

# LINDEX GROUP NINE-MONTH REPORT

1 September 2001–31 May 2002

## Increased sales and significantly strengthened margins in a weak market

- In the first nine months of the financial year, Lindex sales increased by 8.3 per cent (14.4) to SEK 3,794M (3,502).
- The gross margin was positively affected by a decrease in price reductions and increased to 55.7 per cent (50.2) during the period.
- For the third quarter, the gross margin increased to 58.1 per cent (52.0). Historically, this is a high level for the period.
- The cash flow from current operations amounted to SEK 539M (-35).
- Profit after financial items amounted to SEK 232M (66) and operating profit increased to SEK 206M (56). For the German operation, SEK 33M (40) was charged to profit in the third quarter.
- Profit after financial items in the Nordic countries increased to SEK 338M (188).
- During the first nine months of the financial year, Lindex opened a total of 11 (19) new stores. Of these, 3 (6) are in Germany.
- During the period, Lindex signed an agreement with Ikanobanken in Sweden and IKANO Finans in Norway to transfer the credit card portfolio for the Lindex Club. As a result of the deal, Lindex will receive a capital contribution of approximately SEK 270M. This is expected to make an impact on the cash flow in the first quarter of the 2002/2003 financial year.

### Telephone conference on 26 June

At 3.15pm CET today, 26 June 2002, a telephone conference will take place in Swedish with the President, Jörgen Johansson, and the Chief Financial Officer, Peter Andersson. Journalists and analysts are invited to take part.

You can participate by telephoning **+44 20 8401 1043** quoting 'Lindex'. Please telephone at least ten minutes before the start of the telephone conference.

The presentation can also be watched on our website: <http://investors.lindex.com>

***The Lindex Group consists of two retail chains: Lindex with 353 stores of which 318 are in the Nordic market and 35 stores in Germany, and Twilfit with 60 stores in Sweden of which 13 are operated as franchise stores. The Group's product areas are Ladies' Wear, Lingerie and Children's Clothing.***

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## Market and demand

Growth in the retail clothing markets in which Lindex operates continued to weaken in the third quarter.

Throughout the period, the same-stores sales trend was on a par with or above the respective market's growth. In Sweden, the market fell by 1.0 per cent whereas Lindex same-stores sales fell by only 0.7 per cent. Lindex thus strengthened its market position and is the market leader for ladies' wear, lingerie and children's clothing in Sweden and for lingerie in Norway.

The Norwegian market reported positive growth whereas the negative trend continued in Germany. In total, the retail clothing and outfit sector's sales in Germany fell by 4.3 per cent during the period.

## Increased sales and significantly strengthened gross margin

During the period September 2001-May 2002, Lindex sales increased by 8.3 per cent (14.4) to SEK 3,794M (3,502). Lindex same-stores sales rose by 1.3 per cent (6.3). New stores generated an increase of 7.0 per cent (8.1). Excluding fluctuations in exchange rates, same-stores sales fell by 2.0 per cent (+3.9). Twilfit increased its sales by 2.9 per cent (0.0).

The gross margin was significantly strengthened during the nine-month period and increased to 55.7 per cent (50.2) and improved in all four markets and within the three business areas. This was partly due to a significantly better balance between product supply and demand and the successful phasing out of inventories. In addition, the logistics costs were substantially reduced.

## Profit after financial items rose to SEK 232M

Profit after financial items rose to SEK 232M (66). Operating profit for the first nine months of the financial year amounted to SEK 206M (56).

The adaptation of costs has been implemented in accordance with the action programme and the effects amount to SEK 70-80M. Development costs for mainly organisational and supply chain projects as well as store concept development were charged to the period as were closing down costs for two stores in Germany and costs for opening eleven new stores. In addition, a number of stores were refurbished which was charged to the profit and loss account as a larger proportion of the investment is written off directly against the profit and loss account. This compared with investment in new stores which, in part, becomes capitalised expenditure.

Profit after financial items for the first nine months of the financial year in the Nordic countries increased to SEK 338M (188). This means that the profit margin in the Nordic countries currently amounts to 9.6 per cent. The net charge (sales minus costs) for the establishment of stores in Germany amounted to SEK 106M (122).

As a significant proportion of the Group's purchases are made in USD or USD-linked currencies, Lindex is exposed to fluctuations in the USD rate. Lindex hedging policy with contracts for a maximum period of six to eight months from date of order reduces the currency risk and thus cushions the effect on the gross profit.

Financial income and expenses amounted to SEK 26M (10). During the period, interest-bearing liabilities averaged SEK 439M (632) and interest expenses amounted to SEK 20M (27).

Profit per share after full tax was SEK 10.00 (2.90).

**Impact of action programme**

The action programme has made an impact in a number of areas and there is still a potential for further improvements.

The implemented measures resulted in considerably reduced inventory levels and a significantly better balance between product supply and demand. This has led to significant improvements in gross margins and cash flow.

The adaptation of costs has been implemented according to plan. The results indicate that the negative cost trend has been broken. In total, the value of the cost savings amounts to SEK 70-80M in the first nine months of the financial year.

The measures have resulted in significantly reduced logistics and handling costs. In addition, the number of jobs at the head office in Alingsås has been cut and the number of hours worked in the store network reduced. The review of other expenses has also meant cost reductions, especially within administrative functions.

The nine stores which are due to be closed within the action programme are expected to be closed before the end of the financial year. The structural costs for the closures were charged to the result of the previous financial year.

The action programme is expected to generate a profit contribution of SEK 100M for the 2001/2002 financial year.

**Developments in Germany**

During the nine-month period, sales in the retail clothing and outfit sector in Germany were substantially lower than in the previous year with a fall of approximately 4.3 per cent. Lindex same-stores sales fell by 8.2 per cent (1.0) during the period. In the third quarter, Lindex sales were on a par with the market.

During the period, Lindex succeeded in limiting the impact on the result of the weak sales trend with a higher gross margin and greater cost effectiveness. The same-stores deficits reduced. In total, four stores achieved break-even with regard to operating profit before depreciation during the period.

In total, net charge for the nine-month period amounted to SEK 106M (122). Net charge for the third quarter amounted to SEK 33M (40).

During the period, the result of the German operation was charged with costs for the closure of two stores and opening costs for three stores.

**11 new Lindex stores and 60 Twilfit stores**

During the first nine months of the financial year, Lindex opened a total of 11 (19) new Lindex stores - two in Sweden, two in Norway, three in Germany and four in Finland. The acquisition of Twilfit meant an addition of 60 stores, of which 13 are franchise stores. Four Lindex stores and one Twilfit store were closed during the nine-month period.

The expansion during the remainder of the financial year will be concentrated on rapidly improving existing stores and the continued integration of Twilfit.

**Twilfit operated as independent store chain**

Lindex operates and develops Twilfit as an independent retail chain, but aims to improve the efficiency of and co-ordination of its purchasing and logistics flows as well as the administrative functions to the Lindex Group's head office in Alingsås. During the period, Twilfit's central warehouse in Stockholm was closed. As previously stated, synergy benefits are expected to amount to SEK 20-25M within a two-year period.

The acquisition is expected to make a negative impact on Lindex profit for the 2001/2002 financial year due to lower sales than anticipated.

## **Taxes**

Paid and deferred taxes amounted to SEK 95M (26) in the first nine months of the financial year. In Sweden, Norway and Finland the tax rate was 28 per cent, in Germany 38 per cent, and in Hong Kong 16 per cent.

Deferred taxes recoverable on accumulated losses in the German company are reported at SEK 101M, which reduced tax on the period's profit by SEK 10M (30).

## **Inventories**

Inventories on 31 May 2002 amounted to SEK 665M compared with SEK 912M on 31 May 2001. This was SEK 247M lower than during the corresponding period in the previous year, representing a fall of 27 per cent.

## **Shorter lead times and more flexible product supply**

Lindex has purchasing offices in Hong Kong, Shanghai, New Delhi, Dhaka, Istanbul and Bucharest. Through the purchasing networks, Lindex is getting closer to the purchasing market and suppliers in the respective country. This means significant opportunities to direct the purchases to the markets that have the best quality, price, speed, and export quota regulations.

A strong local presence also means shorter lead times and increased flexibility in both the production and purchasing processes. This is a prerequisite for ensuring production at the right time. Products are also purchased as close to the season as possible to optimise the accuracy of both collections and product supply.

In addition, Lindex is implementing a new business system which will support the continued improvement programme. The system will largely be implemented during the next financial year.

## **Investments**

The Group's net investment in fixed assets amounted to SEK 219M (185) in the first nine months of the financial year. Most of this related to the acquisition of Twilfit and investment in new stores and refurbishment of stores.

## **Cash flow from current operations SEK 539M**

The improved profit, lower inventory level and reduced expansion rate generated a significant strengthening of the cash flow.

The cash flow from current operations amounted to SEK 539M (-35) and was influenced by the positive profit trend compared with the previous year and reduced inventory levels. The cash flow was also influenced by increased trade debtors which amounted to SEK 376M (338) on 31 May.

Of total trade debtors, the Lindex Club trade debtors amounted to SEK 368M (321). During the period, Lindex signed an agreement with Ikanobanken in Sweden and IKANO Finans in Norway. The agreement means that Lindex will transfer its credit card portfolio for the Lindex Club, which consists of approximately 700,000 credit customers. Through the deal Lindex will receive a capital contribution of approximately SEK 270M which is expected to impact on the cash flow during the first quarter of the 2002/2003 financial year.

Lindex will continue to own the card concept and will still use the card as an important marketing channel in the future.

The cash flow after investment amounted to SEK 344M (-254) in the first nine months of the financial year.

### **Financing and liquidity**

On 31 May 2002, liquid funds amounted to SEK 75M compared with SEK 186M on 31 August 2001.

On 31 May 2002, net borrowing was SEK 287M compared with SEK 540M on 31 August 2001, a fall of SEK 253M. During the same period, the net debt/equity ratio fell from 56.7 per cent to 27.1 per cent and the equity ratio rose to 48.2 per cent compared with 40.1 per cent on 31 August 2001.

### **Personnel**

The number of full-time employees during the latest 12-month period (June 2001 - May 2002) amounted to 2,813 compared with 2,781 during the 2000/2001 financial year. The increase is mainly due to the acquisition of Twilfit and recruitment by the newly-opened Lindex stores.

### **Parent company**

Sales increased by SEK 9M, equivalent to 0.4 per cent, to SEK 2,057M (2,049). Profit after financial items fell to SEK 169M (211). Net investment in fixed assets was made of SEK 145M (66). Profit after tax fell to SEK 81M (150). Net borrowing by the parent company amounted to SEK 178M (523) on 31 May 2002.

### **Future information dates**

Year-end Report 2001/2002 will be published on 17 October 2002.

### **Accounting principles**

This Interim Report has been prepared in accordance with the Swedish Financial Accounting Standards Council's recommendation RR 20 Interim Reporting. The same accounting principles and calculation methods have been applied in this Interim Report as in the latest Annual Report

Alingsås, 26 June 2002  
AB Lindex (publ)  
Board of Directors

## Detailed Audit Report for AB Lindex relating to Interim Report 1 September 2001 – 31 May 2002

In our capacity as Auditors of AB Lindex, we have carried out a review of this Interim Report and in so doing followed the recommendations issued by the Swedish Institute of Authorised Public Accountants, FAR.

A review is considerably restricted compared to an audit.

Nothing has emerged which indicates that the Interim Report does not comply with the requirements stipulated in the Stock Market and Annual Accounts Acts.

26 June 2002

Öhrlings PricewaterhouseCoopers AB

Robert Barnden  
Authorised Public Accountant

Hasse Lundin  
Authorised Public Accountant

### NUMBER OF STORES

	31 August					31 May	
	1997	1998	1999	2000	2001	2001	2002
AB Lindex, Sweden	153	160	170	178	179	179	180
Lindex AS, Norway	65	71	74	81	87	88	88
Lindex Oy, Finland	33	39	43	43	47	47	50
Lindex GmbH, Germany	-	4 <sup>1)</sup>	11 <sup>2)</sup>	27 <sup>3)</sup>	33	33	35
AB Twilfit	-	-	-	-	-	-	60
<b>Total</b>	<b>251</b>	<b>274</b>	<b>298</b>	<b>329</b>	<b>346</b>	<b>347</b>	<b>413</b>
Closures	-	-	3	2	2	1	5

<sup>1)</sup> The first four stores were opened during March – April 1998.

<sup>2)</sup> Equivalent to seven full-year open stores.

<sup>3)</sup> Equivalent to 19 full-year open stores.

## THE LINDEX GROUP'S DEVELOPMENT PROFIT AND LOSS ACCOUNTS

SEK M	9 months 1 September–31 May			Latest 12 months June-May	12 months Sep-Aug
	1999/00	2000/01	2001/02	2001/02	2000/2001
<b>Net sales</b>					
Sales, net	3 061	3 502	3 794	4 998	4 707
Other operating income	20	18	28	36	26
<b>Total operating income</b>	<b>3 081</b>	<b>3 520</b>	<b>3 822</b>	<b>5 034</b>	<b>4 733</b>
<b>Operating expenses</b>					
Goods for resale	-1 419	-1 743	1 679	-2 305	-2 369
<b>Gross profit</b>	<b>1 662</b>	<b>1 777</b>	<b>2 143</b>	<b>2 729</b>	<b>2 364</b>
Other external costs	-709	-823	-941	-1 211	-1 093
Personnel costs	-651	-776	-848	-1 091	-1 019
Depreciation of tangible and intangible fixed assets	-88	-122	-148	-192	-166
<b>Operating profit <sup>1)</sup></b>	<b>214</b>	<b>56</b>	<b>206</b>	<b>235</b>	<b>86</b>
<b>Result of financial investments</b>					
Other interest income and similar profit items	32	37	46	60	50
Interest expenses and similar loss items	-12	-27	-20	-30	-36
<b>Profit after financial items</b>	<b>234</b>	<b>66</b>	<b>232</b>	<b>265</b>	<b>100</b>
<b>Taxes</b>					
Tax on the period's profit <sup>2)</sup>	-71	-26	-95	-108	-39
<b>Net profit for the period</b>	<b>163</b>	<b>40</b>	<b>137</b>	<b>157</b>	<b>60</b>
<b>Profit per share</b>	<b>11.90</b>	<b>2.90</b>	<b>10.00</b>	<b>11.40</b>	<b>4.40</b>
<b>Number of shares</b>	<b>13 750 000</b>	<b>13 750 000</b>	<b>13 750 000</b>	<b>13 750 000</b>	<b>13 750 000</b>

<sup>1)</sup> Operating profit has been charged with one-off structural costs equivalent to

-	-17	-	-22	-39
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<sup>2)</sup> Deferred taxes recoverable on accumulated losses in the German company are reported at SEK 18M for September 1999-May 2000, SEK 30M for September 2000-May 2001, SEK 10M for September 2001-May 2002, SEK 22M for June 2001-May 2002 and SEK 42M for September 2000-August 2001.

## QUARTERLY PROFIT AND LOSS ACCOUNTS

SEK M	1999/00				2000/01				2001/02		
Quarter	Sep- Nov	Dec- Feb	Mar- May	Jun- Aug	Sep- Nov	Dec- Feb	Mar- May	Jun- Aug	Sep- Nov	Dec- Feb	Mar- May
<b>Net sales</b>											
Sales, net	1 019	1 054	988	1 053	1 173	1 193	1 136	1 204	1 288	1 267	1 239
Other operating income	5	8	7	31 <sup>2)</sup>	4	8	6	8	8	10	10
<b>Total operating income</b>	<b>1 024</b>	<b>1 062</b>	<b>995</b>	<b>1 084</b>	<b>1 177</b>	<b>1 201</b>	<b>1 142</b>	<b>1 212</b>	<b>1 296</b>	<b>1 277</b>	<b>1 249</b>
<b>Operating expenses</b>											
Goods for resale	-460	-517	-442	-537	-578	-620	-545	-626	-562	-597	-520
<b>Gross profit</b>	<b>564</b>	<b>545</b>	<b>553</b>	<b>547</b>	<b>599</b>	<b>581</b>	<b>597</b>	<b>586</b>	<b>734</b>	<b>680</b>	<b>729</b>
Other external costs	-250	-210	-248	-214	-286	-253	-284	-270	-313	-292	-336
Personnel costs	-212	-218	-221	-225	-264	-261	-251	-243	-278	-278	-292
Depreciation of tangible and intangible fixed assets	-28	-30	-31	-35	-38	-41	-43	-44	-46	-48	-54
<b>Operating profit <sup>1)</sup></b>	<b>74</b>	<b>87</b>	<b>53</b>	<b>73</b>	<b>11</b>	<b>26</b>	<b>19</b>	<b>30</b>	<b>97</b>	<b>62</b>	<b>47</b>
<b>Result of financial investments</b>											
Other interest income and similar profit items	10	12	10	11	11	13	13	14	15	16	15
Interest expenses and similar loss items	-5	-3	-4	-5	-8	-7	-12	-10	-11	-3	-6
<b>Profit after financial items</b>	<b>79</b>	<b>96</b>	<b>59</b>	<b>79</b>	<b>14</b>	<b>32</b>	<b>20</b>	<b>34</b>	<b>101</b>	<b>75</b>	<b>56</b>
<b>Taxes</b>											
Tax on the period's profit	-25 <sup>3)</sup>	-26 <sup>3)</sup>	-19 <sup>3)</sup>	-22 <sup>3)</sup>	-6 <sup>3)</sup>	-13 <sup>3)</sup>	-7 <sup>3)</sup>	13 <sup>3)</sup>	-35 <sup>3)</sup>	-31	-29
<b>Net profit for the period</b>	<b>54</b>	<b>70</b>	<b>40</b>	<b>57</b>	<b>8</b>	<b>19</b>	<b>13</b>	<b>20</b>	<b>66</b>	<b>44</b>	<b>27</b>

<sup>1)</sup> Operating profit has been charged with one-off structural costs equivalent to

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<sup>2)</sup> Including discounted current value of Lindex's share of Alecta's overconsolidation reserve in the pension scheme by SEK 20M.

<sup>3)</sup> Deferred taxes recoverable on accumulated losses in the German company are reported at SEK 6M for September-November 1999, SEK 5M for December 1999–February 2000, SEK 7M for March-May 2000, SEK 9M for June-August 2000, SEK 9M for September-November 2000, SEK 11M for December 2000–February 2001, SEK 10M for March-May 2001, SEK 12M for June-August 2001 and SEK 10M for September-November 2001, which has reduced' tax on the period's profit' by a corresponding amount. "



## ITEMS WHICH HAVE INFLUENCED THE QUARTERLY ACCOUNTS

SEK M	1999/00				2000/01				2001/02		
Quarter	Sep- Nov	Dec- Feb	Mar- May	Jun- Aug	Sep- Nov	Dec- Feb	Mar- May	Jun- Aug	Sep- Nov	Dec- Feb	Mar- May
<b>Cost charges</b>											
Provision for anticipated liability for synthetic options <sup>1)</sup>	8	-9	3	-3	-	-	-	-	-	-	-
Influence on the profit by Lindex GmbH, Germany	22	24	28	36	37	45	40	49	37	36	33
Discounted current value of Lindex's share of Alecta's overconsolidation reserve in the pension scheme	-	-	-	-20	-	-	-	-	-	-	-
<b>Adjusted profit</b>											
Profit after financial items adjusted for start-up costs in Germany and provision for synthetic options	109	111	90	92	51	77	60	82	138	111	89
<sup>1)</sup> Share price on the last stock market day in the respective period, SEK	243	206	218	200	173	135	139	106	138	188	180

## BALANCE SHEETS

SEK M	31 May			31 August
	2000	2001	2002	2001
Fixed assets <sup>2)</sup>	724	900	1 003	893
Inventories	707	912	665	954
Trade debtors	246	338	376	308
Other current receivables	44	66	76	79
Liquid funds	43	64	75	186
<b>Total assets</b>	<b>1 764</b>	<b>2 280</b>	<b>2 195</b>	<b>2 420</b>
Shareholders' equity <sup>1)</sup>	890	946	1 062	971
Interest-bearing liabilities	273	712	362	726
Operating liabilities and provisions	601	622	771	723
<b>Total equity, provisions and liabilities<sup>3)</sup></b>	<b>1 764</b>	<b>2 280</b>	<b>2 195</b>	<b>2 420</b>
<sup>1)</sup> <b>Change in equity</b>				
Balance brought forward on 1 September	790	956	971	956
Profit after tax	163	40	137	60
Dividend	-55	-69	-41	-69
Translation differences	-8	19	-5	24
<b>Balance carried forward</b>	<b>890</b>	<b>946</b>	<b>1 062</b>	<b>971</b>
<sup>2)</sup> Of which brand names and goodwill which arose in connection with the acquisition by Industri Kapital 1989 and others of AB Lindex on 1 September 1993 and AB Lindex's acquisition of AB Twilfit				
	330	303	326	297
<sup>3)</sup> Current liabilities				
Long-term provisions	603	742	741	864
And liabilities	271	592	362	568

## CASH FLOW ANALYSIS<sup>2)</sup>

SEK M	9 months			Latest	12 months
	1 September-31 May	2001/02	2001/02	Jun-May	Sep-Aug
	1999/00	2000/01	2001/02	2001/02	2000/01
Cash flow from current operations	187	-35	539	693	118
Cash flow from investment operations	-160	-219	-195	-237	-261
<b>Cash flow after investments</b>	<b>27</b>	<b>-254</b>	<b>344</b>	<b>456</b>	<b>-143</b>
Cash flow from financial operations	-131	214	-455	-445	224
<b>The period's cash flow<sup>1)</sup></b>	<b>-104</b>	<b>-40</b>	<b>-111</b>	<b>11</b>	<b>-81</b>
Change in interest-bearing net liability	-33	327	-253	-361	230
<sup>1)</sup> Change in liquid funds					
Liquid funds at the start of the period	147	104	186	64	104
Liquid funds at the period end	43	64	75	75	186

<sup>2)</sup> The cash flow analysis is prepared in line with the direct method in accordance with the Swedish Accounting Standards Council's recommendation RR: 7.

## KEY FIGURES

		9 months 1 September–31 May			Latest 12 months 12 months	
		1999/00	2000/01	2001/02	Jun-May 2001/02	Sep-Aug 2000/01
Sales growth, total	%	14.0	14.4	8.3	7.5	14.4
Same-stores sales growth <sup>1)</sup>	%	5.5	6.3	1.3	2.9	6.7
Same-stores sales growth <sup>2)</sup>	%	7.2	3.9	-2.0	-0.8	3.6
Sales by square metre	SEK	-	-	-	19 550	20 009
Gross margin	%	53.7	50.2	55.7	53.9	49.7
Operating margin	%	7.0	1.6	5.4	4.7	1.8
Profit margin	%	7.6	1.9	6.1	5.3	2.1
Return on equity	%	-	-	-	15.7	6.3
Return on capital employed	%	-	-	-	10.2	8.8
Return on capital employed in operations	%	-	-	-	10.7	6.1
Return on total capital	%	-	-	-	7.0	5.9
Equity ratio	%	50.4	41.5	48.3	48.3	40.1
Net debt/equity ratio	%	25.9	68.5	27.1	27.1	56.7
Interest coverage ratio	times	20.0	3.5	12.8	10.0	3.7
Capital turnover rate	times	-	-	-	2.5	3.1
Inventory turnover rate	times	-	-	-	2.5	2.2
Investments, net	SEK M	141	185	219	295	261
Cash flow after investments <sup>3)</sup>	SEK M	27	-254	344	455	-143
Number of full-time employees		2 590	2 912	2 813	2 813	2 950
Profit per share	SEK	11.90	2.90	10.00	11.50	4.40
Cash flow per share <sup>3)</sup>	SEK	1.90	-18.50	25.00	33.10	-10.40
Equity per share	SEK	64.70	68.80	77.20	77.20	70.60

<sup>1)</sup> Including currency fluctuations.

<sup>2)</sup> Excluding currency fluctuations.

<sup>3)</sup> The comparative figures have been influenced by a change in method for drawing up the cash flow analysis in accordance with the Swedish Financial Accounting Standards Council's recommendation RR: 7.

## Lindex's largest shareholders

Shareholders	Per cent	
	Number of shares	of shares and votes
Orkla ASA	1 483 600	10.8
S E Bs aktiefonder	1 421 676	10.3
Alecta	754 379	5.5
Gamla livförsäkringsbolaget SE	573 900	4.2
Fjärde AP-fonden	559 800	4.1
Chase Manhattan Bank	377 840	2.7
Robur	376 641	2.7
State Street Bank and Trust	363 599	2.6
Handelsbankens Aktie- och Allemansfonder	299 287	2.2
Andra AP-fonden	282 159	2.1
<b>Total</b>	<b>6 492 881</b>	<b>47,2</b>

Source: VPC AB Share Register 31 May 2002.

The largest owners account for 47.2 per cent of Lindex shares. The total number of shares in the company amounts to 13,750,000.

## Ownership distribution

	Per cent of	
	Shares and votes	
	<u>2001-08-31</u>	<u>2002-05-31</u>
Swedish owners	76.1	74.3
Owners resident out side Sweden excluding the USA	21.4	21.4
USA	2.5	4.3
<b>Total</b>	<b>100.0</b>	<b>100.0</b>
<b>Total number of shareholders</b>	<b>14 302</b>	<b>11 424</b>

Source: VPC AB Share Register 31 August 2001 and 31 May 2002.

## Definitions

**Same-stores sales growth, %** - Sales growth in stores which have been opened for more than one year for comparable months.

**Sales by square metre of store space** – Sales during the period divided by average store area (12 months average).

**Store area** - Total area less storage space.

**Gross margin** – Sales during the period less expenditure for sold products as a percentage of sales.

**Operating margin** – Operating profit expressed as a percentage of sales during the period.

**Profit margin** – Profit after financial items as a percentage of sales during the period.

**Break-even** – Income exceeds expenditure with regard to operating profit before depreciation.

**Shareholders' equity** – Restricted and on-restricted equity.

**Average equity** – Total shareholders' equity at the start of the period and period end divided by two.

**Average interest-bearing liabilities** – Interest-bearing liabilities at the end of each month during the financial year divided by number of months.

**Capital employed** – Total assets less non-interest-bearing liabilities.

**Capital employed in operations** – Total assets less liquid funds, other interest-bearing assets and non-interest-bearing liabilities.

**Return on equity** – Profit after full tax expressed as a percentage of average equity.

**Return on capital employed** – Profit after financial items plus financial expenses expressed as a percentage of average capital employed.

**Return on capital employed in operations** – Operating profit expressed as a percentage of average capital employed in operations.

**Return on total capital** – Profit after financial items plus financial expenses expressed as a percentage of average total assets.

**Equity ratio** – Shareholders' equity expressed as a percentage of total assets.

**Net borrowing** – Interest-bearing liabilities less liquid funds.

**Net debt/equity ratio** – Interest-bearing liabilities less liquid funds expressed as a percentage of equity.

**Interest coverage ratio** – Profit after financial items plus financial expenses divided by financial expenses.

**Capital turnover rate** – Sales divided by average capital employed in operations.

**Inventory turnover rate** – Costs for sold products divided by average inventory (12 months average).

**Cash flow after investments** – Cash flow from current operations less cash flow from investment operations.

**Number of full-time employees** – Total number of hours worked during the latest 12-month period divided by normal annual working hours in the respective country.

**Profit per share** – Profit after full tax divided by number of shares.

**Cash flow per share** – Cash flow after investments divided by number of shares.

**Equity per share** - Equity divided by number of shares.

**Share price on the last stock market day in the respective period** – Price paid on the OM Stockholm Exchange.

**P/E-ratio** – Share price on the last stock market day in the respective period divided by profit per share.

**EBIT-multiple** – Market value plus net liabilities divided by operating profit before financial items and taxes.

**Price/Equity** – Share price per share divided by equity per share, both at balance sheet date.

**Yield** – as a percentage of share price at balance sheet date.

**Dividend portion** – Dividend as a percentage of profit per share.

**SCB's Consumer Confidence Indicator (CCI)** - CCI is the average value of the percentages who have answered 'better/positive' less the percentages who have answered 'worse/less positive' (net figures) to questions about Sweden's economy and the households' economy relating to the last and next 12 months, and about current purchases of capital goods.