BJÖRN BORG AB INTERIM REPORT JANUARY-JUNE 2017

SALES INCREASE

APRIL 1 - JUNE 30, 2017

- The Group's net sales increased by 10.4 percent to SEK 134.8 million (122.2). Excluding currency effects sales increased by 7.2 percent.
- The gross profit margin was 52.1 percent (53.5).
- The operating loss amounted to SEK 0.3 million, against a year-earlier profit of SEK 0.3 million.
- The loss after tax was SEK 3.3 million, against a year-earlier loss of SEK 2.2 million.
- Earnings per share before and after dilution amounted to SEK –0.11 (–0.09).

JANUARY 1 - JUNE 30, 2017

- The Group's net sales increased by 14.4 percent to SEK 320.5 million (280.2). Excluding currency effects sales increased by 12.4 percent.
- The gross profit margin was 50.3 percent (51.5).
- Operating profit amounted to SEK 6.5 million (14.2).
- Profit after tax amounted to SEK 1.7 million (4.3).
- Earnings per share before and after dilution amounted to SEK 0.07 (0.20).

QUOTE FROM THE CEO

"In summing up the second quarter there are several victories to celebrate with a big payoff from our focus on social media, where we are increasing awareness of our sportswear brand in Sweden and the Netherlands. We are strengthening our position in customer surveys on which underwear men prefer and we have successfully continued to establish performance underwear, i.e., functional underwear for both men and women. I can lastly add that our efforts in 2016 to improve deliveries and raise efficiencies have proven very successful. We are increasing delivery reliability at the same time that we reduced costs in the second quarter of 2017," said CEO Henrik Bunge.

SEK million	April-June 2017	April-June 2016	January-June 2017	January-June 2016	July 2016-June 2017	Full-year 2016
Net sales	134.8	122.2	320.5	280.2	671.9	631.6
Gross profit margin, %	52.1	53.5	50.3	51.5	49.7	50.3
Operating profit/loss	–0.3	0.3	6.5	14.2	56.5	64.2
Operating margin, %	–0.2	0.2	2.0	5.1	8.4	10.2
Profit/loss after tax	–3.3	–2.2	1.7	4.3	44.2	46.9
Earnings per share before dilution, SEK	–0.11	–0.09	0.07	0.20	1.75	1.88
Earnings per share after dilution, SEK	–0.11	–0.08	0.07	0.20	1.75	1.88
Brand sales*	271	281	708	700	1,559	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

For the first time in the company's history sports apparel was the product group whose brand sales increased the fastest, with growth of 44 percent in the second quarter of 2017 compared with the same quarter a year earlier. The Borg tee, our functional training T-shirt for men, remains one of our top sellers.

In total, Björn Borg's sales rose in the second quarter of 2017 by 10.4 percent compared with the same quarter in 2016. This is largely due to the acquisition of our former distributor in Benelux. Besides Benelux, our organic growth of 3.5 percent was driven by Finland, our own footwear distribution and England. On the other hand, we had a weak quarter in Sweden, with lower sales in both the wholesale business and our own stores. The latter was due to a smaller number of stores (–2), but also lower sales in comparable stores (–6 percent). We had an acceptable quarter in our stores in the Netherlands and a very good quarter in our Finnish stores.

The gross profit margin for the second quarter decreased to 52.1 percent, against 53.5 percent in the previous year. Adjusted for currency effects, the gross profit margin would have been in line with the previous year.

Our operating expenses rose by SEK 9 million due to the acquisition of our former distributor. Apart from Belgium and the Netherlands, we have continued to reduce our operating expenses, which were down SEK 9 million against the year-earlier quarter. Together, the higher revenue, lower gross profit margin and increased operating expenses produced an operating loss of SEK 0.3 million, compared with a profit of SEK 0.3 million in the second 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.

My personal focus during the quarter was on integrating our new companies in the Netherlands and Belgium in an effective way and implementing the changes that are needed to turn the business around in these two markets, which are among our most important. During the quarter we replaced the management and as of June 1 Antoine Huizinga is responsible for both countries. Antoine has a long background as leader at Bjorn Borg and Puma. There is a lot of work still left to do, but in the second quarter we were already able to stop the negative sales trend we saw in the first quarter.

In summing up the second quarter there are several victories to celebrate with a big payoff from our focus on social media, where we are increasing awareness of our sportswear brand in Sweden and the Netherlands. We are strengthening our position in customer surveys on which underwear men prefer and we have successfully continued to establish performance underwear, i.e., functional underwear for both men and women. I can lastly add that our efforts in 2016 to improve deliveries and raise efficiencies have proven very successful. We are increasing delivery reliability at the same time that we reduced costs in the second quarter of 2017.

Head coach
Henrik Bunge

OPERATIONS

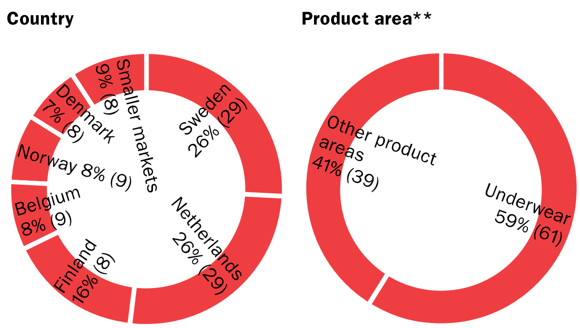
BRAND SALES
Brand sales fell in the second quarter, mainly in underwear and bags, while sports apparel grew significantly. The decrease in bags is partly related to a shipment delay in the third quarter. Footwear sales also dropped slightly. In total, brand sales decreased by 4 percent to SEK 271 million (281) in the second quarter. Adjusted for currency effects, brand sales decreased by 6 percent for the quarter. For the first half of 2017 brand sales increased to SEK 708 million (700), up 1 percent. Excluding currency effects, brand sales fell by 1 percent.

PRODUCT AREAS FIRST HALF OF 2017
Brand sales in the underwear product area fell by 2 percent in the first half of 2017. Underwear accounted for 59 percent (61) of brand sales.

Sports apparel had a strong second quarter and grew for the first six months by 11 percent compared with the same period in 2016. Brand sales of footwear rose by 12 percent, while bags and eyewear decreased by 19 and 59 percent, respectively, in the half of 2017. In total, sales of licensed products increased by 4 percent in the first half-year.

MARKETS FIRST HALF OF 2017
Among large markets, Finland posted strong growth, while other markets declined year-on-year. The decrease in other large markets was mainly driven by a downturn in underwear. England and Germany are two smaller markets that are performing well.

BRAND SALES* OF BJÖRN BORG PRODUCTS JANUARY-JUNE 2017. TOTAL SEK 708 MILLION (700)



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

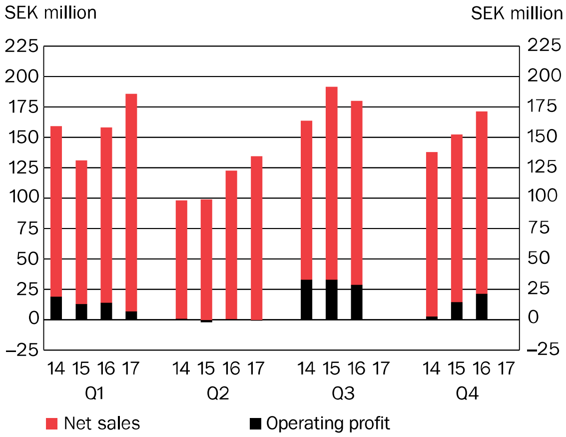
** **Underwear:** Men's and women's underwear, swimwear, socks and adjacent products. **Other product areas:** Sports apparel, fragrances, footwear, bags and eyewear.

BJÖRN BORG STORES
No new Björn Borg stores were opened or closed in the quarter. As of June 30, 2017 there were a total of 39 (40) Björn Borg stores, of which 33 (21) 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.

THE GROUP'S DEVELOPMENT

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

QUARTERLY NET SALES AND OPERATING PROFIT, 2014-2017



SALES

Second quarter, April-June 2017

The Group's net sales amounted to SEK 134.8 million (122.2) in the second quarter, an increase of 10.4 percent. Exchange rates positively affected sales in the quarter, mainly due to a stronger euro. Adjusted for currency effects, sales rose by 7.2 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 3.5 percent from the previous year. Growth is mainly coming from Finnish and English wholesale and retail sales of clothing and underwear. The Group's own footwear distribution in the Nordic markets also grew in the quarter. Growth in Finland was largely driven by broader distribution of underwear and sports apparel, an increased number of Group-owned stores and good organic growth for comparable stores. Growth in footwear distribution was 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 weak quarter and declined compared with 2016. 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 Swedish retail company the main reason for the year-on-year sales decline was traffic in Group-owned stores, but also because there were two fewer stores than a year earlier. For comparable stores sales decreased by 6 percent in the quarter and 11 percent in total.

E-commerce sales ended up at the same level as the second quarter of 2016. Website traffic was lower than the previous year. It was primarily paid traffic that declined, which is part of a conscious strategy to increase profitability in e-commerce. The average order and conversion rate increased year-on-year.

Sales by the Benelux company decreased slightly in local currency compared with the second quarter of 2016. Comparable Group-owned stores were in line with the previous year's second quarter, while the wholesale business fell slightly.

The product company's external sales were down year-on-year driven by the Danish market and poorer performance in smaller external markets. External royalties declined since Benelux is now included in the Group, while other licensed sales were in line with the previous year.

First half-year, January-June 2017

The Group's net sales amounted to SEK 320.5 million (280.2) in the first half of 2017, an increase of 14.4 percent. Adjusted for currency effects, sales rose by 12.4 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 in the first half of 2017 was mainly driven by Finnish and English wholesale and retail sales of clothing and underwear. The Group's own footwear distribution in the Nordic markets also saw good growth in the first six months.

The Swedish wholesale and retail operations reported lower sales than the first half of 2016. 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. The Swedish retail company had two fewer stores, though sales also fell by 13 percent for comparable stores and by 16 percent in total for the first six months.

The e-commerce business area has had a greater focus on profitability than the previous year, which has successfully produced lower costs for paid traffic and higher operating

		Operating revenue, SEK thousands January-June		Operating profit, SEK thousands January-June		Operating margin, % January-June	
Business segment	Revenue source	2017	2016	2017	2016	2017	2016
Brand	Royalties	26,303	42,661	15,889	11,373	60	27
Product development	Products	174,423	215,665	1,999	14,984	1	7
Wholesale	Wholesale revenue	254,475	138,749	–4,513	–743	–2	–1
Retail	Retailers	98,820	59,367	–6,925	–11,419	–7	–19
Less internal sales		–228,769	–174,676				
Total		**325,252**	**281,765**	**6,451**	**14,195**	**2**	**5**

margins in the first six months of 2017. The profitability focus has eliminated unprofitable traffic, due to which sales decreased by 20 percent in the first half-year.

Sales by the Benelux company decreased substantially year-on-year. The biggest decline was in the wholesale business, while retail sales fell slightly. Comparable stores decreased by 3 percent.

The product company's external sales were down year-on-year, driven by the Danish market and poorer performance in smaller external markets. External royalties declined since Benelux is now included in the Group, while other licensed sales increased slightly compared with the previous year.

PROFIT

Second quarter, April-June 2017

The gross profit margin for the second quarter decreased to 52.1 (53.5). A stronger USD negatively affected margins. Adjusted for currency effects, the gross profit margin would have been 53.5 percent. Aside from USD, the margins were positively affected 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.

Operating expenses increased by SEK 9 million compared with the previous year, largely due to the Benelux acquisition. Excluding Benelux, operating expenses fell by SEK 9 million or 14 percent. The decrease was largely due to lower logistical and marketing expenses and staff costs.

The higher revenue, lower gross profit margin and increased operating expenses produced an operating loss of SEK 0.3 million, compared with a year-earlier profit of SEK 0.3 million. The operating margin was –0.2 percent (0.2).

Net financial items amounted to SEK –1.8 million (–4.6). The realized and unrealized return on investments less interest on bonds and bank loans positively affected the Group's financial net by SEK 0.1 million (–1.1). The remaining year-on-year decrease was mainly attributable to the revaluation of financial assets and liabilities in foreign currency. The loss before tax was SEK 3.3 million, compared with a year-earlier loss of SEK 2.2 million.

First half-year, January-June 2017

The gross profit margin for the first half of 2017 decreased to 50.3 percent (51.5). Currency effects reduced the margin compared with the first half of 2017 Adjusted for currency effects, the gross profit margin would have been 51.5 percent. Aside from the USD exchange rate, gross profit margins were positively affected by about SEK 9 million because earn-out payments are no longer being paid. At the same time the margins were 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 20 million compared with the first half of 2016. Adjusted for currency effects, the effects of earn-out payments and the above-mentioned timing effect due to the Benelux acquisition, the gross profit margin was 55.1 percent for the first six months of 2017.

Operating expenses increased by SEK 27 million compared with the previous year, largely due to the Benelux acquisition. Excluding Benelux, operating expenses fell by SEK 9 million or 7 percent. The decrease was largely due to lower logistical and marketing expenses and staff costs.

The higher revenue, lower gross profit margin and increased operating expenses reduced operating profit to SEK 6.5 million (14.2). The operating margin was 2.0 percent (5.1).

Net financial items amounted to SEK –1.8 million (–4.6). The realized and unrealized return on investments less interest on the bond loan and bank loans positively affected the Group's financial net by SEK 1.1 million (–2.7). The remaining year-on-year decrease was mainly attributable to the revaluation of financial assets and liabilities in foreign currency. Profit before tax was SEK 4.7 million (9.6).

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.

Brand

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

The business segment's operating revenue amounted to SEK 26.3 million (42.6) in the first half of 2017. External operating revenue decreased to SEK 9.2 million (16.0), largely because Benelux is now reported as internal brand sales. Excluding Benelux, external brand sales increased by about SEK 1.6 million. This is a result of higher brand sales of footwear as well as minimum royalties from our new homeware licensee. 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 15.9 million (11.4) for the first half of 2017. 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 174.4 million (215.7) in the first half of 2017, a decrease of 19 percent. The lower revenue was largely due to a change in delivery terms for internal sales, which has delayed invoicing compared with previous years. This only relates to intra-Group sales. External operating revenue fell to SEK 23.9 million (91.3) as Benelux is now consolidated in the Group and classified as internal. Excluding Benelux, external revenue was down about SEK 13 million, mainly due to lower sales to Denmark and smaller distributors.

Operating profit decreased to SEK 2.0 million (15.0) due to lower margins and higher operating expenses in the segment. Product development is the segment affected by the timing effect from the Benelux acquisition.

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 half of 2017 to SEK 254.5 million (138.7). External operating revenue amounted to SEK 210.2 million (123.5). Of the increase of SEK 87 million, Benelux accounted for SEK 58 million. Other growth came from the Finnish underwear and sports apparel wholesale 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.

The operating loss amounted to SEK 4.5 million, compared with a year-earlier loss of SEK 0.7 million. The decrease was mainly due to lower gross profit margins and higher operating expenses.

Retail

The Björn Borg Group owns and operates a total of 33 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 half of 2017 to SEK 98.8 million (59.4). External net sales rose to SEK 81.9 million (50.9). The increase was because Benelux is now included in the segment and accounted for SEK 35.0 million of external sales. Excluding Benelux, the segment's sales decreased by SEK 4 million. The year-on-year trend was weakest in e-commerce and the Swedish retail business, while Finnish stores and the English store performed well. E-commerce sales dropped by 20 percent to SEK 17.9 million (22.1). This was mainly due to lower website traffic, which was partly the result of an initiative to reduce costs for paid, unprofitable traffic. The Group-owned stores in Sweden declined in the first six months of the year with sales for comparable stores down by 13 percent. In total, sales fell by 16 percent due to two fewer stores. Sales grew by 6 percent for comparable Finnish stores and in total by 38 percent due to more stores. The store in England continues to perform well and grew by 12 percent compared with the previous year.

The operating loss for the first half of 2017 was SEK 6.9 million, against a year-earlier loss of SEK 11.4 million. The improvement was mainly a result of lower expenses relative to sales compared with the first half of 2016.

Intra-Group sales

Intra-Group sales for the first half of 2017 amounted to SEK 228.8 million (174.7). The increase was due to the Benelux acquisition.

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 12.0 million (–16.4) in the first half of 2017. The year-on-year improvement, adjusted for acquisition effects, mainly came from a better trend in operating capital, where inventory levels were the biggest reason.

Investing activities had a positive flow of SEK 20.4 million (37.1) due to divestments of the bond portfolio in the period. Total investments in tangible and intangible non-current assets amounted to SEK 4.8 million (1.5) for the period.

Financing activities had a negative flow of SEK –39.0 million (–58.9). The negative flow was from the dividend to shareholders of SEK –50.3 million (–50.3) in the period. In addition, cash flow for the financing business was positively affected because the loan raised from Danske Bank is higher than the repayment of the bond loan.

The Group's cash flow for the first six months was SEK –6.6 million (–20.2) and cash & cash equivalents amounted to SEK 40.0 million (22.5) at the end of the period.

FINANCIAL POSITION AND LIQUIDITY

The Björn Borg Group's cash & cash equivalents and investments amounted to SEK 41.6 million (51.0) at the end of the period, with interest-bearing liabilities of SEK 167.3 million (161.6).

The bond loan issued by the company in April 2012 expired in April 2017. The remaining debt of SEK 135.5 million was repaid in the quarter. The bond loan has been replaced by a three-year revolving credit of SEK 150 million from Danske Bank.

The bond portfolio that the company previously managed due to the surplus liquidity arising from the issuance of the bond loan is now essentially fully divested. As of June 30 the book value of the bonds was SEK 1.6 million (28.5), which represents the fair value on the same date.

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, 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 for the third quarter it may not exceed 3.50. Moreover, the Group will maintain an equity/assets ratio of at least 35 percent.

As of June 30, 2017 the ratio was 2.00 (1.68) and the equity/assets ratio was 45.5 percent (48.5).

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 206 (133) for the twelve-month period ending June 30, 2017, of whom 68 percent (70) 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 June 30, 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 Bjorn Borg (China) Ltd and 75 percent of the shares in Bjorn Borg Finland Oy.

The Parent Company's net sales amounted to SEK 52.2 million (32.8) for the first half of 2017.

Profit before tax amounted to SEK 3.8 million (-14.0) in the first six months. Cash & cash equivalents and investments amounted to SEK 1.6 million (29.5) as of June 30, 2017.

EVENTS AFTER THE BALANCE SHEET DATE

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

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 held on May 11, 2017 approved a distribution of SEK 2.00 (2.00) per share to the shareholders for the financial year 2016. The AGM resolved to re-elect the Directors Fredrik Lövstedt, Martin Bjäringer, Lotta de Champs, Christel Kinning, Heiner Olbrich and Mats H Nilsson, meaning that the total number of Directors is six. Petra Stenqvist declined re-election. The Meeting resolved to elect Heiner Olbrich as the new Chairman of the Board of Directors.

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	April-June 2017	April-June 2016	January-June 2017	January-June 2016	July 2016-June 2017	Full-year 2016
Net sales		134,844	122,165	320,501	280,229	671,888	631,616
Other operating revenue		5,738	2,690	4,751	1,536	10,169	6,954
Operating revenue		**140,582**	**124,855**	**325,252**	**281,765**	**682,057**	**638,570**
Goods for resale		–64,604	–56,818	–159,443	–135,790	–337,790	–314,137
Other external expenses	1	–35,201	–35,379	–81,149	–70,767	–158,568	–148,187
Staff costs		–37,016	–29,411	–70,396	–55,029	–120,558	–105,191
Depreciation/amortization of tangible/ intangible non-current assets		–2,222	–1,738	–4,487	–3,363	–7,921	–6,797
Other operating expenses		–1,829	–1,203	–3,326	–2,620	–768	–62
Operating profit/loss		**–290**	**305**	**6,451**	**14,195**	**56,452**	**64,196**
Net financial items		–1,789	–321	–1,765	–4,633	2,141	–727
Profit/loss before tax		**–2,079**	**–16**	**4,686**	**9,563**	**58,593**	**63,469**
Tax		–1,263	–2,186	–3,008	–5,230	–14,350	–16,572
Profit/loss for the period		**–3,342**	**–2,202**	**1,678**	**4,332**	**44,243**	**46,897**
Profit for the period attributable to							
Parent Company's shareholders		–2,794	–2,164	1,712	4,948	44,125	47,361
Non-controlling interests		–548	–38	–34	–616	118	–464
Earnings per share before dilution, SEK		–0.11	–0.09	0.07	0.20	1.75	1.88
Earnings per share after dilution, SEK		–0.11	–0.08	0.07	0.20	1.75	1.88
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 2017	April-June 2016	January-June 2017	January-June 2016	July 2016-June 2017	Full-year 2016
Net profit for the period		**–3,342**	**–2,202**	**1,678**	**4,332**	**44,243**	**46,897**
OTHER COMPREHENSIVE INCOME							
Components that may be reclassified to profit or loss							
Translation difference for the period		2 558	–899	3,524	1,932	3,297	1,704
Total other comprehensive income for the period		**2 558**	**–899**	**3,524**	**1,932**	**3,297**	**1,704**
Total comprehensive income for the period		**–784**	**–3,101**	**5,202**	**6,265**	**47,540**	**48,601**
Total comprehensive income attributable to							
Parent Company's shareholders		–192	–3,030	4,814	6,390	47,491	49,065
Non-controlling interests		–592	–70	388	–125	49	–464

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
CONDENSED

SEK thousands	Note	June 30 2017	June 30 2016	Dec 31 2016
Non-current assets				
Goodwill		35,766	19,213	19,292
Trademarks		187,532	187,532	187,532
Other intangible assets		5,016	2, 162	1,668
Tangible non-current assets		12,026	8,511	9,277
Long-term receivables	2	–	8,000	10,700
Deferred tax assets		32,052	31,162	13,452
Total non-current assets		**272,392**	**256,580**	**241,921**
Current assets				
Inventory		123,872	84,820	67,477
Accounts receivable		72,304	91,480	137,769
Other current receivables		24,114	25,041	16,144
Investments	2	1,605	28,499	26,167
Cash & cash equivalents		39,980	22,495	48,948
Total current assets		**261,875**	**252,335**	**296,505**
Total assets		**534,267**	**508,915**	**538,426**
Equity and liabilities				
Equity		244,008	246,767	289,103
Deferred tax liabilities		46,194	43,025	35,418
Bond Loan	2	–	144,303	137,092
Non-current liabilities credit institutions	2	150,000	–	–
Other non-current liabilities		17,273	21,247	17,273
Accounts payable		31,559	14,227	13,797
Other current liabilities		45,233	39,346	45,743
Total equity and liabilities		**534,267**	**508,915**	**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		6,390	–125	6,265
Distribution for 2015		–50,297	–	–50,297
Acquisition of non-controlling interest		–5,969	5,969	0
Issuance of warrants		68	–	68
Issuance of convertible		55	–	55
Closing balance, June 30, 2016		**247,655**	**–889**	**246,767**
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		4,814	388	5,202
Distribution for 2016		–50,297	–	–50,297
Closing balance, June 30, 2017		**243,892**	**116**	**244,008**

CONSOLIDATED STATEMENT OF CASH FLOWS

CONDENSED

SEK thousands	April-June 2017	April-June 2016	January-June 2017	January-June 2016	Full-year 2016
Cash flow from operating activities					
Before changes in working capital	1,032	–261	6,352	10,907	69,378
Changes in working capital	2,801	–17,632	5,685	–27,343	–54,066
Cash flow from operating activities	**3,833**	**–17,893**	**12,037**	**–16,436**	**15,312**
Investments in intangible non-current assets	–2,453	–9	–2,821	–70	–
Investments in tangible non-current assets	–1,401	–861	–2,026	–1 ,451	–5,231
Sale of non-current assets	–	–	–	–	–
Investments/sale of investments	24,801	43,953	25,220	49,481	
Acquisition of subsidiary	–	–842	–	–842	54,962
Cash flow from investing activities	**20,947**	**42,240**	**20,373**	**47,117**	**49,731**
Distribution	–50,297	–50,242	–50,297	–50,242	–50,297
Acquisition of minority shares	–	–	–	–	–842
Amortization of loans	–	–	–1,764	–	1,034
Issuance of warrants/convertibles	–	1 ,020	–	1,020	125
Newly raised loan	150,000	–	150,000	–	–
Bond loan repurchases	–135,470	–1,612	–136,972	–9 657	–18 480
Cash flow from financing activities	**–35,767**	**–50,835**	**–39,033**	**–58,880**	**–68,460**
Cash flow for the period	**–10,987**	**–26,487**	**–6,623**	**–28,198**	**–3,417**
Cash & cash equivalents at beginning of year	52,216	49,517	48,948	50,643	50,643
Translation difference in cash & cash equivalents	–1,249	–535	–2,345	50	1,722
Cash & cash equivalents at end of the period	**39,980**	**22,495**	**39,980**	**22,495**	**48,948**

KEY FIGURES

GROUP

SEK thousands	April-June 2017	April-June 2016	January-June 2017	January-June 2016	July 2016-June 2017	Full-year 2016
Gross profit margin, %	52.1	53.5	50.3	51.5	49.7	50.3
Operating margin, %	–0.2	0,2	2.0	5.1	8.4	10.2
Profit margin, %	–1.5	0.0	1.5	3.4	8.7	10.0
Return on capital employed, %	16.0	14.7	16.0	14.7	16.0	14.3
Return on average equity, %	16.2	14.1	16.2	14.1	16.2	16.3
Profit attributable to Parent Company's shareholders	–2,794	–2,164	1,712	4,948	44,125	47,361
Equity/assets ratio, %	45.7	48.5	45.7	48.5	45.7	53.7
Equity per share, SEK	9.70	9.81	9.70	9.81	9.70	11.50
Investments in intangible non-current assets	2 453	9	2,821	70	1 658	–
Investments in tangible non-current assets	1 401	861	2,026	1,451	5 179	5,231
Business combinations	–	–	–	–	–	842
Depreciation, amortization and impairment losses for the period	–2,222	–1,738	–4,487	–3,363	–7,921	–6,797
Average number of employees	206	129	206	131	170	133

SUMMARY BY SEGMENT

GROUP

SEK thousands	April-June 2017	April-June 2016	January-June 2017	January-June 2016	July 2016-June 2017	Full-year 2016
Operating revenue						
Brand						
External revenue	3,906	6,675	9,193	16,014	26,804	33,626
Internal revenue	6,931	13,357	17,110	26,647	40,286	49,822
	10,837	**20,032**	**26,303**	**42,661**	**67,090**	**83,448**
Product development						
External revenue	13,851	48,651	23,945	91,298	120,393	187,747
Internal revenue	69,498	78,137	150,478	124,366	202,268	176,156
	83,349	**126,788**	**174,423**	**215,665**	**322,661**	**363,903**
Wholesale						
External revenue	77,377	46,569	210,199	123,546	376,286	289,633
Internal revenue	17,814	5,970	44,276	15,203	60,272	31,199
	95,191	**52,539**	**254,475**	**138,749**	**436,558**	**320,832**
Retail						
External revenue	45,447	22,959	81,915	50,906	158,575	127,565
Internal revenue	7,343	4,047	16,905	8,461	25,855	17,412
	52,790	**27,006**	**98,820**	**59,367**	**184,430**	**144,977**
Less internal sales	–101,585	–101,510	–228,769	–174,677	–328,682	–274,589
Operating revenue	**140,582**	**124,855**	**325,252**	**281,765**	**682,057**	**638,571**
Operating profit						
Brand	6,165	5,529	15,889	11,373	24,016	19,500
Product development	1,000	8,859	1,999	14,984	20,431	33,415
Wholesale	–7,189	–6,265	–4,513	–743	13,825	17,595
Retail	–266	–7,819	–6,925	–11,419	–1,820	–6,314
Operating profit	**–290**	**305**	**6,451**	**14,195**	**56,452**	**64,196**

Reconciliation between operating profit and profit before tax

The difference in the second quarter between operating profit for segments for which information must be disclosed, SEK –290 thousand (305), and profit before tax, SEK –2,079 thousand (–16), is net financial items, SEK –1,789 thousand (–312). The difference in the first half of 2017 between operating profit for segments for which information must be disclosed, SEK 6,451 thousand (14,195), and profit before tax, SEK 4,686 thousand (9,563), is net financial items, SEK –1,765 thousand (4,633).

QUARTERLY DATA

GROUP

SEK thousands	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015
Net sales	134,844	185,657	171,410	179,977	122,165	158,065	152,618	191,430
Gross profit margin, %	52.1	48.9	48.,0	50.,4	53.5	50.0	51.8	51.9
Operating profit/loss	–290	6,741	21,365	28,636	305	13,891	14,554	32,872
Operating margin, %	–0.2	3.6	12.5	15.9	0.2	8.8	9.5	17.2
Profit/loss after financial items	–2,079	6,765	25 ,413	28,493	–16	9,579	11 ,855	29,510
Profit margin, %	–1.5	3.6	14.8	15.8	0.0	6.1	7.8	15.4
Earnings per share before dilution, SEK	–0.11	0.18	0.74	0.95	–0.09	0.28	0.34	0.88
Earnings per share after dilution, SEK	–0.11	0.18	0.74	0.95	–0.09	0.28	0.29	0.84
Number of Björn Borg stores at end of period	39	39	40	39	40	40	41	38
of which Group-owned Björn Borg stores	33	33	20	20	21	21	21	18
Brand sales	270,824	436,957	371,960	479,109	280,888	424,685	330,214	472,865

PARENT COMPANY INCOME STATEMENT
CONDENSED

SEK thousands	Note	April-June 2017	April-June 2016	January-June 2017	January-June 2016	July 2016-June 2017	Full-year 2016
Net sales		28,303	16,511	52,237	32,791	84,351	64,905
Other operating revenue		166	99	393	2,260	2,097	3,964
Operating revenue		**28,469**	**16,610**	**52,630**	**35,051**	**86,448**	**68,869**
Goods for resale		–21	–23	–21	–25	–70	–74
Other external expenses	1	–11,853	–13,768	–22,975	–25,302	–53,441	–55,768
Staff costs		–9,651	–10,409	–18,477	–18,445	–34,645	–34,615
Depreciation/amortization of tangible/ intangible non-current assets		–314	–558	–631	–1,085	–1,780	–2,234
Other operating expenses		10	–52	–175	–425	–193	–443
Operating profit/loss		**6,640**	**–8,200**	**10,351**	**–10,231**	**–3,681**	**–24,265**
Result from shares in subsidiaries		–	6,470	–	6,470	47,800	54,270
Net financial items		–3,286	–5,054	–6,556	–10,265	–12,492	–16,199
Profit/loss after financial items		**3,354**	**–6,784**	**3,795**	**–14,026**	**31,627**	**13,806**
Group contributions received		–	–	–	–	39,047	39,047
Appropriations		–	–	–	–	1,014	1,014
Profit/loss before tax		**3,354**	**–6,784**	**3,795**	**–14,026**	**71,688**	**53,867**
Tax		–	–	–	–	–877	–877
Profit/loss for the period		**3,354**	**–6,784**	**3,795**	**–14,026**	**70,811**	**52,990**
Other comprehensive income		–	–	–	–	–	–
Total comprehensive income for the period		**3,354**	**–6,784**	**3,795**	**–14,026**	**70,811**	**52,990**

PARENT COMPANY BALANCE SHEET
CONDENSED

SEK thousands	Note	June 30 2017	June 30 2016	Dec 31 2016
Non-current assets				
Intangible assets		491	238	193
Tangible non-current assets		1,949	2,999	2,306
Long-term receivables	2	10,700	8,000	10,700
Deferred tax		131	1,008	131
Shares in Group companies		353,181	354,724	353,181
Total non-current assets		**366,452**	**366,969**	**366,511**
Current assets				
Receivables from Group companies		528,169	510,504	428,241
Current receivables		8,430	11,207	4,632
Investments	2	1,605	28,499	26,167
Cash & cash equivalents		–	998	13,330
Total current assets		**538 204**	**551,208**	**472,370**
Total assets		**904 656**	**918,177**	**838,881**
Equity and liabilities				
Equity		104,185	83,672	150,687
Untaxed reserves		–	1,014	–
Bond Loan	2	–	144,303	137,092
Non-current liabilities credit institutions	2	150,000	–	–
Other non-current liabilities		17 273	4,138	17,273
Due to Group companies		563,161	649,526	516,066
Overdraft facility		52,789	–	–
Accounts payable		1,746	1,345	2,777
Other current liabilities		15 502	34,179	14,986
Total equity and liabilities		**904 656**	**918,177**	**838,881**

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY
CONDENSED

SEK thousands	January-June 2017	January-June 2016	Full-year 2016
Opening balance	**150,687**	**147,872**	**147,872**
Distribution	–50,297	–50,297	–50,297
Issuance of warrants	–	68	68
Warrant premium convertible	–	55	55
Total comprehensive income for the period	3,795	–14,026	52,990
Closing balance	**104,185**	**83,672**	**150,687**

SUPPLEMENTARY DISCLOSURES

NOTE 1 OTHER EXTERNAL EXPENSES

	Group		Parent Company	
SEK thousands	Jan-June 2017	Jan-June 2016	Jan-June 2017	Jan-June 2016
Cost of premises	23,805	14,937	5,295	5,370
Selling expenses	16,672	20,510	1,237	1,523
Marketing expenses	19,672	16,631	8,858	8,874
Administrative expenses	15,887	12,674	6,316	6,768
Other	5,113	6,015	1,269	2,767
Total	**81,149**	**70,767**	**22,975**	**25,302**

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 25.2 million in the first half of 2017.

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

SEK thousands	Level 1	Level 2	Level 3
Securities held for trading	1,605	–	–
Derivatives held for trading	–	–	–
Net		**–**	**–**

The carrying amount of financial instruments recognized at amortized cost corresponds to fair value as of June 30, 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: This indicator is used to assess an investment from an owner's perspective.

EQUITY/ASSETS RATIO
Equity as a percentage of total assets.
Purpose: This indicator shows financial risk, expressed as a share of total restricted equity financed by the owners.

GROSS PROFIT MARGIN
Net sales less cost of goods sold divided by net sales.
Purpose: Gross margin is used to measure operating profitability.

GROSS PROFIT MARGIN BEFORE ACQUISITIONS
Net sales less cost of goods sold divided by net sales.
Purpose: Gross profit margin before acquisitions is used to measure operating profitability adjusted for acquisition effects.

NET DEBT
Liabilities less investments and cash & cash equivalents.
Purpose: Net debt reflects the company's total debt situation.

NET DEBT TO EBITDA RATIO
Liabilities less investments and cash & cash equivalents divided by operating profit before depreciation/amortization.
Purpose: This indicator shows the company's ability to pay debts.

NET FINANCIAL ITEMS
Financial income less financial expenses.
Purpose: Describes the company's financial activities.

OPERATING MARGIN
Operating profit as a percentage of net sales.
Purpose: The operating margin is used to measure operating profitability.

OPERATING PROFIT
Profit before tax plus net financial items.
Purpose: This indicator facilitates profitability comparisons regardless of the company's tax rate and independent of its financing structure.

PROFIT MARGIN
Profit before tax as a percentage of net sales.
Purpose: Profit margin shows the company's profit in relation to its sales.

RETURN ON CAPITAL EMPLOYED
Profit before tax (per rolling 12-month period) plus financial expenses as a percentage of average capital employed.
Purpose: This indicator is the key measure to quantify the return on the capital used in operations.

RETURN ON EQUITY
Profit for the period/year attributable to the Parent Company's shareholders (for rolling 12 months) according to the income statement as a percentage of average equity. Average equity is calculated by adding equity at January 1 to equity at December 31 and dividing by two.
Purpose: This indicator is used to show, from an ownership perspective, the return generated on the owners' invested capital.

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

Stockholm, August 17, 2017

Heiner Olbrich
Chairman

Lotta de Champs
Board member

Martin Bjäringer
Board member

Mats H Nilsson
Board member

Fredrik Lövstedt
Board member

Christel Kinning
Board member

Henrik Bunge
CEO

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

The year-end report for 2017 on February 23, 2018.

FINANCIAL REPORTS
Financial reports can be downloaded from the company's website, www.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 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 high summer 2017 collection.

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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 August 18, 2017 at 07:30 am (CET).