

BJÖRN BORG

BJÖRN BORG AB INTERIM REPORT
JANUARY - MARCH 2017

SALES INCREASE

JANUARY 1 - MARCH 31, 2017

- The Group's net sales increased by 17.5 percent to SEK 185.7 million (158.1). Excluding currency effects sales increased by 16.5 percent.
- The gross profit margin was 48.9 percent (50.0).
- Operating profit amounted to SEK 6.7 million (13.9).
- Profit after tax amounted to SEK 5.0 million (6.5).
- Earnings per share before and after dilution amounted to SEK 0.18 (0.28).

QUOTE FROM THE CEO

"Our biggest victory during the quarter was how we activated our brand in the 'Dear Rival' campaign. We reached over 3.5 million consumers in Sweden and the Netherlands and raised their awareness of Björn Borg as a sports fashion brand by over 100 percent. Also, I am proud to have received an award during the quarter as the year's most health-conscious manager, which of course was a team effort. I have seen how individuals can make a difference, and that healthy individuals make an even bigger difference," said CEO Henrik Bunge.

SEK million	January- March 2017	January- March 2016	April 2016- March 2017	Full-year 2016
Net sales	185.7	158.1	659.2	631.6
Gross profit margin, %	48.9	50.0	49.9	50.3
Operating profit	6.7	13.9	57.0	64.2
Operating margin, %	3.6	8.8	8.7	10.2
Profit after tax	5.0	6.5	45.4	46.9
Earnings per share before dilution, SEK	0.18	0.28	1.78	1.88
Earnings per share after dilution, SEK	0.18	0.28	1.78	1.88
Brand sales*	437	419	1,569	1,551

* 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 spring collection has been well received by consumers. Especially the Björn Tee, a functional training T-shirt for men, which in our stores in every country has become the best-selling product from our sports apparel collection.

In total, Björn Borg's sales rose in the first quarter of 2017 by 17.5 percent compared with the same quarter in 2016. This is largely due to the acquisition of our former distributor in Benelux. Finland and our footwear distribution drove organic growth in the quarter, in total 5 percent. Sales were down in the Netherlands year-on-year, mainly because of large purchases and sales in the first quarter of 2016 with higher discounting.

The gross profit margin for the first quarter decreased to 48.9 percent, compared with 50.0 percent in the first quarter of 2016. Adjusted for currency effects, earn-out payments and the acquisition of our former distributor, the gross profit margin was 52.4 percent, an increase from the first quarter of 2016.

Our operating expenses rose by SEK 19 million, but the increase is due to the acquisition of the former distributor. Overall we have kept costs under control. Together, the higher revenue, lower gross profit margin and increased operating expenses reduced operating profit to SEK 6.7 million, compared with SEK 13.9 million for the first quarter of 2016. The previously announced timing effect on

operating profit due to the Benelux acquisition will mainly impact earnings in the first half of 2017. For the first quarter it affected operating profit by about SEK 10 million.

My personal focus during the quarter was on integrating our new companies in the Netherlands and Belgium in an effective way and ensuring that we remain true to, and implement, the plan we have laid down. Under the theme "Executional Excellence," we are focused on accomplishing what we set out to and challenging ourselves to do it better, rather than adding new initiatives. I feel we are making progress in accordance with the process we previously identified in the Northern Star business plan.

Our biggest victory during the quarter was how we activated our brand in the 'Dear Rival' campaign. We reached over 3.5 million consumers in Sweden and the Netherlands and raised their awareness of Björn Borg as a sports fashion brand by over 100 percent. Lastly, I am proud to have received an award during the quarter as the year's most health-conscious manager, which of course was a team effort. I have seen how individuals can make a difference, and that healthy individuals make an even bigger difference.

Head coach
Henrik Bunge



OPERATIONS

BRAND SALES

Brand sales improved in the first quarter, primarily in footwear, but underwear also grew somewhat. In total, brand sales rose by 4 percent to SEK 437 million (419). Adjusted for currency effects, brand sales increased by 3 percent in the quarter.

PRODUCT AREAS FIRST QUARTER 2017

Brand sales in the underwear product area improved by 1 percent in the first quarter. Underwear accounted for 54 percent (56) of brand sales.

Brand sales of sports apparel were unchanged compared with the first quarter of 2016. Brand sales of footwear grew by 19 percent, while bags and eyewear decreased by 6 and 88 percent, respectively, in the quarter. In total, sales of licensed products increased by 12 percent in the first quarter.

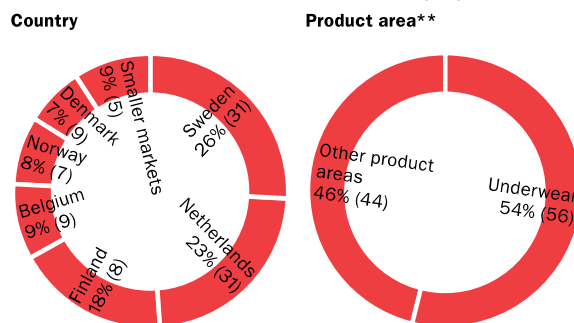
MARKETS FIRST QUARTER 2017

Among large markets, Finland and Norway reported growth, with Finland seeing a very positive trend. Sweden, the Netherlands and Denmark declined year-on-year. England and Germany are two smaller markets that are performing well. In total, brand sales nearly doubled from the previous year in smaller markets.

BJÖRN BORG STORES

A Björn Borg store was closed in Norway in the first quarter and none were opened. As of March 31, 2017 there were a total of 39 (40) Björn Borg stores, of which 33 (18) are Group-owned. The increase in Group-owned stores is due to the Benelux acquisition, after which 13 stores are classified as Group-owned as of 2017.

BRAND SALES* OF BJÖRN BORG PRODUCTS JANUARY-MARCH 2017. TOTAL SEK 437 MILLION (419)



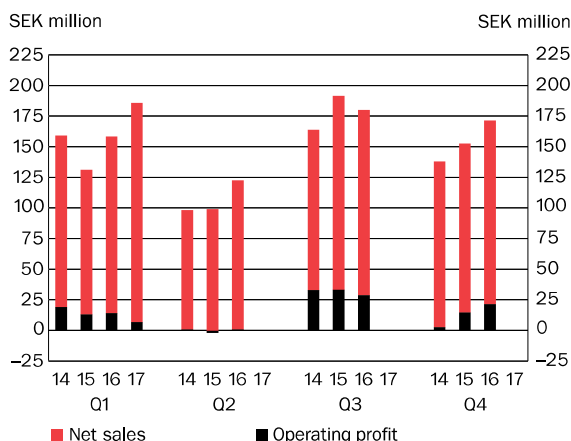
* Estimated total sales of Björn Borg products at the consumer level, excluding VAT, based on reported sales at the wholesale level.

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

THE GROUP'S DEVELOPMENT

Sales grew in the first quarter, largely due to the Benelux acquisition, while operating profit decreased year-on-year.

QUARTERLY NET SALES AND OPERATING PROFIT, 2014-2017



SALES

First quarter, January-March 2017

The Group's net sales amounted to SEK 185.7 million (158.1) in the first quarter, an increase of 17.5 percent. Exchange rates positively affected sales in the quarter. Adjusted for currency effects, sales rose by 16.5 percent.

The positive sales trend year-on-year is largely a result of the acquisition of the former distributor in Benelux, which is consolidated in the Group as of January 2, 2017. Adjusted for the acquisition, underlying net sales grew by 5 percent from the previous year. Growth is mainly coming from the Finnish wholesale business and the Group's own footwear distribution in the Nordic markets. Growth in Finland is driven by broader distribution of underwear and sports apparel. In footwear distribution, growth is largely driven by new customers in Finland and Denmark, but also in the Swedish market from existing customers. The Swedish wholesale and retail operations had a tough quarter and declined compared with the previous year. The decrease for the wholesale company was driven by slower sell-through by customers, because of which orders for the spring and summer 2017 collection have decreased year-on-year. For the retail company in Sweden, the main reason for the sales decline was store traffic. For comparable stores, sales

decreased by 16 percent in the quarter and by 23 percent in total. E-commerce also experienced a weak quarter, and here as well traffic to the website was the reason why. It was primarily paid traffic that declined, which is part of a conscious strategy to increase profitability in e-commerce. The Benelux company had a weak quarter and saw external sales decrease compared with the first quarter of 2016. The product company's external sales were down year-on-year, driven by poorer performance in the Danish market and smaller external markets. External revenues decreased since Benelux is now included in the Group and because Denmark, smaller markets and certain licensees saw brand sales decline in the quarter.

PROFIT

First quarter, January-March 2017

The gross profit margin for the first quarter decreased to 48.9 percent (50.0). A stronger dollar negatively affected margins. Adjusted for currency effects, the gross profit margin would have been 50.1 percent. Aside from the dollar, the margin was positively affected by about SEK 6 million because earn-out payments are no longer being paid. At the same time the gross profit margin was negatively affected by the timing effect arising due to the Benelux acquisition. The gross profit margin in the product development segment that was supposed to be realized in the first quarter is now tied up in inventory and negatively affected the margin by about SEK 10 million compared with the first quarter of 2016. Adjusted for currency effects, the effects of earn-out payments and the above-mentioned timing effect, the gross profit margin was 52.4 percent.

Operating expenses increased by SEK 19 million compared with the previous year, largely due to the Benelux acquisition. Excluding Benelux, operating expenses increased by SEK 0.6 million or 0.9 percent.

The higher revenue, lower gross profit margin and increased operating expenses led to a decrease in operating profit to SEK 6.7 million (13.9). Adjusted for currency effects, earn-out payments and the timing effect of the acquisition, operating profit fell by SEK 1.6 million from the first quarter of 2016. The operating margin was 3.6 percent (8.8).

Net financial items amounted to SEK 0.0 million (-4.3). The realized and unrealized return on investments less interest on the bond loan positively affected the Group's financial net by SEK 1.0 million (-1.6). The remaining year-on-year change in net financial items was mainly attributable to the revaluation of financial assets and liabilities in foreign currency. Profit before tax decreased to SEK 6.8 million (9.6).

Business segment	Revenue source	Operating revenue, SEK thousands January-March		Operating profit, SEK thousands January-March		Operating margin, % January-March	
		2017	2016	2017	2016	2017	2016
Brand	Royalties	15,465	22,629	9,725	5,845	63	26
Product development	Products	91,074	88,877	999	6,124	1	7
Wholesale	Wholesale revenue	159,285	86,210	2,676	5,523	2	6
Retail	Retailers	46,030	32,361	-6,659	-3,600	-14	-11
Less internal sales		-127,184	-73,166	-	-	-	-
Total		184,670	156,911	6,741	13,892	4	9

Development by business segment

The Group operates through thirteen companies under the Björn Borg brand on every level from product development to wholesaling and consumer sales in its own Björn Borg stores.

Varumärke

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

The business segment's operating revenue amounted to SEK 15.5 million (22.6) in the first quarter. External operating revenue decreased to SEK 5.3 million (9.3), largely because Benelux is not reported as internal brand sales. Excluding Benelux, external brand sales declined by about SEK 0.8 million. The decrease is a result of lower brand sales of clothing and underwear in Denmark as well as lower brand sales of bags and eyewear. Royalty percentages vary by product category, due to which there is not always a precise correlation between royalties and brand sales.

Operating profit increased to SEK 9.7 million (5.8) for the quarter. The improvement was due to the fact that earn-out payments are no longer being paid.

Product development

The Björn Borg Group has global responsibility for development, design and production of underwear, sports apparel and adjacent products.

The segment's operating revenue amounted to SEK 91.1 million (88.9) in the first quarter, an increase of 2 percent. External revenue decreased to SEK 10.1 million (42.6) as Benelux is now consolidated in the Group and classified as internal. Excluding Benelux, external revenue was down about SEK 3 million, mainly due to lower sales to Denmark and smaller distributors.

Operating profit decreased to SEK 1.0 million (6.1) due to lower margins and higher operating expenses in the segment.

Wholesale

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

The segment's operating revenue rose in the first quarter of 2017 to SEK 159.3 million (86.2). External operating revenue amounted to SEK 132.8 million (77.0). Of the increase of SEK 56 million, Benelux accounted for SEK 47 million. Other growth came from the Finnish underwear and sports apparel business as well as the footwear wholesale company. The increase was mainly due to broader underwear distribution in Finland as well as good growth among new and existing footwear customers in Sweden, Denmark and Finland. The Swedish wholesale business for underwear and sports apparel decreased year-on-year, while the British business is growing.

Operating profit amounted to SEK 2.7 million (5.5). The decrease was mainly due to a lower gross profit margin and higher operating expenses.

Retail

The Björn Borg Group owns and operates a total of 39 stores and factory outlets in Sweden, Finland, the Netherlands, Belgium and England that sell underwear, sports apparel, adjacent products and other licensed products. Björn Borg also sells online through www.bjornborg.com.

Operating revenue in the Retail segment increased in the first quarter to SEK 46.0 million (32.4). External net sales rose to SEK 36.5 million (27.9). The increase was because Benelux is now included in the segment and accounted for SEK 14.5 million of external sales. Excluding Benelux, the

segment's sales decreased by SEK 6 million. The year-on-year trend was weakest in e-commerce and the Swedish retail business. E-commerce sales dropped by 35 percent to SEK 8.1 million (12.4). This was mainly due to lower traffic, the result of an initiative to reduce costs for paid traffic. The Group-owned stores in Sweden had a tough quarter with sales down 16 percent for comparable stores. The Finnish stores lost 2 percent, while the store in England grew year-on-year.

The operating loss for the first quarter was SEK -6.7 million, against a year-earlier loss of SEK -3.6 million. The larger loss was a result of lower gross profit margins and higher expenses compared with the first quarter of 2016.

Intra-Group sales

Intra-Group sales for the first quarter of 2017 amounted to SEK 127.2 million (73.2).

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 8.2 million (1.5) in the first quarter. The year-on-year improvement, adjusted for acquisition effects, mainly came from better inventory levels than the first quarter of 2016.

Investing activities had relatively small flows in the quarter and were negative at SEK -0.6 million (4.9). Total investments in tangible and intangible non-current assets amounted to SEK 1.0 million (0.7) for the period.

Financing activities had a negative flow of SEK -3.3 million (-8.0). The negative flow was from repurchases of the bond loan and the first amortization of the previous shareholder loan, which funded the acquisition of the former Benelux distributor.

FINANCIAL POSITION AND LIQUIDITY

The Björn Borg Group's cash & cash equivalents and investments amounted to SEK 79.4 million (123.3) at the end of the period, with interest-bearing liabilities (bond loan) of SEK 135.5 million (146.7).

In April 2012 the company issued a bond loan that is listed on Nasdaq Stockholm and carries an annual coupon rate corresponding to the 3-month STIBOR rate plus 3.25 percentage points, maturing in April 2017. The bond loan was repaid in April; see also "Events after the balance sheet date."

The surplus liquidity from the issuance of the bond loan and the convertible plan is placed in interest-bearing financial instruments, highly liquid corporate bonds, within the framework of the financial policy laid down by the Board of Directors. As of March 31 investments had been made in bonds with a book value of SEK 27.2 million (73.8), which represents the fair value on the same date. During the period bonds were repurchased for SEK 1.5 million.

In addition to the bond loan, Björn Borg has an overdraft facility of SEK 90 million from Danske Bank as well as a three-year revolving credit of SEK 150 million. The credits had not been utilized as of March 31, 2017.

COMMITMENTS AND CONTINGENT LIABILITIES

As a commitment for the above-mentioned bond loan, the company has pledged to ensure that the ratio between the Group's net debt and operating profit before depreciation and amortization does not exceed 3.00 on the last day of each quarter and that the Group maintains an equity/assets ratio of at least 30 percent at any given time.

As of March 31, 2017 the ratio was 1.14 (0.62) and the equity/assets ratio was 53.1 percent (53.6). A complete

description of commitments and conditions of the bond loan is provided in the prospectus, which is available on the company's website and from the Swedish Financial Supervisory Authority.

As a commitment for the overdraft facility and the 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, with the exception of the first three quarters of 2017. In the first and second quarters of 2017 the ratio may not exceed 4.00 and in the third quarter it may not exceed 3.50. Moreover, the Group will maintain an equity/assets ratio of at least 35 percent.

No other changes were otherwise made with regard to pledged assets and contingent liabilities compared with December 31, 2016.

PERSONNEL

The average number of employees in the Group was 199 (132) for the twelve-month period ending March 31, 2017, of whom 69 percent (69) are women. The increase was due to the Benelux acquisition.

RELATED PARTY TRANSACTIONS

There were no 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 58-59 and in note 3 in the annual report 2016.

PARENT COMPANY

Björn Borg AB (publ) is primarily engaged in intra-Group activities. As of March 31, 2017 the company also owns 100 percent of the shares in Björn Borg Brands AB, Björn Borg Footwear AB, Björn Borg Sport BV, Björn Borg Inc., Björn Borg Services AB, Björn Borg UK and Baseline BV. In addition, the company owns 75 percent of the shares in Björn Borg (China) Ltd and 75 percent of the shares in Björn Borg Finland Oy.

The Parent Company's net sales amounted to SEK 23.9 million (16.3) for the first quarter.

Profit before tax amounted to SEK 0.4 million (-7.2) in the first quarter. Cash & cash equivalents and investments amounted to SEK15.6 million (76.6) as of March 31, 2017.

EVENTS AFTER THE BALANCE SHEET DATE

In April Björn Borg AB repaid the outstanding bond loan of SEK 135.5 million as of March 31, 2017. The repayment was primarily financed with the revolving credit that the company previously obtained from Danske Bank.

NUMBER OF SHARES

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

FINANCIAL OBJECTIVES

The Board of Directors of Björn Borg has established a business plan for the period 2015-2019 with the following long-term financial objectives:

- By the financial year 2019 the Group will reach sales of SEK 1 billion with an operating margin of 15 percent
- An annual dividend of at least 50 percent of net profit
- The equity/assets ratio should not fall below 35 percent.

Comments to the financial objectives:

The sales target for 2019 corresponds to average annual organic growth of 16 percent. The sales increase, along with the increase in the operating margin, is expected to come from new product groups in sports fashion as well as expanded geographical distribution within all the product groups.

ANNUAL GENERAL MEETING

The Annual General Meeting for the financial year 2016 will be held in Stockholm at 5:30 pm (CET) on May 11, 2017. The Board of Directors has decided to recommend to the AGM a distribution of SEK 2.00 (2.00) per share for the financial year 2016, corresponding to 106 percent 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 15, 2017.

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 2016, as described on page 54 in the annual report 2016.

New and amended accounting principles

New or amended IFRS and IFRIC interpretations effective as of January 1, 2016 have not had a material effect or impact on the interim report or the consolidated financial statements.

AUDIT REPORT

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

OUTLOOK 2017

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

CONSOLIDATED INCOME STATEMENT CONDENSED

SEK thousands	Note	January- March 2017	January- March 2016	April 2016- March 2017	Full-year 2016
Net sales		185,657	158,065	659,209	631,616
Other operating revenue		-987	-1,154	7,121	6,954
Operating revenue		184,670	156,911	666,330	638,570
Goods for resale		-94,838	-78,972	-330,004	-314,137
Other external expenses	1	-45,948	-35,388	-158,746	-148,187
Staff costs		-33,380	-25,618	-112,952	-105,191
Depreciation/amortization of tangible/intangible non-current assets		-2,264	-1,625	-7,436	-6,797
Other operating expenses		-1,499	-1,416	-145	-62
Operating profit		6,741	13,892	57,047	64,196
Net financial items		24	-4,312	3,609	-727
Profit before tax		6,765	9,579	60,655	63,469
Tax		-1,745	-3,044	-15,273	-16,572
Profit for the period		5,020	6,535	45,382	46,897
Profit for the period attributable to					
Parent Company's shareholders		4,507	7,113	44,755	47,361
Non-controlling interests		514	-578	628	-464
Earnings per share before dilution, SEK		0.18	0.28	1.78	1.88
Earnings per share after dilution, SEK		0.18	0.28	1.78	1.88
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 2017	January- March 2016	April 2016- March 2017	Full-year 2016
Net profit for the period		5,020	6,535	45,382	46,897
OTHER COMPREHENSIVE INCOME					
Components that may be reclassified to profit or loss					
Translation difference for the period		966	2,831	-1,008	1,704
Total other comprehensive income for the period		966	2,831	-1,008	1,704
Total comprehensive income for the period		5,986	9,366	44,374	48,601
Total comprehensive income attributable to					
Parent Company's shareholders		5,006	9,421	44,270	49,065
Non-controlling interests		980	-55	105	-464

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

CONDENSED

SEK thousands	Note	March 31 2017	March 31 2016	Dec 31 2016
Non-current assets				
Goodwill		35,926	19,116	19,292
Trademarks		187,532	187,532	187,532
Other intangible assets		2,933	2,483	1,668
Tangible non-current assets		12,318	9,022	9,277
Long-term receivables	2	–	8,900	10,700
Deferred tax assets		26,045	32,301	13,452
Total non-current assets		264,754	259,354	241,921
Current assets				
Inventory		113,335	72,501	67,477
Accounts receivable		75,020	82,154	137,769
Other current receivables		23,265	22,854	16,144
Investments	2	27,162	73,760	26,167
Cash & cash equivalents		52,216	49,517	48,948
Total current assets		290,998	300,786	296,505
Total assets		555,752	560,140	538,426
Equity and liabilities				
Equity		295,089	300,042	289,103
Deferred tax liabilities		42,720	41,993	35,418
Other non-current liabilities		17,273	20,376	17,273
Bond loan	2	135,470	146,654	137,092
Accounts payable		13,976	8,008	13,797
Other current liabilities		51,224	43,067	45,743
Total equity and liabilities		555,752	560,140	538,426

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, 2016		297,408	–6,733	290,675
Total comprehensive income for the period		9,421	–55	9,366
Closing balance, March 31, 2016		306,829	–6,788	300,042
Opening balance, January 1, 2016		297,408	–6,733	290,675
Total comprehensive income for the period		49,065	–464	48,601
Distribution for 2015		–50,297	–	–50,297
Acquisition of non-controlling interest		–6,925	6,925	0
Issuance of warrants	3	68	–	68
Warrant premium convertible	3	55	–	55
Closing balance, December 31, 2016		289,375	–272	289,103
Opening balance, January 1, 2017		289,375	–272	289,103
Total comprehensive income for the period		5,006	980	5,986
Closing balance, December 31, 2017		294,381	708	295,089

CONSOLIDATED STATEMENT OF CASH FLOWS

CONDENSED

SEK thousands	January- March 2017	January- March 2016	Full-year 2016
Cash flow from operating activities			
Before changes in working capital	5,320	11,168	69,378
Changes in working capital	2,884	-9,711	-54,066
Cash flow from operating activities	8,204	1,457	15,312
Investments in intangible non-current assets	-368	-61	-
Investments in tangible non-current assets	-625	-590	-5,231
Sale of non-current assets	-	-	-
Investments/sale of investments	419	5,528	54,962
Cash flow from investing activities	-574	4,877	49,731
Distribution	-	-	-50,297
Acquisition of minority shares	-	-	-842
Amortization of loans	-1,764	-	1,034
Issuance of warrants/convertibles	-	-	125
Bond loan repurchases	-1,502	-8,045	-18,480
Cash flow from financing activities	-3,266	-8,045	-68,460
Cash flow for the period	4,364	-1,710	-3,417
Cash & cash equivalents at beginning of year	48,948	50,643	50,643
Translation difference in cash & cash equivalents	-1,096	585	1,722
Cash & cash equivalents at end of the period	52,216	49,517	48,948

KEY FIGURES

GROUP

SEK thousands	January- March 2017	January- March 2016	April 2016- March 2017	Full-year 2016
Gross profit margin, %	48.9	50.0	49.9	50.3
Operating margin, %	3.6	8.8	8.7	10.2
Profit margin, %	3.6	6.1	9.2	10.0
Return on capital employed, %	16.0	12.0	16.0	16.3
Return on average equity, %	15.0	12.3	15.0	16.3
Profit attributable to Parent Company's shareholders	4,507	7,113	44,755	47,361
Equity/assets ratio, %	53.1	53.6	53.1	53.7
Equity per share, SEK	11.73	11.93	11.73	11.50
Investments in intangible non-current assets	368	61	307	-
Investments in tangible non-current assets	625	590	5,266	5,231
Business combinations	-	-	842	842
Depreciation, amortization and impairment losses for the period	-2,264	-1,625	-7,436	-6,797
Average number of employees	199	-	-	133

SUMMARY BY SEGMENT GROUP

SEK thousands	January-March 2017	January-March 2016	April 2016-March 2017	Full-year 2016
Operating revenue				
Brand				
External revenue	5,287	9,339	29,573	33,626
Internal revenue	10,178	13,290	46,711	49,822
	15,465	22,629	76,284	83,448
Product development				
External revenue	10,093	42,648	155,193	187,747
Internal revenue	80,981	46,229	210,908	176,156
	91,074	88,877	366,101	363,903
Wholesale				
External revenue	132,822	76,977	345,477	289,633
Internal revenue	26,465	9,233	48,429	31,199
	159,285	86,210	393,906	320,832
Retail				
External revenue	36,468	27,947	136,087	127,565
Internal revenue	9,562	4,414	22,559	17,412
	46,030	32,361	158,646	144,977
Less internal sales	-127,184	-73,166	-328,607	-274,589
Operating revenue	184,670	156,911	666,330	638,571
Operating profit				
Brand	9,724	5,844	23,382	19,500
Product development	1,000	6,124	28,290	33,415
Wholesale	2,676	5,523	14,748	17,595
Retail	-6,659	-3,600	-9,373	-6,314
Operating profit	6,741	13,891	57,047	64,196

Reconciliation between operating profit and profit before tax

The difference between operating profit for segments for which information must be disclosed, SEK 6,741 thousand (13,891), and profit before tax, SEK 6,765 thousand (9,579), is net financial items, SEK 24 thousand (-4,312).

QUARTERLY DATA GROUP

SEK thousands	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015
Net sales	185,657	171,410	179,977	122,165	158,065	152,618	191,430	99,199
Gross profit margin, %	48.9	48.0	50.4	53.5	50.0	51.8	51.9	53.0
Operating profit/loss	6,741	21,365	28,636	305	13,891	14,554	32,872	-1,662
Operating margin, %	3.6	12.5	15.9	0.2	8.8	9.5	17.2	neg
Profit/loss after financial items	6,765	25,413	28,493	-16	9,579	11,855	29,510	-1,585
Profit margin, %	3.6	14.8	15.8	0.0	6.1	7.8	15.4	neg
Earnings per share before dilution, SEK	0.18	0.74	0.95	-0.09	0.28	0.34	0.88	-0.04
Earnings per share after dilution, SEK	0.18	0.74	0.95	-0.09	0.28	0.29	0.84	-0.04
Number of Björn Borg stores at end of period	39	40	39	40	40	41	38	38
of which Group-owned Björn Borg stores	33	20	20	21	21	21	18	17
Brand sales	436,957	371,960	479,109	280,888	424,685	330,214	472,865	249,063

PARENT COMPANY INCOME STATEMENT CONDENSED

SEK thousands	Note	January- March 2017	January- March 2016	April 2016- March 2017	Full-year 2016
Net sales		23,934	16,280	72,559	64,905
Other operating revenue		227	2,161	2,030	3,964
Operating revenue		24,161	18,441	74,589	68,869
Goods for resale		–	–2	–72	–74
Other external expenses	1	–11,122	–11,534	–55,356	–55,768
Staff costs		–8,824	–8,036	–35,403	–34,615
Depreciation/amortization of tangible/intangible non-current assets		–317	–527	–2,024	–2,234
Other operating expenses		–185	–373	–255	–443
Operating profit/loss		3,713	–2,031	–18,521	–24,265
Result from shares in subsidiaries		–	–	–	54,270
Net financial items		–3,272	–5,211	–14,260	–16,199
Profit/loss after financial items		441	–7,242	–21,489	13,806
Group contributions received		–	–	39,047	39,047
Appropriations		–	–	1,014	1,014
Profit before tax		441	–7,242	61,550	53,867
Tax		–	–	–877	–877
Profit for the period		441	–7,242	60,673	52,990
Other comprehensive income		–	–	–	–
Total comprehensive income for the period		441	–7,242	60,673	52,990

PARENT COMPANY BALANCE SHEET CONDENSED

SEK thousands	Note	March 31 2017	March 31 2016	Dec 31 2016
Non-current assets				
Intangible assets		170	261	193
Tangible non-current assets		2,112	2,748	2,306
Long-term receivables	2	10,700	8,900	10,700
Deferred tax		131	1,008	131
Shares in Group companies		353,181	353,882	353,181
Total non-current assets		366,294	366,799	366,511
Current assets				
Receivables from Group companies		466,077	329,808	428,241
Current receivables		6,101	13,561	4,632
Investments	2	27,162	73,760	26,167
Cash & cash equivalents		–11,602	2,880	13,330
Total current assets		487,738	420,010	472,370
Total assets		854,032	786,809	838,881
Equity and liabilities				
Equity		151,128	140,630	150,687
Untaxed reserves		–	1,014	–
Other non-current liabilities	2	135,470	146,654	137,092
Bond loan	2	17,273	20,376	17,273
Due to Group companies		528,408	464,127	516,066
Accounts payable		1,405	4,412	2,777
Other current liabilities		20,348	9,596	14,986
Total equity and liabilities		854,032	786,809	838,881

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

CONDENSED

SEK thousands	January- March 2017	January- March 2016	Full-year 2016
Opening balance	150,687	147,872	147,872
Distribution	–	–	–50,297
Issuance of warrants	–	–	68
Warrant premium convertible	–	–	55
Total comprehensive income for the period	441	–7,242	52,990
Closing balance	151,128	140,630	150,687

SUPPLEMENTARY DISCLOSURES

NOTE 1 OTHER EXTERNAL EXPENSES

SEK thousands	Group		Parent Company	
	Jan-Mar 2017	Jan-Mar 2016	Jan-Mar 2017	Jan-Mar 2016
Cost of premises	11,546	7,819	2,556	2,801
Selling expenses	10,419	11,178	391	482
Marketing expenses	11,163	6,886	5,273	3,143
Administrative expenses	8,734	6,106	2,457	3,253
Other	4,087	3,399	445	1,855
Total	45,948	35,388	11,122	11,534

NOTE 2 FINANCIAL ASSETS AND LIABILITIES

- Level 1 fair value is determined using observable (unadjusted) quoted prices on an active market for identical assets and liabilities.
- Level 2 fair value is determined using valuation models based on other observable inputs for the asset or liability other than quoted prices included in level 1.
- Level 3 fair value is determined using valuation models where significant inputs are based on non-observable data.

Securities held for trading relate to investments in corporate bonds quoted on Nasdaq 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.

Net divestments in the company's portfolio of corporate bonds amounted to SEK 419 thousand during the quarter.

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

SEK thousands	Level 1	Level 2	Level 3
Securities held for trading	26,936		
Derivatives held for trading		226	
Net	26,936	226	

The carrying amount of financial instruments recognized at amortized cost corresponds to fair value as of March 31, 2017.

NOTE 3 BENELUX ACQUISITION

On December 8 Björn Borg signed an agreement to acquire all the shares in Baseline BV, the parent company of the distributor of underwear and sportswear in the Netherlands and Belgium. The Baseline Group consists of six legal entities with wholesale operations as well as retail operations through twelve Björn Borg concept and outlet stores.

The acquisition closed on January 2, 2017. Björn Borg is paying about SEK 7.2 million for all shares and shareholders' loans after disposing of net assets to the former owners relating to brands other than Björn Borg. The difference between the actual and preliminary acquisition price previously announced as approximately SEK 12 million (EUR 1.25 million) is the value of assets (primarily inventory and accounts receivables) unrelated to the Björn Borg brand, which on December 31, 2016 was higher than preliminarily estimated and was therefore deducted from the acquisition price. A portion of the acquisition price was paid on the closing day and the remainder falls due in the three subsequent financial years. The acquisition is financed with own funds. There are no earn-out payments.

Direct acquisition expenses amounted to about SEK 1.7 million and were charged to other external expenses in the fourth quarter.

The acquisition of the Benelux operations is an important step in accelerating the vertical integration of the Björn Borg operations and in line with the strategy to get closer to consumers and retailers. Proximity to consumers and retailers is expected to create more opportunities to generate growth for Björn Borg in Benelux in the long term. With respect to efficiencies, there are synergies mainly in procurement that are expected in the future.

Consolidating Baseline in the Björn Borg Group is estimated to increase annual net sales by SEK 100 million with marginal impact on EBIT, excluding short-term negative effects for 2017. In 2017 the Björn Borg Group's EBIT is expected to decline due to timing effects for revenues from the Benelux market as a consequence of accounting effects as wholesale and consumer sales are managed within the Björn Borg Group instead of by an external distributor. At the same time, from 2017 the earn-out payments to the former owner of the Björn Borg brand will discontinue, which is estimated to positively impact EBIT by SEK 21 million, largely compensating for the negative short-term effect from the acquisition of Baseline Group.

Net assets largely consist of inventory, receivables and tangible non-current assets comprising retail and office furniture and fixtures. The financial non-current assets largely consist of tax loss carry forwards. Acquired surplus values are attributable in their entirety to goodwill. Acquired goodwill is not tax deductible.

The table shows a preliminary acquisition analysis. This table has changed since the year-end report for 2016, as financial non-current assets have increased in Benelux by SEK 0.7 million. As a result, goodwill has declined by a corresponding amount, SEK 0.7 million.

ACQUIRED NET ASSETS

SEK thousands	Fair value
Preliminary acquisition price	11,980
Adjustment net assets	-4,829
Acquisition price	7,151
Acquired net assets	
Intangible and tangible assets	6,731
Financial non-current assets	12,630
Inventory	60,932
Other short-term receivables	8,701
Long-term interest-bearing liabilities	-20,547
Short-term non-interest-bearing liabilities	-76,775
Total acquired assets and liabilities	-8,329
Goodwill	15,480
Total net assets	7,151
Acquisition payments fall due as follows:	
2017	1,764
2018	109
2019	1,688
2020	3,590
Total acquisition payments	7,151

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: Nettoskuld visar bolaget totala skuldsituation.

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 11, 2017

Fredrik Lövestedt
Chairman

Martin Bjäringer
Board member

Lotta de Champs
Board member

Petra Stenqvist
Board member

Mats H Nilsson
Board member

Heiner Olbrich
Board member

Christel Kinning
Board member

Henrik Bunge
CEO

CALENDAR

The interim report for January-June 2017 on August 18, 2017.

The interim report for January-September 2017 on November 16, 2017.

The interim report for 2017 on February 23, 2018.

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.

SHAREHOLDER CONTACT

Henrik Bunge, CEO

E-mail: henrik.bunge@bjornborg.com

Tel: +46 8 506 33 700

Daniel Grohman, CFO

E-mail: daniel.grohman@bjornborg.com

Tel: +46 8 506 33 700

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 thirty markets, of which Sweden and the Netherlands are the largest. The Björn Borg Group has operations at every level from branding to consumer sales in its own Björn Borg stores. Total sales of Björn Borg products in 2016 amounted to about SEK 1.6 billion, excluding VAT, at the consumer level. Group net sales amounted to SEK 631.6 million in 2016, with an average of 133 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 from Björn Borg's spring/summer 2017 collection.

Björn Borg AB
Tulegatan 11
SE-113 53 Stockholm, Sweden
www.bjornborg.com

Björn Borg is required to make public the information in this interim report according to the EU's Market Abuse Regulation. The information was released for publication on May 11, 2017 at 5:30 pm (CET).