



BJÖRN BORG

BJÖRN BORG AB INTERIM REPORT JANUARY-MARCH 2019

SALES GROWTH

JANUARY 1 - MARCH 31, 2019

- The Group's net sales increased 11.2 percent to SEK 188.2 million (169.2). Excluding currency effects, sales increased 7.1 percent.
- Net sales for own e-commerce and e-tailers amounted to SEK 53.0 million (35.6), an increase of 48.9 percent.
- The gross profit margin was 56.8 percent (57.1).
- Operating profit amounted to SEK 18.5 million (15.1).
- Profit after tax amounted to SEK 16.9 million (14.9).
- Earnings per share before and after dilution amounted to SEK 0.67 (0.60).

QUOTE FROM THE CEO

"We have never generated more revenue in the year's first quarter and I am especially pleased with how well our sports fashion collection has been received, where we for example grew our own e-commerce by more than 100 percent, driven by both women and men," commented CEO Henrik Bunge.

SEK million	January- March 2019	January- March 2018	April 2018- March 2019	Full-year 2018
Net sales	188.2	169.2	728.5	709.6
Gross profit margin, %	56.8	57.1	57.3	57.4
Operating profit	18.5	15.1	74.5	71.0
Operating margin, %	9.9	8.9	10.2	10.0
Profit after tax	16.9	14.9	61.9	59.9
Earnings per share before dilution, SEK	0.67	0.60	2.46	2.39
Earnings per share after dilution, SEK	0.67	0.60	2.46	2.39
Brand sales*	473	412	1,682	1,603

* 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 year's first quarter was once again affected by changing digital habits and buying habits. Important parts of our target market spend on average nearly three hours a day on various social platforms. This is in addition to time spent on digital media such as Netflix. As a result, we are seeing an overall trend toward fewer visitors to physical stores, but at the same time higher average receipts. Consumers are shopping less frequently, but when they do shop they are buying more. We continue to focus on e-commerce, both our own and others', and during the quarter remained successful. Our own e-commerce grew 17 percent compared with the same period in 2018. During the quarter we also continued to build our brand with insightful communication based on our belief that exercise makes everyone the best version of themselves.

Net sales in the quarter amounted to SEK 188.2 million, which is an increase of 11.2 percent compared with the previous year. We have never generated more revenue in the year's first quarter and I am especially pleased with how well our sports fashion collection has been received, where we for example grew our own e-commerce by more than 100 percent, driven by both women and men. We also saw very strong growth of 78 percent in the German market compared with the same period in 2018. We had good growth in Sweden and the Netherlands as well. Our own stores experienced a

tough quarter with year-over-year declines in comparable stores with 1.0 percent, but good cost control and lower discounts meant that we were more profitable than the previous year despite lower sales.

Our gross profit margin decreased to 56.8 percent (57.1), but adjusted for currency effects, with the Swedish krona weakening against both EUR and USD, the margin would have been 60.0 percent. Quarterly expenses rose SEK 7 million, as planned. This increase is due to marketing and staffing. Higher revenue, but with a slightly lower gross profit margin, helped us raise operating profit 22 percent to SEK 18.5 million (15.1).

During the quarter I increased my focus on our communication and I am convinced that we can create even more value there. I have also continued to work closely with our Benelux team. In addition, I continue to devote much of my time to e-tailers, our own e-commerce and marketplaces. We are closely tracking the structural changes that are happening, and I am convinced that marketplaces have enormous potential.

Lastly, I can add that all our quarterly key performance indicators were better than last year. Our journey continues.

Let's go!

Head coach
Henrik Bunge



OPERATIONS

BRAND SALES

Brand sales are a calculation of the total sales value of Björn Borg products at the consumer level excluding VAT. In the first quarter brand sales improved. The increase was primarily in the sports apparel and footwear product areas, while underwear saw only a minor increase. In total, brand sales rose 15 percent to SEK 473 million (412). Adjusted for currency effects, brand sales increased 12 percent for the quarter.

PRODUCT AREAS FIRST QUARTER 2019

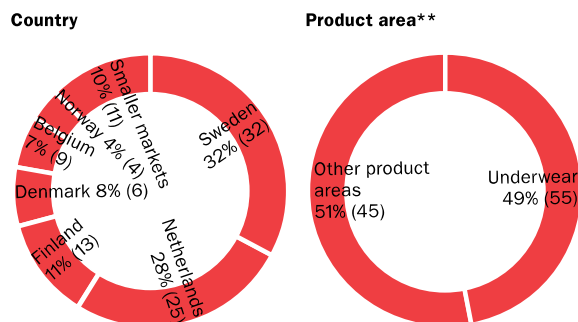
Brand sales in the underwear product area increased 1 percent in the first quarter, while sports apparel rose 39 percent. Underwear accounted for 49 percent (55) of brand sales.

Brand sales of footwear increased 38 percent compared with the first quarter of 2018, while other licensed products dropped 18 percent with bags accounting for most of the decrease. In total, brand sales of licensed products rose 29 percent in the first quarter.

MARKETS FIRST QUARTER 2019

All large markets reported growth except Belgium and Finland, which declined slightly, with Sweden and the Netherlands seeing strong gains. Smaller markets increased overall by 23 percent.

BRAND SALES* OF BJÖRN BORG PRODUCTS JANUARY-MARCH 2019. TOTAL SEK 473 MILLION (412)



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

** **Underwear:** Men's and women's underwear, swimwear, socks and adjacent products. **Other product areas:** Sports apparel, fragrances, bags and eyewear.

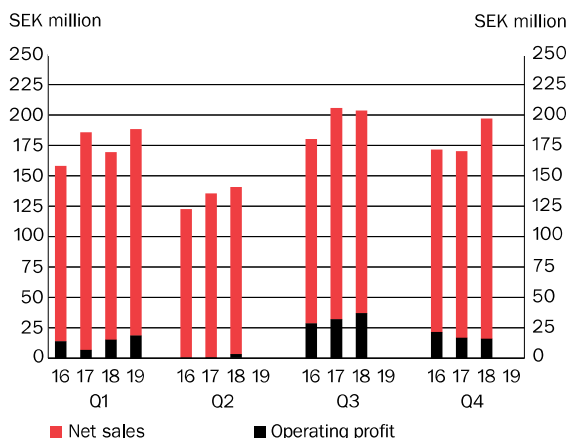
BJÖRN BORG STORES

One Björn Borg store was closed in Finland in the first quarter. As of March 31, 2019 there were a total of 35 (39) Björn Borg stores, of which 30 (34) are Group-owned.

THE GROUP'S DEVELOPMENT

Sales increased in the first quarter, largely driven by the wholesale footwear business and strong development in the German wholesale business. Operating profit increased year-over-year despite higher operating expenses.

QUARTERLY NET SALES AND OPERATING PROFIT, 2016-2019



SALES

First quarter, January-March 2019

The Group's net sales amounted to SEK 188.2 million (169.2) in the first quarter, an increase of 11.2 percent. Currencies positively affected sales in the quarter. Adjusted for currency effects, sales rose 7.1 percent.

The positive sales trend compared with the first quarter of 2018 is largely due to increased net sales in the wholesale footwear business, which grew 21 percent. This was mainly driven by the Swedish business, which reported an increase of 40 percent.

The German wholesale business is seeing a strong trend and grew 78 percent year-over-year. Growth was driven by higher sales mainly to sporting goods retailers.

The Swedish retail company saw lower traffic year-over-year, which led to a sales decline. Sales fell for comparable stores by 7 percent and in total by 16 percent. E-commerce grew 17 percent in the quarter, with website traffic and orders outperforming the previous year.

Sales in Benelux declined 4 percent from the previous year, but thanks to a stronger EUR the business area saw growth in SEK. It was mainly the Group's own retail sales that declined from the previous year, while the wholesale business grew about 3 percent. Comparable stores dropped 2 percent and total retail sales fell 9 percent.

The product company's external sales rose year-over-year, mainly because the Norwegian market performed better, even though other markets also reported positive development.

External royalties increased slightly driven by footwear licensing.

PROFIT

First quarter, January-March 2019

The gross profit margin for the first quarter decreased slightly to 56.8 percent (57.1). A stronger USD, combined with a strong EUR, negatively affected margins. Adjusted for currency effects, the gross profit margin would have been 60.0 percent.

Other operating revenue amounted to SEK 4.6 million (4.4) and mainly refers to unrealized gains on accounts receivable in foreign currency, which positively affects profit.

Operating expenses rose SEK 7.0 million compared with the previous year mainly through increased marketing activities and a larger staff. It should be noted that in connection with the introduction of IFRS16 other external expenses decreased approximately SEK 10 million, while depreciation increased correspondingly. Interest costs increased approximately SEK 1.0 million.

The higher revenue, coupled with a gross profit margin in line with the previous year and operating expenses that are rising, led to an increase in operating profit to SEK 18.5 million (15.1). The operating margin was 9.9 percent (8.9).

Net financial items amounted to SEK 1.4 million (4.0).

The decrease compared with 2018 is mainly due to the previous year's positive revaluation of financial assets and liabilities in foreign currency. Profit for the period increased to SEK 16.9 million (14.9).

Development by segment

Björn Borg's segment reporting consists of the company's primary revenue sources, which are divided into: *Licensing, Distributors, Wholesale* and *Consumer Direct*. This is also how the business is monitored internally in the Group.

Wholesale

The segment consists of revenue and expenses associated with the Björn Borg Group's wholesale operations. The Group has wholesale operations in Sweden, Finland, the Netherlands, Belgium and England for apparel and underwear as well as in Sweden, Finland and the Baltic countries for footwear.

The segment's operating revenue increased in the first quarter to SEK 139.5 million (124.5). External operating revenue amounted to SEK 138.5 million (124.0), an increase of 12 percent. One reason for the increase is that the company saw growth in all its markets, driven by Germany and the footwear business mainly in Sweden, which developed very strongly compared with the previous year. Finland and England also saw strong growth, while Benelux

Segment	Revenue source	Operating revenue, SEK thousands		Operating profit, SEK thousands		Operating margin, %	
		2019	2018	2019	2018	2019	2018
Wholesale	Products	139,467	124,463	14,730	15,989	11	13
Consumer Direct	Products	38,088	38,993	-4,137	-6,722	-12	-17
Distributor	Products	121,248	133,344	2,636	1,788	2	1
Licensing	Royalties	24,594	20,587	5,316	4,030	22	20
Less internal sales		-130,626	-143,805	-	-	-	-
Total		192,772	173,582	18,545	15,085	10	9

grew only slightly from the previous year. Sales to e-tailers, which primarily sell online, are consistently growing in all markets. Growth in the e-tail segment was 93 percent in the quarter and sales amounted to SEK 38.8 million (20.1).

Operating profit amounted to SEK 14.7 million (16.0). The decrease is due to lower gross profit margins, which were negatively affected by currencies with a weaker SEK compared with USD and EUR, in combination with higher operating expenses.

Consumer Direct

The segment consists of revenue and expenses associated with the Björn Borg Group's direct sales to consumers. The Björn Borg Group owns and operates a total of 30 stores and factory outlets in Sweden, Finland, the Netherlands, Belgium and England with sales of underwear, sports apparel, adjacent products and other licensed products. In addition, Björn Borg sells online through www.bjornborg.com.

Operating revenue in the Consumer Direct segment decreased in the first quarter to SEK 38.1 million (39.0). External operating revenue amounted to SEK 38.1 million (39.0), a decrease of 2 percent. The decrease is mainly due to lower store traffic, which was offset by continued strength in e-commerce, which grew 17 percent compared with the previous year. The Group's own stores in Sweden declined 16 percent year-over-year, while comparable stores dropped 7 percent. The Benelux stores performed weakly and sales were down 9 percent in total and 2 percent for comparable stores. The Finnish stores also decreased year-over-year, down by 18 percent in total, while comparable stores dropped 12 percent. The store in England increased by 20 percent year-over-year. In total, sales for comparable stores decreased 1 percent.

The operating loss for the first quarter of 2019 was SEK 4.1 million, against a year-earlier loss of SEK 6.7 million. External operating expenses have decreased slightly from the previous year, primarily due to slightly lower e-commerce marketing expenses.

The physical store has an important role in combination with digital presence to the consumer and to create a uniform image of the brand. Therefore, we continuously look at terms and conditions to optimize our store holdings.

Distributors

The Distributors segment mainly consists of revenue and expenses associated with sales to external distributors of product groups developed by the company.

The segment's operating revenue amounted to SEK 121.2 million (133.3) in the first quarter. External operating revenue rose to SEK 10.0 million (6.0), or by 67 percent from the previous year. Year-over-year sales growth in both of our major distributor markets, Norway and Denmark, accounted for the increase, mainly driven by Norway, which saw a significant gain.

Operating profit increased to SEK 2.6 million (1.8) due to the higher external sales in the segment.

Licensing

The Licensing segment mainly consists of royalty revenue from licensees and expenses for the Group associated with the licensing operations.

The segment's operating revenue amounted to SEK 24.6 million (20.6) in the first quarter of 2019. External operating revenue rose to SEK 6.2 million (4.6). The increase is a result of higher brand sales of licensed products with footwear accounting for most of the growth. Royalties as a percentage vary between product categories, because of which there is not always an exact correlation between royalties and brand sales.

Operating profit increased to SEK 5.3 million (4.0) for the quarter. The improvement is a result of the higher external sales in the segment.

Intra-Group sales

Intra-Group sales for the first quarter of 2019 amounted to SEK 130.6 million (143.8).

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 -5.1 million (18.2) in the first quarter of 2019. The decrease vs last year primarily comes from increased working capital where receivables have increased as a consequence of reduced inventory while accounts payable have decreased. This is offset by higher operating profit.

Cash flow from investing activities was negative at SEK -2.9 million (-6.0). Large investments were made in an existing store and the e-commerce platform. The improvement vs last year is from the previous year's acquisition of the 25 percent minority share in Björn Borg Finland Oy for about SEK 3 million. Total investments in tangible and intangible non-current assets amounted to SEK 2.9 million (3.1) for the period.

Financing activities amounted to SEK 0.0 million (-25.0).

FINANCIAL POSITION AND LIQUIDITY

The Björn Borg Group's cash & cash equivalents and investments amounted to SEK 29.4 million (41.8) at the end of the period with interest-bearing liabilities of SEK 290.9 million (100.0). Liabilities have been affected by IFRS 16. Interest-bearing net liabilities excluding lease liabilities amounted to SEK 120.6 million (58.2). Total lease liabilities amounted to SEK 140.9 million (0.0), of which SEK 99.5 million is long-term and SEK 41.4 million is short-term.

In addition to the revolving credit of SEK 150 million, Björn Borg has an overdraft facility of SEK 90 million from Danske Bank.

COMMITMENTS AND CONTINGENT LIABILITIES

As a commitment for the overdraft facility and three-year revolving credit, the company has pledged to ensure that the ratio between the Group's net debt and rolling 12-month operating profit before depreciation and amortization does not exceed 3.00 on the last day of each quarter. Moreover, the Group will maintain an equity/assets ratio of at least 35 percent. The commitments will be updated during the year. As of March 31, 2019 the ratio was 1.47 (1.04) and the equity/assets ratio was 41.1 percent (55.7). The equity/assets ratio according to previous accounting principles would have been 51.1 percent.

No changes were otherwise made with regard to pledged assets and contingent liabilities compared with December 31, 2018.

PERSONNEL

The average number of employees in the Group was 213 (215) for the twelve-month period ending March 31, 2019, of whom 66 percent (68) are women. The decrease in the number of employees, moving 12 months, is mainly due to a lower number of stores.

RELATED PARTY TRANSACTIONS

There were no material transactions with related parties during the period.

SIGNIFICANT RISKS AND UNCERTAINTIES

In its operations the Björn Borg Group is exposed to risks and uncertainties. Information on the Group's risks and

uncertainties can be found on pages 60-61 and in note 3 in the annual report for 2018.

PARENT COMPANY

Björn Borg AB (publ) is primarily engaged in intra-Group activities. As of March 31, 2019 the company owns 100 percent of the shares in Björn Borg Brands AB, Björn Borg Footwear AB, Björn Borg Inc., Björn Borg Services AB, Björn Borg UK, Baseline and Björn Borg Finland Oy. In addition, the company owns 75 percent of the shares in Björn Borg (China) Ltd.

The Parent Company's net sales for the first quarter amounted to SEK 25.5 million (26.9).

The loss before tax amounted to SEK 3.7 million for the first quarter, compared with year-earlier profit of SEK 2.7 million. Cash & cash equivalents amounted to SEK 2.3 million (1.1) as of March 31, 2019.

EVENTS AFTER THE REPORTING PERIOD

There are no significant events to report after the reporting period.

NUMBER OF SHARES

Björn Borg has 25,148,384 shares outstanding.

FINANCIAL GOALS

Björn Borg's long-term financial goals for the company, which were established in 2015 for the period 2015-2019, have been updated in 2019 and are as follows:

- Annual sales growth of minimum 5 percent
- Annual operating margin of minimum 10 percent
- An annual dividend of at least 50 percent of net profit
- The equity/assets ratio should not fall below 35 percent (according to previous accounting principles).

Comments to the financial objectives:

Sales growth is expected to mainly come from sports apparel, although other product groups are also expected to grow.

ANNUAL GENERAL MEETING

The Annual General Meeting for the financial year 2018 will be held in Stockholm at 5:30 pm (CET) on May 14, 2019. The Board of Directors has resolved to recommend to the 2019 AGM a distribution of SEK 2.00 (2.00) per share for the financial year 2018, corresponding to 85 percent (136) of net profit. As proposed, the distribution would be paid through an automatic redemption, where every share is divided into one common share and one redemption share. The redemption shares will then automatically be redeemed for SEK 2.00 per share. Payment for the redemption shares, contingent on the approval of the AGM, is expected to be made around June 18, 2019.

The Board of Directors' proposal corresponds to a transfer to shareholders of SEK 50.3 million (50.3).

ACCOUNTING PRINCIPLES

This condensed interim report for the Group has been prepared in accordance with IAS 34 *Interim Financial Reporting* and applicable provisions of the *Annual Accounts Act*. The interim report for the Parent Company has been prepared in accordance with chapter 9 of the *Annual Accounts Act* on interim reporting and RFR 2 *Accounting in Legal Entities*. The accounting principles applied in the interim report conform to the accounting principles applied in the preparation of the consolidated accounts and annual report for 2018 with the exception of IFRS 16, which is applied as of January 1, 2019. The accounting principles are described on page 56 in the annual report 2018.

New and amended accounting principles

Transition to IFRS 16 Leases

As of January 1, 2019 the Group applies IFRS 16. The Group's leasing contracts largely relate to leases of properties and vehicles. The transition is recognized according to the modified retrospective approach, because of which comparative amounts are not restated. The cumulative effect of applying IFRS 16 is recognized on January 1, 2019, see Note 4 for further information. Lease liabilities attributable to leases that were previously classified as operating leases according to IAS 17 are measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate as of January 1, 2019. Furthermore, the Group has elected to measure right-of-use assets at an amount corresponding to the lease liability (adjusted for prepaid and accrued leasing fees). In addition to the above, the following exemptions have been applied in connection with review of leases in accordance with IFRS 16: short-term leases (which expire within 12 months of the application date) and assets of low value (less than SEK 50,000) are exempt from leasing. The Group has also elected not to separate non-lease components from lease components for property leases.

Björn Borg has determined that all leases within the Björn Borg Group are to be recognized as leases in accordance with IFRS 16. In cases where property leases within the Björn Borg Group have an extension option, a lease-by-lease assessment is made whether it is reasonably certain that the option will be exercised. This assessment considers all relevant facts and circumstances that create an economic incentive in, e.g., the lease terms for extension periods compared with market interest rates, significant leasehold improvements that have been made (or are expected to be made) during the lease term, costs that arise when the lease is terminated, e.g., negotiation costs and relocation costs, and the weight of the underlying asset in the business.

The Group as lessee (applies as of January 1, 2019) - accounting principles

The Group determines whether a contract is or contains a lease at the contract's commencement. The Group recognizes a right-of-use asset and a corresponding lease liability for all leases in which the Group is the lessee. This does not apply, however, to short-term leases (with a term of 12 months or less) and leases where the underlying asset has a low value. For these leases the Group recognizes leasing fees as an operating expense on a straight-line basis over the lease term, unless another systematic approach better reflects how the economic benefits of the underlying asset are consumed by the lessee.

The lease liability is initially measured as the present value of leasing fees that have not been paid on the commencement date, discounted by the lease's implicit rate. If this interest rate can easily be determined, the Group uses the incremental borrowing rate. The incremental borrowing rate is the interest rate that a lessee would have to pay for financing through loans for a corresponding period, and with corresponding collateral, for the right to use an asset in a similar economic environment.

The following leasing fees are included in the calculation of the lease liability:

- Fixed fees (including in substance fixed fees), after deducting any economic benefits,
- Variable leasing fees that are linked to an index or a price, initially measured with the help of an index or price on the commencement date,
- Amount expected to be paid by the lessee for residual value guarantees,
- The exercise price of an option to buy if the lessee is reasonably certain to exercise such an option, and

- Termination penalties if the lease term reflects that the lessee will exercise an option to terminate the lease.

The lease liability is presented on a separate line in the Group's statement of financial position.

After first-time adoption the lease liability is measured by increasing the carrying value to reflect the interest rate on the lease liability (applying the effective interest method) and by reducing the carrying value to reflect paid leasing fees.

The Group remeasures the lease liability (and makes a corresponding adjustment to the associated right-of-use asset) if:

- The lease term has changed or if there is a change in the assessment of an option to buy the underlying asset. In these cases the lease liability is remeasured by discounting the revised leasing fees by a revised discount rate.
- The leasing fees change due to changes in an index or price or a change in the amount that is expected to be paid out according to a residual value guarantee. In these cases the lease liability is remeasured by discounting the revised leasing fees by the initial discount rate (provided the changes in the leasing fees are not due to a revised variable interest rate, in which case the revised discount rate is used instead).
- A lease is revised and the change is not recognized as a separate lease. In these cases the lease liability is remeasured by discounting the revised leasing fees by a revised discount rate.

On the acquisition date the right-of-use assets are recognized at the value of the corresponding lease liability, leasing fees

paid on or before the commencement date and any initial direct costs. In subsequent periods they are measured at cost after deducting accumulated depreciation and impairment.

Right-of-use assets are depreciated over the estimated period of use or over the lease term, whichever is shorter. If a lease transfers ownership of the underlying asset at the end of the lease term or if the cost of the right-of-use asset reflects that the Group expects to exercise a call option, the underlying asset is depreciated over the period of use. Depreciation begins on the lease's commencement date.

Right-of-use assets are presented on a separate line in the consolidated statement of financial position.

The Group applies IAS 36 *Impairment of Assets* to test right-of-use assets for impairment and recognizes any impairment losses it identifies in accordance with the description in the section *Impairment* which are described in the annual report 2018.

Variable leasing fees that are not linked to an index or price are not included in the measurement of the lease liability and right-of-use asset. Such leasing fees are expensed in the period when they arise and are included on the line *Other external expenses* in the consolidated income statement.

IFRS 16 allows, as a practical implication, a lessee not to separate non-lease components from lease components and instead recognize each lease component and associated non-lease components as a single lease component. The Group has elected to apply this exemption for property leases.

AUDIT REPORT

This interim report has not been reviewed by the company's auditors.

OUTLOOK 2019

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

CONSOLIDATED INCOME STATEMENT CONDENSED

SEK thousands	Note	January- March 2019	January- March 2018	April 2018- March 2019	Full-year 2018
Net sales	1	188,155	169,204	728,526	709,576
Other operating revenue		4,617	4,378	7,445	7,205
Operating revenue		192,772	173,582	735,971	716,781
Goods for resale		-81,349	-72,656	-311,248	-302,555
Other external expenses	2	-40,471	-47,856	-184,776	-192,161
Staff costs		-39,032	-35,092	-140,701	-136,761
Depreciation/amortization of tangible/intangible non-current assets		-12,801	-2,081	-19,597	-8,877
Other operating expenses		-573	-812	-5,185	-5,424
Operating profit		18,545	15,085	74,464	71,003
Net financial items		1,401	4,014	412	3,025
Profit before tax		19,946	19,099	74,876	74,028
Tax		-3,067	-4,240	-12,969	-14,142
Profit for the period		16,879	14,859	61,907	59,886
Profit for the period attributable to					
Parent Company's shareholders		16,879	15,048	61,960	60,128
Non-controlling interests		-	-189	-53	-242
Earnings per share before dilution, SEK		0.67	0.60	2.46	2.39
Earnings per share after dilution, SEK		0.67	0.60	2.46	2.39
Number of shares		25,148,384	25,148,384	25,148,384	25,148,384

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME CONDENSED

SEK thousands	Note	January- March 2019	January- March 2018	April 2018- March 2019	Full-year 2018
Net profit for the period		16,879	14,859	61,907	59,886
OTHER COMPREHENSIVE INCOME					
Components that may be reclassified to profit or loss					
Translation difference for the period		-342	2,024	-4,678	-2,312
Total other comprehensive income for the period		-342	2,024	-4,678	-2,312
Total comprehensive income for the period		16,537	16,883	57,229	57,574
Total comprehensive income attributable to					
Parent Company's shareholders		16,537	17,162	58,011	58,635
Non-controlling interests		-	-279	-782	-1,061

CONSOLIDATED STATEMENT OF FINANCIAL POSITION CONDENSED

SEK thousands	Note	March 31 2019	March 31 2018	Dec 31 2018
Non-current assets				
Goodwill		35,075	34,817	34,746
Trademarks		187,532	187,532	187,532
Other intangible assets		11,141	5,613	9,956
Tangible non-current assets		14,959	16,113	15,390
Deferred tax assets		21,475	25,230	23,228
Right-of-use assets	4	140,687	–	–
Total non-current assets		410,869	269,305	270,852
Current assets				
Inventory		128,203	103,462	139,564
Accounts receivable		144,008	93,006	130,487
Other current receivables		12,343	15,682	13,625
Investments	3	–	500	–
Cash & cash equivalents		29,355	41,334	36,388
Total current assets		313,909	253,984	320,064
Total assets		724,778	523,289	590,916
Equity and liabilities				
Equity		298,242	291,311	281,705
Deferred tax liabilities		39,790	49,376	42,892
Non-current liabilities credit institutions		150,000	100,000	150,000
Long-term lease liability	4	99,535	–	–
Other non-current liabilities		–	21,547	3,824
Accounts payable		22,845	20,034	37,646
Short-term lease liability	4	41,409	–	–
Other current liabilities		72,957	41,021	74,849
Total equity and liabilities		724,778	523,289	590,916

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY CONDENSED

SEK thousands	Note	Equity attributable to Parent Company's shareholders	Non-controlling interests	Total equity
Opening balance, January 1, 2018				
		276,907	491	277,398
Total comprehensive income for the period		17,162	–279	16,883
Acquisition of non-controlling interest		–2,611	–359	–2,970
Closing balance, March 31, 2018		291,458	–147	291,311
Opening balance, January 1, 2018				
		276,907	491	277,398
Total comprehensive income for the period		58,635	–1,061	57,574
Correction of minority share		4,026	–4,026	–
Distribution for 2017		–50,297	–	–50,297
Acquisition of non-controlling interest		–1,704	–1,266	–2,970
Closing balance, December 31, 2018		287,567	–5,862	281,705
Opening balance, January 1, 2019				
		287,567	–5,862	281,705
Total comprehensive income for the period		16,577	–40	16,537
Closing balance, March 31, 2019		304,144	–5,902	298,242

CONSOLIDATED STATEMENT OF CASH FLOWS CONDENSED

SEK thousands	January- March 2019	January- March 2018	Full-year 2018
Cash flow from operating activities			
Before changes in working capital	14,578	18,133	76,686
Changes in working capital	-19,631	87	-53,923
Cash flow from operating activities	-5,053	18,220	22,763
Acquisition of minority share	-	-2,970	-2,970
Investments in intangible non-current assets	-1,940	-1,155	-7,264
Investments in tangible non-current assets	-940	-1,915	-6,486
Investments/sale of investments	-	-	1,112
Cash flow from investing activities	-2,880	-6,040	-15,608
Distribution	-	-	-50,297
Amortization of loans	-	-25,000	-25,000
Newly raised loan	-	-	50,000
Cash flow from financing activities	-	-25,000	-25,297
Cash flow for the period	-7,933	-12,820	-18,142
Cash & cash equivalents at beginning of year	36,388	52,620	52,620
Translation difference in cash & cash equivalents	900	1,534	1,910
Cash & cash equivalents at end of the period	29,355	41,334	36,388

KEY FIGURES GROUP

SEK thousands	January- March 2019	January- March 2018	April 2018- March 2019	Full-year 2018
Gross profit margin, %	56.8	57.1	57.3	57.4
Operating margin, %	9.9	8.9	10.2	10.0
Profit margin, %	9.6	11.3	10.0	10.4
Return on capital employed, %	16.6	16.0	16.6	18.4
Return on average equity, %	21.0	16.2	21.0	21.5
Profit attributable to Parent Company's shareholders	16,879	15,048	61,960	60,128
Equity/assets ratio, %	41.1	55.7	41.1	47.7
Equity per share, SEK	11.86	11.58	11.86	11.20
Investments in intangible non-current assets	1,940	1,155	8,049	7,264
Investments in tangible non-current assets	940	1,915	5,511	6,486
Business acquisition	-	2,970	-	2,970
Depreciation, amortization and impairment losses for the period	-12,801	-2,081	-19,597	-8,877
Average number of employees	211	213	213	213

SUMMARY BY SEGMENT GROUP

SEK thousands	January- March 2019	January- March 2018	April 2018- March 2019	Full-year 2018
Operating revenue				
Wholesale				
External revenue	138,500	123,988	480,996	466,485
Internal revenue	967	474	2,629	2,136
	139,467	124,462	483,625	468,621
Consumer Direct				
External revenue	38,058	38,993	184,852	185,787
Internal revenue	30	–	43	13
	38,088	38,993	184,895	185,800
Distributors				
External revenue	9,969	5,981	53,090	49,102
Internal revenue	111,280	127,363	428,824	444,908
	121,249	133,344	481,914	494,010
Licensing				
External revenue	6,245	4,619	17,033	15,406
Internal revenue	18,349	15,969	70,743	68,363
	24,594	20,588	87,776	83,769
Less internal sales	–130,626	–143,805	–502,239	–515,419
Operating revenue	192,772	173,582	735,971	716,781
Operating profit				
Wholesale	14,730	15,989	44,387	45,646
Consumer Direct	–4,137	–6,722	–280	–2,866
Distributors	2,636	1,788	15,645	14,797
Licensing	5,316	4,030	14,712	13,426
Operating profit	18,545	15,085	74,464	71,003

Reconciliation between operating profit and profit before tax

The difference between operating profit for segments for which information must be disclosed, SEK 18,545 thousand (15,085), and profit before tax, SEK 19,946 thousand (19,099), is net financial items, SEK 1,401 thousand (4,014).

QUARTERLY DATA GROUP

SEK thousands	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017
Net sales	188,155	196,898	203,132	140,341	169,204	170,269	205,712	134,844
Gross profit margin, %	56.8	55.5	57.7	59.9	57.1	58.3	56.3	52.1
Operating profit/loss	18,545	16,033	36,999	2,888	15,085	16,905	32,012	–290
Operating margin, %	9.9	8.1	18.2	2.1	8.9	9.9	15.6	–0.2
Profit/loss after financial items	19,946	16,081	35,633	3,216	19,099	15,683	31,028	–2,079
Profit margin, %	10.6	8.2	17.5	2.3	11.3	9.2	15.1	–1.5
Earnings per share before dilution, SEK	0.67	0.58	1.15	0.06	0.60	0.43	0.98	–0.11
Earnings per share after dilution, SEK	0.67	0.58	1.15	0.06	0.60	0.43	0.98	–0.11
Number of Björn Borg stores at end of period	35	36	37	38	39	41	40	39
of which Group-owned Björn Borg stores	30	31	32	34	34	35	34	33
Brand sales	473,112	453,784	443,527	294,022	411,661	359,775	474,201	270,824

PARENT COMPANY INCOME STATEMENT CONDENSED

SEK thousands	Note	January- March 2019	January- March 2018	April 2018- March 2019	Full-year 2018
Net sales		25,539	26,903	105,142	106,506
Other operating revenue		594	322	1,087	815
Operating revenue		26,133	27,225	106,229	107,321
Goods for resale		-1	-2	-4	-5
Other external expenses	2	-17,775	-13,689	-66,357	-62,271
Staff costs		-11,130	-9,165	-37,440	-35,475
Depreciation/amortization of tangible/intangible non-current assets		-418	-454	-1,705	-1,741
Other operating expenses		-27	-96	-560	-629
Operating profit		-3,218	3,819	163	7,200
Result from shares in subsidiaries		-	-	50,300	50,300
Net financial items		-432	-1,157	-742	-1,467
Profit after financial items		-3,650	2,662	49,721	56,033
Group contributions received		-	-	58,458	58,458
Appropriations		-	-	-609	-609
Profit before tax		-3,650	2,662	107,570	113,882
Tax		-293	-	-13,700	-13,407
Profit for the period		-3,943	2,662	93,870	100,475
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		-3,943	2,662	93,870	100,475

PARENT COMPANY BALANCE SHEET CONDENSED

SEK thousands	Note	March 31 2019	March 31 2018	Dec 31 2018
Non-current assets				
Intangible assets		7,133	1,875	5,610
Tangible non-current assets		404	1,214	481
Deferred tax		16	316	16
Shares in Group companies		344,106	344,106	344,106
Total non-current assets		351,659	347,511	350,213
Current assets				
Receivables from Group companies		705,036	565,565	684,330
Current receivables		3,681	4,257	5,794
Investments	3	-	500	-
Cash & cash equivalents		2,274	1,070	2,143
Total current assets		710,991	571,392	692,267
Total assets		1,062,650	918,903	1,042,480
Equity and liabilities				
Equity		197,345	153,772	201,288
Untaxed reserves		609	-	609
Non-current liabilities credit institutions		150,000	100,000	150,000
Other non-current liabilities		-	21,547	3,824
Due to Group companies		669,659	631,043	640,514
Accounts payable		5,692	1,917	8,570
Other current liabilities		39,345	10,624	37,675
Total equity and liabilities		1,062,650	918,903	1,042,480

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY CONDENSED

SEK thousands	January- March 2019	January- March 2018	Full-year 2018
Opening balance	201,288	151,110	151,110
Distribution	–	–	–50,297
Total comprehensive income for the period	–3,943	2,662	100,475
Closing balance	197,345	153,772	201,288

SUPPLEMENTARY DISCLOSURES

NOTE 1 NET SALES

The Group's net sales consist of sales of products and royalties for usage of the company's brand. Revenue from sales of goods/royalties are recognized at specific points in time.

SEK thousands	Group	
	Jan-Mar 2019	Jan-Mar 2018
Sweden	69,033	63,703
Netherlands	50,860	42,237
Finland	28,271	27,307
Other	39,991	35,959
Total	188,155	169,204

NOTE 2 OTHER EXTERNAL EXPENSES

SEK thousands	Group		Parent Company	
	Jan-Mar 2019	Jan-Mar 2018	Jan-Mar 2019	Jan-Mar 2018
Cost of premises	11,891	12,262	2,625	2,638
Selling expenses	12,653	12,109	879	966
Marketing expenses	16,056	13,681	9,479	5,964
Administrative expenses	8,228	6,931	3,875	3,139
Lease costs (IFRS 16)	–10,998	–	–	–
Other	2,640	2,873	917	982
Total	40,471	47,856	17,775	13,689

NOTE 3 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 relate to investments in corporate bonds listed on Nasdaq Stockholm 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.

In 2018 the company divested the last holding in its corporate bond portfolio.

FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS MARCH 31, 2019

SEK thousands	Level 1	Level 2	Level 3
Securities	–	–	–
Net	–	–	–

FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS MARCH 31, 2018

SEK thousands	Level 1	Level 2	Level 3
Securities	500	–	–
Net	500	–	–

NOTE 4 EFFECTS OF TRANSITION TO IFRS 16 LEASING

EFFECTS ON ASSETS, LIABILITIES AND EQUITY, 1 JANUARY 2019

SEK thousands	Reported balance sheet items December 31, 2018	Restatement to IFRS 16	Restated balance sheet items January 1, 2019
Assets			
Intangible assets	232,234	–	232,234
Tangible non-current assets	15,390	–	15,390
Deferred tax assets	23,228	–	22,228
Right-of-use assets	–	149,989	149,989
Total non-current assets	270,852	149,989	420,841
Total current assets	320,064	–	320,064
Total assets	590,916	149,989	740,905
Equity and liabilities			
Equity	281,705	–	281,705
Deferred tax liabilities	42,892	–	42,892
Liabilities to credit institutions	153,824	–	153,824
Long-term lease liability	–	106,760	106,760
Total non-current liabilities	196,716	106,760	303,476
Accounts payable	37,646	–	37,646
Other current liabilities	74,849	–	74,849
Short-term lease liability	–	43,229	43,229
Total current liabilities	112,495	43,229	155,724
Total equity and liabilities	590,916	149,989	740,905

DEFINITIONS

The company presents certain financial measures in this interim report that are not defined according to IFRS. The company considers these measures to be valuable complementary information for investors and the company's management. Since not all companies calculate financial measures in the same way, they are not always comparable with measures used by other companies. Consequently, these measures should not be seen as a substitute for measures defined according to IFRS. For more on the calculation of these key financial ratios, see <https://corporate.bjornborg.com/en/section/investors/interim-reports/>

BRAND SALES

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

Purpose: Shows the sales trend measured as retail value excluding VAT.

CAPITAL EMPLOYED

Total assets less non-interest-bearing liabilities and provisions.

Purpose: Capital employed measures capital use and efficiency.

EARNINGS PER SHARE

Profit after tax in relation to the weighted average number of shares during the period.

Purpose: This indicator is used to assess an investment from an owner's perspective.

EARNINGS PER SHARE AFTER DILUTION

Earnings per share adjusted for any dilution effect.

Purpose: This indicator is used to assess an investment from an owner's perspective.

EQUITY/ASSETS RATIO

Equity as a percentage of total assets.

Purpose: This indicator shows financial risk, expressed as a share of total restricted equity financed by the owners.

GROSS PROFIT MARGIN

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

Purpose: Gross margin is used to measure operating profitability.

GROSS PROFIT MARGIN BEFORE ACQUISITIONS

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

Purpose: Gross profit margin before acquisitions is used to measure operating profitability adjusted for acquisition effects.

NET DEBT

Liabilities less investments and cash & cash equivalents.

Purpose: Net debt reflects the company's total debt situation.

NET DEBT TO EBITDA RATIO

Liabilities less investments and cash & cash equivalents divided by operating profit before depreciation/amortization.

Purpose: This indicator shows the company's ability to pay debts.

NET FINANCIAL ITEMS

Financial income less financial expenses.

Purpose: Describes the company's financial activities.

OPERATING MARGIN

Operating profit as a percentage of net sales.

Purpose: The operating margin is used to measure operating profitability.

OPERATING PROFIT

Profit before tax plus net financial items.

Purpose: This indicator facilitates profitability comparisons regardless of the company's tax rate and independent of its financing structure.

PROFIT MARGIN

Profit before tax as a percentage of net sales.

Purpose: Profit margin shows the company's profit in relation to its sales.

RETURN ON CAPITAL EMPLOYED

Profit before tax (per rolling 12-month period) plus financial expenses as a percentage of average capital employed.

Purpose: This indicator is the key measure to quantify the return on the capital used in operations.

RETURN ON EQUITY

Profit for the period/year attributable to the Parent Company's shareholders (for rolling 12 months) 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.

Purpose: This indicator is used to show, from an ownership perspective, the return generated on the owners' invested capital.

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

Stockholm, May 14, 2019

Heiner Olbrich
Chairman

Alessandra Cama
Board member

Göran Carlson
Board member

Christel Kinning
Board member

Fredrik Lövestedt
Board member

Mats H Nilsson
Board member

Henrik Bunge
CEO

CALENDAR 2019

The interim report for January-June 2019 will be released at 7:30 am (CET) on August 16, 2019.

The interim report for January-September 2019 will be released at 7:30 am (CET) on November 15, 2019.

The year-end report for 2019 will be released at 7:30 am (CET) on February 21, 2020.

FINANCIAL REPORTS

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

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ABOUT THE BJÖRN BORG GROUP

The Group owns the Björn Borg trademark and its core business is sports apparel and underwear. It also offers footwear, bags and eyewear through licensees. Björn Borg products are sold in around twenty markets, of which Sweden and the Netherlands are the largest. The Björn Borg Group has operations at every level from branding to consumer sales in its own Björn Borg stores. Total sales of Björn Borg products in 2018 amounted to about SEK 1.6 billion, excluding VAT, at the consumer level. Group net sales amounted to SEK 709.6 million in 2018, with an average of 213 employees. The Björn Borg share has been listed on Nasdaq Stockholm since 2007.

IMAGES IN THE INTERIM REPORT

The images in the interim report are taken from Björn Borg's spring and summer 2019 collections.

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Björn Borg is required to make public this information according to the EU's Market Abuse Regulation.
The information was released for publication by the above-mentioned contacts on May 14, 2019 at 17:30 am (CET).