GROWTH INCREASE

OCTOBER 1 – DECEMBER 31, 2018

- The Group's net sales increased 15.6 percent to SEK 196.9 million (170.3). Excluding currency effects, sales increased 11.6 percent.
- Net sales for own e-commerce and e-tailers amounted to SEK 36.3 million (29.4), an increase of 23.6 percent.
- The gross profit margin was 55.5 percent (58.3).
- Operating profit amounted to SEK 16.0 million (16.9).
- Profit after tax amounted to SEK 14.6 million (11.0).
- Earnings per share before and after dilution amounted to SEK 0.58 (0.43).

JANUARY 1 – DECEMBER 31, 2018

- The Group's net sales increased 1.9 percent to SEK 709.6 million (696.5). Excluding currency effects, sales decreased 1.6 percent.
- Net sales for own e-commerce and e-tailers amounted to SEK 141.4 million (113.4), an increase of 24.7 percent.
- The gross profit margin was 57.4 percent (54.0).
- Operating profit amounted to SEK 71.0 million (55.4).
- Profit after tax amounted to SEK 59.9 million (37.4).
- Earnings per share before and after dilution amounted to SEK 2.39 (1.48).
- The Board of Directors has decided to propose to the Annual General Meeting a distribution of SEK 2.00 (2.00) per share, totaling SEK 50.3 million (50.3).
- Björn Borg's long -term financial goals, that were concluded 2015 for the period 2015 – 2019, have been updated.

QUOTE FROM THE CEO

"Our e-tailers continue to produce results and this customer group saw growth of 54.2 percent in the quarter," commented CEO Henrik Bunge.

SEK million	Oct-Dec 2018	Oct-Dec 2017	Full-year 2018	Full-year 2017
Net sales	196.9	170.3	709.6	696.5
Gross profit margin, %	55.5	58.3	57.4	54.0
Operating profit	16.0	16.9	71.0	55.4
Operating margin, %	8.1	9.9	10.0	7.9
Profit after tax	14.6	11.0	59.9	37.4
Earnings per share before dilution, SEK	0.58	0.43	2.39	1.48
Earnings per share after dilution, SEK	0.58	0.43	2.39	1.48
Brand sales*	454	360	1,603	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

We finished the year with solid growth in the fourth quarter and several successful collaborations. I would especially like to mention our collaboration with the artist Robyn, where the prelaunch was covered by Vogue, among others. Our product launch at Selfridges with Ryan Hawaii, a London-based fashion artist, also went very well. The highlight of the quarter, however, was the reception for our sportswear collection, which produced a big jump in brand sales of 122 percent compared with the fourth quarter of 2017.

Net sales totaled SEK 196.9 million in the quarter, an increase of 15.6 percent year-over-year. Growth is mainly driven by Sweden, both at the wholesale level and for our comparable stores, where sales rose 3.3 percent. Norway and England are also growing. On the other hand, sales are down in the Netherlands and Belgium, where we had a weaker quarter compared with 2017. During the Christmas holiday our Dutch stores saw year-over-year growth, however.

Our own e-commerce reported a 6 percent increase in order bookings, but sales were down compared with a year earlier as we did not deliver according to plan. Our e-tailers continue to generate results, and this customer group reported quarterly growth of 54.2 percent.

The company's gross profit margin decreased in the quarter to 55.5 percent (58.3). Adjusted for currency effects, the margin would have been 57.6 percent. Operating expenses increased according to plan in the quarter by SEK 8.9 million, mainly due to higher marketing expenses. Increased sales but a lower margin and higher expenses led to a slight decrease in our operating profit to SEK 16.0 million (16.9).

My focus in the quarter, together with my team, was on evaluating our work from 2014, when the Northern Star business plan was launched. We determined that our strategy to focus on sports apparel and distribution was correct, and we will therefore maintain it. We are also continuing our work to integrate various markets. Our long-term financial goals, that we concluded 2015, have been updated and are now among others annual sales growth of minimum 5 percent and annual operating margin of minimum 10 percent.

Lastly, we welcomed a new country manager in Germany in the quarter, marking an increased focus on the German market. I can also sum up the quarter by reiterating that in consumer surveys we maintained our position as the consumer's first choice for men's underwear and further strengthened our popularity as a sportswear brand for men. With the fourth quarter in the books, so is 2018, a year when we increased our operating profit by nearly 30 percent compared with the previous year.

Let's go!

Henrik Bunge, Head coach

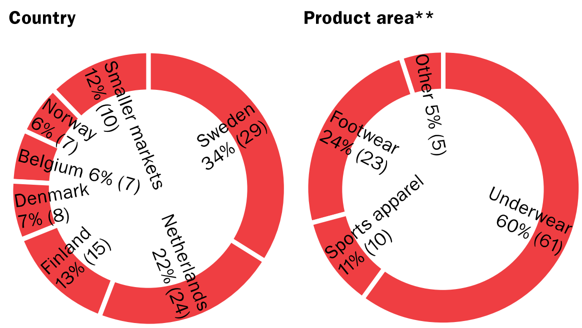
OPERATIONS

BRAND SALES
Brand sales are a calculation of the total sales value of Björn Borg products at the consumer level excluding VAT. In the fourth quarter brand sales improved with product groups developed in-house and licensed products both growing year-over-year. Underwear rose 9 percent, while sports apparel increased 122 percent. Among licensed products, footwear increased 95 percent, while other licensed products decreased 29 percent, with bags struggling but eyewear performing well. In total, brand sales rose 26 percent in the fourth quarter to SEK 454 million (360). Adjusted for currency effects, brand sales increased 23 percent for the quarter. For the full-year 2018 brand sales rose to SEK 1,603 million (1,542), or by 4 percent. Excluding currency effects, brand sales rose only minimally.

PRODUCT AREAS FULL-YEAR 2018
Brand sales in the underwear product area improved by 2 percent for the full-year 2018, with sports apparel rising 18 percent. Underwear accounted for 60 percent (61) of brand sales.

Brand sales of footwear increased 7 percent compared with the previous year, while other licensed products dropped 9 percent. Among other licensed products, eyewear is developing well, while bags are down. In total, brand sales of licensed products rose 4 percent in the full-year 2018.

BRAND SALES* OF BJÖRN BORG PRODUCTS JANUARY-DECEMBER 2018. TOTAL SEK 1,603 MILLION (1,542)



* 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.

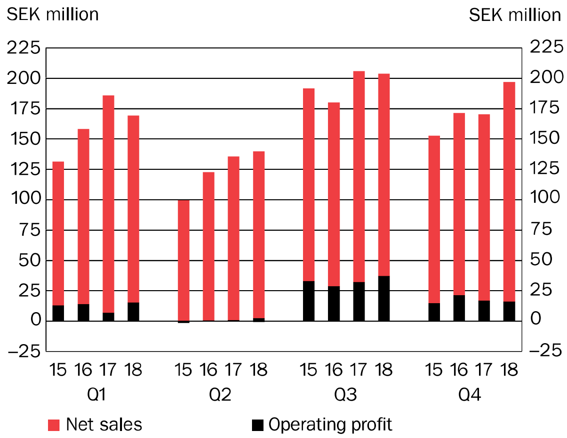
MARKETS FULL-YEAR 2018
Among large markets, Sweden saw very positive development. Other large markets declined year-over-year with Norway, Denmark, Finland, the Netherlands and Belgium seeing decreases. Smaller markets grew compared with the previous year.

BJÖRN BORG STORES
One Björn Borg store was closed in Finland in the fourth quarter and none were opened. As of December 31, 2018 there were a total of 36 (41) Björn Borg stores, of which 31 (35) are Group-owned.

THE GROUP'S DEVELOPMENT

Sales increased in the fourth quarter compared with the previous year. The Wholesale business and revenue from distributors and licensees were higher, while revenue from Consumer Direct fell. Operating profit decreased slightly year-over-year due to a lower gross profit margin and higher operating expenses.

QUARTERLY NET SALES AND OPERATING PROFIT, 2015-2018



SALES

Fourth quarter, October-December 2018

The Group's net sales amounted to SEK 196.9 million (170.3) in the fourth quarter, an increase of 15.6 percent. Currencies positively affected sales in the quarter. Adjusted for currency effects, sales rose 11.6 percent.

The Swedish wholesale company, which manages apparel and underwear sales, performed well compared with the previous year, with sales in sports apparel distribution growing and sales to traditional apparel retailers declining. The Finnish apparel and underwear company declined at both the wholesale and retail levels. All markets for the footwear wholesale company decreased year-over-year. Sales for the Swedish retail company grew 3.3 percent for comparable stores, but decreased in total because there were two fewer stores than in the fourth quarter of 2017. E-commerce decreased 9.4 percent in the quarter, mainly because the warehouse was unable to ship out all orders at the end of the year. However, the order inflow generated a sales increase of 6.0 percent year-over-year. Sales in Benelux declined 2.4 percent from the previous year with wholesale sales rising while retail sales were down. Comparable stores dropped 3.0 percent and in total retail sales fell 5.1 percent. The product company's external sales increased year-over-year, mainly driven by a strong quarter in the Norwegian market. External royalties increased due to better sales by licensees.

Full-year 2018

The Group's net sales for the full-year 2018 amounted to SEK 709.6 million (696.5), an increase of 1.9 percent. Excluding currency effects, sales were down 1.6 percent.

As of January 1, 2018 footwear distribution in Denmark is managed by licensee, which has negatively affected net sales by about SEK 10.5 million. Adjusted accordingly, net sales rose about 3.4 percent for the full-year.

The Swedish wholesale underwear and apparel business is developing very well and grew year-over-year by 27.1 percent. Growth is driven by higher sales in the sports apparel distribution segment. The Finnish company that distributes underwear and apparel declined compared with the previous year. The first quarter 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 did not keep pace with selling-in in 2017, which led to lower sales in 2018. The wholesale footwear business stopped distribution in Denmark on January 1, 2018. Distribution in Denmark is instead managed by an external partner, which led to a decrease in net sales of about SEK 10.5 million, while the Swedish, Finnish and Baltic businesses saw good growth. Retail sales in Sweden fell compared with 2017 due to two fewer stores. Sales for comparable stores rose 4.0 percent. E-commerce generated good growth of 20.0 percent, mainly thanks to better conversion of website traffic than the previous year. The Benelux companies reported a net sales decline of 10.3 percent compared with the previous year at both the wholesale and retail levels. The Group's own stores are down both in total and for comparable stores. The product company's external sales decreased year-over-year due to poorer performance in the Danish and Norwegian markets. External royalties increased compared with the previous year.

		Operating revenue, SEK thousands		Operating profit, SEK thousands		Operating margin, %	
Segment	Revenue source	2018	2017	2018	2017	2018	2017
Wholesale	Products	468,621	464,171	45,646	34,647	10	7
Consumer Direct	Products	185,800	188,166	–2,866	–13,840	–2	–7
Distributors	Products	494,010	474,151	14,797	18,266	3	4
Licensing	Royalties	83,769	52,010	13,426	16,294	16	31
Less internal sales		–515,419	–474,243				
Total		**716,781**	**704,255**	**71,003**	**55,367**	**10**	**8**

PROFIT

Fourth quarter, October-December 2018

The gross profit margin for the fourth quarter decreased to 55.5 percent (58.3). Currencies negatively affected the gross profit margin. Adjusted for currency effects, the gross profit margin would have been 57.6 percent. Aside from currencies, the gross profit margin was positively affected by about SEK 1.7 million by changes in expense classifications, due to which more expenses are recognized as other external expenses and less as costs of goods sold. Adjusted for both currency effects and the reclassification, the gross profit margin would be 56.7 percent, compared with 58.3 percent in the previous year.

Operating expenses increased SEK 8.9 million. Adjusted for the new classifications, expenses rose SEK 7.2 million. The increase is mainly from higher marketing expenses.

The lower gross profit margin and higher expenses together led to a decrease in operating profit to SEK 16.0 million (16.9). The operating margin was 8.1 percent (9.9).

Net financial items amounted to SEK 0.0 million (–1.2). In addition to interest expenses, the financial net was mainly affected by the revaluation of financial assets and liabilities in foreign currency. Profit before tax decreased to SEK 16.1 million (15.7).

Full-year 2018

The gross profit margin for the full-year 2018 increased to 57.4 percent (54.0). A strong EUR combined with a slightly weaker USD during the period positively affected the margins. Adjusted for currency effects, the gross profit margin would have been 57.0 percent. Aside from currencies, the gross profit margins were positively affected by about SEK 7.5 million by changes in expense classifications, due to which more expenses are recognized as other external expenses and less as costs of goods sold. Adjusted for both currency effects and the changes in classifications, the gross profit margin was 55.9 percent. The remaining year-over-year improvement is mainly because the previous year's gross profit margin was charged with one-offs in connection with the Benelux acquisition.

Other operating revenue amounted to SEK 7.2 million (7.8) and mainly related to unrealized gains on accounts receivable in foreign currency and positively affected profit.

Operating expenses rose SEK 14.5 million compared with the previous year with the changes in expense classifications accounting for an increase of SEK 7.5 million.

Increased sales combined with the improved gross profit margin and increasing operating expenses raised operating profit to SEK 71.0 million (55.4). The operating margin was 10.0 percent (7.9).

Net financial items amounted to SEK 3.0 million (–4.0). The improvement mainly relates to the revaluation of assets and liabilities in foreign currency. Profit before tax rose to SEK 74.0 million (51.4).

Development by segment

Björn Borg changed its segment reporting as of the first quarter of 2018. The reason for the change 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 amounted to SEK 468.6 million (464.2) for the full-year 2018. External operating revenue increased to SEK 466.5 million (441.4), or by 5.7 percent. One change from the previous year in the segment is that the Group no longer manages a wholesale footwear business in Denmark, which as of 2018 falls under the Licensing segment. Adjusted for Danish footwear distribution, external sales rose about 8.2 percent. Growth in the segment is largely driven by sales to e-tailers, which primarily sell online. Growth in the e-tail segment was 27.4 percent for the full-year 2018 and amounted to SEK 92.1 million (72.3). The Swedish wholesale business grew year-over-year in apparel, underwear and footwear. Benelux and England also rose from the previous year. Finland lost ground from the previous year, but the comparable period in 2017 was very strong thanks to a number of large new customers, which accounted for the growth. Sell-through by these customers did keep 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 45.6 million (34.6). 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.

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 31 stores and factory outlets in Sweden, Finland, the Netherlands, Belgium and England with sales of underwear, sports apparel, adjacent products and other licensed products. In addition, Björn Borg sells online through www.bjornborg.com.

Operating revenue in the segment amounted to SEK 185.8 million (188.2) for the full-year 2018. External operating revenue amounted to SEK 185.8 million (186.0), a decrease of 0.1 percent. The decrease is due to a weak retail business which lost 6.0 percent, while we see a strong e-commerce sales, which grew 20.8 percent compared with the previous year. Total sales at the retail level in Sweden fell 11.6 percent year-over-year due to fewer stores, while comparable stores grew 4.0 percent. The Benelux stores performed weakly and sales were down 7 percent both in total and for comparable stores. The Finnish stores grew 10.6 percent both in total and for comparable stores. The store in England was down year-over year. In total, sales for comparable stores decreased 0.7 percent.

The operating loss for the full-year 2018 was SEK 2.9 million, against a year-earlier loss of SEK 13.8 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 494.0 million (474.2) for the full-year 2018. External operating revenue decreased to SEK 49.1 million (58.3), or by 15.8

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 14.8 million (18.3) due to the lower external sales in the segment. The gross profit margin declined slightly from the previous year. Operating expenses are 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 83.8 million (52.0) for the full-year 2018. External operating revenue decreased to SEK 15.4 million (18.6) because the previous year included one-off revenue of about SEK 4.1 million related to the Benelux acquisition. Adjusted for the above, sales rose 6 percent with bags decreasing, while footwear and eyewear grew from the previous year.

Operating profit decreased to SEK 13.4 million (16.3) for the full-year 2018. The decline is a result of the lower external sales in the segment.

Intra-Group sales

Intra-Group sales for the year 2018 amounted to SEK 515.4 million (474.2).

SEASONAL VARIATIONS

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

INVESTMENTS AND CASH FLOW

The Group's cash flow from operating activities amounted to SEK 22.8 million (53.2) in 2018. The year-over-year decrease comes from significantly higher capital tied up in inventory and accounts receivable and negatively affected cash for the period. Before the change in working capital, cash flow increased compared with the previous year.

Cash flow from investing activities was negative at SEK –15.6 million (15.5). The decrease was primarily because in 2017 the company divested the holding of corporate bonds it had managed. The main investments were in an existing store, development of the e-commerce platform and the company's enterprise system, and 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 13.8 million (12.8) for the period.

Financing activities generated a negative cash flow of SEK –25.3 million (–65.8). 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 36.4 million (53.1) at the end of the period with interest-bearing liabilities of SEK 168.2 million (142.3). The company's net debt thereby amounts to SEK 131.8 million (89.2).

In April 2012 the company issued a bond loan that expired and was repaid in the second quarter of 2017. The bond loan was 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 been fully divested.

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 December 31, 2018 the ratio was 1.65 (1.40) and the equity/assets ratio was 48.8 percent (51.3).

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 213 (212) for the twelve-month period ending December 31, 2018, of whom 68 percent (67) are women.

RELATED PARTY TRANSACTIONS

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

SIGNIFICANT RISKS AND UNCERTAINTIES

In its operations the Björn Borg Group is exposed to risks and uncertainties. Information on the Group's risks and uncertainties can be found on pages 61-62 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 December 31, 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 Bjorn Borg Finland Oy. In addition, the company owns 75 percent of the shares in Bjorn Borg (China) Ltd.

The Parent Company's net sales for the year amounted to SEK 106.5 million (95.8).

Profit before tax amounted to SEK 113.9 million (51.3) for the period. Cash & cash equivalents and investments amounted to SEK 2.1 million (10.8) as of December 31, 2018.

EVENTS AFTER THE REPORTING PERIOD

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

NUMBER OF SHARES

Björn Borg has 25,148,384 shares outstanding (25,148,384) as of December 31, 2018.

FINANCIAL GOALS

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

- Annual sales growth of minimum 5 percent
- Annual operating margin of minimum 10 percent
- An annual dividend of at least 50 percent of net profit
- The equity/assets ratio should not fall below 35 percent (before IFRS 16 takes effect).

Comments to the financial objectives:

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

DIVIDEND

The Board of Directors has decided to propose to the Annual General Meeting 2019 a distribution of SEK 2.00 (2.00) per share for the financial year 2018, corresponding to 84 percent (136) of net income. As proposed, the distribution would be paid through an automatic redemption, where every share is divided into a common share and a redemption share. The redemption share will then automatically be redeemed for SEK 2.00 per share. Payment for the redemption share, contingent on the approval of the AGM, is expected to be made around June 18, 2019.

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

ANNUAL REPORT

The annual report for 2018 will be available on the company's website on April 23, 2019 at the latest.

ANNUAL GENERAL MEETING

The Annual General Meeting for the financial year 2018 will be held at 5:30 pm (CET) on May 14, 2019.

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.

IFRS 16 Leases

IFRS 16 Leases will replace IAS 17 Leases for application in the financial year beginning January 1, 2019. The standard is adopted by the EU. IFRS 16 introduces a "right of use model" and for the lessee means that practically all leases will be recognized in the balance sheet. As a result, the classification of leases as operating or finance will not be made. Depreciation of the asset and interest costs on the liability are recognized through profit or loss. The standard contains more extensive disclosure requirements than the current standard.

An analysis of leases within Björn Borg was completed in 2018. Leases largely relate to properties and vehicles. The Group intends to apply the simplified transition approach, modified retroactivity, and will not restate comparative amounts. Right of use is measured at an amount corresponding to the lease liability (adjusted for prepaid and accrued lease fees). In addition to the above, the following exemptions have been applied in connection with the judgment of leases in accordance with IFRS 16. Short-term leases (which expire within 12 months of the application date) and assets of low value (less than SEK 50,000) are exempt from leasing.

Björn Borg has determined that all leases within the Björn Borg Group will be recognized in accordance with IFRS 16. In cases where property leases within the Björn Borg Group contain an extension option, an assessment is made on a lease-by-lease basis whether it is reasonably certain the option will be utilized. All relevant facts and circumstances that create an economic incentive are weighed in the assessment, e.g., contract terms for extensions compared with market interest rates, significant leasehold improvements that have been made (or are expected to be made) during the contract term, costs that arise when the lease is terminated, such as negotiating costs and relocation costs, and the weight of the underlying asset in the company's operations.

Application of IFRS 16 will increase Björn Borg's assets and liabilities as of January 1, 2019 by an estimated SEK 150 million.

AUDIT REPORT

This interim report has been reviewed by the company's auditors. The review report can be found on page 15.

OUTLOOK 2019

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

CONSOLIDATED INCOME STATEMENT
CONDENSED

SEK thousands	Note	Oct-Dec 2018	Oct-Dec 2017	Full-year 2018	Full-year 2017
Net sales	1	196,898	170,269	709,576	696,482
Other operating revenue		21	1,867	7,205	7,773
Operating revenue		**196,919**	**172,136**	**716,781**	**704,255**
Goods for resale		–87,628	–70,921	–302,555	–320,211
Other external expenses	2	–56,215	–47,395	–192,161	–173,967
Staff costs		–33,568	–35,663	–136,761	–138,763
Depreciation/amortization of tangible/intangible non-current assets		–2,202	–2,877	–8,877	–9,906
Other operating expenses		–1,273	1,625	–5,424	–6,041
Operating profit		**16,033**	**16,905**	**71,003**	**55,367**
Net financial items		48	–1,222	3,025	–3,969
Profit before tax		**16,081**	**15,683**	**74,028**	**51,398**
Tax		–1,480	–4,636	–14,142	–14,026
Profit for the period		**14,601**	**11,047**	**59,886**	**37,372**
Profit for the period attributable to					
Parent Company's shareholders		14,612	10,846	60,128	37,099
Non-controlling interests		–11	201	–242	273
Earnings per share before dilution, SEK		0.58	0.43	2.39	1.48
Earnings per share after dilution, SEK		0.58	0.43	2.39	1.48
Number of shares		25,148,384	25,148,384	25,148,384	25,148,384

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
CONDENSED

SEK thousands	Note	Oct-Dec 2018	Oct-Dec 2017	Full-year 2018	Full-year 2017
Net profit for the period		**14,601**	**11,047**	**59,886**	**37,372**
OTHER COMPREHENSIVE INCOME					
Components that may be reclassified to profit or loss					
Translation difference for the period		–3,016	–102	–2,312	1,220
Total other comprehensive income for the period		–3,016	–102	–2,312	**1,220**
Total comprehensive income for the period		**11,585**	**10,945**	**57,574**	**38,592**
Total comprehensive income attributable to					
Parent Company's shareholders		12,140	10,783	58,635	37,829
Non-controlling interests		–555	162	–1,061	763

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
CONDENSED

SEK thousands	Note	Dec 31 2018	Dec 31 2017
Non-current assets			
Goodwill		34,746	35,755
Trademarks		187,532	187,532
Other intangible assets		9,956	5,066
Tangible non-current assets		15,390	15,392
Deferred tax assets		23,228	22,530
Total non-current assets		**270,852**	**266,275**
Current assets			
Inventory		139,564	109,770
Accounts receivable		130,487	91,479
Other current receivables		13,625	20,055
Investments	3	–	500
Cash & cash equivalents		36,388	52,620
Total current assets		**320,064**	**274,424**
Total assets		**590,916**	**540,699**
Equity and liabilities			
Equity		281,705	277,398
Deferred tax liabilities		42,892	42,949
Non-current liabilities credit institutions		150,000	125,000
Other non-current liabilities		3,824	22,925
Accounts payable		37,646	20,452
Other current liabilities		74,849	51,975
Total equity and liabilities		**590,916**	**540,699**

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, 2017		**289,375**	**–272**	**289,103**
Total comprehensive income for the period		37,829	763	38,592
Distribution for 2016		–50,297	–	–50,297
Closing balance, December 31, 2017		**276,907**	**491**	**277,398**
Opening balance, January 1, 2018		**276,907**	**491**	**277,398**
Total comprehensive income for the period		58,635	–1,061	57,574
Correction of minority share		4,026	–4,026	–
Distribution for 2017		–50,297	–	–50,297
Acquisition of non-controlling interest		–1,704	–1,266	–2,970
Closing balance, December 31, 2018		**287,567**	**–5,862**	**281,705**

CONSOLIDATED STATEMENT OF CASH FLOWS
CONDENSED

SEK thousands	Oct-Dec 2018	Oct-Dec 2017	Full-year 2018	Full-year 2017
Cash flow from operating activities				
Before changes in working capital	16,860	19,305	76,686	61,400
Changes in working capital	–360	7,770	–53,923	–8,221
Cash flow from operating activities	**16,500**	**27,075**	**22,763**	**53,179**
Acquisition of subsidiary, cash & cash equivalents	–	2,868	–	2,868
Acquisition of minority share	–	–30	–2,970	–
Investments in intangible non-current assets	–2,011	–2,830	–7,264	–4,921
Investments in tangible non-current assets	–662	–	–6,486	–7,868
Investments/sale of investments	–	197	1,112	25,417
Cash flow from investing activities	**–2,673**	**205**	**–15,608**	**15,496**
Distribution	–	–	–50,297	–50,297
Amortization of loans	–	–25,000	–25,000	–37,136
Newly raised loan	–	–	50,000	157,151
Bond loan repurchases/repayment	–	–	–	–135,470
Cash flow from financing activities	**–**	**–25,000**	**–25,297**	**–65,752**
Cash flow for the period	**13,827**	**2,280**	**–18,142**	**2,923**
Cash & cash equivalents at beginning of year	22,891	46,581	52,620	48,948
Translation difference in cash & cash equivalents	–330	3,759	1,910	749
Cash & cash equivalents at end of the period	**36,388**	**52,620**	**36,388**	**52,620**

KEY FIGURES
GROUP

SEK thousands	Oct-Dec 2018	Oct-Dec 2017	Full-year 2018	Full-year 2017
Gross profit margin, %	55.5	58.3	57.4	54.0
Operating margin, %	8.1	9.9	10.0	7.9
Profit margin, %	8.2	9.2	10.4	7.4
Return on capital employed, %	18.4	13.2	18.4	13.2
Return on average equity, %	21.5	13.1	21.5	13.1
Profit attributable to Parent Company's shareholders	14,612	10,846	60,128	37,099
Equity/assets ratio, %	47.7	51.3	47.7	51.3
Equity per share, SEK	11.20	11.03	11.20	11.03
Investments in intangible non-current assets	2,011	30	7,264	4,921
Investments in tangible non-current assets	662	2,830	6,486	7,868
Business acquisition	–	–	2,970	–
Depreciation, amortization and impairment losses for the period	–2,202	–2,877	–8,877	–9,906
Average number of employees	213	212	213	212

SUMMARY BY SEGMENT

GROUP

SEK thousands	Oct-Dec 2018	Oct-Dec 2017	Full-year 2018	Full-year 2017
Operating revenue				
Wholesale				
External revenue	123,379	102,637	466,485	441,414
Internal revenue	235	1,604	2,136	22,756
	123,614	**104,241**	**468,621**	**464,170**
Consumer Direct				
External revenue	51,796	56,010	185,787	185,973
Internal revenue	6	8	13	2,194
	51,802	**56,018**	**185,800**	**188,167**
Distributors				
External revenue	18,087	11,572	49,102	58,292
Internal revenue	127,808	103,847	444,908	415,859
	145,895	**115,419**	**494,010**	**474,151**
Licensing				
External revenue	3,656	1,917	15,406	18,575
Internal revenue	20,501	8,365	68,363	33,435
	24,157	**10,282**	**83,769**	**52,010**
Less internal sales	–148,549	–113,824	–515,419	–474,243
Operating revenue	**196,919**	**172,136**	**716,781**	**704,255**
Operating profit				
Wholesale	6,438	10,230	45,646	34,647
Consumer Direct	1,236	1,385	–2,866	–13,840
Distributors	5,305	3,693	14,797	18,266
Licensing	3,054	1,599	13,426	16,294
Operating profit	**16,033**	**16,905**	**71,003**	**55,367**

Reconciliation between operating profit and profit before tax

The difference in the fourth quarter between operating profit for segments for which information must be disclosed, SEK 16,033 thousand (16,905), and profit before tax, SEK 16,081 thousand (15,683), is net financial items, SEK 48 thousand (–1,222). The difference for the full-year 2018 between operating profit for segments for which information must be disclosed, SEK 71,003 thousand (55,367), and profit before tax, SEK 74,028 thousand (51,398), is net financial items, SEK 3,025 thousand (–3,969).

QUARTERLY DATA

GROUP

SEK thousands	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017
Net sales	196,898	203,132	140,341	169,204	170,269	205,712	134,844	185,657
Gross profit margin, %	55.5	57.7	59.9	57.1	58.3	56.3	52.1	48.9
Operating profit/loss	16,033	36,999	2,888	15,085	16,905	32,012	–290	6,741
Operating margin, %	8.1	18.2	2.1	8.9	9.9	15.6	–0.2	3.6
Profit/loss after financial items	16,081	35,633	3,216	19,099	15,683	31,028	–2,079	6,765
Profit margin, %	8.2	17.5	2.3	11.3	9.2	15.1	–1.5	3.6
Earnings per share before dilution, SEK	0.58	1.15	0.06	0.60	0.43	0.98	–0.11	0.18
Earnings per share after dilution, SEK	0.58	1.15	0.06	0.60	0.43	0.98	–0.11	0.18
Number of Björn Borg stores at end of period	36	37	38	39	41	40	39	39
of which Group-owned Björn Borg stores	31	32	34	34	35	34	33	33
Brand sales	453,784	443,527	294,022	411,661	359,775	474,201	270,824	436,957

PARENT COMPANY INCOME STATEMENT
CONDENSED

SEK thousands	Note	Oct-Dec 2018	Oct-Dec 2017	Full-year 2018	Full-year 2017
Net sales		26,542	24,031	106,506	95,805
Other operating revenue		–	146	815	5,040
Operating revenue		**26,542**	**24,177**	**107,321**	**100,845**
Goods for resale		–1	–1	–5	–22
Other external expenses	2	–22,925	–15,314	–62,271	–54,493
Staff costs		–8,278	–9,334	–35,475	–35,718
Depreciation/amortization of tangible/intangible non-current assets		–381	–448	–1,741	–1,396
Other operating expenses		–237	–2	–629	–228
Operating profit		**–5,280**	**–922**	**7,200**	**8,988**
Result from shares in subsidiaries		50,300	50,567	50,300	48,452
Net financial items		74	–5,815	–1,467	–17,771
Profit after financial items		**45,094**	**43,830**	**56,033**	**39,669**
Group contributions received		58,458	11,623	58,458	11,623
Appropriations		–609	–	–609	–
Profit before tax		**102,943**	**55,453**	**113,882**	**51,292**
Tax		–13,407	–572	–13,407	–572
Profit for the period		**89,536**	**54,881**	**100,475**	**50,720**
Other comprehensive income		–	–	–	–
Total comprehensive income for the period		**89,536**	**54,881**	**100,475**	**50,720**

PARENT COMPANY BALANCE SHEET
CONDENSED

SEK thousands	Note	Dec 31 2018	Dec 31 2017
Non-current assets			
Intangible assets		5,610	1,520
Tangible non-current assets		481	1,431
Deferred tax		16	316
Shares in Group companies		344,106	341,137
Total non-current assets		**350,213**	**344,404**
Current assets			
Receivables from Group companies		684,330	557,280
Current receivables		5,794	4,236
Investments	3	–	500
Cash & cash equivalents		2,143	10,267
Total current assets		**692,267**	**572,283**
Total assets		**1,042,480**	**916,687**
Equity and liabilities			
Equity		201,288	151,110
Untaxed reserves		609	–
Non-current liabilities credit institutions		150,000	125,000
Other non-current liabilities		3,824	22,925
Due to Group companies		640,514	601,130
Accounts payable		8,570	2,203
Other current liabilities		37,675	14,319
Total equity and liabilities		**1,042,480**	**916,687**

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY
CONDENSED

SEK thousands	Full-year 2018	Full-year 2017
Opening balance	**151,110**	**150,687**
Distribution	–50,297	–50,297
Total comprehensive income for the period	100,475	50,720
Closing balance	**201,288**	**151,110**

SUPPLEMENTARY DISCLOSURES

NOTE 1 NET SALES

The Group's net sales consist of sales of products and royalties for usage of the brand. Revenue from sales of goods/royalties are essentially recognized at specific points in time and not over time.

	Group	
SEK thousands	2018	2017
Sweden	264,686	225,315
Netherlands	175,933	168,770
Finland	114,608	123,371
Other	154,349	179,026
Total	**709,576**	**696,482**

NOTE 2 OTHER EXTERNAL EXPENSES

	Group		Parent Company	
SEK thousands	2018	2017	2018	2017
Cost of premises	48,146	48,376	10,262	10,451
Selling expenses	46,097	37,841	3,403	2,797
Marketing expenses	59,437	46,737	32,345	26,168
Administrative expenses	27,532	30,419	12,630	12,372
Other	10,949	10,594	3,631	2,705
Total	**192,161**	**173,967**	**62,271**	**54,493**

NOTE 3 FINANCIAL ASSETS AND LIABILITIES

Level 1 fair value is determined using observable (unadjusted) quoted prices on an active market for identical assets and liabilities.

Level 2 fair value is determined using valuation models based on other observable inputs for the asset or liability other than quoted prices included in level 1.

Level 3 fair value is determined using valuation models where significant inputs are based on non-observable data..

Securities relate to investments in corporate bonds listed on Nasdaq Stockholm and have been measured at their quoted prices. Forward exchange contracts are measured according to level 2 based on observable information as of the closing date with respect to exchange rates and market interest rates for the remaining maturities.

In the third quarter the company divested the last holding in its corporate bond portfolio for SEK 1.1 million.

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

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

The carrying amount of financial instruments recognized at amortized cost corresponds to fair value as of December 31, 2018.

FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS DECEMBER 31, 2017

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

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, February 21, 2019

Heiner Olbrich
Chairman

Alessandra Cama
Board member

Göran Carlson
Board member

Christel Kinning
Board member

Fredrik Lövstedt
Board member

Mats H Nilsson
Board member

Henrik Bunge
CEO

CALENDAR 2019

The annual report for 2018 in late April 2019.

The Annual General Meeting 2019 will be held at 5:30 pm (CET) on May 14, 2019.

The interim report for January-March 2019 will be released at 5:30 pm (CET) on May 14, 2019.

The interim report for January-June 2019 will be released at 07:30 am on August 16, 2019.

The interim report for January-September 2019 will be released at 07:30 am on November 15, 2019.

The year-end report for 2019 will be released at 07:30 am on February 21, 2020.

FINANCIAL REPORTS

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

SHAREHOLDER CONTACT

Henrik Bunge, CEO
E-mail: henrik.bunge@bjornborg.com
Tel: +46 8 506 33 700

Jens Nyström, CFO
E-mail: jens.nystrom@bjornborg.com
Tel: +46 8 506 33 700

ABOUT THE BJÖRN BORG GROUP

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

IMAGES IN THE YEAR-END REPORT REPORT

The images in the year-end report are from Björn Borg's holiday 2018 collection.

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

This information is information that Björn Borg AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, February 22, 2019 at 7:30 am (CET).