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## **STYLEPIT A/S – Letter of Intent signed regarding merger with Conseptor AS**

STYLEPIT A/S has entered into a conditional agreement regarding the merger with companies and assets owned by the Norwegian company Conseptor AS. The agreement entails the acquisition of the four brands Solid, Peppercorn (PEP), Desires and Tailored Originals, Conseptors retail activities in Denmark and Norway, and B2B webshops belonging to the four brands.

The acquired businesses are expected to generate additional revenues of NOK 516 mill. in 2014 and NOK 549 mill. in 2015 and generate an additional EBITDA of NOK 17.8 mill. in 2014 and NOK 39.4 mill. in 2015.

The acquisition will be financed through the issuance of 184 mill. new STYLEPIT A/S shares to Conseptor AS. The purchase price corresponds to DKK 208 mill. based on STYLEPITs closing share price on September 19th. The activities will be acquired without bank debts but including factoring debt, which has fluctuated at levels from DKK 22 mill. to DKK 50 mill. over the last 12 months.

STYLEPIT A/S has been doing business with Conseptors Danish company CNS Group A/S - as operational owner of the four brands - for many years, building a thorough knowledge of these brands and their products. The commercial cooperation has also led to a strong working relationship with Mr. Peter Mazur, CEO of CNS Group A/S based in Kolding, where there are currently 55 full-time employees.

The acquisition will give STYLEPIT A/S access to large volumes of own-label products, a strong private label team and significantly higher gross margins on private label compared to STYLEPIT A/S's current margins. STYLEPIT A/S has high expectations for the margins and the synergies that - as a result of the acquisition - are expected to result in a swift increase in the private label share above 25%. The goal of STYLEPIT A/S is to leverage on the assets and teams to reach a significantly higher percentage of private label with a corresponding improvement of the EBITDA margin.

Conseptors retail business is expected to account for 30% of revenues in 2015 and consists of 37 SOLID stores in Denmark and Norway, including flagship stores in central Copenhagen and CPH Airport. The offline retail activities will allow STYLEPIT A/S to take advantage of new strategic omni-channel opportunities; generating cross-selling between offline stores and online retail. The majority of revenues within the acquired activities consist of wholesale revenues from the four aforementioned brands across Europe. These wholesale activities will be operated as a stand alone business.

Nicolai Kærgaard, chairman of STYLEPIT A/S, said: *"The strategic potential of this merger is huge. We expect to succeed in selling more products with a value chain from own production to the end user, so we see great opportunities to improve our bottom line significantly, while also ensuring a better loyalty."*

Stein Lande, CEO of Conseptor AS and future candidate for the Board of STYLEPIT A/S, said: *"We see great potential in the combination of a strong online presence and a strong private label setup. Conseptor has already seen the advantages of leveraging a high private label share and we see this as a way forward for the industry. We have great expectations for this merger."*

Marc Jeilman, CEO of STYLEPIT A/S, said: *"A merger will lead to a stronger platform and it will strengthen us fundamentally and financially."*

The agreement is conditional and subject to regulatory approvals and due diligence.

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Questions regarding this notice should be addressed to Chairman Nicolai Kærgaard on mobile number +45 26 22 99 11 or CEO Marc Jeilman on mobile number +45 20 35 25 80.

STYLEPIT A/S