
PRESS RELEASE

Möln dal 7 November 2016



KAPPAHL INVITES TO ANNUAL GENERAL MEETING

KappAhl AB's (publ) Annual General Meeting will be held at 10.00 am on Tuesday 6 December 2016 at KappAhl's head office, Idrottsvägen 14, Möln dal, Sweden. Notification to participate should be made, preferably by 12 o'clock noon, on Wednesday 30 November 2015.

At the Annual General Meeting the following matters, inter alia, are proposed to be dealt with:

- The Board of Directors' proposal about the resolution regarding the adoption of the income statement and balance sheet, distribution of the Company's result (proposed dividend of 1.25 SEK per share) and an unchanged remuneration policy for the company management,
- The Nominations Committee's proposals are that Anders Bülow is appointed chairman of the Annual General Meeting, that six board members are appointed, that remuneration will be 400.000 SEK to the chairman of the Board, 200.000 SEK to the other members of the Board and that committee fees are unchanged per board member, that Anders Bülow, Kicki Olivensjö, Pia Rudengren and Susanne Holmberg are re-elected as ordinary members of the Board, that Göran Bille and Cecilia Kocken are elected as new ordinary members of the Board and that Anders Bülow through re-election is elected as chairman, and that PwC is elected accounting firm with Eva Carlsvi as chief auditor.

The full version of the notice follows on the next page.

For further information contact

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KappAhl was founded in Gothenburg in 1953 and is a leading fashion chain in the Nordic region with 380 stores in Sweden, Norway, Finland and Poland as well as Shop Online. Our business idea is to offer value-for-money fashion of our own design to the many people. Sustainability-labeled fashion accounts for 38 per cent of the range. Sales for 2015/2016 totaled SEK 4.7 billion and the company has approx. 4,000 employees in nine countries. KappAhl is quoted on Nasdaq Stockholm. More information at www.kappahl.com.

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The English text is an unofficial translation. In case of any discrepancies between the Swedish text and the English translation, the Swedish text shall prevail.

NOTICE TO ATTEND THE ANNUAL GENERAL MEETING

Shareholders of KappAhl AB (publ) ("KappAhl") are hereby invited to attend the Annual General Meeting to be held in Mölndal at Idrottsvägen 14, on Tuesday December 6, 2016 at 10.00 a.m.

The meeting room will be open from 09.30 a.m. and coffee will be served.

Notification

Shareholders wishing to participate in the Meeting must be registered in the share register kept by Euroclear Sweden AB on Wednesday November 30, 2016, and have given notice of their attendance and potential advisers by the same date, preferably by 12 o'clock noon, via email to stamma@kappahl.com. Notification of attendance can also be given by telephone on +46 31 771 55 00 or by post to KappAhl AB, Årsstämma, P.O. Box 303, SE-431 24 Mölndal, Sweden.

The notification must state the name, address, telephone number, corporate or personal identity number and registered shareholding. Any powers of attorney must be in writing and be submitted no later than, but preferably before, the Annual General Meeting. A physical person representing a legal person shall also submit a certified copy of the certificate of registration. The term of a power of attorney may not exceed five years from the issue. KappAhl provides power of attorney forms upon request, and these are also available at the KappAhl's website www.kappahl.com/ir.

Shareholders whose shares are registered in the name of a nominee through a bank's trust department or a private securities dealer must temporarily register the shares in their own name to be entitled to participate in the Meeting. Such temporary registration of ownership must be effected no later than Wednesday November 30, 2016. This means that the shareholder must notify the nominee of this well in advance of that date.

Accounts and complete proposals

The accounts and audit report will be available at the latest on Tuesday November 15, 2016, and will thereafter be sent to shareholders upon request, and are also available at www.kappahl.com/ir and at KappAhl's head office in Mölndal, Idrottsvägen 14. Complete proposals are included in this notice or will be available at the latest by Tuesday November 15, 2016 at www.kappahl.com/ir and at KappAhl's head office. Copies will be sent to shareholders upon request.

Agenda

1. Opening of the Meeting.
2. Election of chairman of the Meeting.
3. Drawing up and approval of the voting list.
4. Approval of the agenda.
5. Election of one or more people to verify the minutes and check the votes.

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6. Consideration whether the Meeting has been duly convened.
7. Presentation of the work of the Board of Directors and its committees.
8. Presentation of the annual accounts and the Auditor's report for 2015/2016 and the consolidated accounts and auditor's report for the Group for 2015/2016. Business report by the Chief Executive Officer.
9. Resolution regarding the adoption of the income statement and balance sheet and the Group income statement and Group balance sheet.
10. Resolution regarding the distribution of the Company's result according to the adopted balance sheet.
11. Resolution regarding discharge from liability of the members of the Board of Directors and the Chief Executive Officers.
12. Determination of the number of Board members and deputy board members and number of auditors, deputy auditors or accounting firm.
13. Determination of fees to the Board of Directors and the Auditor.
14. Election of the Board of Directors.
15. Election of auditor or accounting firm.
16. Instructions and charter for the Nomination Committee.
17. Remuneration policy for the company management.
18. Any other matters.
19. Closing of the Meeting.

Proposed resolutions

Item 2: The Nomination Committee proposes that the Chairman of the Board of Directors Anders Bülow is appointed as chairman of the Meeting.

Item 10: The Board of Directors proposes that a cash dividend of SEK 1.25 per share is distributed for 2015/2016 (SEK 0.75 per share previous year), corresponding to a total of SEK 96,025,475, and that the remaining profit is carried forward. The proposed record day for the dividend is Thursday 8 December, 2016. If the Meeting resolves in accordance with the proposal, the expected date of payment via Euroclear is Tuesday 13 December, 2016.

Item 12: Six ordinary members and one accounting firm are proposed by the Nomination Committee.

Item 13: The Nomination Committee proposes that the fees to the Board of Directors and its committees shall be SEK 1,819,000 (SEK 1,749,000 previous year). The proposal means that the Chairman of the Board is awarded SEK 400,000 (380,000 previous year) and each other elected member of the Board is awarded SEK 200,000 (190,000 previous year), that the chairman of the Audit Committee is awarded SEK 160,000 (unchanged since previous year) and each other member of the Committee is awarded SEK 100,000 (unchanged since previous year), that the chairman of the Remuneration Committee is awarded SEK 35,000 (unchanged since previous year) and each other member of the Committee is awarded SEK 12,000 (unchanged since previous year). The fees to the accounting firm shall be unchanged in accordance with customary standards and approved invoice.

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Item 14: The Nomination Committee proposes re-election of Anders Bülow, Kicki Olivensjö, Pia Rudengren and Susanne Holmberg. Christian W. Jansson has declined re-election. The Nomination Committee proposes new election of Göran Bille and Cecilia Kocken as ordinary members of the Board of Directors. Moreover, the Nomination Committee proposes that Anders Bülow is elected as Chairman of the Board of Directors.

Göran Bille's previous positions include CEO and group CEO of Gina Tricot and Lindex, as well as former senior executive within H&M. Göran Bille is a board member of Gunnebo and holds an MBA.

Cecilia Kocken is Marketing Director at Procter & Gamble Nordic and has previously held several other senior executive positions at Procter & Gamble, both in the Nordics and globally. On 1 December, 2016, Cecilia Kocken will assume the position as Category Director at Arla Sverige. Cecilia holds an MBA.

Göran Bille and Cecilia Kocken are both independent in relation to KappAhl and its management as well as in relation to KappAhl's major shareholders. Neither Göran Bille or Cecilia Kocken nor any of their relatives hold shares or other securities in KappAhl.

Item 15: The Nomination Committee proposes new election of PwC (PricewaterhouseCoopers AB) as the accounting firm, with Eva Carlsvi as the principally responsible auditor. The engagement will run until the next Annual General Meeting.

Item 16: It is proposed that the Nomination Committee will be comprised of four ordinary members, who shall be appointed by the four largest shareholders as of April 30. The term largest shareholders refer here to shareholders registered with Euroclear and grouped by ownership as of April 30. The Chairman of the Board shall be co-opted to the Nomination Committee. If any of the four largest owners refrain from appointing an owner representative, or if an owner representative resigns or relinquishes the position before the assignment is complete, the Chairman shall encourage the next owner in size until the tenth largest shareholder (i.e. the fifth largest owner) to within a week from the encouragement appoint an owner representative. If, despite such encouragement, only three shareholder representatives have been appointed as of July 1, the Committee shall be able to constitute itself with three ordinary members and the Committee shall then be able to decide whether the procedure to designate a fourth member should continue or not.

In the event of a significant change of ownership among the largest owners after April 30 but occurs earlier than seven weeks before the Annual General Meeting, and if a shareholder, who after this change has become one of the four largest shareholders (or the three largest if the Committee has made such a decision as above mentioned), the Committee shall contact and offer the shareholder to be a member of the Committee either by deciding that the shareholder shall replace the smallest shareholder after the change, or by expanding the Committee with one more member. When deciding in accordance with the preceding sentence, the new member shall participate and the member appointed by the smallest owner shall not participate.

Item 17: A substantially unchanged Remuneration policy for the management is proposed with the following main contents:

1. *Fixed salary.* Management persons will be offered a market level fixed salary and based on the employee's responsibility and performance. Salary shall be established for calendar year periods.

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2. *Bonus.* Management persons may, from time to time, be offered a bonus. The Chief Executive Officer may be offered a bonus of a maximum of 50 percent of the fixed salary and other management persons may be offered a bonus of a maximum of 33 percent of the fixed salary. Management persons may, on their own initiative, before the bonus is disposable, convert the bonus into extra pension payments through a so called salary reduction plan. The bonus is to be primarily based on the operating profit (EBIT) for the KappAhl group and shall be established for the financial year.
3. *Pension.* In addition to the terms of collective agreements or other contracts, management persons can arrange individual pension solutions. Salary or bonus waivers can be used to increase allocation to a pension plan provided that the cost to KappAhl is unchanged over the period.
4. *Notice of termination etc.* Management persons and KappAhl must mutually observe a period of six months' notice of termination. At termination of employment for the Chief Executive Officer from the employer, an unchanged salary for six months and severance payment equal to up to eighteen months is paid, less wages in other employment.

Duty of disclosure of the Annual General Meeting

The Board of Directors and the Chief Executive Officer shall, if any shareholder so requests and the Board of Directors believes that it can be done without material injury to the Company, disclose conditions that may affect the assessment of an item on the agenda. Anyone wishing to submit questions in advance can do so to KappAhl AB, Annual General Meeting, P.O. Box 303, SE-431 24 Mölndal, Sweden.

Number of shares and votes in KappAhl AB (publ)

The total number of registered shares and votes in the Company amounts this day to 76,820,380. The Company holds no own shares.

Mölndal, November 2016

KappAhl AB (publ)

The Board of Directors