



A STRONG QUARTER

“The first quarter was a strong quarter for KappAhl. We deliver a sound gross margin, still have good cost control and are continuing with our priority investments. What contributes to our sound margins is a combination of a successful new offer strategy and a price strategy that compensates for higher purchase prices. In all, KappAhl delivers an operating margin that approaches the long-term target of ten per cent.” Read the full CEO statement on the next page.

- Gross margin and operating profit exceed the previous year.
- Continued strengthened balance sheet.
- For the first time all three of the Group’s concepts have opened in the same market place; Mall of Scandinavia.
- Shop Online has been launched in Poland.
- Danny Feltmann is the new President and Chief Executive Officer from 1 December.

	First Quarter (Sep-Nov)		Change
	2015/2016	2014/2015	
Net sales, SEK million	1 165	1 174	-9
Operating profit/loss, SEK million	117	95	22
Gross margin, %	65,6	63,3	2,3
Operating margin, %	10,0	8,1	1,9
Profit after tax, SEK million	83	61	22,0
Earnings per share after dilution, SEK (Note 1)	1,08	0,81	0,27
Cash flow from operating activities, SEK million	89	68	21

For further information

Danny Feltmann, President & CEO. Tel +46 31 771 5661.

Anders Düring, Chief Financial Officer. Tel. +46 708 887 733.

Charlotte Högberg, Head Corporate Communications. Tel. +46 704 715 631.

E-mail charlotte.hogberg@kappahl.com

DANNY FELTMANN, PRESIDENT: STRONG PERFORMANCE BY KAPPAHL IN THE QUARTER



*Danny Feltman
President and Chief Executive
Officer*

The first quarter, September-November 2015, was a strong quarter for KappAhl. We delivered a sound gross margin of 65.6 (63.3) per cent. We still have good cost control and have continued with our priority investments.

The quarter's sound margins is a combination of a successful offer strategy and a price strategy that compensates for higher purchase prices. Sales in Norway, restated in Swedish kronor, were negatively affected by the weaker Norwegian krona by about SEK 30 million compared with the previous year. In Poland we see positive development in the stores where we have taken measures and closures of unprofitable stores continue.

In total, after the first quarter KappAhl delivered an operating profit of SEK 117 (95) million; 23 per cent higher than the previous year, and an operating margin in line with the long-term target of ten per cent.

During the quarter several activities were implemented to increase accessibility to KappAhl. A new flagship store opened on Drottninggatan in Stockholm and for the first time all three of the Group's store concepts opened in the same marketplace; Mall of Scandinavia in Stockholm. Another Newbie Store opened in Oslo and Shop Online started up in Poland. So far we are very pleased with sales in our brand stores, Newbie Store and Hampton Republic 27. The work of establishing new stores in the right locations continues alongside our digital expansion.

After being in place for just over a month my work of creating a KappAhl that is *clear* for customers, employees and shareholders is starting to take shape. We will adapt the organisation to fully support the customer experience, in-store and online. Each sales location must be optimally designed for an inspiring customer experience. Our customers should associate with attractive offers, rather than discounts. Our business support shall be made more effective in order to develop our sales channels.

My colleagues and I have started our joint journey towards a clearer KappAhl, with great potential to continue to supply value-for-money and sustainable fashion with wide appeal even in the future. It is with great enthusiasm that I am taking on this assignment.

Danny Feltmann
President and Chief Executive Officer

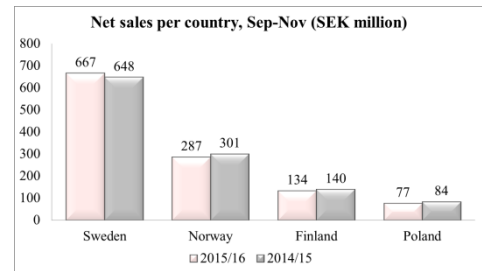
COMMENTS ON THE FIRST QUARTER

0.8 %

Increased sales in comparable stores

Net sales and profit

KappAhl's net sales for the quarter amounted to SEK 1,165 (1,174) million, a decrease of 0.8 per cent. This is explained by the effect of new and closed stores, 0.6 per cent; change in comparable stores, 0.8 per cent; and currency translation differences totalling -2.2 per cent.



Gross profit for the quarter was SEK 764 (743) million, which corresponds to a gross margin of 65.6 (63.3) per cent.

Selling and administrative expenses for the quarter decreased by 0.1 per cent to a total of SEK 647 (648) million. There was a positive effect on costs for the first quarter of the previous year of SEK 7.8 million, referring to a pension costs refund.

The operating profit was SEK 117 (95) million. This is equivalent to an operating margin of 10.0 (8.1) per cent.

Depreciation according to plan was SEK 33 (31) million.

Net financial income was SEK -2 (-8) million for the quarter. The change in net financial income is due to better interest terms and lower costs of interest swaps compared with the previous year. Profit after financial items was SEK 115 (87) million and the profit after estimated tax was SEK 83 (61) million.

Earnings per share after dilution for the quarter were SEK 1.08 (0.81).

10.0 %

Operating margin

Taxes

The Group has deferred tax assets of SEK 11 (9) million and deferred tax liabilities of SEK 121 (53) million. The net change is mainly due to utilised loss carry-forwards in Sweden.

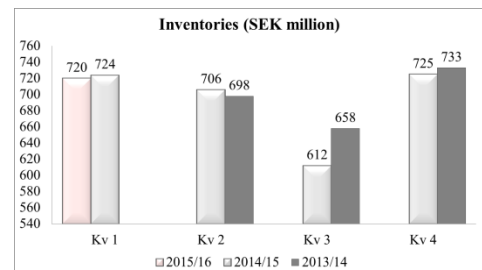
Deferred tax assets referring to losses in Poland and Finland are not currently measured, resulting in high effective tax in the Group.

SEK 4 million

Inventories lower than last year

Inventories

At the close of the period inventories amounted to SEK 720 (724) million, a decrease of SEK 4 million compared with the previous year.



Investments

Investments of SEK 41 (53) 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 89 (68) million. Cash flow from investing activities was SEK -41 (-53) million, which is primarily attributable to investments in the new store concept.

48.5 %

Reduction in net debt compared with previous year

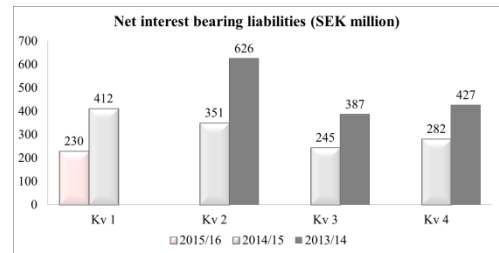
58.5 %

Current equity/assets ratio

Financing and liquidity

At the end of the period net interest-bearing liabilities amounted to SEK 230 (412) million. The net interest-bearing liabilities/EBITDA ratio was 0.6 at the close of the period, compared with 1.0 as at 30 November 2014. The equity/assets ratio increased to 58.5 (55.2) per cent.

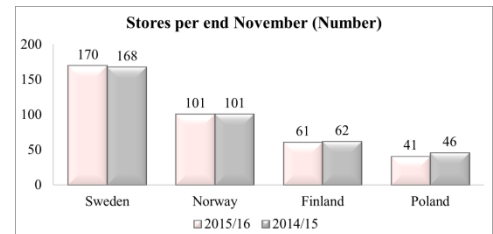
Cash and cash equivalents amounted to SEK 235 (205) million as at 30 November 2015. At the period close there were unutilised credit facilities of about SEK 600 (560) million.



Store network and expansion

At the end of the period the total number of stores was 373 (377). Of these, 170 were in Sweden, 101 in Norway, 61 in Finland and 41 in Poland.

Six stores were opened during the quarter and one was closed.



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 2015 there are currently contracts for seven new stores. During November Shop Online expanded to Poland and we are now online in all countries where we have stores.

Parent company

The Parent Company's net sales for the period were SEK 8 (0) million and loss after financial items was SEK -3 (-17) 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 2014/2015. The risks include fluctuations in exchange rates, 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 2014/2015, 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.

Möln dal, 20 January 2016
KappAhl AB (publ)

Danny Feltmann Espersen
President and Chief Executive Officer

The information in this interim report is disclosed by KappAhl AB (publ) pursuant to the Securities Market Act and/or the Financial Instruments Trading Act. The information was released for public disclosure on 20 January 2016 at 07.30 a.m.

Financial calendar

Second quarter (Dec–Feb)	14 April, 2016
Third quarter (March–May)	30 June, 2016
Fourth quarter (June–August)	13 October, 2016

Presentation of the report

There will be a telephone conference and webcast for analysts, media and investors today at 09.00. To participate in the conference call (Sweden) +46 (0)8-5055 6468 or (Great Britain) +44 203 4262845 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.

KappAhl was founded in Gothenburg in 1953 and is a leading fashion chain in the Nordic region with close to 380 stores in Sweden, Norway, Finland and Poland. Our business idea is to offer value-for-money fashion of our own design to the many people. Sustainability-labeled fashion accounts for roughly one quarter of the range. Sales for 2014/2015 totaled SEK 4.6 billion and the company has approx. 4,000 employees in nine countries. KappAhl has been listed on Nasdaq Stockholm since 2006.

CONSOLIDATED INCOME STATEMENT

Amounts in SEK million	Sep-Nov 2015/2016	Sep-Nov 2014/2015	Latest 12 month Dec-Nov
Net sales	1 165	1 174	4 579
Cost of goods sold	-401	-431	-1 802
Gross profit	764	743	2 777
Selling expenses	-597	-606	-2 376
Administrative expenses	-50	-42	-181
Operating profit	117	95	220
Financial income	0	0	1
Financial expenses	-2	-8	-16
Profit after financial items	115	87	205
Taxes	-32	-26	-72
Result for the period	83	61	133
Profit attributable to parent company shareholders	83	61	133
Earnings per share before dilution, SEK	1,08	0,81	1,74
Earnings per share after dilution, SEK	1,08	0,81	1,74

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

Amounts in SEK million	Sep-Nov 2015/2016	Sep-Nov 2014/2015	Latest 12 month Dec-Nov
Result for the period	83	61	133
Items not to be recognised in income			
Actuarial gains/losses	0	0	20
Tax relating to actuarial gains/losses	0	0	-4
Total items not to be recognised in income	0	0	16
Items to be recognised in income			
Cash flow hedges – value change	1	46	-30
Cash flow hedges returned to profit	0	-8	-8
Translationdifferences for the period	-1	-6	-1
Tax attributable to other comprehensive income	0	-8	8
Total items to be recognised in income	0	24	-31
Total comprehensive income attributable to parent company's shareholders	83	85	118

CONSOLIDATED BALANCE SHEET

Amounts in SEK million	2015-Nov-30	2014-Nov-30	2015-Aug-31
ASSETS			
Non-current assets			
Intangible assets*	1 350	1 343	1 349
Tangible assets	465	428	459
Financial assets**	11	9	11
Total non-current assets	1 826	1 780	1 819
Current assets			
Inventories	720	724	725
Other operating receivables	138	182	138
Cash and cash equivalents	235	205	188
Total current assets	1 093	1 111	1 051
Total assets	2 919	2 891	2 870
EQUITY AND LIABILITIES			
Equity	1 708	1 595	1 625
Non-current liabilities			
Interest-bearing long-term liabilities	447	453	448
Non-interest-bearing long-term liabilities***	121	53	89
Total non-current liabilities	568	506	537
Current liabilities			
Interest-bearing current liabilities	18	164	22
Non-interest-bearing current liabilities	625	626	686
Total current liabilities	643	790	708
Total equity and liabilities	2 919	2 891	2 870
*of which goodwill	696	696	696
*of which trademarks	610	610	610
**of which deferred tax asset	11	9	11
***of which deferred tax liabilities	121	53	89

CONSOLIDATED CASH FLOW STATEMENT

Amounts in SEK million	Sep-Nov 2015/2016	Sep-Nov 2014/2015
Cash flow from operating activities before changes in working capital	141	112
Changes in working capital	-52	-44
Cash flow from operating activities	89	68
Cash flow from investing activities	-41	-53
Cash flow from investing activities	-41	-53
Change in bank overdraft facility	0	147
Cash flow from financing activities	0	147
Cash flow for the period	47	162
Cash and cash equivalents at beginning of the period	188	43
Cash and cash equivalents at the end of the period	235	205

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amounts in SEK million	Sep-Nov 2015/2016	Sep-Nov 2014/2015	Sep-Aug 2014/2015
Opening equity	1 625	1 510	1 510
Dividend	-	-	-56
Staff options plan	-	-	51
Total comprehensive income	83	85	120
Closing equity	1 708	1 595	1 625

NUMBER OF STORES PER COUNTRY

	2015-Nov-30	2015-Aug-31	2015-May-31	2015-Feb-28	2014-Nov-30
Sweden	170	167	167	166	168
Norway	101	100	100	100	101
Finland	61	61	62	62	62
Poland	41	40	43	45	46
Total	373	368	372	373	377

SALES PER COUNTRY

Amounts in SEK million	Sep-Nov 2015/2016	Sep-Nov 2014/2015	Change SEK %	Change local currency %
Sweden	667	648	2,9%	2,9%
Norway	287	301	-4,9%	5,0%
Finland	134	140	-4,5%	-6,0%
Poland	77	84	-8,2%	-8,9%
Total	1 165	1 174	-0,8%	-

GEOGRAFIC REPORTING

Amounts in SEK million	Net sales Sep-Nov 2015/2016	Net sales Sep-Nov 2014/2015	Operating income Sept-Nov 2015/2016	Operating income Sept-Nov 2014/2015
Nordic countries	1 087	1 089	129	111
Other	77	84	-12	-16
Total	1 165	1 174	117	95

QUARTERLY INCOME STATEMENT

Amounts in SEK million	2015/2016	2014/2015				2013/2014				2012/2013				2011/2012			
	Q1	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net sales	1 165	1 174	1 133	1 132	1 149	1 243	1 114	1 201	1 185	1 245	1 148	1 210	1 148	1 193	1 119	1 146	1 129
Cost of goods sold	-401	-431	-478	-433	-490	-456	-471	-448	-482	-457	-516	-470	-494	-496	-538	-469	-485
Gross profit	764	743	655	699	659	787	643	753	703	788	632	740	654	697	581	677	644
Selling expenses	-597	-606	-604	-612	-563	-651	-603	-617	-598	-650	-636	-627	-575	-648	-685	-615	-579
Administrative expenses	-50	-42	-42	-45	-44	-37	-37	-35	-36	-34	-31	-49	-36	-33	-34	-33	-36
Other operating income	-	0	0	0	0	0	0	0	0	77	-1	0	0	-	-	-	-
Operating profit	117	95	9	42	52	99	3	101	69	181	-36	64	43	16	-138	29	29
Financial income	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0
Financial expenses	-2	-8	-3	-5	-6	-12	-8	-38	-10	-43	-17	-21	-7	-26	-47	-34	-59
Profit after financial items	115	87	6	37	47	87	-5	63	59	138	-53	43	36	-10	-185	-5	-30
Taxes	-32	-26	-9	-14	-17	-25	-2	-21	-27	-23	-11	-11	-3	-1	22	-5	-10
Net profit	83	61	-3	23	30	62	-7	42	32	115	-64	32	33	-11	-163	-10	-40
Operating margin	10,0%	8,1%	0,8%	3,7%	4,5%	8,0%	0,3%	8,4%	5,8%	8,3%*	-3,1%	5,3%	3,7%	1,3%	-12,3%	2,5%	2,6%
Earnings per share after dilution, SEK	1,08	0,81	-0,04	0,30	0,39	0,83	-0,09	0,56	0,42	2,35	-0,85	0,43	0,09	-0,49	-3,33	-1,46	-0,82
Number of stores	373	377	373	372	368	389	379	378	377	395	391	392	390	381	381	386	388

* excl. sales of property

YEARLY INCOME STATEMENT

Amounts in SEK million	Sep-Aug 2014/2015	Sep-Aug 2013/2014	Sep-Aug 2012/2013	Sep-Aug 2011/2012	Sep-Aug 2010/2011	
Net sales	4 588	4 743	4 751	4 587	4 974	
Cost of goods sold	-1 832	-1 857	-1 937	-1 988	-2 048	
Gross profit	2 756	2 886	2 814	2 599	2 926	
Selling expenses	-2 385	-2 469	-2 488	-2 527	-2 560	
Administrative expenses	-173	-145	-150	-136	-144	
Other operating income	1)	-	-	76	-	
Operating profit	198	272	252	-64	222	
Financial income	1	0	1	0	1	
Financial expenses	-22	-68	-88	-166	-72	
Profit after financial items	177	204	165	-230	151	
Taxes	-66	-75	-74	6	-83	
Net profit	111	129	91	-224	68	
Operating margin	4,3%	5,7%	5,3%	-1,4%	4,5%	
Earnings per share, SEK	Note 1	1,45	1,71	1,32	-5,30	2,98

1) Capital gain sale of property Q1 2012/13

PARENT COMPANY INCOME STATEMENT

Amounts in SEK million	Sep-Nov 2015/2016	Sep-Nov 2014/2015	Latest 12 month Dec-Nov
Net sales	8	0	33
Gross profit	8	0	33
Other operating charges	-7	-7	-39
Operating profit	1	-7	-6
Result from participations in group companies	-	-	79
Financial income	1	2	12
Financial expenses	-5	-12	-36
Profit after financial items	-3	-17	49
Bokslutsdispositioner	-	-	-
Resultat efter bokslutsdispositioner	-3	-17	49
Taxes	1	4	-3
Net profit	-2	-13	46

PARENT COMPANY BALANCE SHEET

Amounts in SEK million	2015-Nov-30	2014-Nov-30	2015-Aug-31
ASSETS			
Non-current assets			
Financial assets	3 106	3 049	3 106
Deferred tax assets	1	4	-
Total non-current assets	3 107	3 053	3 106
Current assets			
Other operating receivables	287	427	282
Cash and cash equivalents	25	186	38
Total current assets	312	613	320
Total assets	3 419	3 666	3 426
EQUITY AND LIABILITIES			
Equity	2 515	2 474	2 517
Total non-current liabilities	400	400	400
Current liabilities			
Interest-bearing current liabilities	319	657	336
Non-interest-bearing current liabilities	185	135	173
Total current liabilities	504	792	509
Total equity and liabilities	3 419	3 666	3 426

KEY RATIOS

		Sep-Nov 2015/2016	Sep-Nov 2014/2015	Latest 12 month Dec-Nov
Growth in sales		-0,8%	-5,6%	-2,0%
Earnings per share before dilution, SEK	Note 1	1,08	0,81	1,74
Earnings per share after dilution, SEK	Note 1	1,08	0,81	1,74
Total depreciation/amortisation		33	31	136
Operating result (EBIT)		117	95	220
Gross margin		65,6%	63,3%	60,6%
Operating margin		10,0%	8,1%	4,8%
Operating margin excluding non-recurring items, %		10,0%	8,1%	5,0%
Interest coverage ratio		13,8	4,2	13,8
Net interest-bearing liabilities		230	412	230
Net interest-bearing liabilities/EBITDA		0,6	1,0	0,6
Equity/assets ratio		58,5%	55,2%	58,5%
Equity per share before dilution, SEK		22,23	21,26	22,32
Equity per share after dilution, SEK		22,23	21,12	22,29
Return on equity		8,0%	8,5%	8,0%
Return on capital employed		10,4%	12,7%	10,4%
Number of shares before dilution		76 820 380	75 040 000	76 523 650
Number of shares after dilution		76 820 380	75 528 227	76 619 372

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 2015

	Number of shares	Percentage of shares and votes 2015-Nov-30	Change compared with 2015-Aug-31
Mellby Gård AB	15 369 245	20,01	0
Swedbank Robur fonder	5 079 939	6,61	-351 793
Handelsbanken fonder	4 876 854	6,35	-988 000
Lannebo fonder	2 437 763	3,17	74 772
Fidelity Funds - Nordic Fund	2 382 958	3,10	561 003
Försäkringsaktiebolaget, Avanza Pension	2 233 416	2,91	-145 117
Catella Fondförvaltning	1 999 299	2,60	138 774
Fjärde AP-fonden	1 993 393	2,59	0
Andra AP-fonden	1 565 314	2,04	470 000
Svolder AB RE SHB RE NTGS	1 560 069	2,03	1 560 069
Liv & Pension, Nordea	1 012 876	1,32	-90 000
CBNY-DFA-INT SML CAP V	888 678	1,16	-6 193
Robus Försäkring	879 267	1,14	125 499
CBNY-Norges Bank	874 863	1,14	-56 915
Nordnet Pensionsförsäkring AB	704 550	0,92	6 351
SEB	554 906	0,72	462 566
Barclays Capital Securities LTD	511 522	0,67	257 929
Nordea Investment Funds	475 500	0,62	0
BNY GCM Client Accounts (E) ILM	450 259	0,59	450 259
Färna Invest AB	416 358	0,54	0
Övriga	30 553 351	39,77	-2 469 204
Total	76 820 380	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 2015. A number of new standards and amendments of interpretations of existing standards came into force during the previous financial year. None of these is deemed to have any material effect on the Group's financial statements. The assessment includes IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosure of interests in other entities" and IFRIC 21 "Levies". 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 1 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 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, currency derivatives and interest rate 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. The fair value of financial derivative instruments was SEK 16 (54) million for currency forwards and SEK -18 (-31) 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.