Christmas presents. A successful strategy for the sale season contributed to an effective sales period. The start of the season in February was initially characterised by a cautious market.

After the intensive Christmas period we have **again accelerated the pace of our investments**. The investments refer to continued store conversions and IT and process development, where services to integrate e-commerce and physical stores are in focus. During the quarter we ended **the readjustment programme in Poland** and started work on again strengthening operations, which may include opening new stores in 2017. After deciding on **continued expansion of Newbie Store** we are planning on opening new stores in all our markets in 2017.

More than half of our range now consists of more sustainable materials. The percentage will continue to increase, for example in our important trousers product group. As of the denim campaign in February over half of our range of jeans consists of more sustainable cotton.

The strategic work is continuing on the path staked out to consolidate KappAhl's position. Our new range strategy, Scandinavian Feminine, is being introduced now and will be evaluated. We continue to invest to strengthen the digital customer meeting. After introduction of new system support for following up the customer experience we see that a more direct customer dialogue has a concrete effect in sales work. The challenges of a weak krona remain, leading to continued efforts in maintaining gross margins in coming quarters.

Danny Feltmann
President and Chief Executive Officer

COMMENTS ON THE SECOND QUARTER

6.5 %

Increased net sales

1.9 %

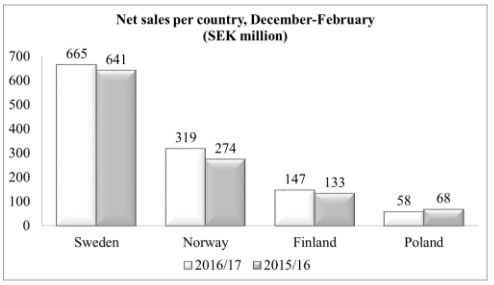
Increased sales in comparable stores

1.2 %

Increased operating margin

Net sales and profit

KappAhl’s net sales for the quarter amounted to SEK 1,189 (1,116) million, an increase of 6.5 per cent. This is explained by the effect of new and closed stores, 1.8 per cent; change in comparable stores, 1.9 per cent; and currency translation differences totalling 2.8 per cent.



Gross profit for the quarter was SEK 700 (654) million, which corresponds to a gross margin of 58.9 (58.6) per cent.

Selling and administrative expenses for the quarter were SEK 653 (623) million.

Operating profit was SEK 47 (31) million. This is equivalent to an operating margin of 4.0 (2.8) per cent.

Depreciation was SEK 30 (32) million.

Net financial income for the quarter was SEK 4 (–2) million. The pre-tax profit was SEK 51 (29) million and profit after tax was SEK 34 (14) million. Earnings per share for the quarter were SEK 0.44 (0.18).

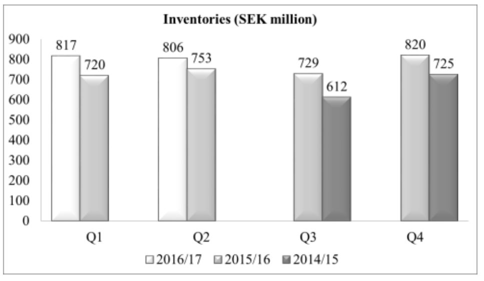
Taxes

The Group has net deferred tax assets of SEK 31 (11) million and deferred tax liabilities of SEK 155 (128) million. Deferred tax assets referring to losses in Poland and Finland are not currently measured.

Inventories

Inventories at the end of the period were SEK 806 (753) million.

Compared with the previous quarter inventories have decreased by SEK 11 million.



Cash flow

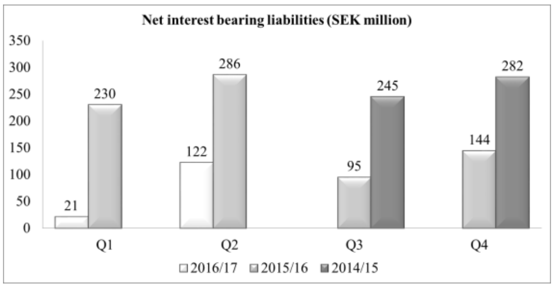
KappAhl's cash flow from operating activities before changes in working capital amounted to SEK 67 (64) million. Cash flow from changes in working capital was SEK SEK -40 (-49) million. The cash flow from investing activities was SEK -37 (-17) million, which in the first place was affected by investments in the new store concept and IT related investments. Cash flow from financing activities was SEK -371 (-58) million and is mainly attributable to amortisation of long-term debt and payment of a higher dividend than the previous year.

KappAhl

64.5 %

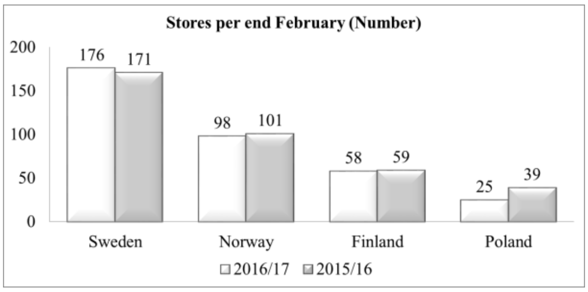
Current equity/assets ratio

Financing and liquidity



Net interest-bearing liabilities amounted to SEK 122 (286) million at the close of the period. The net interest-bearing liabilities/EBITDA ratio was 0.2 at the close of the period, compared with 0.7 as at 29 February 2016. The equity/assets ratio increased to 64.5 (57.7) per cent. During the period long-term loans of SEK 400 million were repaid.
Cash and cash equivalents amounted to SEK 53 (176) million as at 28 February 2017. At the period close there were unutilised credit facilities of about SEK 873 (585) million.

Store network and expansion



At the close of the period the total number of stores was 357 (370). Of these, 176 were in Sweden, 98 in Norway, 58 in Finland and 25 in Poland.

Eleven stores 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 (2) million and pre-tax profit was SEK 50 (4) million. The company has received SEK 49 (13) million in dividend from subsidiaries. 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.

KappAhl

COMMENTS ON THE HALF YEAR

3.4%

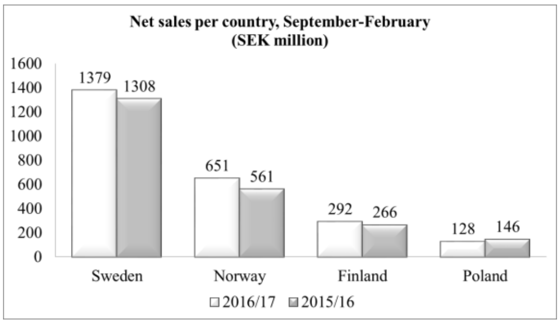
Increased sales in comparable stores

1.3 %

Overhead expenses lower as a percentage of sales

Net sales and profit

KappAhl's net sales were SEK 2,450 (2,281) million for six months. This is an increase of 7.4 per cent compared with the previous year. This is explained by the effect of new and closed stores, 1.7 per cent; change in comparable stores, 3.4 per cent; and currency translation differences totalling 2.3 per cent.



Gross profit for the half year was SEK 1,524 (1,418) million, which corresponds to a gross margin of 62.2 (62.2) per cent.

Selling and administrative expenses for the half year were SEK 1,334 (1,270) million.

Operating profit was SEK 190 (148) million. This is equivalent to an operating margin of 7.8 (6.5) per cent.

Depreciation was SEK 59 (63) million.

Net financial income for the half year was SEK 3 (–4) million. The positive effect is attributable to exchange rate gains, lower utilisation of credit and regular revaluation of interest rate swaps. Pre-tax profit was SEK 193 (144) million and profit after tax was SEK 141 (97) million.

Earnings per share for the half year were SEK 1.84 (1.26).

Investments

Investments of SEK 78 (58) 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 amounted to SEK 237 (205) million. Cash flow from changes in working capital was SEK -48 (-101) million and was attributable to increased inventories and decreased operating receivables and operating liabilities. Cash flow from investing activities was SEK -78 (-58) million. Cash flow from financing activities was SEK -371 (-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 first half year were SEK 13 (10) million and pre-tax profit was SEK 45 (1) 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
There were no transactions with related parties during the first half year.

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 not been reviewed by the company's auditors.

The Board of Directors and the President certify that the half-yearly 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.

Mölndal, 6 April 2017
KappAhl AB (publ)

Anders Bülow, Chairman	Pia Rudengren
Susanne Holmberg	Göran Bille
Kicki Olivensjö	Cecilia Kocken
Melinda Hedström	Michael Bjerregaard Jensen

Danny Feltmann, 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 CEO Danny Feltmann on 6 April 2017 at 07.30 CET.

Financial calendar

Third quarter 2016/2017 (March-May)	28 June 2017
Fourth quarter 2016/2017 (June-August)	12 October 2017

Presentation of the report
A presentation of the report will be broadcast via the web and as a telephone conference today, 6 April at 09.00. To participate by telephone please call +46 8 566 426 90 about 5 minutes before the start. The webcast can be accessed via www.kappahl.se, under the heading "Financial information", select "Reports & presentations".

***KappAhl**, founded in 1953 in Gothenburg, is one of the leading Nordic fashion chains with nearly 380 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.*

KappAhl

CONSOLIDATED INCOME STATEMENT

Amounts in SEK million	Q2 2016/2017	Q2 2015/2016	Sep-Feb 2016/2017	Sep-Feb 2015/2016	Latest 12 months Mar-Feb
Net sales	1 189	1 116	2 450	2 281	4 893
Cost of goods sold	-489	-462	-926	-863	-1 870
Gross profit	**700**	**654**	**1 524**	**1 418**	**3 023**
Selling expenses	-602	-570	-1 229	-1 167	-2 416
Administrative expenses	-51	-53	-105	-103	-214
Other operating income	-	-	-	-	0
Other operating expenses	0	-	0	-	0
Operating profit	**47**	**31**	**190**	**148**	**393**
Financial income	4	0	4	0	5
Financial expenses	0	-2	-1	-4	-6
Total net financial expense	**4**	**-2**	**3**	**-4**	**-1**
Profit/loss before taxes	**51**	**29**	**193**	**144**	**392**
Taxes	-17	-15	-52	-47	-103
Net profit/loss for the period	**34**	**14**	**141**	**97**	**289**
Profit attributable to parent company shareholders	**34**	**14**	**141**	**97**	**289**
Earnings per share, SEK	0,44	0,18	1,84	1,26	3,76

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts in SEK million	Q2 2016/2017	Q2 2015/2016	Sep-Feb 2016/2017	Sep-Feb 2015/2016	Latest 12 months Mar-Feb
Net profit/loss for the period	**34**	**14**	**141**	**97**	**289**
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	-13	3	6	4	11
Cash flow hedges returned to profit	-2	-12	-9	-12	-12
Translation differences for the period	-2	0	2	-1	7
Tax attributable to other comprehensive income	3	2	1	2	0
Total items that have been reposted or may be reposted to the net profit for the year	**-14**	**-7**	**0**	**-7**	**6**
Total comprehensive income attributable to parent company's shareholders	**20**	**7**	**141**	**90**	**289**

CONSOLIDATED BALANCE SHEET

Amounts in SEK million	2017-Feb-28	2016-Feb-29	2016-Aug-31
ASSETS			
Non-current assets			
Intangible assets*	1 367	1 350	1 351
Tangible assets	431	453	429
Deferred tax assets	31	11	31
Total non-current assets	**1 829**	**1 814**	**1 811**
Current assets			
Inventories	806	753	820
Other operating receivables	179	127	163
Cash and cash equivalents	53	176	314
Total current assets	**1 038**	**1 056**	**1 297**
Total assets	**2 867**	**2 870**	**3 108**
EQUITY AND LIABILITIES			
Equity	**1 850**	**1 657**	**1 805**
Non-current liabilities			
Interest-bearing long-term liabilities	48	447	448
Deferred tax liabilities	155	128	151
Total non-current liabilities	**203**	**575**	**599**
Current liabilities			
Interest-bearing current liabilities	127	15	10
Non-interest-bearing current liabilities	687	623	694
Total current liabilities	**814**	**638**	**704**
Total equity and liabilities	**2 867**	**2 870**	**3 108**
*of which goodwill	696	696	696
*of which trademarks	610	610	610

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amounts in SEK million	Q2 2016/2017	Q2 2015/2016	Sep-Feb 2016/2017	Sep-Feb 2015/2016	Sep-Aug 2015/2016
Opening equity	**1 926**	**1 708**	**1 805**	**1 625**	**1 625**
Net profit/loss for the year	34	14	141	97	245
Other comprehensive income					
Cash flow hedges - value changes	-13	3	6	4	9
Cash flow hedges - recognized in income	-2	-12	-9	-12	-15
Year´s translation differences	-2	0	2	-1	3
Actuarial gains/losses	-	-	-	-	-8
Tax attributable to item in other comprehensive income	3	2	1	2	4
Total comprehensive income	**20**	**7**	**141**	**90**	**238**
Transactions with shareholders					
Dividend	-96	-58	-96	-58	-58
Total transactions with shareholders	**-96**	**-58**	**-96**	**-58**	**-58**
Closing equity	**1 850**	**1 657**	**1 850**	**1 657**	**1 805**

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CONSOLIDATED CASH FLOW STATEMENT

Amounts in SEK million	Q2 2016/2017	Q2 2015/2016	Sep-Feb 2016/2017	Sep-Feb 2015/2016
Cash flow from operating activities before changes in working capital	**67**	**64**	**237**	**205**
Changes in working capital	-40	-49	-48	-101
Cash flow from operating activities	**27**	**15**	**189**	**104**
Cash flow from investing activities	-37	-17	-78	-58
Cash flow from investing activities	**-37**	**-17**	**-78**	**-58**
Change in bank overdraft facility	-275	-	-275	-
Dividend	-96	-58	-96	-58
Cash flow from financing activities	**-371**	**-58**	**-371**	**-58**
Cash flow for the period	**-381**	**-59**	**-261**	**-12**
Cash and cash equivalents at beginning of the period	**434**	**235**	**314**	**188**
Cash and cash equivalents at the end of the period	**53**	**176**	**53**	**176**

PARENT COMPANY INCOME STATEMENT

Amounts in SEK million	Q2 2016/2017	Q2 2015/2016	Sep-Feb 2016/2017	Sep-Feb 2015/2016	Latest 12 months Mar-Feb
Net sales	7	2	13	10	28
Gross profit	**7**	**2**	**13**	**10**	**28**
Other operating charges	-10	-7	-19	-14	-41
Operating profit	**-3**	**-5**	**-6**	**-4**	**-13**
Result from participations in group companies	49	13	49	13	75
Financial income	5	2	6	3	18
Financial expenses	-1	-6	-4	-11	-25
Profit/loss before taxes	**50**	**4**	**45**	**1**	**55**
Taxes	0	2	1	3	-1
Net profit/loss for the period	**50**	**6**	**46**	**4**	**54**

STATEMENT OF COMPREHENSIVE INCOME FOR THE PARENT COMPANY

Amounts in SEK million	Q2 2016/2017	Q2 2015/2016	Sep-Feb 2016/2017	Sep-Feb 2015/2016	Latest 12 months Mar-Feb
Net profit/loss for the period	**50**	**6**	**46**	**4**	**54**
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	**50**	**6**	**46**	**4**	**54**

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PARENT COMPANY BALANCE SHEET - SUMMARY

Amounts in SEK million	2017-Feb-28	2016-Feb-29	2016-Aug-31
ASSETS			
Non-current assets			
Financial assets	3 143	3 106	3 144
Deferred tax assets	1	3	0
Total non-current assets	**3 144**	**3 109**	**3 144**
Current assets			
Other operating receivables	160	247	287
Cash and cash equivalents	22	12	3
Total current assets	**182**	**259**	**290**
Total assets	**3 326**	**3 368**	**3 434**
EQUITY AND LIABILITIES			
Equity	**2 421**	**2 463**	**2 471**
Non-current liabilities			
Interest-bearing long-term liabilities	-	400	400
Total non-current liabilities	**-**	**400**	**400**
Current liabilities			
Interest-bearing current liabilities	417	338	354
Non-interest-bearing current liabilities	488	167	209
Total current liabilities	**905**	**505**	**563**
Total equity and liabilities	**3 326**	**3 368**	**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. However, it is not yet possible to quantify how great the effects may be. 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 6 (6) million for currency forwards and SEK -4 (-15) 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.

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NUMBER OF STORES PER COUNTRY

	2017-Feb-28	2016-Nov-30	2016-Aug-31	2016-May-31	2016-Feb-29
Sweden	176	176	174	173	171
Norway	98	101	100	101	101
Finland	58	59	59	60	59
Poland	25	32	35	39	39
Total	**357**	**368**	**368**	**373**	**370**

SALES PER COUNTRY

Amounts in SEK million	Q2 2016/2017	Q2 2015/2016	Change SEK %	Change local currency %
Sweden	665	641	3,8%	3,8%
Norway	319	274	16,3%	6,5%
Finland	147	133	10,7%	7,7%
Poland	58	68	-15,1%	-17,3%
Total	**1 189**	**1 116**	**6,5%**	**-**

Amounts in SEK million	Sep-Feb 2016/2017	Sep-Feb 2016/2017	Change SEK %	Change local currency %
Sweden	1 379	1 308	5,4%	5,4%
Norway	651	561	16,1%	7,9%
Finland	292	266	9,6%	6,2%
Poland	128	146	-11,9%	-13,6%
Total	**2 450**	**2 281**	**7,4%**	**-**

GEOGRAFIC REPORTING

Amounts in SEK million	Net sales Q2 2016/2017	Net sales Q2 2015/2016	Operating income Q2 2016/2017	Operating income Q2 2015/2016
Nordic countries	1 131	1 048	60	49
Other	58	68	-13	-18
Total	**1 189**	**1 116**	**47**	**31**

Amounts in SEK million	Net sales Sep-Feb 2016/2017	Net sales Sep-Feb 2015/2016	Operating income Sep-Feb 2016/2017	Operating income Sep-Feb 2015/2016
Nordic countries	2 322	2 135	210	178
Other	128	146	-20	-30
Total	**2 450**	**2 281**	**190**	**148**

QUARTERLY INCOME STATEMENT

Amounts in SEK million	2016/2017 Q1	2016/2017 Q2	2015/2016 Q1	2015/2016 Q2	2015/2016 Q3	2015/2016 Q4	2014/2015 Q1	2014/2015 Q2	2014/2015 Q3	2014/2015 Q4	2013/2014 Q1	2013/2014 Q2	2013/2014 Q3	2013/2014 Q4	2012/2013 Q1	2012/2013 Q2	2012/2013 Q3	2012/2013 Q4
Net sales	1 261	1 189	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	-401	-462	-420	-524	-431	-478	-433	-490	-456	-471	-448	-482	-457	-516	-470	-494
Gross profit	**824**	**700**	**764**	**654**	**775**	**724**	**743**	**655**	**699**	**659**	**787**	**643**	**753**	**703**	**788**	**632**	**740**	**654**
Selling expenses	-626	-602	-597	-570	-614	-574	-606	-604	-612	-563	-651	-603	-617	-598	-650	-636	-627	-575
Administrative expenses	-54	-51	-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**	**117**	**31**	**103**	**99**	**95**	**9**	**42**	**52**	**99**	**3**	**101**	**69**	**181**	**-36**	**64**	**43**
Financial income	4	4	0	0	0	1	0	0	0	1	0	0	0	0	0	0	0	0
Financial expenses	-5	0	-2	-2	0	-5	-8	-3	-5	-6	-12	-8	-38	-10	-43	-17	-21	-7
Total net financial expense	**-1**	**4**	**-2**	**-2**	**0**	**-4**	**-8**	**-3**	**-5**	**-5**	**-12**	**-8**	**-38**	**-10**	**-43**	**-17**	**-21**	**-7**
Profit/loss before taxes	**143**	**51**	**115**	**29**	**103**	**95**	**87**	**6**	**37**	**47**	**87**	**-5**	**63**	**59**	**138**	**-53**	**43**	**36**
Taxes	-36	-17	-32	-15	-14	-36	-26	-9	-14	-17	-25	-2	-21	-27	-23	-11	-11	-29
Net profit	**107**	**34**	**83**	**14**	**89**	**59**	**61**	**-3**	**23**	**30**	**62**	**-7**	**42**	**32**	**115**	**-64**	**32**	**7**
Operating margin	11,4%	4,0%	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	1,08	0,18	1,16	0,44	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	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	1,32	-5,30

1) Capital gain sale of property Q1 2012/13

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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.

DEFINITIONS

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	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 shows the relation of the company´s overhead expenses to sales

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KEY RATIOS

	Q2 2016/2017	Q2 2015/2016	Sep-Feb 2016/2017	Sep-Feb 2015/2016	Latest 12 months Mar-Feb
Earnings per share, SEK	0,44	0,18	1,84	1,26	3,76
Total depreciation	30	32	59	63	122
Operating result (EBIT)	47	31	190	148	393
Gross margin	58,9%	58,6%	62,2%	62,2%	61,8%
Operating margin	4,0%	2,8%	7,8%	6,5%	8,0%
Interest coverage ratio	-	-	66,3	16,2	66,3
Net interest-bearing liabilities	122	286	122	286	122
Net interest-bearing liabilities/EBITDA	-	-	0,24	0,7	0,24
Equity/assets ratio	64,5%	57,7%	64,5%	57,7%	64,5%
Equity per share, SEK	24,08	21,57	24,08	21,57	24,08
Return on equity	-	-	-	-	16,5%
Return on capital employed	-	-	-	-	18,0%
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	Q2 2016/2017	Q2 2015/2016	Sep-Feb 2016/2017	Sep-Feb 2015/2016	Latest 12 months Mar-Feb
Operation profit	47	31	190	148	393
Depreciations and write-downs	30	32	59	63	122
Operation profit (EBITDA)	**77**	**63**	**249**	**211**	**515**

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KAPPAHL'S 20 LARGEST SHAREHOLDERS, 28 FEBRUAR 2017

	Number of shares	Percentage of shares and votes 2017-Feb-28	Change compared with 2016-Nov-30
Mellby Gård AB	15 759 875	20,52	0
Swedbank Robur fonder	4 054 828	5,28	0
Handelsbanken fonder	3 871 902	5,04	7 182
Catella Fondförvaltning	2 236 859	2,91	400 277
JP Morgan Bank Luxembourg S.A.	2 083 800	2,71	197 559
Fjärde AP-fonden	1 786 659	2,33	-206 734
Fidelity Funds - Nordic Fund	1 681 965	2,19	-256 889
JP Morgan Chase NA	1 472 815	1,92	-7 654
CBNY-DFA-INT SML CAP V	1 354 619	1,76	178 898
MSIL IPB Client Account	1 335 448	1,74	-43 550
SEB Investment Management	1 312 031	1,71	243 265
Försäkringsaktiebolaget, Avanza Pension	1 171 727	1,53	-269 322
BNYMSANV RE GCLB RE BNY GCM CLIENT	1 114 439	1,45	659 371
State Street Bank	1 100 368	1,43	280 964
JP Morgan Securities LLC, W9	1 044 548	1,36	178 668
CBLDN-OM GLBAL Investors Series PLC	938 000	1,22	425 742
Nordea Livförsäkring Sverige AB	886 571	1,15	-415
Citibank NA	848 601	1,10	-721 097
BNYMSANV RE GCLB RE Barclays Capita	830 537	1,08	-121 256
Deutsche Bank AG LDN-PRIME, Brokerage	638 875	0,83	-457 180
Other	31 295 913	40,74	-487 829
Total	**76 820 380**	**100,00**	**0,00**