

# BJÖRN BORG

## BJÖRN BORG AB INTERIM REPORT JANUARY – JUNE 2018

### STRONG GROSS PROFIT MARGIN

#### APRIL 1- JUNE 30, 2018

- The Group's net sales increased 4.1 percent to SEK 140.3 million (134.8). Excluding currency effects sales rose 1.2 percent.
- Net sales for own e-com and e-tailers amounted to 28,6 MSEK (23,2), an increase of 23 percent.
- The gross profit margin was 59.9 percent (52.1).
- Operating profit amounted to SEK 2.9 million (–0.3).
- Profit after tax amounted to SEK 1.5 million (–3.3).
- Earnings per share before and after dilution amounted to SEK 0.06 (–0.11).

#### JANUARY 1- JUNE 30, 2018

- The Group's net sales fell 3.4 percent to SEK 309.5 million (320.5). Excluding currency effects sales fell 5.6 percent.
- Net sales for own e-com and e-tailers amounted to 61,0 MSEK (48,2), an increase of 26 percent.
- The gross profit margin was 58.3 percent (50.3).
- Operating profit amounted to SEK 18.0 million (6.5).
- Profit after tax amounted to SEK 16.3 million (1.7).
- Earnings per share before and after dilution amounted to SEK 0.66 (0.07).

#### QUOTE FROM THE CEO

“In the second quarter we again saw that anything is possible, and at the same time that the Swedish national football squad showed that the team is stronger than the individual, our Swedish stores increased their revenues by 15 percent compared with the previous year. It had been some time since we had such strong growth for comparable stores. We also set a new record: Our gross margin has never been higher at nearly 60 percent,” commented CEO Henrik Bunge.

SEK millions	April-June 2018	April-June 2017	January- June 2018	January- June 2017	July 2017- June 2018	Full-year 2017
Net sales	140.3	134.8	309.5	320.5	710.1	696.5
Gross profit margin, %	59.9	52.1	58.3	50.3	55.7	54.0
Operating profit	2.9	–0.3	18.0	6.5	66.9	55.4
Operating margin, %	2.1	–0.2	5.8	2.0	9.4	7.9
Profit after tax	1.5	–3.3	16.3	1.7	52.0	37.4
Earnings per share before dilution, SEK	0.06	–0.11	0.66	0.07	2.07	1.48
Earnings per share after dilution, SEK	0.06	–0.11	0.66	0.07	2.07	1.48
Brand sales*	294	271	706	708	1,540	1,542

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





## CEO'S COMMENT

In the second quarter we again saw that anything is possible, and at the same time that the Swedish national football squad showed that the team is stronger than the individual, our Swedish stores increased their revenues by 15 percent compared with the previous year. It had been some time since we had such strong growth for comparable stores. We also set a new record: Our gross margin has never been higher at nearly 60 percent.

At the same time I would add that our markets continue to develop at different rates. Total net sales in the quarter amounted to SEK 140.3 million, a year-over-year increase of 4.1 percent. Growth is being driven by Sweden and Finland, both wholesale and for comparable stores. Our focus on e-commerce is also driving growth, both in our own e-commerce and our e-tailers. On the other hand, we had a very weak quarter in Belgium and the Netherlands, where we are losing sales in our own stores and at the wholesale level compared with the previous year. Our distributors in Norway and Denmark continue to underperform year-over-year.

The gross profit margin is, as planned, significantly better than the previous year at 59.9 percent (52.1). Adjusted for currency effects, mainly a weaker USD in relation to EUR, the margin would have been 58.1 percent. We increased expenses

by SEK 6.9 million in the quarter, partly due to different classifications, but mainly because we have decided to invest more in marketing than in the same quarter last year. Thanks to the higher revenue, coupled with the improved gross profit margin, we increased our operating profit to SEK 2.9 million (–0.3) despite higher operating expenses.

I am pleased with our performance in the quarter. We achieved a great deal and strengthened the organization. We have recruited a new manager in Germany, Jörn Walther, and a new CFO, Jens Nyström, from the outdoor clothing company Haglöfs. Our current CFO, Daniel Grohman remain at Björn Borg as Business Development Director. Both Jens and Jörn are expected to begin this fall. Our work with e-tailers, our own e-commerce and marketplaces is producing good growth and we continue to strengthen our position in sports apparel. The latter is largely thanks to a successful collaboration with the Japanese designer Naito Shinpei. What we have to continue to focus on is a turnaround in Benelux and for the distributors in Norway and Denmark. Lastly, it was a quarter where both sales and profitability were better than the previous year.

Let's go!

Head coach  
Henrik Bunge





## OPERATIONS

### BRAND SALES

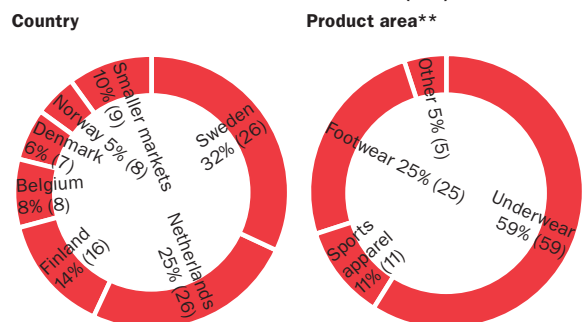
Brand sales are a calculation of the total sales value of Björn Borg products at the consumer level excluding VAT. The second quarter of 2018 saw an improvement in brand sales. All product groups are growing except bags, which declined slightly. The strongest growth is in sports apparel, footwear and eyewear, but underwear is also generating good growth. In total, brand sales rose in the second quarter by 9 percent to SEK 294 million (271). Adjusted for currency effects, brand sales were up 4 percent for the quarter. For the first half-year brand sales fell slightly to SEK 706 million (708), or by 0.3 percent. Adjusted for currency effects, brand sales were down 4 percent.

### PRODUCT AREAS FIRST HALF OF 2018

Brand sales in the underwear product area were 2 percent lower in the first half of 2018, while sports apparel decreased 4 percent. Underwear accounted for 59 percent (59) of brand sales.

Brand sales of footwear increased 1 percent compared with the first half of 2017, while other licensed products rose 23 percent with eyewear and homewear accounting for much of the increase, while bags were in line with the previous year. In total, brand sales of licensed products increased 4 percent in the first half of the year.

### BRAND SALES\* OF BJÖRN BORG PRODUCTS JANUARY-JUNE 2018. TOTAL SEK 706 MILLION (708)



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

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

### MARKETS FIRST HALF OF 2018

Among large markets, Sweden saw very positive development. Other markets declined year-over-year with Norway, Denmark and Finland seeing big decreases. The smaller markets are growing compared with the previous year.

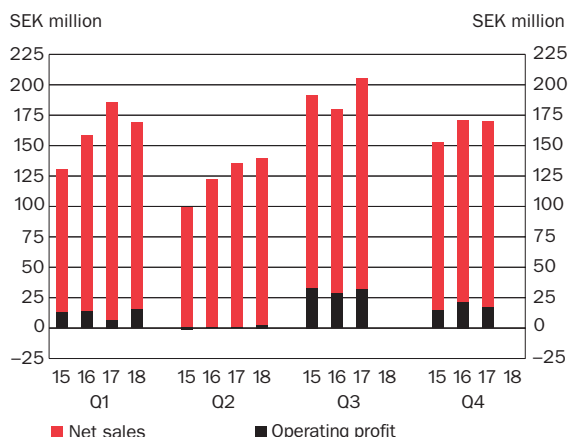
### BJÖRN BORG STORES

One Björn Borg store was closed in Sweden in the second quarter and none were opened. As of June 30, 2018 there were a total of 38 (39) Björn Borg stores, of which 34 (33) are Group-owned.

## THE GROUP'S DEVELOPMENT

Net sales grew in the second quarter largely due to a stronger EUR, but also through growth in the wholesale business in Sweden and Finland as well as e-commerce. Operating profit rose year-over-year thanks to a better gross profit margin.

### QUARTERLY NET SALES AND OPERATING PROFIT, 2015-2018



### SALES

#### Second quarter, April-June 2018

The Group's net sales amounted to SEK 140.3 million (134.8) in the second quarter, an increase of 4.1 percent. Currencies positively affected quarterly sales. Adjusted for currency effects, sales were up 1.2 percent.

Aside from currencies, the positive sales trend is mainly due to apparel and underwear sales by the Swedish wholesale business, which is performing well. It is in the customer segment sports apparel distribution that the company is mainly growing. The Finnish apparel and underwear company is also developing well and growing mainly at the wholesale level, but also in retail operations. The footwear wholesale company had a good quarter and grew year-over-year. The Swedish business is generating growth, while the Finnish business declined year-over-year. Sales turned higher for the Swedish retail company in the second quarter. For comparable stores sales rose 15 percent, but in total they declined slightly due to three fewer stores than the second

quarter of 2017. E-commerce grew 9 percent in the quarter, mainly thanks to better conversion of website traffic than the previous year. The Benelux business declined 22 percent year-over-year. Wholesale and retail sales are both down from the previous year. Comparable stores dropped 6 percent and in total retail sales fell 12 percent. The product company's external sales decreased year-over-year, driven by poor performance in the Norwegian market. External royalties decreased slightly.

#### First half-year, January-June 2018

The Group's net sales for the first half of 2018 amounted to SEK 309.5 million (320.5), a decrease of 3.4 percent. Excluding currency effects, sales were down 5.6 percent.

As of January 1, 2018 footwear distribution in Denmark is managed by an external partner, which has negatively affected net sales since the Group's net sales now come in the form of royalties instead of wholesale revenues. Adjusted accordingly, this reduced the Group's net sales 1.6 percent for the first half-year.

The Benelux companies reported a net sales decline of 12 percent compared with the previous year in both its wholesale and retail operations. Sales for comparable stores were down 11 percent. The Finnish company that distributes underwear and apparel is also losing ground compared with the previous year. The first half of 2017 was very strong in Finland thanks to a number of large new customers, which accounted for the growth. Sell-through by these customers has not kept pace with selling-in in 2017, which led to lower sales in the first half of 2018. The wholesale footwear business has stopped distribution in Denmark as of January 1, 2018. Distribution is instead managed by an external partner, which led to a decrease in net sales of about SEK 6 million, while the Swedish, Finnish and Baltic businesses grew 2 percent. The Swedish wholesale underwear and apparel business is developing very well and grew year-over-year by nearly 30 percent. Growth is driven by higher sales in the customer segment sports apparel distribution. Sales declined year-over-year for the Swedish retail company due to three fewer stores, but for comparable stores they rose 5 percent. E-commerce generated good growth of 28 percent, mainly thanks to better conversion of website traffic than the previous year. The product company's external sales decreased year-over-year, driven by poorer performance in the Danish and Norwegian markets. External royalties increased slightly.

Segment	Revenue source	Operating revenue, SEK thousands		Operating profit, SEK thousands		Operating margin, %	
		January-June		January-June		January-June	
		2018	2017	2018	2017	2018	2017
Wholesale	Products	210,366	226,030	15,600	3,280	7	2
Consumer Direct	Products	83,971	82,793	-8,290	-12,975	-10	-161
Distributors	Products	203,507	218,521	4,163	6,358	2	3
Licensing	Royalties	33,178	26,676	6,500	9,788	20	37
Less internal sales		-215,018	-228,769	-	-	-	-
<b>Total</b>		<b>316,004</b>	<b>325,252</b>	<b>17,973</b>	<b>6,451</b>	<b>6</b>	<b>2</b>



## PROFIT

### Second quarter, April-June 2018

The gross profit margin for the second quarter increased to 59.9 percent (52.1). A weaker USD coupled with a strong EUR positively affected margins. Adjusted for currency effects, the gross profit margin would have been 58.1 percent. Aside from currencies, the gross profit margins were positively affected by about SEK 1.3 million by changes in classifications of expenses, as a result of which more expenses are recorded under marketing expenses and less under costs of goods sold. Adjusted for both currency effects and the changes in classifications, the gross profit margin was 57.1 percent. The remaining improvement in gross profit margins compared to last year is related to that 2017 was negatively impacted by one-time effects due to the acquisition of the Benelux.

Other operating revenue amounted to SEK 2.1 million (5.7) and mainly related to unrealized gains on accounts receivable in foreign currency and positively affected profit.

Operating expenses rose SEK 6.9 million compared with the previous year with the changes in expense classifications accounting for an increase of SEK 1.3 million. Adjusted for the above, operating expenses rose SEK 5.6 million or 7.4 percent. The increase is mainly in marketing and distribution expenses.

The combination of higher revenue, the improved gross profit margin and higher operating expenses led to an increase in operating profit to SEK 2.9 million (–0.3). The operating margin was 2.1 percent (–0.2).

Net financial items amounted to SEK 0.3 million (–1.8). The bond portfolio and bond loan that previously affected the financial net have now been divested and did not affect the financial net in the quarter. The remaining year-over-year improvement mainly related to the revaluation of financial assets and liabilities in foreign currency. Profit before tax rose to SEK 3.2 million (–2.1).

### First half-year, January-June 2018

The gross profit margin for the first half-year increased to 58.3 percent (50.3). A weaker USD coupled with a strong EUR positively affected margins. Adjusted for currency effects, the gross profit margin would have been 55.5 percent. Aside from currencies, the gross profit margins were positively affected by about SEK 3.5 million by changes in classifications of expenses, as a result of which more expenses are recorded under marketing expenses and less under costs of goods sold. Adjusted for both currency effects and the changes in classifications, the gross profit margin was 54.3 percent. The remaining improvement in gross profit margins compared to last year is related to that 2017 was negatively impacted by one-time effects due to the acquisition of the Benelux.

Other operating revenue amounted to SEK 6.5 million (4.8) and mainly related to unrealized gains on accounts receivable in foreign currency and positively affected profit.

Operating expenses rose SEK 9.7 million compared with the previous year with the changes in expense classifications accounting for an increase of SEK 3.5 million. Adjusted for the change in the expense classification, operating expenses rose SEK 6.2 million or 3.9 percent.

The combination of lower revenue, the improved gross profit margin and operating expenses that were slightly higher than the previous year led to an increase in operating profit to SEK 18.0 million (6.5). The operating margin was 5.8 percent (2.0).

Net financial items amounted to SEK 4.3 million (–1.8). The bond portfolio and bond loan that previously affected the financial net have now been divested and did not affect the financial net in the quarter, SEK 0.0 million (1.1). The remaining year-over-year improvement mainly related to the

revaluation of financial assets and liabilities in foreign currency. Profit before tax rose to SEK 22.3 million (4.7).

### Development by segment

Björn Borg has changed its segment reporting as of the first quarter of 2018. The reason is that the company has become much more integrated after the Benelux acquisition, which made the previous reporting method obsolete. The new segments correspond to the company's primary revenue sources: Wholesale, Consumer Direct, Distributors and Licensing, which is also how the business is monitored internally in the Group. Comparative figures for 2017 have been restated and are comparable with the new segmentation.

#### Wholesale

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

The segment's operating revenue decreased to SEK 210.4 million (226.0) in the first half of 2018. External operating revenue amounted to SEK 209.3 million (207.7), an increase of 1 percent. One change from the previous year in the segment is that the Group no longer has a wholesale footwear business in Denmark, which as of 2018 falls within the Licensing segment. Adjusted for Danish footwear distribution, external sales rose about 4 percent. Sales to e-tailers, which primarily sell online, are growing in all markets. Growth in the e-tail segment was 26 percent in the first half of 2018 and amounted to SEK 38.3 million (30.5). The Swedish wholesale business was up year-over-year in apparel, underwear and footwear. Benelux declined from the previous year with the Belgian part of the business losing more than the Dutch. Finland also lost ground from the previous year, but the comparable period was very strong thanks to a number of large new customers, which accounted for the growth. Sell-through by these customers has not kept pace with selling-in in 2017, which led to lower sales in the first part of 2018. Smaller markets also lost ground compared with the previous year.

Operating profit amounted to SEK 15.6 million (3.3). The improvement is mainly due to higher gross profit margins. The previous year had lower gross profit margins because gross profit was pushed back in connection with the Benelux acquisition. Currencies also had a positive effect on margins with a stronger EUR and a weaker USD than the previous year. Other operating expenses increased 7 percent year-over-year, partly due to the currency effects, but also because of higher marketing and distribution expenses.

#### Consumer Direct

*The segment consists of revenue and expenses associated with the Björn Borg Group's direct sales to consumers. The Björn Borg Group owns and operates a total of 34 stores and factory outlets in Sweden, Finland, the Netherlands, Belgium and England with sales of underwear, sports apparel, adjacent products and other licensed products. In addition, Björn Borg sells online through [www.bjornborg.com](http://www.bjornborg.com).*

Operating revenue in the Consumer Direct segment rose in the first half of 2018 to SEK 84.0 million (82.8). External operating revenue rose to SEK 84.0 million (80.6), up 4 percent. The increase is due to strong e-commerce sales, which grew 28 percent compared with the previous year. Total sales at the retail level in Sweden fell 7 percent year-over-year due to fewer stores, while comparable stores grew 5 percent. The Benelux stores performed weakly and sales were down 10 percent in total and 11 percent for comparable stores. The Finnish stores grew 10 percent and

comparable stores were up 4 percent. The store in England was down year-over year. In total, sales for comparable stores decreased 5 percent.

The operating loss for the first half of 2018 was SEK 8.3 million, against a year-earlier loss of SEK 13.0 million. The improvement was due to higher gross profit margins than the previous year. The previous year had lower margins because gross profit was pushed back in connection with the Benelux acquisition. External operating expenses increased year-over-year mainly due to higher distribution and marketing expenses in e-commerce.

#### **Distributors**

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

The segment's operating revenue amounted to SEK 203.5 million (218.5) in the first half of 2018. External operating revenue decreased to SEK 15.3 million (25.7), or by 41 percent from the previous year. Lower sales to both of our major distributor markets, Norway and Denmark, are the reason for the decrease.

Operating profit fell to SEK 4.2 million (6.4) due to the lower external sales in the segment. The gross profit margin was slightly better than the previous year. Operating expenses were lower due to the lower sales

#### **Licensing**

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

The segment's operating revenue amounted to SEK 33.2 million (26.7) in the first half of 2018. External operating revenue decreased to SEK 7.5 million (11.3) as the previous year included one-off revenue of about SEK 4.1 million. Adjusted for the above, sales rose 3 percent with footwear and eyewear accounting for most of the growth, while bags decreased from the previous year.

Operating profit decreased to SEK 6.5 million (9.8) for the first half-year. The decline is a result of the lower external sales in the segment.

#### **Intra-Group sales**

Intra-Group sales for the first half of 2018 amounted to SEK 215.0 million (228.8).

#### **SEASONAL VARIATIONS**

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

#### **INVESTMENTS AND CASH FLOW**

The Group's cash flow from operating activities amounted to SEK 17.7 million (12.0) in the first half of 2018. The year-over-year improvement primarily comes from a better operating profit, while working capital has increased and negatively affected cash flow primarily due to higher inventory.

Cash flow from investing activities was negative at SEK -7.8 million (20.4). The main investments were in an existing store, the development of the e-commerce platform and the company's enterprise system as well as the acquisition of the minority share of 25 percent in Björn Borg Finland Oy for about SEK 3 million. Total investments in tangible and intangible non-current assets amounted to SEK 4.8 million (4.8) for the period.

Financing activities generated a negative cash flow of SEK -28.3 million (-39.0). The negative flow comes from the company's distribution to shareholders of SEK 50.3 million (50.3).

#### **FINANCIAL POSITION AND LIQUIDITY**

The Björn Borg Group's cash & cash equivalents and investments amounted to SEK 40.2 million (41.6) at the end of the period with interest-bearing liabilities of SEK 168.2 million (167.3). The net debt thereby amounts to 127,9 MSEK (125,7).

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

The bond portfolio that the company previously managed due to the surplus liquidity which arose from the issuance of the bond loan has now essentially been divested. As of June 30 the book value of the bonds was SEK 0.5 million (1.6), 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. Moreover, the Group will maintain an equity/assets ratio of at least 35 percent.

As of June 30, 2018 the ratio was 1.67 (2.00) and the equity/assets ratio was 45.3 percent (45.7).

No changes were otherwise made with regard to pledged assets and contingent liabilities compared with December 31, 2017.

#### **PERSONNEL**

The average number of employees in the Group was 212 (206) for the twelve-month period ending June 30, 2018, of whom 67 percent (68) are women.

#### **RELATED PARTY TRANSACTIONS**

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

#### **SIGNIFICANT RISKS AND UNCERTAINTIES**

In its operations the Björn Borg Group is exposed to risks and uncertainties. Information on the Group's risks and uncertainties can be found on pages 60-61 and in note 3 in the annual report 2017.

#### **PARENT COMPANY**

Björn Borg AB (publ) is primarily engaged in intra-Group activities. During the period the company acquired the minority share of 25 percent in Björn Borg Finland Oy. The purchase price for the minority share was EUR 300 thousand. As of June 30, 2018 the company owns 100 percent of the shares in Björn Borg Brands AB, Björn Borg Footwear AB, Björn Borg Inc., Björn Borg Services AB, Björn Borg UK and Björn Borg Finland Oy. In addition, the company owns 75 percent of the shares in Björn Borg (China) Ltd.

The Parent Company's net sales for the first half of 2018 amounted to SEK 53.4 million (52.2).

Profit before tax amounted to SEK 6.0 million (3.8) for the first half-year. Cash & cash equivalents and investments amounted to SEK 5.5 million (1.6) as of June 30, 2018.

#### **EVENTS AFTER THE REPORTING PERIOD**

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

## 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 19 percent from the full-year 2017. 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 17, 2018 resolved to distribute SEK 2.00 (2.00) per share to the shareholders for the financial year 2017. Christel Kinning, Fredrik Lövestedt, Mats H Nilsson and Heiner Olbrich were re-elected to the Board of Directors. Göran Carlson and Alessandra Cama were elected as new Directors. Martin Bjäringer and Lotta de Champs had declined re-election. The total number of board members is six. The meeting resolved to re-elect Heiner Olbrich as 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 2017 with the exception of IFRS 15 and IFRS 9, which are applied as of January 1, 2018. The accounting principles are described on page 56 in the annual report 2017.

## New and amended accounting principles

### *IFRS 15 Revenue from Contracts with Customers*

IFRS 15 Revenue from Contracts with Customers introduces a new model for revenue recognition (five-step model) based on when control of a good or a service is conveyed to the customer. IFRS 15 replaces all previous standards, statements and interpretations that concern revenue recognition. Björn Borg has applied IFRS 15 as of January 1, 2018. The transition to IFRS 15 has not had a material impact on revenue recognition or the financial reporting compared with previously applied principles.

### *IFRS 9 Financial instruments*

IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement and contains new rules on the classification and impairment of financial assets as well as hedge reporting. Björn Borg has applied IFRS 9 as of January 1, 2018 and comparative information has not been restated.

Financial assets are classified according to IFRS 9 based on the business model that the asset is managed in and its cash flow characteristics. Björn Borg applies two different business models. For cash & cash equivalents, accounts receivable and other current receivables such as loans and accounts receivable under IAS 39 the company's business model is "hold to collect," which means that the purpose of the financial assets is to collect on contractual cash flows. Financial assets included in this business model are recognized at amortized cost. For short-term investments held for trading under IAS 39 the company's business model is "other," which means that the holding is held for trading purposes. Financial assets included in this business model are recognized at fair value through profit or loss. The new classification of financial assets does not entail any material differences from previously applied principles with respect to the recognition and measurement of financial assets.

The new impairment model for financial assets is based on expected losses instead of incurred losses. The Group applies the simplified model for accounts receivable, i.e., the provision will correspond to the full lifetime expected loss. Björn Borg's application of the model shows that the effect of the transition does not have a material impact on the recognized values due to the short term and risk characteristics of the receivables. The simplified model cannot be applied to cash & cash equivalents, but the effect is not expected to be material since they mature in less than one year and the counterparties are stable Nordic banks with high ratings. Financial assets recognized at fair value through profit or loss as well as equity instruments are not governed by the impairment rules.

## AUDIT REPORT

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

## OUTLOOK 2018

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

## CONSOLIDATED INCOME STATEMENT

### CONDENSED

SEK thousands	Note	April-June 2018	April-June 2018	January- June 2018	January- June 2017	July 2017- June 2018	Full-year 2017
Net sales	1	140,341	134,844	309,545	320,501	685,526	696,482
Other operating revenue		2,080	5,738	6,459	4,751	9,481	7,773
<b>Operating revenue</b>		<b>142,421</b>	<b>140,582</b>	<b>316,004</b>	<b>325,252</b>	<b>695,007</b>	<b>704,255</b>
Goods for resale		-56,326	-64,604	-128,982	-159,443	-289,750	-320,211
Other external expenses	2	-42,307	-35,201	-90,163	-81,149	-182,982	-173,967
Staff costs		-36,705	-37,016	-71,797	-70,396	-140,164	-138,763
Depreciation/amortization of tangible/ intangible non-current assets		-2,431	-2,222	-4,512	-4,487	-9,931	-9,906
Other operating expenses		-1,764	-1,829	-2,577	-3,326	-5,291	-6,041
<b>Operating profit</b>		<b>2,888</b>	<b>-290</b>	<b>17,973</b>	<b>6,451</b>	<b>66,889</b>	<b>55,367</b>
Net financial items		328	-1,789	4,342	-1,765	2,137	-3,969
<b>Profit before tax</b>		<b>3,216</b>	<b>-2,079</b>	<b>22,315</b>	<b>4,686</b>	<b>69,026</b>	<b>51,398</b>
Tax		-1,742	-1,263	-5,982	-3,008	-17,000	-14,026
<b>Profit for the period</b>		<b>1,474</b>	<b>-3,342</b>	<b>16,333</b>	<b>1,678</b>	<b>52,026</b>	<b>37,372</b>
<b>Profit for the period attributable to</b>							
Parent Company's shareholders		1,505	-2,794	16,553	1,712	51,938	37,099
Non-controlling interests		-31	-548	-219	-34	88	273
Earnings per share before dilution, SEK		0.06	-0.11	0.66	0.07	2.07	1.48
Earnings per share after dilution, SEK		0.06	-0.11	0.66	0.07	2.07	1.48
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 2018	April-June 2018	January- June 2018	January- June 2017	July 2017- June 2018	Full-year 2017
<b>Net profit for the period</b>		<b>1,474</b>	<b>-3,342</b>	<b>16,333</b>	<b>1,678</b>	<b>52,026</b>	<b>37,372</b>
<b>OTHER COMPREHENSIVE INCOME</b>							
<b>Components that may be reclassified to profit or loss</b>							
Translation difference for the period		-1,373	2,558	651	3,524	-1,653	1,220
<b>Total other comprehensive income for the period</b>		<b>-1,373</b>	<b>2,558</b>	<b>651</b>	<b>3,524</b>	<b>-1,653</b>	<b>1,220</b>
<b>Total comprehensive income for the period</b>		<b>101</b>	<b>-784</b>	<b>16,984</b>	<b>5,202</b>	<b>50,373</b>	<b>38,592</b>
<b>Total comprehensive income attributable to</b>							
Parent Company's shareholders		2,436	-192	17,593	4,814	50,607	37,829
Non-controlling interests		-330	-592	-609	388	-234	763



## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

### CONDENSED

SEK thousands	Note	June 30 2018	June 30 2017	Dec 31 2017
<b>Non-current assets</b>				
Goodwill		35,146	35,766	35,755
Trademarks		187,532	187,532	187,532
Other intangible assets		6,248	5,016	5,066
Tangible non-current assets		15,129	12,026	15,392
Deferred tax assets		22,630	32,052	22,530
<b>Total non-current assets</b>		<b>266,685</b>	<b>272,392</b>	<b>266,275</b>
<b>Current assets</b>				
Inventory		125,842	123,872	109,770
Accounts receivable		84,402	72,304	91,479
Other current receivables		15,639	24,114	20,055
Investments	3	500	1,605	500
Cash & cash equivalents		39,710	39,980	52,620
<b>Total current assets</b>		<b>266,093</b>	<b>261,875</b>	<b>274,424</b>
<b>Total assets</b>		<b>532,778</b>	<b>534,267</b>	<b>540,699</b>
<b>Equity and liabilities</b>				
Equity		241,115	244,008	277,398
Deferred tax liabilities		48,131	46,194	42,949
Non-current liabilities credit institutions		150,000	150,000	125,000
Other non-current liabilities		21,682	17,273	22,925
Accounts payable		27,695	31,559	20,452
Other current liabilities		44,155	45,233	51,975
<b>Total equity and liabilities</b>		<b>532,778</b>	<b>534,267</b>	<b>540,699</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

### CONDENSED

SEK thousands	Note	Equity attributable totill Parent Company's shareholders	Non-controlling interests	Total equity
<b>Opening balance, January 1, 2017</b>				
Total comprehensive income for the period		289,375	-272	289,103
Distribution for 2016		4,814	388	5,202
		-50,297	-	-50,297
<b>Closing balance, June 30, 2017</b>		<b>243,892</b>	<b>116</b>	<b>244,008</b>
<b>Opening balance, January 1, 2017</b>				
Total comprehensive income for the period		289,375	-272	289,103
Distribution for 2016		37,829	763	38,592
		-50,297	-	-50,297
<b>Closing balance, December 31, 2017</b>		<b>276,907</b>	<b>491</b>	<b>277,398</b>
<b>Opening balance, January 1, 2018</b>				
Total comprehensive income for the period		276,907	491	277,398
Distribution for 2017		17,593	-609	16,984
Acquisition of non-controlling interest		-50,297	-	-50,297
		-2,523	-447	-2,970
<b>Closing balance, June 30, 2018</b>		<b>241,680</b>	<b>-565</b>	<b>241,115</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

### CONDENSED

SEK thousands	April-June 2018	April-June 2018	January- June 2018	January- June 2017	Full-year 2017
<b>Cash flow from operating activities</b>					
Before changes in working capital	4,433	1,032	22,565	6,352	61,400
Changes in working capital	-4,921	2,801	-4,834	5,685	-8,221
<b>Cash flow from operating activities</b>	<b>-488</b>	<b>3,833</b>	<b>17,731</b>	<b>12,037</b>	<b>53,179</b>
Acquisition of subsidiary, cash & cash equivalents	-	-	-	-	2,868
Acquisition of minority interest	-	-	-2,970	-	-
Investments in intangible non-current assets	-1,275	-2,453	-2,430	-2,821	-4,921
Investments in tangible non-current assets	-474	-1,401	-2,389	-2,026	-7,868
Investments/sale of investments	-	24,801	-	25,220	25,417
<b>Cash flow from investing activities</b>	<b>-1,749</b>	<b>20,947</b>	<b>-7,789</b>	<b>20,373</b>	<b>15,496</b>
Distribution	-50,297	-50,297	-50,297	-50,297	-50,297
Amortization of loans	-	-	-25,000	-1,764	-37,136
Newly raised loan	50,000	150,000	50,000	150,000	157,151
Bond loan repurchases/repayment	-	-135,470	-	-136,972	-135,470
<b>Cash flow from financing activities</b>	<b>-297</b>	<b>-35,767</b>	<b>-28,267</b>	<b>-39,033</b>	<b>-65,752</b>
<b>Cash flow for the period</b>	<b>-2,534</b>	<b>-10,987</b>	<b>-15,355</b>	<b>-6,623</b>	<b>2,923</b>
Cash & cash equivalents at beginning of year	41,334	52,216	52,620	48,948	48,948
Translation difference in cash & cash equivalents	910	-1,249	2,445	-2,345	749
<b>Cash &amp; cash equivalents at end of the period</b>	<b>39,710</b>	<b>39,980</b>	<b>39,710</b>	<b>39,980</b>	<b>52,620</b>

## KEY FIGURES

### GROUP

SEK thousands	April-June 2018	April-June 2017	January- June 2018	January- June 2017	July 2017- June 2018	Full-year 2017
Gross profit margin, %	59.9	52.1	58.3	50.3	57.7	54.0
Operating margin, %	2.1	-0.2	5.8	2.0	9.8	7.9
Profit margin, %	2.3	-1.5	7.2	1.5	10.1	7.4
Return on capital employed, %	17.9	16.0	17.9	16.0	17.9	13.2
Return on average equity, %	21.4	16.2	21.4	16.2	21.4	13.1
Profit attributable to Parent Company's shareholders	1,505	-2,794	16,553	1,712	51,938	37,099
Equity/assets ratio, %	45.3	45.7	45.3	45.7	45.3	51.3
Equity per share, SEK	9.59	9.70	9.59	9.70	9.59	11.03
Investments in intangible non-current assets	1,275	2,453	2,430	2,821	4,530	4,921
Investments in tangible non-current assets	474	1,401	2,389	2,026	8,231	7,868
Business acquisition	-	-	2,970	-	2,970	-
Depreciation, amortization and impairment losses for the period	-2,431	-2,222	-4,512	-4,487	-9,931	-9,906
Average number of employees	211	206	211	206	212	212

## SUMMARY BY SEGMENT GROUP

SEK thousands	April-June 2018	April-June 2017	January-June 2018	January-June 2017	July 2017-June 2018	Full-year 2017
<b>Operating revenue</b>						
<b>Wholesale</b>						
External revenue	85,262	74,896	209,250	207,693	442,971	441,414
Internal revenue	641	4,869	1,116	18,337	5,534	22,756
	<b>85,903</b>	<b>79,765</b>	<b>210,366</b>	<b>226,030</b>	<b>448,505</b>	<b>464,170</b>
<b>Consumer Direct</b>						
External revenue	44,971	44,152	83,965	80,608	189,330	185,973
Internal revenue	7	–	7	2,185	15	2,194
	<b>44,978</b>	<b>44,152</b>	<b>83,971</b>	<b>82,793</b>	<b>189,345</b>	<b>188,167</b>
<b>Distributors</b>						
External revenue	9,274	14,417	15,255	25,661	47,886	58,292
Internal revenue	60,890	90,639	188,253	192,860	411,251	415,859
	<b>70,164</b>	<b>105,056</b>	<b>203,507</b>	<b>218,521</b>	<b>459,137</b>	<b>474,151</b>
<b>Licensing</b>						
External revenue	2,916	7,118	7,535	11,290	14,820	18,575
Internal revenue	9,674	6,072	25,643	15,386	43,691	33,435
	<b>12,590</b>	<b>13,190</b>	<b>33,178</b>	<b>26,676</b>	<b>58,511</b>	<b>52,010</b>
Less internal sales	–71,214	–101,581	–215,018	–228,769	–460,492	–474,243
<b>Operating revenue</b>	<b>142,421</b>	<b>140,582</b>	<b>316,004</b>	<b>325,252</b>	<b>695,007</b>	<b>704,255</b>
<b>Operating profit</b>						
Wholesale	–390	–5,634	15,600	3,280	46,967	34,647
Consumer Direct	–1,568	–3,992	–8,290	–12,975	–9,156	–13,840
Distributors	2,376	3,225	4,163	6,358	16,071	18,266
Licensing	2,470	6,111	6,500	9,788	13,007	16,294
<b>Operating profit</b>	<b>2,888</b>	<b>–290</b>	<b>17,973</b>	<b>6,451</b>	<b>66,889</b>	<b>55,367</b>

### 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 2,888 thousand (–290), and profit before tax, SEK 3,216 thousand (–2,079), is net financial items, SEK 328 thousand (–1,789). The difference in the first half-year between operating profit for segments for which information must be disclosed, SEK 17,973 thousand, and profit before tax, SEK 22,315 thousand (4,686), is net financial items, SEK 4,342 thousand (–1,765).

## QUARTERLY DATA GROUP

SEK thousands	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016
Net sales	140,341	169,204	170,269	205,712	134,844	185,657	171,410	179,977
Gross profit margin, %	59.9	57.1	58.3	56.3	52.1	48.9	48.0	50.4
Operating profit/loss	2,888	15,085	16,905	32,012	–290	6,741	21,365	28,636
Operating margin, %	2.1	8.9	9.9	15.6	–0.2	3.6	12.5	15.9
Profit/loss after financial items	3,216	19,099	15,683	31,028	–2,079	6,765	25,413	28,493
Profit margin, %	2.3	11.3	9.2	15.1	–1.5	3.6	14.8	15.8
Earnings per share before dilution, SEK	0.06	0.60	0.43	0.98	–0.11	0.18	0.74	0.95
Earnings per share after dilution, SEK	0.06	0.60	0.43	0.98	–0.11	0.18	0.74	0.95
Number of Björn Borg stores at end of period	38	39	41	40	39	39	40	39
of which Group-owned Björn Borg stores	34	34	35	34	33	33	20	20
Brand sales	294,022	411,661	359,775	474,201	270,824	436,957	371,960	479,109



## PARENT COMPANY INCOME STATEMENT

### CONDENSED

SEK thousands	Note	April-June 2018	April-June 2017	January- June 2018	January- June 2017	July 2017- June 2018	Full-year 2017
Net sales		26,517	28,303	53,420	52,237	96,988	95,805
Other operating revenue		93	166	631	393	5,278	5,040
<b>Operating revenue</b>		<b>26,610</b>	<b>28,469</b>	<b>54,051</b>	<b>52,630</b>	<b>102,266</b>	<b>100,845</b>
Goods for resale		-1	-21	-3	-21	-4	-22
Other external expenses	2	-11,899	-11,853	-25,588	-22,975	-57,106	-54,493
Staff costs		-10,866	-9,651	-20,031	-18,477	-37,274	-35,718
Depreciation/amortization of tangible/ intangible non-current assets		-454	-314	-908	-631	-1,673	-1,396
Other operating expenses		-28	10	-340	-175	-393	-228
<b>Operating profit</b>		<b>3,362</b>	<b>6,640</b>	<b>7,181</b>	<b>10,351</b>	<b>5,816</b>	<b>8,988</b>
Result from shares in subsidiaries		-	-	-	-	48,452	48,452
Net financial items		-30	-3,286	-1,187	-6,556	-12,400	-17,771
<b>Profit after financial items</b>		<b>3,332</b>	<b>3,354</b>	<b>5,994</b>	<b>3,795</b>	<b>41,868</b>	<b>39,669</b>
Group contributions received		-	-	-	-	11,623	11,623
<b>Profit before tax</b>		<b>3,332</b>	<b>3,354</b>	<b>5,994</b>	<b>3,795</b>	<b>53,491</b>	<b>51,292</b>
Tax		-	-	-	-	-	-572
<b>Profit for the period</b>		<b>3,332</b>	<b>3,354</b>	<b>5,994</b>	<b>3,795</b>	<b>-572</b>	<b>50,720</b>
Other comprehensive income		-	-	-	-	-	-
<b>Total comprehensive income for the period</b>		<b>3,332</b>	<b>3,354</b>	<b>5,994</b>	<b>3,795</b>	<b>52,919</b>	<b>50,720</b>

## PARENT COMPANY BALANCE SHEET

### CONDENSED

SEK thousands	Note	June 30 2018	June 30 2017	Dec 31 2017
<b>Non-current assets</b>				
Intangible assets		2,647	491	1,520
Tangible non-current assets		922	1,949	1,431
Long-term receivables	3	-	10,700	-
Deferred tax		316	131	316
Shares in Group companies		344,106	353,181	341,137
<b>Total non-current assets</b>		<b>347,991</b>	<b>366,452</b>	<b>344,404</b>
<b>Current assets</b>				
Receivables from Group companies		583,111	528,169	557,280
Current receivables		3,972	8,430	4,236
Investments	3	500	1,605	500
Cash & cash equivalents		5,043	-	10,267
<b>Total current assets</b>		<b>592,626</b>	<b>538,204</b>	<b>572,283</b>
<b>Total assets</b>		<b>940,617</b>	<b>904,656</b>	<b>916,687</b>
<b>Equity and liabilities</b>				
Equity		106,807	104,185	151,110
Non-current liabilities credit institutions		150,000	150,000	125,000
Other non-current liabilities		21,682	17,273	22,925
Due to Group companies		647,696	563,161	601,130
Overdraft facility		-	52,789	-
Accounts payable		2,349	1,746	2,203
Other current liabilities		12,083	15,502	14,319
<b>Total equity and liabilities</b>		<b>940,617</b>	<b>904,656</b>	<b>916,687</b>

## PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

### CONDENSED

SEK thousands	January- June 2018	January- June 2017	Full-year 2017
<b>Opening balance</b>	<b>151,110</b>	<b>150,687</b>	<b>150,687</b>
Distribution	-50,297	-50,297	-50,297
Total comprehensive income for the period	5,994	3,795	50,720
<b>Closing balance</b>	<b>106,807</b>	<b>104,185</b>	<b>151,110</b>

## SUPPLEMENTARY DISCLOSURES

### NOTE 1 NET SALES

The Group's net sales consist of sales of products and royalties for usage of the brand. Sales of goods and/or royalties are accounted for at specific points in time and are not spread across time.

SEK thousands	Group	
	Jan-Jun 2018	Jan-Jun 2017
Sweden	112,049	92,272
Netherlands	79,200	82,022
Finland	51,958	58,286
Other	66,338	87,921
<b>Total</b>	<b>309,545</b>	<b>320,501</b>

### NOTE 2 OTHER EXTERNAL EXPENSES

SEK thousands	Group	Parent Company	
	Jan-Jun 2018	Jan-Jun 2017	Jan-Jun 2018
Cost of premises	24,924	23,805	5,188
Selling expenses	21,607	16,672	1,499
Marketing expenses	23,514	19,672	9,533
Administrative expenses	14,945	15,887	7,580
Other	5,173	5,113	1,788
<b>Total</b>	<b>90,163</b>	<b>81,149</b>	<b>25,588</b>

### NOTE 3 FINANCIAL ASSETS AND LIABILITIES

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

Securities relate to investments in corporate bonds 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.

There were no net divestments during the quarter from the company's corporate bond portfolio of SEK 500 thousand.

#### FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS JUNE 30, 2018

SEK thousands	Level 1	Level 2	Level 3
Securities	500	–	–
<b>Net</b>		–	–

The carrying amount of financial instruments recognized at amortized cost corresponds to fair value as of June 30, 2018.

#### FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS JUNE 30, 2017

SEK thousands	Level 1	Level 2	Level 3
Securities	1,605	–	–
<b>Net</b>		–	–

## 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:** Nyckeltalet används för att, ur ett ägarperspektiv, bedöma investeringens utveckling.

### 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 16, 2018

Heiner Olbrich  
Chairman

Alessandra Cama  
Board member

Göran Carlson  
Board member

Christel Kinning  
Board member

Fredrik Lövestedt  
Board member

Mats H Nilsson  
Board member

Henrik Bunge  
CEO

**CALENDAR 2018**

The interim report for January-September 2018 will be released on November 16, 2018.

The interim report for 2018 will be released on February 22, 2019.

**FINANCIAL REPORTS**

Financial reports can be downloaded from the company's website, [www.bjornborg.com](http://www.bjornborg.com) or ordered by telephone +46 8 506 33 700 or by e-mail [info@bjornborg.com](mailto:info@bjornborg.com).

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**ABOUT THE BJÖRN BORG GROUP**

The Group owns the Björn Borg trademark and its core business is sports apparel and underwear. It also offers footwear, bags and eyewear through licensees. Björn Borg products are sold in around 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 2017 amounted to about SEK 1.5 billion, excluding VAT, at the consumer level. Group net sales amounted to SEK 696.5 million in 2017, with an average of 212 employees. The Björn Borg share has been listed on Nasdaq Stockholm since 2007.

**IMAGES IN THE INTERIM REPORT**

The images in the interim report come from Björn Borg's high summer 2018 collection.

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This information is information that Björn Borg AB is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out above on August 17, 2018 at 7:30 am (CET).