



Stockholm, June 2, 2004

## Wedins strengthens its market position by acquiring Sko City with large stores in strategic locations in Sweden

- Wedins is acquiring the retail operations of Sko City, with nine large stores in Sweden, including its brands, from Carlsson & Åqvist AB effective August 1, 2004
- The acquisition increases Wedins' annual sales by approximately SEK 90 million
- The stores will gradually be converted to the Wedins concept following the takeover
- The acquisition has been financed through a directed share issue to international and Swedish institutional investors according to a previous authorization
- The transactions will contribute positively to earnings per share beginning in the fiscal year 2004/2005 and will increase Wedins' equity/assets ratio to approximately 25 percent pro forma as of February 29, 2004

An extensive action program is under way at Wedins to create a store structure that will improve the company's long-term earning capacity. Wedins is in the process of shifting from small to larger stores with the aim to reduce the break-even point for each store, with the store's size and sales as the determining factors. The transformation of its nationwide store network will now be accelerated through the acquisition of the footwear chain Sko City's stores, giving Wedins nine large stores in prime locations around Sweden and strengthening its position in the Nordic footwear and accessories market.

Sko City is one of Sweden's oldest footwear chains, with well-known brands and well-established stores. The stores are in prime locations in strategic cities in Sweden, with an average of 500 square meters of space per store. The chain's largest store has one of the country's best locations, on the corner of Drottninggatan and Mäster Samuelsgatan in Stockholm.

Sko City's stores, which currently carry a range of shoes in the high-volume segment, will be converted in the next fiscal year to Wedins stores offering a combination of shoes and accessories.

Wedins is the Nordic leader in the shoes and accessories segment, with value, fashion and volume as the keys to its operations. Several important steps have been taken during the year as part of the change process currently being implemented at Wedins. After having previously offered a wide range of brands, the company is now consolidating its stores in the high-volume segment under the Wedins brand name. At the same time it is increasing the number of so-called Basic and Flagship stores, with annual sales of over SEK 6 million and SEK 15 million, respectively. In addition, processes are being introduced to improve efficiency in merchandising, purchasing and logistics, including through a common IT platform being launched this year.

### **Financial effects**

The acquisition is expected to increase Wedins' total sales by SEK 90 million on an annual basis and contribute positively to earnings per share beginning in the next fiscal year (September 2004-August 2005). As a consequence of the acquisition and new share issue, Wedins' equity/assets ratio will improve by approximately 8 percentage points to 25 percent pro forma as of February 29, 2004. The acquisition, which comprises inventory, equipment and leasing contracts, will not give rise to any goodwill. The acquisition, which has now been finalized, is expected to contribute to earnings through the additional sales volume coupled with improved store contributions and, in addition, can be handled within the framework of the current organization.

The takeover of store operations is scheduled for August 1, 2004.

## **Financing**

In connection with the acquisition, a total of 26,830,000 new shares were issued at a price of SEK 1.90 per share, corresponding to a discount of 4.5 percent compared with the closing price on June 1, 2004. Following the new share issue, the total number of shares in Wedins amounts to 239,030,268.

The new issue decided on by the Board of Directors with the support of the authorization of the Annual General Meeting on January 13, 2004, has been placed with a limited number of international and Swedish institutional investors. In connection with the effective date the Company intends to issue another 5,000,000 new shares to the sellers as a portion of the purchase price.

The issue provides the company with proceeds of approximately SEK 50 million before issue expenses. The portion of the new issue not included in the purchase price will be used to convert the acquired stores to the Wedins concept and retain the financial flexibility for further acquisitions in specific store locations.

Carnegie is acting as financial adviser to Wedins in connection with the transaction.

## **Comments**

“We are very pleased by the opportunity to acquire Sko City, which has a solid business with knowledgeable employees and strong roots in the Swedish shoe industry,” said Roland Nilsson, President and CEO of Wedins. “The acquisition gives us higher total sales and a very good range of stores that will help to speed up the transformation of our store structure from small to larger stores. With more average space per store, we will be better able to maintain a high operating margin over the long term.”

“We have played a part in the development of the Swedish footwear industry for many years, but in light of the structural transformation now under way it is time for the family to sell its shoe business and focus on our property management operations in Örebro,” said Björn R:son Åqvist, President and CEO of Sko City. “We feel secure in knowing that the business will be managed by Wedins, a leader in the industry with a long history and a very clear vision for the future.”

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Wedins Skor & Accessoarar AB

The Board of Directors and the President

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*This is a translation from the original Swedish press release.*

## **About Sko City**

Sko City is Sweden's fifth largest shoe retailer, with nine stores in strategic locations. The company was founded in the 1920s and has since then been managed by the same family. Sales in 2003 amounted to approximately SEK 90 million.

## **About Wedins**

Wedins is the Nordic leader in the shoes and accessories segment, with well-known brands and a valuable store network of 206 stores in Sweden, Norway, Denmark and Finland. Wedins' store network currently comprises 123 Wedins Accent stores, 70 Wedins stores including 3 flagship stores, and 13 Rizzo stores. The Wedins share is listed on the Stockholmsbörsen O-list.

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“Wedins offers many people affordable fashion through a range of shoes and accessories.”

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