

TRANSLATION FROM THE SWEDISH ORIGINAL

Auditor's report in accordance with Chapter 8, Section 54 of the Swedish Companies Act (2005:551) on whether the guidelines adopted by the Annual General Meeting regarding remuneration to Group Executive Management have been complied with

To the Annual General Meeting of KappAhl AB (publ), corporate identity 556661-2312

We have examined whether the Board of Directors and the Managing Director of KappAhl AB (publ), have, for the year 2013-09-01-2014-08-31, complied with the guidelines on remuneration to Group Executive Management, adopted at the Annual General Meeting on November 28, 2012, and the Annual General Meeting on December 4, 2013, respectively.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for compliance with the guidelines and for the internal control the Board of Directors and the Managing Director determine is necessary to ensure compliance with the guidelines.

Auditor's responsibility

Our responsibility is to issue a report, based on our examination, to the Annual General Meeting regarding whether the guidelines have been complied with. The examination has been performed in accordance with FAR's recommendation RevR 8 *Granskning av ersättningar till ledande befattningshavare i aktiemarknadsbolag* (Examination of Remuneration to Group Executive Management in Listed Companies). Those standards require us to comply with the ethical requirements, and also to plan and perform the examination in such a manner that we may obtain reasonable assurance about whether the guidelines on remuneration have been complied with.

The examination has covered the company's organization and documentation of issues concerning remuneration for Group Executive Management, any and all new decisions concerning remuneration, as well as a selection of the financial year's payments to Group Executive Management. The procedures selected depend on the auditor's judgement, including the assessment of the risk that the guidelines have not, in all material respects, been complied with. In making this risk assessment, the auditor considers internal control relevant to the company's compliance with the guidelines in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

We believe that our examination provides a reasonable basis for our conclusion.

Conclusion

In our opinion the Board of Directors and the Managing Director of KappAhl AB (publ) have, during the year 2013-09-01-2014-08-31, complied with the guidelines on remuneration to Group Executive Management, which were adopted by the Annual General Meeting on November 28, 2012, and December 4, 2013, respectively.

Gothenburg, November 7, 2014

Ernst & Young AB

Stefan Kylebäck
Authorized Public Accountant