



BJÖRN BORG

BJÖRN BORG AB YEAR-END REPORT JANUARY – DECEMBER 2013

Weak finish

OCTOBER 1 – DECEMBER 31, 2013

- The Group's net sales decreased by 28 percent to SEK 100.3 million (138.7). The decrease was the same excluding currency effects.
- Shipments with order value of about SEK 25 million were shifted from December to January 2014, compared with year-end 2012, affecting the operating result by about SEK 12 million.
- The gross profit margin was 52.5 percent (51.6).
- The operating loss was SEK 12.5 million, against year-earlier profit of SEK 15.1 million.
- The after-tax loss amounted to SEK -11.0 million, against year-earlier profit of SEK 11.9 million.
- Earnings per share before and after dilution amounted to SEK -0.40 (0.45).
- Brand sales* (excluding VAT) decreased by 12 percent to SEK 322 million (376). The decrease was the same excluding currency effects.

JANUARY 1 – DECEMBER 31, 2013

- The Group's net sales decreased by 9 percent to SEK 499.2 million (551.4). Excluding currency effects, sales were down 8 percent.
- The operating profit for 2013 was negatively affected with about SEK 12 million from delayed shipments, and with non-recurring items of about SEK 14 million, referring to the Chinese business and the resigning CEO, in total about SEK 26 million.
- The gross profit margin was 50.9 percent (50.2).
- Operating profit amounted to SEK 21.2 million (69.8).
- Profit after tax amounted to SEK 13.9 million (47.2).
- Earnings per share before and after dilution amounted to SEK 0.86 (2.11).
- Brand sales* (excluding VAT) decreased by 5 percent to SEK 1,521 million (1,598). Excluding currency effects, the decrease was 4 percent.
- The Board of Directors has decided to propose to the Annual General Meeting a distribution of SEK 1.50 (3.00) per share, totaling SEK 37.7 million (75.4).

QUOTE FROM THE CEO

"As reported earlier this year, 2013 was marked by continued weak retail demand in many of Björn Borg's markets, particularly the Netherlands. Together with the major shipment delays at the end of the year and disposal costs for the Chinese operations, this contributed to the significant decline in sales and earnings we are reporting for the full year and the fourth quarter. Our operations in England and Finland are developing positively, as are our own retail and e-commerce operations," said Henrik Fischer, Acting CEO.

SEK thousands	Oct-Dec 2013	Oct-Dec 2012	Full-year 2013	Full-year 2012
Net sales	100.3	138.7	499.2	551.4
Gross profit margin, %	52.5	51.6	50.9	50.2
Operating profit/loss	-12.5	15.1	21.2	69.8
Operating margin, %	neg	10.9	4.2	12.7
Profit/loss after tax	-11.0	11.9	13.9	47.2
Earnings per share, SEK	-0.40	0.45	0.86	2.11
Brand sales*	322	376	1,521	1,598

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



CEO'S COMMENT

The continued weak retail demand in many of Björn Borg's markets, particularly the Netherlands, had a significant impact on 2013. The development in the Dutch market, as previously reported, is explained in part by a generally underperforming market and in part by the significant reduction of our Dutch distributor's retail network at the end of the year. Wholesaling operations in the Netherlands are doing well and are profitable, however, and the distributor continues to invest in branding and the remaining retail network.

Retail sales remained uncertain in Sweden as well, with practically unchanged apparel sales during the year and in the fourth quarter, according to HUI Research's retail index. Björn Borg saw mixed results, with wholesale revenues falling, while sales in our own stores rose by 2 percent year-on-year and by 6 percent in the fourth quarter.

Our major Swedish retailers have been cautious about advance orders and among certain chains we are seeing more focus on private labels, which has contributed to the lower sales. On the other hand, we have noted a slight increase in later orders, which indicates that turnover is fairly good. We believe that the increases in our own stores and e-commerce are because we have become better and more efficient at driving our own retail sales and because the brand is able to hold its own, even in a tough market.

In addition to the lower collection sales, delayed shipments shifted about SEK 25 million in revenue to 2014 compared with year-end 2012, accentuating the decline in fourth-quarter sales and earnings. Earnings were also charged during the year with scheduled increases in operating expenses for, among other things, the disposal of the Chinese operations, which was completed at year-end, new and renovated stores, and costs for the resigning CEO.

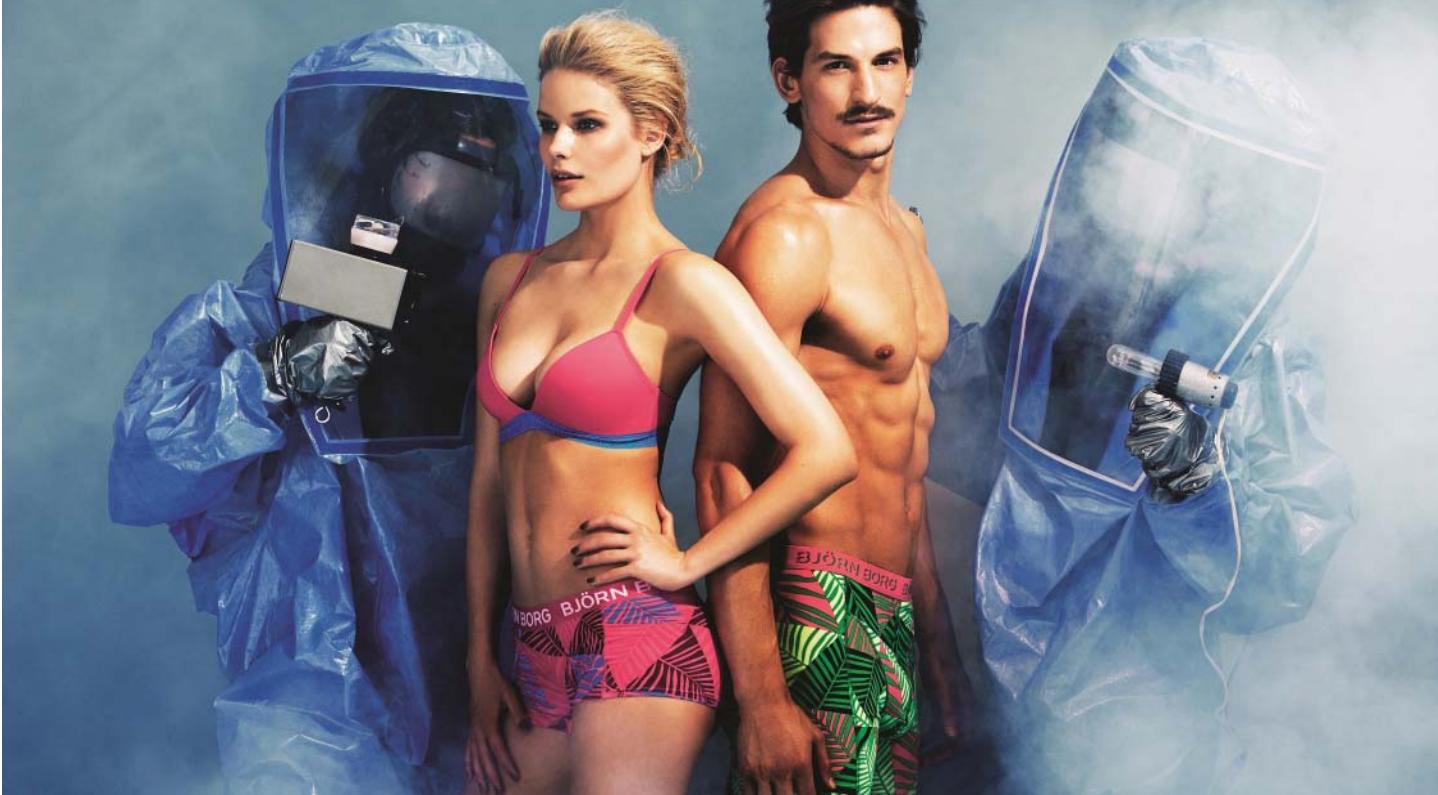
The acquisition in our sixth largest market, Finland, was an important event during the year. Since the takeover in early 2013, the trend has been positive: we have opened a new store in Helsinki and see good opportunities for continued growth. Our British operations also reported good growth and are taking important steps forward as planned. Denmark and Belgium also developed positively during the year.

We currently have limited sales in Germany, but see potential for Björn Borg to become established through more retailers in the country. The agreement with the distributor for the German market was terminated in 2013 and we are now evaluating various alternatives for future operations in Germany.

Outlook 2014

Looking ahead, we foresee very good opportunities for improvements in sales and earnings this year. We see the potential for some stabilization in our markets, which could speed up a recovery in sales of underwear and sportswear. Profit will no longer be weighed down by expenses for our operations in China, which in 2013 amounted to approximately SEK 11 million. In addition, the above-mentioned delayed shipments of about SEK 25 million at the end of the year and their effect on earnings will be accounted for in the first quarter of 2014.

Henrik Fischer, Acting CEO



OPERATIONS

Brand sales

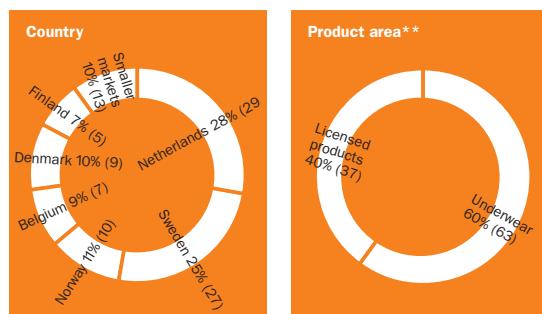
Distributors and licensees reported weak sales in the last quarter of 2013, mainly of underwear, footwear and bags. As a result, brand sales (excluding VAT) decreased by 12 percent to SEK 332 million (376) for the fourth quarter and by 5 percent to SEK 1,521 million (1,598) for the full-year year 2013. Adjusted for currency effects, brand sales were down 12 percent for the quarter and 4 percent for the full-year.

Product areas full-year 2013

Brand sales in the underwear product area fell by 9 percent for the full-year. Underwear accounted for 60 percent (63) of brand sales.

Sportswear performed well during the year in terms of brand sales, but less so in terms of revenue for the company, as indicated on the following page. In other product areas, footwear and eyewear noted increases, while bags and fragrances saw declines. In total, sales of licensed products rose by 2 percent during the year.

Brand sales* of Björn Borg products Jan-Dec 2013. Total SEK 1,521 million (1,598)



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

** Underwear: Men's and women's underwear, swimwear, socks and adjacent products. Other products: Sportswear, fragrances, footwear, bags and eyewear.

Markets full-year 2013

As of 2013 Finland is reported as a separate market. Among large markets, Belgium and Finland saw good growth and Denmark also developed positively. The Netherlands, Sweden and Norway reported declined. Among Björn Borg's smaller markets, England and France posted good growth numbers.

Björn Borg stores

During the fourth quarter the Group opened its own store in the Forum shopping center in Helsinki, Finland, and an outlet at Wembley in London, England, while the last store in China was closed. The retail reconstruction by the Dutch distributor has progressed according to plan. During the quarter 17 stores were closed and at year-end the distributor had seven open stores. As of December 31, 2013 there were a total of 38 (60) Björn Borg stores, of which 17 (17) are Group-owned.

Björn Borg in Finland

In early 2013 Björn Borg acquired the distributor Fashion Case in Finland. The Finnish operations currently consist of wholesale underwear, sportswear and bags as well as two Björn Borg stores. Björn Borg is the principal owner (75 percent), while an experienced local partner is a minority owner. The total purchase price was approximately SEK 9 million. For further information, see note 2 of this report. The acquired Finnish operations contributed positively to the Group's operating profit in 2013.

Björn Borg in China

The Board of Directors decided during the third quarter to discontinue Björn Borg's operations in China in 2013. The exit has progressed according to plan, and as of January 1, 2014 the company is dormant.

Reconstruction of Dutch distributor's retail network

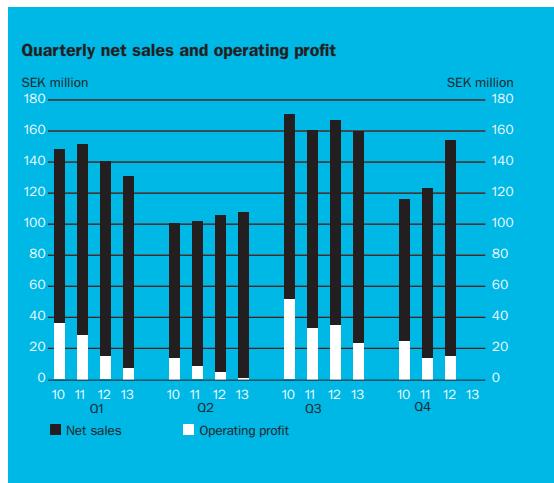
Björn Borg's distributor in the Netherlands has completed a reconstruction of its retail operations. The retail network has been slashed to seven Björn Borg stores. This decision is rooted in the Dutch market's persistent sluggishness, due to which a number of stores underperformed. The distributor's wholesaling operations, which generate the majority of brand sales in the country, are managed by a separate company not included in the reconstruction. Those operations are profitable.

New warehousing and logistics solution

During the fourth quarter the Group sold the wholly owned subsidiary Anteros Lagerhantering AB to Aditro Logistics AB. As of December 1, 2013, Aditro manages the inventory and shipping needs of the Group's Swedish companies. The aim of the divestment is to find a more cost-effective inventory management solution for the Group. The sale did not affect the Group's result for the financial year 2013.

THE GROUP'S DEVELOPMENT

Sales and operating profit were lower during the fourth quarter year-on-year.



Sales

Fourth quarter, October–December 2013

Group sales during the fourth quarter amounted to SEK 100.3 million (138.7), a decrease of 28 percent. The decrease was the same excluding currency effects.

The biggest decline was for the spring/summer 2014 collection in the underwear and sportswear product companies. This was partly because sales of the collection were significantly lower than the previous year, largely due to the situation in the Netherlands. In addition, about SEK 25 million in shipments, mainly of underwear but also sportswear, were delayed at the end of the year compared with the same delivery schedule in the previous year. Swedish wholesaling operations declined due to lower sales of the holiday collection to Swedish stores. British wholesaling operations continued to perform positively, and during the year the acquired Finnish operations contributed to sales. The Group's own retail sales increased during the Christmas holiday, and e-commerce reported continued growth. Royalties decreased as a result of lower brand sales during the quarter.

Full-year 2013

Group sales amounted to SEK 499.2 million (551.4) during the full-year. Lower orders in the underwear product company are the main reason for the sales decline, combined with the previously mentioned shipment delays at the end of the year compared with year-end 2013. Björn Borg Sport declined during the year, partly due to shipment delays, while footwear wholesaling and the Group's British operations performed positively. Sales for Swedish underwear wholesaling decreased, mainly from lower sales of the holiday collection to Swedish stores. The Finnish company acquired during the year contributed to Group sales. The Group's own retail operations contributed a solid increase, mainly due to growth in e-commerce. Royalties fell as a result of lower brand sales during the year.

Profit

Fourth quarter, October–December 2013

The gross profit margin for the fourth quarter increased to 52.5 percent (51.6). Excluding currency effects, the margin would have been slightly lower, 52.3 percent.

Lower revenue mainly in the product companies and Swedish wholesaling contributed to the quarterly operating loss of SEK 12.5 million, against profit of SEK 15.1 million year-on-year. The operating margin was negative (11.5 percent). The operating result was affected by disposal costs in China.

Net financial items amounted to SEK 3.1 million (3.9). The loss before tax amounted to SEK 9.4 million, against year-earlier profit of SEK 18.9 million. The net loss was SEK 11.0 million, compared with net profit of SEK 11.9 million in the fourth quarter 2002.

Full-year 2013

The gross profit margin for the full-year increased to 50.9 percent (50.2). Excluding currency effects, the margin would have been 50.4 percent.

Operating profit decreased during the year by 70 percent to SEK 21.2 million (69.8) with an operating margin of 4.2 percent (12.7). Lower revenue in the underwear product company as well as Björn Borg Sport and Swedish wholesaling, mainly during the fourth quarter, is the biggest reason for the profit decline. Earnings were also charged with higher operating expenses, mainly for personnel and premises in the Group's own retail operations, a provision for the resigning CEO for 2014 (SEK 2.9 million) and expenses for China. The now discontinued Chinese operations generated a charge against the Group's operating profit of SEK 10.9 million (7.0) during the year.

Net financial income increased to SEK 3.7 million, against a year-earlier expense of SEK 0.9 million, partly due to receivables in foreign currency. The realized and unrealized return on investments and cash & cash equivalents, less interest on the bond loan, positively affected the financial net by SEK 3.1 million (4.6). Profit before tax decreased to SEK 24.8 million (68.9). Profit after tax amounted to SEK 13.9 million (47.2).

Business segment	Revenue source	Sales, SEK thousands		Operating profit, SEK thousands		Operating margin	
		2013	2012	2013	2012	2013	2012
Brand	Royalties	77,499	81,292	14,697	16,281	19%	20%
Product development	Products	294,148	385,343	4,043	48,589	1%	13%
Wholesale	Wholesale revenues	256,386	221,327	15,526	14,636	6%	7%
Retail	Retailers	80,480	72,965	-13,106 *)	-9,720*)	-16%	-13%
Less internal sales		-209,267	-209,495			-	-
Total		499,246	551,432	21,160	69,786	4%	13%

*) Of which charges related to China reduced operating profit by SEK 10.9 million in 2013 and SEK 7.0 million in 2012.

Development by business segment

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

Brand

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

Net sales reached SEK 77.5 million (81.3) in 2013, a decrease of 5 percent. External sales decreased to SEK 38.3 million (42.9), in line with the year's decline in brand sales. It should be noted that the royalties Björn Borg Sport receives from its customers are also reported in the Brand segment.

The annual additional purchase price paid to the former brand owner amounted to SEK 30 million (31) in 2013. This additional purchase price is payable up to December 31, 2016.

Operating profit amounted to SEK 14.7 million (16.3), a decrease of 10 percent for the year. The lower operating result is due to lower royalties, even though branding expenses decreased during the year.

Product development

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

The business segment's net sales amounted to SEK 294.1 million (385.3) in 2013, a decrease of 24 percent. The negative currency effect was approximately SEK 7 million. External sales amounted to SEK 187.1 million (277.2). This decrease of 33 percent compared with 2012 is mainly due to weaker sales of the last three underwear collections (fall/winter, holiday and most recently spring/summer 2014) and shipment delays for both companies, which shifted about SEK 25 million in revenue to the first quarter 2014 compared with year-end 2012. As previously announced, the total decline in collection sales is partly due to tough conditions in the Dutch market as well as the Dutch distributor's reconstruction of its retail network, which was initiated and completed in the fourth quarter.

Operating profit decreased to SEK 4.0 million (48.6) due to the lower external sales. Operating expenses in the segment were in line with 2012.

Wholesale

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

Net sales for wholesaling operations rose by 16 percent to SEK 256.4 million (221.3) in 2013. External sales amounted to SEK 204.2 million (168.6). The increase mainly comes from the acquired Finnish operations, but also because the British operations and the Group's footwear wholesaling saw sales growth compared with 2012. Swedish underwear wholesaling performed weakly in 2013 in a tough retail climate.

Operating profit amounted to SEK 15.5 million (14.6). Additional operating expenses of SEK 12.5 million in Finland are the reason why the segment's profit did not increase more despite the sales growth. A weaker USD has positively

affected gross profit and operating profit in this segment by about SEK 3 million.

Retail

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

Sales in the Retail segment increased by 10 percent in 2013 to SEK 80.5 million (73.0). External net sales rose by 10 percent in 2013 to SEK 69.2 million (62.7). The increase is mainly due to strong development in e-commerce during the year, but also to growth in Swedish stores mainly during the second half-year. Sales for outlets and comparable Björn Borg stores increased by 2 percent compared with 2012.

The operating loss for 2013 amounted to SEK 13.1 million, against a year-earlier loss of SEK 9.7 million, partly due to the discontinued operations in China, new and renovated stores and an expanded e-commerce organization.

Intra-Group sales

Intra-Group sales amounted to SEK 209.3 million (209.5) for 2013.

SEASONAL VARIATIONS

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

INVESTMENTS AND CASH FLOW

The Group's cash flow from operating activities amounted to SEK 38.0 million (31.2) in 2013. A decline in operating profit was offset by significantly lower tied-up working capital through a reduction in accounts receivable. This is due to markedly lower delivery volumes in December compared with the previous year for the previously mentioned spring/summer 2014 collection and because of the shipment delays until 2014. Inventory increased slightly to SEK 39.0 million compared with December 31, 2012 (35.7) due to the operations in Finland and goods purchased for the Fragrances product area.

Total investments in tangible and intangible non-current assets amounted to SEK 9.6 million (6.5) for the year, with the higher investments largely due to new and renovated stores in Sweden and Finland.

During the year the company granted a loan of SEK 17 million to the Dutch distributor maturing on March 31, 2017 and with quarterly amortizations of SEK 900,000 beginning on December 31, 2013. The purpose of the loan was to reduce the risk in older receivables from the Dutch distributor. The collateralized loan is interest-bearing. The loan has been classified in the statement of cash flows as part of the change in working capital during the period.

FINANCIAL POSITION AND LIQUIDITY

The Björn Borg Group's cash & cash equivalents and investments amounted to SEK 218.8 million (280.2) at the end of the year. In 2013 cash & cash equivalents and investments decreased by SEK 61.4 million, compared with a year-earlier increase of SEK 122.1 million. The change is largely due to the year's shareholder dividend of SEK 75.4 million (100.6).

In April 2012 the company issued a bond loan listed on

NASDAQ OMX Stockholm that carries an annual coupon rate corresponding to the 3-month STIBOR rate +3.25 percentage points, maturing in April 2017. In 2012 the company repurchased corporate bonds with a nominal value of SEK 5 million, due to which the carrying amount of the bond loan after the repurchase and transaction expenses of about SEK 2.1 million amounted to SEK 192.9 million as of December 31, 2013.

The surplus liquidity from the issuance of the bond loan is placed in interest-bearing financial instruments, highly liquid corporate bonds, within the framework of the financial policy laid down by the Board of Directors. As of December 31 investments had been made in bonds with a book value of SEK 136.5 million, which represents the fair value on the same date. As a rule, bonds in foreign currency are hedged.

COMMITMENTS AND CONTINGENT LIABILITIES

As a commitment for the above-mentioned bond loan, the company has pledged to ensure that the ratio between the Group's net debt and operating profit before depreciation and amortization does not exceed 3.00 on the last day of each quarter and that the Group maintains an equity/assets ratio of at least 30 percent at any given time. As of December 31, 2013 the ratio was -0.93 (-0.75), i.e., a positive net cash balance, and the equity/assets ratio was 45.5 percent (49.6). A complete description of commitments and conditions of the bond loan is provided in the prospectus, which is available on the company's website and from the Swedish Financial Supervisory Authority.

No changes were otherwise made with regard to pledged assets and contingent liabilities compared with December 31, 2012.

PERSONNEL

The average number of employees in the Group was 159 (139) in 2013, of whom 59 percent (62) are women. The increase in the number of employees was mainly due to the new subsidiary in Finland and the now discontinued operations in China.

TRANSACTIONS WITH RELATED PARTIES

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

SIGNIFICANT RISKS AND UNCERTAINTIES

In its operations the Björn Borg Group is exposed to risks and uncertainties. Information on the Group's risks and uncertainties can be found on pages 46-47 and in note 3 in the annual report 2012.

EVENTS AFTER THE BALANCE SHEET DATE

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

PARENT COMPANY

Björn Borg AB (publ) is primarily engaged in intra-Group activities. The company also owns 100 percent of the shares in Björn Borg Brands AB, Björn Borg Footwear AB, Björn Borg Inc. and Björn Borg Services AB. In addition, the company owns 80 percent of the shares in Björn Borg UK, 51 percent of the shares in Björn Borg Sport BV, 75 percent of the shares in Björn Borg (China) Ltd and 75 percent of the shares

in Björn Borg Finland Oy.

The Parent Company's net sales for the fourth quarter amounted to SEK 12.9 million (11.9). In 2013 the Parent Company's net sales amounted to SEK 50.2 million (49.7).

Profit before tax amounted to SEK 99.0 million (107.1) for the fourth quarter and SEK 54.3 million (76.9) for the full-year 2013. Cash & cash equivalents and short-term investments amounted to SEK 178.1 million (250.2) on December 31, 2013. Investments in tangible and intangible non-current assets amounted to SEK 0.9 million (1.2) for 2013.

NUMBER OF SHARES

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

FINANCIAL OBJECTIVES

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

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

Comments to the financial objectives:

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

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

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

DIVIDEND

The Board of Directors has decided to propose to the Annual General Meeting 2014 a distribution of SEK 1.50 (3.00) per share for the financial year 2013, corresponding to 175 percent of net income. As a result, the company is returning to the 2008 dividend level, before the dividend was raised in order to distribute the company's surplus liquidity at the time; see above in the section Financial objectives. As proposed, the distribution would be paid through an automatic redemption, where every share is divided into a common share and a redemption share. The redemption share will then automatically be redeemed for SEK 1.50 per share. Payment for the redemption share, contingent on the approval of the AGM, is expected to be made around May 20, 2014.

The Board of Directors' proposal corresponds to a transfer to shareholders of SEK 37.7 million (75.4). For 2012 a distribution of SEK 3.00 was paid per share, corresponding to 142 percent of net income.

ANNUAL REPORT

The annual report for 2013 will be available on the company's website by March 20, 2014.

ANNUAL GENERAL MEETING

The Annual General Meeting for the financial year 2013 will be held in Stockholm at 5 pm on April 10, 2014.

ACCOUNTING PRINCIPLES

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting. This condensed interim report for the Group has been prepared in accordance with IAS 34 Interim Financial Reporting and applicable provisions of the Annual Accounts Act. The interim report for the Parent Company has been prepared in accordance with chapter 9 of the Annual Accounts Act on interim reporting and RFR 2 Accounting in Legal Entities. The accounting principles applied in the interim report conform to the accounting principles applied in the preparation of the consolidated accounts and annual report for 2012, as described on page 56 in the annual report 2012, with the exception of the changes and new standard below.

IFRS 13 Fair Value Measurement

The new standard IFRS 13 replaces the previous guidance in each standard on measurement at fair value. The standard is applicable to the measurement at fair value of both financial and non-financial items. Fair value is defined as the price that would be received from the sale of an asset or the consideration that would be paid to transfer a debt in a normal transaction between market players on the measurement date ("exit price"). IFRS 13 has been applied prospectively as of January 1, 2013. The introduction of IFRS 13 has not had a material effect on the measurement of financial instruments by the Group and Parent Company.

IFRS 13 requires several quantitative and qualitative disclosures on measurement at fair value in the annual report. As a result of the requirements in IFRS 13, IAS 34 Interim Reporting has also been updated to include a requirement that interim reports released as of 2013 must also contain specific disclosures with respect to financial reports at fair value. The revision to IAS 34 also requires

the disclosure in the interim report of the fair value of financial instruments recognized at amortized cost. See note 1 for these disclosures in the interim report.

IAS 1Presentation of Financial Statements (Presentation of items in other comprehensive income)

The amendments in IAS 1 Presentation of Financial Statements require additional disclosures in other comprehensive income so that items in other comprehensive income are grouped into two categories: a) items that will not be reclassified to profit or loss and b) items that will be reclassified to profit or loss if certain criteria are met. Björn Borg's application of the amendments introduced in IAS 1 is indicated in the consolidated statement of comprehensive income. Because Björn Borg has no significant transactions related to items that will not be transferred to profit or loss, the introduction of the amendments to IAS 1 has not had a significant effect on the layout of the statement.

Other IFRS revisions

No new or revised IFRS standards and interpretations from IFRIC besides those mentioned above have been applied or have had a significant effect on the Group's or Parent Company's financial position, results or disclosures. Björn Borg has no significant defined-benefit pension plans, because of which the revised IAS 19 does not have any impact.

AUDIT REPORT

This year-end report has not been reviewed by the company's auditors.

OUTLOOK 2014

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

CONSOLIDATED INCOME STATEMENT

Condensed

SEK thousands	Oct-Dec 2013	Oct-Dec 2012	Full-year 2013	Full-year 2012
Net sales	100,269	138,655	499,246	551,432
Cost of goods sold	-47,587	-67,060	-245,060	-274,803
Gross profit	52,682	71,595	254,186	276,628
Distribution expenses	-43,560	-39,663	-158,707	-144,694
Administrative expenses	-17,659	-13,766	-60,445	-51,016
Development expenses	-3,997	-3,081	-13,874	-11,133
Operating profit	-12,534	15,085	21,160	69,786
Net financial items	3,135	3,864	3,689	-909
Profit before tax	-9,399	18,948	24,849	68,877
Tax	-1,644	-7,064	-10,943	-21,650
Profit for the period	-11,043	11,884	13,906	47,227
Profit for the period attributable to:				
Parent Company's shareholders	-10,088	11,406	21,613	52,963
Non-controlling interests	-955	478	-7,707	-5,736
Earnings per share before and after dilution, SEK	-0.40	0.45	0.86	2.11
Number of shares	25,148,384	25,148,384	25,148,384	25,148,384

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Condensed

SEK thousands	Oct-Dec 2013	Oct-Dec 2012	Full-year 2013	Full-year 2012
Net profit for the period	-11,043	11,884	13,906	47,227
OTHER COMPREHENSIVE INCOME				
Components that will be reclassified to net profit for the period				
Currency effect on translation of foreign operations	-1,288	-234	-2,023	892
Other comprehensive income for the period	-1,288	-234	-2,023	892
Total comprehensive income for the period	-12,331	11,650	11,883	48,119
Total comprehensive income attributable to				
Parent Company's shareholders	-11,376	11,172	19,590	53,855
Non-controlling interests	-955	478	-7,707	-5,736

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Condensed

SEK thousands	Note	31 Dec 2013	31 Dec 2012
Non-current assets			
Goodwill	2	18,966	13,944
Trademarks		187,532	187,532
Other intangible assets		4,748	4,572
Tangible non-current assets		16,519	13,952
Long-term receivable	1	13,400	–
Deferred tax assets		31,126	35,283
Total non-current assets		272,291	255,283
Current assets			
Inventories, etc.		39,031	35,688
Accounts receivable		52,321	93,994
Other current receivables		34,104	29,250
Investments	1	136,519	163,979
Cash & cash equivalents		82,304	116,195
Total current assets		344,279	439,106
Total assets		616,570	694,389
Equity and liabilities			
Equity		280,650	344,216
Deferred tax liabilities		39,694	44,544
Other non-current liabilities		24,115	30,985
Bond loan	1	192,927	192,283
Accounts payable		26,549	32,780
Other current liabilities		52,635	49,581
Total equity and liabilities		616,570	694,389

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Condensed

SEK thousands	Equity attributable to Parent Company's shareholders	Non- controlling interests	Total equity
Opening balance, January 1, 2012			
Total comprehensive income for the year	400,815	-3,854	396,962
Distribution for 2011	53,855	-5,736	48,119
Acquisition of non-controlling interests	-100,594	–	-100,594
Dividend to non-controlling interests	-26	-79	-105
Non-controlling interests that arose through formation of subsidiaries	-	-168	-168
Closing balance, December 31, 2012	354,050	-9,835	344,216
Opening balance, January 1, 2013			
Total comprehensive income for the year	354,050	-9,835	344,216
Distribution for 2012	19,590	-7,707	11,883
Non-controlling interests that arose through acquisition	-75,445	–	-75,445
Translation difference	-	6	6
Closed business	-12	–	-12
Closing balance, December 31, 2013	294,180	-13,533	280,650

CONSOLIDATED STATEMENT OF CASH FLOWS

Condensed

SEK thousands	Oct-Dec 2013	Oct-Dec 2012	Full-year 2013	Full-year 2012
Cash flow from operating activities				
Before changes in working capital	-4,320	18,508	13,382	62,460
Changes in working capital	41,317	437	24,617	-31,220
Cash flow from operating activities				
Investments in intangible non-current assets	-839	-470	-1,533	-2,679
Investments in tangible non-current assets	-4,013	-1,721	-8,088	-3,843
Business combinations	-	-	-6,547	-
Sale of subsidiary	-2,369	-	-2,369	-
Investments/divestments	10,354	-17,550	28,886	-161,211
Cash flow from investing activities				
Dividend/distribution	-	-	-75,445	-100,594
Amortization of loans	-2,206	-1,666	-7,207	-6,667
Change in long-term liabilities	-	8,899	-	8,899
Issuance of bond loan	-	-	-	196,778
Repurchase of bond loan	-	-	-	-4,950
Cash flow from financing activities				
Cash flow for the period	37,924	6,435	-34,304	-43,028
Cash & cash equivalents at beginning of period	44,481	109,882	116,195	158,042
Translation difference in cash & cash equivalents	-101	-122	413	1,182
Cash & cash equivalents at end of period	82,304	116,195	82,304	116,195

KEY FIGURES

Group

SEK thousands	Oct-Dec 2013	Oct-Dec 2012	Full-year 2013	Full-year 2012
Gross profit margin, %	52.5	51.6	50.9	50.2
Operating margin, %	neg	10.9	4.2	12.7
Profit margin, %	neg	13.7	5.0	12.5
Return on capital employed, %	7.0	15.9	7.0	15.9
Return on average equity, %	6.9	14.3	6.9	14.3
Profit attributable to Parent Company's shareholders	-10,088	11,406	21,613	52,963
Equity/assets ratio, %	45.5	49.6	45.5	49.6
Equity per share, SEK	11.16	13.69	11.16	13.69
Investments in intangible non-current assets	839	470	1,533	2,679
Investments in tangible non-current assets	4,013	1,721	8,088	3,843
Business combinations	-	-	6,547	-
Depreciation, amortization and impairment losses for the period	-1,819	-1,512	-6,825	-6,438
Average number of employees	-	-	159	139

SUMMARY BY SEGMENT

Group

SEK thousands	Oct-Dec 2013	Oct-Dec 2012	Full-year 2013	Full-year 2012
Operating revenue				
Brand				
External revenue	8,132	9,333	38,323	42,900
Internal revenue	7,337	9,841	39,176	38,392
	15,469	19,174	77,499	81,292
Product development				
External revenue	26,417	70,198	187,090	277,236
Internal revenue	17,728	26,496	107,058	108,107
	44,145	96,694	294,148	385,343
Wholesale				
External revenue	43,249	38,243	204,150	168,626
Internal revenue	10,856	12,739	52,236	52,701
	54,105	50,982	256,386	221,327
Retail				
External revenue	22,422	20,881	69,243	62,669
Internal revenue	2,762	3,598	11,237	10,296
	25,184	24,479	80,480	72,965
Less internal sales	–38,634	–52,674	–209,267	–209,495
Operating revenue	100,269	138,655	499,246	551,432
Operating profit				
Brand	1,318	1,775	14,697	16,281
Product development	–11,467	11,377	4,043	48,589
Wholesale	–1,887	2,039	15,526	14,636
Retail	–498	–106	–13,106	–9,720
Operating profit	–12,534	15,085	21,160	69,786

Reconciliation between operating profit and profit before tax

The difference between operating profit for segments for which information must be disclosed, SEK 21,160 thousand (69,786), and profit before tax, SEK 24 849 thousand (68 877), is net financial items, SEK 3,689 thousand (–909).

QUARTERLY DATA

Group

SEK thousands	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012
Net sales	100,269	159,791	107,771	131,414	138,655	166,761	105,478	140,538
Gross profit margin, %	52.5	51.7	50.1	49.4	51.6	49.5	52.1	48.0
Operating profit	–12,534	23,610	860	9,225	15,085	35,222	4,848	14,631
Operating margin, %	neg	14.8	0.8	7.0	10.9	21.1	4.6	10.4
Profit after financial items	–9,399	22,695	4,467	7,086	18,948	33,368	3,830	12,730
Profit margin, %	neg	14.2	4.1	5.4	13.7	20.0	3.6	9.1
Earnings per share before/after dilution, SEK	–0.40	0.74	0.23	0.3	0.45	1.11	0.10	0.44
Number of Björn Borg stores at end of period	38	54	57	57	60	59	57	56
of which Group-owned Björn Borg stores	17	16	17	17	17	13	13	14
Brand sales	331,665	482,268	275,379	431,815	376,244	484,938	288,360	447,640

PARENT COMPANY INCOME STATEMENT

Condensed

SEK thousands	Oct-Dec 2013	Oct-Dec 2012	Full-year 2013	Full-year 2012
Net sales	12,941	11,931	50,175	49,667
Cost of goods sold	-252	-45	-934	-740
Gross profit	12,689	11,884	49,241	48,927
Distribution expenses	-13,747	-13,754	-52,341	-49,304
Administrative expenses	-5,287	-5,289	-20,131	-18,963
Development expenses	-2,115	-2,115	-8,053	-7,585
Operating loss	-8,460	-9,274	-31,284	-26,925
Dividend from subsidiary	64,253	75,000	50,725	75,000
Group contributions received	43,755	41,047	43,755	41,047
Net financial items	-864	354	-9,239	-12,194
Profit before tax	98,684	107,127	53,957	76,928
Appropriations	295	355	295	355
Tax	-107	-609	296	-2,207
Profit for the period	98,872	106,873	54,548	75,076
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	98,872	106,873	54,548	75,076

PARENT COMPANY BALANCE SHEET

Condensed

SEK thousands	31 Dec 2013	31 Dec 2012
Non-current assets		
Intangible non-current assets	595	753
Tangible non-current assets	4,627	5,876
Long-term receivable	13,400	-
Shares in Group companies	321,243	327,132
Total non-current assets	339,865	333,761
Current assets		
Receivables from Group companies	182,141	103,444
Current receivables	10,749	5,399
Investments	136,519	163,979
Cash & cash equivalents	41,559	86,172
Total current assets	370,968	358,994
Total assets	710,833	692,754
Equity and liabilities		
Equity	117,887	138,784
Untaxed reserves	1,888	2,183
Deferred tax	314	609
Bond loan	192,927	192,283
Due to Group companies	382,447	345,377
Accounts payable	5,407	2,766
Other current liabilities	9,963	10,752
Total equity and liabilities	710,833	692,754

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

Condensed

SEK thousands	Full-year 2013	Full-year 2012
Opening balance	138,784	164,302
Dividend/distribution	-75,445	-100,594
Total comprehensive income for the period	54,548	75,076
Closing balance	117,887	138,784

SUPPLEMENTARY DISCLOSURES

NOTE 1 FINANCIAL ASSETS AND LIABILITIES

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

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

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

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

Financial assets at fair value through profit or loss	Level 1	Level 2	Level 3
Securities held for trading	136,285	–	–
Derivatives held for trading	–	234	–
Total assets	136,285	234	–

Björn Borg currently has no liabilities measured at fair value. The carrying amount of financial instruments at amortized cost coincides with their fair value as of December 31, 2013, with the exception of the bond loan, whose fair value amounted to SEK 188,175 thousand, compared with a carrying amount of SEK 192,927 thousand.

In 2013 the company granted an interest-bearing, SEK 17 million collateralized loan to the Dutch distributor expiring on March 31, 2017 with quarterly amortizations of SEK 900,000 as of December 31, 2013.

NOTE 2 ACQUISITION OF SUBSIDIARY

In February 2013 Björn Borg AB acquired 75 percent of the shares in Fashion Case Retail Oy in Finland, previously owned by the Finnish distributor. An experienced local partner acquired the remaining 25 percent. The acquired company changed its name to Björn Borg Finland Oy in February 2013.

The Finnish operations currently consist of wholesaling of underwear, sportswear and bags as well as two Björn Borg stores in Helsinki. The brand is strongly positioned in Finland, which today is Björn Borg's six largest market. The company sees the potential for continued growth.

In 2013 the Finnish operations generated sales of SEK 37.4 million and operating profit of SEK 1.0 million. The acquired operations are included in the Wholesale segment as of the acquisition date.

The total purchase price amounted to EUR 1,052,500 including the non-controlling interest, of which 75 percent (EUR 789,375, of which Björn Borg's share is EUR 592,031) was paid in cash on the acquisition date, with the remainder payable in February 2014 (EUR 262,500, of which Björn Borg's share is EUR 196,875). The effect on cash flow amounted to EUR 6,547 thousand, i.e., the total purchase price paid in cash of SEK 6,788 thousand less acquired cash & cash equivalents of SEK 239 thousand. There are no conditions associated with the purchase price. Acquisition expenses amounted to SEK 260 thousand and were expensed in 2012 and 2013.

Carrying amount as of acquisition date of acquired net assets	
	SEK thousand
Non-current assets	
Customer relations/licenses	1,209
Other non-current assets	524
Current assets	
Inventories	6,391
Accounts receivable	1,588
Other current assets	309
Liabilities	
Accounts payable	3,971
Other current liabilities	1,890
Identifiable assets and liabilities, net	4,160
Goodwill arising through acquisitions	
Transferred consideration including non-controlling interests	8,862
Minus: Fair value of acquired net assets	4,160
Goodwill upon acquisition	4,702

The goodwill that arose in connection with the acquisition and recognized locally in the Finnish company is expected to be tax deductible.

DEFINITIONS

Gross profit margin

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

Operating margin

Operating profit as a percentage of net sales.

Profit margin

Profit before tax as a percentage of net sales.

Equity/assets ratio

Equity as a percentage of total assets.

Return on capital employed

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

Return on equity

Net profit (over a rolling 12-month period) according to the income statement as a percentage of average equity. Average equity is calculated by adding equity at January 1 to equity at December 31 and dividing by two.

Earnings per share/Earnings per share after dilution

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

Brand sales

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

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

Stockholm, February 14, 2014

Fredrik Lövstedt
Chairman

Kerstin Hessius
Board Member

Isabelle Duccellier
Board Member

Mats H Nilsson
Board Member

Vilhelm Schottenius
Board Member

Michael Storåkers
Board Member

Henrik Fischer
Acting CEO

Upcoming information dates

The annual report will be published by March 20, 2014.

The Annual General Meeting for 2014 will be held on April 10, 2014.

The interim report January–March 2014 will be released on May 19, 2014.

The interim report January–June 2014 will be released on August 22, 2014.

The interim report January–September 2014 will be released on November 17, 2014.

For further information, please contact:

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Björn Borg is required to make public the information in this interim report in accordance with the Securities Market Act.

The information was released for publication on February 14, 2014 at 7:30 am (CET).

ABOUT THE BJÖRN BORG GROUP

The Group owns the Björn Borg trademark and its core business is underwear. It also offers sportswear and fragrances as well as footwear, luggage & bags and eyewear through licensees. Björn Borg products are sold in around thirty markets, of which Sweden and the Netherlands are the largest. The Björn Borg Group has operations at every level from branding to consumer sales in its own Björn Borg stores. Total sales of Björn Borg products in 2013 amounted to around SEK 1.5 billion, excluding VAT, at the consumer level. Group net sales amounted to SEK 499 million in 2013, with 159 employees. The Björn Borg share has been listed on NASDAQ OMX Nordic in Stockholm since 2007.