ANNUAL REPORT 2007

Björn Borg

BJORNBORG.COM

Björn Borg in brief

About the Group

Björn Borg owns the Björn Borg trademark and currently has operations in five product areas: clothing, footwear, bags, eyewear and fragrances. Björn Borg products are sold in 14 markets, the largest of which are the Netherlands and Sweden.

Operations are conducted through a network of product companies and distributors which are either part of the Group or independent companies with licenses for product areas and geographical markets. The network also includes both Group-owned and franchised concept stores. The Group has operations at every level from brand development to consumer sales in its own concept stores.

Björn Borg's business model facilitates geographical and product expansion with limited risk and capital investment, at the same time that control of the brand rests with the Group. The vision is to consolidate Björn Borg's position as a global fashion brand.

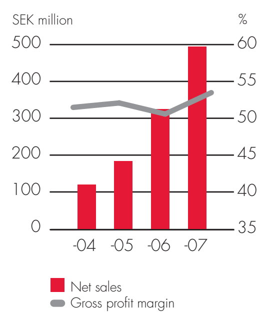
Stock market listing

The Björn Borg share was listed on the OMX Nordic Exchange in Stockholm, on the Mid Cap list, on May 7, 2007. Read more about the Björn Borg share on page 52.

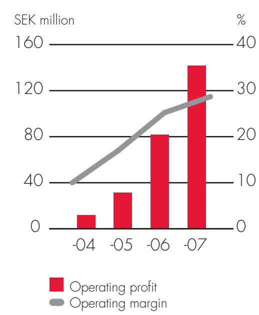
Björn Borg's numbers for 2007

- Net sales increased by 53 percent to SEK 495 million (325).
- Operating profit rose by 74 percent to SEK 142 million (82).
- Profit after tax increased by 75 percent to SEK 102 million (58).
- Earnings per share amounted to SEK 4.18 (2.55), an increase of 64 percent.
- The gross profit margin was 53.6 percent (50.7).
- The operating margin rose to 28.7 percent (25.2).
- The Board of Directors proposes a dividend of SEK 1.50 (0.75) per share.

Net sales and gross profit margin



Operating profit and operating margin



The Björn Borg brand

The Björn Borg brand was established in the Swedish fashion market in the first half of the 1990s. Continuity has given the brand a distinct identity and strong position in its markets, where it is recognized for quality products and creative, innovative design influenced by the sporting heritage associated with the Björn Borg name.

A distinctive brand platform serves as the basis for Björn Borg's positioning and all development of the brand, from design and store décor to marketing communications. The platform summarizes the essence of the Björn Borg brand with four ideals: Sporty, Stylish, Sexy and Comfortable.

New markets

- Launch of the brand in three new markets – Australia, France and Austria – with sales starting in the fourth quarter and a decision to launch in Spain in the first quarter of 2008.
- Decision to introduce the brand in the U.S. – analysis and planning have begun through a newly established subsidiary.

Björn Borg's markets

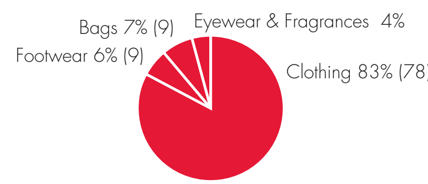
Björn Borg concept stores

- A total of 12 new concept stores were opened during the year. Two were Group-owned concept stores in Sweden – in Stockholm and Linköping – and ten were new franchised stores, nine in the Netherlands and one in Finland.
- At year-end there were a total of 36 concept stores, ten of which were Group-owned.

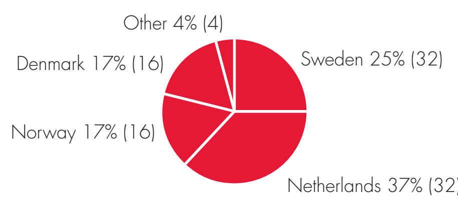
Brand sales

Total brand sales increased by 59 percent during the year to SEK 2,237 million (1,404).

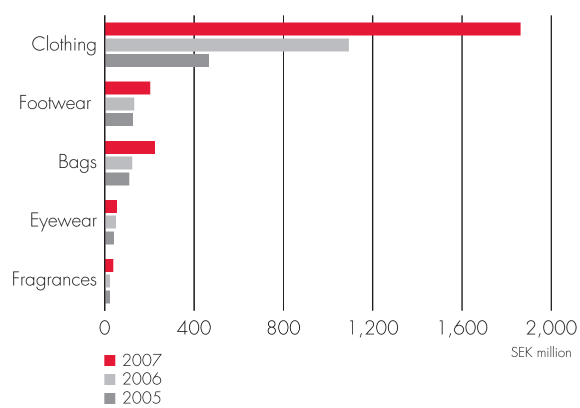
Product areas



Countries



Brand sales by product area 2007



A word from the President

Step by step toward our vision of a global fashion brand

Continued strong growth in major markets, advances in new markets and positive development in all product areas. Not to mention very good profitability. It is with great pleasure that I sum up another successful – and active – year for Björn Borg.

The Group's sales reached nearly a half billion Swedish kronor, an increase of slightly over 50 percent, at the same time that profit rose by 75 percent. These are fantastic numbers we can be proud of – and behind them lie the fantastic efforts of our employees and partners in the Björn Borg network.

Even the fourth quarter was strong, especially compared to the market as a whole, although the numbers were slightly lower than we have been used to. This was partly because we had to compare to our strongest quarter ever. As we have been saying for some time: it is not reasonable to expect to continue to grow in our established markets at the same rate that we had in the last three years.

Step forward in established markets

We nevertheless generated fine results in our mature markets in 2007. In Sweden, where apparel sales slowed during the year and declined in December, we were able to raise brand sales by 25 percent. At the same time, our largest market, the Netherlands, grew by no less than 83 percent, and both Norway and Denmark increased sales by about 70 percent.

Our ability to continue to grow at a significant rate in our largest markets shows that we have increased the brand's attractiveness and are creating collections people like. While underwear is the engine that drives us, we see interesting opportunities to grow in smaller product areas, including menswear, where we have expanded with larger collections. Competition is fierce in menswear, of course, but we are working rigorously to carve out a position, initially in our established markets.

Step into new markets

In 2007 we took several important steps in the Company's development toward the vision to consolidate Björn Borg as a global fashion brand. Among other things, we began to introduce the brand in five new markets.

In Australia, France and Austria the brand received a positive response when launched during the holiday season. Initially volumes have been small, but we have broken through into several important fashion chains and department stores, which is important as we continue to build a presence in these markets. In early 2008 sales also got off to a good start after a successful PR campaign in Spain, another important, and demanding, clothing market. Among other markets we have recently entered, we anticipate good growth in England and are taking steps forward in Germany and Switzerland.

One of the biggest steps in our geographical expansion was the decision to introduce the brand ourselves in the U.S., perhaps the biggest challenge of all to undertake. We are looking at the project realistically, yet are strongly confident in the Björn Borg brand's opportunities. Dedicated employees are in place, work has begun and our sights are set on a launch in 2008.

As a whole, the expansion is progressing according to plan, even if we are impatient and wish we could go faster. These new markets are going to be our future growth engines. They are tough markets to break into, but we are in it for the long haul and will gradually grow.

Strategic step in brand building

Innovative marketing communications and cost-effective channels have been cornerstones in Björn Borg's branding. That was true when we created a new web site – by far our most important marketing investment during the year. The site, which has already won awards and attracted high numbers of visitors, includes a web shop and provides a strong, effective platform for further branding work, which is particularly important as we expand to new markets.

Step toward a stronger organization

In 2007 I believe Bjorn Borg took the next step to truly become an international brand. We have adapted the organization to our rapid expansion and developed processes to effectively handle larger volumes, while retaining our creativity and quickness. A bigger company needs more resources, which is why we are now focusing even more on monitoring the Group's expenses.

During the year we moved as a listed company from the First North marketplace to the OMX Nordic Exchange. In the process, we saw an increase in the share of institutional shareholders, with the greater stability that entails, as well as a significant increase in the total number of shareholders. At year-end Björn Borg had around 5,800 shareholders. It is both exciting and encouraging that so many investors want to join us on the journey we have facing us.

Step ahead

Our designers and product developers are already working on the 2009 collections, and we are anxious to put 2007 in the books. We are now turning our attention to our most important challenge: to grow in new markets. This is an effort we are making together with the distributors responsible for each market. The combination of the local familiarity of the distributors and the effective brand building and strong collections of the Group is one key to our success.

We will also evaluate opportunities to expand to more markets in Europe or other interesting countries. And we would like to open more concept stores when we find the right locations. At the same time we have to continue to develop the core of our business: our brand and products. With motivated distributors and employees on board, we anticipate good prospects of success – and Björn Borg's further development in 2008.

Nils Vinberg
President and CEO

Vision, business concept, goals and strategy

Vision
Our vision is to consolidate the Björn Borg brand as a global fashion brand.

Business concept
The Company's business concept is to develop, drive and capitalize on the strength of the Björn Borg brand in the international fashion market.

Goals
The Board of Directors updated the Company's operating and financial goals in connection with the listing on the OMX Nordic Exchange in May 2007. The new goals are as follows:

Operating goal
To strengthen the brand's position and establish Björn Borg in 3–5 new markets during the period 2007–2009, then accelerate the international growth rate.

Financial goals
- Annual sales growth of at least 20 percent for the Group during the period 2007–2009.
- An annual operating margin of at least 15 percent during the period 2007–2009.
- An equity/assets ratio of not less than 40 percent.

Key ratios for 2007 related to the financial goals:
- Sales growth 53 percent
- Operating margin 28.7 percent
- Equity/assets ratio 67.3 percent

Dividend policy
The long-term objective of the Board of Directors of Björn Borg is to distribute approximately one third of after-tax profit to the Company's shareholders.

Strategy
The operating and financial goals will be achieved through a number of strategies.

Established markets
Expansion in established markets – the Netherlands, Sweden, Norway, Denmark, Belgium, Finland, and Hungary – will be achieved by:
- Developing new concepts and product segments within existing product areas.
- Tightening control over the brand in the value chain.
- Opening more concept stores (both Group-owned and franchises) to increase market exposure and sales.
- Evaluating and developing new sales channels.
- Developing and streamlining purchasing and logistics in line with growth.
- Developing and launching new product areas.

New markets
Expansion in new markets will be achieved by:
- Launching the Björn Borg brand, starting with underwear and gradually introducing other product areas.
- Working closely with strong local distributors familiar with each market.
- Establishing concept stores to position the brand and create contact with consumers.

Business model
The Company's strategy includes the further development of the business model, which the Board and Management feel is of great strategic value. In Björn Borg's business model, operations are conducted through a network of product companies and distributors which are either part of the Group or independent companies and franchisees with their own concept stores. The business model facilitates a geographical and product expansion with limited operating risk and capital investment, at the same time that control over the brand is retained centrally within the Group. Read more about the business model on page 18.

BJORNBORG.COM

"The web is an extremely cost-effective way to communicate and build the brand on a global level."

Creative web site reinforces the brand

The launch of the new web site was the most important communication measure Björn Borg took in 2007. With an emphasis on interactivity and humor, Björn Borg has strengthened its relationship with customers, while at the same time taking a more coordinated approach to brand building.

The investment in a new web site has been an important part of preparations for a continued international expansion. New markets and target audiences make it essential that communication is integrated. The same message and same images of the brand will appear in all channels in the Company's markets.

"The web is an extremely cost-effective way to communicate and build the brand on a global level," says Jimmy Johansson, Executive Vice President and Marketing Director at Björn Borg.

"Using the web, we can provide support to our distributors in new markets at the same time that we control the image of the brand we want to project."

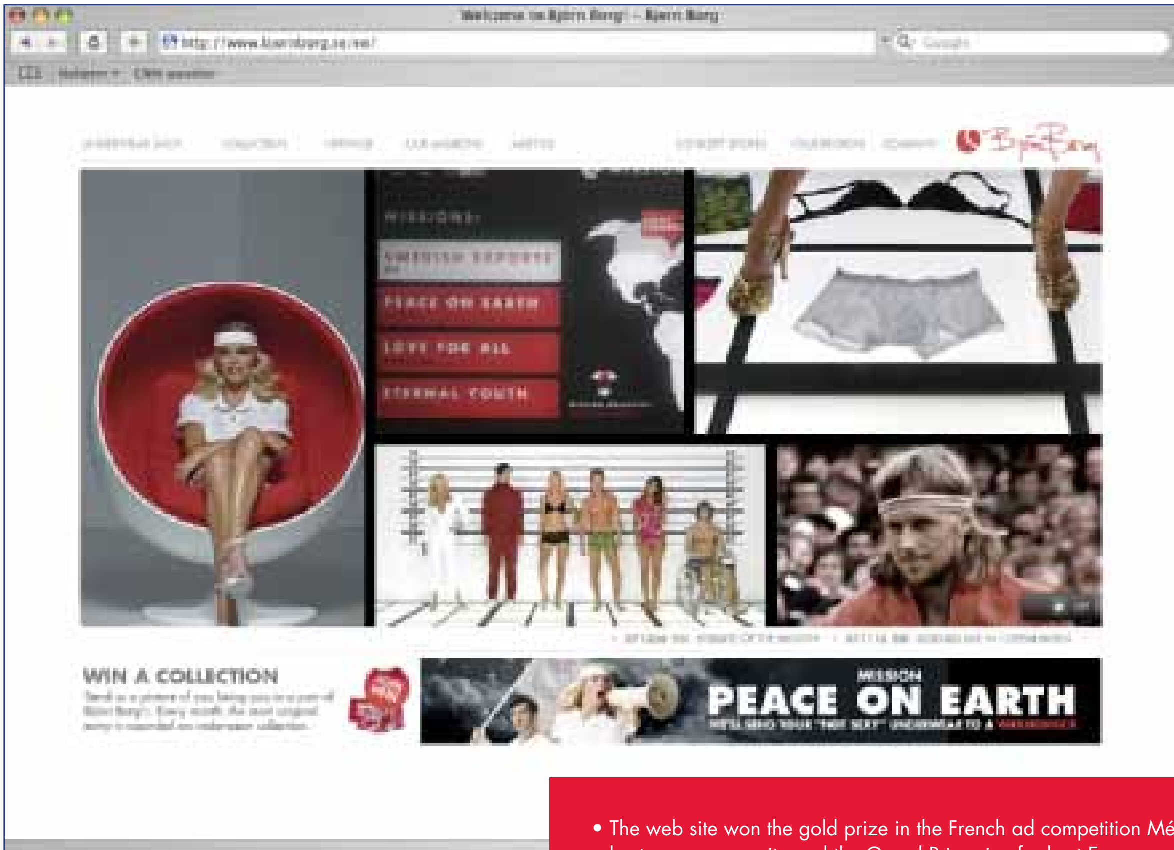
Platform for all communication

The Internet is the fastest-growing media channel, and it is where our target audience chooses to spend a large part of its time. This is why the web was an obvious choice as a new platform for communication and branding. Despite the strategy to utilize the web, the content must be designed to work in other channels as well.

Visitors to the new web site meet Bibi, Bo, Liselotte, Fille, Klara and Rolf, a collection of characters on a fictitious management team that shows us what's new and discusses the Company's history.

"As a channel, the web gives us great opportunities to reach customers, to be playful and to stand out from the crowd. We present the collections with a high level of interactivity and can talk about our heritage in a more living way than in the stores," says Jimmy Johansson.

Campaigns that attract and engage customers have been an important aspect. Last fall customers were able to follow and participate in a campaign called "Peace on Earth," where they chose the global warmonger who they wanted to



Visitors to the new web site meet a fictitious management team that shows us what's new and discusses the Company's history.

- The web site won the gold prize in the French ad competition Méribel for best e-commerce site and the Grand Prix prize for best European web site.
- In January 2008 bjornborg.com had around 130,000 unique visitors.
- The site has been developed together with Farfar, ranked as the world's best digital agency according to the Gunn report.

send their old underwear to in protest. The film illustrating the campaign spread quickly, including on YouTube.

"We have managed to place attention on an important topic in a humorous manner without minimizing its seriousness. The response from the media as well as our target audience has been positive and the number of visitors to this site has multiplied several times over since the launch," says Jimmy Johansson.

PR benefits

Another campaign that garnered attention is "Swedish Exports," where customers were asked to submit the best pictures of themselves in Björn Borg underwear, with the goal of spreading the Swedish underwear revolution around the world.

The strategy is to continue to use campaigns in communications, utilize them in PR contexts and make sure they have enough energy for other channels. During the spring "Peace on Earth" was relaunched with a print campaign with the same theme. A completely new campaign was introduced as well.

"Web campaigns that stand out and engage customers are very rewarding from a PR perspective and our campaigns have gotten people around town talking. The number of visitors to the site has quickly grown since the launch and has attracted the attention of the Swedish daily and business press," says Jimmy Johansson.

The brand

Stronger position with a wholly owned brand

The Björn Borg brand is the core of the Group's operations. The Group has been developing the brand since 1997 on the basis of a license granting exclusive rights to manufacture, market and sell products under the Björn Borg name. In December 2006 the Group acquired the Björn Borg trademark and obtained exclusive global rights to its use for all categories of products and services. By owning the trademark, the Björn Borg Group can operate from a strong position in the international fashion market, at the same time that ownership provides long-term security to the entire network.

The Björn Borg trademark covers all versions of the well-known Björn Borg signature and other logos the Group uses.

Positioning

Distinct identity and strong position

The Björn Borg trademark in its present form was registered in the late 1980s and established in the Swedish fashion market in the first half of the 1990s. New product areas and geographical markets have been established since then, and the Company has experienced stable growth that has accelerated in the last three years.

Continuity has given the brand a distinct identity and strong position in established markets. The brand is characterized by quality products with creative, innovative design influenced by the sporting heritage associated with the name Björn Borg. Today the brand increasingly stands on its own merits, distinct from Björn Borg as a person, and more and more consumers associate the name with the brand rather than Björn Borg himself. The legacy of Björn Borg's success as a tennis player and his superstar status in large parts of the world still provide the brand with a strong platform for international expansion. The brand's positioning in relation to a number of competitors is illustrated in the figure on page 14.

Brand platform

Four ideals

Björn Borg's positioning and all brand development, from design and store layout to marketing communications, is based on a distinctive brand platform. This platform stresses four ideals that define the essence of the Björn Borg brand: Sporty, Stylish, Sexy and Comfortable. Sportiness is naturally associated with brand through the Björn Borg name. Sexiness and stylishness have been added through design and attitude. And, of course, Björn Borg products are always comfortable and easy to wear.

Brand development

Positive impact of improved control

Björn Borg works actively to control the entire chain from brand identity to finished product to ensure that the brand follows the defined strategy every step of the way. This is achieved by providing guidelines and support to companies in the network, which results in coherent and consistent branding. The Company has gradually increased service and control in product development, campaigns, graphic identity and the store concept with positive results.

The Company's guidelines for product and distribution companies cover a number of areas:

Product development

- Trend information
- Design
- Quality
- Product range and product volume

Marketing concept

- Campaigns
- Graphic identity
- Packaging
- Distribution
- Store concept
- Franchise management

Brand and products

At the fashion forefront

Every detail of Björn Borg products and every collection expresses the values synonymous with the brand. Björn Borg reinforces the positioning of the product range by providing trend and design information to all parts of the network prior to each season. One of the success factors for the brand has been the ability to stay on the forefront of fashions and trends in its collections. In the underwear product area, the Company believes its innovative design, unique patterns and bold colors have played a key role in making underwear a fashion product. Björn Borg offers the same collections in all markets, but with the breadth of the product range it can satisfy a variety of preferences.

Brand strategy with new Red and White collections

In 2007 the collections were more distinctly separated with the ultimate goal of strengthening Björn Borg as a fashion brand by making it more stylish, while at the same time increasing opportunities to grow in the clothing product area. Based on the existing brand platform, different expressions and sales channels are being created for the Red and White collections. The bigger of the two concepts, Red, represents sporty clothing and accessories that compete with Puma, Lacoste and Diesel. White is Björn Borg's first collection of tailored menswear in a higher price and quality segment.

The goal is to reach out through distributors to get the Red collections into fashion chains and department stores, in addition to Björn Borg concept stores, mainly in established markets. White, which is offered selectively to exclusive stores around the world, can garner attention for Björn Borg in the international high fashion arena, an important step in positioning it as a global fashion brand. The first White collection will reach selected stores, including in Stockholm, in spring 2008.

The new collections impact the organization through the addition of new product development and design teams as well as in marketing communications.

Red – Björn Borg's Red concept stands for sporty fashion in underwear, menswear and accessories. The inspiration comes from Björn Borg on and off the tennis court.

White – The White concept is Björn Borg's first menswear collection in a higher price and quality segment, with elegant fashions inspired by Björn Borg's life in the limelight outside center court – in major metropolises and among the global jet set.

Marketing communications

Innovative and creative activities

The Company distinguishes the Björn Borg brand through innovative and image-enhancing marketing activities. The aim is to consistently reinforce the brand image and drive sales long-term. Investments in marketing communications in the network have increased in recent years, which is an important factor behind the brand's successful development.

New web site is a key to brand building

The most important marketing effort during the year was Björn Borg's new web site, with a web shop that initially will sell underwear, primarily in newly established markets. The web site, which was launched in October, is a key channel for international branding and communication with target audiences. Interactive campaigns where visitors participate themselves create a sense of belonging and increase traffic to the site. The design and content of the campaigns are integrated with marketing communications in other channels – in stores, advertising, PR and events – to create a greater impact. The web site and initial campaigns in fall 2007 have received a very positive response with high visitor frequency. Read more about the web site and campaigns on page 8.

Unique campaigns

Björn Borg's distinctive campaigns are designed to encourage interest and participation using humor. In addition to the web campaigns, the successful campaign platform was utilized during the year, but with images that conjure up a unique, surreal world that retains a natural connection to Björn Borg's creative design. The images are designed to arouse emotions and convey a strong sense of recognition, and are used in a variety of channels and activities.

PR and events growing in importance

Distributors, which commit to a specific level of marketing investment in each market, use centrally produced campaigns but are responsible for choosing their own media channels. PR and events have become increasingly important to the mix of activities, as has participation in international fashion shows. Private showings and displays in Björn Borg stores have also been crucial in positioning and strengthening the brand.

Launches in new markets

Chief responsibility for marketing activities in the various markets rests with each distributor, but initially the Björn Borg Group provides support for specific activities to varying degrees. The successful PR activities in the UK at the start of the year in cooperation with Selfridges generated a strong response from the media. In 2007 Björn Borg was launched in three new markets – Australia, France and Austria – which included targeted marketing activities such as PR events and showings. At the same time preparations were made for a launch in the Spanish market, where consumer sales will begin in the first quarter of 2008.

The brand in concept stores

The concept stores are important to the experience associated with the Björn Borg brand and provide valuable exposure in strategic locations of large cities. Several Group-owned concept stores in Sweden were renovated during the year according to a new store concept to create an even clearer expression of the brand in a retail environment.

Further brand building

Among the most important branding and marketing communication activities planned in 2008 are development work on the new Red and White collection concepts and preparations for launches in new markets. The international presence is expected to continue to grow as an element in the geographical expansion of the brand through participation in fashion shows and other industry settings.

Marketing investments have risen in pace with the international expansion, and in Björn Borg's opinion will further increase in the network in the form of more showings and broader campaign activities in pace with the growing international presence. The Company has seen a willingness among distributors to continue to invest in marketing activities.

Market position

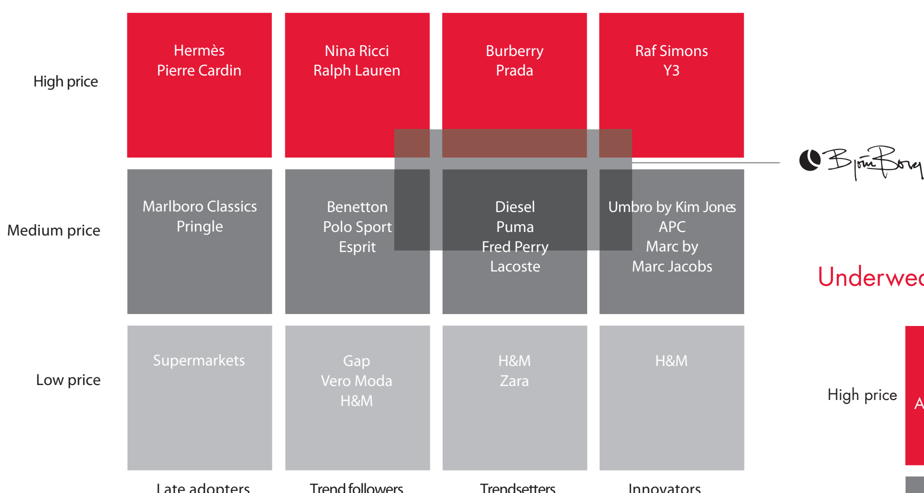
Björn Borg is a strong, well-known brand in its established markets thanks to consistent, long-term branding from a clearly defined platform and focused marketing. The brand has a strong position especially in men's underwear, and the Company believes Björn Borg can be considered a market leader in terms of quality and design in this segment in its established markets. Women's underwear has quickly established a strong market position as well. Based on its established position in underwear, Björn Borg is working actively to strengthen its position in clothing as well as shoes and accessories.

Competition

Björn Borg is an international fashion brand and its competitors include other internationally recognized brands such as Puma, Lacoste and Diesel, as well as strong local brands. In underwear, Björn Borg competes with international brands such as Calvin Klein, Hugo Boss and Hom, in addition to local players. Competition in the area is generally expected to increase as more major fashion brands introduce their own underwear collections and new players join the market.

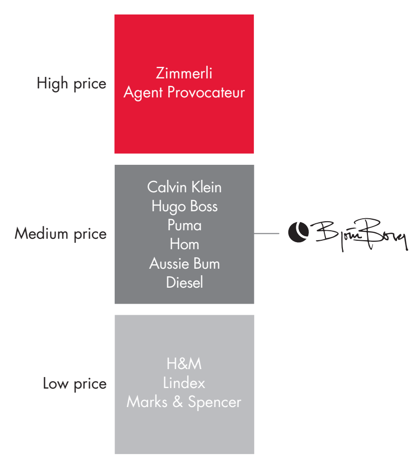
The most important competitive advantage aside from design and quality is consumer awareness and experience with the brand. For this reason, apparel companies' strategies are shifting more to strengthening their brands and images through creative, effective marketing.

Market segmentation and positioning



Björn Borg's analysis of market segmentation and positioning

Underwear

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The fashion of underwear

The market for designer underwear has grown substantially in recent years and more companies have added their own underwear lines. In this competitive environment, Björn Borg has succeeded in increasing its underwear sales year after year. A strong brand, innovative design and a steady flow of new products are among its success factors.

After having been something men bought in multi-packs, underwear has become a distinct fashion segment. For a growing number of men, particularly in younger age groups, underwear has become a form of expression.

"Many men dress fairly plainly, in jeans and a T-shirt or a suit, so underwear that stands out is a way for them to express themselves, even if it can't be seen," says Pernilla Groth, product manager for underwear at Björn Borg.

As the underwear market has expanded in recent years, more companies have joined in. Despite that competition has increased, Björn Borg – whose largest product area is underwear – has succeeded in strengthening its position and raised sales at an annual rate of over 50 percent in recent years.

"Underwear has long been our core business, and we were already well-positioned with a strong brand and established sales organizations when growth skyrocketed," says Jimmy Johansson, Executive Vice President and Marketing Director at Björn Borg. "We were also one of the first companies to put our name on the waistband, so the popularity of low-cut jeans played right into our hands."

Steady stream of new products

"We are good at making sure our stores are well-stocked and that there are plenty of new items. Many companies have spring and fall collections, while we produce six collections a year," says Pernilla Groth.

Ideas for the collections come from many different places. They are often a combination of overall fashion trends and patterns that have found inspiration in every corner of the world and are adapted to underwear. The brand's defining qualities – sporty, sexy, stylish and comfortable – are always important to the design process.

"Men are relatively daring when it comes to choosing patterns, so our designers have a lot of flexibility. When it comes to the model, on the other hand, women are more willing to vary what they wear, while men usually stick with the same model their whole lives," says Pernilla Groth.

Björn Borg's innovative patterns and designs are further underscored by the transparent packaging. Customers see exactly what the product looks like without having to take it out of the package.

Sticking out our neck

Despite the Company's expansion to new markets, the design team will continue working in the same way. No changes are made for local tastes; instead, by focusing on breadth, it tries to satisfy customers with a range of tastes.

"Taste varies between countries, of course, but this is not something that we spend a lot of time analyzing. It would only result in us doing what other companies already are. What would we then be bringing to the market?" says Pernilla Groth.

In 2008 Björn Borg will redouble its commitment to the classic line in keeping with its clean designs and athletic heritage. The Company will also create an organic underwear collection.

"All indications are that interest in underwear will remain strong. For us, the challenge is to keep developing our collections and sticking out our neck in terms of design without sacrificing quality and fit," concludes Pernilla Groth.

"Underwear is growing even more popular"

Daniel Lindström, fashion editor of the fashion magazine Café

Why has underwear become fashionable?
The breakthrough came when major international underwear brands began using footballers David Beckham and Fredrik Ljungberg in their marketing. These are stars admired by regular guys for their performance on the pitch, so they are more likely to follow their example than if they were professional models.

Another reason is the popularity in recent years of low-cut jeans, which have made it possible to show off and given to status attractive waistbands. Even though low-cuts are on the way out, eye-catching waistbands are here to stay.

Will it remain important what people wear "underneath"?
Absolutely, even more so. Personally, I believe that underwear will shift in a futuristic direction, away from the retro we have seen for a while. Materials and metallics are in. Demand for eco-friendly alternatives will have an impact in underwear as well.

Underwear's functionality will also become more important, and manufactures will create designs that 'breath' when you work out, for example. This underwear is still fairly costly and places high demands on durability and function.

What do you think are the reasons for Björn Borg's success in underwear?
Their fashion shows have made them more interesting to follow and cover for us as journalists, which obviously creates publicity. They have really succeeded in building a strong brand that stands for high quality and trendiness.

When we awarded our fashion prize in August, we were very pleased to have Björn Borg himself as a guest. One of the models was pleasantly surprised to find out that Björn was a real person. She had believed that it was just a brand name.

Operations

Business model

The Group's substantial growth with high profitability – and its success in positioning the Björn Borg brand – has largely been achieved thanks to its business model. The model facilitates an expansion geographically and in terms of product range with limited operational risk and capital investment, while retaining control over the brand.

Björn Borg's business model utilizes a network of product companies and distributors which are either part of the Group or independent companies and have been granted licenses to one or more product areas and one or more geographical markets. The network also includes concept stores operated by Björn Borg or independent franchisees.

By utilizing a network of its own and independent companies, Björn Borg can be involved in every part of the value chain and develop the brand in the international fashion market with a compact organization and minimal financial investment and risks. The business model requires little capital investment by the Company, since distributors in the network are responsible for marketing, including investments and inventory. The model creates significant sales at the consumer level with limited risk and investment for Björn Borg. The Company owns the strategically most important companies in the network.

Another positive effect of the business model and the network's use of a number of independent distributors is that the competence and local expertise of these enterprising entrepreneurs are put to use. Björn Borg's partners in the network are established players with extensive knowledge of their product areas and a strong foothold in the local market. The Group's relationship with many of the independent companies in the network stretches back many years.

Brand development

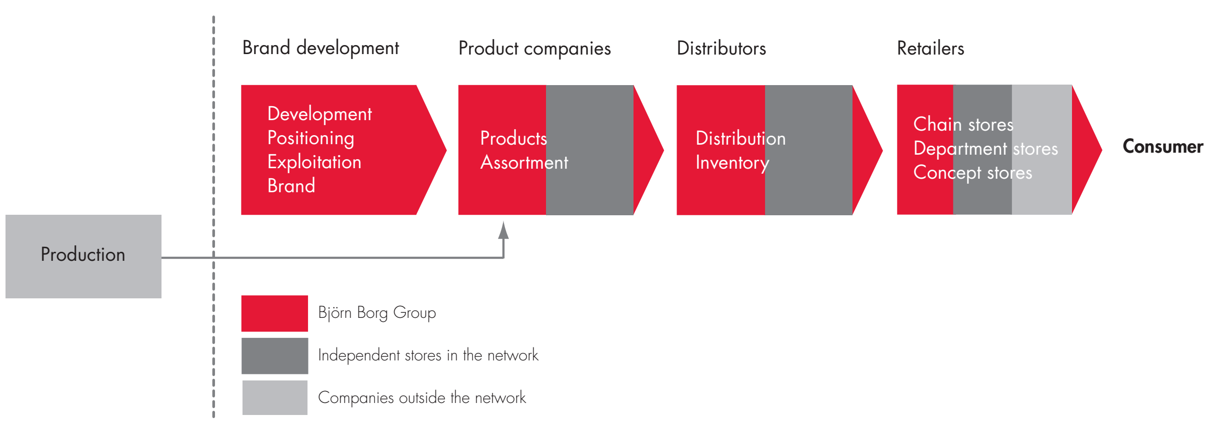
Björn Borg provides expertise in brand building and management. The Company is responsible for the development of the Björn Borg brand and for implementation and compliance with the brand strategy in the network. Through guidelines, support and service for companies in the network, Björn Borg can be sure the brand is managed according to the established platform at every level of the chain, from design and quality to store promotions and marketing communications.

In a network encompassing both the Group's own entities and independent companies, tight control over the brand is essential. All design and product development is done by the product companies, which have extensive experience and specialized knowhow in their areas. All product companies also serve as distributors in their home markets.

With the exception of production, which is handled outside the Group, Björn Borg has its own operations at every level from product development to consumer sales. This gives the Group the best chances of ensuring the further development and correct positioning of the Björn Borg brand.

Since it owns the Björn Borg trademark as of December 2006, the Group is responsible for ensuring appropriate trademark registration and protection.

The network's value chain



Product companies

The network currently comprises one product company for each product area: clothing, footwear, bags, eyewear and fragrances. In addition, the Dutch distributor is also a product company for the Dutch womenswear collection. The product companies for clothing and footwear are wholly owned Group subsidiaries.

The product companies, both Group-owned and independent, are specialists in their respective product areas. They are responsible within their respective areas for the design and development of collections for all markets, and position different products based on Björn Borg's guidelines. The collections are displayed and sold to distributors in the various geographical markets for further sale to retailers. The product companies also play a supporting role for distributors and retailers in the network.

Production of clothing and footwear for Group-owned product companies is outsourced to Asia, exclusively China, and to Europe. High demands are placed on quality and reliability relative to price, and the performance of suppliers is continuously evaluated. In production and logistics, Björn Borg tries to increase flexibility and efficiency, both of which are factors that have grown in importance in recent years as the need for a responsive supply chain and ability to adapt production to shifting fashions have increased. The Company also looks for suppliers that can guarantee Björn Borg's guidelines on working conditions and the environment are met. Read more about Björn Borg's corporate responsibility and environmental work on page 26.

Distributors

Distribution is normally handled through distributors – usually companies outside the Group that know the regional market – which are granted a license to use the trademark in the marketing and sale of Björn Borg products. The distributors sell and distribute the products to retailers by building the brand regionally through their sales force. They are responsible for purchasing, sales support, inventories, regional marketing, media planning and training.

The challenge for distributors, in the face of fierce competition, is to establish and maintain their position as a supplier to retailers, which increasingly consist of chains and department stores. Success factors include a high level of service to retailers in the form of prompt deliveries of sought-after products, attractive promotional materials and effective marketing activities.

Marketing and sales feedback from distributors to Björn Borg and the product companies is valuable information to develop and fine-tune the collections and marketing activities. Twice a year the Company brings together all its distributors to showcase its new collections and marketing materials as well as discuss strategies and planning, in addition to which an open dialogue is maintained on developments in each market.

Distributors pay a royalty to the Group based on a percentage of their sales to retailers. Björn Borg owns the distributors for clothing and footwear in the Swedish market, with around 800 points of sale aside from the Group-owned concept stores.

Retailers

Björn Borg products are sold at the retail level through department stores, chains and independent retailers, as well as through Group-owned and franchised concept stores and factory outlets. This mix creates the right positioning in the upper mid-price segment while still generating high sales volume.

With a total of 3,900 points of sale, independent retailers represent an important interface with consumers. Unlike Björn Borg's own concept stores, they sell Björn Borg products in competition with other brands. It is critical to sales that distributors get Björn Borg products onto retailers' shelves and display them in the right locations. Chains and department stores – some with shops-in-shops – are becoming increasingly important to the sale of Björn Borg products, accounting for over half of brand sales. This requires an efficient selling-in process and greater exposure in areas with high customer turnover, rather than selling to individual stores.

Concept stores

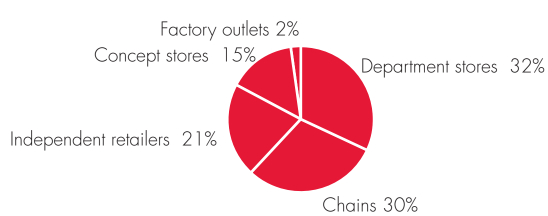
The concept stores are important to Björn Borg as a marketing channel and contact point for consumers. At the same time they are a valuable source of sales, currently accounting for about 15 percent of total sales of Björn Borg products.

The concept stores are either wholly owned by Björn Borg or franchised. The ten Björn Borg-owned concept stores are located in Stockholm, Göteborg, Malmö and Linköping. The 26 franchised stores are in the Netherlands, Belgium, Norway and Finland.

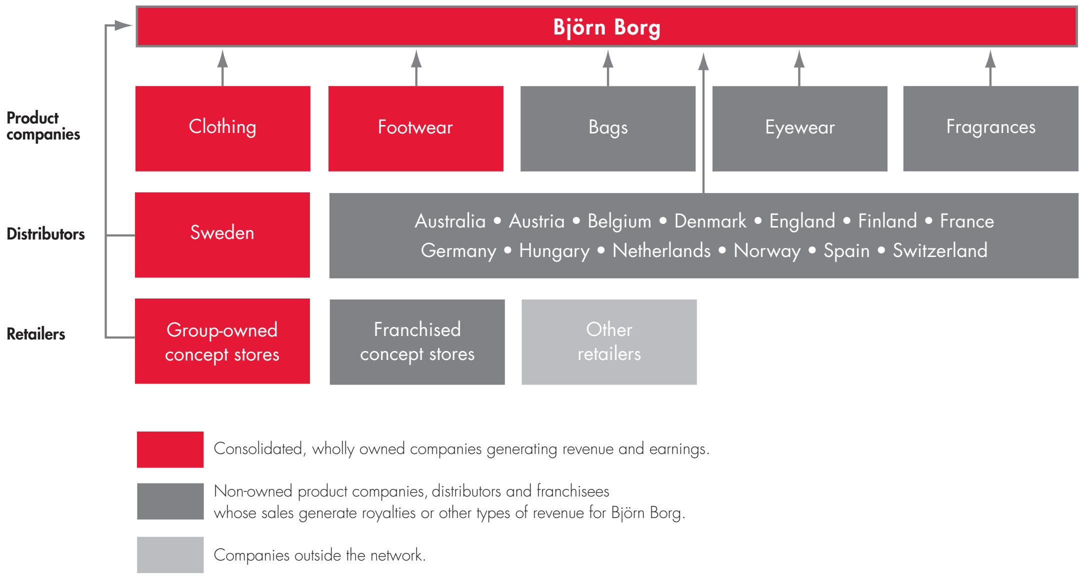
Factory outlets

Factory outlets with large customer flows generate sales side-by-side other brands at reduced prices while offering exposure to somewhat different consumer groups. The network uses four factory outlets, two of which are operated by the Björn Borg in Sweden.

Sales by retailer category



Revenue and earnings business model



Business segments and revenue

Björn Borg reports revenue for four business segments.

Brand and other

Net sales in the Brand and other segment mainly consist of royalty revenue, as well as invoicing of internal Group services. Royalties are generated through wholesale sales of Björn Borg products through distributors (Group-owned and independent) to retailers and are calculated as a share of these sales. Royalties are paid monthly, quarterly or in arrears. In 2007 net sales amounted to SEK 126.6 million with operating profit of SEK 46.1 million.

Product development

Sales for the Product development business segment are generated by the Group-owned product companies for clothing and footwear through product sales to distributors in all markets. In 2007 net sales amounted to SEK 300.7 million with operating profit of SEK 38.4 million.

Distribution

Sales for the Distribution product segment are generated by the Group-owned distribution companies for clothing and footwear in the Swedish market, where Björn Borg is the exclusive distributor in these areas. In 2007 net sales amounted to SEK 184.7 million with operating profit of SEK 39.7 million.

Retail

Sales for the Retail product segment are currently generated through Group-owned concept stores. Net sales in Retail amounted to SEK 60.3 million in 2007 with operating profit of SEK 17.9 million.

Net sales, SEK million

Business segment	2007	2006
Brand and other	126.6	79.3
Product development	300.7	204.5
Distribution	184.7	134.8
Retail	60.3	42.3
Intra–Group sales	–177.4	–136.3
Group	494.9	324.6

Operating profit, SEK million

Business segment	2007	2006
Brand and other	46.1	24.2
Product development	38.4	23.0
Distribution	39.7	21.4
Retail	17.9	13.3
Group	142.1	81.9

Geographical markets

Björn Borg currently has operations in two of its own product areas – clothing and footwear – as well as in bags, eyewear and fragrances through external product companies. Björn Borg is represented in a total of 14 markets, the largest of which are the Netherlands and Sweden. Other established markets include Norway, Denmark, Finland, Belgium and Hungary. In 2006 the brand was introduced in England, Germany and Switzerland, and in 2007 in Australia, France and Austria. In the first quarter of 2008 Björn Borg will be launched in Spain.

Sweden

The Björn Borg trademark was registered in Sweden in 1989 and established in the Swedish apparel market in the first half of the 1990s. In 1994 the first concept store was opened in Stockholm. Today Sweden accounts for 25 percent of total brand sales. Operations in Sweden are carried out through the Group-owned distributors for the clothing and footwear product areas and the ten Group-owned concept stores. Björn Borg products are also sold through around 1,000 retailers in Sweden. Björn Borg today has broad distribution in the Swedish market. Further expansion will be achieved selectively, mainly in menswear and the smaller product areas.

Brand sales in Sweden amounted to approximately SEK 564 million in 2007, an increase of 25 percent compared to 2006. In the clothing product area, sales in Sweden accounted for 19 percent. In footwear, Sweden is the dominant market, accounting for slightly over two thirds of the product area's sales. Sweden is also the largest market in fragrances, representing 81 percent of sales. For bags and eyewear, Sweden accounts for 34 and 55 percent, respectively.

Netherlands

The Netherlands was the largest market for the Björn Borg brand in 2007, with 37 percent of total brand sales. Operations in the country date back to 1993 and are currently managed by the Dutch distributor, Dutch Brand Management. The Björn Borg brand quickly established a position in the Dutch market through growing volumes and is now regarded as an international brand with a broad-based presence in the market. Björn Borg products are sold in 22 franchised concept stores and around 730 retailers.

The Netherlands reported the highest growth of any market during the year in terms of volume, increasing slightly over 83 percent from the previous year to SEK 827 million. For the clothing product area, the Netherlands is the largest market, with a share of 41 percent. It also accounts for a growing share of bag sales, or about a third, while eyewear sales account for a smaller share of the product area's sales. Shoes grew strongly in the Netherlands during the year from a low level.

Denmark

Björn Borg was launched in Denmark in 1992 by the Danish distributor SOS Sportswear, which still manages operations in the country. Today Denmark accounts for 17 percent of total brand sales, a share that has grown in recent years. In the Danish market, Björn Borg products are sold through a wide network of around 650 retailers. There are currently no concept stores in Denmark.

In 2007 brand sales in Denmark totaled approximately SEK 370 million, an increase of 69 percent compared to 2006. Of total sales in the clothing product area, Denmark accounted for 18 percent. The corresponding figures for bags and eyewear were 9 and 11 percent, respectively. Danish shoes sales account for 8 percent of total sales in the product area.

Norway

The brand was launched in the Norwegian market in the early 1990s and operations are managed by the Norwegian distributor, Seaport. Sales in Norway have developed strongly and today account for 17 percent of total brand sales. Products are sold through the two concepts stores in Oslo and around 350 retailers around the country.

In Norway, brand sales totaled approximately SEK 390 million in 2007, an increase of 72 percent compared to the previous year. In the clothing product area, sales in Norway are about as high as in Sweden, at approximately 19 percent. For both shoes and bags, Norwegian sales account for approximately 10 percent, and for eyewear 14 percent of each product area's total sales.

Finland, Belgium and Hungary

Finland, Belgium and Hungary are markets where the Björn Borg brand was established during the second half of the 1990s. These countries currently account for approximately 3 percent of total brand sales. Operations are managed by local distributors.

In Finland and Belgium, underwear is the dominant product area, while in Hungary it is bags. Björn Borg products are sold through a total of around 290 points of sale in the three markets. There are two concept stores in these countries, in Antwerp and Helsinki. In Belgium, Björn Borg signed an agreement with a new distributor in January 2007.

Belgium experienced a high level of activity in 2007, with very strong growth though from a low level, while Finland had weaker development.

England, Germany and Switzerland

In 2006 Björn Borg expanded operations to new markets. An agreement was signed in May 2006 with an English distributor that began cultivating the market the same year. The launch took place in late 2006 at the department store Selfridges, which was the exclusive retailer of Björn Borg's underwear and swimwear through March 2007. Distribution has since been broadened to include several other well-known retailers, including the department store Harvey Nichols, which is important to the continued international expansion. In total, Björn Borg products are sold through 60 retailers in England. Brand sales amounted to approximately SEK 9 million in 2007 with a gradual increase during the year. During the fourth quarter England contributed nearly one percent of total brand sales.

In June 2006 Björn Borg signed an agreement with a German distributor, and the brand was launched in Germany through the underwear product area in the third quarter of that year. The number of retailers was increased during the year, including the chain Peck & Klippenburg, and now totals around 60.

Björn Borg began cultivating retailers in Switzerland in 2006. An agreement was reached with a new distributor in the fourth quarter of 2007, and consumer sales are expected to begin on a small scale in the first quarter of 2008.

France, Australia and Austria

The brand was introduced in France in fall 2007 through a French distributor, and sales began through several retailers in the fourth quarter, including the prestigious Galeries Lafayette and the department store Citadium in central Paris, an important breakthrough in the market. In total, Björn Borg products are sold through eight retailers in France.

Distribution agreements were also reached in Australia and Austria in fall 2007. In Australia, the brand was launched in the department store David Jones in November and is sold through a total of 22 retailers. Operations have also been launched in Austria, and Björn Borg products are sold by a limited number of stores as of December 2007.

Spain

Björn Borg signed an agreement with a Spanish distributor in 2007 to introduce the brand in Spain. Consumer sales began in January 2008. A fashion show and PR activities in Barcelona in connection with the launch received a positive response from the media and the industry.

USA

In 2007 the Board of Directors resolved to introduce the Björn Borg brand in the U.S. Work has begun and a subsidiary has been established. One employee has been hired to oversee the introductory work, initially from Sweden and then from New York. The Group has yet to decide how it will expand operations in the country, either on its own or through an independent distributor, as in other markets outside Sweden. The aim is to launch sales in 2008.

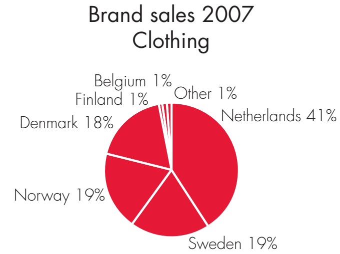
Five product areas and 14 markets

	Clothing	Footwear	Bags	Eyewear	Fragrances
Sweden	•	•	•	•	•
Norway	•	•	•	•	•
Denmark	•	•	•	•	•
Netherlands	•	•	•	•	–
Belgium	•	•	•	•	•
Finland	•	•	•	•	•
Hungary	–	•	•	–	–
Germany	•	–	–	–	–
England	•	–	–	–	–
Switzerland	•	–	–	–	–
France	•	–	–	–	–
Australia	•	–	–	–	–
Austria	•	–	–	–	–
Spain	•	–	–	–	–

Clothing

The brand's largest product area comprises clothing, underwear and swimwear, which are sold in 13 markets. In underwear, its largest product group, Björn Borg offers men's and women's products in a trendy, high-fashion range and a basics range with classic models. The women's collection has gradually grown in recent years and currently accounts for approximately 35 percent of underwear sales. Retailers include independent shops, chains, department stores and Björn Borg concept stores.

The goal in 2008 is to increase clothing sales and grow through a new, larger men's collection of sports-influenced styles. The goal is to reach fashionable chains and department stores in addition to Björn Borg concept stores, particularly in established markets.



Footwear

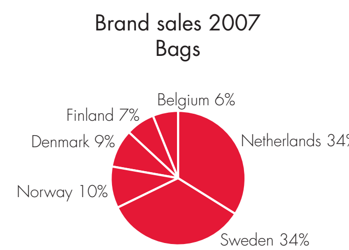
The footwear product area offers a range of fashion products and timeless classics such as men's and women's casual shoes. Sales are dominated by athletic and leisure footwear, at approximately 55 percent, while the remainder consists of fashion/trendy footwear. The share of fashion footwear has increased in recent years, a trend that is expected to continue as the focus shifts to the international market.

Björn Borg's aim is to expand footwear operations internationally. Operations and the collections were adapted during the year for launches in more markets. Sales were launched in Denmark and distribution was broadened in the Netherlands, which proved successful.

Bags

The bags product area falls in the fashion/trend segment and comprises handbags and wallets. In the last two years the range has been expanded with gloves and belts. Retailers include luggage shops, sporting goods shops, chains, department stores and concept stores.

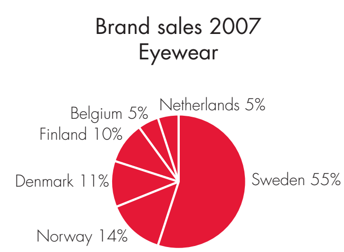
The stylishness, quality and price point of Björn Borg's bags was raised during the year as part of an effort to better adapt the product range to the brand's overall positioning. The collections have received a positive response, and the product area reported a rising sales trend during the year.



Eyewear

Björn Borg eyeglass frames belong to the trendy segment of the market. Like footwear and bags, eyewear is a hot fashion accessory that consumers frequently buy and replace. Frames are sold to retailers through the licensee's distribution organization.

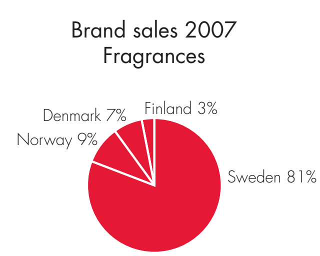
In the last two years the product range has been expanded and efforts made to further strengthen the collection. A new design office was opened in Italy as part of this work. At the same time distribution has been broadened to more markets with positive results. In spring 2008 the product range will be broadened to include sunglasses, creating opportunities to branch out from opticians to other retail outlets such as clothing stores and concept stores.



Fragrances

The product area offers a range of fragrances for men and women. Consumer sales of fragrances are made through large Swedish chains and department stores such as Åhléns, NK and Kicks, as well as through independent retailers and concept stores.

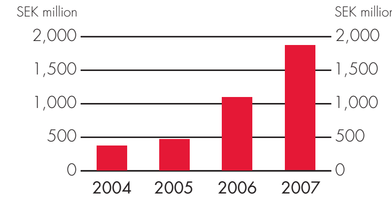
Advantage, a new fragrance line launched in spring 2007, has been very positively received. The new line includes women's products for the first time. Another fragrance, called Björn Borg Off Course, is offered for men. During the year Björn Borg fragrances were launched in Denmark and Finland. To further enhance the product area, the focus is on broadening retail distribution and expanding to new markets.



Brand sales for clothing rose by 71 percent to SEK 1,859 million during the year. The largest market, the Netherlands, accounted for the year's highest growth in volume, gaining 83 percent. Belgium accounted for the largest percentage growth. Denmark and Norway increased their sales by 71 and 81 percent, respectively, while sales in Sweden rose 40 percent. Underwear accounted for approximately 78 percent of total brand sales.

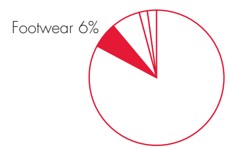
Share of brand sales 2007

Trend in brand sales 2004–2007

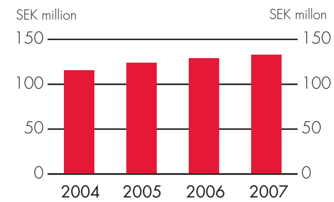


Brand sales in the footwear product area amounted to SEK 132 million during the year, an increase of 3 percent compared to 2006. Sweden reported sales of approximately SEK 90 million. Sales in the Netherlands rose substantially from a low level to SEK 12.6 million.

Share of brand sales 2007

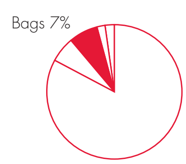


Trend in brand sales 2004–2007

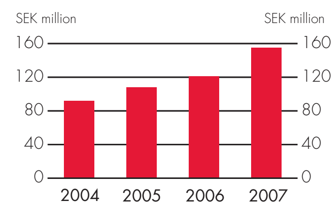


Brand sales in the bags product area amounted to SEK 154 million during the year, an increase of 28 percent. Geographically, bags sales are more evenly distributed than other product areas. The two largest markets, Sweden and the Netherlands, reported growth of 30 and 57 percent, respectively.

Share of brand sales 2007

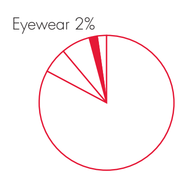


Trend in brand sales 2004–2007

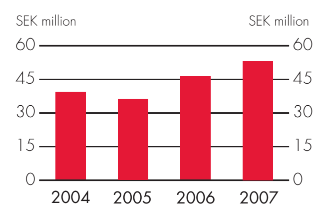


Brand sales in the eyewear product area increased by 15 percent to SEK 53 million in 2007. The highest growth was in Denmark and Norway. Sweden accounts for approximately 55 percent of eyewear sales.

Share of brand sales 2007

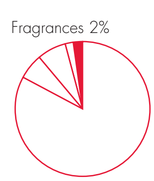


Trend in brand sales 2004–2007

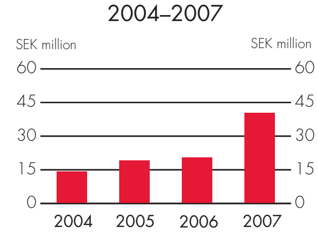


Brand sales in the fragrances product area nearly doubled to approximately SEK 40 million. Sweden is still the dominant market, although Norway and Denmark both reported strong sales trends and together account for about 15 percent of current product area sales.

Share of brand sales 2007



Trend in brand sales 2004–2007



Corporate responsibility and environment

Björn Borg is a Swedish company operating in an international market. Taking responsibility for its impact on people and the environment is one of the Company's core values and is crucial to cooperations in its network. The Company has as its aim to increase efforts in this area, and in 2007 a person was appointed to work with these issues.

Ethical sourcing

Björn Borg maintains a close cooperation with its suppliers and in many cases has longstanding relationships, which generally gives it good insight into production conditions. The limited number of principal suppliers facilitates dialogue and oversight. The Company's three largest suppliers account for approximately 75 percent of total production. Before new suppliers are hired, they must undergo thorough inspections to ensure that they live up to Björn Borg's requirements.

Björn Borg works continuously with corporate responsibility issues by specifying a number of requirements that must be met in its supplier agreements. These agreements also spell out Björn Borg's Code of Conduct, with guidelines on working conditions. The guidelines are based on the United Nations Declaration of Human Rights and the International Labour Organization's (ILO) core conventions.

It is the responsibility of suppliers to inform any subcontractors that these rules are part of their purchasing terms. When an order is placed, the supplier is required to indicate which subcontractors will be used – unless already known by Björn Borg – and provide a complete list of information on current production units.

Member of BSCI network

Since January 2008 Björn Borg is a member of the Business Social Compliance Initiative, BSCI, with the aim of structuring its work to ensure compliance with the Code of Conduct and achieve a better result. BSCI is a European network of retailers created by the Foreign Trade Association, FTA, and is a signatory of the UN Global Compact. Its purpose is to create uniform criteria and a common approach to social audits at the production level. It also has an organization to conduct inspections on behalf of member companies. Among the countries categorized as high risk by the network, China is the only one in which Björn Borg has production.

According to BSCI, suppliers must be audited by accredited third parties. Audits cover various aspects of working conditions, such as salaries, work environments, working hours, security, health and medical care, and restrictions against child labor and discrimination. If a supplier does not meet the criteria, an action plan is drafted how it can remedy any issues within a specific period. The advantage of the network is that suppliers do not have to undergo or pay for several different audits if they have more than one BCSI-affiliated customer, since members apply the same requirements.

Björn Borg has begun preparations to introduce a common code of conduct among its suppliers. In 2007 one supplier conducted its own audit using a questionnaire based on SA 8000, an international standard for working conditions. This review will now be evaluated together with BSCI and will be followed up by an official audit scheduled for October 2008.

The goal in 2008 is to meet BSCI's requirement that two thirds, or 70 percent, of buying volumes from Björn Borg's suppliers in China will have been audited.

Stiffer environmental requirements through new EU law

The products Björn Borg sells must be safe for customers and the environment and free from hazardous substances.

The Company follows the guidelines of the Textile Importers' Association in Sweden, which are based on Swedish legislation and EU regulations. Björn Borg monitors compliance with the rules by sending samples to independent textile and leather laboratories.

The EU's new regulation on chemicals and their safe use, Registration Evaluation Authorisation and restriction of CHemicals (REACH), entered into force on June 1, 2007. The new regulation tightens requirements on the use and documentation of chemicals in production. In China, which is Björn Borg's most important sourcing country, the government has arranged training on REACH. Björn Borg also ensures through an open dialogue with its suppliers that they stay abreast of developments involving the new chemical regulation.

Aside from production, transports are an area that adversely impacts the environment. Björn Borg's products are transported primarily by sea from suppliers in China and only in rare cases by air.

Organic products

The Company has begun work on an organic underwear collection. The aim is to satisfy the growing demand for organic products while taking another step toward environmentally safe production. A small, exclusive organic clothing collection is scheduled to initially make it to stores in fall 2008.

Employees and organization

The competence, creativity and drive of Björn Borg's employees are important factors behind the development of the brand and the Group and are seen as decisive to their future success. Retaining employees and attracting new professionals to the organization is therefore a priority that Management satisfies by building an open and stimulating corporate culture where employees can grow and further develop in the organization.

Björn Borg's employees generally have extensive industry experience, including from large international fashion and retail companies. Continuous competence development is important for both new hires and employees who have spent year with the Company. Björn Borg provides internal training and closely keeps up with developments in the industry.

The compensation system currently used by the Company is based on base salaries and an individual bonus system for key employees, which pays out when individual targets are met. In addition, incentive schemes are in place for all employees based on warrants. They are described in more detail in note 7 on page 45.

Organization during the year

During the year Björn Borg moved to larger, more practical offices in Stockholm that offer better ways to showcase the collections and brand. Further, the organization has been strengthened through the addition of new employees in marketing communications and accounting to meet the requirements of a larger, publicly listed company.

By the numbers

The average number of employees in the Group was 76 in 2007. Their average age was 33, and 37 percent were male. Among the Group's employees, 29 percent have a post-secondary education, 12 percent of whom have an academic degree. Average industry experience among employees is slightly over 10 years. Employee turnover in 2007 was 7 percent and sick leave 1.0 percent, against 2.6 percent in 2006.

Five-year summary

SEK thousands	2007[1]	2006[1]	2005[1]	2004[2]	2003[3]
Income statement					
Net sales	494,886	324,555	183,639	121,649	114,527
Operating profit	142,075	81,864	31,275	12,149	10,673
Profit after financial items	142,227	81,400	32,856	14,368	12,710
Profit for the year	**102,091**	**58,485**	**23,499**	**10,069**	**9,337**
Balance sheet					
Intangible assets	202,417	202,426	13,944	13,944	1,322
Tangible non-current assets	17,817	6,331	2,068	2,431	3,110
Financial non-current assets	–	45	45	1,296	4,950
Inventories, etc.	24,640	22,036	15,716	21,087	15,554
Current receivables	77,093	58,194	33,772	23,348	19,315
Cash & cash equivalents	187,423	59,544	58,080	39,571	7,073
Total assets	**509,390**	**348,576**	**123,625**	**101,677**	**51,324**
Equity	342,943	138,054	82,851	58,944	27,444
Non-current liabilities	52,515	95,465	–	–	–
Deferred tax liabilities	28,607	17,141	2,794	6,000	–
Current liabilities	–	10,000	–	4,000	5,293
Other current liabilities	85,325	87,916	37,980	32,733	18,587
Total equity and liabilities	**509,390**	**348,576**	**123,625**	**101,677**	**51,324**
Key figures					
Gross profit margin, %	53.6	50.7	52.2	51.6	49.4
Operating margin, %	28.7	25.2	17.0	10.0	9.3
Profit margin, %	28.7	25.1	17.9	11.8	11.1
Return on capital employed, %	40.9	48.6	42.7	30.4	49.8
Return on average equity, %	42.4	53.0	33.1	23.3	41.0
Profit for the year after tax	102,062	58,485	23,499	10,069	9,337
Equity per share, SEK	13.70	5.95	3.62	2.57	–
Equity/assets ratio, %	67.3	39.6	67.0	58.0	53.5
Investments in tangible non-current assets	225	188,532	–	–	–
Investments in intangible non-current assets	15,290	5,542	728	650	1,890
Depreciation/amortization for the period	–4,121	–1,329	–2,609	–2,029	–
Average number of employees	76	52	49	42	36
Data per share					
Earnings per share, SEK	4.18	2.55	1.03	0.92	–
Earnings per share after full dilution, SEK	4.17	2.53	1.02	0.92	–
Number of shares	25,036,984	23,207,376	22,896,576	22,896,576	–
Weighted average number of shares	24,406,699	22,954,076	22,896,576	22,896,576	–
Effect of dilution	83,461	127,524	89,856	–	–
Weighted average number of shares after full dilution	24,490,160	23,081,600	22,986,432	22,896,576	–

[1] The years 2007, 2006 and 2005 are prepared according to IFRS. The remaining years are according to the Annual Accounts Act and the Swedish Accounting Standards Board. In restating to IFRS for 2005, goodwill amortization of SEK 1,556 thousand has been reversed.

[2] Pro forma accounts have been prepared as if Björn Borg AB's acquisition of the Björn Borg Group had taken place on January 1, 2004 and the issue in kind whereby the acquisition was implemented had taken place on the same date. A pro forma balance sheet and income statement have been prepared to illustrate the Björn Borg Group's financial development and position and are not intended to show the actual position or results of the Björn Borg Group had the Group been established other than at the end of the second quarter 2004.

[3] The year 2003 refers to actual results for the Björn Borg Brands Group. The Björn Borg Group in its entirety is similar to the current Björn Borg Group excluding Scandinavian Footwear AB and Anteros Lagerhantering AB.

Quarterly data

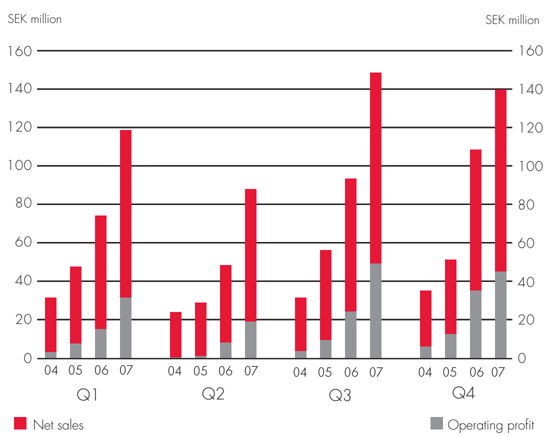
SEK thousands	Q4 2007	Q3 2007	Q2 2007	Q1 2007	Q4 2006	Q3 2006	Q2 2006	Q1 2006
Brand sales[1]	650,862	659,120	414,058	513,345	483,273	409,305	217,998	292,643
Net sales	139,795	148,597	87,844	118,650	108,537	93,442	48,368	74,209
Gross profit margin, %	53.8	54.6	55.6	50.4	52.8	46.9	56.8	48.3
Operating profit	42,258	49,238	19,188	31,390	34,994	23,991	7,874	15,005
Operating margin, %	30.2	33.1	21.8	26.5	32.2	25.7	16.3	20.2
Profit after financial items	42,719	48,920	19,139	31,448	34,147	24,010	8,145	15,098
Profit margin, %	30.6	32.9	21.8	26.5	31.5	25.7	16.8	20.3
Earnings per share, SEK[2]	1.22	1.42	0.57	0.96	1.06	0.75	0.26	0.47
Earnings per share after dilution, SEK[3]	1.22	1.41	0.56	0.94	1.04	0.74	0.26	0.47
Number of stores at end of period	36	33	29	26	24	21	18	17
of which own concept stores	10	10	9	9	8	7	6	6

[1] Estimated total sales of Björn Borg products at the consumer level including VAT, based on reported wholesale sales.
[2] Earnings per share in relation to the weighted average number of shares during the period (comparison year restated after split).
[3] Earnings per share adjusted for any dilution effect (comparison year restated after split).

Seasonal variations

The Björn Borg Group is active in an industry with seasonal variations. The different quarters vary in terms of sales and earnings. With the current product mix, the second quarter is generally the weakest profit-wise.

Net sales and operating profit by quarter



Board of Directors' report

The Board of Directors and the President of Björn Borg AB (publ), company registration number 556658-0683, herewith present the annual report and consolidated financial statements for the financial year 2007.

Operations

Björn Borg owns the Björn Borg trademark and currently has operations in five product areas: clothing, footwear, bags, eyewear and fragrances. Björn Borg products are sold in 14 markets, the largest of which are Sweden and the Netherlands. Operations are conducted through a network of product and distribution companies which are either formally part of the Group or independent companies with licenses for product areas and geographical markets. The Björn Borg Group has its own operations at every level from brand development to consumer sales in its own concept stores. Björn Borg's business model facilitates geographical and product expansion with minimal operational risk and capital investment, at the same time that control over the brand rests with the Company.

Björn Borg share and ownership structure

Björn Borg is listed on the OMX Nordic Exchange's Mid Cap list. The total number of shares in Björn Borg is 25,036,984. There is one class of share. The share capital amounts to SEK 7,824,058 and the quota value per share is SEK 0.3125. Each share carries one vote at the Annual General Meeting (AGM). There are no limitations on how many votes each shareholder may cast at the AGM. The largest shareholder is Martin Bjäringer through his companies. No shareholder directly or indirectly owns more than ten percent of the shares in Björn Borg.

There are no limitations on the right to transfer the Björn Borg share according to current laws or Björn Borg's Articles of Association. Nor is Björn Borg aware of any agreements between shareholders that could infringe upon the right to transfer Björn Borg shares. There are no material agreements in which Björn Borg is a party which take effect, are amended or cease to apply if control over the Company changes as a result of a public takeover offer.

The Board of Directors and any deputies are appointed by the AGM for a period concluding with the following AGM. Björn Borg's Articles of Association contain only the usual provisions on board elections and no rules on special majority requirements to appoint and dismiss Board members. The AGM 2007 resolved to authorize the Board to decide on new share issues.

Performance measures

The Board of Directors of Björn Borg updated the Company's operating and financial goals in 2007 as follows:

Operating goal

- To strengthen the brand's position and establish Björn Borg in 3–5 new markets during the period 2007–2009, then accelerate the international growth rate.

Financial goals

- Annual sales growth of at least 20 percent for the Group during the period 2007–2009.
- An annual operating margin of at least 15 percent during the period 2007–2009.
- An equity/assets ratio of not less than 40 percent.

Dividend policy

The Björn Borg Group's annual dividend is determined after taking into consideration the Group's results, financial position and capital requirements. The long-term objective of the Board of Directors is to distribute approximately one third of after-tax profit to the Company's shareholders.

For 2007 the Board proposes a dividend of SEK 1.50 per share, or a total of SEK 37,555,476.

Events during the year

New markets 2007

In 2007 Björn Borg signed agreements with distributors in France, Australia and Austria, where sales were launched during the year. Expansion to these markets had a limited impact on the Group's revenue and earnings for 2007, but is expected to gradually have more of an effect in 2008. An agreement was also signed with a distributor in Spain to introduce the brand in the Spanish market in 2008.

Decision to enter U.S. market

The Board has resolved to introduce the Björn Borg brand in the U.S. A subsidiary was established in the fourth quarter 2007 to evaluate opportunities to establish operations and determine the best way to develop them, either on its own or through an independent distributor, as in other countries outside Sweden. One employee has been hired to begin this work, initially from Sweden and then from New York.

New concept stores

In 2007 Björn Borg opened two new concept stores, one in Stockholm and one in Linköping. Moreover, the Dutch franchisee opened nine new concept stores and the Finnish distributor opened one.

Licensed product areas

The agreements for the licensed product areas for bags, eyewear and fragrances expire on December 31, 2010. The agreements will be renegotiated.

Listing on OMX Nordic Exchange

Björn Borg AB (formally Worldwide Brand Management AB) was listed on the OMX Nordic Exchange in Stockholm on May 7, 2007. The share was previously traded on the First North marketplace.

New share issue

On February 21, 2007 Björn Borg AB (publ) issued a total of 1,114,208 shares (after split in 2007) to SEB funds and Swedbank Robur funds, corresponding to approximately 4.6 percent of the total number of shares after the issue. The issue, with a subscription price of SEK 90 per share, increased the share capital by SEK 348,190. The new issue provided the Company with proceeds of SEK 98.5 million after issue expenses.

Share split

A 4-for-1 share split was implemented on April 27, 2007.

Name change

The Parent Company, Worldwide Brand Management AB, changed its name to Björn Borg AB in May 2007.

Nomination Committee

According to the AGM's resolution, Björn Borg's Nomination Committee consists of the Chairman of the Board and one representative from each of the three largest shareholders measured in terms of votes. The shareholders have now appointed their representatives to the Nomination Committee. Leading up to AGM 2008, Björn Borg's Nomination Committee is composed as follows:

- Fredrik Lövstedt, Chairman of the Board
- Martin Bjäringer, who represents himself as a shareholder (through Dirbal B.V.).
- Åsa Nisell, who represents Swedbank Robur funds.
- Mats H Nilsson, who represents himself as a shareholder. Mats H Nilsson is a Board member of Björn Borg AB.

The chairman of the Nomination Committee is Martin Bjäringer.

Events after the balance sheet date

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

Net sales

The Group's net sales for the full year amounted to SEK 494.9 million (324.6), an increase of 53 percent. The increase was mainly due to strong sales in the clothing product area in all markets.

Profit

The gross profit margin was 53.6 percent (50.7), largely due to the acquisition of the Björn Borg trademark as well as a weaker U.S. dollar. Operating profit amounted to SEK 142.1 million (81.9). The operating margin improved during the year from 25.2 percent to 28.7 percent, and the profit margin rose to 28.7 percent (25.1)

Profit before tax amounted to SEK 142.2 million (81.4) during the year, an increase of 75 percent. The improvement is largely due to a substantial increase in sales in Sweden and internationally, though also to a stronger gross profit margin.

The number of shares outstanding as of December 31, 2007 was 25,036,984. Björn Borg's earnings per share amounted to SEK 4.18 (2.55) for the full year. Earnings per share after the exercise of the outstanding warrants amounted to SEK 4.17 (2.53).

Condensed income statement

	2007	2006
Net sales, SEK thousands	494,886	324,555
Operating profit, SEK thousands	142,075	81,864
Operating margin, %	28.7	25.2
Profit before tax, SEK thousands	142,227	81,400
Profit for the year, SEK thousands	102,062	58,485
Earnings per share, SEK	4.18	2.55
Earnings per share after full dilution, SEK	4.17	2.53

Investments and cash flow

Total investments in tangible and intangible non-current assets amounted to SEK 15.5 million (194.0) during the year, the large part of which is due to the new construction and renovation of concept stores as well as a new head office in Stockholm.

Cash flow from operating activities in the Group amounted to SEK 107.7 million (68.5) in 2007. Changes in working capital are largely attributable to increases in inventories and accounts receivable arising from good sales growth. Changes in financing activities are largely attributable to new share issues, the dividend and the repayment of loans. The increase in cash & cash equivalents amounted to SEK 127.9 million (1.5) for the full year.

Financial position and liquidity

The Björn Borg Group's cash & cash equivalents (net cash) amounted to SEK 187.4 million (59.5) at year-end. The Björn Borg Group also has unutilized bank overdraft facilities of SEK 130.0 million. The equity/assets ratio was 67.3 percent (39.6).

Personnel

The competence, creativity and drive of Björn Borg's employees are important factors behind the development of the brand and the Group, and are seen as decisive to future success. Retaining employees and attracting new professionals to the organization is therefore a priority for Management. The compensation system currently used by the Company is based on base salaries and an individual bonus system for key employees, which pays out when individual targets are met. The maximum bonus corresponds to three months' salary. In addition, Björn Borg has established an incentive scheme based on warrants for all employees.

Remuneration for the President and eight other members of Senior Management includes a base salary, variable compensation, long-term incentive schemes and other benefits. Total compensation must be competitive given current market conditions and reasonable relative to each individual's responsibilities and authority. Variable compensation is based on performance in relation to defined, measurable goals and maximized relative to established targets. The variable compensation will never exceed base salary.

If terminated by the Company, the term of notice will not exceed twelve months. Severance is not paid. Pension benefits are either defined benefit or defined contribution or a combination of the two and entitle Senior Executives to receive a pension from age 65.

The average number of employees was 76 (52) for the full year. The number of employees at year-end was 79, of whom 37 percent are men and 63 percent women.

Research and development

Although Björn Borg does not have any research operations of its own, development and design work is done in the clothing and footwear product areas and recognized as development costs through profit or loss.

Corporate responsibility and the environment

Björn Borg maintains a close cooperation with its suppliers and in many cases has longstanding relationships, which generally gives it good insight into production conditions. Björn Borg works continuously with corporate responsibility issues by specifying a number of requirements that must be met in its supplier agreements, including its code of conduct. Since January 2008 Björn Borg is a member of the Business Social Compliance Initiative, BSCI, which was created by the Foreign Trade Association, FTA, and is a signatory of the UN Global Compact. The aim is to structure control of the code of conduct and thereby achieve a better outcome.

The Company follows the guidelines of the Textile Importers' Association in Sweden on the use of chemicals in textile production, based on Swedish legislation and EU regulations.

Risks, uncertainties and risk management

A number of operating and financial risks internally and externally could affect Björn Borg's results and operations. See note 3 on financial risks.

Market risks

Björn Borg is active in the highly competitive fashion industry. Its aim is to consolidate Björn Borg as a global brand. Competitors control national and international brands, often focusing on the same markets. They generally have substantial financial and human resources. While Björn Borg has so far managed to hold its own in competition with other players, there are no guarantees it will be able to continue to compete with current and future brands.

Expansion of operations

The Company's future growth is dependent on the network's ability to increase sales through existing channels, though also on finding new geographical markets for the Company's products. The opportunity to find new markets for Björn Borg is partly dependent on factors outside the Company's control, such as economic conditions, trade barriers and access to attractive store locations on commercially viable terms.

Network

The Company's position and future expansion are dependent in part on independent entrepreneurs who play the role of product companies, distributors and franchisees in the network. Despite that Björn Borg generally has effective, extensive contractual relationships, directly or indirectly, with outside parties in the network, these agreements can be terminated and there are no guarantees that similar agreements can be signed. The end to a cooperation with one or more entrepreneurs in the network could adversely impact the Company's growth and results.

Fashion trends

The Company's operations are affected by shifts in trends and fashions and consumer preferences with regard to design, quality and price. Positioning relative to various competitors' products is critical. There is generally a positive connection between fashion level and business risk, with higher fashion implying a shorter product life cycle and higher business risk. Sudden changes in fashion trends may reduce sales for some collections.

Cyclicality

Like all retail sales, the sale of the Company's products is affected by changes in economic conditions. A growing economy has a positive effect on household finances, which is reflected in spending patterns. A downturn in the economy has the opposite effect.

Protecting the Björn Borg trademark

The Björn Borg trademark is crucial to the Company's position and success. Copyright infringements and distribution of pirated copies damage the Björn Borg brand, the reputational capital of its products and Björn Borg's profitability. As the brand has become stronger and sales of its products have increased, the Company has noted an increase in pirated copies of its products. In addition to the risks associated with pirating, the opportunity to expand to new markets could be affected if, for example, a third party in another country has registered a trademark similar to Björn Borg. The Company works continuously with trademark protection. There are no guarantees, however, that the measures taken to protect the Björn Borg trademark are sufficient.

Furthermore, the Björn Borg trademark is associated with Björn Borg the person. The trademark's position is therefore dependent to some degree on whether Björn Borg himself is associated with the ideals in the brand's platform.

Reputational damage

The Company's reputation among customers is based on a consistent experience with Björn Borg products in the markets where they figure. Björn Borg products should be presented in a way that reflects the values Björn Borg represents. If the parties in the network should take any action that presents Björn Borg products in a way that conflicts with the Company's market positioning or the values the brand represents, Björn Borg's reputation will be damaged. In the long term damage to the Company's reputation will impact growth and earnings.

Form of association, etc.

Björn Borg AB (publ) was formed on February 20, 2004 and recorded in the register of companies on March 19, 2004. The Company's form of association is governed by the Swedish Companies Act (2005:551). The domicile of the Board of Directors is Stockholm municipality. The Company's registration number is 556658–0683.

Outlook for 2008

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

Parent Company

Björn Borg AB (publ) is mainly engaged in intra-Group activities. The Company also owns 100 percent of the shares in Björn Borg Brands AB and Björn Borg Footwear Holding AB. The Parent Company's net sales amounted to SEK 44.6 million (29.2). Profit before tax amounted to SEK –5.6 million (1.2) in 2007.

Cash & cash equivalents amounted to SEK 180.3 million (36.2). In 2007 investments in tangible and intangible non-current assets amounted to SEK 6.8 million (0.4) and largely related to renovations to new office space.

Proposed distribution of profit

The Board and the President propose that the unappropriated profit of SEK 137,930,524 be allocated as follows:

Retained earnings, SEK	137,930,524
Profit for the year, SEK	–5,094,508
	132,836,016
The Board proposes	
that a dividend of SEK 1.50 per share be paid to shareholders	37,555,476
Carried forward	95,280,540

Based on the above and other information it has received, the Board has considered the financial position of the Company and the Group and concluded that the dividend is justifiable in view of the requirements which the nature, scope and risks of its operations place on the size of the Company's equity, as well as the Company's and the Group's consolidation needs, liquidity and financial position in other respects.

Income statements

		Group		Parent Company	
SEK thousands		IFRS	IFRS	SCA	SCA
	Note	**2007**	**2006**	**2007**	**2006**
Net sales	4, 5	494,886	324,555	44,595	29,217
Cost of goods sold	26	–229,841	–160,068	–4,707	–4,280
Gross profit		265,045	164,487	39,888	24 937
Other revenue					
Distribution expenses		–81,493	–52,024	–29,563	–15,320
Administrative expenses		–30,619	–22,388	–11,370	–5,892
Development expenses		–10,858	–8,211	–4,548	–2,357
Operating profit	4, 6, 7, 8, 9, 10, 11	142,075	81,864	–5,593	1,368
Interest income and similar income	28	7,403	2,302	3,425	970
Interest expenses and similar items	28	–7,251	–2,766	–3,413	–1,140
Profit after financial items		142,227	81,400	–5,581	1,198
Appropriations	12	–	–	–1,299	–
Profit before tax		142,227	81,400	–6,880	1,198
Tax on profit for the year	13	–40,136	–22,915	1,785	–500
Profit for the year		**102,091**	**58,485**	**–5,095**	**697**
Minority share		–29	–	–	–
of which attributable to Parent Company's shareholders		102,062	58,485	–5,095	697
Earnings per share, SEK	25	4.18	2.55	–	–
Earnings per share after full dilution, SEK	25	4.17	2.53	–	–

Balance sheets

SEK thousands	Note	Group IFRS Dec. 31, 2007	Group IFRS Dec. 31, 2006	Parent Company SCA Dec. 31, 2007	Parent Company SCA Dec. 31, 2006
Assets					
Non-current assets					
Intangible assets	14				
Goodwill		13,944	13,944	–	–
Trademarks		187,532	187,532		
Other intangible non-current assets		941	950	–	–
		202,417	202,426	–	–
Tangible non-current assets	15				
Property, plant and equipment		17,817	6,331	6,460	465
		17,817	6,331	6,460	465
Financial non-current assets					
Shares in Group companies	16, 17	–	–	54,497	54,497
Shares in associates	17	–	45	–	–
		–	45	54,497	54,497
Total non-current assets		220,234	208,802	60,957	54,962
Current assets					
Inventories					
Trading book	18	24,640	22,036	–	–
		24,640	22,036	–	–
Current receivables					
Accounts receivable	19, 30	61,706	42,656	953	343
Due from Group companies		–	–	39,913	115,402
Tax assets		–	–	5,171	–
Other current receivables		2,691	4,543	23	–
Prepaid expenses and accrued income	20	12,696	10,995	2,619	826
		77,093	58,194	48,679	116,571
Cash & cash equivalents					
Cash and bank balances	30	187,423	59,544	180,269	36,167
		187,423	59,544	180,269	36,167
Total current assets		289,156	139,774	228,948	152,738
Total assets		**509,390**	**348,576**	**289,905**	**207,701**

		Group		Parent Company	
SEK thousands		IFRS	IFRS	SCA	SCA
	Note	**Dec. 31, 2007**	**Dec. 31, 2006**	**Dec. 31, 2007**	**Dec. 31, 2006**
Total equity and liabilities					
Equity					
					Restricted equity
Share capital		7,824	7,252	7,824	7,252
Other paid-in capital		169,435	49,027	–	–
Statutory reserve		–	–	46,817	46,817
				54,641	54,069
					Unrestricted equity
Retained earnings according to IFRS		165,597	81,775	–	–
Retained earnings		–		137,931	30,477
Profit for the year		–	–	–5,095	697
				132,836	31,174
of which attributable to Parent Company's shareholders		342,856	138,054	–	–
Minority interests		87	–	–	–
Total equity		**342,943**	**138,054**	**187,477**	**85,243**
Untaxed reserves	12	–	–	7,254	5,955
Non-current liabilities					
Other liabilities to credit institutions	21, 29, 30	–	40,000	–	40,000
Deferred tax liabilities	13	28,607	17,141	–	–
Other non-current liabilities	21, 29, 30	52,515	55,465	–	–
		81,122	112,606	–	40,000
Current liabilities					
Due to credit institutions	21, 29, 30	–	10,000	–	10,000
Accounts payable	29, 30	23,140	20,691	5,694	3,885
Due to Group companies		–	–	81,807	51,961
Current tax liabilities		25,772	13,206	–	5,151
Other current liabilities	21, 29, 30	9,474	29,459	340	1,618
Other provisions	22	–	2,900	–	–
Accrued expenses and deferred income	23	26,939	21,660	7,333	3,889
		85,325	97,916	95,174	76,504
Total liabilities		**166,447**	**210,522**	**95,174**	**116,504**
Total equity and liabilities		**509,390**	**348,576**	**289,905**	**207,701**
Memorandum items					
Pledged assets	24	18,000	78,152	–	40,216
Contingent liabilities	24	398	2,018	–	–

Changes in shareholders' equity

Group

SEK thousands	Share capital*	Other paid-in capital	Retained earnings	Minority interest	Total equity
Opening balance, January 1, 2006	7,155	45,250	30,446	–	82,851
Revenue and expenses for the period recognized directly in equity	–	–	–	–	–
Profit for the year	–	–	58,485	–	58,485
Total revenue and expenses for the year	–	–	58,485	–	58,485
New share issues	97	1,973	–	–	2,070
Incentive schemes, warrant premium	–	1,804	–	–	1,804
Dividend	–	–	–7,155	–	–7,155
Closing balance, December 31, 2006	7,252	49,027	81,775	–	138,054
Revenue and expenses for the period recognized directly in equity	–	–	–	–	–
Profit for the year	–	–	102,062	29	102,091
Total revenue and expenses for the year	–	–	102,062	–	102,091
New share issues	348	98,152	–	–	98,500
Incentive schemes	224	22,256	–	–	22,480
Dividend	–	–	–18,241	–	–18,241
Acquisitions	–	–	–	58	58
Closing balance, December 31, 2007	7,824	169,435	165,597	87	342,943

Parent Company

SEK thousands	Share capital*	Statutory reserve	Retained earnings	Total equity
Opening balance, January 1, 2006	7,155	44,844	38,918	90,917
Dividend	–	–	–7,155	–7,155
Incentive schemes	97	1,973	–	2,070
Group contributions	–	–	–1,787	–1,787
Tax effect of Group contributions	–	–	501	501
Profit for the year	–	–	697	697
Closing balance, December 31, 2006	7,252	46,817	31,174	85,243
Dividend paid	–	–	–18,241	–18,241
New share issues	348	–	98,152	98,500
Incentive schemes	224	–	22,256	22,480
Group contributions	–	–	6,375	6,375
Tax effect of Group contributions	–	–	–1,785	–1,785
Group contributions	–	–	–5,095	–5,095
Closing balance, December 31, 2007	7,824	46,817	132,836	187,477

*Number of shares	Number of votes	Number of shares	Share capital, SEK
Opening balance, January 1, 2006	1,431,036	1,431,036	7,155,180
Increase in number of shares due to 4-for-1 split	4,293,108	4,293,108	–
Exercise of warrants	77,700	77,700	97,125
Closing balance, December 31, 2006	5,801,844	5,801,844	7,252,305
New share issues	278,552	278,552	348,190
Increase in number of shares due to 4-for-1 split	18 241,188	18,241,188	–
Exercise of warrants	715,400	715,400	223,563
Closing balance, December 31, 2007	25,036,984	25,036,984	7,824,058

All shares are common shares and are fully paid-in. No shares are reserved for transfer according to warrant agreements or other agreements.

Cash flow statements

		Group		Parent Company	
SEK thousands		IFRS	IFRS	SCA	SCA
	Note	**2007**	**2006**	**2007**	**2006**
Operating activities					
Profit for the year		102,062	58,485	–5,095	697
Income tax expensed in income statement		40,136	22,915	–1,785	500
Financial expenses and income recognized					
through profit or loss		–152	464	–12	170
Amortization/depreciation of intangible/tangible					
non-current assets		4,121	1,328	799	223
Appropriations		–	–	1,299	–
Cash flow from operating activities					
before changes in working capital		146,167	83,192	–4,794	1,591
Changes in working capital					
Change in inventories		–2,604	–6,320	–	–
Change in accounts receivable		–19,050	–18 225	–610	19
Change in other receivables		151	–6,197	73,675	–71,804
Change in accounts payable		2,449	8,484	1,809	1,680
Change in provisions		–	1,000	–	–1,900
Change in other current liabilities		–3,526	9,618	32,040	18,989
		–22,580	–11,640	106,914	–53,016
Interest paid		–7,251	–2,766	–3,413	–1,140
Interest received		7,403	2,302	3,425	970
Taxes paid		–16,038	–2,585	–10,320	–
Cash flow from operating activities		107,701	68,503	91,812	–51,595
Investing activities					
Acquisition of intangible assets	14	–225	–108,267	–	–
Acquisition of tangible non-current assets	15	–15,290	–5,542	–6,793	–402
Acquisition of shares in associated companies		–45	–	–	–
Sale of tangible non-current assets		–	51	–	–
Cash flows from investing activities		–15,560	–113,758	–6,793	–402
Financing activities					
Loan proceeds		–	50,000	–	50,000
Repayment of loans		–67,001	–	–50,000	–
New share issues		98,500	2 070	98,500	2,070
Paid-in and received warrant premiums		22,480	1,804	22,480	–
Dividend		–18,241	–7,155	–18,241	–7,155
Group contributions received/paid		–	–	6,375	–1,787
Cash flow from financing activities		35,738	46,719	59,083	43,128
Cash flow for the year		**127,879**	**1,464**	**144,102**	**–8,869**
Cash & cash equivalents at beginning of year		59,544	58,080	36,167	45,036
Cash & cash equivalents at year-end		187,423	59,544	180,269	36,167
Increase/decrease in cash & cash equivalents		127,879	1,464	144,102	–8,869

Supplementary information

Note 1 • Accounting principles

General

Björn Borg owns the Björn Borg trademark and currently has operations in five product areas: clothing, footwear, bags, eyewear and fragrances. Björn Borg products are sold in ten European markets, the largest of which are Sweden and the Netherlands. Operations are conducted through a network of product and distribution companies which are either part of the Group or independent companies with licenses for product areas and geographical markets. The Björn Borg Group has its own operations at every level from brand development to consumer sales in its own concept stores.

The Parent Company operates as a limited liability company with its registered address in Stockholm. The address of the head office is Götgatan 78, 28th floor, SE-118 30 Stockholm, Sweden. The Parent Company's share is listed on the OMX Nordic Exchange in Stockholm. A list of the largest individual shareholders as of December 31, 2007 is provided on page 53 of this annual report.

Accounting and valuation principles

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) approved by the EU and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) as of December 31, 2007. The Group also applies the Swedish Financial Accounting Standards Council's recommendation RR 30 Supplementary Accounting Regulations for Groups, which specifies the additional disclosures required besides IFRS according to the provisions of the Annual Accounts Act. The Parent Company's functional currency is Swedish krona, which is also the Group's reporting currency.

All amounts are in SEK thousands unless indicated otherwise.

The Group's critical accounting policies are described below.

New standards and interpretations

As of January 1, 2007 the Group applies IFRS 7 Financial Instruments: Disclosures and Amendment to IAS 1 Presentation of Financial Statements. In addition to changes in recommendations, four interpretations from IFRIC took effect: 7, 8, 9 and 10. IFRS 7 does not necessitate any changes in the recognition and valuation of financial instruments. Additional disclosures are required, however, compared to the previous requirements in IAS 32. The changes in IFRS 7, Amendment to IAS 1 and IFRIC 7, 8, 9 and 10 do not impact the Björn Borg Group's income statement, balance sheet, cash flow statement and shareholders' equity.

The three new IFRIC interpretations effective January 1, 2008 – IFRIC 11, 12 and 14 – are not expected to impact the Björn Borg Group's income statement, balance sheet, cash flow statement and shareholders' equity.

Consolidation

The consolidated financial statements include the Parent Company and all entities over which the Parent Company exercises control. These are companies in which Björn Borg has the right to formulate financial and operational strategies, generally through a shareholding of more than 50 percent of the capital and votes. The existence and effect of potential voting rights which are currently exercisable or convertible are taken into account when determining whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is obtained and are no longer consolidated from the date on which control ceases.

The acquisition method is used to report the Group's acquisitions of subsidiaries. The cost of an acquisition consists of the fair value of the assets paid as consideration, equity instruments in issue and liabilities that have arisen or been assumed as of the closing date, plus expenses directly attributable to the acquisition. Identifiable acquired assets and assumed and contingent liabilities are initially valued at fair value on the acquisition date, regardless of the scope of any minority interests. The surplus comprised of the difference between the acquisition value and fair value of the Group's share of identifiable acquired net assets is recognized as goodwill. If the cost of the acquired subsidiary's net assets is less than their fair value, the difference is recognized directly through profit or loss. The accounting principles used by subsidiaries are adjusted where necessary to ensure consistency with the principles applied by other Group entities. All inter-company transactions and balances are eliminated in the preparation of the consolidated financial statements. Unrealized losses are also eliminated unless the transaction provides evidence of impairment.

Associates

Associates are companies in which the Group holds at least 20 and not more than 50 percent of the votes or where the Group otherwise can exercise a significant influence. A significant influence means that the owner can participate in decisions concerning a company's financial and operational strategies, but does not allow it to decide on these strategies. Associates are reported according to the equity method. Holdings in associates are initially recognized at cost. The carrying amount includes any goodwill. The equity method means that the Group's share of any profit generated by the associate after acquisition is recognized through profit or loss. Cumulative changes subsequent to acquisition are recognized as a change in the holding's carrying amount. Unrealized gains and losses on transactions between an associate and the Parent Company are eliminated in proportion to the Group's holding in the associate.

Translation of foreign currency transactions

Transactions in foreign currency are translated to Swedish krona at the exchange rate on the transaction date. Monetary items (assets and liabilities) in foreign currency are translated to Swedish krona at the balance date exchange rate. Exchange gains and losses that arise on such translations are recognized through profit or loss as other operating income and/or other operating expenses.

Revenue recognition

Revenue comprises the fair value of goods and services sold, net of value-added tax, rebates and discounts and after eliminating intra-Group sales. Revenue is recognized as follows:

Sales of goods are recognized when a product is delivered to the customer and the financial risks of ownership are transferred, which coincides with delivery (see points 2–4 below).

Royalties are recognized in the period to which the underlying revenue refers.

Björn Borg's revenue is classified in the following four categories:

1. Royalty revenue

Royalty revenue is generated through wholesale sales of Björn Borg products by distributors (Group-owned and independent) to retailers, and is calculated as a percentage of these sales. Royalties are recognized through profit or loss at the same time as the distributor's wholesale sale.

2. Product company revenue

The product companies for clothing and footwear generate revenue for Björn Borg from product sales to distributors.

3. Distribution company revenue

The Group-owned distribution companies for the clothing and footwear product areas generate revenue for Björn Borg from product sales to retailers.

4. Concept store revenue

The Group-owned concept stores generate revenue for Björn Borg from product sales to consumers.

Leasing

In a finance lease, the economic risks and benefits associated with ownership of an asset are transferred in all essential respects from lessor to lessee. Other leases are classified as operating.

The Group as lessee

Assets held according to finance leases are recognized as non-current assets in the consolidated balance sheet at fair value at the start of the lease term or at the present value of the minimum lease fees, whichever is lower. The corresponding liability is carried in the balance sheet as a liability to the lessor. Lease payments are distributed between interest and principal. Interest is distributed over the lease term so that every reporting period is charged with an amount corresponding to a fixed interest rate on the recognized liability for each period. Depreciation of financially leased assets is carried for owned assets, with the exception of lease assets where it is unlikely Björn Borg will redeem the asset in question. In such cases, the asset is depreciated over its period of use or the lease term, whichever is shorter, taking into account residual values at the conclusion of each period.

Lease fees paid for operating leases are expensed on a straight-line basis over the lease term unless another systematic approach better reflects Björn Borg's use of the leased asset.

Employee benefits

The Group has only defined contribution pension plans. A defined contribution plan is a pension plan where the Group pays fixed premiums to a separate legal entity. After it has paid the premium, Björn Borg has no further obligation to the Group's employees. The fees are recognized as staff costs in the period to which the fees relate.

Premiums received from employees for stock options in issue have been recognized as an increase in equity. If the Group receives market-rate consideration from employees for equity instruments in issue, no expense is recognized through profit or loss.

Termination benefits are payable when employment is terminated before the normal retirement date or when an employee accepts voluntary redundancy. The Group recognizes a liability and an expense in connection with a termination when Björn Borg is demonstrably committed to terminating employment before the normal retirement date or providing termination benefits as the result of an offer made to encourage voluntary redundancy.

Björn Borg recognizes a liability and an expense for bonuses when there is a legal or constructive obligation to pay such bonuses to employees as a result of past practice.

Taxes

The Group's total tax expense consists of current tax and deferred tax. Current tax is the tax paid or received for the current year and any adjustments for current tax in prior years. Deferred tax is calculated on differences arising between the tax bases of assets and liabilities and their carrying amounts. Deferred tax is reported using the liability method. Deferred tax liabilities are normally recognized for all taxable temporary differences, while deferred tax assets are recognized to the extent it is probable that taxable profit will be available against which the amounts can be utilized.

The carrying amount of a deferred tax asset is tested at each balance sheet date and reduced to the extent it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax is determined using the tax rates expected to apply when the asset is recovered or the liability settled. Deferred tax is recognized as income or expense through profit or loss, unless it is attributable to transactions or events recognized directly in equity, in which case it is recognized in equity.

Deferred tax assets are set off against deferred tax liabilities when they relate to income taxes levied by the same tax authority and the Group intends to make or receive a single net payment.

Intangible assets

Goodwill

Goodwill consists of the amount by which cost exceeds the fair value of the Group's share of an acquired subsidiary's identifiable net assets upon acquisition. If it is proven at the time of acquisition that the fair value of acquired assets, liabilities and contingent liabilities exceeds cost, the surplus is immediately recognized as revenue through profit or loss.

Goodwill has an indeterminate period of use and is recognized at cost less accumulated impairment losses. Goodwill is allocated to the smallest cash-generating units.

Tenancy rights

Tenancy rights are recognized at cost less depreciation. Depreciation is booked on a straight-line basis over the estimated period of use, i.e., the lease term, usually five years.

Trademarks

Trademarks are tested annually to identify any impairment loss and are recognized at cost less accumulated amortization. The Björn Borg trademark was established in the Swedish fashion market during the first half of the 1990s. Continuity has given the brand a distinct identity and strong position in its markets. It is characterized by quality products and creative, innovative design influenced by the sporting heritage associated with the Björn Borg name. Through consistent, long-term branding, Björn Borg has strengthened its role in the international fashion market. The trademark is considered to have a very strong market position and therefore has an indeterminate period of use.

Tangible non-current assets

Tangible non-current assets are recognized as assets in the balance sheet if it is probable that future economic benefits will accrue to the Company and their cost can be reliably measured. Tangible non-current assets, consisting mainly of equipment and computers, are carried at cost less accumulated depreciation and impairment losses. Depreciation of tangible non-current assets is expensed in a way that the asset's value is depreciated on a straight-line basis over its estimated useful life. Equipment and computers are depreciated by 20–33 percent annually.

Impairment of assets

At the end of each reporting period, the Group's assets are tested for impairment. If there is an indication of impairment, the asset's recoverable amount is calculated. Goodwill has been allocated to cash-generating units and, together with other intangible assets with an indeterminate period of use and intangible assets not in use, is subject to annual impairment testing even if there is no indication of diminished value. However, impairment testing is done more frequently if there are indications of diminished value. The recoverable amount is the higher of the asset's value in use and the value that would be obtained if the assets were sold to an independent party, i.e., its net selling price. Value in use is the present value of all receipts and disbursements expected to arise from continuing use of the asset plus the present value of the net selling price at the end of the asset's useful life. If the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Inventories

Inventories are valued at the lower of cost according to the first in, first-out method and fair value (recoverable amount).

The recoverable amount corresponds to the estimated selling price less estimated expenses required to complete the sale.

The necessary provisions are made for obsolescence based on an individual determination. The change between the year's opening and closing balances in the obsolescence reserve affects operating profit in its entirety.

Recognition of financial assets and liabilities and other financial instruments

Financial instruments are valued and reported by the Group in accordance with the rules in IAS 39. Financial assets and liabilities are categorized according to IAS 39. A financial asset is removed from the balance sheet when the rights in the agreement are realized, expire or the Company loses control of them. The same applies to part of a financial asset. A financial liability is removed from the balance sheet when the obligation in the agreement is fulfilled or otherwise discharged. The same applies to part of a financial liability. Financial assets and liabilities are categorized according to IAS 39.

Calculation of the fair value of financial instruments

The fair values of short-term investments and derivatives are determined using official market listings on the closing day. If such listings are unavailable, a valuation is made using generally accepted methods such as discounting future cash flows to the listed market rate of interest for each maturity. Translations to Swedish kronor are made using balance sheet date exchange rates.

Set-off of financial assets and liabilities

Financial assets and liabilities are set off and recognized net in the balance sheet when there is a legal right of set-off and when the intention is to report the items net or realize the asset while at the same time settling the liability.

Loans receivable and accounts receivable

Loans receivable and accounts receivable are financial receivables that arise when the Company provides money without the intent to trade its claim and are categorized as loans receivable and accounts receivable. Assets in this category are recognized after acquisition at amortized cost. Amortized cost is based on the effective interest rate calculated on the acquisition date. The anticipated maturity of accounts receivable is short, due to which they are carried at nominal amount without discounting. Accounts receivable are recognized at the amounts that are expected to be received after deducting impaired receivables, which are evaluated individually. Provisions for impaired receivables are recognized when there is objective proof that the Group will not be able to receive all the amounts that are due as per the original terms of the receivables. If it is determined in the quarterly review of exposures that a customer, due to insolvency, has not been able to pay its liabilities or for good reason is not expected to pay its liabilities within three months, a provision is allocated for the entire established or anticipated loss. Provisions for anticipated impaired receivables are based on an individual assessment of each customer given their solvency, future risk and the value of the collateral received.

Write-downs of accounts receivable are recognized in operating expenses. Translations to Swedish kronor are made using balance sheet date exchange rates.

Cash & cash equivalents

Cash & cash equivalents consist of cash, demand deposits and other short-term investments with maturities of three months or less. Cash and bank deposits are reported at nominal amounts and short-term investments at fair value, with any changes in value recognized through profit or loss.

Financial liabilities

Accounts payable and loan liabilities are categorized as "Financial liabilities," which means they are recognized at amortized cost. The anticipated maturity of accounts payable is short, due to which the liability is carried at nominal amount without discounting.

Liabilities to credit institutions, bank overdraft facilities and other liabilities (loans) are initially recognized at fair value, net after transaction costs. Loans are subsequently carried at amortized cost. Any transaction costs are distributed over the term of the loan applying the effective rate method. Long-term liabilities have an anticipated maturity of more than one year, while short-term liabilities have a maturity of less than one year.

Share capital

Common shares are classified as share capital. Transaction costs in connection with new share issues are reported as a deduction (net of tax) from the issue proceeds.

Provisions

Provisions for legal claims or other claims from external counterparties are reported when the Group has a legal or constructive obligation as a result of a past event and it is likely that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

Cash flow statement

The cash flow statement has been prepared according to the indirect method. Reported cash flow comprises only transactions that entail receipts and disbursements.

Parent Company's accounting principles

The annual report of the Parent Company has been prepared according to the Annual Accounts Act, the Swedish Financial Accounting Council's recommendation RR 32 Accounting in Legal Entities and pronouncements from the Swedish Financial Accounting Standards Council's Emerging Issues Task Force. RR 32:06 means that the Parent Company, in the annual report for the legal entity, must apply all EU-approved IFRS and pronouncements as far as possible within the framework of the Annual Accounts Act and the Pension Obligations Vesting Act ("Tryggandelagen"), taking into account the connection between reporting and taxation. The recommendation specifies the exemptions from and additions to IFRS. Differences between the accounting principles of the Group and the Parent Company are indicated below.

Taxes

The amounts allocated to untaxed reserves constitute taxable temporary differences. Because of the relationship between tax expense (income) and accounting profit, the deferred tax liability attributable to untaxed reserves is not reported separately by the legal entity. Swedish practice requires changes in untaxed reserves to be recognized through profit or loss in individual companies under the heading "Appropriations." The accumulated value of provisions is reported in the balance sheet under the heading "Untaxed reserves," of which 28 percent is considered a deferred tax liability and 72 percent restricted equity.

Shareholder contributions and Group contributions

Björn Borg recognizes shareholder contributions and Group contributions in accordance with recommendation URA 7 of the Swedish Financial Accounting Standards Council's Emerging Issues Task Force. Shareholder contributions are recognized directly in the unrestricted equity of the recipient and as an increase in the contributor's "Shares in Group companies."

Group contributions paid and received for the purpose of minimizing the Group's tax are reported as a reduction or increase in unrestricted equity, and their tax effects are recognized directly in equity and therefore do not affect profit or loss.

Note 2 • Critical estimates and assumptions

Critical estimates and assumptions for accounting purposes

Estimates and assumptions are periodically evaluated based on historical experience and other factors, including assumptions regarding future events that under current circumstances seem reasonable. Estimates and assumptions about the future are part of the work in preparing the annual report. By definition, the estimates for accounting purposes that this necessitates will not always correspond to actual outcomes.

Impairment testing of goodwill and trademarks

Impairment testing of the Group's goodwill and the carrying amount for trademarks requires estimates and assumptions regarding margins, growth, discount rates, etc. For a more detailed description of impairment testing, see Note 14.

Note 3 • Financial risk management

Financial risk management and financial derivatives

Through its operations, Björn Borg is exposed to currency, interest rate, credit and counterparty risks, as well as liquidity and refinancing risks. The Board has decided how the Group will manage these risks.

Currency risk

Fluctuations in exchange rates affect Björn Borg's results mainly because sales and purchases are made in different currencies (transaction exposure). The Group's transaction risk arises because revenue from sales in Sweden is generated in SEK at the same time that expenses largely relate to purchases in other currencies. The Group's purchases are primarily made in USD or USD-related currencies and to a lesser extent in euro. Björn Borg manages the transaction risk by using the surplus generated on sales to export markets to pay for purchases of goods sold in the Swedish market. Björn Borg does not utilize currency derivatives.

Interest rate risk

Interest rate risk refers to the risk that changes in market interest rates will negatively impact the Group's net interest income and expenses. Björn Borg's interest rate risk as of December 31, 2007 was limited, since interest-bearing assets amounted to SEK 187,423 thousand and interest-bearing loan liabilities amounted to SEK 0 thousand.

Credit and counterparty risks

The Group's credit risks consist of exposures to commercial and financial counterparties. Credit or counterparty risk refers to the risk of a loss if the counterparty does not meet its obligations. Björn Borg's Board has decided that credit risk will be limited by only accepting counterparties with high credit ratings and establishing limits. Björn Borg's commercial credit risk mainly consists of accounts receivable, which are distributed among a large number of counterparties. Credit risk vis-à-vis financial counterparties is limited to financial institutions with high credit ratings. As of December 31, 2007 there were no significant concentrations of credit risk. The maximum credit risk corresponds to the carrying amount of the financial assets.

Liquidity and refinancing risks

Liquidity and refinancing risk refers to the risk that the cost will be higher and financing opportunities limited when loans are renewed and that payment obligations cannot be met due to insufficient liquidity or difficulty obtaining financing. The Group's cash & cash equivalents are invested short-term, with the goal of using surplus liquidity to amortize loans. According to the decision of the Board, liquidity and refinancing risk is managed by obtaining binding, long-term lines of credit. At year-end 2007 the Group had an available bank overdraft facility of SEK 135,000 thousand.

Note 4 • Segment reporting

A business segment is a group of assets and operations which provides products or services that are exposed to risks and opportunities that differ from those of other business segments. Geographical areas provide products or services within an economic environment which is exposed to risks and opportunities that differ from those of other economic environments. Business segments are classified as primary segments and geographical areas as secondary.

The Björn Borg Group is divided into four primary business segments: Brand, Product development, Distribution and Retail.

Trademarks
In its capacity as owner and manager of the Björn Borg trademark, the Björn Borg Group receives royalty revenue based on wholesale sales by distributors and product companies.

Product development
The product companies for clothing and footwear are responsible for design and development of collections for all markets in the network. They generate revenue from product sales to distributors.

Distribution
Distribution companies for clothing and footwear generate revenue for the Björn Borg Group from product sales to retailers.

Retail
Concept stores generate revenue for the Björn Borg Group from sales to consumers.

Summary by segment

Primary segment – business segments

	Brand		Product development		Distribution		Retail		Total		Eliminations		Group	
SEK thousands	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Net sales														
External sales	51,529	26,673	225,371	136,403	157,774	119,216	60,212	42,263	494,886	324,555	0	0	494,886	324,555
Internal sales	75,113	52,604	75,291	68,166	26,877	15,574	111	0	177,392	136,344	–177,392	–136,344	0	0
Total sales	126,642	79,277	300,662	204,569	184,651	134,790	60,323	42,263	672,278	460,899	–177,392	–136,344	494,886	324,555
Operating profit	46,145	24,175	38,371	23,006	39,626	21,353	17,933	13 330	142 075	81 864	–	–	142 075	81 864
Non-current assets	232,462	245,320	8,306	8,316	3,625	3,222	11,742	6,500	256,135	263,358	–35,901	–54,563	220,234	208,802
Inventories	–	–	359	155	27,158	24,653	7,843	7,137	35,360	31,945	–10,720	–9,943	24,640	22,036
Other current assets	490,122	283,138	99,268	125,525	126,310	113,861	46,365	41,354	762,065	563,878	–497,550	–446,100	264,515	117,778
Total assets	722,584	528,458	107,933	133,996	157,093	141,736	65,950	54,991	1,053,560	859,181	–544,171	–510,606	509,390	348,576
Other liabilities	328,115	396,250	103,833	130,276	141,265	128,969	62,167	53,583	635,380	709,078	–468,933	–498,556	166,447	210,522
Total liabilities	328,115	396,250	103,833	130,276	141,265	128,969	62,167	53,583	635,380	709,078	–468,933	–498,556	166,447	210,522
Investments in tangible and intangible non-current assets	6,793	187,933	0	78	498	0	8,224	6,062	15,515	194,073	–	–	15,515	194,073

Secondary segments – geographical areas

	Sweden		Netherlands		Norway		Denmark		Other		Group	
SEK thousands	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Net sales												
Assets	227,331	170,252	100,317	62,333	64,014	45,340	65,513	40,615	37,711	6,016	494,886	324,555
Liabilities	509,390	348,576	–	–	–	–	–	–	–	–	509,390	348,576
Investments	15,515	194,073	–	–	–	–	–	–	–	–	15,515	194,073

Note 5 • Net sales by business segment

	Group		Parent Company	
SEK thousands	2007	2006	2007	2006
Royalty and service revenue	51,529	26,673	44,595	29,217
Product company revenue	225,371	136,403	–	–
Distribution company revenue	157,774	119,216	–	–
Concept store revenue	60,212	42,263	–	–
Total	494,886	324,555	44,595	29,217

Note 6 • Revenue and expenses between Group companies

The Parent Company's revenue from subsidiaries amounted to SEK 39,298 thousand (26,177). The Parent Company's expenses for subsidiaries amounted to SEK 616 thousand (626). The Parent Company's sales to subsidiaries mainly consist of compensation to cover shared costs for rents, central administration, shared systems and marketing services.

Note 7 • Information on personnel and compensation to Board, President and other Senior Executives

Wages, salaries, other compensation and social security contributions	Group 2007	Group 2006	Parent Company 2007	Parent Company 2006
Wages, salaries and other compensation	32,314	20,721	9,720	5,349
Social security contributions	10,124	7,340	2,475	1,926
of which pension costs[1]	3,197	2,441	1,175	953
Total	45,635	30,502	13,370	8,228

Wages, salaries and other compensation divided between Board, Senior Executives and other employees

	Group 2007	Group 2006	Parent Company 2007	Parent Company 2006
Board, President and other Senior Executives	9,195	5,980	6,189	3,699
Other employees	23,119	14,741	3,531	1,650
Total	32,314	20,721	9,720	5,349

Average number of employees[2]	Group 2007	Group 2006	Parent Company 2007	Parent Company 2006
Women	48	38	5	3
Men	28	14	4	4
Total	76	52	9	7

Group	2007		2006	
Gender distribution among Board members and Senior Executives	Men	Women	Men	Women
Board	6	1	6	1
Senior Executives other than President	6	2	5	2
Total	12	3	11	3

Compensation and other benefits to Directors	Board fees 2007	Other comp. 2007	Board fees 2006	Other comp. 2006
Board fees				
Fredrik Lövstedt	200	10	120	–
Other Directors				
Mats H Nilsson	80	18	60	16
Håkan Roos	80	–	60	–
Vilhelm Schottenius	80	10	60	6
Lottie Svedenstedt	80	–	60	–
Michael Storåkers	80	–	60	–
President	–	–	–	–
Total	600	38	420	22

Compensation and other benefits to Senior Executives

2007	Base salary	Variable comp.	Pension costs	Other comp.	Total
President	1,680	1,584	601	–	3,865
EVP	840	792	150	–	1,782
Other Senior Executives	2,962	503	571	–	4,036
Total	5,482	2,879	1,322	–	9,683

2006	Base salary	Variable comp.	Pension costs	Other comp.	Total
President	1,440	360	398	–	2,198
EVP	718	180	116	–	1,014
Other Senior Executives	2,260	602	343	–	3,205
Total	4,418	1,142	857	–	6,417

[1] The Group has only defined contribution pension plans.
[2] The calculation of the average number of employees is based on 1,800 annual working hours.

Benefits to Board, President and other Senior Executives

Compensation to Board

The Chairman and other Directors received total fees of SEK 600 thousand (420) in 2007, in accordance with the Board compensation approved by the Annual General Meeting. The Chairman received SEK 200 thousand (120), while other directors excluding the President received SEK 80 thousand (60) each. In addition to their fees, the Chairman and other Directors are reimbursed for travel and accommodations in connection with Board meetings.

Compensation to the President

The President's base salary amounted to SEK 1,680 thousand (1,440) in 2007. In addition, he receives variable compensation based on the Group's sales and results exceeding the Board's established budget. The variable compensation for 2007 amounted to SEK 1,584 thousand (360). Moreover, the President receives a company car and health insurance. He is entitled to a monthly pension provision corresponding to 35 percent of base salary. In 2007, the President received total compensation of SEK 3,264 thousand (1,800).

The President has a term of notice of 12 months if terminated by the Company. If he resigns, there is a 6 month term of notice. A proposal on the terms of the compensation package for the President is made by a compensation committee consisting of Fredrik Lövstedt and Håkan Roos and approved by the Board. The President's holding of shares and warrants is described below.

Compensation to President and Senior Executives

Senior Executives refer to eight persons who, together with the President, made up the Group Management in 2007.

Base salaries paid to Senior Executives other than the President in 2007 amounted to SEK 3,802 thousand (2,978). Moreover, they receive variable compensation based on the Group's sales and results exceeding the Board's established budget. The variable compensation for 2007 amounted to SEK 1,295 thousand (782). Certain Senior Executives also have access to a company car. Björn Borg pays pension premiums according to the defined contribution pension plan. Retirement benefit costs for 2007 amounted to SEK 721 thousand (459). If Senior Executives other than the President are terminated by the Company, they have a term of notice of 3–6 months. The shareholdings and warrant holdings of Senior Executives of Björn Borg are described below.

Shareholdings and warrant holdings of Board, President and other Senior Executives

	No. of warrants	No. of shares
Fredrik Lövstedt	–	1,380,040
Mats H Nilsson	–	1,453,440
Håkan Roos	–	1,003,200
Vilhelm Schottenius	–	1,023,520
Lottie Svedenstedt	–	80,000
Michael Storåkers	–	84,200
President	–	1,101,080
Senior Executives other than President	67,000	293,760
Total	67,000	6,419,240

Pensions

The Group has only defined contribution pension plans. A defined contribution plan is a plan where the Group pays fixed premiums to a separate legal entity. After it has paid the premium, Björn Borg has no further obligation to the Group's employees. The fees are recognized as staff costs in the period to which the fees relate and in 2007 amounted to SEK 3.2 million (2.4).

Incentive schemes

Björn Borg offers the following three incentive schemes based on warrants in the Parent Company.

Warrant scheme 2005

The first scheme, which was approved by the Annual General Meeting 2005, issued 100,000 warrants to Björn Borg Brands AB for transfer to employees of the Group. After deducting warrants that have been exercised or canceled through deregistration by the Swedish Companies Registration Office, there are currently 100 outstanding warrants in this scheme. After restatement for 4-for-1 share splits in 2006 and 2007, the outstanding warrants carry the right to subscribe for 16 new shares, or a total of 1,600 shares, for SEK 6.66 per share. None of the outstanding warrants are currently held by the Group company Björn Borg Brands AB.

Warrant scheme 2006:1

The second scheme, which was approved by the Annual General Meeting 2006 at the suggestion of Björn Borg's principal owner, Dirbal B.V., issued 200,000 warrants to Björn Borg Brands AB for further transfer to employees of the Group. After deducting warrants that have been exercised, there are currently 27,450 outstanding warrants in this scheme. After restatement for a 4-for-1 share split in 2007, the outstanding warrants carry the right to subscribe for 109,800 shares for SEK 33.25 per share. Of the total number of warrants in issue, 46,000 are still held by the Group company Björn Borg Brands AB and therefore have not yet been transferred to employees.

Warrant scheme 2006:2

The third scheme, which was approved by the Annual General Meeting 2006 also at the suggestion of Björn Borg's principal owner, Dirbal B.V., issued 40,000 warrants to Björn Borg Brands AB for transfer to the newly elected directors Lottie Svedenstedt and Michael Storåkers. After deducting warrants that have been exercised, there are currently no outstanding warrants in this scheme.

Other

The warrants have been acquired at market rates based on an independent valuation according to the Black & Scholes model. None of the outstanding schemes contain terms that could entail costs for the Company, e.g., in form of social security contributions. The schemes provided Björn Borg Brands AB with proceeds totaling SEK 22,480 thousand in 2007. If all outstanding warrants were exercised, the number of shares in the Company would increase from 25,036,984 to 25,148,384 and the share capital would increase by SEK 34,813, which would mean that the new shares correspond to 0.5 percent of the total number of shares on a fully diluted basis.

Warrant scheme	Scheme 2005	Scheme 2006:1	Scheme 2006:2	Total
Outstanding at beginning of year	3,175	154,000	40,000	197,175
Canceled/own purchase	–	–	–	–
Converted to shares	–3,075	–126,550	–40,000	–169,625
Outstanding and exercisable at year-end	100	27,450	0	27,550
Share entitlement	1,600	109,800	0	111,400

Note 8 • Auditors' fees

	Group 2007	Group 2006	Parent Company 2007	Parent Company 2006
Deloitte AB				
Compensation for audits and related services	733	484	500	300
Compensation for other assignments	111	100	111	100
	844	**584**	**611**	**400**
Other accounting firms				
Compensation for audits and related services	35	30	–	–
Compensation for other assignments	–	34	–	–
	35	64	–	–
Total	**879**	**648**	**611**	**400**

Audit assignments refer to the examination of the annual report and accounting records as well as the administration by the Board and the President, other tasks related to the duties of the Company's auditors and consultation or other services that may result from observations noted during such examinations or implementation of such other tasks. All other tasks are defined as other assignments.

Note 9 • Depreciation/amortization

Depreciation/amortization of intangible and tangible non-current assets by function

	Group 2007	Group 2006	Parent Company 2007	Parent Company 2006
Distribution expenses	2,810	873	519	145
Administrative expenses	1,185	380	199	56
Development expenses	126	75	81	22
Total	**4,121**	**1,328**	**799**	**223**

Note 10 • Operating leases

	Group 2007	Group 2006	Parent Company 2007	Parent Company 2006
Leases during the year amount to	9,206	7,280	1,792	126
Future lease fees amount to				
– within 1 year	11,495	10,136	3,952	1,343
– later than 1 year but within 5 years	47,055	46,125	15,807	14,599
Total	**58,550**	**56,261**	**19,759**	**15,942**

The Björn Borg Group leases offices and retail space. The leases are signed on market terms with regard to price and duration. Certain leases are variable and include both a minimum rent and a portion contingent on sales. As of the closing day, December 31, 2007, the Björn Borg Group had not entered into any finance leases.

Note 11 • Transactions with related parties

In addition to the transactions with Directors and Senior Executives reported in note 7, SEK 1,572 thousand (4,550) was expensed in the Group in 2007 for warehouse management and transportation expenses charged by the former associate Anteros Lagerhantering AB, now a Group company. Further, Björn Borg Footwear AB has entered into a property lease with Klockaren Fastighetsförvaltning i Varberg AB, which is owned by Jan Lanai. Jan Lanai is a member of the management of the Björn Borg Group and is President and Director of Björn Borg Footwear AB. In 2007 SEK 388 thousand (369) was expensed for rent for premises. Transactions with related parties were made on market terms.

Note 12 • Untaxed reserves

Parent Company	Dec. 31 2007	Dec. 31 2006
Untaxed reserves		
Accumulated accelerated depreciation	1,299	–
Tax allocation reserve 2006	5,955	5,955
Total	7,254	5,955

Note 13 • Taxes

Tax on profit for the year	Group 2007	Group 2006	Parent Company 2007	Parent Company 2006
Current tax on profit for the year	–28,684	–8,568	–	–
Deferred tax	–11,452	–14,347	–	–
Notional tax on Group contributions	–	–	1,785	–500
Total reported tax expense	–40,136	–22,915	1,785	–500

Reconciliation between current tax rate and effective tax rate	Group 2007	Group 2006	Parent Company 2007	Parent Company 2006
Recognized profit before tax	142,227	81,400	–6,880	1,198
Tax according to Parent Company's applicable tax rate	–39,824	–22,792	1,926	–335
Tax effect of				
Tax on tax allocation reserve	–	–	–	–
Other non-deductible costs	–438	–134	–141	–165
Other tax-exempt income	126	11	–	–
Recognized tax expense	–40,136	–22,915	1,785	–500

Deferred taxes	Group 2007	Group 2006	Parent Company 2007	Parent Company 200
Recognized deferred tax assets and tax liabilities				
Inventories	3,002	2,784	–	–
Untaxed reserves	–31,609	–19,925	–	–
Total deferred tax assets (+) deferred tax liabilities (–)	–28,607	–17,141	–	–

Note 14 • Intangible assets

Group	Dec. 31 2007	Dec. 31 2006
Goodwill		
Accumulated cost		
Opening balance	13,944	13,944
Carrying amount at year-end	13,944	13,944
Trademarks		
Accumulated cost		
Opening balance	187,532	187,532
Carrying amount at year-end	187,532	187,532

Group	Dec. 31 2007	Dec. 31 2006
Tenancy rights		
Accumulated cost		
Opening balance	1,000	–
Investments	225	1,000
Closing balance	1, 225	1,000
Accumulated amortization		
Opening balance	–50	–
Amortization for the year	–234	–50
Translation differences for the year	–	–
Closing balance	–284	–50
Carrying amount at year-end	941	950

Acquisition of Björn Borg trademark

The purchase price consists of an initial price of SEK 124,000 thousand and a supplemental payment in the next ten years comprising a fixed portion and a contingent portion. The reported cost of the trademark is the initial purchase price of SEK 124,000 thousand, together with the portion of the supplemental payment that could be reliably determined (total SEK 187,531 thousand), whereby only the fixed portion of the supplemental payment is included. An expense will be recognized through profit or loss during the period 2007–2016 for the amount by which the actual supplemental payment exceeds the payment recognized in the cost of the trademark. In accordance with IAS 38, future payments of the supplemental payment have been discounted to present value and a corresponding amount is carried among other liabilities. The difference between the present value of the future supplemental payment and the nominal amount is carried as an interest expense over the credit period applying the effective interest method.

Impairment testing of goodwill and trademarks

Goodwill has been allocated to three cash-generating units: Björn Borg Brands AB, Björn Borg Clothing AB and Björn Borg Footwear Holding AB. There are also intangible assets in the form of trademarks where the cash-generating unit is Björn Borg Brands.

	2007	2006
Goodwill		
Björn Borg Brands AB	9,330	9,330
Björn Borg Clothing AB	658	658
Björn Borg Footwear Holding AB	3,956	3,956
Total	13,944	13,944
Trademarks		
Björn Borg Brands AB	187,532	187,532
Total	187,532	187,532

Every year the Group tests goodwill and trademarks for impairment in accordance with the accounting principle described in Note 1.

The future cash flows used to calculate each unit's value in use are based in the first year on the budget adopted by the Board for 2008 for each unit, after which cash flows are based on the assumption that annual growth will be lower than historical growth in the last five-year period. Management bases its assumptions of future growth on previous experience and thorough discussions with distributors.

Impairment tests were conducted as of December 31, 2007 applying a 17–21 percent discount rate before tax as well as an assumption of annual, sustainable growth of 3 percent for the period beyond the forecast horizon. This annual growth is assumed to be in line with growth for the market in which Björn Borg is active. The forecast period stretches from 2008 to 2011.

There are no impairment losses in the Group, since the discounted present value of future cash flows exceeds the carrying amount of the net assets in every case.

If the assumed growth beyond the forecast period used in the calculation of value in use for goodwill and trademarks had been 2 percent instead of the assumed 3 percent, there would have still been no impairment losses.

Note 15 • Tangible non-current assets

	Group Dec. 31 2007	Group Dec. 31 2006	Parent Company Dec. 31 2007	Parent Company Dec. 31 2006
Accumulated cost				
Opening balance	16,515	11,024	825	423
Investments	15,290	5,542	6,793	402
Acquisition of subsidiaries	523	–	–	–
Sales and disposals	–9,316	–51	–6	–
Closing balance	23,012	16,515	7,612	825
Accumulated depreciation				
Opening balance	–10,184	–8,956	–360	–137
Acquisition of subsidiaries	–439	–	–	–
Sales and disposals	8,608	51	4	–
Depreciation for the year	–3,180	–1,279	–797	–223
Closing balance	–5,195	–10,184	–1,153	–360
Carrying amount at year-end	17,817	6,331	6,459	465

Note 16 • Financial non-current assets

Parent Company	Jan. 1-Dec. 31 2007	Jan. 1-Dec. 31 2006
Shares in subsidiaries		
Opening cost	54,497	54,497
Closing cost	54,497	54,497

Shares in subsidiaries	Reg. no.	Reg. address	No. of shares	Share of Equity, %	Book value
Björn Borg Brands AB	556537-3551	Stockholm	84,806	100	40,216
Björn Borg Clothing AB	556414-0373	Stockholm	1,000	100	–
Björn Borg Retail AB	556577-4410	Stockholm	1,000	100	–
Björn Borg Sweden AB	556374-5776	Stockholm	3,000	100	–
Anteros Lagerhantering AB	556539-2221	Stockholm	901	90.1	–
Björn Borg Inc.		Delaware	3,000	100	–
Björn Borg Footwear Holding AB	556544-8924	Varberg	1,999	100	14,281
Björn Borg Footwear AB	556280-5746	Varberg	5,000	100	–
					54,497

Note 17 • Shares in Group companies and associates

	Shares in associated cos. Group Dec. 31, 2007	Shares in Group cos. Parent Company Dec. 31, 2006
Opening cost	45	54,497
Change for the year	–45	0
Carrying amount at year-end	0	54,497

Björn Borg acquired 45.1 percent of the shares in the former associated company Anteros Lagerhantering AB on June 30, 2007. Following the acquisition it owns 90.1 percent of the shares. The acquisition has positively impacted profit by SEK 0.4 million through the reversal of badwill. The acquisition is not expected to significantly further impact the Group's results of operations and financial position. The impact of the acquisition on the Group's net sales, after-tax profit and liquidity in 2007 would not have been significant if the acquisition had taken place on January 1, 2007.

Note 18 • Inventories

	Group Dec. 31 2007	Group Dec. 31 2006	Parent Company Dec. 31 2007	Parent Company Dec. 31 2006
Trading book, gross	25,402	22,718	–	–
Reserve for obsolescence in inventory	–762	–682	–	–
Total	24,640	22,036	–	–

Note 19 • Accounts receivable

Accounts receivable	Group Dec. 31 2007	Group Dec. 31 2006	Parent Company Dec. 31 2007	Parent Company Dec. 31 2006
Accounts receivable, gross	62,213	43,225	953	343
Reserve for impaired receivables	–507	–569	–	–
Total accounts receivable, net, after reserve for impaired receivables	61,706	42,656	953	343
Overdue receivables				
Not overdue	40,536	30,275	857	197
1–30 days	18,568	11,308	32	80
31–90 days	2,067	1,422	6	–
91–180 days	738	220	58	67
>180 days	304	–	–	–
Total overdue receivables	62,213	43,225	953	344
Overdue receivables not considered impaired				
Not overdue	40,536	30,275	857	197
1–30 days	18,568	11,308	32	80
31–90 days	2,067	1,073	6	–
91–180 days	535	–	58	67
>180 days	–	–	–	–
Total overdue receivables	61,706	42,656	953	344
Control account for customer losses – reconciliation				
Provisions at beginning of year	–569	–116	–	–
Reversed provisions	62	0	–	–
Provisions for the year	0	–371	–	–
Established losses	0	–82	–	–
Total	–507	–569	–	–

Note 20 • Prepaid expenses and accrued income

	Group Dec. 31 2007	Group Dec. 31 2006	Parent Company Dec. 31 2007	Parent Company Dec. 31 2006
Accrued royalty revenue	4,947	3,879	–	–
Prepaid rents	4,452	3,076	1,254	–
Prepaid lease payments	122	75	929	428
Other	3,175	3,965	436	398
Total	12,696	10,995	2,619	826

Note 21 • Liabilities

Non-current and current interest-bearing loans	Group Dec. 31 2007	Group Dec. 31 2006	Parent Company Dec. 31 2007	Parent Company Dec. 31 2006
Available credit lines	–	50,000	–	50,000
Bank overdraft facilities	135,000	90,000	135,000	90,000
Total available credit lines	135,000	140,000	135,000	140,000
Utilized long-term credit lines	–	–40,000	–	–40,000
Utilized short-term credit lines	–	–10,000	–	–10,000
Total utilized credit lines	–	–50,000	–	–50,000
Unutilized available credit lines	135,000	90,000	135,000	90,000
Expiring in less than 1 year	–	10,000	–	10,000
Expiring in more than 1 but less than 5 years	–	40,000	–	40,000

Other liabilities include a reported liability to the seller of the Björn Borg trademark totaling SEK 57,996 thousand (of which SEK 5,480 thousand will be paid within 12 months and SEK 28,541 thousand after 5 years).

Note 22 • Provisions

Current provisions	Group Dec. 31 2007	Group Dec. 31 2006	Parent Company Dec. 31 2007	Parent Company Dec. 31 2006
Opening balance	2,900	1,900	–	1,900
New provisions	–	1,000		–
Release of provisions	–2,900	–	–	–1,900
Closing balance	–	2,900	–	–
Current liabilities	–	2,900	–	–
Non-current liabilities	–	–	–	–
Total	–	2,900	–	–

Note 23 • Accrued expenses and deferred income

Pledged assets	Group Dec. 31 2007	Group Dec. 31 2006	Parent Company Dec. 31 2007	Parent Company Dec. 31 2006
Accrued royalty expenses	8,121	6,069	–	–
Personnel-related items	7,484	4,469	4,284	1,703
Other	9,198	8,955	1,957	1,414
Customs and shipping costs	1,044	1,394	–	–
Accrued management costs	1,092	773	1,092	772
Total	26,939	21,660	7,333	3,889

Note 24 • Pledged assets and contingent liabilities

Pledged assets	Group Dec. 31 2007	Group Dec. 31 2006	Parent Company Dec. 31 2007	Parent Company Dec. 31 2006
Chattel mortgages	18,000	18,000	–	–
Shares in subsidiaries/ associates	–	60,152	–	40,216
	18,000	78,152	–	40,216
Contingent liabilities				
Other guarantees	398	2,018	–	–
Total	398	2,018	–	–

Note 25 • Earnings per share

	2007	2006
Earnings per share, SEK	4.18	2.55
Earnings per share, SEK (after full dilution)	4.17	2.53
Number of shares	25,036,984	23,207,376
Number of shares, weighted average	24,406,699	22,954,076
Effect of dilution	83,461	127,524
Number of shares, weighted average (after full dilution)	24,490,160	23,081,600

Earnings per share is calculated by dividing profit attributable to the Parent Company's shareholders by the average number of shares outstanding during the period. All warrant schemes are taken into account in calculating the dilution effect.

Note 26 • Net profit/loss for each category of financial instruments

	Group 2007	Group 2006
Accounts receivable	–2,774	579
Accounts payable	1,932	–737
Changes in exchange rates, cash and bank balances	–180	–1,641
Total	–1,022	–1,799

Note 27 • Dividend per share

The Annual General Meeting on April 19, 2007 approved a dividend of SEK 18,241 thousand for the financial year 2006, corresponding to SEK 0.75 per share.

The Board will propose that the Annual General Meeting adopt a dividend of SEK 1.50 per share for the financial year 2007, corresponding to SEK 37,555 thousand.

Note 28 • Net financial items

Group	2007	2006
Change in exchange rates	641	442
Interest income*	2,497	755
Other financial income	4,265	1,105
Total financial income	7,403	2,302

Group	2007	2006
Change in exchange rates	–821	–1,782
Other financial expenses	–3,397	–1,186
Interest expense Trademarks**	–2,531	0
Interest expenses**	–502	202
Total financial expenses	–7,251	–2,766
Net financial items	152	–464

* Of which SEK 2,497 thousand (755) in interest income for financial assets not valued at fair value through profit or loss.

** Of which SEK –3,033 thousand (202) in interest expenses for financial assets not valued at fair value through profit or loss.

Note 29 • Distribution of maturities

Dec. 31, 2007	Up to 3 mos.	3–12 mos.	1–5 yrs.	over 5 yrs.
Other liabilities	–	9,474	23,974	28,541
Accounts payable	23,140	–	–	–
Total	23,140	9,474	23,974	28,541
Dec. 31, 2006				
Other liabilities	–	79,459	20,741	34,724
Accounts payable	20,691	–	–	–
Total	20,691	79,459	20,741	34,724

Note 30 • Financial assets and liabilities

Group 2007	Accounts receivable and loan receivables	Other financial liabilities	Total carrying amount	Fair value	Non-financial assets and liabilities	Total balance sheet
Accounts receivable	61,706	–	61,706	61,706	–	61,706
Cash and bank balances	187,423	–	187,423	187,423	–	187,423
Total financial assets	249,129	–	249,129	249,129	–	249,129
Other non-current interest-bearing liabilities	–	52,515	52,515	52,515	–	52,515
Other current interest-bearing liabilities	–	5,480	5,480	5,480	3,994	9,474
Accounts payable	–	23,140	23,140	23,140	–	23,140
Total financial liabilities	–	81,135	75,655	75,655	3,994	85,129

Group 2006	Accounts receivable and loan receivables	Other financial liabilities	Total carrying amount	Fair value	Non-financial assets and liabilities	Total balance sheet
Accounts receivable	42,656	–	42,656	42,656	–	42,656
Cash and bank balances	59,544	–	59,544	59,544	–	59,544
Total financial assets	102,200	–	102,200	102,200	–	102,200
Non-current liabilities to credit institutions	–	40,000	40,000	40,000	–	40,000
Current liabilities to credit institutions	–	10,000	10,000	10,000	–	10,000
Other current interest-bearing liabilities	–	24,800	24,800	24,800	4,659	29,459
Accounts payable	–	20,691	20,691	20,691	–	20,691
Total financial liabilities	–	95,491	70,691	70,691	4,659	100,150

The undersigned certify that the consolidated accounts and the annual report have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU as well as generally accepted auditing standards and provide a true and fair view of the financial position and results of the Group and the Parent Company and that the Board of Directors' report provides a true and fair overview of the operations, financial position and results of the Group and the Parent Company and describes the substantial risks and uncertainties faced by the Parent Company and companies in the Group.

Stockholm, March 12, 2008

Fredrik Lövstedt	Vilhelm Schottenius	Mats H Nilsson	Håkan Roos	Michael Storåkers	Lottie Svedenstedt	Nils Vinberg
Chairman	Vice Chairman					President and CEO

Our audit report was submitted on March 12, 2008
Deloitte AB

Håkan Pettersson	Tommy Mårtensson
Authorized Public Accountant	Authorized Public Accountant

Audit report

To the Annual General Meeting of Björn Borg AB (publ), company reg. no. 556658-0683

We have examined the annual accounts, the consolidated financial statements, the accounting records and the administration of the Board of Directors and the President of Björn Borg AB (publ) for the financial year 2007. The Company's annual report is included in the printed version of this document on pages 31–49. The Board of Directors and the President are responsible for the financial statements and the administration of the Company as well as for the application of the Annual Accounts Act in the preparation of the annual accounts and the application of International Financial Reporting Standards (IFRS) as adopted by the EU and the Annual Accounts Act in the preparation of the consolidated financial statements. Our responsibility is to express an opinion on the annual accounts, the consolidated financial statements and the administration of the Company based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Sweden. These standards require that we plan and perform the audit to obtain reasonable assurance that the annual accounts and the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and their application by the Board of Directors and the President and critical estimates made by the Board of Directors and the President when preparing the annual accounts and consolidated financial statements as well as evaluating the overall presentation of information in the annual accounts and the consolidated financial statements. As a basis for our opinion concerning discharge from liability, we examined significant decisions, actions taken and circumstances of the Company in order to be able to determine the liability, if any, to the Company of any Board member or the President. We have also examined whether any Board member or the President has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association. We believe that our audit provides a reasonable basis for our opinion set out below.

The annual accounts have been prepared in accordance with the Annual Accounts Act and provide a true and fair view of the Company's results of operations and financial position in accordance with generally accepted accounting principles in Sweden. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and the Annual Accounts Act and provide a true and fair view of the Group's results of operations and financial position. The Board of Directors' report is consistent with the other parts of the annual accounts and the consolidated financial statements.

We recommend that the Annual General Meeting adopt the income statements and balance sheets of the Parent Company and Group, that the profit in the Parent Company be dealt with in accordance with the proposal in the Board of Directors' report, and that the members of the Board and the President be discharged from liability for the financial year.

Stockholm, March 12, 2008
Deloitte AB

Håkan Pettersson
Authorized Public Accountant

Tommy Mårtensson
Authorized Public Accountant

The share

Listing

The Björn Borg share has been listed on the OMX Nordic Exchange's Mid Cap list since May 7, 2007 under the ticker symbol BORG. The share had been listed on the First North alternative marketplace since December 2004.

Share capital

The share capital in Björn Borg AB amounts to SEK 7,824,058, divided into 25,036,984 shares with a quota value of SEK 0.31 per share. All shares carry equal rights to participate in the Company's profits and assets.

Trading

The last price paid on December 31, 2007 was SEK 115, giving Björn Borg a market capitalization of SEK 2,879 million. A total of 45,487,328 shares were traded in 2007 at a value of approximately SEK 5,349 million. The average daily turnover was 181,949 shares. A round lot consists of 50 shares. The share price rose by SEK 36.50 during the year, or 46.5 percent. The share reached a high of SEK 159.50 and dipped to a low of SEK 68.80.

New issue and share split

On February 21, 2007 Björn Borg issued a total of 278,552 new shares to SEB funds and Swedbank Robur funds (1,114,208 after 4-for-1 split), or approximately 4.6 percent of the total number of shares after the issue. The issue had a subscription price of SEK 359 per share (SEK 90 after 4-for-1 split) and increased the share capital by SEK 348,190. The new issue provided the Company with proceeds of SEK 98.5 million after issue expenses.

The 4-for-1 share split on April 27, 2007 changed the quota value to SEK 0.31 per share.

Incentive schemes

Björn Borg has three outstanding incentive schemes based on warrants. The exercise of all the outstanding warrants would fully dilute the share capital by 0.5 percent. For more information on the incentive schemes, see Note 7 on page 45.

Dividend policy

The Board's long-term objective is to distribute approximately one third of after-tax profit to the company's shareholders.

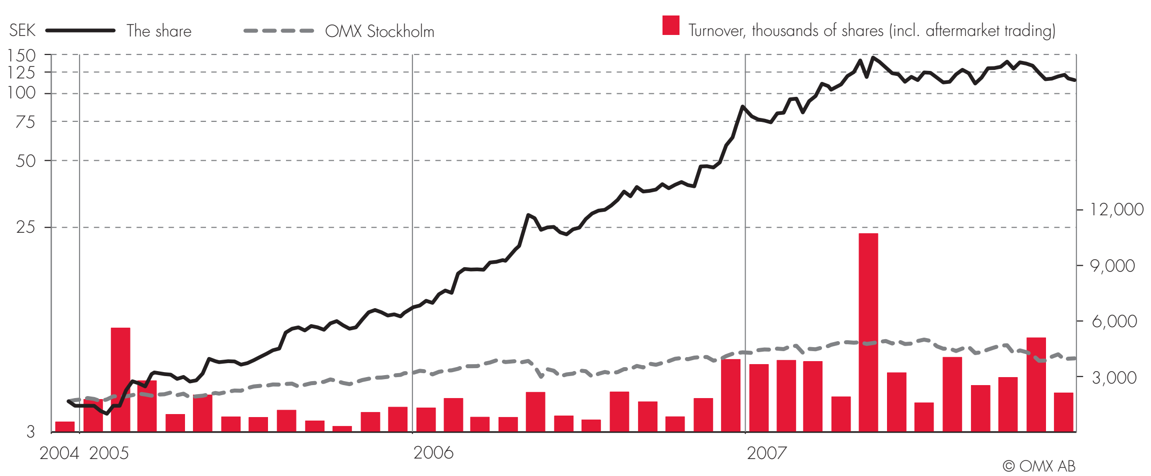
Dividend proposal

The Board proposes a dividend for 2007 of SEK 1.50 (0.75) per share.

Shareholders

As of December 31, 2007 Björn Borg had 5,780 shareholders (2,697), according to the Swedish Central Securities Depository (VPC). Björn Borg's ten largest shareholders owned shares corresponding to 48.1 percent of the votes and capital. Institutional investors owned 18.5 percent.

Share price performance



Changes in share capital

Year	Change in transaction	Change in no. of shares	Total no. of shares	Change in share capital	Total share capital, SEK	Quota value, SEK	Issue price, SEK
2004	Establishment of company	1,000	1,000	100,000	100,000	100	–
2004	New share issue	7,500	8,500	750,000	850,000	100	6
2004	Non-cash issue	37,243	45,743	3,724,000	4,574,300	100	6
2004	20-for-1 split	869,117	914,860	–	4,574,300	5	–
2004	New share issue	450,000	1,364,860	2,250,00	6,824,300	5	17
2004	Non-cash issue	66,176	1,431,036	330,880	7,155,180	5	16
2006	4-for-1 split	4,293,108	5,724,144	–	7,155,180	1.25	–
2006	Redemption of warrants	15,800	5,739,944	19,750	7,174,930	1.25	7
2006	Redemption of warrants	61,900	5,801,844	77,375	7,252,305	1.25	7
2007	Non-cash issue	278,552	6,080,396	348,190	7,600,495	1.25	90
2007	4-for-1 split	18,241,188	24,321,584	–	7,600,495	0.31	–
2007	Redemption of warrants	422,400	24,743,984	132,000	7,732,495	0.31	33
2007	Redemption of warrants	293,000	25,036,984	91,563	7,824,058	0.31	33

New share issue prices are recalculated after the share splits approved by the Annual General Meetings in 2006 and 2007.

Largest shareholders*

	No. of shares	Votes/capital, %
Martin Bjäringer – through companies	1,743,000	7.0
Mats H Nilsson	1,453,440	5.8
Fredrik Lövstedt	1,380,040	5.5
Swedbank Robur funds	1,371,270	5.5
SEB Investment Management	1,362,004	5.4
Nils Vinberg	1,101,080	4.4
Vilhelm Schottenius – and family	1,023,520	4.1
Håkan Roos – through companies and family	1,003,200	4.0
Fidelity Small Cap Independence	957,500	3.8
JP Morgan Chase Bank, W9	636,809	2.5
Other	13,005,161	52.0
Total	**25,036,984**	**100.00**

* In previous annual reports, Björn Borg has equated the shares owned by the children of its major shareholders with the shareholders' own holdings, regardless of whether the children in question were of legal age and no longer lived at home. In this and subsequent annual reports, Björn Borg will equate the holdings of related parties with shareholders' own shares only to the extent allowed by the Act on Reporting Obligations for Certain Holdings of Financial Instruments.

Shareholder structure

	No. of shares	No. of shareholders	Holding, %	Votes, %	Market value SEK 000
1 – 500	3,977	699,636	2.79	2.79	80,458
501 – 1,000	759	643,257	2.57	2.57	73,975
1,001 – 5,000	734	1,718,372	6.86	6.86	197,613
5,001 – 10,000	124	914,896	3.65	3.65	105,213
10,001 – 15,000	46	578,240	2.31	2.31	66,498
15,001 – 20,000	33	585,550	2.34	2.34	67,338
20,001 –	107	19,897,033	79.47	79.47	2,288,803
Total	**5,780**	**25,036,984**	**100**	**100**	**2,879,898**

According to share register on December 31, 2007

Data per share

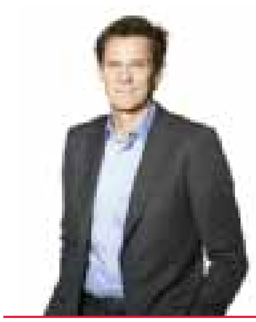
	2007	2006	2005
Earnings per share before dilution, SEK	4.18	2.55	1.03
Earnings per share after full dilution, SEK	4.17	2.53	1.02
Number of shares outstanding on closing day	25,036,984	23,207,376	22,896,576
Average number of shares outstanding	24,406,699	22,954,076	22,896,576
Average number of shares outstanding after full dilution	24,490,160	23,081,600	22,986,432

Board of Directors and Auditors

Fredrik Lövstedt
Chairman since 2005,
Director since 2004.
b. 1956.
M.Sc. Eng., MBA.
Other directorships: Chairman and principal owner of Durator AB.
Background: Former Director and Executive Vice President of Protect Data AB (publ.).
Shares in Björn Borg: 1,380,040.

Vilhelm Schottenius
Vice Chairman 2005,
Director since 1997.
b. 1956.
B.Sc. Econ.
Other directorships: Chairman of Repair-shop Sweden AB. Director of Procurator AB, Ernströmgruppen (EHI AB), C Jahn AB, Familjeliv Media FL AB, Reseguiden Interactive AB, Saddler Scandinavia AB and Göteborg International Film Festival.
Background: One of the founders of the Björn Borg brand and Lunarworks AB (Lunarstorm).
Shares in Björn Borg: 1,023 520 (directly and through family).

Mats H Nilsson
Director since 1998.
b. 1955.
B.Sc. Econ.
Other directorships: Director of Credelity Capital AB, which is a partner in Credelity Capital KB, MedHelp Group Oy, Medhelp AB and SevenDay Finans AB.
Background: Former Executive Director of Swiss Bank Corporation, London, and Director of SG Warburg & Co Ltd, London.
Shares in Björn Borg: 1,453,440.



Håkan Roos
Director since 2004.
b. 1955.
B.Sc. Econ.
Other directorships: Board positions in the Procurator group, where he is also CEO, as well as Exportaktiebolaget Svanen, Malmö Stenhus AB, Nordlander & Roos Fondkommission AB, Mediplast AB, Sandå Måleri AB, AB Hälsingborgsintressenter, Thomée Industrier AB, L O Smith AB and Country Wine & Food i Källby AB.
Background: Former Chairman of Gandalf Data AB.
Shares in Björn Borg: 1,003,200 (through Globinvest Inc).

Michael Storåkers
Director since 2006.
b. 1972.
B.Sc. Econ.
Other directorships: Director of AB Fortum Värme Holding, McCann Nordic Group, Beckmans College of Design, Pysslingen Förskolor och Skolor AB, Kultur och Näringsliv AB and the Stockholm School of Economics.
Background: Former Director of Stockholm Business Region AB, Koncept AB and Skruf Snus AB.
Shares in Björn Borg: 84,200 (directly and through family).

Lottie Svedenstedt
Director since 2006.
b. 1957.
LL.B.
Other directorships: Director of Clas Ohlson AB, Stadium AB, K-Utveckling AB, Stampen AB, Wet Pot Systems AB, mkt media AB, Kid Hemtextil AB and Svedenstedt Consulting AB.
Background: Former Director of Göteborgs-Postens Nya AB and former President of Kid Interiör AS of Norway.
Shares in Björn Borg: 80,000.

Nils Vinberg
Director since 2004.
President.
b. 1957.
B.Sc. Econ.
Other directorships: Director of CV Friskvård AB.
Background: Former CFO Björn Borg AB (1999–2004), CEO of Industriell Partner AB, CFO Industrihandelsgruppen.
Shares in Björn Borg: 1,101,080.

Auditors

Deloitte AB

Håkan Pettersson.
Authorized Public Accountant.

Tommy Mårtensson.
Authorized Public Accountant.

Senior Management

Nils Vinberg
President.
b. 1957.
B.Sc. Econ.
Other directorships: Director of CV Friskvård AB.
Background: Former CFO Björn Borg AB (1999–2004), CEO of Industriell Partner AB, CFO Industrihandels-gruppen.
Shares in Björn Borg: 1,101,080.
Warrants in Björn Borg: 0.

Jimmy Johansson
Executive Vice President/Marketing Director.
b. 1975.
Recruited 2004.
MBA, IHM Business School.
Background: Former Business Area Manager at Lunarworks AB.
Shares in Björn Borg: 60,000.
Warrants in Björn Borg: 0.

Margareta Bjurling
Business Area Manager, Björn Borg Sverige.
b. 1961.
Recruited 1992.
Business school economics.
Background: Former Sales Manager at Big Is Beautiful (BIB).
Shares in Björn Borg: 13,060.
Warrants in Björn Borg: 4,000.

Pernilla Groth
Product Manager.
b. 1970.
Recruited 1998.
Academy of Cutting and Tailoring, Stockholm.
Shares in Björn Borg: 44,700 (directly and through family).
Warrants in Björn Borg: 40,000.

Jan Lanai
Business Area Manager, Björn Borg Footwear.
b. 1961.
Recruited 1988.
IHM Business School.
Background: Sales representative at Rolf Nilsson AB.
Shares in Björn Borg: 176,000.
Warrants in Björn Borg: 8,000.

Ronnie Lindholm
Business Area Manager, Björn Borg Retail.
b. 1958.
Recruited 2006.
Upper secondary school.
Background: Regional Manager at Stadium Stockholm, Store Manager at JC Stockholm.
Shares in Björn Borg: 0.
Warrants in Björn Borg: 0.

Johan Mark
Financial Manager.
b. 1974.
Recruited 2005.
B.Sc. Econ.
Background: Axfood AB, Öhrlings PWC.
Shares in Björn Borg: 0.
Warrants in Björn Borg: 16,000.

Michael Mohn
Business Area Manager, Björn Borg USA.
b. 1977.
Recruited 2007.
B.Sc. Econ.
Background: Former Publisher of VICE Scandinavia, Analyst at Mediavision.
Shares in Björn Borg: 0.
Warrants in Björn Borg: 0.

Corporate governance report 2007 for Björn Borg AB

The Björn Borg share has been listed on the OMX Nordic Exchange in Stockholm since May 7, 2007. The share had previously been listed on the First North alternative marketplace.

Corporate governance at Björn Borg

Corporate governance refers to the rules and structure established to effectively control and manage the operations of a corporation. Ultimately the purpose of corporate governance is to satisfy the demands of shareholders for a return on their investment and the demands of all stakeholders for information on the Company and its development.

Björn Borg complies with the Swedish Code of Corporate Governance as of July 1, 2007. The Company will be fully harmonized with the code by the Annual General Meeting in April 2008. The Board of Directors is responsible for ensuring compliance with the code by the Board itself as well as Management and the Company in general, and continuously monitors that the code is followed.

If companies subject to the Swedish Code of Corporate Governance do not follow it in any respect, this must be clearly specified, along with the reasons why. Björn Borg follows the Swedish Code of Corporate Governance without deviating from any of its provisions. This corporate governance report does not constitute part of the formal annual report and has not been reviewed by the Company's auditors.

Annual General Meeting

Björn Borg's highest decision-making body is the Annual General Meeting (AGM), at which every shareholder is entitled to participate personally or by proxy. The AGM may decide on all issues that by law or in accordance with the Articles of Association expressly fall under another decision-making body's exclusive competence. Every shareholder is entitled to have an issue brought before at the AGM.

The AGM elects the Company's Board of Directors and its Chairman. Among the other duties of the AGM are to adopt the balance sheet and income statement, decide on the disposition of the profit from the Company's operations and discharge the Directors and the President from liability. The AGM also elects the auditors and decides on their fees. Further, the AGM may resolve to increase or reduce the share capital. It can also amend the Articles of Association. The AGM also decides on the fees paid to the Board and approves the compensation principles and other employment terms for Management.

Annual General Meeting 2008

The next AGM will be held in Stockholm on April 10, 2008. A notice will be released in accordance with the Articles of Association and follow the recommendations of the Swedish Code of Corporate Governance and the rules that apply according to the Swedish Companies Act.

Annual General Meeting 2007

The AGM 2007 was held in Stockholm on Thursday, April 19, 2007. The AGM resolved, among other things, to reelect the Board of Directors, approve the share split, profit distribution and change in the Company's name, and authorize the Board to decide on new share issues. The minutes of the AGM can be found on Björn Borg's web site.

Nomination Committee

According to the resolution of the AGM 2007, Björn Borg shall have a Nomination Committee.

The Nomination Committee, whose composition was announced on October 9, 2007, has consisted of Chairman of the Board Fredrik Lövstedt, Martin Bjäringer (who represents himself as a shareholder through Dirbal B.V.), Mats H Nilsson (who represents himself as a shareholder) and Åsa Nisell (who represents Swedbank Robur funds). Mats H Nilsson is also a Director of Björn Borg. Martin Bjäringer has served as Chairman of the Nomination Committee.

According to the resolution of Björn Borg's AGM 2007, the Nomination Committee's mandate is to propose to the AGM 2008 the number of Directors to be elected by the meeting, their fees, any compensation for committee work, the composition of the Board, the Chairman, the Chairman of the AGM and, when applicable, the election of the auditors and their fees.

The Nomination Committee held three meetings at which minutes were taken, in addition to contacts at other times. No compensation was paid to the members of the committee.

Board of Directors

In accordance with the Articles of Association, Björn Borg's Board of Directors consists of a minimum of four and a maximum of eight members, with a maximum of two deputies. Directors and deputies are elected at the AGM for a one-year term until the next Annual General Meeting. The AGM on April 19, 2007 reelected Directors Fredrik Lövstedt, Vilhelm Schottenius, Håkan Roos, Mats H Nilsson, Nils Vinberg, Lottie Svedenstedt and Michael Storåkers. Fredrik Lövstedt is Chairman of the Board.

The Board fulfills the requirements of the OMX Nordic Exchange and the Swedish Code of Corporate Governance that no more than one Director play an operational role in the company, that at least half the Directors are independent in relation to the Company and that at least two Directors are independent of the Company's major shareholders. The Board is assisted by an outside secretary. Further information on the Directors can be found on page 54 of the annual report.

The Board's rules of procedure

Pursuant to the Swedish Companies Act, Björn Borg's Board is responsible for the Company's organization and management of its affairs and appoints its President. The Board lays down the Company's goals and strategy, adopts critical policy documents and continuously monitor their compliance. The Board also has ultimate responsibility for its various committees. The Board's rules of procedure, which were drawn up at the Board meeting on August 15, 2007, define the principles for Board work, the delegation between the Board and the President, and financial reporting.

Board work

The Board held eight scheduled meetings in 2007, four of which dealt with quarterly interim reports, one in connection with the budget formulation and one in connection with the AGM. Specific strategic matters were dealt with at one of the meetings. Directors' attendance at the year's Board meetings is shown in the table below.

Compensation Committee

The Board has established a Compensation Committee consisting of Chairman Fredrik Lövstedt and Håkan Roos to prepare proposals on remuneration and other terms of employment for Senior Executives. In 2007 the committee convened twice. Both members were present at these meetings.

Audit Committee

Björn Borg's Board has established an Audit Committee consisting of Chairman Fredrik Lövstedt, Håkan Roos and Mats H Nilsson. The committee supports the Board in its efforts to quality assure Björn Borg's financial reports and ensures the preparation and promulgation of correct, high-quality financial reporting. The committee convened twice in 2007. Fredrik Lövstedt, Håkan Roos and Mats H Nilsson attended both meetings. The committee decided in 2007 to continue to meet in connection with each quarterly report.

President

The Board has established an instruction for the President's work and role. The President is responsible for day-to-day management of the Group's operations according to the Board's guidelines as well as other established policies and guidelines, and reports to the Board.

The President of Björn Borg is Nils Vinberg, who is also a member of the Board. Nils Vinberg does not own any shares in companies with which Björn Borg has significant business ties. Further information on the President can be found on page 54 in the annual report.

Auditors

The auditors review Björn Borg's annual accounts, accounting records and the administration of the Board of Directors and the President. After every financial year the auditors submit an audit report to the AGM.

The auditors are appointed by the AGM for a term normally of four years. The AGM 2007 elected the registered public accounting firm Deloitte AB as auditor for the next four-year period, with authorized public accountant Håkan Pettersson as chief auditor, assisted by authorized public accountant Tommie Mårtensson. Håkan Pettersson has been the auditor for Björn Borg since the Company was established in 2004 and for the Group since 1997. Deloitte has had few projects for Björn Borg involving

Directors' attendance in 2007

	Jan 31	Feb 14	Feb 21	April 10	May 14	Aug 15	Nov 14	Dec 13
Fredrik Lövstedt	1	1	1	1	1	1	1	1
Vilhelm Schottenius	1	1	1	1	1	1	–	1
Mats H Nilsson	1	1	1	1	1	1	1	1
Håkan Roos	1	1	1	1	1	1	1	1
Michael Storåkers	1	1	1	1	1	1	1	1
Lottie Svedenstedt	1	1	1	1	1	1	1	1
Nils Vinberg	1	1	1	1	1	1	1	1
No. of attendees	7	7	7	7	7	7	6	7

other than auditing. In those instances its auditor's independence in relation to Björn Borg was ensured.

Further information on the auditor can be found on page 54 in the annual report. Information on the auditors' fee can be found on page 45.

Compensation to Directors and Senior Executives

Compensation to the Chairman and other Directors is determined by the AGM. According to the latest determination, the Chairman will receive SEK 200,000 until the next AGM and other Directors will receive SEK 80,000, with the exception of the President, who is not compensated for his role as Director. No separate fees are paid for committee work.

According to the compensation guidelines for Senior Executives approved by the AGM 2007, the President's remuneration includes a base salary, variable compensation, long-term incentive schemes (approved by the AGMs in 2005 and 2006) and other benefits, including a pension. The variable compensation is based on the results relative to defined, measurable targets and maximized relative to current salary targets.

The fixed and variable salary components as well as benefits for the President and Management of Björn Borg are indicated in note 7 of the annual report.

Incentive schemes

Björn Borg has three outstanding incentive schemes that offer warrants in the company. All three were approved by the AGMs in 2005 and 2006. The scope of Björn Borg's incentive schemes is indicated in note 7 of the annual report.

Financial reporting

The quality of the financial reporting is ensured by the Board of Directors' policies and instructions on the delegation of responsibility and control as well as the instruction for the President on financial reporting, among other things. Prior to each of its meetings, the Board receives the latest financial reports and at each meeting it discusses the financial situation of the Parent Company and the Group. The Board also discusses the interim and annual reports. At least once a year the auditors report whether the Company has ensured that its accounts, their management and financial control are being handled satisfactorily. After the formal report the President, Executive Vice President and Chief Financial Officer leave the meeting so that the Directors can have a discussion with the auditors without the participation of the Senior Executives.

Board report on internal control with respect to financial reporting

According to the Swedish Companies Act and the Swedish Code of Corporate Governance, the Board is responsible for internal control. This report on internal control of financial reporting for 2007 has been prepared in accordance with the Swedish Code of Corporate Governance and is part of the corporate governance report.

Björn Borg's Board has evaluated the need for a separate audit function (internal audit) and has found that such a function is not necessary at present.

Organization of internal control of financial reporting

Control environment and corporate governance

The control environment serves as the basis for internal control of financial reporting. The Board of Directors' rules of procedure and instructions for the President and the Board's committees clearly define the delegation of roles and responsibilities in order to effectively manage the Company's risks. The Board has established a number of fundamental guidelines and frameworks that are important to internal control. Examples include the Board's rules of procedure, financial policy, investment policy, code of conduct and communication policy. The Board's Audit Committee has as its specific responsibility to monitor and quality assure the financial reporting.

Management regularly reports to the Board based on established routines, as does the Audit Committee. Management is responsible for ensuring that the routines and systems established for internal control are followed to ensure proper management of significant operating risks. This includes routines and guidelines for various Senior Executives, so that they will understand the importance of their roles in maintaining good internal control.

Risk assessment

Each year Management performs a risk assessment of financial reporting.

The risk analysis has identified a number of critical processes. The greatest focus is on purchasing and revenue processes. Assessed risks in various major balance sheet and income statement items are graded and monitored. The Audit Committee plays an important role in risk assessment, since it reports on its observations and priority areas to the Board.

Communication and control activities

Prior to each of its meetings, the Board receives financial reports. The financial situation of the Parent Company and the Group is treated as a separate point at each Board meeting. The Audit Committee plays an important role in the monitoring process, since it reports on its observations and priority areas to the Board.

Manuals, guidelines and policy documents important to financial reporting are updated and provided to all parties concerned at internal meetings or by e-mail. To ensure that external information is distributed correctly, Björn Borg has a communication policy laid down by the Board.

Financial reporting for all subsidiaries is managed by Björn Borg's accounting department. The Company's auditors conduct the audit of the Group's financial reporting and therefore review the processes, systems, routines and accounting work done by Björn Borg's accounting department.

Monitoring

The Board of Directors of Björn Borg is ultimately responsible for internal control. The Company's auditors attend the Audit Committee's meetings and report at least once a year whether the company has ensured that its accounts, their management and financial control are working as they should. Based on the auditors' reports, the Board shapes its opinion of the Company's control environment, organization, responsibilities and authority as well as the thoroughness of the financial reporting.

Definitions

Gross profit margin
Net sales less cost of goods sold in relation to 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 net financial items plus finance expense as a percentage of average capital employed.

Return on average equity
Net income 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 the result by two.

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

Earnings per share after dilution
Earnings per share adjusted for any dilution effect.

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

Björn Borg
Björn Borg refers to Björn Borg AB or, depending on the context, the group in which Björn Borg AB is the parent company (also referred to as "the Group"). "Björn Borg" also refers to the Björn Borg brand or, in rare cases, Björn Borg himself. In cases where "Björn Borg" refers to Björn Borg the person, this is noted.

Distributors
Distributors refer to the approximately 30 distributors with agreements with Björn Borg or with one of the external product companies on the use of the Björn Borg trademark and/or sale of Björn Borg products.

Product companies
Product companies are the Group companies Björn Borg Clothing AB and Björn Borg Footwear AB as well as the external companies EGOptiska International AB (eyewear), Libro Gruppen AB (bags) and Romella International AB (fragrances), which have agreements with Björn Borg on the use of the Björn Borg trademark in the development, design and manufacture of Björn Borg products.

Concept stores
Concept stores are stores managed by either Björn Borg Retail AB or a franchisee and sell only Björn Borg products.

Franchisees
Franchisees are companies with franchise agreements with Björn Borg that give them the right to manage concept stores.

Network
The network comprises Group companies included in Björn Borg and product companies, distributors and franchisees that directly or indirectly have contractual relationships with Björn Borg on the use of the Björn Borg trademark and/or sale of Björn Borg products. Independent retailers that are not franchisees are not part of the network.

SEK Swedish krona

USD US dollar

HKD Hong Kong dollar

EUR Euro

Other information

Annual General Meeting

The Annual General Meeting of shareholders will be held on Thursday, April 10, 2008 at 5:00 pm (CET) at Biografen Victoria, Götgatan 67, Stockholm.

To be entitled to participate in the Annual General Meeting, shareholders must be entered in the shareholders' register maintained by the Swedish Central Securities Depository (VPC) on Friday, April 4, 2008 and must notify the Company of their intention to participate by 4:00 p.m. on the same date (April 4, 2008). Notification must be sent in writing to Björn Borg AB, Götgatan 78, SE-118 30 Stockholm, Sweden, by telephone to +46 8 506 33 700 or by e-mail to stamma@bjornborg.com. When notifying the Company, please include your name, personal identification or company registration number, address, telephone number and the names of those accompanying you.

Proxies and representatives of legal entities are advised to submit authorization documents well in advance of the meeting. A proxy template is available on Björn Borg's web site.

Shareholders whose shares are registered in the name of a nominee must temporarily re-register the shares in their own names with VPC in order to be entitled to participate in the meeting. Re-registration must be completed by Friday, April 4, 2008, which means that shareholders must inform nominees well in advance of this date.

2008 Calendar

Annual General Meeting 2008	April 10, 2008
Q1 Interim report, Jan – Mar 2008	May 7, 2008
Q2 Interim report, Jan – Jun 2008	August 20, 2008
Q3 Interim report, Jan – Sep 2008	November 12, 2008
Year-end report 2008	February 18, 2009

Financial reports

Financial reports can be downloaded from the Company's web site, www.bjornborg.com,
or ordered by telephone +46 8 506 33 700
or e-mail info@bjornborg.com.

Shareholder contact

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