



BJÖRN BORG AB INTERIM REPORT JANUARY – SEPTEMBER 2014

IMPROVED PROFITABILITY DURING THE QUARTER

JULY 1 – SEPTEMBER 30, 2014

- The Group's net sales increased by 2 percent to SEK 163.7 million (160.2). Excluding currency effects, sales were unchanged.
- The gross profit margin was 52.4 percent (51.8).
- Operating profit amounted to SEK 32.8 million (23.6).
- Profit after tax amounted to SEK 24.0 million (15.5).
- Earnings per share before and after dilution amounted to SEK 1.00 (0.74).

JANUARY 1 – SEPTEMBER 30, 2014

- The Group's net sales increased by 2 percent to SEK 403.5 million (396.8). Excluding currency effects, sales were unchanged.
- The gross profit margin was 52.6 percent (51.3).
- Operating profit amounted to SEK 52.4 million (33.7).
- Profit after tax amounted to SEK 41.7 million (24.9).
- Earnings per share before and after dilution amounted to SEK 1.76 (1.26).

QUOTE FROM THE CEO

"The highlights of the third quarter were our participation in Fashion Week Stockholm, solid profitability growth and good growth in our e-commerce," said Henrik Bunge, CEO of Björn Borg.

SEK million	July-Sep 2014	July-Sep 2013	Jan-Sep 2014	Jan-Sep 2013	Oct 2013– Sep 2014	Full-year 2013
Net sales	163.7	160.2	403.5	396.8	502.8	496.0
Gross profit margin, %	52.4	51.8	52.6	51.3	52.5	51.5
Operating profit	32.8	23.6	52.4	33.7	39.9	21.2
Operating margin, %	20.0	14.7	13.0	8.5	7.9	4.3
Profit after tax	24.0	15.5	41.7	24.9	30.6	13.9
Earnings per share, SEK	1.00	0.74	1.76	1.26	1.36	0.86
Brand sales*	452.4	482.3	1,088.5	1,189.5	1,420.4	1,521.1

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

** As of 2014 the company has changed its income statement format based on type of cost instead of function as done before. As net sales and cost of goods sold are defined with the new format, net sales and the gross profit margin for comparative periods in 2013 may deviate slightly from reported values in 2013.



CEO'S COMMENT

"This show increases the status of Fashion Week as a whole." "This is not what I expected of Björn Borg." "The best show I have ever seen at Fashion Week Stockholm." "This is a show I will never forget." "Björn Borg gave Fashion Week star quality." These were a few of the media comments on Björn Borg's SS15 show during Fashion Week Stockholm in August 2014.

The show, which took place in an underground rock chamber on Skeppsholmen island in Stockholm, attracted over 400 influential people from Swedish and international fashion circles. The acclaimed show director was Bea Åkerlund, stylist to stars such as Madonna, Lady Gaga, Beyoncé and Britney Spears. Seated in the front row were Swedish and foreign celebrities, fashion directors and representatives of the media, including from Vogue, New York Times, Nylon, V Magazine, Style.com and Harper's Bazaar, as well as buyers from fashion retailers around the world. Celebrity diva Conchita Wurst, who was flown in specially for the occasion, generated great interest on site and in social media. As a whole the show was the highlight of the quarter and the year, with an estimated PR value of SEK 15–20 million, many times greater than the cost of the event.

During the third quarter we saw continued tough conditions, mainly in our largest markets. This is evident in a further decline in brand sales and a negative trend in Group-owned Swedish stores compared with the previous year. The Group's

total sales are increasing, however, mainly thanks to a larger Christmas collection shipped by our underwear product company compared with the previous year, good growth in our e-commerce and continued growth in Finland and England. To sum up, net sales for the quarter ended up meeting our expectations but were not quite as high as we had hoped. Cost control, coupled with our discontinued operations in China and a higher gross profit margin, produced acceptable profitability growth for Q3.

My personal focus during the quarter was to listen. I have met with end-consumers, customers, employees, distributors, licensees and shareholders, which has given me a clear picture of where we stand. The work we are doing to shape a long-term business plan and set a clear goal for the company has come far and is expected to be completed in Q4. As part of our ongoing efforts, we anticipate an increased focus on Sports Fashion within the Group. As a direct result of the work on our business plan, we have already decided to strengthen the organization with expertise in HR, design, creativity and sales. The retail organization is being restructured as a result of poor profitability and sales growth since 2010.

If I were to describe my first 100 days with two words, it would be long-term potential.

Head coach
Henrik Bunge



OPERATIONS

Brand sales

Distributors and licensees reported weak sales in the footwear, bags and sportswear product areas during the third quarter. The largest product area, underwear, was unchanged, however. As a result, brand sales (excluding VAT) decreased by 6 percent to SEK 452 million (482) for the third quarter and by 8 percent to SEK 1,088 million (1,189) for the first nine months of the year. Adjusted for currency effects, brand sales were down 11 percent for the quarter and 12 percent for the first nine months of the year.

Product areas for the first nine months of 2014

Brand sales in the underwear product area fell by 8 percent in the first nine months. Underwear accounted for 56 percent (56) of brand sales.

Brand sales* of Björn Borg products Jan-Sep 2014. Total SEK 1,088 million (1,189)



* 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.
Other product areas: Sportswear, fragrances, footwear, bags and eyewear.

Sportswear saw a decline in brand sales of 15 percent. Sales also decreased in the eyewear, bags and footwear product areas, while sales of fragrances were relatively unchanged. In total, sales of licensed products fell by 9 percent during the first nine months.

Markets for the first nine months of 2014

Among large markets, Belgium and Finland saw good growth, while the Netherlands, Sweden and Norway reported declines. Denmark was relatively unchanged during the period. Among Björn Borg's smaller markets, England posted good growth numbers.

Björn Borg stores

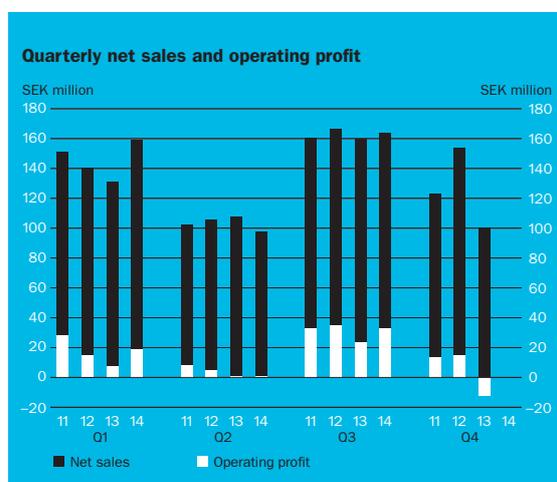
No new Björn Borg stores were opened during the third quarter. As of September 30, 2014 there were a total of 38 (54) Björn Borg stores, of which 17 (16) are Group-owned. The smaller number of stores year-on-year is due to the previously announced retail reconstruction by the Dutch distributor, which has closed 17 stores since September 30, 2013.

Cost focus for the Group

To address a continued tough situation in several of our markets, Björn Borg has continuously reviewed its operating expenses during the summer and fall. In total, the Group has reduced operating expenses year-on-year by SEK 3.2 million for the quarter and by SEK 9.1 million for the first nine months, which has had a corresponding positive effect on operating profit. The cost reduction obviously includes the discontinued operations in China.

THE GROUP'S DEVELOPMENT

Sales were higher during the third quarter with an improved operating profit compared with the same period in 2013.



Sales

Third quarter, July–September 2014

The Group's net sales amounted to SEK 163.7 million (160.2) during the third quarter, an increase of 2 percent. Excluding currency effects, sales were unchanged. The main reason for the sales increase is that the underwear product company shipped a larger Christmas collection during the third quarter compared with the same period in 2013. The Swedish wholesale companies for underwear and footwear experienced another unfavorable quarter with slightly lower shipments of the fall/winter collection. The British and Finnish wholesaling operations continued to perform positively. The Group-owned retail operations reported another decline during the third quarter, while e-commerce continued to develop strongly. Total royalties decreased slightly as a result of lower brand sales during the quarter.

Nine-month period, January–September 2014

The Group's net sales amounted to SEK 403.5 million (396.8) during the first nine months of the year, an increase of 2 percent. Excluding currency effects, sales were unchanged.

Previously announced shipment delays at the turn of the year in the underwear and sportswear product companies have increased sales for 2014 by about SEK 25 million. The Christmas collection during the third quarter also contributed to the increase in net sales, while declines for the two previous collections for summer and fall/winter contributed negatively to sales for the period. The decline primarily in the large fall/winter underwear collection is partly due to the previously announced developments in the Netherlands, but also because Norway and Denmark reduced their preorders of this collection. For the first nine months as a whole, revenue in the two product companies rose compared with the same period in 2013, but mainly as a result of the pre-

viously announced shipment delays. The British and Finnish wholesaling operations continued to perform positively during the first nine months of the year. Sales for the Swedish wholesale companies for underwear and footwear decreased during the period, with tough market conditions leading to declining collections primarily in fall 2014. Group-owned retail sales saw a decline, while e-commerce continued to perform strongly. Royalties decreased as a result of lower brand sales during the period.

Profit

Third quarter, July–September 2014

The gross profit margin for the third quarter improved slightly to 52.4 percent (51.8). Excluding currency effects, the margin would have still been 52.4 percent.

A slightly higher gross profit in combination with lower operating expenses during the quarter led to an increase in operating profit to SEK 32.8 million (23.6). The operating margin was 20.0 percent (14.7). Operating expenses excluding goods for resale were SEK 3.2 million lower year-on-year. The discontinued operations in China contributed to the decrease. At the same time the growing e-commerce operations led to an increase in volume-related expenses within these operations.

Net financial items amounted to SEK 1.0 million (–0.9). The increase is mainly due to exchange rate fluctuations on receivables in foreign currency. The realized and unrealized return on investments, less interest on the bond loan, negatively affected the Group's net financial items by SEK 0.7 million (+1.0). Profit before tax was SEK 33.8 million (22.7).

Nine-month period, January–September 2014

The gross profit margin for the first nine months increased to 52.6 percent (51.3). Excluding currency effects, the margin would have still been 52.6 percent.

The sales increase and improved gross profit margin during the first nine months, coupled with lower operating expenses, explains the improvement in operating profit, which rose to SEK 52.4 million (33.7). The operating margin was 13.0 percent (8.5). Operating expenses excluding goods for resale decreased by SEK 9.1 million compared with the same period in 2013. The discontinued operations in China have contributed to the decrease. At the same time the growing e-commerce operations led to an increase in volume-related expenses within these operations, while new Group-owned stores also added to expenses.

Net financial items amounted to SEK 5.1 million (0.6). The increase is mainly due to exchange rate fluctuations on receivables in foreign currency. The realized and unrealized return on investments, less interest on the bond loan, positively affected the Group's net financial items by SEK 1.5 million (1.3). Profit before tax increased to SEK 57.5 million (34.2).

Development by business segment

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

Business segment	Revenue source	Operating revenue, SEK thousands		Operating profit, SEK thousands		Operating margin	
		January–September 2014	2013	January–September 2014	2013	2014	2013
Brand	Royalties	60,857	62,030	15,709	13,378	26%	22%
Product development	Products	270,668	250,003	35,462	15,510	13%	6%
Wholesale	Wholesale revenues	172,614	202,281	7,247	17,413	4%	9%
Retail	Retailers	62,589	55,296	–6,027	–12,607	–10%	–23%
Less internal sales		–159,858	–170,634	–	–	–	–
Total		406,870	398,976	52,391	33,694	13%	8%

Brand

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

The business segment's operating revenue amounted to SEK 60.9 million (62.0) during the first nine months of 2014. External operating revenue decreased to SEK 28.6 million (30.2) as a result of the quarter's lower brand sales. 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 15.7 million (13.4), an increase of 17 percent for the period. The improved operating result is due to lower net operating expenses for branding activities during the first nine months.

Product development

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

The business segment's operating revenue amounted to SEK 270.7 million (250.0) during the first nine months of 2014, an increase of 8 percent. External operating revenue amounted to SEK 172.6 million (160.7). The increase compared with the first nine months of 2013 is due to the previously announced shipment delays in both product companies at the turn of the year compared with the same period a year earlier. The reason why the increase in this segment wasn't bigger was the decline in sales of the large fall/winter underwear collection during the period.

Operating profit increased to SEK 35.5 million (15.5) due to the higher sales as well as an improved gross profit margin in this segment, not least in sportswear. A stronger USD also affected both sales and operating profit positively. Operating expenses in the segment were in line with the first nine months 2013.

Wholesale

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

The business segment's operating revenue decreased by 15 percent to SEK 172.6 million (202.3) during the first nine months of 2014. External operating revenue decreased to SEK 151.9 million (161.1). The British and Finnish operations saw sales growth, while Swedish underwear and footwear wholesaling had a weaker result compared with the same period in 2013.

Operating profit amounted to SEK 7.2 million (17.4) as a result of lower sales and higher operating expenses. A slightly positive currency effect was mainly due to a stronger EUR and GBP during the period.

Retail

The Björn Borg Group owns and operates a total of 17 stores and factory outlets in Sweden, Finland and England that sell underwear, adjacent products, sportswear and other licensed products. Björn Borg also sells online through www.bjornborg.com.

As of January 1, 2014 revenue and expenses attributable to the Group-owned stores in Finland and England are also reported in this segment. These items previously were not reported separately from the wholesaling operations above due to the insignificant amounts.

Operating revenue in the Retail segment increased by 14 percent during the first nine months of 2014 to SEK 62.6 million (55.3). External net sales rose by 14 percent during the period to SEK 53.7 million (47.0). The increase is due to continued strong performance in e-commerce in 2014. Swedish retail revenue declined during the period. Sales for

outlets and comparable Björn Borg stores in Sweden were down 9 percent year-on-year.

The operating loss for the first nine months of 2014 improved to SEK 6.0 million, against a year-earlier loss of SEK 12.6 million. The result is no longer charged with the operations in China.

Intra-Group sales

Intra-Group sales for the period amounted to SEK 159.9 million (170.6).

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

The Group's cash flow from operating activities amounted to SEK -0.7 million (1.0) during the first nine months of 2014. An improved operating result year-on-year was accompanied by increased tied-up working capital during the first nine months. Previously announced shipment delays at the turn of the year resulted in unusually low accounts receivable and inventories as of December 31, 2013, due to which tied-up capital was higher during the first nine months of 2013.

Total investments in tangible and intangible non-current assets amounted to SEK 0.9 million (4.8) for the period.

FINANCIAL POSITION AND LIQUIDITY

The Björn Borg Group's cash & cash equivalents and investments amounted to SEK 168.5 million (189.5) at the end of the period. During the first nine months of the year cash & cash equivalents and investments decreased by SEK 50.3 million (90.6). The decrease in 2014 is mainly due to the year's distribution of SEK 37.7 million (75.4).

In April 2012 the company issued a bond loan on NASDAQ OMX Stockholm that carries an annual coupon rate corresponding to the 3-month STIBOR rate +3.25 percentage points, maturing in April 2017. After transaction expenses of about SEK 1.5 million for the bond loan and the repurchase of corporate bonds with a nominal value of SEK 10 million, the carrying amount of the bond loan amounted to SEK 188.5 million as of September 30, 2014.

The surplus liquidity from the issuance of the bond loan is placed in interest-bearing financial instruments, highly liquid corporate 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 139.2 million, which represents the fair value on the same date, compared with SEK 136.5 million on December 31, 2013. 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 ensure that the ratio between the Group's net debt and operating profit before depreciation and amortization does not exceed 3.00 on the last day of each quarter and that the Group maintains an equity/assets ratio of at least 30 percent at any given time. As of September 30, 2014 the ratio was 0.42 (0.06) and the equity/assets ratio was 49.4 percent (46.3). 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, 2013.

PERSONNEL

The average number of employees in the Group was 136 (154) for the 12-month period ended September 30, 2014, of whom 63 percent (61) are women.

TRANSACTIONS WITH RELATED PARTIES

No transactions with related parties have been executed during the period.

SIGNIFICANT RISKS AND UNCERTAINTIES

In its operations the Björn Borg Group is exposed to risks and uncertainties. Information on the Group's risks and uncertainties can be found on pages 42–43 and in note 3 in the annual report 2013. The company's assessment of these risks and uncertainties has not changed since the assessment made in connection with the publication of the annual report for 2013.

EVENTS AFTER THE BALANCE SHEET DATE

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

NOMINATION COMMITTEE

In accordance with the resolution of the Annual General Meeting, Björn Borg's Nomination Committee for the 2015 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, 2014, each of which appoints one member. Björn Borg's Nomination Committee for the 2015 AGM has the following composition:

- Fredrik Lövestedt, Chairman of the Board;
- Mats Nilsson, representing himself as a major shareholder;
- Vilhelm Schottenius, representing himself as a major shareholder;
- Marianne Flink, appointed by Swedbank Robur funds.

ANNUAL GENERAL MEETING

The Annual General Meeting for the financial year 2014 will be held in Stockholm on May 11, 2015.

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, 50.05 percent of the shares in Björn Borg Sport BV, 75 percent of the shares in Björn Borg (China) Ltd and 75 percent of the shares in Björn Borg Finland Oy.

The Parent Company's net sales amounted to SEK 15.6 million (12.5) during the third quarter and SEK 45.3 million (37.1) during the first nine months of the year.

The loss before tax amounted to SEK 8.3 million for the third quarter, against a year-earlier loss of SEK 27.1 million, while the loss before tax for the first nine months was SEK 19.5 million, against a year-earlier loss of SEK 44.7 million. The lower pretax loss is partly because net financial items for the third quarter of 2013 were charged with writedowns of holdings in subsidiaries, mainly related to China, of approximately SEK 13.5 million. Cash & cash equivalents and investments amounted to SEK 135.0 million (148.1) as of September 30, 2014. For the first nine months of the year investments in tangible and intangible non-current assets amounted to SEK 0.1 million (0.5).

The Parent Company participated in the issuance of shares to set off claims on Björn Borg Sport during the third quarter, as a result of which approximately SEK 9 million of the company's outstanding claims was converted to shares in the company. Björn Borg's ownership interest essentially

remained unchanged after the issue, which did not have a significant effect either on the company's cash flow or financial position. Because the minority shareholder also participated in the issue, the Group's interest-bearing debt was reduced by approximately SEK 9 million.

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 objectives will be achieved if established markets grow slightly below the average growth target and new markets contribute stronger growth.

The surplus liquidity generated while taking into account the new financial objectives will be distributed gradually during the forecast period.

Operating investments are estimated annually at 2–5 percent of net sales depending on whether any new Björn Borg stores are opened.

The new business plan that the company currently works with will be approved by the Board of Directors in connection with the year-end report on February 19, 2015, at which time the company will present financial objectives for operations for the period 2015-2019.

ACCOUNTING PRINCIPLES

This condensed interim report for the Group has been prepared in accordance with IAS 34 Interim Financial Reporting and applicable provisions of the Annual Accounts Act. The interim report for the Parent Company has been prepared in accordance with chapter 9 of the Annual Accounts Act on interim reporting and RFR 2 Accounting in Legal Entities. The accounting principles applied in the interim report conform to the accounting principles applied in the preparation of the consolidated accounts and annual report for 2013, as described on page 54 in the annual report 2013, with the exceptions detailed below.

New and amended accounting principles

New or amended IFRS and IFRIC interpretations effective as of January 1, 2014 have not had a significant effect on the interim report or consolidated financial statements. For further information, see the annual report 2013.

During the winter and spring 2013-2014, in connection with the implementation of a new enterprise system, Björn Borg conducted a review of its external financial statements. Against this backdrop, management has determined that an income statement format based on type of cost instead of function as done before creates a more relevant and reliable income statement for users of Björn Borg's financial reports. Comparative figures in this interim report have been restated in accordance with the revised classification by cost.

AUDIT REPORT

This interim report has been reviewed by the company's auditors. The review report can be found on page 13.

OUTLOOK 2014

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

CONSOLIDATED INCOME STATEMENT

Condensed

SEK thousands	Note	July-Sep 2014	July-Sep 2013	Jan-Sep 2014	Jan-Sep 2013	Oct 2013– Sep 2014	Full-year 2013
Net sales		163,723	160,228	403,475	396,773	502,751	496,048
Other operating revenue		2,782	-437	3,395	2,203	4,389	3,198
Operating revenue		166,505	159,791	406,870	398,976	507,140	499,246
Goods for resale		-77,964	-77,230	-191,417	-193,157	-238,833	-240,574
Other external expenses	1	-31,816	-34,168	-85,911	-90,455	-119,839	-124,381
Staff costs		-22,166	-22,657	-70,801	-71,103	-100,117	-100,419
Depreciation/amortization of tangible/ intangible non-current assets		-1,870	-1,849	-5,718	-5,162	-7,384	-6,828
Other operating expenses		131	-277	-633	-5,406	-1,111	-5,884
Operating profit		32,820	23,610	52,391	33,694	39,857	21,160
Net financial items		1,014	-915	5,145	553	8,281	3,689
Profit before tax		33,834	22,695	57,536	34,247	48,138	24,849
Tax		-9,791	-7,167	-15,870	-9,298	-17,514	-10,943
Profit for the period		24,043	15,527	41,666	24,949	30,624	13,906
Profit for the period attributable to:							
Parent Company's shareholders		25,190	18,523	44,362	31,701	34,275	21,613
Non-controlling interests		-1,147	-2,995	-2,696	-6,752	-3,651	-7,707
Earnings per share before and after dilution, SEK		1.00	0.74	1.76	1.26	1.36	0.86
Number of shares		25,148,384	25,148,384	25,148,384	25,148,384	25,148,384	25,148,384

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Condensed

SEK thousands	July-Sep 2014	July-Sep 2013	Jan-Sep 2014	Jan-Sep 2013	Oct 2013– Sep 2014	Full-year 2013
Net profit for the period	24,043	15,527	41,666	24,949	30,624	13,906
OTHER COMPREHENSIVE INCOME						
Components that may be reclassified to profit or loss						
Translation difference for the period	-2,525	249	-4,776	-736	-6,063	-2,035
Accumulated translation difference reclassified to profit or loss for discontinued operations						12
Total other comprehensive income for the period	-2,525	249	-4,776	-736	-6,063	-2,023
Total comprehensive income for the period	21,518	15,776	36,890	24,213	24,561	11,883
Total other comprehensive income for the period attributable to						
Parent Company's shareholders	23,376	18,772	40,864	30,965	29,490	19,590
Non-controlling interests	-1,858	-2,995	-3,974	-6,752	-4,929	-7,707

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Condensed

SEK thousands	Note	Sep 30 2014	Sep 30 2013	Dec 31 2013
Non-current assets				
Goodwill		19,089	18,526	18,966
Trademarks		187,532	187,532	187,532
Other intangible assets		3,506	4,446	4,748
Tangible non-current assets		13,258	13,982	16,519
Long-term receivable	2	10,700	12,750	13,400
Deferred tax assets		29,399	35,314	31,126
Total non-current assets		263,483	272,550	272,291
Current assets				
Inventories, etc.		45,095	44,462	39,031
Accounts receivable		79,322	85,318	52,321
Other current receivables		29,503	40,964	34,104
Investments	2	139,154	145,067	136,519
Cash & cash equivalents		29,383	44,481	82,304
Total current assets		322,457	360,292	344,279
Total assets		585,940	632,842	616,570
Equity and liabilities				
Equity		289,703	292,991	280,650
Deferred tax liabilities		41,481	44,258	39,694
Other non-current liabilities		9,303	25,637	24,115
Bond loan	2	188,539	192,765	192,927
Accounts payable		12,935	22,536	26,549
Other current liabilities		43,979	54,656	52,635
Total equity and liabilities		585,940	632,842	616,570

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, 2013	354,050	-9,835	344,216
Total comprehensive income for the period	30,965	-6,752	24,213
Distribution for 2012	-75,444	-	-75,444
Non-controlling interests that arose through acquisition	-	6	6
Closing balance, September 30, 2013	309,571	-16,581	292,991
Opening balance, January 1, 2013	354,050	-9,835	344,216
Total comprehensive income for the year	19,590	-7,707	11,883
Distribution for 2012	-75,444	-	-75,444
Non-controlling interests that arose through acquisition	-	6	6
Translation difference	-12	-	-12
Discontinued business	-4,003	4,003	-
Closing balance, December 31, 2013	294,180	-13,533	280,650
Opening balance, January 1, 2014	294,180	-13,533	280,650
Total comprehensive income for the period	40,864	-3,974	36,890
Distribution for 2013	-37,723	-	-37,723
Translation difference	-	420	420
Issuance of shares for debt settlement	-	9,466	9,466
Closing balance, September 30, 2014	297,323	-7,621	289,703

CONSOLIDATED STATEMENT OF CASH FLOWS

Condensed

SEK thousands	Note	July-Sep 2014	July-Sep 2013	Jan-Sep 2014	Jan-Sep 2013	Full-year 2013
Cash flow from operating activities						
Before changes in working capital		32,328	18,219	53,283	17,701	13,382
Changes in working capital		-37,641	-14,730	-53,951	-16,700	24,617
Cash flow from operating activities		-5,313	3,489	-668	1,001	37,999
Investments in intangible non-current assets		-4	-328	-134	-694	-1,533
Investments in tangible non-current assets		-136	-1,380	-791	-4,075	-8,088
Business combinations	2	-	-	-	-6,547	-6,547
Disposal of subsidiaries		-	-	-	-	-2,369
Investments/divestments		9,380	10,175	-1,510	18,532	28,886
Cash flow from investing activities		9,240	8,467	-2,435	7,216	10,349
Distribution		-	-	-37,723	-75,444	-75,444
Amortization of loans		-1,814	-1,790	-5,574	-5,001	-7,207
Repurchase of bond loan		-	-	-4,870	-	-
Cash flow from financing activities		-1,814	-1,790	-48,166	-80,445	-82,652
Cash flow for the period		2,113	10,166	-51,270	-72,228	-34,304
Cash & cash equivalents at beginning of period		28,052	33,768	82,304	116,195	116,195
Translation difference in cash & cash equivalents		-783	547	-1,652	514	413
Cash & cash equivalents at end of period		29,383	44,481	29,383	44,481	82,304

KEY FIGURES

Group

SEK thousands	July-Sep 2014	July-Sep 2013	Jan-Sep 2014	Jan-Sep 2013	Oct 2013– Sep 2014	Full-year 2013
Gross profit margin, %	52.4	51.8	52.6	51.3	52.5	51.5
Operating margin, %	20.0	14.7	13.0	8.5	7.9	4.3
Profit margin, %	20.7	14.2	14.3	8.6	9.8	5.0
Return on capital employed, %	11.8	12.5	11.8	12.5	11.8	7.0
Return on average equity, %	12.1	13.8	12.1	13.8	12.1	6.9
Profit attributable to Parent Company's shareholders	25,190	18,523	44,362	31,701	34,275	21,613
Equity/assets ratio, %	49.4	46.3	49.4	46.3	49.4	45.5
Equity per share, SEK	11.52	11.65	11.52	11.65	11.52	11.16
Investments in intangible non-current assets	4	328	134	694	973	1,533
Investments in tangible non-current assets	136	1,380	791	4,075	4,804	8,088
Business combinations	-	-	-	6,547	-	6,547
Depreciation, amortization and impairment losses for the period	-1,870	-1,945	-5,718	-5,006	-7,540	-6,828
Average number of employees	-	-	-	-	136	159

SUMMARY BY SEGMENT

Group

SEK thousands	July-Sep 2014	July-Sep 2013	Jan-Sep 2014	Jan-Sep 2013	Oct 2013– Sep 2014	Full-year 2013
Operating revenue						
Brand						
External revenue	12,351	12,844	28,633	30,191	36,813	38,371
Internal revenue	12,875	12,900	32,224	31,839	39,513	39,128
	25,226	25,744	60,857	62,030	76,326	77,499
Product development						
External revenue	67,979	64,047	172,617	160,673	199,034	187,090
Internal revenue	36,613	37,030	98,051	89,330	115,779	107,058
	104,592	101,077	270,668	250,003	314,813	294,148
Wholesale						
External revenue	64,433	63,427	151,879	161,136	195,129	204,386
Internal revenue	7,342	17,568	20,735	41,145	31,590	52,000
	71,775	80,995	172,614	202,281	226,720	256,386
Retail						
External revenue	21,743	19,473	53,741	46,977	76,162	69,399
Internal revenue	3,011	2,822	8,848	8,319	11,611	11,081
	24,754	22,295	62,589	55,296	87,773	80,480
Less internal sales	-59,842	-70,320	-159,858	-170,634	-198,491	-209,267
Operating revenue	166,505	159,791	406,870	398,976	507,140	499,246
Operating profit						
Brand	7,424	6,995	15,709	13,378	17,028	14,697
Product development	14,737	5,517	35,462	15,510	23,995	4,043
Wholesale	9,389	12,893	7,247	17,413	5,360	15,526
Retail	1,270	-1,795	-6,027	-12,607	-6,526	-13,106
Operating profit	32,820	23,610	52,391	33,694	39,857	21,160

Reconciliation between operating profit and profit before tax

The difference between operating profit for segments for which information must be disclosed, SEK 52,391 thousand (33,694), and profit before tax, SEK 57,536 thousand (34,247), is net financial items, SEK 5,145 thousand (553).

QUARTERLY DATA

Group

SEK thousands	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012
Net sales	163,723	96,969	142,783	99,275	160,228	105,759	130,786	138,735
Gross profit margin, %	52.4	52.5	52.8	52.1	51.8	52.1	50.1	51.9
Operating profit/loss	32,821	522	19,048	-12,534	23,610	860	9,225	15,085
Operating margin, %	20.0	0.5	13.3	neg	14.7	0.8	7.1	10.9
Profit/loss after financial items	33,834	3,939	19,987	-9,399	22,695	4,467	7,086	18,948
Profit margin, %	20.7	4.1	14.0	neg	14.2	4.2	5.4	13.7
Earnings per share before/ after dilution, SEK	1.00	0.15	0.62	-0.40	0.74	0.23	0.30	0.45
Number of Björn Borg stores at end of period	38	38	38	38	54	57	57	60
of which Group-owned Björn Borg stores	17	17	17	17	16	17	17	17
Brand sales	452,422	253,976	382,081	331,665	482,268	275,379	431,815	376,244

PARENT COMPANY INCOME STATEMENT

Condensed

SEK thousands	Note	July-Sep 2014	July-Sep 2013	Jan-Sep 2014	Jan-Sep 2013	Oct 2013– Sep 2014	Full-year 2013
Net sales		15,591	12,530	45,330	37,144	58,163	49,977
Other operating revenue		1,395	10	217	90	325	198
Operating revenue		16,986	12,540	45,547	37,234	58,488	50,175
Goods for resale		–	–61	–2	–179	–65	–242
Other external expenses	1	–14,406	–14,420	–35,957	–34,191	–48,764	–46,997
Staff costs		–6,763	–8,085	–21,762	–23,650	–29,536	–31,425
Depreciation/amortization of tangible/ intangible non-current assets		–514	–389	–1,621	–1,535	–2,189	–2,103
Other operating expenses		–696	–136	–834	–503	–1,023	–692
Rörelseresultat		–5,393	–10,551	–14,629	–22,824	–23,089	–31,284
Result from shares in subsidiaries		–	–	–	–	50,725	50,725
Group contributions received		–	–	–	–	43,755	43,755
Net financial items		–2,949	–16,572	–4,903	–21,903	7,761	–9,239
Profit/loss before tax		–8,342	–27,123	–19,532	–44,727	79,152	53,957
Appropriations		–	–	–	–	295	295
Tax		–	–	–	403	–108	296
Profit/loss for the period		–8,342	–27,123	–19,532	–44,324	79,340	54,548
Other comprehensive income		–	–	–	–	–	–
Total comprehensive income for the period		–8,342	–27,123	–19,532	–44,324	79,340	54,548

PARENT COMPANY BALANCE SHEET

Condensed

SEK thousands	Note	Sep 30 2014	Sep 30 2013	Dec 31 2013
Non-current assets				
Intangible non-current assets		447	403	595
Tangible non-current assets		3,290	4,988	4,627
Long-term receivable	2	10,700	12,750	13,400
Shares in Group companies		330,734	321,243	321,243
Total non-current assets		345,171	339,384	339,865
Current assets				
Receivables from Group companies		190,446	178,345	182,141
Current receivables		15,151	7,128	10,749
Investments	2	139,154	145,067	136,519
Cash & cash equivalents		–	3,017	41,559
Total current assets		344,751	333,557	370,968
Total assets		689,922	672,941	710,833
Equity and liabilities				
Equity		60,632	19,014	117,887
Untaxed reserves		1,888	2,183	1,888
Deferred tax		314	609	314
Bond loan	2	188,539	192,765	192,927
Due to Group companies		413,786	438,798	382,447
Bank overdraft facility		4,132	–	–
Accounts payable		1,878	4,699	5,407
Other current liabilities		18,753	14,873	9,963
Total equity and liabilities		689,922	672,941	710,833

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

Condensed

SEK thousands	Jan-Sep 2014	Jan-Sep 2013	Full-year 2013
Opening balance	117,887	138,784	138,784
Distribution	–37,723	–75,444	–75,444
Total comprehensive income for the period	–19,532	–44,324	54,548
Closing balance	60,632	19,014	117,887

SUPPLEMENTARY DISCLOSURES

NOTE 1 OTHER EXTERNAL EXPENSES

	Group		Parent Company	
	Jan-Sep 2014	Jan-Sep 2013	Jan-Sep 2014	Jan-Sep 2013
Cost of premises	19,696	17,733	6,711	6,324
Selling expenses	16,327	21,932	1,835	5,207
Marketing expenses	26,614	24,481	14,619	11,778
Administrative expenses	16,736	18,950	9,584	10,424
Other	6,538	7,359	3,208	458
Total	85,911	90,455	35,957	34,191

NOTE 2 FINANCIAL ASSETS AND LIABILITIES

Level 1 fair value is determined using observable (unadjusted) quoted prices on an active market for identical assets and liabilities.

Level 2 fair value is determined using valuation models based on other observable inputs for the asset or liability other than quoted prices included in level 1.

Level 3 fair value is determined using valuation models where significant inputs are based on non-observable data.

Securities held for trading relate to investments in corporate bonds quoted on NASDAQ OMX and have been measured at their quoted prices. Forward exchange contracts are measured according to level 2 based on observable information as of the closing date with respect to exchange rates and market interest rates for the remaining maturities.

Net investments in the company's portfolio of corporate bonds amounted to SEK 1,760 thousand during the first nine months of the year.

Financial assets at fair value through profit or loss

	Level 1	Level 2	Level 3
Securities held for trading	139,521	-	-
Derivatives held for trading	-	-367	-
Total assets	139,521	-367	-

Björn Borg currently has no liabilities measured at fair value. The carrying amount of financial instruments at amortized cost coincides with their fair value as of September 30, 2014, with the exception of the bond loan, whose fair value amounted to SEK 184,775 thousand, compared with a carrying amount of SEK 188,539 thousand.

In 2013 the company granted an interest-bearing, SEK 17 million collateralized loan to the Dutch distributor expiring on March 31, 2017 with quarterly amortizations of SEK 900 thousand starting December 31, 2013.

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.

Earnings per share/Earnings per share after dilution

Earnings in relation to the weighted average number of shares during the period and earnings per share adjusted for any dilution effect.

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.

Equity/assets ratio

Equity as a percentage of total assets.

Operating expenses

All operating expenses excluding Goods for resale, hence Other external expenses, Staff costs, Depreciation/amortization and other operating expenses.

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 17, 2014

Fredrik Lövestedt
Chairman

Martin Bjäringer
Board Member

Isabelle Ducellier
Board Member

Kerstin Hessius
Board Member

Mats H Nilsson
Board Member

Nathalie Schuterman
Board Member

Anders Slettengren
Board Member

Henrik Bunge
President and CEO

REVIEW REPORT

Introduction

We have reviewed the interim report for Björn Borg AB (publ) for the period January 1 to September 30, 2013. 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 International Standard on Review Engagements (ISRE) 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 17, 2014
Deloitte AB

Fredrik Walméus
Authorized Public Accountant

ABOUT THE BJÖRN BORG GROUP

The Group owns the Björn Borg trademark and its core business is underwear. It also offers sportswear and fragrances as well as footwear, luggage & bags and eyewear through licensees. Björn Borg products are sold in around thirty 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 2013 amounted to around SEK 1.5 billion, excluding VAT, at the consumer level. Group net sales amounted to SEK 496 million in 2013, with an average of 159 employees. The Björn Borg share has been listed on NASDAQ OMX Nordic in Stockholm since 2007.



UPCOMING INFORMATION DATES

The year-end report for 2014 will be released on February 19, 2015.

The annual report will be published in April 2015.

The Annual General Meeting for 2014 will be held on May 11, 2015.

FOR FURTHER INFORMATION, PLEASE CONTACT:

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