

BJÖRN BORG



BJÖRN BORG AB INTERIM REPORT JANUARY – SEPTEMBER 2012

Increased sales and profit

JULY 1 – SEPTEMBER 30, 2012

- The Group's net sales increased by 4 percent to SEK 166.8 million (160.2). Excluding currency effects, sales increased by 2 percent.
- The gross profit margin was 49.5 percent (50.6).
- Operating profit amounted to SEK 35.2 million (33.0).
- Profit after tax amounted to SEK 25.1 million (24.1).
- Earnings per share amounted to SEK 1.11 (1.05). Fully diluted earnings per share amounted to SEK 1.11 (1.05).
- Brand sales* (excluding VAT) decreased by 12 percent to SEK 485 million (551). Excluding currency effects, the decrease was 7 percent.

JANUARY 1 – SEPTEMBER 30, 2012

- The Group's net sales decreased slightly to SEK 412.8 million (413.4). Excluding currency effects, sales were down 2 percent.
- The gross profit margin was 49.7 percent (51.2).
- Operating profit amounted to SEK 54.7 million (69.6).
- Profit after tax amounted to SEK 35.3 million (51.2).
- Earnings per share amounted to SEK 1.65 (2.27). Fully diluted earnings per share amounted to SEK 1.65 (2.26).
- Brand sales* (excluding VAT) decreased by 6 percent to SEK 1,221 million (1,297). Excluding currency effects, the decrease was 4 percent.

QUOTE FROM THE CEO

"Against the backdrop of a weak retail market in Europe, we are pleased to have been able to increase our revenues and operating profit during the third quarter. The work with Björn Borg's future growth areas is continuing and we are seeing them contribute more to the Group's performance. This applies to our own operations in England, which are growing at a positive pace, and the sportswear product area within Björn Borg Sport. In addition, we have now started selling in China and will very shortly open our first store," said CEO Arthur Engel.

| SEK thousands | July–Sept 2012 | July–Sept 2011 | Jan–Sept 2012 | Jan–Sept 2011 | Oct 2011– Sept 2012 | Full-year 2011 |
|---|-------------------|-------------------|------------------|------------------|------------------------|-------------------|
| Net sales | 166.8 | 160.2 | 412.8 | 413.4 | 535.9 | 536.5 |
| Gross profit margin, % | 49.5 | 50.6 | 49.7 | 51.2 | 50.3 | 51.5 |
| Operating profit | 35.2 | 33.0 | 54.7 | 69.6 | 68.8 | 83.7 |
| Operating margin, % | 21.1 | 20.6 | 13.3 | 16.8 | 12.8 | 15.6 |
| Profit after tax | 25.1 | 24.1 | 35.3 | 51.2 | 84.3 | 100.2 |
| Earnings per share, SEK | 1.11 | 1.05 | 1.65 | 2.27 | 3.58 | 4.19 |
| Earnings per share after dilution, SEK | 1.11 | 1.05 | 1.65 | 2.26 | 3.58 | 4.19 |
| Pro forma earnings per share excluding deferred tax assets, SEK | – | – | – | – | 2.05 | 2.66 |
| Brand sales* | 485 | 551 | 1,221 | 1,297 | 1,605 | 1,681 |

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



CEO'S COMMENT

Positive development in a continued weak market

We are pleased that the Group was able to increase its revenues and operating profit during the third quarter in a continued weak retail market in Europe. The performance of our product company was strong, with a clear improvement in orders for the autumn and winter underwear collections compared with 2011. At the same time we had slightly lower expenses during the quarter than in the same period last year.

I would also like to note that the third quarter's revenues and operating profit were not affected by the delayed deliveries as was described in the half-year report. The reported figures as of June 30 2012 were correct and unaffected by such delayed deliveries.

Increasing contribution from future areas

Long-term efforts to develop future areas continued during the quarter, and we are beginning to see them contribute more to the Group's growth. Sales of sportswear within Björn Borg Sport rose compared with the same period last year, and e-commerce, with a newly launched, more effective platform, continued to note strong growth numbers. The new markets that we are most focused on going forward are China and England, two markets in different stages of development with good growth potential.

In China, we started selling in August in a shop-in-shop in the exclusive Shanghai department store Sogo and tomorrow we open our first Björn Borg store in a strategic

location in the same city. In addition, online sales have started through China's dominant e-commerce site, Taobao. The aim is to accelerate store openings next year, but the exact number will be determined by access to prime retail locations, which we place great importance on.

Operations in the important British market continued to perform well, and we are seeing increased interest in the brand despite tough market conditions. In October we opened our first store in the country, in Bluewater, one of London's top shopping malls. We plan to further increase our presence with more sales locations and our own stores in selected areas of the country.

Proof of the brand's strength

We saw further evidence that Björn Borg's design is world class in September when our new iPhone and laptop cases were launched in Apple Stores in Europe and on Apple's European online store. We feel very proud of this. It also shows that the Björn Borg brand is strengthening its position internationally.

In the six-month interim report I wrote that it would be hard to predict what the fall would bring, and I have to say the same thing about the coming winter. We are seeing retailers struggle in many parts of Europe, and our total brand sales fell during the third quarter. At the same time we have been able to maintain revenues and margins at an acceptable level. And we will continue to focus on strengthening the brand, developing exciting products and creating more prime retail space to meet customers.

Arthur Engel, Chief Executive Officer



OPERATIONS

Brand sales

Brand sales (excluding VAT) decreased by 12 percent to SEK 485 million (551) in the third quarter and by 6 percent to SEK 1,221 million (1,297) in the first nine months of the year. A weaker euro has negatively affected brand sales. Adjusted for currency effects, the decrease was 7 percent for the quarter and 4 percent for the first nine months.

Product areas in the first nine months of 2012

Brand sales in the underwear product area fell by 13 percent in the first nine months of the year, with much of the decline attributable to the third quarter. Underwear accounted for 59 percent (64) of brand sales during the period.

Sportswear saw a strong increase during the first nine months. In our licensed product areas, eyewear noted a slight increase, while footwear was almost unchanged. Bags noted a decline against the backdrop of a weaker third quarter, and the fragrances product area reported a larger decline after Björn Borg took over responsibility for fragrances from the previous licensee, as previously announced. In total,

sales of licensed products rose by 7 percent during the first nine months, mainly due to the increase in sportswear.

Markets in the first nine months of 2012

Brand sales in smaller markets increased during the first nine months to 18 percent (14) of total brand sales. Among larger markets, Belgium reported an increase, while Norway was about unchanged. In Sweden, Denmark and the Netherlands brand sales decreased. Among smaller markets, Finland and the Group-owned operations in England posted positive growth figures.

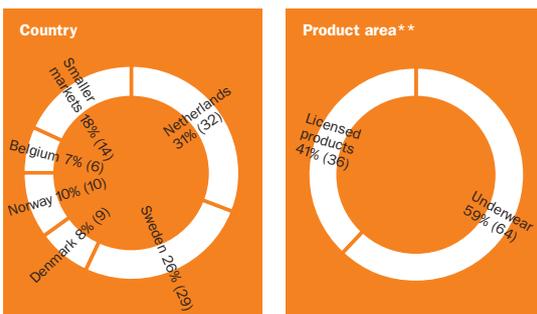
Björn Borg stores

During the quarter retail space was opened in the department store Sogo in Shanghai, while a second Chilean store was opened in Santiago. As of September 30, 2012 there were a total of 59 (54) Björn Borg stores, of which 13 (13) are Group-owned.

Björn Borg in China

The Björn Borg brand was launched in China during the fall. The business was established together with an experienced local partner through a new company with Björn Borg as principal owner (75%). The plan is to establish Björn Borg stores and shop-in-shops in large department stores as well as online sales of underwear, sportswear, footwear and bags. The first retail space in Shanghai opened in late August. The venture is expected to result in a charge against the Group's operating profit in 2012 of not more than SEK 10 million with a marginal impact on sales.

Brand sales* of Björn Borg products Jan-Sept 2012. Total SEK 1,221 million (1,297)

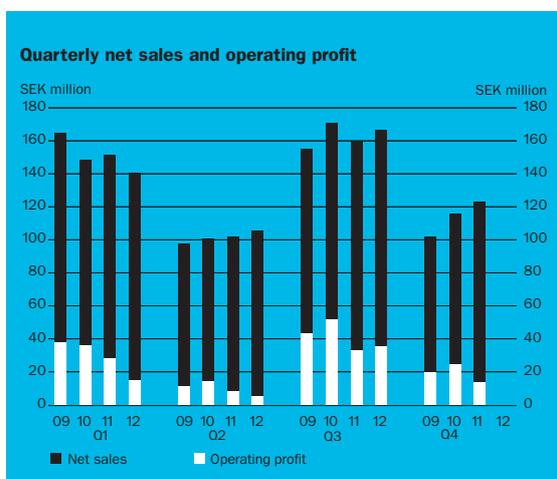


* Estimated total sales of Björn Borg products at the consumer level, excluding VAT, based on reported sales at the wholesale level.

** **Underwear:** Men's and women's underwear, swimwear, socks and adjacent products.
Licensed products: Footwear, bags, fragrances, eyewear and sportswear.

THE GROUP'S DEVELOPMENT

Sales and operating profit increased during the third quarter year-on-year.



Sales

Third quarter, July–September 2012

Group sales during the third quarter amounted to SEK 166.8 million (160.2), an increase of 4 percent. Excluding currency effects, sales rose by 2 percent. Reported revenue and operating profit for the third quarter were not affected by the delayed deliveries as was described in the half-year report. The reported figures as of June 30 2012 were correct and unaffected by such delayed deliveries.

The product company for underwear had strong sales of the fall and winter collections. Björn Borg Sport also contributed to the sales increase, while the Swedish wholesale operations declined in a continued weak Swedish retail market. The British wholesale operations continued to develop positively, however. Retail sales fell slightly, although this is the result of a conscious strategy with shorter discount periods, which has had a positive effect on gross profit margins. In e-commerce we continue to see good growth. Royalties decreased in line with lower brand sales during the quarter

The nine-month period January–September 2012

Group sales during the first nine months amounted to SEK 412.8 million (413.4). Björn Borg Sport, the underwear product company (external revenue) and the Group's own British wholesale operations all developed positively during the period. The largest decline was in collection sales in the Swedish wholesale operations. Royalties were also down as a result of lower brand sales mainly in the third quarter. The Group's retail sales contributed a slight increase, mainly through growth in e-commerce.

Profit

Third quarter, July–September 2012

The gross profit margin for the third quarter decreased slightly to 49.5 percent (50.6). Excluding currency effects, the margin was 50.3 percent.

Operating profit increased during the quarter by 7 percent to SEK 35.2 million (33.0) with an operating margin of 21.1 percent (20.6). Despite investments in new operations, operating expenses were slightly lower than the same quarter of 2011, partly due to one-time expenses of SEK 3.1 million in Björn Borg Sport during the third quarter of 2011. The investments in Björn Borg Sport, China and the British operations reduced operating profit by SEK 7.2 million (5.1). The net financial expense increased to SEK 1.9 million (0.3) mainly due to exchange rate differences on holdings in foreign currency. In the parent company interest income less interest expenses on the bond loan has had a positive effect on group net financial items with SEK 1.7 million. Profit before tax increased to SEK 33.4 million (32.7).

The nine-month period January–September 2012

The gross profit margin for the first nine months decreased to 49.7 percent (51.2). Excluding exchange rate effects, the margin would have been 50.3 percent. Other than the negative currency effect, the decrease is largely due to one-time effects in the Swedish wholesale operations especially during the first quarter in the form of temporarily higher discounts, inventory write-offs and discounted sales to customers.

Operating profit decreased by 21 percent to SEK 54.7 million (69.6) during the first nine months with an operating margin of 13.3 percent (16.8). The decline in profit is almost exclusively due to the lower sales and gross profit margin in the Swedish wholesale company mainly during the first half-year. The new operations in China also reduced operating profit, by SEK 4.1 million for the first nine months. Higher scheduled expenses for marketing, personnel and premises for the new operations of Björn Borg Sport and the British wholesale operations contributed to higher operating expenses during the period. The investments in Björn Borg Sport, China and the British operations reduced operating profit by SEK 17.9 million (–13.6). The net financial expense was SEK 4.8 million (0.0) mainly due to exchange rate differences on holdings in foreign currency. In the parent company interest income less interest expenses on the bond loan has had a positive effect on group net financial items with SEK 0.5 million. Profit before tax decreased to SEK 49.9 million (69.6).

Development by business segment

The Group consists of a total of 13 companies, of which ten operate under the Björn Borg brand on every level from product development to wholesale operations and consumer sales in its own Björn Borg stores.

| Business segment | Revenue source | Sales, SEK thousands | | Operating profit, SEK thousands | | Operating margin | |
|---------------------|--------------------|------------------------|----------------|---------------------------------|---------------|------------------|------------|
| | | January–September 2012 | 2011 | January–September 2012 | 2011 | 2012 | 2011 |
| Brand | Royalties | 62,118 | 63,839 | 14,506 | 16,971 | 23% | 27% |
| Product development | Products | 288,649 | 296,494 | 37,212 | 29,413 | 13% | 10% |
| Wholesale | Wholesale revenues | 170,345 | 175,116 | 12,597 | 29,709 | 7% | 17% |
| Retail | Retailers | 48,486 | 40,775 | –9,614 | –6,530 | –20% | –16% |
| Less internal sales | | –156,821 | –162,816 | – | – | – | – |
| Total | | 412,777 | 413,408 | 54,701 | 69,563 | 13% | 17% |

Brand

The Brand segment primarily consists of royalty revenue and expenses associated with the brand.

Net sales during the first nine months of 2012 reached SEK 62.1 million (63.8), a decrease of 3 percent. External sales amounted to SEK 33.6 million (37.9), which is reasonable in relation to the decline in brand sales during the first nine months. It should be noted that the royalties Björn Borg Sport receives from its customers are also reported in the Brand segment.

Operating profit amounted to SEK 14.5 million (17.0), a decrease of 15 percent for the period. The decline is due to lower royalty revenue, although expenses for brand-related activities were lower during the period.

Product development

The Björn Borg Group has global responsibility for development, design and production of underwear and adjacent products, as well as functional sportswear through Björn Borg Sport.

The business segment's net sales amounted to SEK 288.6 million (296.5) during the first nine months of 2012, a decrease of 3 percent. External sales amounted to SEK 207.0 million (200.5), an increase of 3 percent compared with the same period in 2011. Weaker sales of the summer collection through the Group's product company were offset by stronger sales of the fall and winter collections mainly during the third quarter. Sales by Björn Borg Sport increased year-on-year.

Operating profit increased to SEK 37.2 million (29.4) due to increased external sales and lower operating expenses than the same period in 2011.

Wholesale

The Björn Borg Group is the exclusive wholesaler for underwear and adjacent products in Sweden and England as well as for footwear in Sweden, Finland and the Baltic countries.

Net sales in the wholesale operations decreased by 3 percent during the first nine months of 2012 to SEK 170.3 million (175.1). External sales amounted to SEK 130.4 million (136.2). The British operations reported good growth, while the Swedish wholesale operations have performed weakly in 2012 in a tough retail climate. The Group's wholesale footwear operations have had a positive sales trend compared with 2011.

Operating profit was SEK 12.6 million (29.7). The decrease is mainly due to lower sales and a lower gross profit margin in the Swedish wholesale operations especially during the first half-year as well as higher expenses stemming from the investments in the Group's British operations. A stronger USD reduced gross profit and operating profit by SEK 3.6 million in this segment.

Retail

The Björn Borg Group owns and operates eleven stores in the Swedish market that sell underwear, adjacent products and licensed products. Additionally, Björn Borg operates two factory outlets as well as a web shop in the U.S. and one for international e-commerce.

External net sales in the Retail segment rose by 8 percent during the first nine months to SEK 41.8 million (38.8). The increase is due to new stores opened after the first half of 2011 as well as the continued strong performance of the e-commerce operations. For outlets and comparable Björn

Borg stores, sales fell by 15 percent, however. The decrease is largely due to shorter discount periods, which positively affected gross profit margins by about 8 percent.

The operating loss for the first nine months amounted to SEK 9.6 million, against a year-earlier loss of SEK 6.5 million, partly due to increased operating expenses for several new stores as well as investments in the web shop. A new version of the company's web shop was launched during the third quarter.

Intra-Group sales

Intra-Group sales amounted to SEK 156.8 million (162.8) for the first nine months.

SEASONAL VARIATIONS

The Björn Borg Group is active in an industry with seasonal variations. Sales and earnings vary by quarter. See the figure on quarterly net sales and operating profit on page 4.

INVESTMENTS AND CASH FLOW

Cash flow from operating activities in the Group amounted to SEK 12.3 million (10.0) during the first nine months of 2012. The comparative period in 2011 included a higher operating profit, but also higher tied-up working capital than the first nine months of 2012. Accounts receivable and accounts payable were both higher year-on-year. Inventories were SEK 2.9 million lower than the same time in 2011, despite the new operations in Björn Borg Sport and England as well as the opening of new Group-owned stores. The company has worked actively to reduce tied-up capital, which has resulted in lower inventory volumes for comparable operations.

Total investments in tangible and intangible non-current assets amounted to SEK 4.3 million (18.1) for the period. The higher investments in 2011 were largely due to the establishment of Björn Borg Sport in the Netherlands and store renovations.

FINANCIAL POSITION AND LIQUIDITY

The Björn Borg Group's cash & cash equivalents and investments amounted to SEK 254.3 million (86.8) at the end of the period. During the first nine months cash & cash equivalents increased by SEK 96.3 million, compared with a year-earlier decrease of SEK 143.1 million. The change is mainly due to the bond loan issued in the spring with a nominal value of SEK 200 million, less the year's distribution to shareholders of SEK 100.6 million (130.8). The equity/assets ratio was 48.3 percent (70.2).

The bond loan is listed on NASDAQ OMX Stockholm and carries an annual coupon rate corresponding to the 3-month STIBOR rate + 3.25 percentage points, maturing in April 2017. In 2012 the company repurchased corporate bonds with a nominal value of SEK 5 million, due to which the recognized value of the bond loan after the repurchase and transaction expenses of about SEK 3 million amounts to SEK 192.1 million as of September 30.

The surplus liquidity from the issuance of the bond loan was placed in interest-bearing financial instruments, primarily in corporate bonds and mortgage bonds, within the framework of the financial policy laid down by the Board of Directors. As of September 30 investments had been made in bonds with a book value of SEK 144.4 million, which represents the fair value on the same date. As a rule, bonds in foreign currency are hedged.

COMMITMENTS AND CONTINGENT LIABILITIES

As a commitment for the above-mentioned bond loan, the company has pledged to, among other things, ensure that the ratio between the Group's net debt and operating profit before depreciation and amortization on the last date of each quarter does not exceed 3.00 and that the Group at any given time maintains an equity/assets ratio of at least 30 percent. As of September 30, 2012 the ratio was -0.50 (positive net cash position) and the equity/assets ratio was 48.3 percent (70.2). A complete description of commitments and conditions of the bond loan is provided in the prospectus, which is available on the company's website and from the Swedish Financial Supervisory Authority.

No changes were otherwise made with regard to pledged assets and contingent liabilities compared with December 31, 2011.

PERSONNEL

The average number of employees in the Group during the first nine months of 2012 was 141 (119), of whom 83 (72) are women. The increase in the number of employees is mainly due to the new operations in Björn Borg Sport, England and China.

TRANSACTIONS WITH RELATED PARTIES

No transactions with related parties have been executed during the first nine months.

SIGNIFICANT RISKS AND UNCERTAINTIES

In its operations, the Björn Borg Group is exposed to risks and uncertainties. The Group's interest rate risk has increased since December 31, 2011 due to the bond loan of SEK 200 million issued in the spring. The establishment of new subsidiaries in the Netherlands in 2011 and China in 2012 has increased the currency exposure. Other information on the Group's risks and uncertainties can be found on pages 41-42 and in note 3 in the annual report 2011.

EVENTS AFTER THE BALANCE SHEET DATE

There are no significant events to report following the conclusion of the report period.

NOMINATION COMMITTEE

In accordance with the resolution of the Annual General Meeting, Björn Borg's Nomination Committee for the 2013 AGM will be appointed by having the Chairman of the Board contact the company's four largest shareholders based on voting rights as of August 31, 2012, each of which appoints one member. Björn Borg's Nomination Committee for the 2013 AGM has the following composition:

- Fredrik Löfstedt, Chairman of the Board;
- Mats Nilsson, representing himself as a shareholder;
- Marianne Flink, representing Swedbank Robur funds;
- Johan Strandberg, representing SEB funds.

ANNUAL GENERAL MEETING

The Annual General Meeting for the financial year 2012 will be held in Stockholm on April 17, 2013.

PARENT COMPANY

Björn Borg AB (publ) is primarily engaged in intra-Group activities. The company also owns 100 percent of the shares in Björn Borg Brands AB, Björn Borg Footwear AB,

Björn Borg Inc. and Björn Borg Services AB. In addition, the company owns 80 percent of the shares in Björn Borg UK, 51 percent of the shares in Björn Borg Sport BV and 75 percent of the shares in Björn Borg (China) Ltd.

The Parent Company's net sales for the third quarter amounted to SEK 12.9 million (12.1). During the first nine months the Parent Company's net sales amounted to SEK 37.7 million (30.3).

The loss before tax amounted to SEK 6.5 million (8.6) for the third quarter and SEK 30.2 million (28.6) for the first nine months of the year. Cash & cash equivalents and investments amounted to SEK 194.3 million (41.6) on September 30, 2012. Investments in tangible and intangible non-current assets for the first nine months amounted to SEK 1.2 million (1.8).

NUMBER OF SHARES

Björn Borg currently has 25,148,384 shares outstanding.

FINANCIAL OBJECTIVES

The financial objectives of Björn Borg's operations for the period 2010-2014 are as follows:

- Average annual organic growth of at least 10 percent
- An average annual operating margin of at least 20 percent
- An annual dividend of at least 50 percent of net profit
- Long-term cash reserves equivalent to 10-20 percent of annual sales.

Comments to the financial objectives:

The long-term objective will be achieved if established markets grow slightly below the average growth target and new markets contribute stronger growth. At the start of the period sales growth could fall below the target, since several new markets are being added.

Surplus liquidity generated by meeting the new financial objectives will be distributed gradually over the forecast period, starting in 2010.

Operating investments are expected to annually fall in the range of 2-5 percent of net sales depending on the addition of any new Björn Borg stores.

ACCOUNTING PRINCIPLES

The interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Annual Accounts Act. The interim report for the Parent Company has been prepared in accordance with the Annual Accounts Act and RFR 2 Accounting in Legal Entities. The same accounting principles and calculation methods have been applied as in 2011, which are described on page 51 in the 2011 annual report. The new and revised IFRS and the interpretations from IFRS IC applied as of January 1, 2012 have not had a significant impact on the Group's results or financial position.

AUDIT REPORT

This interim report has been reviewed by the company's auditors. The review report can be found on page 12.

OUTLOOK 2012

As a policy, the company does not issue earnings forecasts.

CONSOLIDATED INCOME AND TOTAL COMPREHENSIVE INCOME

Condensed

| SEK thousands | July–Sept 2012 | July–Sept 2011 | Jan–Sept 2012 | Jan–Sept 2011 | Oct 2011– Sept 2012 | Full-year 2011 |
|--|-------------------|-------------------|------------------|------------------|------------------------|-------------------|
| Net sales | 166,761 | 160,150 | 412,777 | 413,408 | 535,877 | 536,509 |
| Cost of goods sold | -84,173 | -79,149 | -207,743 | -201,732 | -266,306 | -260,295 |
| Gross profit | 82,588 | 81,001 | 205,034 | 211,676 | 269,571 | 276,214 |
| Distribution expenses | -33,096 | -31,338 | -105,030 | -93,225 | -136,579 | -124,773 |
| Administrative expenses | -11,809 | -13,285 | -37,250 | -39,037 | -52,737 | -54,524 |
| Development expenses | -2,461 | -3,402 | -8,053 | -9,851 | -11,412 | -13,211 |
| Operating profit | 35,222 | 32,976 | 54,701 | 69,563 | 68,843 | 83,706 |
| Net financial items | -1,854 | -312 | -4,773 | 36 | -3,889 | 920 |
| Profit before tax | 33,368 | 32,664 | 49,928 | 69,599 | 64,954 | 84,626 |
| Tax | -8,313 | -8,592 | -14,585 | -18,410 | 19,349 | 15,524 |
| Profit for the period | 25,055 | 24,072 | 35,343 | 51,189 | 84,303 | 100,150 |
| Profit for the period attributable to: | | | | | | |
| Parent Company's shareholders | 27,809 | 26,320 | 41,557 | 57,098 | 89,926 | 105,468 |
| Non-controlling interests | -2,754 | -2,248 | -6,214 | -5,909 | -5,623 | -5,318 |
| Other comprehensive income | | | | | | |
| Currency effect on translation of foreign operations | 992 | -370 | 1,126 | -430 | 1,425 | -131 |
| Total comprehensive income for the period | 26,047 | 23,702 | 36,469 | 50,759 | 85,728 | 100,019 |
| Total comprehensive income for the period attributable to | | | | | | |
| Parent Company's shareholders | 28,801 | 25,950 | 42,683 | 56,668 | 91,351 | 105,337 |
| Non-controlling interests | -2,754 | -2,248 | -6,214 | -5,909 | -5,623 | -5,318 |
| Earnings per share, SEK | 1.11 | 1.05 | 1.65 | 2.27 | 3.58 | 4.19 |
| Earnings per share after dilution, SEK | 1.11 | 1.05 | 1.65 | 2.26 | 3.58 | 4.19 |
| Pro forma earnings per share excl. deferred tax assets posted Dec. 31, 2011, SEK | – | – | – | – | 2.05 | 2.66 |
| Number of shares | 25,148,384 | 25,148,384 | 25,148,384 | 25,148,384 | 25,148,384 | 25,148,384 |
| Weighted average number of shares | 25,148,384 | 25,148,384 | 25,148,384 | 25,148,384 | 25,148,384 | 25,148,384 |
| Effect of dilution* | – | – | – | 138,222 | – | 32,190 |
| Weighted average number of shares after full dilution | 25,148,384 | 25,148,384 | 25,148,384 | 25,286,606 | 25,148,384 | 25,180,574 |

* Björn Borg has an incentive program, 2008:2, based on warrants in Björn Borg AB. For more detailed information, see page 57 of the annual report 2011.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Condensed

| SEK thousands | 30 Sept 2012 | 30 Sept 2011 | 31 Dec 2011 |
|-------------------------------------|-----------------|-----------------|----------------|
| Non-current assets | | | |
| Goodwill | 13,944 | 13,944 | 13,944 |
| Trademarks | 187,532 | 187,532 | 187,532 |
| Other intangible assets | 5,502 | 5,815 | 6,311 |
| Tangible non-current assets | 13,227 | 11,473 | 14,741 |
| Deferred tax assets | 43,062 | 6,438 | 43,194 |
| Total non-current assets | 263,267 | 225,202 | 265,722 |
| Current assets | | | |
| Inventories, etc. | 35,685 | 38,570 | 34,559 |
| Accounts receivable | 103,202 | 96,133 | 57,843 |
| Other current receivables | 32,138 | 48,592 | 34,134 |
| Investments | 144,424 | 16,291 | – |
| Cash & cash equivalents | 109,882 | 70,467 | 158,042 |
| Total current assets | 425,331 | 270,053 | 284,578 |
| Total assets | 688,598 | 495,255 | 550,300 |
| Equity and liabilities | | | |
| Equity | 332,565 | 347,704 | 396,962 |
| Deferred tax liabilities | 47,212 | 50,898 | 47,539 |
| Other non-current liabilities | 23,754 | 30,357 | 28,754 |
| Bond loan | 192,121 | – | – |
| Accounts payable | 39,431 | 20,790 | 25,703 |
| Other current liabilities | 53,515 | 45,506 | 51,342 |
| Total equity and liabilities | 688,598 | 495,255 | 550,300 |

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Condensed

| SEK thousands | Equity attributable to Parent Company's shareholders | Non-controlling interests | Total equity |
|--|--|---------------------------|----------------|
| Opening balance, January 1, 2011 | 426,250 | 1,026 | 427,276 |
| Total comprehensive income for the period | 56,668 | -5,909 | 50,759 |
| Distribution for 2010 | -130,772 | - | -130,772 |
| Non-controlling interests that arose through formation of subsidiaries | - | 438 | 438 |
| Closing balance, September 30, 2011 | 352,147 | -4,444 | 347,704 |
| Opening balance, January 1, 2011 | 426,250 | 1,026 | 427,276 |
| Total comprehensive income for the year | 105,337 | -5,318 | 100,019 |
| Distribution for 2010 | -130,772 | - | -130,772 |
| Non-controlling interests that arose through formation of subsidiaries | - | 438 | 438 |
| Closing balance, December 31, 2011 | 400,815 | -3,854 | 396,962 |
| Ingående balans per 1 januari 2012 | 400,815 | -3,854 | 396,962 |
| Total comprehensive income for the period | 42,683 | -6,214 | 36,469 |
| Distribution for 2011 | -100,594 | - | -100,594 |
| Acquisition of minority shares | -26 | -79 | -105 |
| Dividend to non-controlling interests | - | -168 | -168 |
| Non-controlling interests that arose through formation of subsidiaries | - | 2 | 2 |
| Closing balance, September 30, 2012 | 342,878 | -10,314 | 332,565 |

CONSOLIDATED STATEMENT OF CASH FLOWS

Condensed

| SEK thousands | July–Sept 2012 | July–Sept 2011 | Jan–Sept 2012 | Jan–Sept 2011 | Full-year 2011 |
|---|----------------|----------------|-----------------|-----------------|-----------------|
| Cash flow from operating activities | | | | | |
| Before changes in working capital | 27,985 | 28,525 | 43,952 | 58,495 | 85,705 |
| Changes in working capital | -25,622 | -23,177 | -31,657 | -48,510 | 5,517 |
| Cash flow from operating activities | 2,363 | 5,348 | 12,295 | 9,985 | 91,223 |
| Investments in intangible non-current assets | -1,155 | -3,378 | -2,209 | -10,103 | -12,110 |
| Investments in tangible non-current assets | -583 | -2,288 | -2,122 | -7,975 | -13,325 |
| Sale of tangible non-current assets | - | - | - | 436 | - |
| Investments | -3,968 | - | -143,661 | -1,701 | - |
| Sale of investments | - | 20,977 | - | 20,977 | 35,567 |
| Cash flow from investing activities | -5,706 | 15,311 | -147,992 | 1,634 | 10,132 |
| Dividend/distribution | - | - | -100,594 | -130,772 | -130,772 |
| Amortization of loans | -1,667 | -2,045 | -5,001 | -4,808 | -6,411 |
| Change in long-term liabilities | - | 441 | - | 441 | 441 |
| Issuance of bond loan | - | - | 196,778 | - | - |
| Repurchase of bond loan | - | - | -4,950 | - | - |
| Cash flow from financing activities | -1,667 | -1,604 | 86,233 | -135,139 | -136,742 |
| Cash flow for the period | -5,010 | 19,056 | -49,464 | -123,520 | -35,387 |
| Cash & cash equivalents at beginning of period | 113,619 | 52,259 | 158,042 | 194,275 | 194,275 |
| Translation difference in cash & cash equivalents | 1,273 | -847 | 1,304 | -288 | -846 |
| Cash & cash equivalents at end of period | 109,882 | 70,467 | 109,882 | 70,467 | 158,042 |

KEY FIGURES

Group

| SEK thousands | July–Sept 2012 | July–Sept 2011 | Jan–Sept 2012 | Jan–Sept 2011 | Oct 2011–Sept 2012 | Full-year 2011 |
|---|----------------|----------------|---------------|---------------|--------------------|----------------|
| Gross profit margin, % | 49.5 | 50.6 | 49.7 | 51.2 | 50.3 | 51.5 |
| Operating margin, % | 21.1 | 20.6 | 13.3 | 16.8 | 12.8 | 15.6 |
| Profit margin, % | 20.0 | 20.4 | 12.1 | 16.8 | 12.1 | 15.8 |
| Return on capital employed, % | 15.5 | 23.3 | 15.5 | 23.3 | 15.5 | 19.5 |
| Return on average equity, % | 26.4 | 19.8 | 26.4 | 19.8 | 26.4 | 25.6 |
| Profit attributable to Parent Company's shareholders | 27,809 | 26,320 | 41,557 | 57,098 | 89,926 | 105,468 |
| Equity/assets ratio, % | 48.3 | 70.2 | 48.3 | 70.2 | 48.3 | 72.1 |
| Equity per share, SEK | 13.22 | 13.83 | 13.22 | 13.83 | 13.22 | 15.78 |
| Investments in intangible non-current assets | 1,155 | 3,378 | 2,209 | 10,103 | 4,216 | 12,110 |
| Investments in tangible non-current assets | 583 | 2,288 | 2,122 | 7,975 | 7,472 | 13,325 |
| Depreciation, amortization and impairment losses for the period | -1,567 | -4,938 | -4,926 | -14,741 | -7,350 | -17,165 |
| Average number of employees | 141 | 119 | 141 | 119 | 129 | 131 |

SUMMARY BY SEGMENT

Group

| SEK thousands | July–Sept 2012 | July–Sept 2011 | Jan–Sept 2012 | Jan–Sept 2011 | Oct 2011– Sept 2012 | Full-year 2011 |
|----------------------------|-------------------|-------------------|------------------|------------------|------------------------|-------------------|
| Operating revenue | | | | | | |
| Brand | | | | | | |
| External revenue | 13,140 | 17,040 | 33,567 | 37,925 | 43,077 | 47,435 |
| Internal revenue | 9,526 | 9,531 | 28,551 | 25,914 | 35,519 | 32,882 |
| | 22,666 | 26,571 | 62,118 | 63,839 | 78,596 | 80,317 |
| Product development | | | | | | |
| External revenue | 84,275 | 73,454 | 207,038 | 200,459 | 257,856 | 251,277 |
| Internal revenue | 32,985 | 36,537 | 81,611 | 96,035 | 111,747 | 126,171 |
| | 117,260 | 109,991 | 288,649 | 296,494 | 369,603 | 377,448 |
| Wholesale | | | | | | |
| External revenue | 53,292 | 52,573 | 130,383 | 136,202 | 173,522 | 179,341 |
| Internal revenue | 16,495 | 14,578 | 39,962 | 38,914 | 52,485 | 51,437 |
| | 69,787 | 67,151 | 170,345 | 175,116 | 226,007 | 230,778 |
| Retail | | | | | | |
| External revenue | 16,054 | 17,083 | 41,789 | 38,823 | 61,422 | 58,456 |
| Internal revenue | 2,269 | 578 | 6,697 | 1,952 | 8,479 | 3,735 |
| | 18,323 | 17,661 | 48,486 | 40,775 | 69,901 | 62,191 |
| Less internal sales | -61,275 | -61,224 | -156,821 | -162,816 | -208,230 | -214,225 |
| Operating revenue | 166,761 | 160,150 | 412,777 | 413,408 | 535,877 | 536,509 |
| Operating profit | | | | | | |
| Brand | 4,379 | 10,351 | 14,506 | 16,971 | 14,147 | 16,613 |
| Product development | 19,523 | 11,181 | 37,212 | 29,413 | 43,714 | 35,915 |
| Wholesale | 13,737 | 11,882 | 12,597 | 29,709 | 19,897 | 37,010 |
| Retail | -2,417 | -438 | -9,614 | -6,530 | -8,915 | -5,832 |
| Operating profit | 35,222 | 32,976 | 54,701 | 69,563 | 68,843 | 83,706 |

QUARTERLY DATA

Group

| SEK thousands | Q3 2012 | Q2 2012 | Q1 2012 | Q4 2011 | Q3 2011 | Q2 2011 | Q1 2011 | Q4 2010 |
|--|------------|------------|------------|------------|------------|------------|------------|------------|
| Net sales | 166,761 | 105,478 | 140,538 | 123,100 | 160,150 | 101,937 | 151,321 | 115,893 |
| Gross profit margin, % | 49.5 | 52.1 | 48.0 | 52.4 | 50.6 | 53.3 | 50.4 | 56.3 |
| Operating profit | 35,222 | 4,848 | 14,631 | 14,143 | 32,976 | 8,190 | 28,398 | 24,513 |
| Operating margin, % | 21.1 | 4.6 | 10.4 | 11.5 | 20.6 | 8.0 | 18.8 | 21.2 |
| Profit after financial items | 33,368 | 3,830 | 12,730 | 15,026 | 32,664 | 8,903 | 28,033 | 24,150 |
| Profit margin, % | 20.0 | 3.6 | 9.1 | 12.2 | 20.4 | 8.7 | 18.5 | 20.8 |
| Earnings per share, SEK | 1.11 | 0.10 | 0.44 | 1.92 | 1.05 | 0.33 | 0.89 | 0.70 |
| Earnings per share after dilution, SEK | 1.11 | 0.10 | 0.44 | 1.92 | 1.05 | 0.33 | 0.88 | 0.70 |
| Number of Björn Borg stores at end of period | 59 | 57 | 56 | 56 | 54 | 54 | 50 | 47 |
| of which Björn Borg-owned stores | 13 | 13 | 14 | 15 | 13 | 12 | 10 | 10 |
| Brand sales | 484,938 | 288,360 | 447,640 | 384,133 | 551,267 | 314,967 | 431,029 | 428,234 |

PARENT COMPANY INCOME STATEMENT

Condensed

| SEK thousands | July–Sept 2012 | July–Sept 2011 | Jan–Sept 2012 | Jan–Sept 2011 | Oct 2011– Sept 2012 | Full-year 2011 |
|--|-------------------|-------------------|------------------|------------------|------------------------|-------------------|
| Net sales | 12,940 | 12,123 | 37,736 | 30,290 | 53,655 | 46,208 |
| Cost of goods sold | -156 | -31 | -694 | -400 | -844 | -550 |
| Gross profit | 12,784 | 12,092 | 37,042 | 29,890 | 52,811 | 45,658 |
| Distribution expenses | -10,317 | -10,407 | -35,550 | -31,437 | -47,190 | -43,076 |
| Administrative expenses | -3,968 | -4,003 | -13,674 | -12,091 | -18,150 | -16,568 |
| Development expenses | -1,587 | -1,601 | -5,469 | -4,837 | -7,260 | -6,627 |
| Operating profit/loss | -3,088 | -3,919 | -17,651 | -18,475 | -19,789 | -20,613 |
| Dividend from subsidiary | - | - | - | - | 100,000 | 100,000 |
| Group contributions received | - | - | - | - | 35,235 | 35,235 |
| Net financial items | -3,401 | -4,700 | -12,548 | -10,089 | -15,184 | -12,724 |
| Profit before tax | -6,489 | -8,619 | -30,199 | -28,564 | 100,262 | 101,898 |
| Appropriations | - | - | - | - | 4,002 | 4,002 |
| Tax | - | 2,267 | -1,598 | 7,512 | -9,110 | - |
| Profit for the period | -6,489 | -6,352 | -31,797 | -21,052 | 95,154 | 105,900 |
| Other comprehensive income | - | - | - | - | - | - |
| Total comprehensive income for the period | -6,489 | -6,352 | -31,797 | -21,052 | 95,154 | 105,900 |

PARENT COMPANY BALANCE SHEET

Condensed

| SEK thousands | 30 Sept 2012 | 30 Sept 2011 | 31 Dec 2011 |
|-------------------------------------|-----------------|-----------------|----------------|
| Non-current assets | | | |
| Intangible non-current assets | 870 | 1,336 | 1,220 |
| Tangible non-current assets | 6,347 | 3,367 | 6,617 |
| Shares in Group companies | 325,764 | 321,227 | 321,227 |
| Total non-current assets | 332,981 | 325,930 | 329,064 |
| Current assets | | | |
| Receivables from Group companies | 227,412 | 95,736 | 201,914 |
| Current receivables | 7,637 | 13,762 | 6,737 |
| Investments | 144,424 | 16,291 | - |
| Cash & cash equivalents | 49,845 | 25,262 | 122,271 |
| Total current assets | 429,318 | 151,051 | 330,922 |
| Total assets | 762,299 | 476,981 | 659,986 |
| Equity and liabilities | | | |
| Equity | 31,911 | 37,351 | 164,302 |
| Untaxed reserves | 2,538 | 6,540 | 2,538 |
| Bond loan | 192,121 | - | - |
| Due to Group companies | 521,572 | 424,064 | 476,120 |
| Accounts payable | 5,679 | 1,637 | 7,200 |
| Other current liabilities | 8,478 | 7,389 | 9,826 |
| Total equity and liabilities | 762,299 | 476,981 | 659,986 |

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

Condensed

| SEK thousands | Jan–Sept 2012 | Jan–Sept 2011 | Full-year 2011 |
|---|------------------|------------------|-------------------|
| Opening balance | 164,302 | 189,174 | 189,174 |
| Dividend/distribution | -100,594 | -130,772 | -130,772 |
| Total comprehensive income for the period | -31,797 | -21,052 | 105,900 |
| Closing balance | 31,911 | 37,351 | 164,302 |

DEFINITIONS

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 (over a rolling 12-month period) plus financial expenses as a percentage of average capital employed.

Return on equity

Net profit (over a rolling 12-month period) 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, excluding VAT, based on reported sales at the wholesale level.

The Board of Directors and the CEO certify that the interim report provides a true and fair overview of the operations, financial position and results of the Parent Company and the Group and describes the material risks and uncertainties faced by the Parent Company and the companies in the Group.

Stockholm, November 9, 2012

Fredrik Lövestedt
Chairman

Kerstin Hessius
Board Member

Fabian Månsson
Board Member

Mats H Nilsson
Board Member

Vilhelm Schottenius
Board Member

Michael Storåkers
Board Member

Arthur Engel
President and CEO

ABOUT THE BJÖRN BORG GROUP

The Group owns the Björn Borg trademark and its core business is underwear. It also offers sportswear, footwear, luggage & bags, eyewear and fragrances through licensees. Björn Borg products are sold in around twenty markets, of which Sweden and the Netherlands are the largest. The Björn Borg Group has operations at every level from branding to consumer sales in its own Björn Borg stores. Total sales of Björn Borg products in 2011 amounted to around SEK 1.7 billion, excluding VAT, at the consumer level. Group net sales amounted to SEK 537 million as per December 31, 2011, with 131 employees. The Björn Borg share has been listed on NASDAQ OMX Nordic in Stockholm since 2007.

REVIEW REPORT

Introduction

We have reviewed the interim report for Björn Borg AB (publ) for the period January 1 to September 30, 2012. 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.

Scope of review

We conducted our review in accordance with the Standard on Review Engagements (SÖG) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with the International Standards of Auditing (ISA) and other generally accepted auditing practices. 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 based on 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 aspects, prepared in accordance with IAS 34 and the Annual Accounts Act for the Group and in accordance with the Annual Accounts Act for the Parent Company.

Stockholm, November 9, 2012
Deloitte AB

Fredrik Walméus
Authorized Public Accountant



Upcoming information dates

The year-end report for 2012 will be released on February 14, 2013.
The annual report will be published in March 2013.
The interim report January–March 2013 will be released on May 17, 2013.
The Annual General Meeting for 2013 will be held on April 17, 2013.

For further information, please contact:
Arthur Engel, President and CEO, telephone +46 8 506 33 700
Magnus Teeling, CFO, telephone +46 8 506 33 700

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Björn Borg is required to make public the information in this report in accordance with the Securities Market Act.
The information was released for publication on November 9, 2012 at 7:30 am (CET).