Lindex's strongest quarter so far

Fourth Quarter 2006/2007 (1 June 2007–31 August 2007)

- The Lindex Group's sales, excluding the closed German operation, increased by 9.9 per cent in total to SEK 1,369M (1,247). Excluding the German operation, same store sales increased by 6.8 per cent. Excluding the currency effect, the increase was 8.4 per cent. Including the German operation, total sales increased by 6.4 per cent to SEK 1,393M (1,309).
- The EBITA result, excluding the German operation, amounted to SEK 204M, equivalent to an EBITA margin of 14.9 per cent. Including Germany, the EBITA result increased to SEK 183M (144), equivalent to an EBITA margin of 13.1 (11.0) per cent.
- Profit after financial items, including the German operation, increased by 25 per cent during the quarter and amounted to SEK 180M (144).
- Profit after tax increased to SEK 123M (104), equivalent to SEK 1.80 (1.50) per share.
- The German operation was closed during the quarter. The total cost for the closure amounted to SEK 91M, of which SEK 1M is charged to the quarter. A provision of SEK 90M was made in the second quarter.
- The operating loss in the German operation amounted to SEK -20M.

1 September 2006–31 August 2007

- The Lindex Group's sales, excluding the closed German operation, increased by 3.1 per cent to SEK 5,084M (4,932). Excluding the German operation, same store sales, excluding the currency effect, increased by 1.8 per cent. Including the German operation, total sales increased by 1.2 per cent to SEK 5,275M (5,212).
- The operating margin amounted to 9.0 (11.5) per cent and the gross margin to 59.2 (59.0) per cent.
- The EBITA result, excluding the closed German operation, amounted to SEK 608M, equivalent to an EBITA margin of 12.0 per cent.
- Profit after tax, including the German operation, amounted to SEK 303M (504), equivalent to SEK 4.40 (7.30) per share.

The CEO comments:

"In Lindex, we are obviously proud that our extensive work throughout the organisation has resulted in Lindex's strongest quarter ever, with a profit in operations amounting to SEK 204 M.
"Our product range, especially in ladies' wear but also in children's clothing, has had the biggest single impact on the results. We have also implemented a culture change in Lindex relating to seasonal change-overs and have succeeded in achieving an excellent fashion range early in the season. This has had a very positive effect on the results and will continue to do so in the future.
"We note with satisfaction that we already report results on a par with our financial target for the 2008/2009 financial year. The gross margin for the full year increased to 59.2 per cent and the EBITA margin for the fourth quarter, excluding Germany, rose to 14.9 per cent.

For further information, please contact:

Göran Bille, President and CEO — Telephone: +46 (0)31-739 50 02, Mobile: +46 (0)703-44 43 04

Peter Andersson, Chief Financial Officer — Telephone: +46 (0)31-739 50 10, Mobile: +46 (0)705-84 44 37

This report is not a full year-end report but is aimed at making it easier for the shareholders to take a decision relating to the public offer of SEK 102 per share from KappAhl. As previously announced, the full year-end report will be published on 2 October.

Sales and gross margin

The Lindex Group's sales for the period June-August 2007, excluding the closed German operation, increased by 9.9 per cent in total to SEK 1,369M (1,247).

Lindex's same store sales, excluding Germany, strengthened in all markets and increased by 6.8 per cent in total. Excluding the currency effect, same store sales rose by 8.4 per cent. Stores opened during the year contributed in the quarter with an increase of 3.3 per cent compared with the previous year. Closed stores affected the comparison negatively by the equivalent of 0.2 per cent.

Sales in the Swedish market continued to develop positively during the fourth quarter and same store sales increased by seven per cent. The operation in the Norwegian market continued its positive trend and same store sales rose by nine per cent during the quarter. Same store sales in Finland also increased by one per cent during the period. Lindex's stores in the Baltic States also continued to report very good increased figures.

Including the German operation, total sales rose by 6.4 per cent to SEK 1,393M (1,309).

The Ladies' Wear business area reported the strongest increase, The Children's Clothing business area and the Cosmetics product area also reported strong growth during the period whilst the development within the Lingerie business area was stable during the quarter.

The gross margin increased compared with the previous year and amounted to 57.5 (56.1) per cent. Excluding the German operation, the gross margin amounted to 58.0 (56.6) per cent for the quarter.

Price reductions increased during the quarter due to slightly larger Sale volumes which affected the gross margin. However, work aimed at improving both the product supply and the product range resulted in a successful seasonal change-over between summer and autumn fashion. The positive reception of the new autumn fashion resulted in increased full-price sales during July and August. This had a positive effect on both gross margin and sales. The comparison between the years is also affected by a positive USD effect amounting to 0.6 percentage points.

The gross margin for the full financial year was on a par with the previous year and amounted to 59.2 (59.0) per cent.

The EBITA result excluding Germany amounted to SEK 204M

Operating profit before financial items, taxes and write-down of brand names and goodwill, if any, EBITA amounted to SEK 204M for the fourth quarter, excluding the German operation. This is the strongest profit in operations that the organisation has performed so far and it is particularly pleasant to conclude that one-off items, negative as well as positive, has only affected the result for the quarter with SEK -2 M in total. The EBITA margin amounted to 14.9 per cent.

The sales increase and the increase in gross margin also resulted in an increase in the gross profit for the quarter. Operating expenses increased during the quarter. The increase is mainly attributable to the increased number of stores and one-off costs of SEK 7M relating to the closure of Lindex's head office in Alingsås.

The operating result in the German operation was charged to the period's profit with SEK -20M.

As of 31 August, the German operation is fully liquidated and all stores are closed. The total closure cost amounted to SEK 91M, of which SEK 1M was charged to the fourth quarter. A provision of SEK 90M was made and communicated during the second quarter.

Including the German operation, profit after financial items for the fourth quarter rose to SEK 180M (144), an increase of 25 per cent. Operating profit increased to SEK 183M (144). The operating margin strengthened and amounted to 13.1 (11.0) per cent.

Profit per share after tax amounted to SEK 1.80 (1.50) per share.

Operating profit for the full financial year amounted to SEK 475M (598) and profit after financial items to SEK 461M (600).

Store network

During the fourth quarter of the financial year, The Lindex Group opened 0 (2) new stores. 19 (2) stores were closed during the quarter, 18 stores in Germany and one store in Sweden.

During the full financial year, Lindex opened a total of 16 (23) new stores and closed 25 (6) stores.

Lindex will open its first store in the Czech Republic on 20 September 2007.

Taxes

Deferred and paid taxes amounted to SEK -57M (-40) for the fourth quarter of the financial year. The tax rate for the Group thus amounted to 32 per cent.

Inventories

Inventories on 31 August 2007 amounted to SEK 739M (724). The annual turnover rate amounted to 2.9 (3.1).

Dividend

The Board of Directors has proposed the shareholders are allocated SEK 44 per share through a public recap. This will be decided at an Extraordinary General Meeting 26 September 2007.

Financial targets

The Lindex Group aims to achieve the following targets by August 2009:

- A sustainable EBITA margin of 14-15 per cent.
- A sustainable gross margin of 59-60 per cent.

An annual growth (in sales) of 6-9 percent over the next two years.

Future events

Extraordinary General Meeting in Göteborg	26 September 2007
Completely Year-End Report for the 2006/2007 financial year	2 October 2007
Annual Meeting of shareholders 2006/2007 in Göteborg	18 December 2007
Interim report for the first quarter of 2007/2008	18 December 2007

Göteborg, 14 September 2007

AB Lindex (publ)
Board of Directors

The Lindex Group's development

Number of stores

	31 August					
	2002	**2003**	**2004**	**2005**	**2006**	**2007**
Lindex, Sweden	179	179	181	181	188	193
Lindex, Norway	88	87	86	84	86	87
Lindex, Finland	48	47	47	45	48	51
Lindex, Estonia	-	-	1	1	2	3
Lindex, Latvia	-	-	-	-	3	6
Lindex, Lithuania	-	-	-	-	-	1
Lindex, Germany	33	30	25	22	23	-
AB Twilfit, Sweden	58	58	58	55	-	-
Total	**406**	**401**	**398**	**388**	**350**	**341**
Closures	14	9	11	14	6	25

Income statements, including Germany

SEK M	1 September–31 August 2005/06	2006/07
Net sales		
Sales, net	5 212	5 275
Other operating income	68	62
Total operating income	**5 280**	**5 337**
Operating expenses		
Goods for resale	-2 137	-2 154
Gross profit	**3 143**	**3 183**
Other external costs	-1 250	-1 336
Personnel costs	-1 154	-1 204
Depreciation and write-down of tangible and intangible fixed assets	-141	-168
Operating profit	**598**	**475**[1)]
Result of financial investments		
Financial income	4	0
Financial expenses	-2	-14
Profit after financial items	**600**	**461**
Taxes[4)]		
Tax on the year's profit	-96[2)]	-158
Net profit for the year	**504**	**303**
Profit per share after split and redemption, SEK	7.30	4.40[3)]
Profit per share before split and redemption, SEK	36.70	22.10
Number of shares after split and redemption	68 750 000	68 750 000
Number of shares before split and redemption	13 750 000	13 750 000

1) A provision totalling SEK 91M has been charged to the period's profit related to estimated closure costs for Lindex's German operation.

2) Revaluation of tax assets. 76 -

3) Option schemes issued by Lindex comprise a maximum of 2,250,000 shares. Allocation of options has not yet been made and the scheme has not had any effect on the accounting records. This means that no dilution effect exists.

4) Ongoing tax cases relating to transfers of value to Germany have not affected the period's profit. Previously, a total of approximately SEK 200M has been taken up as income relating to these cases. Lindex has made a claim for a tax deduction of an additional approximately SEK 300M, which has not affected the Group's profit.

Quarterly income statements, including Germany

SEK M	2005/06				2006/07			
	Sep-Nov	**Dec-Feb**	**Mar-May**	**Jun-Aug**	**Sep-Nov**	**Dec-Feb**	**Mar-May**	**Jun-Aug**
Net sales								
Sales, net	1 307	1 274	1 322	1 309	1 289	1 265	1 328	1 393
Other operating income	18	18	16	16	14	18	15	15
Total operating income	**1 325**	**1 292**	**1 338**	**1 325**	**1 303**	**1 283**	**1 343**	**1 408**
Operating expenses								
Goods for resale	-516	-527	-520	-574	-515	-525	-522	-592
Gross profit	**809**	**765**	**818**	**751**	**788**	**758**	**821**	**816**
Other external costs	-321	-293	-339	-297	-319	-371	-338	-308
Personnel costs	-292	-289	-298	-275	-302	-310	-303	-289
Depreciation and write-down of tangible and intangible fixed assets	-36	-35	-35	-35	-35	-60	-37	-36
Operating profit	**160**	**148**	**146**	**144**	**132**	**17[2)]**	**143**	**183[2)]**
Result of financial investments								
Financial income	1	3	0	0	0	0	0	0
Financial expenses	-1	0	-1	0	-2	-4	-5	-3
Profit after financial items	**160**	**151**	**145**	**144**	**130**	**13**	**138**	**180**
Taxes								
Tax on the period's profit	28[1)]	-46	-38	-40	-33	-30	-38	-57
Net profit for the period	**188**	**105**	**107**	**104**	**97**	**-17**	**100**	**123**
[1)] Revaluation of tax assets	76	-	-	-	-	-	-	-
[2)] Provisions have been charged to the period's profit relating to estimated closure costs for Lindex's German operation.	-	-	-	-	-	90	-	1

Balance sheets, including Germany

	31 August	
SEK M	**2006**	**2007**
Intangible fixed assets[1, 2)]	339	344
Tangible fixed assets[2)]	263	335
Financial fixed assets	50	51
Inventories	724	739
Trade debtors	10	14
Other current receivables	110	122
Liquid funds	107	210
Total assets	**1 603**	**1 815**
Equity pertaining to the parent company's shareholders	667	617
Long-term liabilities and long-term provisions	59	64
Current liabilities and current provisions	877	1 134
Total equity, provisions and liabilities[3)]	**1 603**	**1 815**
[1)] Of which goodwill	72	72
[2)] Reclassification of capitalised development expenditure for computer programs from tangible to intangible fixed assets	110	-
[3)] Of which interest-bearing liabilities	150	372