



# 2014 SHARE REDEMPTION

INFORMATION TO SHAREHOLDERS OF BJÖRN BORG AB (PUBL) FOR THE ANNUAL GENERAL MEETING ON 10 APRIL 2014 REGARDING THE BOARD OF DIRECTORS' PROPOSED AUTOMATIC REDEMPTION OF SHARES

Erik Penser  
BANKAKTIEBOLAG



## CONTENTS

- 1 Background and reasons
- 2 Description of the redemption procedure
- 4 Terms and conditions
- 5 Financial effects for Björn Borg
- 6 Tax issues in Sweden
- 8 Questions and answers

### DEFINITIONS

“Björn Borg” or “The Company” refers to Björn Borg AB (publ) or the group in which Björn Borg AB (publ) is the parent company, depending on the context. “The Group” refers to the group in which Björn Borg AB (publ) is the parent company. “NASDAQ OMX Stockholm” refers to NASDAQ OMX Stockholm AB (the Stockholm Stock Exchange). “Euroclear” refers to Euroclear Sweden AB.

### FINANCIAL CALENDAR

Annual General Meeting 2013	10 April 2014
Interim Report January–March 2014	19 May 2014
Interim Report January–June 2014	22 August 2014
Interim Report January–September 2014	17 November 2014
Interim Report January–December 2014	19 February 2015

## THE REDEMPTION IN BRIEF

- Following approval by shareholders at the Annual General Meeting on 10 April 2014, each Björn Borg share is split into two shares (share split) of which one share will be named redemption share in the Euroclear system.
- The redemption shares are automatically redeemed at SEK 1.50 in cash (corresponding to a total of SEK 1.50 for each pre-existing share in Björn Borg).
- Payment is expected to be made on 20 May 2014.
- The redemption procedure is automatic and requires no action from shareholders.
- Record date for the share split and right to redemption shares is 24 April 2014.
- Trading in redemption shares will take place on NASDAQ OMX Stockholm during the trading period of 28 April–12 May 2014.
- It may be more favourable for shareholders resident outside of Sweden from a tax point of view to sell the redemption shares during the trading period instead of having them redeemed.
- For questions regarding the redemption procedure, please contact Björn Borg AB (publ) at +46 (0)8 506 33 700 or e-mail to [info@bjornborg.com](mailto:info@bjornborg.com)

### SHARE INFORMATION

ISIN code for the redemption shares:	SE00 0385 7457
Ticker for the redemption shares:	BORG IL
New ISIN on the original share (BORG):	SE00 0584 9437

This information brochure provides information on the Board of Directors’ proposal of capital distribution to the shareholders of Björn Borg through an automatic redemption of shares. The purpose of this information brochure is to provide the shareholders of Björn Borg with information for the Annual General Meeting on 10 April 2014. This information brochure is not intended for shareholders whose participation in the redemption procedure requires additional information or the implementation of registration measures or other measures beyond those required by Swedish law. This information brochure may not be distributed to countries requiring additional information or measures pursuant to the preceding sentence or to countries in which distribution would conflict with applicable regulations. It is the responsibility of each individual to observe the restrictions ensuing from foreign law. Erik Penser Bankaktiebolag has assisted the Company in compiling this information brochure and has relied on the information provided by the Company. Erik Penser Bankaktiebolag assumes no responsibility for the accuracy of the information in this information brochure or any decision taken based on the information in this brochure. Disputes arising from the redemption procedure pursuant to this information brochure shall be settled exclusively by Swedish law in a Swedish court.

# BACKGROUND AND REASONS

## BOARD OF BJÖRN BORG AB MOTIVATED OPINION IN ACCORDANCE WITH CHAPTER 20 SECTION 8 OF THE SWEDISH COMPANIES ACT

The Board hereby, in accordance with Chapter 20 Section 8 of the Swedish Companies Act (2005:551), makes the following reasoned opinion in connection with the proposed reduction of the share capital for distribution to shareholders.

The Company and Björn Borg Group's profit and position is overall good, as is evidenced by the Company's and the Group's year-end report for 2013 and by the audited annual report issued by the Board. It is clear from the proposition of reduction of share capital, that the Board proposes that the share capital is to be reduced by SEK 3 929 435 through withdrawal of 25 148 384 shares after the stock split, for distribution (repayment) to the shareholders. The Board of Directors proposes that the general meeting decides to restore the share capital to its original amount by increasing the share capital by SEK 3 929 435 by a transfer of the total issued amount, from the Company's unrestricted equity to the Company's share capital without issuing new shares. After the bonus issue is completed, the Company's restricted equity and share capital will be unchanged.

The proposed distribution amounts to SEK 1.50 per share, representing a total distribution of SEK 37 722 576, which is equivalent to 175 percent of profit after tax. According to what have been published in the year-end report for 2013, the distribution is in line with the Company's financial targets and dividend policy for the period 2010-2014, while, in respect of dividend per share, the Company returns to the 2008 level of dividends (before the dividend rate was increased in order to distribute the Company's excess liquidity at the time).

After the proposed distribution, the Company has full coverage (cover) for the restricted equity. The unrestricted equity of the Company will after the redemption procedure and the bonus issue amount to SEK 25 487 834. The total equity after the redemption procedure will amount to SEK 80 163 990 for the Company and SEK 242 927 053 for the Group.

The Company's and the Group's cash flow remains strong. The Group's solvency and liquidity will continue to be satisfactory after the proposed redemption procedure, taking into account the sector in which the Company and the Group operates, also considering for example planned investments, and the Company and the Group are also expected to fulfill their obligations in the short and long term.

Prior to its proposal to reduce share capital with distribution to the shareholders, the Board has considered the risks and uncertainties to which the Company is exposed (see further information in the section "Risks, uncertainties and control" in the Board of Directors' Report in the Annual Report). In context with the above, the Board believes that the proposed reduction of share capital for distribution to the shareholders is justifiable in terms of:

1. the requirements that the Company's (the Company respectively the Group) nature, scope and risks require on the size of the equity and
2. the Company's and the Group's consolidation requirement, liquidity and overall position.

Stockholm in March 2014

Björn Borg AB (publ)  
The Board of Directors

# DESCRIPTION OF THE REDEMPTION PROCEDURE

## THE BOARD OF DIRECTORS' PROPOSAL IN BRIEF

The Board of Directors proposes that the Annual General Meeting on 10 April 2014 authorises distribution of capital to shareholders of Björn Borg through an automatic redemption procedure. Provided that the proposal is approved, each share is split into two shares of which one will be named redemption share. The redemption shares will be automatically redeemed at SEK 1.50 per redemption share. The total capital distribution of the proposal amounts to approximately SEK 37,7 million.

Shareholders that are registered with Euroclear as of the record date, which is 24 April 2014, will be entitled to redemption shares. The last day of trading in Björn Borg shares including entitlement to redemption shares is 17 April 2014.

After having received the redemption shares, the shareholder has two options:

### Alternative 1

Receive payment of SEK 1.50 in cash per redemption share. This payment will be settled automatically unless alternative 2 below is chosen.

### Alternative 2

Sell the redemption shares on NASDAQ OMX Stockholm during the trading period of 28 April-12 May 2014. Please note that shareholders resident outside of Sweden may be more favourable from a tax point of view to sell the redemption shares during the trading period instead of having them redeemed.

## IMPORTANT DATES

### 17 APRIL 2014

Last day of trading in Björn Borg shares including the right to receive redemption shares.

### 22 APRIL 2014

First day of trading in Björn Borg shares excluding the right to receive redemption shares.

### 24 APRIL 2014

Record date for the share split and entitlement to redemption shares.<sup>1</sup>

### 28 APRIL-12 MAY 2014

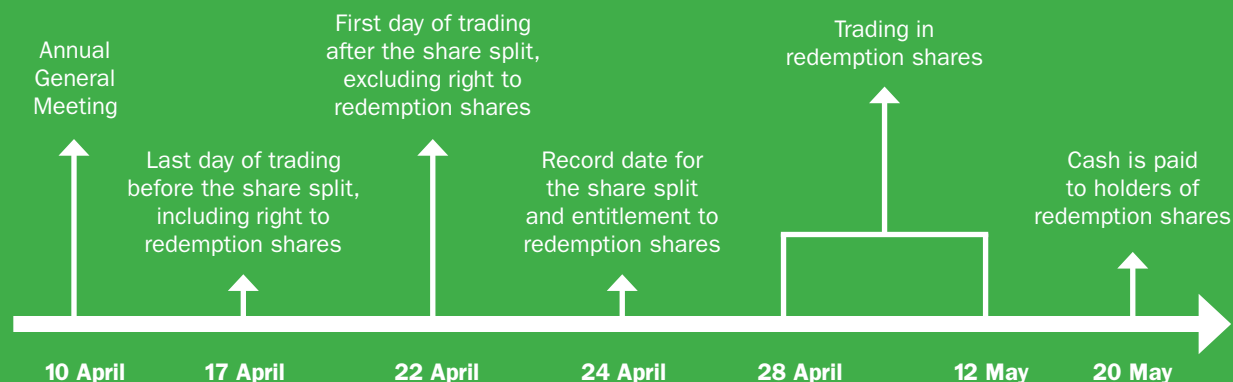
Trading in redemption shares on NASDAQ OMX Stockholm.

### 20 MAY 2014

Expected payment date of redemption amount.

<sup>1</sup> The Board of Directors has proposed that the Annual General Meeting authorises the Board to decide on the record date, which may be changed if for any reason necessary.

## TIME PLAN

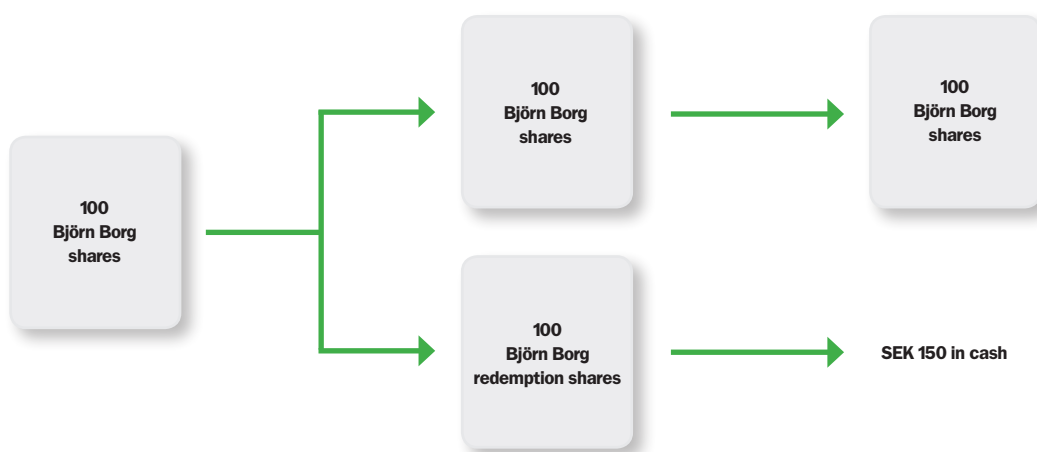




# THIS IS HOW IT WORKS

## BEFORE

Upon approval at the Annual General Meeting on 10 April 2014 each Björn Borg share is split into two shares, of which one will be named redemption share.



## AFTER

The redemption shares are then automatically redeemed at a price of SEK 1.50 per redemption share in cash.

## ILLUSTRATIVE EXAMPLE

As of the record date for the share split, you are the registered owner of 100 Björn Borg shares. In this example, the current share price is assumed to be SEK 27 per share. Hence, the value of your shareholding is:

- 100 Björn Borg shares × SEK 27 = SEK 2 700

When the redemption procedure starts, each share will be split into one Björn Borg share and one redemption share. The Company will automatically redeem the redemption share for SEK 1.50 in cash.

The theoretical price of the Björn Borg share after the split is calculated at SEK 25.50, which equals the difference between the share price before the split (SEK 27) and the value of the redemption share (SEK 1.50). The value of your holding then becomes as follows:

- 100 Björn Borg shares × SEK 25.50 = SEK 2 550
- 100 redemption shares × SEK 1.50 = SEK 150

Björn Borg will then redeem your redemption shares for SEK 1.50 each in cash. This does not require any action on the shareholder's part. After the redemption procedure is completed, you will hold:

- 100 Björn Borg shares × SEK 25.50 = SEK 2 550
- Cash payment for 100 redemption shares × SEK 1.50 = SEK 150

Hence, you will still own the same number of ordinary shares in Björn Borg as you did prior to the redemption and you have received SEK 1.50 in cash for each redemption share.

The redemption shares will be traded on NASDAQ OMX Stockholm during the trading period of 28 April-12 May 2014, providing you as a shareholder the opportunity to sell your redemption shares.

Please note that this example does not include any possible tax effects of the redemption procedure. For a summary of tax consequences, please see the sections under the headings "Tax issues in Sweden" and "Questions and answers" for further information.

# TERMS AND CONDITIONS

## **SHARE SPLIT AND REDEMPTION**

Those registered with Euroclear as shareholders in Björn Borg on the record date for the share split, which is 24 april 2014, are entitled to redemption shares. Each Björn Borg share is split into two shares, of which one will be named redemption share in the Euroclear system. Each redemption share will be automatically redeemed for a cash payment of SEK 1.50.

## **LAST DAY OF TRADING IN SHARES INCLUDING THE RIGHT TO REDEMPTION SHARES**

The last day of trading in Björn Borg shares before the share split and including the right to redemption shares is 17 April 2014. Starting 22 April 2014, the Björn Borg share will be listed after the share split and excluding the right to redemption shares.

## **RECORD DATE**

The record date at Euroclear for the share split of the Björn Borg share and entitlement to redemption shares is 24 april 2014. The redemption shares will thereafter be booked into the shareholder's securities account. The shareholder will receive a notice from Euroclear as confirmation of the number of redemption shares received.

## **PAYMENT OF REDEMPTION AMOUNT**

In connection with the payment of the redemption amount, the redemption shares registered in the shareholder's securities account will be removed. A notice from Euroclear related to this will not be sent out.

A cash payment of SEK 1.50 per redemption share is expected to be made on 20 May 2014. Payment will be made through Euroclear to the account linked to the shareholder's securities account. A notice from Euroclear will be sent out as confirmation of payment.

## **SHARES REGISTERED WITH NOMINEES**

Shareholders of Björn Borg whose shares are registered with a nominee, for example a bank or other securities company, will receive redemption shares in accordance with information given by each nominee.

## **FOREIGN SHAREHOLDERS**

Shareholders who are not tax resident in Sweden who participate in the redemption procedure and have shares redeemed are normally obliged to pay Swedish withholding tax on the redemption amount, see the section "Tax issues in Sweden". Withholding tax will thus be withheld for foreign shareholders in connection with the payment of the redemption amount. However, no Swedish withholding tax should be levied on the sales proceeds received if the redemption shares are disposed of in the market during the trading period.

## **TRADING IN REDEMPTION SHARES**

Trading in redemption shares will take place on NASDAQ OMX Stockholm during the trading period of 28 April-12 May 2014, under the ticker BORG IL and with ISIN code SE00 0385 7457. Banks and other securities companies with the necessary permits will assist with trading in redemption shares.

## **CHANGED ISIN CODE ON ORIGINAL SHARE**

In connection with the redemption procedure, the ISIN code on the original Björn Borg share will be changed to SE00 0584 9437. The new ISIN code is valid from 22 April 2014.

# FINANCIAL EFFECTS FOR BJÖRN BORG

In order to illustrate how the redemption procedure would affect Björn Borg's and the Group's consolidated financial statements as of 31 December 2013, pro forma figures are presented below for certain balance sheet items as well as certain key ratios. The accounts have been prepared as if the redemption procedure had been completed

as of 31 December 2013, fully financed by a decrease of the Company's cash and cash equivalents. The capital distribution from Björn Borg through the redemption procedure will only have a marginal effect on the Group's net interest income and on the income for the period. Hence, this effect has been left out in the accounts below.

## FINANCIAL EFFECTS OF THE REDEMPTION FOR THE GROUP, PRO FORMA

KEY RATIOS AS OF 31 DECEMBER 2013	BEFORE REDEMPTION	ADJUSTMENTS FOR REDEMPTION	PRO FORMA AFTER REDEMPTION
Shareholders' equity, SEK million	280.7	37.7	242.9
Equity-to-assets ratio <sup>1</sup>	45.5%	-3.6%	42.0%
Return on total capital <sup>2</sup>	5.7%	0.2%	5.9%
Return on equity <sup>3</sup>	6.9%	0.4%	7.4%
Return on capital employed <sup>4</sup>	7.0%	0.3%	7.3%

<sup>1</sup> Shareholders' equity at the end of the period as a percentage of the balance sheet total at the end of the period.

<sup>2</sup> Income after financial items with the addition of financial expenses relative to average total capital.

<sup>3</sup> Net income relative to average equity.

<sup>4</sup> Income after financial items with the additional of financial expenses relative to average capital employed.

## CHANGES IN SHAREHOLDERS' EQUITY FOR THE GROUP, PRO FORMA (SEK MILLION)

EQUITY AS OF 31 DECEMBER 2013	BEFORE REDEMPTION	SHARE SPLIT 2:1	REDEMPTION	BONUS ISSUE	PRO FORMA AFTER REDEMPTION
Share capital	7.9		-3.9	3.9	7.9
Other paid-in capital	182.1		0.0	0.0	182.1
Reserves	-0.7		0.0	0.0	-0.7
Retained earnings including this year's profit <sup>5</sup>	91.4		-33.8	-3.9	53.6
<b>Total equity</b>	<b>280.7</b>	<b>0.0</b>	<b>-37.7</b>	<b>0.0</b>	<b>242.9</b>
Quotient value <sup>6</sup> , SEK	0.31	0.16	0.16	0.31	0.31
Number of shares <sup>6</sup> , million	25.1	50.3	25.1	25.1	25.1

<sup>5</sup> Including holdings without control.

<sup>6</sup> Refers to the quotient value and the total number of shares after each transaction.

## CHANGES IN SHAREHOLDERS' EQUITY FOR THE PARENT COMPANY PRO FORMA (SEK MILLION)

EQUITY AS OF 31 DECEMBER 2013	BEFORE REDEMPTION	SHARE SPLIT 2:1	REDEMPTION	BONUS ISSUE	PRO FORMA AFTER REDEMPTION
Share capital	7.9		-3.9	3.9	7.9
Statutory reserve	46.8				46.8
<b>Total restricted equity</b>	<b>54.7</b>	<b>0.0</b>	<b>-3.9</b>	<b>3.9</b>	<b>54.7</b>
Retained earnings including this year's profit	63.2		-33.8	-3.9	25.5
<b>Total unrestricted equity</b>	<b>63.2</b>	<b>0.0</b>	<b>-33.8</b>	<b>-3.9</b>	<b>25.5</b>
<b>Total equity</b>	<b>117.9</b>	<b>0.0</b>	<b>-37.7</b>	<b>0.0</b>	<b>80.1</b>
Quotient value <sup>7</sup> , SEK	0.31	0.16	0.16	0.31	0.31
Number of shares <sup>7</sup> , million	25.1	50.3	25.1	25.1	25.1

<sup>7</sup> Refers to the quotient value and the total number of shares after each transaction.

# TAX ISSUES IN SWEDEN

The following is a summary of certain Swedish tax consequences that may arise from the proposed share split and redemption procedure for shareholders of Björn Borg. Each shareholder is recommended to consult a tax advisor for information with respect to the special tax consequences that may arise from the proposed share split and redemption procedure, including the applicability and effect of foreign tax legislation, provisions contained in tax treaties for the avoidance of double taxation or other rules which may be applicable.

This summary is based on Swedish tax legislation and known practice as of the date of this information brochure and is intended only as general information for shareholders who are resident in Sweden for tax purposes, unless otherwise indicated. The summary does not include all tax consequences that may occur in this context. For instance, it does not cover the specific rules that in certain cases apply to shares in a closely held company (Sw. *famansföretag*), nor cases where shares are held by a partnership or held as current assets in a business operation. Neither does it deal with the provisions that apply to flat-rate assets, such as investment savings account or endowment policy. Special tax consequences that are not described below may also apply for certain categories of shareholders, including investment companies and mutual funds, as well as foundations and non-profit organisations.

## **SHARE SPLIT AND RECEIPT OF REDEMPTION SHARES**

Taxation is not triggered by the share split or the receipt of redemption shares. However, the redemption or other disposal of redemption shares does trigger capital gains taxation, see the section "Redemption and sale of redemption shares" below.

## **REDEMPTION AND SALE OF REDEMPTION SHARES**

### **Individuals**

Individuals are subject to capital gains tax when listed shares are sold or redeemed. The current tax rate on capital gains is, as a main rule, 30 percent.

The capital gain is calculated to equal the difference between the proceeds received when the shares are sold or redeemed, after deduction for potential sale expenses, and the acquisition cost for tax purposes. The acquisition cost is normally determined according to the so-called average method. This means that the cost of acquiring all shares of the same type and class are added together and calculated collectively, with respect to changes to the holding. Alternatively, the so-called standard rule, according to which the acquisition cost is equal to 20 percent of the net proceeds received when the shares are sold or redeemed, may be applied to the disposal of listed shares and certain listed securities that are taxed in the same manner as shares. In the case of Björn Borg, the redemption shares will be listed

on NASDAQ OMX Stockholm during the trading period of 28 April-12 May 2014.

Björn Borg will request the Swedish Tax Agency to issue recommendations regarding the allocation of the pre-split acquisition cost between the remaining shares and the redemption shares, respectively, see the section "Acquisition cost of the redemption shares – Example".

As a main rule, 70 percent of a capital loss is deductible against any other taxable income from capital. Capital losses on listed shares and securities taxed in the same manner as listed shares, other than listed shares in mutual funds containing only Swedish receivables, are, however, fully deductible against taxable capital gains on such assets or on non-listed shares in Swedish limited liability companies and foreign legal entities. Moreover, only five sixths of capital losses on non-listed shares in Swedish limited liability companies and foreign legal entities are deductible. If capital losses pertain to both listed and non-listed shares, the losses pertaining to the listed shares are deductible prior to the losses on the non-listed shares. 70 percent of any excess amount is deductible according to the main rule, or five sixths of 70 percent is deductible if the capital loss relates to non-listed shares, against other capital income.

If a deficit arises within income from capital, a reduction of the tax on income from employment and from business operations, as well as the real estate tax and the municipal real estate fee, is allowed. The tax reduction amounts to 30 percent of any deficit not exceeding SEK 100,000 and 21 percent of any deficit in excess of SEK 100,000. Deficits may not be carried forward to a subsequent fiscal year.

### **Legal entities**

For limited liability companies and economic associations, capital gains on shares that are held for business purposes are normally tax-exempt and capital losses on such shares are normally non-deductible. Non-listed shares are considered held for business purposes. Listed shares held as capital assets are considered to be held for business purposes provided that the holding represents at least 10 percent of the voting rights or if the shares are held for business reasons. Moreover, a holding period requirement applies in respect of listed shares. For limited liability companies and other legal entities, capital gains on shares that are not tax-exempt are normally taxed as income from business activities at a flat rate of 22.0 percent.



For the calculation of capital gains and losses, see the section "Redemption and sale of redemption shares – Individuals" on the previous page.

A capital loss on shares incurred by a corporate shareholder may be offset only against taxable gains on shares or other securities that are taxed in the same manner as shares. Such capital losses may however, under certain circumstances, also be deducted against capital gains within the same group of companies on shares and securities taxed in the same manner as shares, provided that the requirements for group contributions (tax consolidation) are met. Capital losses on shares and securities taxed in the same manner as shares which are not deducted within a certain year, may be carried forward and offset against capital gains on such assets in future years without any limitation in time.

## ACQUISITION COST OF THE REDEMPTION SHARES

### Example

The pre-split acquisition cost is normally allocated between the redemption shares and the remaining shares based on their respective market value at the time of the share split. Recommendations as to the allocation are normally issued by the Swedish Tax Agency. Information about the recommendations is expected to be made available at the Swedish Tax Agency's website, [www.skatteverket.se](http://www.skatteverket.se), and Björn Borg's website, [www.bjornborg.com](http://www.bjornborg.com), in the summer of 2014. These principles are described in the following example.

Please note that the amounts below only serve as an example.

A shareholder owns 100 Björn Borg shares with an average acquisition cost of SEK 20 immediately prior to the share split. In connection to the share split, the shareholder receives 100 redemption shares.

It is assumed that the lowest price paid on the last day of trading in Björn Borg shares before the share split and separation of the redemption shares is SEK 30, that the redemption shares are listed and that the lowest price paid on the first day of trading in redemption shares is SEK 1.50.

Further, it is assumed that the Swedish Tax Agency based on this issues a recommendation that 5 percent (redemption shares of SEK 1.50 divided by SEK 30) of the pre-split acquisition cost should be allocated to the redemption shares and that the remaining 95 percent should be allocated to the remaining share.

Accordingly, the acquisition cost allocated to each redemption share should be SEK 1.00 (5 percent of SEK 20). The acquisition cost allocated to the remaining share should be SEK 19.00 (95 percent of SEK 20).

Should the redemption shares be disposed of (through sale or redemption) at a price of SEK 1.50 per redemption share, the total capital gain would be  $(\text{SEK } 1.50 \times 100) - (\text{SEK } 1.00 \times 100) = \text{SEK } 50$ .

The acquisition cost for any redemption shares that have not been acquired as a consequence of the share split is calculated using the average method. The calculation is based on the actual acquisition cost for such shares. When applying the average method, redemption shares and remaining shares are not considered to be of the same type and class.

The standard rule may be used when calculating the acquisition cost on listed shares. This means that if the acquisition cost of the redemption share in the example above was less than SEK 0.30, the standard rule would be more favourable, provided that the price paid for the redemption share is SEK 1.50.

## SHAREHOLDERS RESIDENT OUTSIDE OF SWEDEN

### Withholding Tax

For shareholders not resident in Sweden and not conducting business from a permanent establishment in Sweden, payments due to a reduction of the share capital by way of a redemption procedure are treated as dividend distributions. This normally means that a 30 percent Swedish withholding tax is levied on the redemption proceeds. The withholding tax rate is often reduced under double taxation treaties between Sweden and other countries.

The withholding of tax is normally effected by Euroclear or, if the shares are registered with a nominee, by the nominee. The withholding tax liability arises when the redemption proceeds are distributed. Please note that there should be no withholding tax on proceeds from the sale of redemption shares prior to the redemption date.

A shareholder may reclaim the amount of withholding tax that is attributable to an amount equal to the acquisition cost of the redemption share. Alternatively, the amount of withholding tax attributable to 20 percent of the redemption proceeds may be reclaimed, provided that the shares are listed. The acquisition cost should be calculated as explained in the section "Acquisition cost of the redemption shares – Example" above. The refund application must be made in writing and submitted to the Swedish Tax Agency no later than by the end of the fifth calendar year following the redemption payment.

For shareholders that are legal entities resident within the EU, there is normally no Swedish withholding tax if the shareholder holds 10 percent or more of the capital in the company whose shares are redeemed, provided that certain conditions are met. Furthermore, since the beginning of 2012 foreign investment funds are not liable to withholding tax in Sweden if they meet certain conditions, for example foreign UCITS-funds.

### Income Tax

Generally, individual shareholders who are not fiscally domiciled in Sweden are normally not liable to Swedish tax on the sale of shares. Individuals who are resident outside of Sweden and who have previously been resident in Sweden may, however, be liable to tax on the sale of shares if they have been resident in Sweden or permanently lived in Sweden during the calendar year of the sale, or at any time during the ten preceding calendar years. The application of this rule may, however, be limited by double taxation treaties between Sweden and other countries.

Foreign legal entities are normally not liable to income tax in Sweden on capital gains on Swedish shares unless the gains are connected to a so-called permanent establishment in Sweden.

# QUESTIONS AND ANSWERS



## **WHY IS BJÖRN BORG PROPOSING AN AUTOMATIC REDEMPTION OF SHARES?**

The Company's and The Group's cash flow remains strong and the distribution is in line with the Company's financial targets and dividend policy for the period 2010-2014.

In addition to the redemption procedure being a simple and efficient way for Björn Borg to distribute capital to the shareholders, it may be more favourable from a tax perspective for certain shareholders.

## **WHY IS THE CAPITAL NOT INVESTED IN THE BUSINESS INSTEAD OF BEING DISTRIBUTED?**

The Board of Directors believes that the financial position of Björn Borg is satisfactory and that the business may continue to develop with existing liquidity even after the proposed redemption procedure.

## **WHAT DOES THE AUTOMATIC REDEMPTION OF SHARES MEAN?**

The automatic redemption means that the shares that are named redemption shares in the Euroclear system, once the share split has taken place, will be redeemed in exchange for a predetermined cash consideration, with no need for any action on the part of the shareholders. It is a simple and efficient way for Björn Borg to distribute funds to shareholders.

## **AS A SHAREHOLDER, DO I NEED TO DO ANYTHING?**

Provided that the Annual General Meeting on 10 April 2014 approves the automatic redemption procedure in accordance with the Board of Directors' proposal, shareholders do not need to take any action in order to receive the redemption amount. Björn Borg will automatically redeem your redemption shares and you will receive SEK 1.50 per redemption share in cash, which means that you will receive SEK 1.50 in total for each pre-existing share in Björn Borg.

## **WHAT DAY WILL BE THE RECORD DAY?**

The record date for the share split and entitlement to redemption shares is 24 April 2014.

## **WHAT DAY IS THE LAST DAY TO BUY BJÖRN BORG SHARES IN ORDER TO RECEIVE THE REDEMPTION SHARES?**

The last day of trading in Björn Borg shares including the entitlement to redemption shares is 17 April 2014.

## **WHAT OPTIONS DO I HAVE AS A SHAREHOLDER?**

Once the redemption is approved at the Annual General Meeting on 10 April 2014, you can await the redemption procedure without doing anything. The redemption shares allocated to you will be automatically redeemed at SEK 1.50 per share in cash. Alternatively, you may sell your redemption shares before the redemption procedure is completed. Trading in redemption shares will take place during the trading period of 28 April-12 May 2014.

### **WHEN IS THE REDEMPTION AMOUNT PAID TO THE HOLDERS OF REDEMPTION SHARES?**

Payment for redeemed shares is estimated to be made on 20 May 2014.

### **HOW MANY SHARES WILL I HAVE?**

You will have the same number of shares in Björn Borg before and after the redemption procedure is carried out, presuming that you do not buy or sell any shares. The redemption shares created will all be subject to automatic redemption.

### **HOW AND WHEN WILL THE BJÖRN BORG SHARE PRICE BE AFFECTED?**

It is impossible to predict in detail how the share price will be affected by the split into Björn Borg shares and redemption shares. Theoretically, the price of the Björn Borg share should decrease by the total redemption payment of the redemption share, that is SEK 1.50. This change in the share price should occur two trading days prior to the record date for the split of the Björn Borg share.

### **WHY IS THE REDEMPTION PROCEDURE AUTOMATIC?**

An automatic redemption procedure is a relatively simple and cost-efficient way of distributing funds to shareholders, since there is no need for action on the part of the shareholders.

### **WHAT ARE THE TAX CONSEQUENCES OF THE REDEMPTION PROCEDURE?**

The tax consequences for shareholders will vary depending on each shareholder's particular situation. Certain tax consequences for Swedish and foreign shareholders are briefly described in the section "Tax issues in Sweden". In case you need more information on your personal tax consequences, we recommend you to contact a tax advisor for assessment of possible tax consequences and any required measures.

#### **Swedish shareholders**

Upon the split of the Björn Borg share into two shares, of which one is named redemption share, the pre-split acquisition cost will be allocated between the remaining Björn Borg share and the redemption share. The redemption shares are deemed as disposed of upon redemption. Any capital gain that arises will be subject to capital gains taxation. The capital gain is calculated as the difference between the redemption payment (SEK 1.50 per share) and the acquisition cost of the redemption share (see further an example under the heading "Tax issues in Sweden"). In practice, this implies deferred tax on the estimated acquisition cost of the redemption share until the initial share is sold.

#### **Foreign shareholders**

If you are tax resident outside of Sweden, you will normally be subject to withholding tax in Sweden on the redemption proceeds upon redemption, regardless of the redemption shares being received by way of the share split or acquired in the market. The tax rate is 30 percent. However, this rate is often reduced under double taxation treaties between Sweden and other countries. A refund of the part of the withholding tax that is attributable to the acquisition cost of the shares or, where the shares are listed, 20 percent of the redemption proceeds, may be granted if a claim for refund is filed with the Swedish Tax Agency. However, no Swedish withholding tax should become payable if the redemption shares are sold.

### **WHAT WILL THE WITHHOLDING TAX RATE BE?**

The withholding tax rate for shareholders resident outside of Sweden varies depending on the shareholder's tax residence. For further information, please visit the Swedish Tax Agency's website, [www.skatteverket.se](http://www.skatteverket.se).

**BJÖRN BORG AB (PUBL)**

Tulegatan 11  
SE-113 53 Stockholm  
Sweden

Tel: +46 (0)8 506 33 700  
E-mail: [info@bjornborg.com](mailto:info@bjornborg.com)

[www.bjornborg.com](http://www.bjornborg.com)