

## Growth and profitability remain at high levels



### Third quarter, July 1 – September 30, 2007

- Brand sales\* increased by 60 percent to SEK 657 million (409).
- The Group's net sales rose by 59 percent to SEK 148.6 million (93.4).
- The gross profit margin was 54.6 percent (46.9).
- Operating profit rose by 105 percent to SEK 49.2 million (24.0).
- Profit after tax increased by 104 percent to SEK 35.2 million (17.3).
- Earnings per share increased by 89 percent to SEK 1.42 (0.75). Calculated after dilution, earnings per share amounted to SEK 1.41 (0.74).
- Decision to establish operations in the U.S.
- Distribution agreement signed for the Björn Borg brand in Spain.

### Nine-month period, January 1 – September 30, 2007

- Brand sales\* increased by 72 percent to SEK 1,584 million (920).
- The Group's net sales rose by 64 percent to SEK 355.1 million (216.0).
- The gross profit margin was 53.4 percent (49.6).
- Operating profit rose by 113 percent to SEK 99.8 million (46.9).
- Profit after tax increased by 110 percent to SEK 71.8 million (34.2).
- Earnings per share increased by 98 percent to SEK 2.96 (1.49). Calculated after dilution, earnings per share amounted to SEK 2.92 (1.48).

### Comment from the President

"On a rolling annual basis, brand sales have now passed SEK 2 billion, a fantastic milestone for us. Though it has mainly been our established markets that have contributed so far, we are continuing our geographic expansion, now with an agreement in Spain and the decision to establish operations in the U.S.," says Nils Vinberg, President of Björn Borg.

| SEK million                               | July-Sept<br>2007 | July-Sept<br>2006 | Jan-Sept<br>2007 | Jan-Sept<br>2006 | Oct 2006–<br>Sept 2007 | Full-year<br>2006 |
|---|-------------------|-------------------|------------------|------------------|------------------------|-------------------|
| Brand sales                               | 657               | 409               | 1,584            | 920              | 2,067                  | 1,404             |
| Net sales                                 | 148.6             | 93.4              | 355.1            | 216.0            | 463.6                  | 324.6             |
| Gross profit margin, %                    | 54.6              | 46.9              | 53.4             | 49.6             | 53.3                   | 50.7              |
| Operating profit                          | 49.2              | 24.0              | 99.8             | 46.9             | 134.8                  | 81.9              |
| Operating margin, %                       | 33.1              | 25.7              | 28.1             | 21.7             | 29.1                   | 25.2              |
| Profit after tax                          | 35.2              | 17.3              | 71.8             | 34.2             | 96.1                   | 58.5              |
| Earnings per share, SEK**                 | 1.42              | 0.75              | 2.96             | 1.49             | 3.95                   | 2.55              |
| Earnings per share after dilution, SEK*** | 1.41              | 0.74              | 2.92             | 1.48             | 3.92                   | 2.53              |

\*Estimated total sales of Björn Borg products at the consumer level, including VAT, based on reported wholesale sales

\*\* Earnings per share in relation to the weighted average number of shares during the period restated after the split on April 27, 2007.

\*\*\* Earnings per share adjusted for any dilution effect after the split on April 27, 2007.

## President's comment

We have completed another strong quarter, with solid growth and profitability we can be proud of. The fact that all our established markets continue to grow with fantastic numbers is extremely gratifying, though we realize that new markets will eventually assume the role of our growth engine.

Björn Borg is now taking another step in its development through the Board of Directors' decision to launch a small-scale introduction in the U.S. We see a launch in the U.S. market as important to our further expansion, at the same time that we respect that it is a demanding market with razor-sharp competition. It will be an exciting and tough challenge for us to take on. The distribution agreement in Spain is another important step that gives us a foothold in a major southern European market.

In the key British market, we saw positive development during the quarter in terms of both new retailers and sales. The brand has been added at several important retailers. During the fall, for example, Björn Borg departments were opened at the prestigious department store Harvey Nichols. Germany is having a tougher time, and we are evaluating how we can further develop operations there. In France, one of our new markets during the second quarter, the brand was introduced at Citeadum in central Paris, and received a positive response. In Australia and Austria, distributors have quickly launched operations, and product will reach the retail level during the fourth quarter.

In October we launched Björn Borg's new website, which we see as a critical channel in our brand building and communication with target audiences. The website also launched Björn Borg's webshop, which will initially sell underwear.

We now look forward to an exciting conclusion to the year, with holiday sales we hope will meet our expectations. There is an very positive attitude in the company and the entire Björn Borg network, and we have set our sights high. At the same time we are humbled by the task ahead as we continue to grow. The strong growth of recent years gives us increasingly tougher comparative figures to match.

Nils Vinberg  
President

## Operations

### Brand sales

Estimated brand sales, i.e., sales of Björn Borg products at the consumer level including VAT based on reported wholesale sales, amounted to SEK 657 million (409) during the third quarter, an increase of 60 percent year-to-year. During the first nine months estimated brand sales amounted to SEK 1,584 million (920). On a rolling 12-month basis, brand sales amounted to SEK 2,067 million.

Growth for the clothing product area was 70 percent during the quarter compared with the same quarter of the previous year. Sales in the footwear product area were at an unchanged level year-to-year. The external product areas bags, eyewear and fragrances also noted strong growth in the third quarter, with the bags standing out thanks to year-to-year growth of 81 percent.

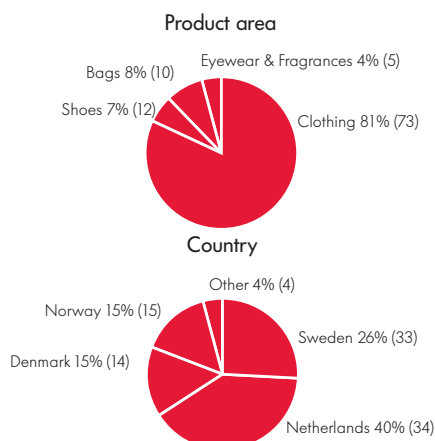
Growth is being generated almost entirely in established markets, with the Netherlands, Denmark and Norway growing the fastest. Sweden also had strong sales during the quarter.

### New markets

The Board of Directors has decided to launch the Björn Borg brand in the U.S. A separate subsidiary will be formed in the fourth quarter to evaluate opportunities to establish the business and determine the best way to build it, either by having the Company represent itself or through an outside distributor as in other markets outside Sweden. One employee has been hired to begin this work, initially from Sweden and then from New York. Björn Borg has also signed an agreement with a distributor to launch the brand in Spain. Sales to retailers are expected to begin in the first quarter 2008.

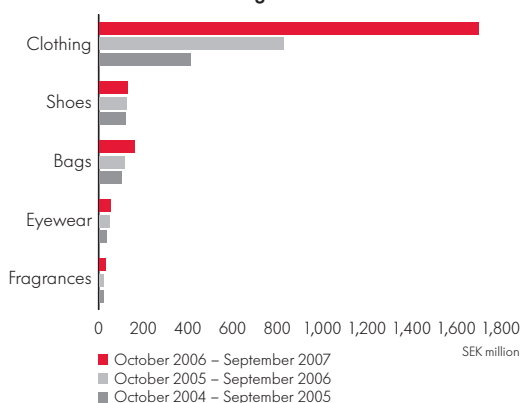
In France, the brand has been introduced and several retailers are ready to begin sales in the fourth quarter. In Australia, the brand will be launched at the department store chain David Jones in November. Operations have also been launched in Austria, and Björn Borg products will be sold in a limited number of stores for the holiday season.

**Brand sales\* of Björn Borg products**  
January-September 2007. Total SEK 1,584 million (920)



\*Estimated total sales of Björn Borg products at the consumer level, including VAT, based on reported wholesale sales.

**Brand sales\* rolling 12 months**

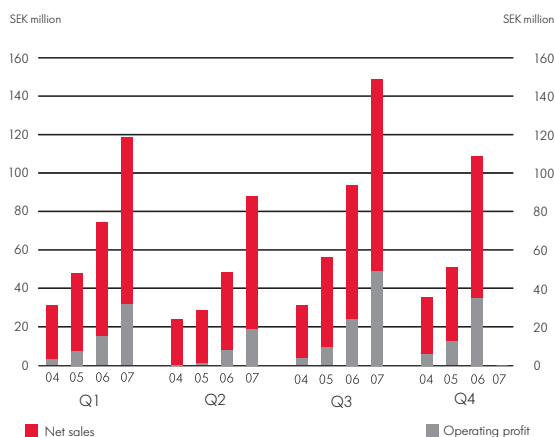


### Concept stores

During the third quarter Björn Borg opened a new concept store on Götgatan in Stockholm. Further, the Dutch franchisee opened two concept stores and the Finnish distributor opened one. At the end of the period there were 33 (21) concept stores, of which 10 (7) are Group-owned. The Dutch franchisee plans to open two more new stores during the fourth quarter.

### The Group's development

The Group developed very positively during the third quarter, with continued sales growth and a strong earnings improvement.



### Sales

#### Third quarter, July–September 2007

Group sales during the third quarter amounted to SEK 148.6 million (93.4), an increase of 59 percent mainly due to continued strong sales growth in all business segments.

#### Nine-month period, January–September 2007

Group sales during the period amounted to SEK 355.1 million (216.0), an increase of 64 percent.

### Profit

#### Third quarter, July–September 2007

The gross profit margin in the third quarter increased to 54.6 percent (46.9), mainly owing to the acquisition of the trademark, though also as a result of the weak U.S. dollar. On a rolling 12-month basis the gross profit margin was 53.3 percent.

Operating profit amounted to SEK 49.2 million (24.0), with an operating margin of 33.1 percent (25.7). Profit before tax improved to SEK 48.9 million (24.0) during the third quarter. The improvement is mainly due to substantially higher sales in Sweden and internationally as well as a stronger gross profit margin.

#### Nine-month period, January–September 2007

The gross profit margin during the period increased to 53.4 percent (49.6), largely due to the acquisition of the Björn Borg trademark, though also as a result of the weak U.S. dollar.

Operating profit amounted to SEK 99.8 million (46.9), with an operating margin of 28.1 percent (21.7). Profit before tax improved to SEK 99.5 million (47.3) during the period.

Operating expenses decreased as a share of sales to 25.3 percent, against 27.9 percent in the same period of 2006.

The number of shares outstanding at the end of the period was 24,743,984. Earnings per share amounted to SEK 2.96 (1.49) for the period January–September. Earnings per share calculated after the exercise of outstanding warrants amounted to SEK 2.92 (1.48).

### Development by business segment

The Group comprises a number of companies that operate under the Björn Borg brand on every level, from product development to distribution and consumer sales in its own concept stores.

### Brand and other

Sales in the Brand segment primarily consist of royalty revenue, sales of services within the Björn Borg network and intra-Group services.

Net sales for the nine-month period reached SEK 82.0 million (54.5), an increase of 50 percent.

Operating profit amounted to SEK 26.9 million (11.7) for the nine-month period. Profit has improved mainly as a result of the strong sales trend in the network, though also from the acquisition of the Björn Borg trademark.

### Product development

The Group has global responsibility for development, design and production of clothing and footwear. A licensee for clothing operates in the Benelux market.

The segment's net sales amounted to SEK 214.2 million (130.7) during the nine-month period, an increase of 64 percent.

The main reason for the significant growth is the substantial increase in exports in the clothing product area. The Netherlands, Denmark and Norway are the markets that have grown the most. Sweden also reported strong growth.

Operating profit rose to SEK 34.0 million (15.4) owing to the volume increase.

### Distribution

The Björn Borg Group is the exclusive distributor in the clothing product area as well as the shoe product area in the Swedish market.

Net sales in the Distribution segment rose to SEK 133.2 million (89.9) during the nine-month period, or by 48 percent. Growth is mainly due to substantially higher sales in the clothing product area.

Operating profit rose to SEK 29.0 million (11.8), mainly due to higher sales, though also to an improved margin in the footwear product area.

### Retail

The Björn Borg Group owns and operates eight concept stores in the Swedish market that sell clothing, shoes, bags and fragrances. Moreover, Björn Borg operates two factory outlets.

Net sales in the Retail segment amounted to SEK 41.2 million (26.9) during the nine-month period, an increase of 53 percent. The increase for comparable stores was 17 percent.

Operating profit amounted to SEK 9.9 million (8.0).

### Intra-Group sales

Intra-Group sales amounted to SEK 115.6 million (86.1) during the nine-month period.

### Seasonal variations

The Björn Borg Group is active in an industry with seasonal variations. Sales and earnings vary by quarter. With the current product mix, the second quarter is generally the weakest in terms of profit. See the figure on quarterly net sales and operating profit on page 3.

### Investments and cash flow

Cash flow from operating activities in the Group amounted to SEK 46.2 million (31.3) for the nine-month period. The changes in working capital are mainly attributable to an increase in accounts receivable resulting from strong growth.

Total investments in tangible and intangible non-current assets amounted to SEK 13.8 million (3.7) during the period, the large part of which is attributable to the construction and renovation of concept stores as well as a new headquarters in Stockholm.

Changes in financing activities are mainly due to new share issues, the dividend and the repayment of loans. The increase in cash & cash equivalents amounted to SEK 75.4 million (22.7) for the nine-month period.

### Financial position and liquidity

The Björn Borg Group's cash & cash equivalents (net cash balance) amounted to SEK 135.0 million (80.8) at the end of the period. In addition, the Group has unutilized bank overdraft facilities of SEK 132.5 million. The equity/assets ratio was 65.0 percent (65.0).

### Commitments and contingent liabilities

Due to the repayment of loans, pledged assets have decreased by the equivalent of SEK 60.2 million compared with December 31, 2006. For further information, see note 24 on page 47 of the annual report 2006.

### Personnel

The average number of employees in the Group during the nine-month period was 72 (49), of whom 44 are women.

### Events after the balance sheet date

There are no significant events to report following the balance sheet date.

### Annual general meeting

The Annual General Meeting of Björn Borg will be held in Stockholm on Monday, 10 April 2008.

### Parent Company

Björn Borg AB (publ) is primarily engaged in intra-Group activities. In addition, the Company owns 100 percent of the shares in Björn Borg Brands AB and Björn Borg Footwear Holding AB.

The Parent Company's net sales for the third quarter 2007 amounted to SEK 10.2 million (8.5) and largely related to intra-Group activities. During the nine-month period the Parent Company's net sales amounted to SEK 22.1 million (18.2). Profit before tax amounted to SEK -3.7 million (0) for the third quarter and SEK -16.2 million (-5.2) for the nine-month period.

Cash & cash equivalents amounted to SEK 12.1 million (0.9). During the nine-month period investments in tangible and intangible non-current assets amounted to SEK 6.1 million (0.3) and largely related to the renovation of new office space.

### Significant risks and uncertainties

In its operations, the Björn Borg Group is exposed to risks and uncertainties, which are described in the listing prospectus for the Björn Borg share on the OMX Nordic Exchange dated April 23, 2007. For further information, refer to pages 4-5 in the prospectus (available in Swedish only). No additional risk factors besides those described there are anticipated for the remainder of 2007.

### Transactions with related parties

During the year transactions have been completed on market terms with the former associated company Anteros Lagerhantering AB as well as Klockaren Fastighetsförvaltning i Varberg AB. For more detailed information, see note 11 on page 42 of the annual report 2006.

### Accounting principles

This interim report has been prepared in accordance with the Annual Accounts Act and IAS 34. The accounting principles applied during the period are the same as in 2006, which are described on pages 35-38 of the annual report. The interim report is abbreviated and does not contain all the information and disclosures in the annual report. The interim report should therefore be read together with the annual report 2006.

### Outlook 2007

It is not the Company's policy to issue earnings forecasts.

### Audit report

This interim report has been reviewed by the Company's auditors. Their review report can be found on page 9.



# Income statement

## The Group in summary

| SEK thousands   | July-Sept<br>2007 | July-Sept<br>2006 | Jan-Sept<br>2007 | Jan-Sept<br>2006 | Oct 2006–<br>sept 2007 | Full-year<br>2006 |
|---|-------------------|-------------------|------------------|------------------|------------------------|-------------------|
| <b>Net sales</b>  | <b>148,597</b>    | <b>93,442</b>     | <b>355,091</b>   | <b>216,018</b>   | <b>463,627</b>         | <b>324,555</b>    |
| Cost of goods sold  | -67,522           | -49,579           | -165,314         | -108,832         | -216,550               | -160,068          |
| <b>Gross profit</b>   | <b>81,075</b>     | <b>43,863</b>     | <b>189,777</b>   | <b>107,186</b>   | <b>247,077</b>         | <b>164,487</b>    |
| Distribution expenses                                       | -21,311           | -12,674           | -58,484          | -38,087          | -72,422                | -52,024           |
| Administrative expenses                                     | -7,813            | -5,145            | -23,329          | -15,975          | -29,742                | -22,388           |
| Development expenses  | -2,712            | -2,052            | -8,147           | -6,254           | -10,104                | -8,211            |
| <b>Operating profit</b>                                     | <b>49,239</b>     | <b>23,992</b>     | <b>99,817</b>    | <b>46,870</b>    | <b>134,809</b>         | <b>81,864</b>     |
| Net financial items   | -318              | 18                | -309             | 383              | -1,156                 | -464              |
| <b>Profit before tax</b>                                    | <b>48,921</b>     | <b>24,010</b>     | <b>99,508</b>    | <b>47,253</b>    | <b>133,653</b>         | <b>81,400</b>     |
| Tax   | -13,698           | -6,723            | -27,750          | -13,063          | -37,602                | -22,915           |
| <b>Profit for the period</b>                                | <b>35,223</b>     | <b>17,287</b>     | <b>71,758</b>    | <b>34,190</b>    | <b>96,051</b>          | <b>58,485</b>     |
| <b>Profit attributable to minority interests</b>            | <b>-</b>          | <b>-</b>          | <b>-</b>         | <b>-</b>         | <b>-</b>               | <b>-</b>          |
| <b>Profit attributable to Parent Company's shareholders</b> | <b>35,223</b>     | <b>17,287</b>     | <b>71,758</b>    | <b>34,190</b>    | <b>96,051</b>          | <b>58,485</b>     |
|   |                   |                   |                  |                  |                        |                   |
| Earnings per share, SEK                                     | 1.42              | 0.75              | 2.96             | 1.49             | 3.95                   | 2.55              |
| Earnings per share after dilution, SEK                      | 1.41              | 0.74              | 2.92             | 1.48             | 3.92                   | 2.53              |
| Number of shares  | 24,743,984        | 22,959,776        | 24,743,984       | 22,959,776       | 24,743,984             | 23,207,376        |
| Weighted average number of shares                           | 24,743,984        | 22,959,776        | 24,261,716       | 22,924,664       | 24,291,128             | 22,954,076        |
| Effect of dilution  | 309,114           | 418,496           | 300,526          | 226,304          | 210,334                | 127,524           |
| Weighted average number of shares after full dilution       | 25,053,098        | 23,378,272        | 24,562,242       | 23,150,968       | 24,501,462             | 23,081,600        |

\* Björn Borg has three outstanding incentive programs based on warrants in Björn Borg AB; option schemes 2005, 2006:1 and 2006:2.  
For more detailed information, see page 41 of the annual report 2006.

# Balance sheet

## The Group in summary

| SEK thousands                       | Sept 30<br>2007 | Sept 30<br>2006 | December 31<br>2006 |
|-------------------------------------|-----------------|-----------------|---------------------|
| <b>Non-current assets</b>           |                 |                 |                     |
| Goodwill                            | 13,944          | 13,944          | 13,944              |
| Trademarks                          | 187,532         | -               | 187,532             |
| Other intangible assets             | 1,004           | 1,000           | 950                 |
| Tangible non-current assets         | 17,169          | 3,898           | 6,331               |
| Financial non-current assets        | -               | 45              | 45                  |
| <b>Total non-current assets</b>     | <b>219,649</b>  | <b>18,887</b>   | <b>208,802</b>      |
|                                     |                 |                 |                     |
| <b>Current assets</b>               |                 |                 |                     |
| Inventories                         | 24,492          | 21,117          | 22,036              |
| Current receivables                 | 86,843          | 51,763          | 58,194              |
| Cash & cash equivalents             | 134,974         | 80,796          | 59,544              |
| <b>Total current assets</b>         | <b>246,309</b>  | <b>153,676</b>  | <b>139,774</b>      |
|                                     |                 |                 |                     |
| <b>Total assets</b>                 | <b>465,958</b>  | <b>172,563</b>  | <b>348,576</b>      |
|                                     |                 |                 |                     |
| <b>Equity and liabilities</b>       |                 |                 |                     |
| Equity                              | 302,903         | 112,111         | 138,054             |
| Non-current liabilities             | 68,274          | 1,597           | 112,606             |
| Accounts payable                    | 27,516          | 18,189          | 20,691              |
| Short-term provisions               | -               | 2,900           | 2,900               |
| Other current liabilities           | 67,265          | 37,766          | 74,325              |
|                                     |                 |                 |                     |
| <b>Total equity and liabilities</b> | <b>465,958</b>  | <b>172,563</b>  | <b>348,576</b>      |

# Change in equity

## The Group in summary

| SEK thousands               | Jan-Sept<br>2007 | Jan-Sept<br>2006 | Full-year<br>2006 |
|-----------------------------|------------------|------------------|-------------------|
| Opening balance             | 138,054          | 82,851           | 82,851            |
| Incentive programs          | 12,737           | 1,804            | 1,804             |
| New share issue             | 98,500           | 421              | 2,069             |
| Dividend                    | -18,241          | -7,155           | -7,155            |
| Minority interest in equity | 95               | -                | -                 |
| Profit for the period       | 71,758           | 34,190           | 58,485            |
| Closing balance             | 302,903          | 112,111          | 138,054           |

# Cash flow statement

## The Group in summary

| SEK thousands                                       | July-Sept<br>2007 | July-Sept<br>2006 | Jan-Sept<br>2007 | Jan-Sept<br>2006 | Full-year<br>2006 |
|---|-------------------|-------------------|------------------|------------------|-------------------|
| <b>Cash flow from operating activities</b>          |                   |                   |                  |                  |                   |
| Before change in working capital                    | 52,578            | 24,029            | 88,211           | 43,306           | 83,192            |
| Change in working capital                           | -30,267           | -1,969            | -41,974          | -11,996          | -14,689           |
| <b>Cash flow from operating activities</b>          | <b>22,311</b>     | <b>22,060</b>     | <b>46,237</b>    | <b>31,310</b>    | <b>68,503</b>     |
| <b>Cash flow from investing activities</b>          | <b>-6,914</b>     | <b>-3,156</b>     | <b>-13,804</b>   | <b>-3,665</b>    | <b>-113,758</b>   |
| Dividend  | -                 | -                 | -18,241          | -7,155           | -7,155            |
| Incentive programs/new share issue                  | -                 | -                 | -111,238         | 2,226            | 3,874             |
| Change in loans                                     | -                 | -                 | -50,000          | -                | 50,000            |
| <b>Cash flow from financing activities</b>          | <b>-</b>          | <b>-</b>          | <b>42,996</b>    | <b>-4,929</b>    | <b>46,719</b>     |
| <b>Cash flow for the period</b>                     | <b>15,397</b>     | <b>18,904</b>     | <b>75,430</b>    | <b>22,716</b>    | <b>1,464</b>      |
| Cash & cash equivalents at beginning of period      | 119,577           | 61,892            | 59,544           | 58,080           | 58,080            |
| <b>Cash &amp; cash equivalents at end of period</b> | <b>134,974</b>    | <b>80,796</b>     | <b>134,974</b>   | <b>80,796</b>    | <b>59,544</b>     |

# Key figures

## Group

| SEK thousands                                    | July-Sept<br>2007 | July-Sept<br>2006 | Jan-Sept<br>2007 | Jan-Sept<br>2006 | Oct 2006–<br>sept 2007 | Full-year<br>2006 |
|--|-------------------|-------------------|------------------|------------------|------------------------|-------------------|
| Gross profit margin, %                           | 54.6              | 46.9              | 53.4             | 49.6             | 53.3                   | 50.7              |
| Operating margin, %                              | 33.1              | 25.7              | 28.1             | 21.7             | 29.1                   | 25.2              |
| Profit margin, %                                 | 32.9              | 25.7              | 28.0             | 21.9             | 28.8                   | 25.1              |
| Return on capital employed, %                    | 15.1              | 21.6              | 31.1             | 42.5             | 52.7                   | 45.0              |
| Return on average equity, %                      | 16.0              | 17.7              | 65.0             | 35.1             | 46.3                   | 53.0              |
| Net profit for the period                        | 35,223            | 17,287            | 71,758           | 34,190           | 96,053                 | 58,485            |
| Earnings per share, SEK*                         | 1.42              | 0.75              | 2.96             | 1.49             | 3.95                   | 2.55              |
| Earnings per share after dilution, SEK**         | 1.41              | 0.74              | 2.92             | 1.48             | 3.92                   | 2.53              |
| Numbers of shares                                | 24,743,984        | 22,959,776        | 24,743,984       | 22,959,776       | 24,743,984             | 23,207,376        |
| Weighted average number of shares**              | 24,743,984        | 22,959,776        | 24,261,716       | 22,924,664       | 24,291,128             | 22,954,076        |
| Effect of dilution                               | 309,114           | 418,496           | 300,526          | 226,304          | 210,334                | 127,524           |
| Weighted average number of shares after dilution | 25,053,098        | 23,378,272        | 24,562,242       | 23,150,968       | 24,501,462             | 23,081,600        |
| Equity/assets ratio, %                           | 65.0              | 65.0              | 65.0             | 65.0             | 65.0                   | 39.6              |
| Equity per share, SEK                            | 12.24             | 4.88              | 12.24            | 4.88             | 12.24                  | 5.95              |
| Investments in intangible assets                 | -                 | 1,000             | 225              | 1,000            | 187,756                | 188,531           |
| Investments in tangible assets                   | 6,914             | 2,156             | 13,534           | 2,665            | 16,411                 | 5,542             |
| Depreciation for the period                      | -1,262            | -281              | -2,790           | -835             | -3,285                 | -1,329            |
| Average number of employees                      | 72                | 49                | 72               | 49               | 75                     | 52                |

\* Earnings per share in relation to the weighted average number of shares during the period restated after the split on April 27, 2007.

\*\* Earnings per share adjusted for any dilution effect after the split on April 27, 2007.



# Summary by segment

## Group

| SEK thousands              | July-Sept<br>2007 | July-Sept<br>2006 | Jan-Sept<br>2007 | Jan-Sept<br>2006 | Oct 2006–<br>sept 2007 | Full-year<br>2006 |
|----------------------------|-------------------|-------------------|------------------|------------------|------------------------|-------------------|
| <b>Net sales</b>           |                   |                   |                  |                  |                        |                   |
| <b>Brand and other</b>     |                   |                   |                  |                  |                        |                   |
| External sales             | 14,604            | 9,655             | 37,312           | 20,730           | 43,256                 | 26,673            |
| Internal sales             | 19,671            | 14,934            | 44,703           | 33,804           | 63,503                 | 52,604            |
|                            | <b>34,275</b>     | <b>24,589</b>     | <b>82,015</b>    | <b>54,534</b>    | <b>106,759</b>         | <b>79,277</b>     |
| <b>Product development</b> |                   |                   |                  |                  |                        |                   |
| External sales             | 67,180            | 34,947            | 163,074          | 87,730           | 211,746                | 136,403           |
| Internal sales             | 15,726            | 18,817            | 51,125           | 43,006           | 76,284                 | 68,166            |
|                            | <b>82,906</b>     | <b>53,764</b>     | <b>214,199</b>   | <b>130,736</b>   | <b>288,030</b>         | <b>204,569</b>    |
| <b>Distribution</b>        |                   |                   |                  |                  |                        |                   |
| External sales             | 47,974            | 36,452            | 113,498          | 80,621           | 152,093                | 119,216           |
| Internal sales             | 9,866             | 5,143             | 19,736           | 9,254            | 26,056                 | 15,574            |
|                            | <b>57,840</b>     | <b>41,595</b>     | <b>133,234</b>   | <b>89,875</b>    | <b>178,149</b>         | <b>134,790</b>    |
| <b>Retail</b>              |                   |                   |                  |                  |                        |                   |
| External sales             | 18,839            | 12,388            | 41,206           | 26,937           | 56,532                 | 42,263            |
| Internal sales             | –                 | –                 | –                | –                | –                      | –                 |
|                            | <b>18,839</b>     | <b>12,388</b>     | <b>41,206</b>    | <b>26,937</b>    | <b>56,532</b>          | <b>42,263</b>     |
| <b>Eliminations</b>        | <b>-45,263</b>    | <b>-38,894</b>    | <b>-115,564</b>  | <b>-86,064</b>   | <b>-165,843</b>        | <b>-136,344</b>   |
| <b>Net sales</b>           | <b>148,597</b>    | <b>93,442</b>     | <b>355,091</b>   | <b>216,018</b>   | <b>463,627</b>         | <b>324,555</b>    |
| <b>Operating profit</b>    |                   |                   |                  |                  |                        |                   |
| Brand and other            | 19,750            | 7,064             | 26,869           | 11,694           | 39,350                 | 24,175            |
| Product development        | 8,103             | 5,025             | 34,017           | 15,389           | 41,633                 | 23,006            |
| Distribution               | 13,671            | 6,515             | 29,033           | 11,813           | 38,573                 | 21,353            |
| Retail                     | 7,715             | 5,388             | 9,898            | 7,974            | 15,253                 | 13,330            |
| <b>Operating profit</b>    | <b>49,239</b>     | <b>23,992</b>     | <b>99,817</b>    | <b>46,870</b>    | <b>134,809</b>         | <b>81,864</b>     |

# Quartely data

## Group

| SEK thousands                          | Q3<br>2007 | Q2<br>2007 | Q1<br>2007 | Q4<br>2006 | Q3<br>2006 | Q2<br>2006 | Q1<br>2006 | Q4<br>2005 |
|--|------------|------------|------------|------------|------------|------------|------------|------------|
| Brand sales                            | 656,750    | 414,043    | 513,345    | 483,273    | 409,305    | 217,998    | 292,643    | 206,898    |
| Net sales                              | 148,597    | 87,844     | 118,650    | 108,537    | 93,442     | 48,368     | 74,209     | 51,247     |
| Gross profit margin, %                 | 54.6       | 55.6       | 50.4       | 52.8       | 46.9       | 56.8       | 48.3       | 58.7       |
| Operating profit                       | 49,238     | 19,188     | 31,390     | 34,994     | 23,991     | 7,874      | 15,005     | 12,739     |
| Operating margin, %                    | 33.1       | 21.8       | 26.5       | 32.2       | 25.7       | 16.3       | 20.2       | 24.9       |
| Profit after financial items           | 48,920     | 19,139     | 31,448     | 34,147     | 24,010     | 8,145      | 15,098     | 13,622     |
| Profit margin, %                       | 32.9       | 21.8       | 26.5       | 31.5       | 25.7       | 16.8       | 20.3       | 25.8       |
| Earnings per share, SEK                | 1.42       | 0.57       | 0.96       | 1.06       | 0.75       | 0.26       | 0.47       | 0.42       |
| Earnings per share after dilution, SEK | 1.41       | 0.56       | 0.94       | 1.04       | 0.74       | 0.26       | 0.47       | 0.42       |
| Number of stores at end of period      | 33         | 29         | 26         | 24         | 21         | 18         | 17         | 17         |
| of which own stores                    | 10         | 9          | 9          | 8          | 7          | 6          | 6          | 6          |

# Income statement

## Parent Company in summary

| SEK thousands                | July-Sept<br>2007 | July-Sept<br>2006 | Jan-Sept<br>2007 | Jan-Sept<br>2006 | Oct 2006–<br>sept 2007 | Full-year<br>2006 |
|------------------------------|-------------------|-------------------|------------------|------------------|------------------------|-------------------|
| <b>Net sales</b>             | <b>10,200</b>     | <b>8,468</b>      | <b>22,073</b>    | <b>18,201</b>    | <b>33,089</b>          | <b>29,217</b>     |
| Cost of goods sold           | -1,497            | -1,966            | -3,086           | -3,361           | -4,005                 | -4,280            |
| <b>Gross profit</b>          | <b>8,703</b>      | <b>6,502</b>      | <b>18,987</b>    | <b>14,840</b>    | <b>29,084</b>          | <b>24,937</b>     |
| Distribution expenses        | -8,112            | -4,270            | -22,678          | -13,035          | -24,963                | -15,320           |
| Administrative expenses      | -3,120            | -1,642            | -8,722           | -5,014           | -9,601                 | -5,892            |
| Development expenses         | -1,248            | -657              | -3,489           | -2,005           | -3,841                 | -2,357            |
| <b>Operating profit</b>      | <b>-3,777</b>     | <b>-67</b>        | <b>-15,902</b>   | <b>-5,214</b>    | <b>-9,321</b>          | <b>1,368</b>      |
| Net financial items          | 53                | -23               | -278             | 2                | -450                   | -170              |
| <b>Profit before tax</b>     | <b>-3,724</b>     | <b>-90</b>        | <b>-16,180</b>   | <b>-5,212</b>    | <b>-9,771</b>          | <b>1,198</b>      |
| Tax                          | 1,043             | 25                | 4,531            | 1,459            | 2,571                  | -500              |
| <b>Profit for the period</b> | <b>-2,681</b>     | <b>-65</b>        | <b>-11,649</b>   | <b>-3,753</b>    | <b>-7,200</b>          | <b>698</b>        |

# Balance sheet

## Parent Company in summary

| SEK thousands                                | Sept 30<br>2007 | Sept 30<br>2006 | December 31<br>2006 |
|--|-----------------|-----------------|---------------------|
| <b>Non-current assets</b>                    |                 |                 |                     |
| Tangible non-current assets                  | 6,214           | 379             | 465                 |
| Shares in Group companies                    | 54,497          | 54,497          | 54,497              |
| <b>Total non-current assets</b>              | <b>60,711</b>   | <b>54,876</b>   | <b>54,962</b>       |
| <b>Current assets</b>                        |                 |                 |                     |
| Receivables from Group companies             | 136,153         | 55,584          | 115,402             |
| Current receivables                          | 5,743           | 691             | 1,170               |
| Cash & cash equivalents                      | 12,062          | 930             | 36,167              |
| <b>Total current assets</b>                  | <b>153,958</b>  | <b>57,205</b>   | <b>152,739</b>      |
| <b>Total assets</b>                          | <b>214,669</b>  | <b>112,081</b>  | <b>207,701</b>      |
| <b>Equity and liabilities</b>                |                 |                 |                     |
| Equity                                       | 162,059         | 78,971          | 85,243              |
| Untaxed reserves                             | 5,955           | 5,955           | 5,955               |
| Non-current liabilities, credit institutions | –               | –               | 40,000              |
| Due to Group companies                       | 28,256          | 11,859          | 51,961              |
| Accounts payable                             | 10,289          | 2,485           | 3,885               |
| Short-term provisions                        | –               | 2,900           | –                   |
| Other current liabilities                    | 8,110           | 9,911           | 20,657              |
| <b>Total equity and liabilities</b>          | <b>214,669</b>  | <b>112,081</b>  | <b>207,701</b>      |

## About the Björn Borg Group

The Group owns the Björn Borg trademark and currently has operations in five product areas: clothing, shoes, bags, eyewear and fragrances. Björn Borg products are sold in over ten markets, of which Sweden and the Netherlands are the largest. Operations are managed through a network of product and distribution companies that are either formally part of the Group or independent companies with licenses for product areas and geographical markets. The Björn Borg Group has operations at every level from branding to consumer sales in its own concept stores. Total sales of Björn Borg products in 2006 amounted to approximately SEK 1.4 billion at the consumer level. Group net sales amounted to SEK 325 million in 2006, with 64 employees. Björn Borg has been listed on First North since December 2004. The Company was listed on the OMX Nordic Exchange Mid Cap list on May 7, 2007.





## Definitioner

### Gross profit margin

Net sales less cost of goods sold divided by net sales.

### Operating margin

Operating profit as a percentage of net sales.

### Profit margin

Profit before tax as a percentage of net sales.

### Equity/assets ratio

Equity as a percentage of total assets.

### Return on capital employed

Profit after financial items plus financial expenses as a percentage of average capital employed.

### Return on equity

Net profit according to the income statement as a percentage of average equity. Average equity is calculated by adding equity at January 1 to equity at December 31 and dividing by two.

### Earnings per share

Earnings per share in relation to the weighted average number of shares during the period.

### Earnings per share after dilution

Earnings per share adjusted for any dilution effect.

### Brand sales

Estimated total sales of Björn Borg products at the consumer level, including VAT, based on reported wholesale sales.

## Upcoming information dates

The year-end report 2007 will be released on February 13, 2008.

The interim report January–March 2008 will be released on May 7, 2008.

Björn Borg AB (publ)  
Stockholm, November 15, 2007  
Nils Vinberg  
Member of the Board, President and CEO

## Review report

### Introduction

We have reviewed the interim report for Björn Borg AB (publ) for the period January 1 – September 30, 2007. The Board of Directors and the President are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

### Focus and scope of the review

We conducted our review in accordance with the Standard on Review Engagements (SÖG) 2410, Review of Interim Financial Information Performed by the Independent Auditors of the Entity. A review consists of making inquiries, primarily to persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and is substantially less in scope than an audit conducted

in accordance with Standards on Auditing in Sweden RS and other generally accepted auditing practices in Sweden. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed on the basis of an audit.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not, in all material respects, prepared in accordance with IAS 34 and the Annual Accounts Act and, for the Parent Company, in accordance with the Annual Accounts Act.

Stockholm, November 15, 2007  
Deloitte AB

Håkan Pettersson  
Authorized Public Accountant

Tommy Mårtensson  
Authorized Public Accountant

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Björn Borg discloses the information in this report pursuant to the Swedish Securities Markets Act. The information was submitted for publication at 07.30 CET on 15 November 2007.

