

KappAhl

PRESS RELEASE

October 10, 2012



KAPPAHL STRENGTHENS BALANCE SHEET

To strengthen KappAhl's financial position, the Board of KappAhl AB (publ) ("KappAhl") intends to propose a guaranteed new share issue of approximately SEK 375 million with preferential rights for the shareholders. The Board's intention is that the details of the rights issue shall be determined and communicated within two weeks of this press release. The principal owner Dutot Ltd. (representing 16.3 per cent of the capital) has declared its intention to vote for the issue and undertake to subscribe for its share of the issue.

The company has also signed an agreement to sell the property that contains the distribution center and headquarters. Sales are made through the company and with an underlying property value of SEK 490 million. The deal is expected to generate a capital gain of approximately SEK 60 million. Meanwhile, a new 15-year lease has been signed. Completion will take place at the end of November.

The Group had at 31 August 2011 interest-bearing debt of approximately SEK 2,300 million. The above two steps with what is made the past year, the company's interest-bearing liabilities are soon reduced to about SEK 800 million. The measures are made to once again be within the announced objective of the Net Debt/Ebitda not exceeding 3.0 times. The coming debt level correspond broadly the inventory value and thus is assessed to be at a sustainable level in the financial climate that now prevails.

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KappAhl is a leading Nordic fashion chain with more than 380 stores and close to 4 900 co-workers in Sweden, Norway, Finland, Poland and the Czech Republic. KappAhl designs, markets and sells value-for-money fashion and focus in particular on women 30-50 years of age. During the financial year 2011/2012, KappAhl had sales of close to SEK 4.6 billion. KappAhl shares are listed on the NASDAQ OMX Stockholm. In 1999, KappAhl was the first fashion chain to receive environmental management standard certification. Further information is available at www.kappahl.com.

KappAhl AB (publ) discloses the information provided here pursuant to the Securities Market Act and/or the Financial Instruments Trading Act. The information was submitted for publication on October 10, 2012 07.30 CET.