ONLINE SALES CONTINUE TO GROW

APRIL 1 - JUNE 30, 2019

- The Group's net sales increased 1.0 percent to SEK 141.7 million (140.3). Excluding currency effects, sales fell 2.2 percent.
- Net sales for own e-commerce and to e-tailers amounted to SEK 32.1 million (31.0), an increase of 3.5 percent.
- The gross profit margin was 55.4 percent (59.9).
- The operating loss was SEK 1.7 million (+2.9).
- The loss after tax amounted to SEK 2.3 million (+1.5).
- Earnings per share before and after dilution amounted to SEK –0.09 (0.06).

JANUARY 1 - JUNE 30, 2019

- The Group's net sales increased 6.6 percent to SEK 329.9 million (309.5). Excluding currency effects, sales rose 2.9 percent.
- Net sales for own e-commerce and to e-tailers amounted to SEK 85.0 million (66.0), an increase of 28.7 percent.
- The gross profit margin was 56.2 percent (58.3).
- Operating profit amounted to SEK 16.9 million (18.0).
- Profit after tax amounted to SEK 14.6 million (16.3).
- Earnings per share before and after dilution amounted to SEK 0.58 (0.66).

QUOTE FROM THE CEO

"We saw very good sales growth at the wholesale level in the Netherlands, 34 percent adjusted for currencies. Sweden and Germany also reported good growth," commented CEO Henrik Bunge.

SEK million	April-June 2019	April-June 2018	January-June 2019	January-June 2018	July 2018-June 2019	Full-year 2018
Net sales	141.7	140.3	329.9	309.5	729.9	709.6
Gross profit margin, %	55.4	59.9	56.2	58.3	56.4	57.4
Operating profit/loss	–1.7	2.9	16.9	18.0	69.9	71.0
Operating margin, %	–1.2	2.1	5.1	5.8	9.6	10.0
Profit/loss after tax	–2.3	1.5	14.6	16.3	58.2	59.9
Earnings per share before dilution, SEK	–0.09	0.06	0.58	0.66	2.31	2.39
Earnings per share after dilution, SEK	–0.09	0.06	0.58	0.66	2.31	2.39
Brand sales*	272	294	745	706	1,643	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

Digitization is affecting not only our buying habits, but also our access to information and our ability to make contact with like-minded people in a global world. The opportunities that individuals have today to make an impact have never been greater, nor perhaps the desire. Concern about our environment and community, coupled with the desire of individuals to feel better, is playing an increasing role in our consumers' flows. Björn Borg is right for the times. We are highly focused on sustainability, and our mission is to spread our conviction that exercise makes everyone the best version of themselves. This remains the core of our brand.

Net sales in the quarter were SEK 141.7 million (140.3), an increase of 1.0 percent compared with the previous year. We saw very good sales growth at the wholesale level in the Netherlands, 34 percent adjusted for currencies. Sweden and Germany also reported good growth. In Finland we lost ground compared with the previous year after deciding to terminate our collaborations with several customers whose work has not aligned with the brand's future direction. Our comparable stores in Sweden and Finland grew 1 percent year-over-year, while our own comparable stores in the Netherlands and Belgium fell 1 percent. Our own e-commerce grew 8 percent in the quarter.

The gross profit margin fell to 55.4 percent (59.9), but adjusted for currency effects, with the krona weakening against both the EUR and USD, the margin would have been 57.9 percent. We increased expenses in the quarter as planned, by SEK 2.2 million. This is due to staff we have added in business development and IT. Slightly higher income, but with a lower gross profit margin and increased expenses, reduced our operating result to SEK -1.7 million (2.9).

My focus is still on e-tailers, our own e-commerce and marketplaces. During the quarter I visited several of our suppliers to ensure that they are meeting our stringent requirements in terms of sustainability and quality. I have also had individual talks with nearly everyone in our organization, and listening and talking to our employees is both inspiring and informative.

Lastly, I admit we had a weak quarter. The second quarter is historically our weakest quarter from a profit perspective and this year we also face positive exchange rate effects compared to last year. My aim is always that every quarter will be better than the same one in the previous year. That is not the case with this year's second quarter. We can do better!

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 second quarter brand sales declined. The decrease was primarily in sports apparel and footwear, while underwear saw a slight increase. In total, brand sales decreased 7 percent to SEK 272 million (294). Adjusted for currency effects, brand sales fell 9 percent in the quarter. In the first half-year brand sales increased to SEK 745 million (706), up 6 percent. Excluding currency effects, brand sales rose 3 percent.

PRODUCT AREAS FIRST HALF-YEAR 2019

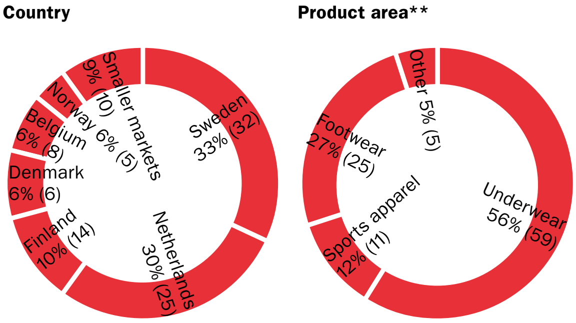
Brand sales in the underwear product area improved 1 percent in the first half of 2019, while sports apparel rose 17 percent. Underwear accounted for 56 percent (59) of brand sales.

Brand sales of footwear increased 16 percent compared with the first half of 2019, while other licensed products dropped 15 percent, with bags accounting for most of the decrease. In total, brand sales of licensed products rose 11 percent in the first half-year.

MARKETS FIRST HALF-YEAR 2019

Among large markets, the Netherlands and Norway saw strong growth. Sweden and Denmark are also growing, while Belgium and Finland declined year-over-year. Smaller markets decreased overall by 7 percent.

BRAND SALES* OF BJÖRN BORG PRODUCTS JANUARY-JUNE 2019. TOTAL SEK 745 MILLION (706)



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

** Other product areas: Bags, eyewear and homewear.

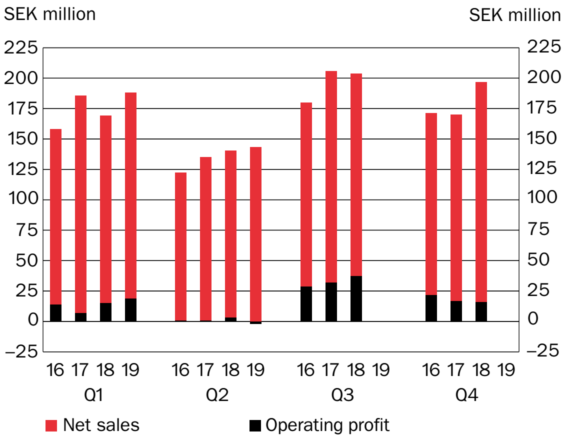
BJÖRN BORG STORES

As of June 30, 2019, the total number of Björn Borg stores was 35 (38), of which 30 (34) are Group-owned.

THE GROUP'S DEVELOPMENT

Sales increased in the second quarter, largely due to a stronger EUR, but also through growth at the wholesale level in the Netherlands and Sweden as well as e-commerce. The operating result declined year-over-year due to negative currency effects on the gross profit margin.

QUARTERLY NET SALES AND OPERATING PROFIT, 2016-2019



SALES

Second quarter, January-June 2019

The Group's net sales amounted to SEK 141.7 million (140.3) in the second quarter, an increase of 1.0 percent. Currencies positively affected sales in the quarter. Adjusted for currency effects, sales fell 2.2 percent.

The positive sales trend compared with the second quarter of 2018 is largely due to increased net sales in the wholesale footwear business in the Netherlands and Belgium, which grew 40 percent. Adjusted for currency effects, sales in the Netherlands and Belgium rose 34 percent. The Swedish wholesale business is also gaining ground and reported growth of 6 percent compared with the second quarter of 2018. The Finnish wholesale business fell 63 percent in the quarter after deciding to terminate our collaborations with several customers whose work has not aligned with the brand's future direction. The German wholesale business continued to trend higher, growing 8 percent year-over-year. Growth was driven by higher sales mainly to sporting goods retailers.

Sales for the Swedish retail company increased 1 percent, while total sales fell 4 percent. E-commerce grew in the quarter by 8 percent, with the biggest year-over-year increases in website traffic and orders. The retail companies in the Netherlands and Belgium decreased compared with the previous year, with comparable stores declining 1 percent, while total sales in the Netherlands and Belgium fell 7 percent. The retail company in Finland saw an increase of 9 percent for comparable stores, while total sales were in line with the previous year. The store in England grew 4 percent compared with the previous year.

The product company's external sales rose year-over-year, mainly driven by the Norwegian market's improved performance, although other markets also reported positive development.

External royalties decreased slightly in the quarter, driven by lower licensing revenue from footwear.

First half-year, January-June 2019

The Group's net sales for the first half of 2019 amounted to SEK 329.9 million (309.5), an increase of 6.6 percent. Excluding currency effects, sales rose 2.9 percent.

The positive sales compared with the first half of 2018 is largely due to increased net sales in the wholesale footwear business, which grew 5 percent. All markets except Finland saw growth, with the German market in particular reporting strong positive development and increasing 43 percent. The markets in the Netherlands and Belgium also grew, with combined growth of 16 percent. The Finnish market fell 26 percent.

Sales for the retail company in Sweden fell by 10 percent in total due to fewer stores. Sales for comparable stores were also down, losing 3 percent, mainly due to lower foot traffic. Net sales for the retail stores in the Netherlands and Belgium fell by 6 percent in total, also due to fewer stores year-over-year. For comparable stores, sales in the Netherlands and Belgium are at the same level as the previous year. Adjusted for currency effects, sales for comparable stores in the Netherlands and Belgium would have decreased 4 percent. The Finnish retail company saw a sales drop of 7 percent year-over-year, while sales for comparable stores rose 1 percent. Sales for the retail company in England increased 15 percent. E-commerce saw growth of 13 percent, with better conversion of website traffic than the previous year.

The product company's external sales increased year-over-year, driven mainly by a positive trend in the Norwegian market.

External royalties increased due to higher licensing revenue from footwear.

PROFIT

Second quarter, January–June 2019

The gross profit margin for the second quarter decreased to 55.4 percent (59.9). A stronger USD, combined with a strong EUR, negatively affected margins. Adjusted for currency effects, the gross profit margin would have been 57.9 percent.

Other operating revenue amounted to SEK 5.3 million (2.1) and mainly refers to unrealized gains on accounts receivable in foreign currency, which positively affects profit.

		Operating revenue, SEK thousands January-June		Operating profit, SEK thousands January-June		Operating margin, % January-June	
Segment	Revenue source	2019	2018	2019	2018	2019	2018
Wholesale	Products	223,640	210,366	10,101	15,600	5	7
Consumer Direct	Products	81,564	83,971	–6,805	–8,290	–8	–10
Distributors	Products	220,381	203,507	6,282	4,163	3	2
Licensing	Royalties	40,360	33,178	7,289	6,500	18	20
Less internal sales		–226,199	–215,018				
Total		**339,746**	**316,004**	**16,867**	**17,973**	**5**	**6**

Operating expenses rose SEK 2.2 million compared with the previous year mainly due to added staff. In connection with the introduction of IFRS 16, other external expenses decreased in the quarter by approximately SEK 10 million, while depreciation increased correspondingly. Interest expenses rose by approximately SEK 1 million.

The lower gross profit margin in connection with slightly higher operating expenses led to a decrease in operating profit to SEK 1.7 million, against a year-earlier increase of SEK 2.9 million. The operating margin was –1.2 percent (2.1).

Net financial items amounted to SEK –1.2 million (0.3). The decrease compared with 2018 is mainly due to the introduction of IFRS 16, which led to an increase in interest expenses in the quarter of SEK 0.9 million (0.0). The loss after tax for the period was SEK 2.3 million, against year-earlier profit of SEK 1.5 million.

First half-year, January-June 2019

The gross profit margin for the first half-year decreased to 56.2 percent (58.3). A stronger USD, combined with a strong EUR, negatively affected margins. Adjusted for currency effects, the gross profit margin would have been 59.1 percent.

Other operating revenue amounted to SEK 9.9 million (6.5) and mainly refers to unrealized gains on accounts receivable in foreign currency, which positively affects profit.

Operating expenses rose SEK 9.3 million, or 5.5 percent. Adjusted for currency effects, operating expenses would have increased SEK 7.1 million, or 4.2 percent.

The higher revenue, coupled with the lower gross profit margin and higher operating expenses than the previous year, led to a decrease in operating profit to SEK 16.9 million (18.0). The operating margin was 5.1 percent (5.8).

Net financial items amounted to SEK 0.3 million (4.3). The decrease compared with 2018 is mainly due to the introduction of IFRS 16, which led to an increase in interest expenses in the first half-year of SEK 1.9 million (0.0). Profit after tax decreased to SEK 14.6 million (16.3).

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*, which 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 businesses 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 half-year 2019 to SEK 223.6 million (210.4). External operating revenue amounted to SEK 221.6 million (209.3), an increase of 6 percent. One reason for the increase is that the company saw growth in all markets except Finland, with the Netherlands and Germany and the footwear business primarily in Sweden developing very strongly compared with the previous year. Finland lost ground year-over-year as a result of the decision to terminate our collaborations with several customers whose work has not aligned with the brand's future direction. Sales to e-tailers, which primarily sell online, are growing in all markets. Growth in the e-tail segment was 37 percent for the half-year and amounted to SEK 59.3 million (43.3).

Operating profit amounted to SEK 10.1 million (15.6) compared with the previous year. The decrease is due to lower gross profit margins, which were negatively affected by currencies with a weaker SEK compared with USD and EUR.

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 half of 2019 to SEK 81.6 million (84.0). External operating revenue in the first half-year decreased to SEK 81.5 million (84.0), down 3 percent. The decrease is mainly due to lower store traffic, which was offset by continued strength in e-commerce, which grew 13 percent compared with the previous year.

The Group's own stores in Sweden declined 10 percent year-over-year, while comparable stores dropped 3 percent. The stores in the Netherlands and Belgium were down 6 percent in total, while sales for comparable stores were in line with the previous year. The Finnish stores saw a year-over-year increase of 1 percent for comparable stores, but were down 7 percent due to fewer stores. The store in England grew 15 percent year-over year. In total, sales for comparable stores were in line with the previous year.

The operating loss for the first half of 2019 was SEK 6.8 million, against a year-earlier loss of SEK 8.3 million. The smaller loss is due to higher gross profit margins than the previous year. External operating expenses have decreased slightly from the previous year, primarily due to slightly lower e-commerce marketing expenses.

Brick-and-mortar stores play an important role in combination with a digital presence for consumers and to create a consistent brand image. We are consistently reassessing conditions and situations to optimize our retail 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 220.4 million (203.5) in the first half of 2019. External operating revenue rose to SEK 28.1 million (15.3), corresponding to an increase of 84 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 strong growth.

Operating profit increased to SEK 6.3 million (4.2) 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 40.4 million (33.2) in the first half of 2019. External operating revenue rose to SEK 8.6 million (7.5). 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 7.3 million (6.5) for the half-year. The improvement is a result of the higher external sales in the segment.

Intra-Group sales

Intra-Group sales for the first half of 2019 amounted to SEK 226.2 million (215.0).

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 20.6 million (17.7) in the first half of 2019. The improvement from the previous year primarily came from an improvement in working capital, primarily because short-term liabilities have increased.

Cash flow from investing activities was negative at SEK –5.0 million (–7.8). Large investments were made in an existing store and the e-commerce platform. Total investments in tangible and intangible non-current assets amounted to SEK 5.0 million (4.8) for the period.

Financing activities generated negative cash flow of SEK –50.3 million (–25.3). The negative flow mainly comes from the company's distribution to shareholders of SEK 50.3 million (50.3).

FINANCIAL POSITION AND LIQUIDITY
The Björn Borg Group's cash & cash equivalents and investments amounted to SEK 2.2 million (40.2) at the end of the period with interest-bearing liabilities of SEK 300.5 million (168.2). The liabilities have been affected by IFRS 16. Interest-bearing liabilities, excluding lease liabilities, amounted to SEK 147.8 million (127.9). Total lease liabilities amounted to SEK 132.3 million (0.0), of which SEK 92.9 million represents the long-term share and SEK 39.4 million the short-term share.

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 June 30, 2019 the ratio was 1.90 (1.67) and the equity/assets ratio was 35.2 percent (45.3). The equity/assets ratio according to previous accounting principles would have been 43.5 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 (212) for the twelve-month period ending June 30, 2019, of whom 66 percent (67) are women.

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 June 30, 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 Bjorn Borg Finland Oy. In addition, the company owns 75 percent of the shares in Bjorn Borg (China) Ltd.

The Parent Company's net sales for the first half-year amounted to SEK 51.2 million (53.4).

The loss before tax amounted to SEK 1.7 million for the first half-year, compared with year-earlier profit of SEK 6.0 million. Cash & cash equivalents amounted to SEK 2.5 million (5.5) as of June 30, 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 held on May 14, 2019 approved a distribution of SEK 2.00 (2.00) per share for the financial year 2018. Christel Kinning, Fredrik Lövstedt, Mats H Nilsson, Heiner Olbrich, Göran Carlsson and Alessandra Cama were re-elected to the Board of Directors. Anette Klintfeldt was elected as a new Director. The total number of Directors is seven. The AGM resolved to re-elect Heiner Olbrich as Chairman of the Board.

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
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)
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 cannot be easily determined, the Group uses the incremental borrowing rate. The incremental borrowing rate is the interest rate that a lessee would have to pay for debt financing 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* 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 s 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	April-June 2019	April-June 2018	January-June 2019	January-June 2018	July 2018-June 2019	Full-year 2018
Net sales	1	141,705	140,341	329,860	309,545	729,891	709,576
Other operating revenue		5,269	2,080	9,886	6,459	10,633	7,205
Operating revenue		**146,974**	**142,421**	**339,746**	**316,004**	**740,524**	**716,781**
Goods for resale		–63,225	–56,326	–144,574	–128,982	–318,147	–302,555
Other external expenses	2	–29,607	–42,307	–70,079	–90,163	–172,077	–192,161
Staff costs		–38,063	–36,705	–77,095	–71,797	–142,059	–136,761
Depreciation/amortization of tangible/ intangible non-current assets		–12,912	–2,431	–25,713	–4,512	–30,078	–8,877
Other operating expenses		–4,845	–1,764	–5,418	–2,577	–8,265	–5,424
Operating profit		**–1,678**	**2,888**	**16,867**	**17,973**	**69,898**	**71,003**
Net financial items		–1,150	328	251	4,342	–1,066	3,025
Profit before tax		**–2,828**	**3,216**	**17,118**	**22,315**	**68,832**	**74,028**
Tax		567	–1,742	–2 499	–5,982	–10,660	–14,142
Profit for the period		**–2,261**	**1,474**	**14,619**	**16,333**	**58,172**	**59,886**
Profit for the period attributable to							
Parent Company's shareholders		–2,261	1,505	14,619	16,553	58,195	60,128
Non-controlling interests		–	–31	–	–219	–23	–242
Earnings per share before dilution, SEK		–0.09	0.06	0.58	0.66	2.31	2.39
Earnings per share after dilution, SEK		–0.09	0.06	0.58	0.66	2.31	2.39
Number of shares		25,148,384	25,148,384	25,148,384	25,148,384	25,148,384	25,148,384

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
CONDENSED

SEK thousands	Note	April-June 2019	April-June 2018	January-June 2019	January-June 2018	July 2018-June 2019	Full-year 2018
Net profit for the period		**–2,261**	**1,474**	**14,619**	**16,333**	**58,172**	**59,886**
OTHER COMPREHENSIVE INCOME							
Components that may be reclassified to profit or loss							
Translation difference for the period		–2,260	–1,373	–2,602	651	–5,565	–2,312
Total other comprehensive income for the period		**–2,261**	**–1,373**	**–2,602**	**651**	**–5,565**	**–2,312**
Total comprehensive income for the period		**–4,521**	**101**	**12,017**	**16,984**	**52,607**	**57,574**
Total comprehensive income attributable to							
Parent Company's shareholders		–4,521	431	12,017	17,593	53,059	58,635
Non-controlling interests		–	–330	–	–609	–452	–1 061

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

CONDENSED

SEK thousands	Note	June 30 2019	June 30 2018	Dec 31 2018
Non-current assets				
Goodwill		35,347	35,146	34,746
Trademarks		187,532	187,532	187,532
Other intangible assets		10,650	6,248	9,956
Tangible non-current assets		14,941	15,129	15,390
Deferred tax assets		20,939	22,630	23,228
Right-of-use assets	4	131,677	–	–
Total non-current assets		**401,086**	**266,685**	**270,852**
Current assets				
Inventory		154,054	125,842	139,564
Accounts receivable		119,230	84,402	130,487
Other current receivables		15,395	15,639	13,625
Investments	3	–	500	–
Cash & cash equivalents		2,170	39,710	36,388
Total current assets		**290,849**	**266,093**	**320,064**
Total assets		**691,935**	**532,778**	**590,916**
Equity and liabilities				
Equity		243,425	241,115	281,705
Deferred tax liabilities		39,666	48,131	42,892
Non-current liabilities credit institutions		150,000	150,000	150,000
Long-term lease liability	4	92,929	–	–
Other non-current liabilities		–	21,682	3,824
Accounts payable		53,097	27,695	37,646
Short-term lease liability	4	39,400	–	–
Other current liabilities		73,418	44,155	74,849
Total equity and liabilities		**691,935**	**532,778**	**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		17,593	–609	16,984
Distribution for 2017		–50,297	–	–50,297
Acquisition of non-controlling interest		–2,523	–447	–2,970
Closing balance, June 30, 2018		**241,680**	**–565**	**241,115**
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		12,034	–17	12,017
Distribution for 2018		–50,297	–	–50,297
Closing balance, June 30, 2019		**249,304**	**–5,879**	**243,425**

CONSOLIDATED STATEMENT OF CASH FLOWS

CONDENSED

SEK thousands	April-June 2019	April-June 2018	January-June 2019	January-June 2018	Full-year 2018
Cash flow from operating activities					
Before changes in working capital	–1,977	4,433	12,601	22,565	76,686
Changes in working capital	27,663	–4,921	8,033	–4,834	–53,923
Cash flow from operating activities	**25,686**	**–488**	**20,634**	**17,731**	**22,763**
Acquisition of minority share	–	–	–	–2,970	–2,970
Investments in intangible non-current assets	–630	–1,275	–2,570	–2,430	–7,264
Investments in tangible non-current assets	–1,489	–474	–2,429	–2,389	–6,486
Investments/sale of investments	–	–	–	–	1,112
Cash flow from investing activities	**–2,119**	**–1,749**	**–4,999**	**–7,789**	**–15,608**
Distribution	–50,297	–50,297	–50,297	–50,297	–50,297
Amortization of loans	–	–	–	–25,000	–25,000
Newly raised loan	–	50,000	–	50,000	50,000
Cash flow from financing activities	**–50,297**	**–297**	**–50,297**	**–25,297**	**–25,297**
Cash flow for the period	**–26,730**	**–2,534**	**–34,662**	**–15,355**	**–18,142**
Cash & cash equivalents at beginning of year	29,355	41,334	36,388	52,620	52,620
Translation difference in cash & cash equivalents	–455	910	444	2,445	1,910
Cash & cash equivalents at end of the period	**2,170**	**39,710**	**2,170**	**39,710**	**36,388**

KEY FIGURES

GROUP

SEK thousands	April-June 2019	April-June 2018	January-June 2019	January-June 2018	July 2018-June 2019	Full-year 2018
Gross profit margin, %	55.4	59.9	56.2	58.3	56.4	57.4
Operating margin, %	–1.2	2.1	5.1	5.8	9.6	10.0
Profit margin, %	–2.0	2.3	5.2	7.2	9.4	10.4
Return on capital employed, %	16.7	17.9	16.7	17.9	16.7	18.4
Return on average equity, %	24.0	21.4	24.0	21.4	24.0	21.5
Profit attributable to Parent Company's shareholders	–2,261	1,505	14,619	16,553	58,195	60,128
Equity/assets ratio, %	35.2	45.3	35.2	45.3	35.2	47.7
Equity per share, SEK	9.68	9.59	9.68	9.59	9.68	11.20
Investments in intangible non-current assets	630	1,275	2,570	2,430	7,404	7,264
Investments in tangible non-current assets	1,489	474	2,429	2,389	6,526	6,486
Business acquisition	–	–	–	2,970	–	2,970
Depreciation, amortization and impairment losses for the period	–12,912	–2,431	–25,713	–4,512	–30,078	–8,877
Average number of employees	212	211	212	211	213	213

SUMMARY BY SEGMENT

GROUP

SEK thousands	April-June 2019	April-June 2018	January-June 2019	January-June 2018	July 2018-June 2019	Full-year 2018
Operating revenue						
Wholesale						
External revenue	83,099	85,262	221,595	209,250	478,830	466,485
Internal revenue	1,078	641	2,045	1,116	3,065	2,136
	84,177	**85,903**	**223,640**	**210,366**	**481,895**	**468,621**
Consumer Direct						
External revenue	43,448	44,971	81,510	83,965	183,333	185,787
Internal revenue	24	7	54	7	61	13
	43,472	**44,978**	**81,564**	**83,971**	**183,394**	**185,800**
Distributors						
External revenue	18,097	9,274	28,066	15,255	61,914	49,102
Internal revenue	81,036	60,890	192,315	188,253	448,970	444,908
	99,133	**70,164**	**220,381**	**203,507**	**510,884**	**494,010**
Licensing						
External revenue	2,329	2,916	8,575	7,535	16,446	15,406
Internal revenue	13,436	9,674	31,785	25,643	74,505	68,363
	15,765	**12,590**	**40,360**	**33,178**	**90,951**	**83,769**
Less internal sales	–95,573	–71,214	–226,199	–215,018	–526,600	–515,419
Operating revenue	**146,974**	**142,421**	**339,746**	**316,004**	**740,524**	**716,781**
Operating profit						
Wholesale	–5,028	–390	10,101	15,600	40,147	45,646
Consumer Direct	–2,248	–1,568	–6,805	–8,290	–1,380	–2,866
Distributors	3,633	2,376	6,282	4,163	16,916	14,797
Licensing	1,965	2,470	7,289	6,500	14,215	13,426
Operating profit	**–1,678**	**2,888**	**16,867**	**17,973**	**69,898**	**71,003**

Reconciliation between operating profit and profit before tax
The difference between operating profit for segments for which information must be disclosed, SEK 1,678 thousand (2,888), and the result before tax, SEK –2,828 thousand (3,216), is net financial items, SEK –1,150 thousand (328).

QUARTERLY DATA

GROUP

SEK thousands	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017
Net sales	141,705	188,155	196,898	203,132	140,341	169,204	170,269	205,712
Gross profit margin, %	55.4	56.8	55.5	57.7	59.9	57.1	58.3	56.3
Operating profit/loss	–1,678	18,545	16,033	36,999	2,888	15,085	16,905	32,012
Operating margin, %	–1.2	9.9	8.1	18.2	2.1	8.9	9.9	15.6
Profit/loss after financial items	–2,828	19,946	16,081	35,633	3,216	19,099	15,683	31,028
Profit margin, %	–2.0	10.6	8.2	17.5	2.3	11.3	9.2	15.1
Earnings per share before dilution, SEK	–0.09	0.67	0.58	1.15	0.06	0.60	0.43	0.98
Earnings per share after dilution, SEK	–0.09	0.67	0.58	1.15	0.06	0.60	0.43	0.98
Number of Björn Borg stores at end of period	35	35	36	37	38	39	41	40
of which Group-owned Björn Borg stores	30	30	31	32	34	34	35	34
Brand sales	272,185	473,112	453,784	443,527	294,022	411,661	359,775	474,201

PARENT COMPANY INCOME STATEMENT
CONDENSED

SEK thousands	Note	April-June 2019	April-June 2018	January-June 2019	January-June 2018	July 2018-June 2019	Full-year 2018
Net sales		25,639	26,517	51,178	53,420	104,264	106,506
Other operating revenue		945	93	1,539	631	1,964	815
Operating revenue		**26,584**	**26,610**	**52,717**	**54,051**	**106,228**	**107,321**
Goods for resale		–1	–1	–2	–3	–4	–5
Other external expenses	2	–10,585	–11,899	–28,360	–25,588	–65,043	–62,271
Staff costs		–10,839	–10,866	–21,969	–20,031	–37,413	–35,475
Depreciation/amortization of tangible/ intangible non-current assets		–595	–454	–1,013	–908	–1,846	–1,741
Other operating expenses		–511	–28	–538	–340	–1,068	–629
Operating profit		**4,053**	**3,362**	**835**	**7,181**	**854**	**7,200**
Result from shares in subsidiaries		–	–	–	–	50,300	50,300
Net financial items		–2,108	–30	–2,540	–1,187	–2,820	–1,467
Profit after financial items		**1,945**	**3,332**	**–1,705**	**5,994**	**48,334**	**56,033**
Group contributions received		–	–	–	–	58,458	58,458
Appropriations		–	–	–	–	–609	–609
Profit before tax		**1,945**	**3,332**	**–1,705**	**5,994**	**106,183**	**113,882**
Tax		–	–	–293	–	–13,700	–13,407
Profit for the period		**1,945**	**3,332**	**–1,998**	**5,994**	**92,483**	**100,475**
Other comprehensive income		–	–	–	–	–	–
Total comprehensive income for the period		**1,945**	**3,332**	**–1,998**	**5,994**	**92,483**	**100,475**

PARENT COMPANY BALANCE SHEET
CONDENSED

SEK thousands	Note	June 30 2019	June 30 2018	Dec 31 2018
Non-current assets				
Intangible assets		7,067	2,647	5,610
Tangible non-current assets		1,023	922	481
Deferred tax		16	316	16
Shares in Group companies		344,106	344,106	344,106
Total non-current assets		**352,212**	**347,991**	**350,213**
Current assets				
Receivables from Group companies		705,570	583,111	684,330
Current receivables		6,861	3,972	5,794
Investments	3	–	500	–
Cash & cash equivalents		2,541	5,043	2,143
Total current assets		**714,972**	**592,626**	**692,267**
Total assets		**1,067,184**	**940,617**	**1,042,480**
Equity and liabilities				
Equity		148,993	106,807	201,288
Untaxed reserves		609	–	609
Non-current liabilities credit institutions		150,000	150,000	150,000
Other non-current liabilities		–	21,682	3,824
Due to Group companies		723,626	647,696	640,514
Accounts payable		6,739	2,349	8,570
Other current liabilities		37,217	12,083	37,675
Total equity and liabilities		**1,067,184**	**940,617**	**1,042,480**

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

CONDENSED

SEK thousands	January-June 2019	January-June 2018	Full-year 2018
Opening balance	**201,288**	**151,110**	**151,110**
Distribution	–50,297	–50,297	–50,297
Total comprehensive income for the period	–1,998	5,994	100,475
Closing balance	**148,993**	**106,807**	**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. Transfers of goods/royalties are made at fixed points in time.

	Group	
SEK thousands	Jan-Jun 2019	Jan-Jun 2018
Sweden	119,099	112,049
Netherlands	91,420	79,200
Finland	42,447	51,958
Other	76,894	66,338
Total	**329,860**	**309,545**

NOTE 2 OTHER EXTERNAL EXPENSES

	Group		Parent Company	
SEK thousands	Jan-Jun 2019	Jan-Jun 2018	Jan-Jun 2019	Jan-Jun 2018
Cost of premises	23,354	24,924	5,242	5,188
Selling expenses	22,436	21,607	1,911	1,499
Marketing expenses	25,789	23,514	12,551	9,533
Administrative expenses	15,382	14,945	7,381	7,580
Lease costs (IFRS 16)	–22,065	–	–	–
Other	5,183	5,173	1,275	1,788
Total	**70,079**	**90,163**	**28,360**	**25,588**

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 JUNE 30, 2019

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

FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS JUNE 30, 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	Recognized 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 (DEFINED ACCORDING TO IFRS)
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 (DEFINED ACCORDING TO IFRS)
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 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, August 16, 2019

Heiner Olbrich
Chairman

Alessandra Cama Board member	Göran Carlson Board member	Christel Kinning Board member
Anette Klintfeldt Board member	Fredrik Lövstedt Board member	Mats H Nilsson Board member

Henrik Bunge
CEO

CALENDAR 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 high summer 2019 collection.

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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 August 16, 2019 at 7:30 am (CET).