

BJÖRN BORG

BJÖRN BORG AB YEAR-END REPORT JANUARY-DECEMBER 2015

STRONG QUARTER

OCTOBER 1 – DECEMBER 31, 2015

- The Group's net sales increased by 13 percent to SEK 152.6 million (135.3). Excluding currency effects, sales rose by 7 percent.
- The gross profit margin was 51.8 percent (54.1).
- Operating profit amounted to SEK 14.6 million (3.6).
- Profit after tax amounted to SEK 7.3 million (5.9).
- Earnings per share before dilution amounted to SEK 0.34 (0.18) and after dilution amounted to SEK 0.29 (0.18).
- Brand sales* (excluding VAT) decreased by 4 percent to SEK 330 million (343). Excluding currency effects, the decrease was 3 percent.

QUOTE FROM THE CEO

"In summing up 2015 we can report that Björn Borg improved all the key indicators in the business plan: retail sales, employee engagement, operating profit and revenue," said CEO Henrik Bunge.

JANUARY 1 – DECEMBER 31, 2015

- The Group's net sales increased by 7 percent to SEK 574.3 million (538.8). Excluding currency effects, sales were unchanged.
- The gross profit margin was 52.4 percent (52.9).
- Operating profit amounted to SEK 58.6 million (56.0).
- Profit after tax amounted to SEK 41.6 million (47.6).
- Earnings per share before dilution amounted to SEK 1.79 (1.94) and after dilution amounted to SEK 1.64 (1.94).
- The Board of Directors has decided to propose to the Annual General Meeting a distribution of SEK 2.00 (1.50) per share, totaling SEK 50.3 million (37.7).
- The comparative period in 2014 includes delayed shipments, which increased revenue by about SEK 25 million and operating profit by about SEK 12 million.
- Brand sales* (excluding VAT) increased by 1 percent to SEK 1,443 million (1,431). Excluding currency effects, brand sales were down 1 percent.

SEK million	Oct-Dec 2015	Oct-Dec 2014	Full-year 2015	Full-year 2014
Net sales	152.6	135.3	574.3	538.8
Gross profit margin, %	51.8	54.1	52.4	52.9
Operating profit	14.6	3.6	58.6	56.0
Operating margin, %	9.5	2.6	10.2	10.4
Profit after tax	7.3	5.9	41.6	47.6
Earnings per share before dilution, SEK	0.34	0.18	1.79	1.94
Earnings per share after dilution, SEK	0.29	0.18	1.64	1.94
Brand sales*	330	343	1,443	1,431

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



CEO'S COMMENT

A year of positive development according to plan is now behind us. Adjusted for one-off items, sales and profit both increased by 12% in 2015. Despite a temporary decrease in Q4, the gross margin remained steady for the full-year at over 52%. Growth was mainly driven by increases in our own retail segment, with the e-com rising by 73%. Our own retail and e-commerce sales now represent just over 20% of Group sales. For the first time in a long time the retail segment also generated a positive result.

In our business plan, Northern Star, which was launched 15 months ago, we spotlight three focus areas: sports apparel, our own e-commerce and a stronger geographical presence in Northern Europe. In Q4 we made significant progress in all three. We launched a totally new sports apparel collection for introduction in August 2016 and a new store design. We have also created a new product group for launch in August 2016, Performance Underwear, where we have combined our world-leading expertise in producing underwear with functionality from the sports world. In addition, we have taken steps to build more of our own presence in the geographical focus area.

Total brand sales increased slightly in 2015 (+1%). Growth was driven by solid brand sales in Sweden, Norway and

Finland, while the planned termination of distribution agreements outside our geographical focus and negative trends in Belgium, Denmark and England slowed total brand sales.

Inventory has increased according to plan to ensure that merchandise doesn't run out in our own retail channels. A large percentage of our inventory consists of underwear that isn't seasonally dependent, which is why we feel it is wise to stock this product category so that we can always meet customer demand.

In summing up 2015 we can report that Björn Borg improved all the key indicators in the business plan: retail sales, employee engagement, operating profit and revenue.

A strong team of determined, passionate and engaged individuals, together with a disciplined approach to our business plan, was the key to our positive results in 2015. The aim for 2016 is to continue to improve all our key indicators with higher retail sales, stronger engagement, better operating profit and higher net sales than we delivered in the year just ended.

Now let's go!

Head coach



Henrik Bunge

OPERATIONS

BRAND SALES

During the fourth quarter our distributors and licensees mainly in underwear and sports apparel reported lower sales. Total brand sales for the quarter (excluding VAT) decreased by 4 percent to SEK 330 million (343). Brand sales for the full-year increased by 1 percent to SEK 1,443 million (1,431). The slower brand sales compared with net sales is due to lower sales by our distributors and licensees. Adjusted for currency effects, brand sales were down 3 percent for the quarter and down 1 percent for the full-year.

PRODUCT AREAS FULL-YEAR 2015

Brand sales in the underwear product area were unchanged compared with 2014. Underwear accounted for 61 percent (61) of brand sales.

Sports apparel saw a decrease in brand sales of 3 percent. Brand sales in the bags product area rose significantly, while in footwear they increased slightly and in eyewear they declined. In total, sales of licensed products rose by 2 percent for the full-year.

MARKETS FULL-YEAR 2015

Among large markets, Sweden, Norway and Finland saw good growth, while Belgium, Denmark and England retreated. The Netherlands reported only slight changes compared with the previous year. Smaller markets had a tough year and fell substantially year-on-year.

TERMINATION IN BENELUX

Björn Borg has terminated the distribution contract for the Netherlands, Belgium and Luxembourg with the aim of managing distribution of Björn Borg products in these countries in-house. Current distributors will retain the distribution rights during the four-year term of notice, unless the parties agree on an earlier takeover.

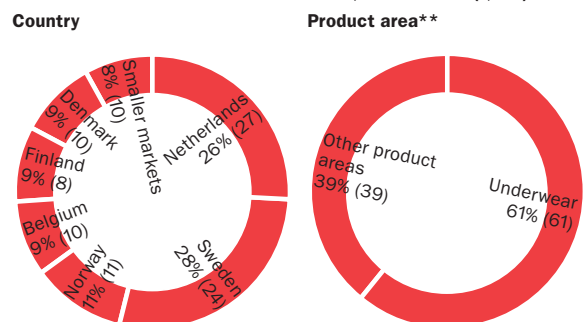
BJÖRN BORG STORES

During the fourth quarter three new stores were opened: one in Sweden in the new Mall of Scandinavia and two in Finland, one in the Helsinki area and one in the Åbo area. Earlier in the year four stores were closed and one was opened.

As of December 31, 2015 there were a total of 41 (41) Björn Borg stores, of which 21 (18) are Group-owned.

BRAND SALES* OF BJÖRN BORG PRODUCTS

JANUARY-DECEMBER 2015. TOTAL SEK 1,443 MILLION (1,431)



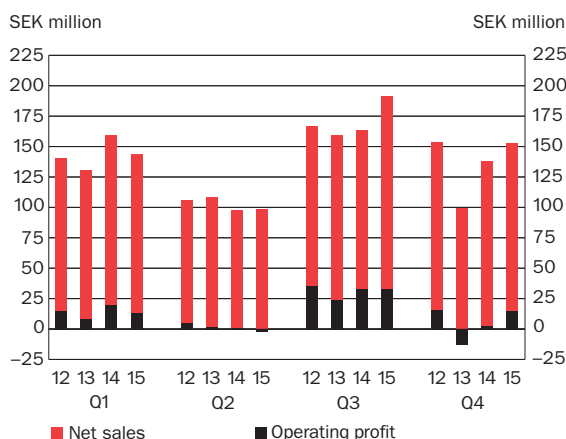
* Estimated total sales of Björn Borg products at the consumer level, excluding VAT, based on reported sales at the wholesale level.

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

THE GROUP'S DEVELOPMENT

Net sales were higher in the fourth quarter with significantly

QUARTERLY NET SALES AND OPERATING PROFIT, 2012-2015



better operating profit compared with the same period in 2014.

SALES

Fourth quarter, October-December 2015

The Group's net sales amounted to SEK 152.6 million (135.3) in the fourth quarter, an increase of 13 percent. Excluding currency effects, net sales rose by 7 percent.

The product companies' sales contributed positively to net sales in the fourth quarter. The Swedish underwear wholesale business had another strong sales quarter partly due to expanded distribution to sporting goods retailers and partly to an earlier discount period. The wholesale footwear company was in line with the previous year. The Finnish company reported strong growth in the quarter partly because of two new stores, but the wholesale business grew as well. The British company also saw good growth during the quarter. Group-owned retail sales in Sweden finished at the same level as the previous year, while e-commerce continued to grow significantly. Royalties decreased during the quarter as a consequence of lower brand sales.

Full-year 2015

The Group's net sales amounted to SEK 574.3 million (538.8) in the full-year 2015, an increase of 7 percent. Excluding currency effects, sales decreased by 1 percent.

As announced in earlier reports, shipments of about SEK 25 million were delayed from both product companies at the end of 2013 until the first quarter 2014. As a result, 2014 is not totally comparable with the full-year 2015 in terms of either sales or operating profit. Adjusted for the delayed shipments, sales increase with 12% and including adjustments for currency effects sales increase by about 4 percent compared with 2014. External sales by the product companies are growing slightly, while total sales including subsidiaries are developing very well. Sweden posted a positive trend during the year with increases in the underwear wholesale business, e-commerce and Group-owned retail operations. Footwear wholesaling is also growing partly due to the new distribution to the Danish market, though sales are also growing in Sweden. The British and Finnish operations retreated during the year. Royalties increased slightly during the year.

PROFIT

Fourth quarter, October-December 2015

The gross profit margin for the fourth quarter decreased to 51.8 percent (54.1). Excluding currency effects, the margin would have been about 52.6 percent.

Aside from currency effects, the lower gross profit margin in the quarter is due to an earlier discount period compared with the previous year as well as inventory write-offs of sports apparel from prior seasons. Based on the higher sales and despite a lower gross profit margin, operating profit increased to SEK 14.6 million (3.6). The trend is not entirely comparable with the previous year, however, which contained restructuring expenses of about SEK 9 million.

Net financial items amounted to SEK -2.7 million (2.1). The realized and unrealized return on investments, less interest on the bond loan, negatively affected the Group's financial net by SEK -2.7 million (-4.9). The remaining decrease compared with the previous year is mainly due to the revaluation of financial assets and liabilities in foreign currency. Profit before tax increased to SEK 11.9 million (5.6).

Full-year 2015

The gross profit margin for the full-year 2015 was slightly lower than the previous year at 52.4 percent (52.9) due to currency effects.

Business segment	Revenue source	Operating revenue, SEK 000		Operating profit, SEK 000		Operating margin, %	
		2015	2014	2015	2014	2015	2014
Brand	Royalties	84,338	78,481	24,179	19,569	29%	25%
Product development	Products	462,133	356,818	37,425	34,825	8%	10%
Wholesale	Wholesale revenues	235,172	220,018	-4,065	6,282	-2%	3%
Retail	Retailers	115,589	92,195	1,053	-4,726	1%	-5%
Less internal sales		-312,734	-203,015	-	-	-	-
Total		584,498	544,497	58,592	55,950	10%	10%

The improvement in sales led to an increase in operating profit to SEK 58.6 million (56.0) despite slightly lower gross profit margins and slightly higher operating expenses. Operating profit contains one-off expenses of SEK 2.2 million related to organizational changes during the year. Other increases in operating expenses during the year are mainly due to higher investments in marketing and increased selling expenses mainly due to the strongly growing e-commerce business. Operating profit in 2014 contained restructuring expenses of SEK 9 million and a positive effect on operating profit due to shipment delays of SEK 25 million in the product companies between 2013 and 2014. Adjusted for shipment delays and restructuring costs, operating profit increase with 12 percent.

Net financial items amounted to SEK -1.0 million (7.2). The realized and unrealized return on investments, less interest on the bond loan, negatively affected the Group's financial net by SEK -2.6 million (-3.4). The remaining year-on-year decrease is mainly due to the revaluation of financial assets and liabilities in foreign currency. Profit before tax decreased to SEK 57.6 (63.1).

Development by business segment

The Group have nine companies which operate under the Björn Borg brand on every level from product development to wholesaling and consumer sales in its own Björn Borg stores.

Brand

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

The business segment's operating revenue amounted to SEK 84.3 million (78.5) during the year. External operating revenue decreased slightly to SEK 34.7 million (37.5). Royalties vary as a percentage between product categories, because of which there isn't always an exact correlation between royalties and brand sales.

Increased sales and a better gross profit margin raised operating profit to SEK 24.2 million (19.6) for the year.

Product development

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

The business segment's operating revenue amounted to SEK 462.1 million (356.8) for the year 2015, an increase of 30 percent. External operating revenue amounted to SEK 238.1 million (233.8), an increase of 2 percent compared with the same period in 2014. The comparable period in 2014 had additional revenue of about SEK 25 million from the shipment delays in 2013, and at the same time 2015 had a highly positive currency effect of about SEK 33 million. Adjusted for the delayed shipments and currency effects, external revenue decreased by about 2 percent.

Operating profit increased to SEK 37.4 million (34.8) due to the higher sales.

Wholesale

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

The business segment's operating revenue increased by 7 percent to SEK 235.2 million (220.0) in 2015. External operating revenue amounted to SEK 207.1 million (192.6). The British and Finnish operations saw lower sales compared with 2014. The increase in sales for the year was generated by the Swedish wholesale businesses for underwear and footwear. The operating result decreased year-on-year to SEK -4.1 million (6.3) as a result of a lower gross margin and higher operating expenses.

Retail

The Björn Borg Group owns and operates a total of 21 (18) stores and factory outlets in Sweden, Finland and England that sell underwear, sports apparel, adjacent products and other licensed products. Björn Borg also sells online through www.bjornborg.com.

Operating revenue in the Retail segment increased by 25 percent during the year to SEK 115.6 million (92.2). External net sales rose by 30 percent during the period to SEK 104.6 million (80.6). The increase is mainly due to continued strong performance in e-commerce, where sales rose by 73 percent to SEK 38.2 million (22.2). Group-owned stores also developed positively with growth of 13 percent to SEK 66.3 million (58.4). Sales for comparable Björn Borg stores rose by 11 percent year-on-year.

Operating profit for 2015 amounted to SEK 1.1 million (-4.7). The improved result is due to higher revenue during the period, despite that the gross profit margin declined slightly.

Intra-Group sales

Intra-Group sales for the period amounted to SEK 312.7 million (203.0).

SEASONAL VARIATIONS

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

INVESTMENTS AND CASH FLOW

The Group's cash flow from operating activities amounted to SEK -17.8 million (54.7) in 2015. The lower cash flow year-on-year is primarily due to increased inventories and accounts receivable. The inventory buildup during the year was higher than in the same period in 2014. The increase is largely due to higher purchases of the spring and summer 2016 collection, but also to higher remaining inventory from the fall and winter 2015 collections. The higher tied-up working capital is largely temporary for the above-mentioned reasons.

Total investments in tangible and intangible non-current assets amounted to SEK 5.0 million (2.8) for the period. The increase is mainly due to the new stores opened during the year.

FINANCIAL POSITION AND LIQUIDITY

The Björn Borg Group's cash & cash equivalents and investments amounted to SEK 131.6 million (218.2) at the end of the period, while interest-bearing liabilities (the bond loan) amounted to SEK 154.5 million (187.7) and the convertible program to SEK 17.3 million (0).

In April 2012 the company issued a bond loan on Nasdaq Stockholm that carries an annual coupon rate corresponding to the 3-month STIBOR rate +3.25 percentage points, maturing in April 2017.

The convertible program adopted earlier in the year by the Annual General Meeting was subscribed during the third quarter. In total, 456,000 convertibles were subscribed for SEK 17.3 million. For more information on the convertible program, see note 3.

The surplus liquidity from the issuance of the bond loan is placed in interest-bearing financial instruments, highly liquid corporate bonds, within the framework of the financial policy laid down by the Board of Directors. As of December 31, 2015 investments had been made in bonds with a book value of SEK 80.5 million, which represents the fair value on the same date, compared with SEK 133.1 million on December 31, 2014. In 2015 bonds were repurchased for SEK 33.8 million (5.9).

COMMITMENTS AND CONTINGENT LIABILITIES

As a commitment for the above-mentioned bond loan, the company has pledged to ensure that the ratio between the Group's net debt and operating profit before depreciation and amortization does not exceed 3.00 on the last day of each quarter and that the Group maintains an equity/assets ratio of at least 30 percent at any given time. As of December 31, 2015 the ratio was 0.62 (-0.47) and the equity/assets ratio was 50.3 percent (46.9). A complete description of commitments and conditions of the bond loan is provided in the prospectus, which is available on the company's website and from the Swedish Financial Supervisory Authority.

No changes were otherwise made with regard to pledged assets and contingent liabilities compared with December 31, 2014.

PERSONNEL

The average number of employees in the Group was 132 (129) for the full-year 2015, of whom 68 percent (66) are women.

TRANSACTIONS WITH RELATED PARTIES

During the year Björn Borg issued a warrant program for senior management and a convertible program for all employees. The CEO has subscribed for 190,000 warrants and 100,000 convertibles. Other senior executives have subscribed for 290,000 warrants and 275,000 convertibles. Björn Borg has received market consideration for the warrants and convertibles it issued based on fair market value. The subsidiary BB Services currently has 40,000 unsubscribed warrants from the program and 124,000 unsubscribed convertibles. See note 3 for a more detailed description of the warrant program and the convertible liability. In addition to customary compensation (salary, bonuses and other benefits), the CEO, senior management and Board of Directors did not execute any 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 74-75 and in note 3 in the annual report 2014. The assessment of these risks is unchanged compared with the assessment in the annual report for 2014.

EVENTS AFTER THE BALANCE SHEET DATE

There are no significant events to report following the conclusion of the reporting period.

PARENT COMPANY

Björn Borg AB (publ) is primarily engaged in intra-Group activities. The company also owns 100 percent of the shares in Björn Borg Brands AB, Björn Borg Footwear AB, Björn Borg Sport BV, Björn Borg Inc. and Björn Borg Services AB. In addition, the company owns 80 percent of the shares in Björn Borg UK, 75 percent of the shares in Björn Borg (China) Ltd and 75 percent of the shares in Björn Borg Finland Oy.

The Parent Company's net sales amounted to SEK 13.1 million (14.3) in the fourth quarter and SEK 52.4 million (59.7) for the full-year 2015.

Profit before tax amounted to SEK 75.2 million (82.2) for the fourth quarter and SEK 39.1 million (62.7) for the full-year 2015. Cash & cash equivalents and investments amounted to SEK 106.6 million (181.2) as of December 31, 2015. For the full-year 2015 investments in tangible and intangible non-current assets amounted to SEK 2.0 million (1.3).

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 for operations:

- 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 objective for 2019 corresponds to average annual organic growth of 13 percent with 2014 as the starting year. The sales increase is expected to come from new product groups in sports fashion as well as expanded geographical distribution within all the product groups.

DIVIDEND

The Board of Directors has decided to propose to the Annual General Meeting 2016 a distribution of SEK 2.00 (1.50) per share for the financial year 2015, corresponding to 112 percent (77) 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 20, 2016.

The Board of Directors' proposal corresponds to a transfer to shareholders of SEK 50.3 million (37.7). For 2014 a distribution of SEK 1.50 was paid per share, corresponding to 77 percent of net income.

ANNUAL REPORT

The annual report for 2015 will be available on the company's website by April 28, 2014.

ANNUAL GENERAL MEETING

The Annual General Meeting for the financial year 2015 will be held in Stockholm on May 19, 2016 at 5:30 pm (CET).

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 2014, as described on page 91 in the annual report 2014.

New and amended accounting principles

New or amended IFRS and IFRIC interpretations effective as of January 1, 2015 have not had a material effect or impact on the interim report or consolidated financial statements.

AUDIT REPORT

This year-end report has been reviewed by the company's auditors.

OUTLOOK 2016

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

CONSOLIDATED INCOME STATEMENT

CONDENSED

SEK thousands	Note	Oct-Dec 2015	Oct-Dec 2014	Full-year 2015	Full-year 2014
Net sales		152,618	135,278	574,328	538,753
Other operating revenue		250	2,348	10,170	5,744
Operating revenue		152,868	137,626	584,498	544,497
Goods for resale		-73,601	-62,142	-273,126	-253,560
Other external expenses	1	-35,006	-36,821	-136,135	-122,732
Staff costs		-26,296	-31,816	-106,013	-102,617
Depreciation/amortization of tangible/intangible non-current assets		-1,506	-3,159	-6,592	-8,877
Other operating expenses		-1,905	-129	-4,040	-761
Operating profit		14,554	3,559	58,592	55,950
Net financial items		-2,699	2,053	-1,032	7,198
Profit before tax		11,855	5,612	57,560	63,148
Tax		-4,515	292	-15,917	-15,577
Profit for the period		7,340	5,906	41,643	47,572
Profit for the period attributable to:					
Parent Company's shareholders		8,488	4,473	45,062	48,835
Non-controlling interests		-1,148	1,433	-3,419	-1,263
Earnings per share before dilution, SEK		0.34	0.18	1.79	1.94
Earnings per share after dilution, SEK		0.29	0.18	1.64	1.94
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 2015	Oct-Dec 2014	Full-year 2015	Full-year 2014
Net profit for the period		7,340	5,906	41,643	47,572
OTHER COMPREHENSIVE INCOME					
Components that may be reclassified to profit or loss					
Translation difference for the period		-40	-3,131	-2,887	-7,052
Total other comprehensive income for the period		-40	-3,131	-2,887	-7,052
Total comprehensive income for the period		7,300	2,775	38,756	40,520
Total comprehensive income attributable to					
Parent Company's shareholders		8,182	1,999	42,424	43,717
Non-controlling interests		-882	776	-3,668	-3,197

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

CONDENSED

SEK thousands	Note	Dec 31 2015	De 31 2014
Non-current assets			
Goodwill		19,064	19,265
Trademarks		187,532	187,532
Other intangible assets		2,740	4,390
Tangible non-current assets		10,076	12,334
Long-term receivable	2	8,900	9,800
Deferred tax assets		35,315	31,713
Total non-current assets		263,627	265,034
Current assets			
Inventories		75,851	40,381
Accounts receivable		87,816	68,232
Other current receivables		19,579	17,740
Investments	2	80,909	133,147
Cash & cash equivalents		50,643	85,080
Total current assets		314,799	344,580
Total assets		578,425	609,613
Equity and liabilities			
Equity		290,675	285,708
Deferred tax liabilities		41,969	38,350
Other non-current liabilities	3	20,294	13,292
Bond loan	2	154,538	187,738
Accounts payable		21,019	25,064
Other current liabilities		49,931	59,461
Total equity and liabilities		578,425	609,613

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, 2014		294,180	-13,533	280,650
Total comprehensive income for the year		43,717	-3,197	40,520
Distribution for 2013		-37,723	-	-37,723
Offset issue in subsidiary		-	9,466	9,466
Acquisition of minority shares		-9,822	2,619	-7,203
Closing balance, December 31, 2014		290,353	-4,645	285,708
Opening balance, January 1, 2015		290,353	-4,645	285,708
Total comprehensive income for the period		42,424	-3,668	38,756
Distribution for 2014		-37,723	-	-37,723
Minority shareholders' contribution		-	1,580	1,580
Issuance of warrants	3	1,200	-	1,200
Warrant premium convertible	3	1,154	-	1,154
Closing balance, December 31, 2015		297,408	-6,733	290,675

CONSOLIDATED STATEMENT OF CASH FLOWS

CONDENSED

SEK thousands	Oct-Dec 2015	Oct-Dec 2014	Full-year 2015	Full-year 2014
Cash flow from operating activities				
Before changes in working capital	6,945	10,080	48,534	63,363
Changes in working capital	3,426	48,626	-66,343	-8,629
Cash flow from operating activities	10,371	58,706	-17,809	54,734
Investments in intangible non-current assets	-165	-1,294	-301	-1,428
Investments in tangible non-current assets	-3,335	-561	-4,746	-1,353
Sale/disposal of non-current assets	-	-	129	-
Investments/divestments	13,145	1,404	47,657	-106
Cash flow from investing activities	9,645	-451	42,739	-2,887
Distribution	-	-	-37,723	-37,723
Acquisition of minority shares	-	-1,410	-	-1,410
Amortization of loans	-1,875	-1,861	-7,500	-7,434
Issuance of warrants	-	-	18,510	-
Repurchase of bond loan	-4,016	-963	-33,844	-5,833
Cash flow from financing activities	-5,891	-4,234	-60,557	-52,400
Cash flow for the period	14,125	54,021	-35,627	-553
Cash & cash equivalents at beginning of period	36,355	29,383	85,080	82,304
Translation difference in cash & cash equivalents	163	1,676	1,190	3,329
Cash & cash equivalents at end of period	50,643	85,080	50,643	85,080

KEY FIGURES

GROUP

SEK thousands	Oct-Dec 2015	Oct-Dec 2014	Full-year 2015	Full-year 2014
Gross profit margin, %	51.8	54.1	52.4	52.9
Operating margin, %	9.5	2.6	10.2	10.4
Profit margin, %	7.8	4.1	10.0	11.7
Return on capital employed, %	14.8	14.8	14.8	14.8
Return on average equity, %	15.6	17.2	15.6	17.2
Profit attributable to Parent Company's shareholders	8,488	4,473	45,062	48,835
Equity/assets ratio, %	50.3	46.9	50.3	46.9
Equity per share, SEK	11.56	11.36	11.56	11.36
Investments in intangible non-current assets	165	1,294	301	1,428
Investments in tangible non-current assets	3,335	561	4,746	1,353
Business combinations	-	1,410	-	1,410
Depreciation, amortization and impairment losses for the period	-1,506	-3,159	-6,592	-8,877
Average number of employees	-	-	132	129

SUMMARY BY SEGMENT

GROUP

SEK thousands	Oct-Dec 2015	Oct-Dec 2014	Full-year 2015	Full-year 2014
Operating revenue				
Brand				
External revenue	7,241	8,851	34,747	37,484
Internal revenue	12,501	8,773	49,591	40,997
	19,742	17,624	84,338	78,481
Product development				
External revenue	67,149	61,137	238,062	233,755
Internal revenue	78,756	25,012	224,071	123,063
	145,905	86,149	462,133	356,818
Wholesale				
External revenue	45,576	40,770	207,131	192,649
Internal revenue	5,306	6,634	28,041	27,369
	50,882	47,404	235,172	220,018
Retail				
External revenue	32,901	26,868	104,557	80,609
Internal revenue	2,588	2,738	11,031	11,586
	35,489	29,606	115,589	92,195
Less internal sales	-99,150	-43,157	-312,734	-203,015
Operating revenue	152,868	137,626	584,498	544,497
Operating profit				
Brand	6,429	3,861	24,179	19,569
Product development	11,791	-637	37,425	34,825
Wholesale	-9,689	-966	-4,065	6,282
Retail	6,022	1,301	1,053	-4,726
Operating profit	14,554	3,559	58,592	55,950

Reconciliation between operating profit and profit before tax

The difference between operating profit for segments for which information must be disclosed, SEK 58,592 thousand (55,950), and profit before tax, SEK 57,560 thousand (63,148), is net financial items, SEK -1,032 thousand (7,198).

QUARTERLY DATA

GROUP

SEK thousands	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014
Net sales	152,618	191,430	99,199	131,081	135,278	163,723	96,969	142,783
Gross profit margin, %	51.8	51.9	53.0	53.6	54.1	52.4	52.5	52.8
Operating profit/loss	14,554	32,872	-1,662	12,828	3,559	32,821	522	19,048
Operating margin, %	9.5	17.2	neg	9.8	2.6	20.0	0.5	13.3
Profit/loss after financial items	11,855	29,510	-1,585	17,781	5,612	33,834	3,939	19,987
Profit margin, %	7.8	15.4	neg	13.6	4.1	20.7	4.1	14.0
Earnings per share before dilution, SEK	0.34	0.88	-0.04	0.61	0.18	1.00	0.15	0.62
Earnings per share after dilution, SEK	0.29	0.84	-0.04	0.61	0.18	1.00	0.15	0.62
Number of Björn Borg stores at end of period	41	38	38	40	41	38	38	38
of which Group-owned Björn Borg stores	21	18	17	18	18	17	17	17
Brand sales	330,214	472,865	249,063	394,206	342,904	45,422	253,976	382,081

PARENT COMPANY INCOME STATEMENT

CONDENSED

SEK thousands	Note	Oct-Dec 2015	Oct-Dec 2014	Full-year 2015	Full-year 2014
Net sales		13,128	14,347	52,358	59,677
Other operating revenue		630	422	5,624	639
Operating revenue		13,758	14,769	57,982	60,316
Goods for resale		-21	-109	-24	-2,147
Other external expenses	1	-14,461	-13,766	-51,268	-47,687
Staff costs		-8,964	-9,921	-42,152	-31,683
Depreciation/amortization of tangible/intangible non-current assets		-514	-504	-1,873	-2,125
Other operating expenses		-126	15	-3	-819
Operating loss		-10,328	-9,516	-37,338	-24,145
Result from shares in subsidiaries		43,769	67,395	43,769	67,395
Net financial items		-6,276	-6,763	-15,434	-11,666
Profit/loss after financial items		27,165	51,116	-9,003	31,584
Group contributions received		48,054	30,246	48,054	30,246
Appropriations		-	874	-	874
Profit before tax		75,219	82,236	39,051	62,704
Tax		47	1,275	47	1,275
Profit/loss for the period		75,266	83,511	39,098	63,979
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		75,266	83,511	39,098	63,979

PARENT COMPANY BALANCE SHEET

CONDENSED

SEK thousands	Note	Dec 31 2015	Dec 31 2014
Non-current assets			
Intangible non-current assets		284	393
Tangible non-current assets		3,118	2,849
Long-term receivable	2	8,900	9,800
Deferred tax		1,008	961
Shares in Group companies		353,882	335,331
Total non-current assets		367,192	349,334
Current assets			
Receivables from Group companies		330,805	392,513
Current receivables		15,198	14,143
Investments	2	80,909	133,147
Cash & cash equivalents		25,717	48,081
Total current assets		452,629	587,884
Total assets		819,821	937,218
Equity and liabilities			
Equity		147,872	144,143
Untaxed reserves		1,014	1,014
Bond loan	2	154,538	187,738
Other long-term liabilities	2, 3	20,294	5,792
Due to Group companies		480,250	573,668
Accounts payable		2,637	4,725
Other current liabilities		13,216	20,138
Total equity and liabilities		819,821	937,218

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

CONDENSED

SEK thousands	Full-year 2015	Full-year 2014
Opening balance	144,143	117,887
Distribution	-37,723	-37,723
Issuance of warrants	1,200	-
Warrant premium convertible	1,154	-
Total comprehensive income for the period	39,098	63,979
Closing balance	147,872	144,143

SUPPLEMENTARY DISCLOSURES

NOTE 1 OTHER EXTERNAL EXPENSES

SEK thousands	Group		Parent Company	
	2015	2014	2015	2014
Cost of premises	27,175	28,735	10,899	9,322
Selling expenses	34,149	23,439	4,757	3,147
Marketing expenses	42,610	35,876	22,053	19,940
Administrative expenses	23,066	22,338	10,151	13,217
Other	9,135	12,345	3,408	2,061
Total	136,135	122,732	51,268	47,687

NOTE 2 FINANCIAL ASSETS AND LIABILITIES

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

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

Net divestments in the company's portfolio of corporate bonds amounted to SEK 47,657 thousand (106) during the full-year 2015.

FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

SEK thousands	Level 1	Level 2	Level 3
Securities held for trading	80,519		
Derivatives held for trading		130	
Contingent consideration (liability)			-4,138
Net	80,519	130	-4,138

Björn Borg has recognized a liability for the contingent consideration to the sellers of the minority interest in Björn Borg Sport BV at fair value. The amount as of December 31, 2015 was SEK 4,138 thousand (5,792) and is included in level 3. The carrying amount of financial instruments recognized at amortized cost corresponds to the fair value as of December 31, 2015, with the exception of the bond loan, the fair value of which amounted to SEK 154,612 thousand, compared with a carrying amount of SEK 154,538 thousand.

In 2013 the company granted the Dutch distributor an interest-bearing loan of SEK 17 million maturing on March 31, 2017 with quarterly amortizations of SEK 900,000 beginning on December 31, 2013. The loan paid only interest in 2015 as per the agreement to acquire the minority interest in Björn Borg Sport BV.

NOTE 3 CONVERTIBLE

Björn Borg issued convertible debentures on June 16 which were subscribed for a nominal value of SEK 17,310 thousand. The convertibles carry interest (starting on July 1, 2015) which will be paid annually in arrears, with the first payment date on June 30, 2016. The interest rate will be determined based on an average of STIBOR on certain fixed dates during the annual period (September 10, December 10, March 10 and June 10), plus a margin of 3.15%. The recognized interest expense for 2015 amounted to SEK 244.9 thousand. The debentures fall due for payment on June 30, 2019 at a nominal value of SEK 17,310 thousand or can be converted to shares at the holder's request at a rate of SEK 37.96 per share. Each convertible entitles its holder to subscribe for one share, which means that at maximal conversion the number of shares would increase by 456,000, corresponding to a dilution of 1.8 percent. Convertible debentures are hybrid financial instruments, which means that the liability portion is initially recognized at fair value (i.e., the value a similar liability without the conversion right to shares would have had). The equity portion is initially recognized as the difference between the fair value of the entire instrument and the fair value of the liability portion. Björn Borg has not incurred any significant directly attributable transaction expenses for the issue. The liability portion is subsequently measured at amortized cost, while the equity portion is not revalued except upon conversion or redemption. Due to the short time since the issuance, the market rate of interest is essentially unchanged, due to which the carrying amount is a good approximation of the carrying amount as of December 31, 2015. The liability and equity portions are distributed as follows:

SEK thousands	Dec 31, 2015	Dec 31, 2014
Nominal value convertible debentures	17,310	–
Less equity portion	1,154	–
Liability upon issuance	16,156	–

DEFINITIONS

GROSS PROFIT MARGIN

Net sales less cost of goods sold divided by net sales.

OPERATING MARGIN

Operating profit as a percentage of net sales.

PROFIT MARGIN

Profit before tax as a percentage of net sales.

EQUITY/ASSETS RATIO

Equity as a percentage of total assets.

RETURN ON CAPITAL EMPLOYED

Profit after financial items (per rolling 12-month period) plus financial expenses as a percentage of average capital employed.

Björn Borg has determined that the issue was implemented on fair market terms and that the terms of the convertible program are designed in such a way that employees are not unduly favored. As a result, no expenses other than interest have been recognized related to the employee convertibles.

WARRANTS

On June 16 Björn Borg issued warrants to senior management of the Group, with 480,000 warrants subscribed. Each warrant entitles the holder to subscribe for one share for SEK 37.96 per share during the period June 1-14, 2019. If they are fully subscribed, the dilution effect would be 1.9 percent. Björn Borg has received market consideration for the warrants amounting to SEK 2.50 per warrant, corresponding to total proceeds of SEK 1,200 thousand, which has been recognized as an increase in equity. The warrants have been valued according to Black & Scholes. The most important inputs in the valuation were the Björn Borg share's average volume-weighted price paid during the period May 21-29, 2015, volatility of 30 percent, a risk-free rate of interest of 0.28 percent and an adjustment to the present value of future dividends. The corresponding inputs have been used in the valuation of the convertible rights as described above. According to the terms there is no employment requirement for the employee, but there is a pre-emption clause that gives Björn Borg the right, though not the obligation, to acquire the holder's warrant if the holder has ceased employment before June 30, 2019. Against this backdrop, Björn Borg has determined that market consideration has been received and that the terms in other respects are designed in such a way that participants in the warrant program are not unduly favored. As a result, no expense has been recognized related to the issued warrants.

RETURN ON EQUITY

Net profit (per rolling 12-month period) 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.

EARNINGS PER SHARE

Earnings per share in relation to the weighted average number of shares during the period.

EARNINGS PER SHARE AFTER DILUTION

Earnings per share adjusted for any dilution effect.

BRAND SALES

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

The Board of Directors and the CEO certify that the year-end 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 18, 2016

Fredrik Lövestedt
Chairman

Martin Bjäringer
Board member

Isabelle Ducellier
Board member

Kerstin Hessius
Board member

Mats H Nilsson
Board member

Heiner Olbrich
Board member

Nathalie Schuterman
Board member

Henrik Bunge
CEO

2016 CALENDAR

Annual report in April 2016
Annual General Meeting 2016 held on
May 19, 2016 at 5:30 pm (CET)
Interim report January-March 2016 released on
May 19, 2016 at 5:30 pm (CET)
Interim report January-June 2016 released on
August 19, 2016
Interim report January-September 2016 released on
November 11, 2016
Year-end report for 2016 February 17, 2016

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

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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 2015 amounted to about SEK 1.4 billion,
excluding VAT, at the consumer level. Group net sales
amounted to SEK 574 million in 2015, with an average of
132 employees. The Björn Borg share has been listed on
Nasdaq Stockholm since 2007.

IMAGES IN THE YEAR-END REPORT

The images in the year-end report are from Björn Borg's
spring/summer 2016 collection.

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Björn Borg is required to make public the information in this year-end report in accordance with the Securities Market Act. The
information was released for publication on February 19, 2016 at 7:30 am (CET).