

*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.*

**Minutes from** Annual General Shareholders' Meeting in KappAhl AB (publ), 556661-2312, on Tuesday December 6, 2016, at 10 am, at the company's office, Idrottsvägen 14 in Mölndal

### **§ 1 Opening of the Meeting**

The Meeting was opened by the Chairman of the Board, Anders Bülow.

### **§ 2 Appointment of Chairman of the Meeting**

Upon proposal from the nomination committee and pursuant to the announced notice to attend, **the Meeting resolved** to appoint the Chairman of the Board Anders Bülow as Chairman of the Meeting. The Chairman noted that Jonas Frii (member of the Swedish Bar Association) had been requested by the Board to serve as secretary at the Meeting and thus keep today's minutes.

### **§ 3 Drawing up and approval of voting list**

It was noted by the Chairman of the Meeting that verification of the attendance list, available at the Meeting, had been performed when shareholders entered the Meeting.

**It was resolved** that the voting list should be established by reading the names that had not been verified and that the total number of votes represented should be reduced by the number of votes for those not verified when entering. The Secretary presented the names of those who had not been verified, and established a register of the present shareholders and their representatives, Appendix 1.

**The Meeting resolved** to approve the register as voting list.

For the sake of good order, the Chairman of the Meeting noted that those separately invited and other participants, according to Appendix 2, are welcome to the Meeting but do not have shareholders' rights at the Meeting.

### **§ 4 Approval of the agenda**

The proposed agenda was presented by the Chairman in accordance with the announced notice to attend.

**The Meeting resolved** to approve the proposed agenda.

#### **§ 5 Nomination of one or two persons to verify the minutes**

**The Meeting resolved**, upon proposal from Göran Espelund (representing the fund Lannebo Småbolag Select), to appoint two persons to verify the minutes, and to appoint Jonas Lindgren (representing his own shares) and Frida Bäckegren (representing Taiga Fund and other funds represented by Skandinaviska Enskilda Banken AB (publ)) as such persons to verify today's minutes.

#### **§ 6 Consideration whether the Meeting has been duly convened**

The Chairman noted that the Meeting had been convened through advertising in Post- och Inrikes Tidningar, Göteborgs-Posten and Svenska Dagbladet on November 8, 2016.

**The Meeting resolved** that the Meeting had been duly convened.

#### **§ 7 Presentation of the work of the Board of Directors and its committees**

The Chairman: After the Annual General Shareholders' Meeting last year and until this day, the Board has had nine meetings, all of which have been kept in minutes. The Board's work has focused on questions regarding the business operations, not least how we can develop KappAhl's offer in the market, our digital presence, how we treat our customers and how we can be even more effective in our business operations. Further, the Board follows the market trends and has discussed store openings in all markets as well as restructuring of the business operations in Poland. In addition, the Board evaluates various interim reports and the annual report. The Board has had three committees, the Audit Committee, the Remuneration Committee and a separate Offer Committee.

The Chairman: The Audit Committee has consisted of three members, Pia Rudengren, who has been the Chairman of the committee, Christian W. Jansson and me, Anders Bülow. Jonas Frii has also been Secretary to the Audit Committee. In 2015/2016, the work of the committee included preparation of questions about interim reports, currency issues, valuation issues and internal control.

The Chairman: The Remuneration Committee has consisted of Christian W. Jansson, who has been the Chairman of the committee, Susanne Holmberg and me, Anders Bülow. The committee has primarily dealt with matters concerning remuneration and other terms of employment for the senior management. A particularly important aspect has been the linkage between remuneration levels and the Group's financial performance.

The Chairman: The Offer Committee has initially consisted of Susanne Holmberg who has been the chairman of the committee, Kicki Olivensjö and Gustaf Öhrn. After Gustaf Öhrn's resignation from the board, the committee has consisted of Susanne Holmberg (Chairman)

and Kicki Olivensjö from the board together with staff from the Company. The committee has i.a. worked with issues such as assortment and offers on the market.

The Chairman continued: Prior to this Annual General Shareholders' Meeting, the nomination committee has consisted of Rune Andersson (appointed by Mellby Gård AB), Marianne Nilsson (appointed by Swedbank Robur Fonder AB), Elisabet Jamal Bergström (appointed by Handelsbanken Fonder AB) and Jannis Kitsakis (appointed by the Fourth Swedish National Pension Fund (AP4)). Göran Espelund (appointed by Lannebo Fonder AB) was initially part of the nomination committee but left it on August 25, 2016 after Lannebo Fonder AB had reduced its holdings, at which point Jannis Kitsakis instead joined the nomination committee in accordance with the instructions adopted by the Annual General Meeting. I, Anders Bülow, have been co-opted to the nomination committee. The Chairman of the nomination committee has been Rune Andersson and Jonas Frii has been the Secretary of the nomination committee.

### **§ 8 Presentation of the annual report and the auditor's report for 2015/2016 as well as the consolidated annual report and the consolidated auditor's report for the period 2015/2016 and business report by the Chief Executive Officer**

The Chairman reported on how the annual report, the auditor's report as well as the consolidated annual report and the consolidated auditor's report had been presented and made available.

**The Meeting resolved** that the annual report and the auditor's report, as well as the consolidated annual report and the consolidated auditor's report had been duly presented.

The company's auditor, the authorized auditor Stefan Kylebäck chiefly responsible for Ernst & Young AB, presented the auditor's report and the report on the Corporate Governance Statement and the auditor's report on whether the guidelines adopted by the Annual General Meeting regarding remuneration to the senior management have been complied with and recommended discharge from liability of the managing directors. The shareholders were given the opportunity to ask questions.

Lars Wiberg (representing his own shares): What have been the key issues during the audit?

Stefan Kylebäck: Mainly issues related to the restructuring of operations in Poland and accounting issues related to the closure of certain stores.

The company's CEO, Danny Feltmann Espersen, gave a presentation on the company's operations, and related mainly to the presentation in [Appendix 3](#).

After the presentation by Danny Feltmann Espersen, the shareholders were given the opportunity to ask questions.

Mikael Rydström (representing his own shares): What percentage of sales are online sales?

Danny Feltmann Espersen: We do not report sales at that level, but online sales have grown well and we believe in a continued positive development.

Mats Ekberg (representing the Swedish Shareholders' Association): You have both opened new stores and closed existing stores this year. What is your view on the opening of new stores in the future?

Danny Feltmann Espersen: We have no growth objectives with regard to the number of opened stores, but measure profitability per store. If we believe that there are opportunities to open new profitable stores, we will do that.

Mats Ekberg: What is your view of the Polish market for KappAhl?

Danny Feltmann Espersen: We believe that Poland is a profitable market, but we need to operate there under the right conditions. This year we have made restructurings of our Polish operations to, among other things, divest unprofitable stores and get better terms in our lease agreements.

Mats Ekberg: How do you work with currency hedging?

The Chairman: The Board follows a currency policy that has been developed by the Audit Committee. Based on that, KappAhl hedges in the short term, but if it is significantly above the long-term average rates it is wary of signing long-term futures.

Mats Ekberg: You say that KappAhl focuses on "women in the prime of life" but is this always fully reflected in the marketing?

Danny Feltmann Espersen: We highlight women in our marketing and use inspirational images, for which we have received very good feedback.

Mats Ekberg: According to the annual report you have had an increase in employee turnover, while the average age has increased slightly over the past financial year. Why is this?

Danny Feltmann Espersen: It is probably coincidences that led to that effect and we have no specific policies or specific intent in this area.

Jerry Lundberg (representing his own shares): Are KappAhl's prices set centrally or can individual stores affect pricing?

Danny Feltmann Espersen: Starting prices are set by KappAhl centrally, but of course we listen to the market.

Lars Wiberg: Are online sales profitable in the light of e.g. increased transportation and logistics expenses for purchases and returns?

Danny Feltmann Espersen: We have not yet experienced this as a problem for online sales, but it is important that we can connect our online sales with our stores to meet the customers in the best way.

Jonas Lundgren (representing his own shares): Compared to its competitors, how is KappAhl doing with regard to sustainability issues and how are you working to use this in the best possible manner?

Danny Feltmann Espersen: All companies are working intensely on this, and so are we. KappAhl's efforts have been successful and today 38 percent of the range is certified as sustainable, but we can certainly become better at communicating that.

### **§ 9 Resolution regarding the adoption of the income statement and balance sheet and the Group income statement and Group balance sheet**

**The Meeting resolved** to adopt the income statement for the financial year 2015-09-01 – 2016-08-31 and balance sheet as presented in the annual report for the parent company and the Group as per 2016-08-31.

### **§ 10 Resolution regarding the distribution of the profits according to the adopted balance sheet**

The Chairman of the Board presented the Board's proposal that a cash dividend of 1.25 SEK per share, equivalent to SEK 96,025,475, is to be distributed for 2015/2016, and that the remaining profit is carried forward. The proposed record day for the dividend was Thursday December 8, 2016. The expected date of payment via Euroclear is Tuesday December 13, 2016.

**The Meeting resolved** that profits brought forward are distributed in accordance with the Board's proposal.

### **§ 11 Resolution regarding discharge from liability of the members of the Board of Directors and the Chief Executive Officers**

The company's auditor recommended the Meeting to grant the Board and Chief Executive Officers discharge of liability for the financial year. It was noted that Board members and the Chief Executive Officers, who are shareholders, cannot themselves or through a representative take part in the Meeting's resolution on discharge from liability for themselves.

The Chairman: For the sake of good order, it should be noted that the decision on discharge from liability in respect of the chief executive officers comprises the two chief executive officers that the company has had during the past financial year.

**The Meeting resolved** to grant the Board of Directors and the Chief Executive Officers discharge of liability for the administration of the company during the financial year. It was noted that Andbül AB, through its representative, Anders Bülow, abstained from voting.

### **§ 12 Determination of the number of Board members and deputy board members, as well as auditors, deputy auditors or audit firm**

The nomination committee's presentation of its work, which has been available prior to the Meeting, was presented by Rune Andersson.

The nomination committee, represented by Rune Andersson, presented the proposal to elect six Board members and one registered audit firm at the Meeting.

**The Meeting resolved** to elect six Board members and one registered audit firm.

### § 13 Determination of fees to the Board of Directors and the auditor

Rune Andersson presented the nominations committee's proposal that the fee to the Board of Directors and its committees shall be SEK 1,819,000. The proposal means that the Chairman of the Board is awarded SEK 400,000 and each other elected member of the Board is awarded SEK 200,000, that the chairman of the Audit Committee is awarded SEK 160,000 and that one other member of the committee is awarded SEK 100,000, and that the chairman of the Remuneration Committee is awarded SEK 35,000 and that one other member of the committee is awarded SEK 12,000.

**The Meeting resolved** the remuneration in accordance with the proposal.

Rune Andersson: The remuneration paid to the company's auditor has been paid in accordance with customary norms for charging and approved invoice, and the proposal means unaltered conditions of remuneration as the previous annual general meeting resolved upon.

**The Meeting resolved** that the conditions of remuneration to the auditor should be unchanged.

### § 14 Election of the Board of Directors

Rune Andersson presented the nominations committee's proposal regarding re-election of the ordinary members Anders Bülow, Kicki Olivensjö, Pia Rudengren and Susanne Holmberg, new election of Göran Bille and Cecilia Kocken as ordinary members and to appoint Anders Bülow as Chairman of the Board.

Each of the proposed and present members introduced themselves. The shareholders were given the opportunity to ask questions.

**The Meeting resolved** to appoint Anders Bülow (re-nomination), Kicki Olivensjö (re-nomination), Pia Rudengren (re-nomination), Susanne Holmberg (re-nomination), Göran Bille (new-nomination) and Cecilia Kocken (new-nomination) as Board of Directors, and to appoint Anders Bülow as Chairman of the Board (re-nomination).

### § 15 Election of auditor or audit firm

Rune Andersson: The nomination committee proposes, after recommendation from the Audit committee, new election of the registered audit firm PwC (PricewaterhouseCoopers AB), with the wish that authorized auditor Eva Carlsvi is appointed as main responsible auditor. The term of office shall run until the next Annual General Meeting. It was noted that the Audit Committee's recommendation was preceded by a tender procedure and evaluation.

**The Meeting resolved to** appoint PwC as auditing firm until the next Annual General Meeting.

## § 16 Instructions and charter for the nomination committee

The Chairman presented how the instructions and procedures for the nomination committee had been presented and made available. The Chairman presented the nomination committee's proposal that the next nomination committee shall consist of four ordinary members, who shall be appointed by the four largest shareholders as of April 30. The term largest shareholders here refers to shareholders registered with Euroclear Sweden AB and grouped by ownership as of April 30. It was noted that the entire proposal should be considered to have been delivered.

**The Meeting resolved** to establish the routines and instructions according to the nomination committee's proposal, [Appendix 4](#).

## § 17 Remuneration policy for the company management

The Chairman presented the material parts of the proposal as it had been presented in the notice to attend, and made available in its entirety before and at the Meeting. The proposal was found to be delivered in its entirety.

**The Meeting resolved** to adopt the Remuneration policy in accordance with [Appendix 5](#).

## § 18 Other Matters

It was noted that no other matters had been reported to the Board.

## § 19 Closing of the Meeting

It was noted that all resolutions were adopted by necessary majority and that dissenting votes occurred through special voting instructions in accordance with [Appendix 6](#).

Furthermore, it was noted that the CEO was authorized to make such minor adjustments of the decisions that may be necessary for registration of the resolutions.

The Chairman: Before we close the meeting, I would like to thank Christian W. Jansson for his work in KappAhl since 2002. Christian has been a central figure in KappAhl's development and was engaged already at the buy-out from KF, at the stock market listing, the bid for Lindex and has been a part of all the successes and challenges in the market. It has been an honor to work with Christian and his knowledge is great. We will miss Christian and we hope to build on this legacy into the future as he now chooses to wind down.

The Chairman then thanked all who attended and declared the Meeting closed.

Verified

Keeper of minutes

Anders Bülow

Jonas Frii

(Chairman of the Meeting)

Jonas Lindgren

Frida Bäckegren