



GOOD MARGINS IN A WEAK MARKET

| | First quarter (Sep-Nov) | | |
|--|-------------------------|-----------|--------|
| | 2014/2015 | 2013/2014 | Change |
| Net sales, SEK million | 1 174 | 1 243 | -69 |
| Operating profit/loss, SEK million | 95 | 99 | -4 |
| Gross margin % | 63,3 | 63,3 | 0,0 |
| Operating margin, % | 8.1 | 8,0 | 0,1 |
| Profit after tax, SEK million | 61 | 62 | -1 |
| Earnings per share after dilution, SEK (Note 1) | 0,81 | 0,83 | -0,02 |
| Cash flow from operating activities, SEK million | 68 | 125 | -57 |

- Net sales was 5.6% lower compared with the previous year. Margins and earnings are on a level with the previous year.
- Cost efficiency improvement is continuing according to plan.
- Shop Online was launched in Norway and Finland.
- During the period eight stores were converted to the new store concept.
- The Newbie brand was established as a separate store concept and opened its first store

”KappAhl, like the rest of the industry, was affected by the warm autumn. Efforts to achieve higher margins and lower costs continue. To sum up we are delivering a gross margin and operating profit in line with the previous year.”

Johan Åberg, President and CEO.
Read the full CEO statement on the next page.

There will be a telephone conference and webcast for analysts, media and investors today at 09.00. To participate in the conference call +46 8 566 426 90 about 5 minutes before the start. The telephone conference can also be followed via a webcast at www.kappahl.com/presentations, where the webcast will be saved for later viewing.

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JOHAN ÅBERG, PRESIDENT/CEO: GOOD MARGINS IN A WEAK MARKET



*Johan Åberg
President and CEO*

KappAhl, like the rest of the industry, was affected by the warm autumn. Efforts to achieve higher margins and lower costs continue. To sum up we are delivering a gross margin and operating profit in line with the previous year. The operating margin for the first quarter landed at 8.1 per cent (8.0).

The quarter's sales challenges differed between our markets. In Norway and Sweden our performance is in line with the rest of the market, while sales in Finland continue weak in the recession. In Poland the challenge has continued to increase our sales. We are working further to close unprofitable stores and better adapt our offer to this market.

The warm autumn meant high sales of autumn garments, while sales of warmer winter clothes were weak. This entailed a higher proportion of offers and price cuts.

During the period we converted eight stores to our new store concept. Initial measurements indicate positive effects on customer experience and sales in these stores. We have good reason to believe that the effects will be apparent in the second quarter figures for the stores concerned. Conversions are continuing at a rapid rate; in the first part of the year we are planning to convert up to 30 stores. The high rate of conversion will double the investment level this year.

The autumn campaigns with the world-famous photographer Terry O'Neill and actress Izabella Scorupco drew gazes and brought favourable attention to KappAhl. There will be more campaigns like these in the spring. All in all we see that the new store concept and campaigns have given us an increased share of new customers.

The conversion rate, the percentage of visitors to the store who buy, also showed a positive trend in the autumn. An important interim objective in this work was the launch of Shop Online in Norway and Finland at the end of November. The next launch will be in Poland in the first half of 2015 and we are also looking into the possibility of future launches of Shop Online in markets where KappAhl is not yet represented.

In the autumn our popular brand for small children, Newbie, was established as a separate store concept and opened its first store in Stockholm. The Newbie range will be extended in the spring with interior fittings and complementary textiles for the smallest children. Here too the cotton will be 100% organic. We are reviewing the potential of further expansion of Newbie, as well as other concepts.

Understanding the market and relating to customers' attitudes, behaviour and the trends they recognise continues to be our most important challenge. We will continue to strengthen KappAhl's brand and we will increase sales in comparable stores. Important activities apart from those mentioned above are improving efficiency of the entire supply chain, for a better gross margin and to redistribute human resources to sales promotion activities.

Our forward-looking activities are showing results and our ambition for the year continues to be high.

Johan Åberg, President and CEO

KappAhl, founded in 1953, is one of the leading Nordic fashion chains with nearly 400 stores in Sweden, Norway, Finland and Poland as well as Shop Online. KappAhl offers value-for-money fashion of its own design with wide appeal – to women, men and children, with special focus on women in the prime of life. 19 per cent of the range has sustainable fashion labelling. In 2013/2014 sales were SEK 4.7 billion and the number of employees about 4 000. KappAhl is listed on Nasdaq Stockholm. For more information, visit www.kappahl.com.

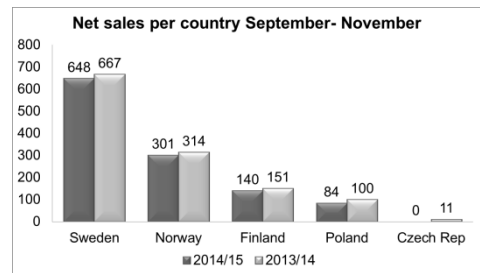
COMMENTS ON THE FIRST QUARTER

4.3%

Decreased sales in comparable stores

Net sales and profit

KappAhl's net sales for the quarter amounted to SEK 1,174 (1,243) million, a decrease of 5.6 per cent. This is explained by the effect of new and closed stores, -2.9 per cent; change in comparable stores, -4.3 per cent; and currency translation differences totalling 1.6 per cent.



Gross profit for the quarter was SEK 743 (787) million, which corresponds to a gross margin of 63.3 (63.3) per cent.

5.8%

Decreased selling and administrative expenses

Selling and administrative expenses for the quarter decreased by 5.8 per cent to a total of SEK 648 (688) million. This is in line with expectations, taking into account savings measures, investments in strategic areas and inflation. There was a positive effect on costs for the first quarter of SEK 7.8 million, referring to a refund for pension costs from previous years.

The operating profit was SEK 95 (99) million. This is equivalent to an operating margin of 8.1 (8.0) per cent.

Depreciation according to plan was SEK 31 (31) million.

Net financial income was SEK -8 (-12) million for the quarter. The improved net financial income mainly refers to a generally lower interest rate level compared with the previous year. Profit/loss after financial items was SEK 87 (87) million and the profit/loss after estimated tax was SEK 61 (62) million. Earnings per share after dilution for the quarter were SEK 0.81 (0.83).

Taxes

The Group has net deferred tax assets of SEK 9 (73) million. The change is mainly due to utilised loss carry-forwards in Sweden.

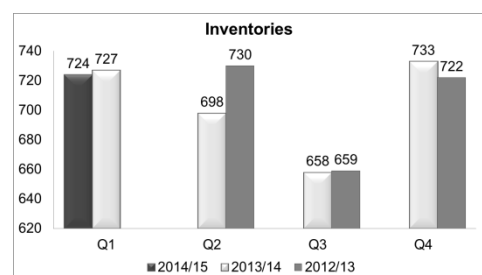
Deferred tax assets referring to losses in Poland, the Czech Republic and Finland are not currently measured, resulting in high effective tax in the Group.

SEK 3 million

Inventories lower than last year

Inventories

At the close of the period inventories amounted to SEK 724 (727) million, a decrease of SEK 3 million compared with the previous year. Overall, the size and composition of inventories are considered to be satisfactory.



Investments

Investments of SEK 53 (25) million were made during the quarter, mainly referring to investment in existing and newly opened stores.

Cash flow

KappAhl's cash flow from operating activities during the quarter was SEK 68 (125) million. The change is primarily in working capital (SEK -44 million) which is primarily referring to a temporary reduction in accounts payable. Cash flow from investing activities is SEK -53 (-25) million, which is primarily affected by the investment in the new store concept.

26.7%

Reduction in net debt compared with previous year

55.2%

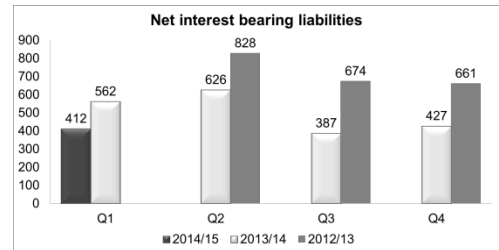
Current equity/assets ratio

Funding and liquidity

At the end of the period net interest-bearing liabilities amounted to SEK 412 (562) million. The net interest-bearing liabilities/EBITDA ratio was 1.0 at the close of the period, compared with 1.8 as at 30 November 2013. The equity/assets ratio increased to 55.2 (52.1) per cent.

Cash and cash equivalents amounted to SEK 205 (29) million as at 30 November 2014. At the period close there were unutilised credit facilities of about SEK 560 (500) million.

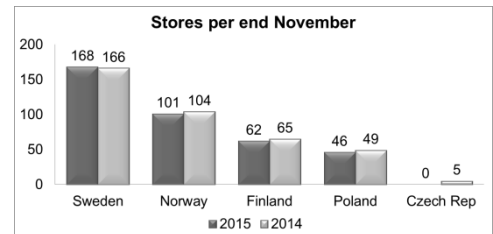
The new credit agreements have come into effect during the period.



Store network and expansion

At the close of the period the total number of stores was 377 (389). Of these, 168 were in Sweden, 101 in Norway, 62 in Finland and 46 in Poland.

Four stores were opened and four were closed during the quarter.



The work of seeking attractive store locations in existing markets and expanding eCommerce is proceeding according to plan. Apart from the stores in operation on 30 November 2014 there are currently contracts for four new stores. Shop Online expanded to Norway and Finland in November.

Parent company

The Parent Company's net sales for the period were SEK 0 (4) million and profit after financial items was SEK -17 (-14) million. 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 quarter.

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 2013/2014. The risks include competition in the fashion industry, economic fluctuations, fashion trends, store location and store expansion. 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 2013/2014, Note 17. 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.

Financial calendar

| | |
|--------------------------|----------------|
| Second quarter (Dec-Feb) | 16 April 2015 |
| Third quarter (Mar-May) | 23 June 2015 |
| Fourth quarter (Jun-Aug) | 8 October 2015 |

This report has not been reviewed by the company's auditors.

Mölnadal, 14 January 2015

KappAhl AB (publ)

Johan Åberg

President and Chief Executive Officer

KappAhl

BALANCE SHEETS, INCOME STATEMENTS AND KEY RATIOS

| Group income statement - Summary (SEK million) | Sep-Nov 2014/2015 | Sep-Nov 2013/2014 | Latest 12 month Dec-Nov |
|--|----------------------|----------------------|-------------------------------|
| Net sales | 1 174 | 1 243 | 4 674 |
| Cost of goods sold | -431 | -456 | -1 832 |
| Gross profit | 743 | 787 | 2 842 |
| Selling expenses | -606 | -651 | -2 424 |
| Administrative expenses | -42 | -37 | -150 |
| Other operating income | 0 | 0 | 0 |
| Operating profit | 95 | 99 | 268 |
| Financial income | 0 | - | 0 |
| Financial expenses | -8 | -12 | -64 |
| Profit after financial items | 87 | 87 | 204 |
| Tax | -26 | -25 | -76 |
| Result for the period | 61 | 62 | 128 |
| Profit attributable to parent company shareholders | 61 | 62 | 128 |
| Earnings per share before dilution, SEK | Note 1 0,81 | 0,83 | 1,71 |
| Earnings per share after dilution, SEK | Note 1 0,81 | 0,83 | 1,69 |
| Earnings per share after new share issue, SEK | 0,81 | 0,83 | 1,71 |

| Statements of comprehensive income (SEK million) | Sep-Nov 2014/2015 | Sep-Nov 2013/2014 | Latest 12 month Dec-Nov |
|---|----------------------|----------------------|-------------------------------|
| Result for the period | 61 | 62 | 128 |
| Items not to be recognised in income | | | |
| Actuarial gains/losses | 0 | 0 | -21 |
| Tax relating to actuarial gains/losses | 0 | 0 | 4 |
| Total items not to be recognised in income | 0 | 0 | -17 |
| Items to be recognised in income | | | |
| Cash flow hedges – value change | 46 | -9 | 58 |
| Cash flow hedges returned to profit | -8 | -10 | 16 |
| Translation differences for the period | -6 | 5 | -8 |
| Tax attributable to other comprehensive income | -8 | 4 | -16 |
| Total items to be recognised in income | 24 | -10 | 50 |
| Total comprehensive income attributable to parent company's shareholders | 85 | 52 | 161 |

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| Group Balance Sheet - Summary (SEK million) | 2014-Nov-30 | 2013-Nov-30 | 2014-Aug-31 |
|--|--------------|--------------|--------------|
| ASSETS | | | |
| Non-current assets | | | |
| Intangible assets* | 1 343 | 1 335 | 1 342 |
| Tangible assets | 428 | 432 | 412 |
| Deferred tax assets | 9 | 73 | 22 |
| Total non-current assets | 1 780 | 1 840 | 1 776 |
| Current assets | | | |
| Inventories | 724 | 727 | 733 |
| Other operating receivables | 182 | 155 | 142 |
| Cash and cash equivalents | 205 | 29 | 43 |
| Total current assets | 1 111 | 911 | 918 |
| Total assets | 2 891 | 2 751 | 2 694 |
| EQUITY AND LIABILITIES | | | |
| Equity | 1 595 | 1 434 | 1 510 |
| Non-current liabilities | | | |
| Interest-bearing long-term liabilities | 453 | 566 | 54 |
| Non-interest-bearing long-term liabilities | 53 | 58 | 29 |
| Total non-current liabilities | 506 | 624 | 83 |
| Current liabilities | | | |
| Interest-bearing current liabilities | 164 | 25 | 416 |
| Non-interest-bearing current liabilities | 626 | 668 | 685 |
| Total current liabilities | 790 | 693 | 1 101 |
| Total equity and liabilities | 2 891 | 2 751 | 2 694 |
| *of which goodwill | 696 | 696 | 696 |
| *of which trademarks | 610 | 610 | 610 |

| Group cash flow statement - Summary (SEK million) | Sep-Nov 2014/2015 | Sep-Nov 2013/2014 |
|--|----------------------|----------------------|
| Cash flow from operating activities before changes in working capital | 112 | 125 |
| Changes in working capital | -44 | - |
| Cash flow from operating activities | 68 | 125 |
| Cash flow from investing activities | -53 | -25 |
| Cash flow from investing activities | -53 | -25 |
| Change in bank overdraft facility | 147 | -129 |
| Cash flow from financing activities | 147 | -129 |
| Cash flow for the period | 162 | -29 |
| Cash and cash equivalents at beginning of the period | 43 | 58 |
| Cash and cash equivalents at the end of the period | 205 | 29 |

| Specification of changes in the Group's equity | Sep-Nov 2014/2015 | Sep-Nov 2013/2014 | Sep-Aug 2013/2014 |
|--|----------------------|----------------------|----------------------|
| Opening equity | 1 510 | 1 382 | 1 382 |
| Total comprehensive income | 85 | 52 | 128 |
| Closing equity | 1 595 | 1 434 | 1 510 |

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| Number of stores per country | 2014-Nov-30 | 2014-Aug-31 | 2014-May-31 | 2014-Feb-28 | 2013-Nov-30 |
|------------------------------|-------------|-------------|-------------|-------------|-------------|
| Sweden | 168 | 166 | 166 | 165 | 166 |
| Norway | 101 | 101 | 101 | 103 | 104 |
| Finland | 62 | 63 | 64 | 64 | 65 |
| Poland | 46 | 47 | 47 | 47 | 49 |
| Czech Republic | - | - | - | - | 5 |
| Total | 377 | 377 | 378 | 379 | 389 |

| Sales per country (SEK million) | Sep-Nov 2014/2015 | Sep-Nov 2013/2014 | Change SEK % | Change local currency % |
|---------------------------------|----------------------|----------------------|-----------------|----------------------------|
| Sverige | 648 | 666 | -2,8% | -2,8% |
| Norge | 301 | 314 | -4,1% | -6,4% |
| Finland | 140 | 151 | -7,1% | -11,3% |
| Polen | 84 | 100 | -16,0% | -19,7% |
| Tjeckien | - | 11 | -100,0% | -100,0% |
| Total | 1 174 | 1 243 | -5,6% | - |

| Geografic reporting (SEK million) | Net sales Sep-Nov 2014/2015 | Net sales Sep-Nov 2013/2014 | Operating income Sept-Nov 2014/2015 | Operating income Sept-Nov 2013/2014 |
|-----------------------------------|-----------------------------------|-----------------------------------|--|--|
| Nordic countries | 1 089 | 1 131 | 111 | 103 |
| Other | 84 | 111 | -16 | -4 |
| Total | 1 174 | 1 243 | 95 | 99 |

| Quarterly income statement (SEK million) | 2014/2015 | 2013/2014 | | | | 2012/2013 | | | | 2011/2012 | | | | 2010/2011 | | | |
|---|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|-------------|------------|------------|------------|------------|------------|------------|
| | Q1 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 |
| Net sales | 1 174 | 1 243 | 1 114 | 1 201 | 1 185 | 1 245 | 1 148 | 1 210 | 1 148 | 1 193 | 1 119 | 1 146 | 1 129 | 1 341 | 1 188 | 1 237 | 1 208 |
| Cost of goods sold | -431 | -456 | -471 | -448 | -482 | -457 | -516 | -470 | -494 | -496 | -538 | -469 | -485 | -491 | -508 | -493 | -556 |
| Gross profit | 743 | 787 | 643 | 753 | 703 | 788 | 632 | 740 | 654 | 697 | 581 | 677 | 644 | 850 | 680 | 744 | 652 |
| Selling expenses | -606 | -651 | -603 | -617 | -598 | -650 | -636 | -627 | -575 | -648 | -685 | -615 | -579 | -669 | -624 | -651 | -616 |
| Administrative expenses | -42 | -37 | -37 | -35 | -36 | -34 | -31 | -49 | -36 | -33 | -34 | -33 | -36 | -35 | -40 | -36 | -33 |
| Other operating income | 0 | 0 | 0 | 0 | 0 | 77 | -1 | 0 | 0 | - | - | - | - | - | - | - | - |
| Operating profit | 95 | 99 | 3 | 101 | 69 | 181 | -36 | 64 | 43 | 16 | -138 | 29 | 29 | 146 | 16 | 57 | 3 |
| Financial income | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 |
| Financial expenses | -8 | -12 | -8 | -38 | -10 | -43 | -17 | -21 | -7 | -26 | -47 | -34 | -59 | -17 | -15 | -22 | -18 |
| Profit after financial items | 87 | 87 | -5 | 63 | 59 | 138 | -53 | 43 | 36 | -10 | -185 | -5 | -30 | 129 | 1 | 35 | -14 |
| Tax | -26 | -25 | -2 | -21 | -27 | -23 | -11 | -11 | -3 | -1 | 22 | -5 | -10 | -34 | 0 | -9 | -40 |
| Net profit | 61 | 62 | -7 | 42 | 32 | 115 | -64 | 32 | 33 | -11 | -163 | -10 | -40 | 95 | 1 | 26 | -54 |
| Operating margin | 8,1% | 8,0% | 0,3% | 8,4% | 5,8% | 8,3%* | -3,1% | 5,3% | 3,7% | 1,3% | -12,3% | 2,5% | 2,6% | 10,9% | 1,3% | 4,6% | 0,2% |
| Earnings per share after dilution, SEK | 0,81 | 0,83 | -0,09 | 0,56 | 0,42 | 2,35 | -0,85 | 0,43 | 0,09 | -0,49 | -3,33 | -1,46 | -0,82 | 4,16 | 0,03 | 1,15 | -2,36 |
| Number of stores | 377 | 389 | 379 | 378 | 377 | 395 | 391 | 392 | 390 | 381 | 381 | 386 | 388 | 360 | 360 | 367 | 369 |

* ex cl. sales of property

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| Yearly income statement (SEK million) | Sep-Aug 2013/2014 | Sep-Aug 2012/2013 | Sep-Aug 2011/2012 | Sep-Aug 2010/2011 | Sep-Aug 2009/2010 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| Net sales | 4 743 | 4 751 | 4 587 | 4 974 | 5 111 |
| Cost of goods sold | -1 857 | -1 937 | -1 988 | -2 048 | -1 954 |
| Gross profit | 2 886 | 2 814 | 2 599 | 2 926 | 3 157 |
| Selling expenses | -2 469 | -2 488 | -2 527 | -2 560 | -2 467 |
| Administrative expenses | -145 | -150 | -136 | -144 | -139 |
| Other operating income | 2) - | 76 | - | - | - |
| Operating profit | 272 | 252 | -64 | 222 | 551 |
| Financial income | 0 | 1 | 0 | 1 | 1 |
| Financial expenses | -68 | -88 | -166 | -72 | -89 |
| Profit after financial items | 204 | 165 | -230 | 151 | 463 |
| Tax | 1) -75 | -74 | 6 | -83 | -61 |
| Net profit | 129 | 91 | -224 | 68 | 402 |
| Operating margin | 5,7% | 5,3% | -1,4% | 4,5% | 10,8% |
| Earnings per share, SEK | Note 1 1,72 | 1,32 | -5,30 | 2,98 | 17,60 |
| 1) Deferred tax credit SEK 107 million 2009/10 | | | | | |
| 2) Capital gain sale of property Q1 2012/13 | | | | | |

| Parent company income statement - Summary (SEK million) | Sep-Nov 2014/2015 | Sep-Nov 2013/2014 | Latest 12 month Dec-Nov |
|--|----------------------|----------------------|-------------------------------|
| Net sales | - | 4 | 15 |
| Gross profit | 0 | 4 | 15 |
| Selling expenses | - | - | - |
| Administrative expenses | -7 | -6 | -30 |
| Operating profit | -7 | -2 | -15 |
| Result from participations in group companies | - | - | 175 |
| Financial income | 2 | 6 | 18 |
| Financial expenses | -12 | -18 | -86 |
| Profit after financial items | -17 | -14 | 92 |
| Bokslutsdispositioner | - | - | 8 |
| Resultat efter bokslutsdispositioner | -17 | -14 | 100 |
| Tax | 4 | 0 | 1 |
| Net profit | -13 | -14 | 101 |

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Parent company Balance Sheet - Summary (SEK million)

| | 2014-Nov-30 | 2013-Nov-30 | 2014-Aug-31 |
|--|--------------|--------------|--------------|
| ASSETS | | | |
| Non-current assets | | | |
| Financial assets | 3 049 | 2 913 | 3 049 |
| Deferred tax assets | 4 | 8 | - |
| Total non-current assets | 3 053 | 2 921 | 3 049 |
| Current assets | | | |
| Other operating receivables | 427 | 82 | 316 |
| Cash and cash equivalents | 186 | 536 | 77 |
| Total current assets | 613 | 618 | 393 |
| Total assets | 3 666 | 3 539 | 3 442 |
| EQUITY AND LIABILITIES | | | |
| Equity | 2 474 | 2 352 | 2 487 |
| Untaxed reserves | - | 8 | - |
| Non-current liabilities | | | |
| Interest-bearing long-term liabilities | 400 | 1 011 | - |
| Non-interest-bearing long-term liabilities | - | 26 | - |
| Total non-current liabilities | 400 | 1 037 | - |
| Current liabilities | | | |
| Interest-bearing current liabilities | 657 | 25 | 814 |
| Non-interest-bearing current liabilities | 135 | 117 | 141 |
| Total current liabilities | 792 | 142 | 955 |
| Total equity and liabilities | 3 666 | 3 539 | 3 442 |

| Key ratios | | Sep-Nov | Sep-Nov | Latest |
|---|--------|------------|------------|---------------------|
| | | 2014/2015 | 2013/2014 | 12 month Dec-Nov |
| Growth in sales | | -5,6% | -0,2% | -1,6% |
| Earnings per share before dilution, SEK | Note 1 | 0,81 | 0,83 | 1,71 |
| Earnings per share after dilution, SEK | Note 1 | 0,81 | 0,83 | 1,69 |
| Total depreciation/amortisation | | 31 | 31 | 141 |
| Operating result (EBIT) | | 95 | 99 | 268 |
| Gross margin | | 63,3% | 63,3% | 60,8% |
| Operating margin | | 8,1% | 8,0% | 5,7% |
| Operating margin excluding non-recurring items, % | | 8,1% | 8,0% | 6,2% |
| Interest coverage ratio | | 4,2 | 3,0 | 4,2 |
| Net interest-bearing liabilities | | 412 | 562 | 412 |
| Net interest-bearing liabilities/EBITDA | | 1,0 | 1,8 | 1,0 |
| Equity/assets ratio | | 55,2% | 52,1% | 55,2% |
| Equity per share before dilution, SEK | | 21,26 | 19,11 | 21,26 |
| Equity per share after dilution, SEK | | 21,12 | 19,11 | 21,12 |
| Return on equity | | - | - | 8,5% |
| Return on capital employed | | - | - | 12,7% |
| Number of shares before dilution | | 75 040 000 | 75 040 000 | 75 040 000 |
| Number of shares after dilution | | 75 528 227 | 75 040 000 | 75 528 465 |

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Definitions

| | |
|---|--|
| Earnings per share | Profit after tax / average number of shares |
| Earnings per share after dilution | Profit after tax / average number of shares after full dilution |
| Interest coverage ratio | EBITDA / Net interest income excluding one-off items, for the previous twelve-month period |
| Net interest-bearing liabilities | Interest-bearing liabilities less liquid funds |
| Net interest-bearing liabilities/EBITDA | Net interest-bearing liabilities / EBITDA for the previous twelve-month period |
| EBITDA | Operating profit before depreciation / amortisation |
| Equity/assets ratio | Equity divided by balance sheet total |
| Equity per share | Equity / average number of shares |
| Return on equity | Net result in per centage of average equity |
| Return on capital employed | Operating profit/loss plus financial income in percentage of capital employed |
| Capital employed | Balance sheet total less non interest bearing deferred tax liability. |

| KappAhl's 20 largest shareholders, 30 November 2014 | Percentage of | | Change compared with 2014-Aug-31 |
|---|-------------------|------------------------------|----------------------------------|
| | Number of shares | shares and votes 2014-Nov-30 | |
| Mellby Gärd AB | 15 209 245 | 20,27 | 0 |
| Handelsbanken Fonder AB RE JPMEL | 5 289 295 | 7,05 | -61 982 |
| Swedbank Robur fonder | 3 914 824 | 5,22 | 42 783 |
| Svenskt Näringsliv | 2 400 000 | 3,20 | 0 |
| Svolder Aktiebolag | 2 017 000 | 2,69 | 257 228 |
| Försäkringsaktiebolaget, Avanza Pension | 2 008 038 | 2,68 | -112 661 |
| CBNY-Norges Bank | 1 608 681 | 2,14 | 1 608 681 |
| Fjärde AP-fonden | 1 517 893 | 2,02 | -38 376 |
| Lannebo fonder | 1 471 468 | 1,96 | 1 471 468 |
| Andra AP-fonden | 1 212 724 | 1,62 | 92 341 |
| Liv & Pension, Nordea | 1 100 177 | 1,47 | -18 748 |
| Länsförsäkringar fondförvaltning AB | 960 000 | 1,28 | 0 |
| SEB | 903 456 | 1,20 | 488 404 |
| Catella Fondförvaltning | 863 799 | 1,15 | -299 538 |
| Robur Försäkring | 793 966 | 1,06 | -49 724 |
| Nordnet Pensionsförsäkring AB | 766 928 | 1,02 | -140 704 |
| Jula AB | 506 881 | 0,68 | 0 |
| Teknikföretagen | 500 000 | 0,67 | 0 |
| State Street Bank & Trust Com., Boston | 493 651 | 0,66 | 0 |
| Morgan Stanley and CO LLC, W9 | 483 446 | 0,64 | 273 799 |
| Övriga | 31 018 528 | 41,32 | -3 512 971 |
| Total | 75 040 000 | 100,00 | 0,00 |

OTHER

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 2014, apart from IFRS 13 Fair value measurement and IAS 19R Employee benefits.

IFRS 13 has not had any impact on the valuation of the Group's financial instruments, although the standard requires enhanced disclosures.

IAS 19R has not had any material impact on the Group's earnings and financial position on the basis that the Group already recognises actuarial gains and losses related to defined benefit plans in other comprehensive income. 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.

The company has no outstanding convertible debt instruments. There are 6 744 000 warrants. These can be exercised in January-February 2015. One warrant give the right to subscribe for 0.27 shares at the price of SEK 28.80.

Note 1 Calculation of earnings per share

Earnings per share is restated for comparison periods. The number of shares has been adjusted to allow for the year's rights issue and reverse split.

Note 2 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 and currency and interest derivatives. The derivatives are recognised at fair value based on level 2 inputs in the fair value hierarchy. The carrying amounts of trade receivables and trade payables represent a reasonable estimate of their fair values. Group loans are measured at amortised cost.

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. During the previous financial year a transfer of SEK 33 million was made between other comprehensive income and the income statement. These are no longer part of an effective hedging relationship. The fair value of derivative financial instruments was SEK 54 (7) million for currency forwards and SEK -31 (-31) million for interest swaps. The Group hedges currency flows in USD, EUR, NOK and PLN for which currency forwards have maturities of up to 12 months.