

BJÖRN BORG

Björn Borg AB • Year-end report January-December 2022

Record sales!

OCTOBER 1 - DECEMBER 31, 2022

- Group's net sales amounted to SEK 198.4 million (180.6), an increase of 9.9 percent.
- Net sales for own e-commerce and e-tailers amounted to SEK 77.0 million (63.8), an increase of 20.6 percent. Sales for own e-commerce increased by 14.4 percent to SEK 30.8 million (26.9).
- Gross profit margin amounted to 52.1 percent (53.1). Currency-neutral, gross profit margin amounted to 56.6 percent, an increase of 3.5 percentage points.
- Operating profit amounted to SEK 7.8 million (10.0). Currency-neutral and adjusted for non-recurring items, operating profit amounted to SEK 16.0 million, an increase of 60 percent.
- Profit after tax amounted to SEK 5.3 million (11.1).
- Earnings per share before and after dilution amounted to SEK 0.21 (0.44).

JANUARY 1 - DECEMBER 31, 2022

- Group's net sales amounted to SEK 835.2 million (768.2), an increase of 8.7 percent.
- Net sales for own e-commerce and e-tailers amounted to SEK 305.3 million (298.5), an increase of 2.3 percent. Sales for own e-commerce increased by 15 percent to SEK 111.2 million (97.1).
- Gross profit margin amounted to 50.8 percent (54.2). Currency-neutral, gross profit margin amounted to 55.5 percent, an increase of 1.3 percentage points.
- Operating profit amounted to SEK 72.9 million (104.1). Currency neutral and adjusted for non-recurring items, operating profit amounted to SEK 120.1 million, an increase of 15.4 percent.
- Profit after tax amounted to SEK 50.9 million (86.0).
- Earnings per share before and after dilution amounted to SEK 2.02 (3.42).
- The Board decided to propose to the Annual General Meeting a distribution of SEK 2.00 (2.50) per share, corresponding to a total of SEK 50.3 million (62.9). The Board also decided to propose to the Annual General Meeting that the general meeting should issue an authorization for the Board to buy back the company's own shares.

QUOTE FROM THE CEO

"Furthermore, I can state that we have broken profitability records for the full year 2022. Currency-neutral and cleared of non-recurring costs, our operating profit for the business year 2022 would have been SEK 120 million," comments CEO Henrik Bunge.

SEK million	Oct-Dec 2022	Oct-Dec 2021	Full year 2022	Full year 2021
Net sales	198.4	180.6	835.2	768.2
Gross profit margin, %	52.1	53.1	50.8	54.2
Operating profit	7.8	10.0	72.9	104.1
Operating margin, %	3.9	5.5	8.7	13.5
Profit after tax	5.3	11.1	50.9	86.0
Earnings per share before dilution, SEK	0.21	0.44	2.02	3.42
Earnings per share after dilution, SEK	0.21	0.44	2.02	3.42



CEO comments

We ended a challenging year very strongly. With quarterly net sales of SEK 198.4 million, I can state that we have never sold more during a fourth quarter. Looking back, we have now broken sales records in seven of our last eight quarters. A testament to the strength of our business plan, our team and our unique brand. In addition, I can state that we will also break sales records for the full year 2022. Our underlying business also has very good profitability. Currency neutral and cleared of non-recurring costs, our operating profit for the business year 2022 would have been over SEK 120 million and for the fourth quarter SEK 16 million. The one-off costs in 2022 were partly the company's long-term incentive program totaling SEK 13.8 million and partly repayments of government Covid support that the company received in 2020 and 2021 for the Dutch business. A cost of SEK 7.2 million.

But reality, as we know, is not free of one-off costs and nor currency neutral either, and currency changes are just one of the challenges we as a team have to deal with. In addition to the very unfavorable USD exchange rate, both the whole year and the last quarter of the year were characterized by rising inflation, interest rate increases, increased energy prices and global concerns. And clearly, everything that happens has a significant impact on consumption. Having said that, there are of course reasons for caution, but at the same time we see no signs of a slowdown in our quarterly sales.

Net sales during the quarter amounted to SEK 198.4 million (180.6), an increase of 9.9 percent. Currency-neutral, we grew by 3.6 percent. The growth was driven by a strong recovery for our external e-tailers, whose sales grew by 25 percent in the quarter. We also continued the good growth in our own e-commerce, and our own retail stores showed very good growth, with comparable stores growing by 28 percent. Both the Netherlands and Germany ended the year strongly, while we saw some losses in a number of other markets. Our sports apparel collection continued to grow and increased during the quarter by 9 percent. Bags showed very strong growth figures and increased by 46 percent, while footwear also grew during the quarter, by 24 percent. Underwear was slightly down in the quarter, with a decrease of 2 percent.

The gross profit margin decreased to 52.1 percent (53.1). Adjusted for currency effects, the gross profit margin would have been 56.6 percent, an increase of 3.5 percentage points compared to the previous year. Reduced discounts in own retail stores, in own e-commerce and in wholesale business were the explanation for the currency-neutral gross profit margin increase.

As planned, and as previously announced, we increased our operating expenses in the quarter by SEK 4.4 million. It was primarily the company's incentive program which expired in 2022 that was the reason for the cost increase. Increased sales with a lower gross profit margin and increased costs meant that our operating profit was reduced to SEK 7.8 million (10.0), an operating margin of 3.9 percent (5.5). If we had calculated the last quarter of the year clear of non-recurring costs and currency neutral, our operating profit would have increased to SEK 16.0 million (10.0).

Without doubt we live in troubled times and, equally obviously, consumption is bound to be affected. But, at the same time, challenges do also offer opportunities. We ended the year strongly, and although we started the new year with confidence, we are strengthened in our belief that our journey to become a global sports fashion brand has only just begun.

If we sum up 2022, we see several signs that it is more than just a belief. Our own e-commerce grew considerably faster than the market and increased by 14 percent. Own comparable retail stores increased by 13 percent. Our sports apparel collection increased by 19 percent and our bags by over 50 percent. In our internal anonymous employee surveys, we also saw that our team has never been more engaged. Our sustainability work is developing very well, with one of the highlights being that our largest supplier is switching to solar energy. In conclusion, our brand continues to grow stronger, with the highlight being our strengthened preference among women which increased by 47 percent, while we retained our market-leading position in men's underwear.

So, let's go!

Head coach,
Henrik Bunge



Group development

OPERATING REVENUE FOURTH QUARTER 2022

The fourth quarter of the year showed an improvement in total operating revenue, including other income, by 6.6 percent to SEK 202.5 million (189.9). Adjusted for currency effects, the Group's total operating revenue increased by 0.7 percent in the quarter.

PRODUCT AREAS FOURTH QUARTER 2022

The underwear product area showed a decrease in sales of 2 percent for the fourth quarter of 2022, while sports-wear increased by 9 percent.

Sales of footwear increased by 24 percent compared to the previous year's fourth quarter mainly due to timing in distribution, and for the other product areas, sales increased by 46 percent, with bags primarily accounting for the increase.

MARKETS FOURTH QUARTER 2022

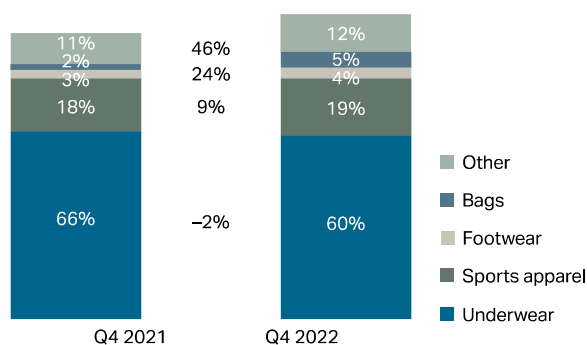
Sales decreased in Sweden, the largest market, during the fourth quarter of the year by 12 percent, while the second largest market, the Netherlands, increased by 16 percent. Finland decreased by 1 percent, while Germany increased by 126 percent. Sales in Denmark decreased in the fourth quarter by 21 percent, and Belgium was down by 17 percent. Other smaller markets increased by a total of 2 percent.

CHANNELS FOURTH QUARTER 2022

The largest channel, the wholesale business, showed an overall increase of 6 percent in the fourth quarter of 2022, where e-tailers in the wholesale business increased by

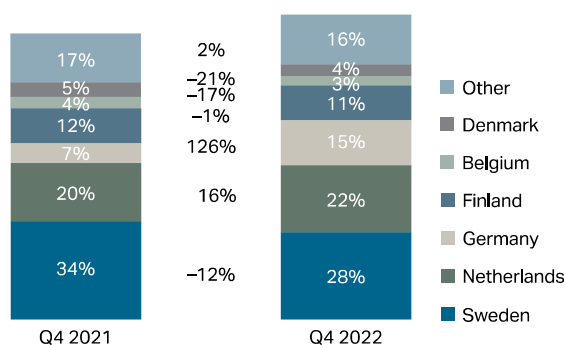
PRODUCT AREAS – SHARE OF TOTAL SALES

SEK 190 million – Growth 7% – SEK 202 million



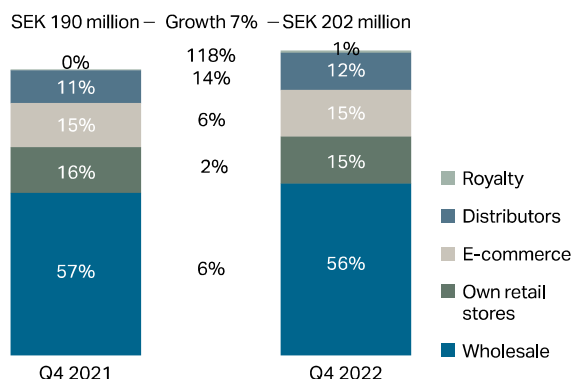
MARKETS – SHARE OF TOTAL SALES

SEK 190 million – Growth 7% – SEK 202 million

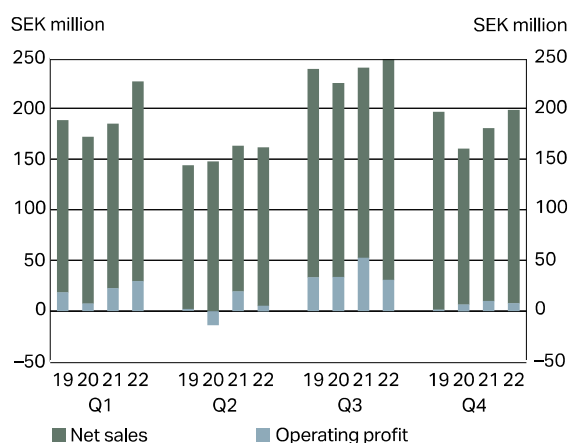


25 percent. Own stores increased in total compared to the previous year by 2 percent, while comparable stores increased by 28 percent in the quarter due to increased average receipts and due to the negative impact of Covid in the previous year. Own e-commerce continued to show strong growth and increased by 6 percent. External distributors increased sales by 14 percent compared to the previous year, and royalty income increased slightly.

CHANNELS – SHARE OF TOTAL SALES



QUARTERLY NET SALES AND OPERATING PROFIT, 2019-2022



NET SALES

Fourth quarter, October-December 2022

Group's net sales during the fourth quarter amounted to SEK 198.4 million (180.6), an increase of 9.9 percent. The currency effect was positive on sales in the quarter and, adjusted for currency effects, net sales increased by 3.6 percent.

The main explanation for the increase in the quarter was that the company saw increased demand from e-tailers within the wholesale business, where demand from Germany in particular increased in the quarter. For further details, see below under "Development by segment".

The full year, January-December 2022

Group net sales for the full year 2022 amounted to SEK 835.2 million (768.2), an increase of 8.7 percent. The currency effect on sales was positive and, adjusted for currency effects, sales increased by 4.7 percent.

The main explanation for the increase for the full year 2022 was an increased demand in physical trade where, above all, the largest market, Sweden, showed strong growth. For further details, see below under "Development by segment".

RESULTS

Fourth quarter, October-December 2022

The gross profit margin for the fourth quarter fell to 52.1 percent (53.1). Adjusted for currency effects, the gross profit margin would have been 56.6 percent, i.e. an increase of 3.5 percentage points compared to the previous year. Greater general focus on profitability in the wholesale business, as well as reduced discounts in the retail business, accounted for the positive effect.

Other operating income amounted to SEK 4.1 million (9.3) and referred mainly to unrealized profits on accounts receivable in foreign currency.

Operating costs increased in the quarter by SEK 4.4 million compared to the previous year's fourth quarter, primarily through the company's incentive program, LTIP 2022, which negatively affected operating profit by SEK 3.9 million in the quarter. The 2019 Annual General Meeting decided on the introduction of a new long-term incentive program, LTIP 2022, which could be described as a variable cash compensation program based on the share price of the Björn Borg share. Employees entitled to participate in the incentive program, which ran between the years 2019 and 2022, were members of the company management team. As of December 31, 2022, a cost of SEK 13.8 million (1.9) had been booked.

Increased sales with a lower gross profit margin related to negative currency effects, and increased operating costs compared to the previous year resulted in an operating profit of SEK 7.8 million (10.0) for the quarter. The operating margin was 3.9 percent (5.5).

Net financial items amounted to SEK -1.4 million (2.0). The deterioration in net financial items compared to the previous year was mainly attributable to the revaluation of financial assets and liabilities in foreign currency.

Profit after tax for the period amounted to SEK 5.3 million (11.1).

The full year, January-December 2022

The gross profit margin for the full year 2022 decreased to 50.8 percent (54.2). Adjusted for currency effects, the gross profit margin would have been 55.5 percent, i.e. an increase of 1.3 percentage points compared to the previous year.

Other operating income amounted to SEK 25.8 million (27.9) and referred mainly to unrealized profits on accounts receivable in foreign currency.

Operating costs increased by SEK 37.1 million compared to the previous year, primarily through higher rental and sales costs as well as increased marketing activities. Operating profit was also negatively affected by SEK 13.8 million in 2022, related to the company's incentive program, LTIP 2022, as described above under "Results, fourth quarter".

Despite a lower gross profit margin related to negative currency effects, and increased operating costs compared to the previous year, the increased sales resulted in an operating profit of SEK 72.9 million (104.1). The operating margin was 8.7 percent (13.5).

Net financial items amounted to SEK -2.5 million (2.8). The deterioration of net financial items compared to the previous year was mainly attributable to the revaluation of financial assets and liabilities in foreign currency.

The period's profit after tax decreased to SEK 50.9 million (86.0). Profit after tax was negatively affected by SEK 5.1 million during the year related to a tax effect regarding the write-down of receivables in connection with the liquidation of the company's English operations.

Development by segment

Björn Borg's segment reporting consists of the company's main revenue streams, which are divided into Wholesale, Consumer Direct, Distributors and Licensing, which is also how the business is monitored internally in the Group.

Wholesale

This segment consists of revenues and costs associated with the Björn Borg Group's wholesale business. The Group conducts wholesale business in Sweden, Germany, Finland, the Netherlands, Belgium and Denmark for sports apparel, bags and underwear as well as footwear in Sweden and Finland.

The segment's external operating income amounted to SEK 539.9 million (502.3), which was an increase about 7 percent. One explanation for the increase was that the company saw increased demand, especially in physical trade within the segment, which increased by 15 percent during the full year 2022. Sweden and Finland increased by 4 and 20 percent respectively. Footwear sales in the segment increased by 4 percent. Germany increased by 15 percent, while the Netherlands and Belgium decreased by 3 and 13 percent, respectively.

Operating profit amounted to SEK 52.8 million (68.5), a decrease of 23 percent. The deterioration in earnings was mainly due to lower gross profit margins related to negative currency effects and planned increases in operating costs.

Consumer direct

This segment consists of revenues and costs associated with the Björn Borg Group's direct sales to consumers. The Björn Borg Group owns and operates a total of 18 (23) stores and factory outlet stores in Sweden, Finland, the Netherlands and Belgium, selling underwear, sports apparel, complementary products and other licensed products. The company continuously assess the retail holdings to improve profitability. In addition, Björn Borg sells products online through www.bjornborg.com.

The consumer direct segment increased its external operating income in 2022 to SEK 220.0 million (212.7), an increase of 3 percent. The increase was mainly due to strong growth in own e-commerce, which grew to SEK 113.4 million (99.5) during the full year 2022, an increase of 14 percent. Sales in own retail stores were down by 6 percent in total for the company, mainly due to fewer stores compared to the previous year. For comparable stores, turnover in own retail stores increased by 13 percent in the full year 2022.

Operating profit for 2022 amounted to SEK -6.7 million (13.8). The deterioration in operating profit was mainly

explained by reduced gross margins within own stores as a result of negative currency effects and the closure of unprofitable stores, which lead to sales and thus increased discounts, as well as slightly increased operating costs related to one-off costs for the repayment of government support in the Netherlands.

Distributors

This segment mainly consists of revenues and costs associated with sales to external distributors of product groups that are developed in-house by the company.

The segment's external operating income in 2022 amounted to SEK 92.3 million (71.4), which was an increase of 29 percent. Sales to the two largest distributor markets, Norway and Great Britain, increased compared to the previous year by 28 percent and 69 percent, respectively. The increase in Norway was due to wider distribution compared to previous years, while the growth in Great Britain was a result of the English market now being fully handled by an external distributor. Denmark, which is now a fully integrated part of the wholesale business, had the opposite effect within the distributor segment.

Operating profit increased to SEK 19.6 million (13.6).

Licensing

The licensing segment consists mainly of royalty income from licensees and costs for the Group associated with licensing operations.

The segment's external operating income decreased slightly in 2022 to SEK 8.9 million (9.7). The reduction was a result of lower brand sales of licensed products, where footwear mainly accounted for the reduction.

Operating profit decreased to SEK 7.2 million (8.2) for 2022. The reduced operating profit was a consequence of the lower external sales in the segment.

Intra-Group sales

Intra-Group sales for 2022 amounted to SEK 518.3 million (548.9).

SEASONAL VARIATIONS

The Björn Borg Group operates in an industry with seasonal variations. The different quarters vary in terms of sales and profit. See diagram on 'Quarterly net sales and operating profit' on page 4.

INVESTMENTS AND CASH FLOW

The cash flow from the operating activities of the Group during the full year 2022 amounted to SEK 60.9 million (113.9). The deterioration compared to the previous year was

Segment	Revenue type	Operating income, SEK thousands January-December		Operating profit, SEK thousands January-December		Operating margin,% January-December	
		2022	2021	2022	2021	2022	2021
Wholesale	Products	539,871	502,273	52,824	68,523	10	14
Consumer direct	Products	219,977	212,712	-6,655	13,814	-3	6
	of which retail stores	106,566	113,203	-24,324	-6,380	-23	-6
	of which e-commerce	113,411	99,509	17,669	20,194	16	20
Distributors	Products	92,298	71,439	19,558	13,571	21	19
Licensing	Royalties	8,862	9,671	7,182	8,180	81	85
Total		861,008	796,095	72,909	104,088	8	13

primarily due to higher sums of capital tied up in inventory.

Cash flow from investment activities was negative at SEK –8.3 million (–10.5). The major investments were in the remodeling of an outlet store. Cash flow from financing activities amounted to SEK –135.9 million (–80.1). The negative cash flow compared to the previous year was mainly due to higher distribution to shareholders –62.9 MSEK (–37.7) and repayments of bank loans.

FINANCIAL POSITION AND LIQUIDITY

The Björn Borg Group's cash and cash equivalents at the end of the period amounted to SEK 16.0 million (96.7), plus unused bank facilities of SEK 120.0 million (160.0). Since the corresponding period last year, the Björn Borg Group has reduced its bank facilities by SEK 90 million, from SEK 240 million to SEK 150 million. At the end of the fourth quarter of the year, the company had a net debt, excluding leasing debts, of SEK 14.0 million compared to a net cash balance of SEK 16.7 million the previous year. Total interest-bearing liabilities amounted to SEK 81.7 million (134.0), where total leasing debt amounted to SEK 51.7 million (54.0), of which SEK 32.4 million was the long-term share and SEK 19.3 million the short-term share.

The Björn Borg Group had SEK 150 million in bank facilities, of which SEK 30.0 million (80.0) was utilized as of December 31, 2022. The fair value of financial instruments corresponded in all material respects to the book value.

COMMITMENTS AND CONTINGENT LIABILITIES

As a commitment for the overdraft facility and the three-year revolving credit, the company has undertaken to ensure that the ratio of the Group's net debt and 12-month rolling EBITDA will not exceed 3.00 on the last day of each quarter. Furthermore, the Group must, at all times, maintain an equity ratio of at least 35 percent.

As of December 31, 2022, the ratio was 0.17 to be compared with a positive ratio of +0.15 the previous year. The equity/assets ratio amounted to 54.0 percent (53.4).

There have been no significant changes in collateral and contingent liabilities compared to December 31, 2021.

PERSONNEL

The average number of employees in the Group for the twelve-month period ending December 31, 2022 was 150 (162), of which 67 percent (65) were women. The reduction in personnel compared to the previous year was due to store closures.

TRANSACTIONS WITH RELATED PARTIES

In addition to the customary remuneration (salary, fees and other benefits) to the CEO, senior executives and the Board of Directors, as well as Intra-Group sales, no transactions with related parties were carried out during the period.

SIGNIFICANT RISKS AND UNCERTAINTIES

Through its operations, the Björn Borg Group is exposed to risks and uncertainties. Information about the Group's risks and uncertainties is given on page 61 of the Annual Report for 2021.

The company notes, however, that at the end of February 2022, what has been called the most politically threatening event in Europe since the Second World War began. Russia launched a large-scale attack and thus started a war against Ukraine. Consequences of the war have included large flows of refugees, as well as severe retaliatory sanctions against Russia from the outside world. It is currently difficult to determine how the war will

affect the Björn Borg Group's operations financially. The fact that the company does not do business in either Russia or Ukraine should minimize any direct risks of business impact, although declining consumer confidence in the future may have an indirect, negative effect. However, the company can note that increased fuel prices lead to increased shipping costs and is something that should be seen as a financial risk.

Furthermore, the company notes that inflation in the markets in which the Björn Borg Group operates is reaching high levels, that interest rates on bank loans are rising sharply, and that the exchange rates in which the company trades have developed unfavorably. Taken together, these macro-economic effects could have a further impact on consumer purchasing behavior.

THE PARENT COMPANY

Björn Borg AB (publ) mainly conducts intra-Group activities. As of December 31, 2022, the company owned 100 percent of the shares in Björn Borg Brands AB, Björn Borg Footwear AB, Björn Borg Inc, Björn Borg Services AB, Björn Borg UK, Baseline, BBM, Björn Borg Finland Oy and Björn Borg Denmark Aps. Furthermore, the company owned 75 percent of the shares in Björn Borg (China) Ltd. The company has restructured the Baseline group, which consisted of six legal entities in the Netherlands and Belgium. After the restructuring, the Belgian units are directly owned by Björn Borg AB. The acquisition was carried out on the entry date of January 1, 2022.

The parent company's net sales for 2022 amounted to SEK 101.2 million (99.9).

Profit before tax amounted to SEK 41.8 million (35.1) for 2022.

EVENTS AFTER THE END OF THE REPORTING PERIOD

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

NUMBER OF SHARES

The number of shares in Björn Borg amounts to 25,148,384.

FINANCIAL GOALS

Björn Borg's long-term financial goals for the business, which were most recently established in 2019 for a five-year period until 2023, are:

- Annual sales growth of at least 5 percent.
- An annual operating margin of at least 10 percent.
- An annual dividend of at least 50 percent of net profit after tax.
- An equity/assets ratio of above 35 percent.

The company is retaining the above goals despite the ongoing unrest in the outside world.

Comments on the financial targets: Sales growth is expected to come mainly from growth in sports apparel, although other product groups are also expected to grow.

DIVIDEND

The Board decided to propose to the 2022 Annual General Meeting that a distribution of SEK 2.00 (2.50) per share be paid out for the financial year 2022, corresponding to 99 percent (73) of profit after tax. The distribution was proposed to take place through an automatic redemption procedure, where each share was divided into an ordinary and a redemption share. The redemption share would then be automatically redeemed for SEK 2.00 per share. The

payment for the redemption share, assuming approval at the Annual General Meeting, was estimated to be carried out around the end of June 2023. The Board's proposal corresponded to a transfer to the shareholders of SEK 50.3 million (62.9). The Board also decided to propose to the Annual General Meeting that the general meeting should issue an authorization for the Board to buy back the company's own shares.

ANNUAL REPORT

The Annual Report for the financial year 2022 will be available on the company's website no later than April 26, 2023.

ANNUAL GENERAL MEETING

The Annual General Meeting for the financial year 2022 will be held at 17:30 on May 17, 2023.

ACCOUNTING PRINCIPLES

This interim report in summary for the Group has been prepared in accordance with IAS 34 *Interim Financial Reporting* and the applicable regulations in the *Annual Accounts Act*. The interim report for the parent company has been prepared in accordance with the Annual Accounts Act chapter 9, on interim reporting and RFR 2 *Accounting for legal entities*. The accounting principles applied in the interim report are consistent with the accounting principles that were applied when preparing the Group accounts and Annual Report 2021 (see page 56 of the Annual Report for 2021). New and amended standards and new interpretations that apply from January 1, 2022, have not had any significant impact on the Group's financial reports. Changes in RFR 2 that apply from 1 January, 2022, have had no significant impact on the parent company's financial reports.

IMPORTANT JUDGMENTS AND ESTIMATES

When preparing an interim report, management is required to make judgments and estimates regarding assumptions that affect the application of the Group's (and the parent company's) accounting principles as well as reported amounts for assets, liabilities, income and expenses. The effects of the negative financial impact of the Corona virus have been taken into account, as well as possible negative financial effects of the war in Ukraine. The results of these judgments and estimates are then used to assess the reported values of assets and liabilities that are not otherwise clearly evident from other sources. The estimates for accounting purposes that result from these assumptions do, by definition, not always correspond to the actual result. The outcome of the above judgments assessment has not had any significant impact on the Group's financial reports. Important estimates and judgments appear in the 2021 Annual Report. No other significant changes in estimates or judgments have taken place compared to the 2021 Annual Report.

AUDIT REPORT

This interim report has not been the subject of a general review by the company's auditors.

OUTLOOK 2023

The company's policy is not to provide forecasts.

Consolidated income statement

IN SUMMARY

SEK thousands	Note	Oct-Dec 2022	Oct-Dec 2021	Full year 2022	Full year 2021
Net sales	1	198,420	180,576	835,173	768,203
Other operating revenue		4,069	9,326	25,835	27,892
Operating revenue		202,489	189,902	861,008	796,095
Goods for resale		-95,058	-84,617	-410,660	-351,663
Other external expenses	2	-52,987	-50,244	-181,411	-158,310
Personnel costs		-35,408	-31,016	-141,447	-125,501
Depreciation/amortization of tangible/intangible non-current assets		-8,609	-8,814	-34,739	-35,503
Other operating expenses		-2,657	-5,191	-19,842	-21,030
Operating profit		7,770	10,020	72,909	104,088
Net financial items		-1,381	2,010	-2,465	2,782
Profit before tax		6,389	12,030	70,444	106,870
Tax		-1,099	-955	-19,571	-20,840
Profit for the period		5,290	11,075	50,873	86,030
Profit for the period attributable to					
Parent Company shareholders		5,290	11,075	50,873	86,030
Non-controlling interests		-	-	-	-
Earnings per share before dilution, SEK		0.21	0.44	2.02	3.42
Earnings per share after dilution, SEK		0.21	0.44	2.02	3.42
Number of shares		25,148,384	25,148,384	25,148,384	25,148,384

Consolidated statement of comprehensive income

IN SUMMARY

SEK thousands	Note	Oct-Dec 2022	Oct-Dec 2021	Full year 2022	Full year 2021
Profit/loss for the period		5,290	11,075	50,873	86,030
OTHER COMPREHENSIVE INCOME					
Components that may be reclassified to profit or loss for the period					
Translation difference for the period		1,733	-1,777	2,590	-5,103
Total other comprehensive income for the period		1,733	-1,777	2,590	-5,103
Total comprehensive income for the period		7,023	9,298	53,463	80,927
Total comprehensive income attributable to					
Parent Company shareholders		7,023	9,298	53,463	80,927
Non-controlling interests		-	-	-	-

Consolidated statement of financial position

IN SUMMARY

SEK thousands	Note	Dec 31, 2022	Dec 31, 2021
Non-current assets			
Goodwill		36,486	34,685
Trademarks		187,532	187,532
Other intangible assets		7,561	10,917
Tangible non-current assets		16,195	15,405
Deferred tax assets		12,575	13,952
Right-of-use assets		52,571	54,950
Total non-current assets		312,920	317,441
Current assets			
Inventory		201,136	151,991
Accounts receivable		104,212	91,969
Other current receivables		19,094	22,524
Cash and cash equivalents		16,032	96,743
Total current assets		340,474	363,227
Total assets		653,394	680,668
Equity and liabilities			
Equity		324,809	334,217
Deferred tax liabilities		39,877	39,596
Non-current liabilities credit institutions		–	80,000
Other non-current liabilities		–	1,932
Long-term lease liabilities		32,386	33,777
Current liability to credit institution		30,000	–
Accounts payable		106,021	97,036
Short-term lease liabilities		19,265	20,242
Other current liabilities		101,036	73,868
Total equity and liabilities		653,394	680,668

Consolidated statement of changes in equity

IN SUMMARY

SEK thousands	Note	Equity attributable to the parent company's shareholders	Possession without controlling influence	Total equity
Opening balance, January 1, 2021				
Total comprehensive income for the period		296,308	–5,295	291,013
Distribution for 2020		81,499	–572	80,927
		–37,723	–	–37,723
Closing balance, December 31, 2021		340,084	–5,867	334,217
Opening balance, January 1, 2022				
Total comprehensive income for the period		340,084	–5,867	334,217
Distribution for 2021		54,198	–735	53,463
		–62,871	–	–62,871
Closing balance, December 31, 2022		331,411	–6,602	324,809

Consolidated statement of cash flows

IN SUMMARY

SEK thousands	Oct-Dec 2022	Oct-Dec 2021	Full year 2022	Full year 2021
Cash flow from operating activities				
Before changes in working capital	15,866	19,458	108,024	136,818
Changes in working capital	55,516	58,624	-47,524	-22,891
Cash flow from operating activities	71,382	78,082	60,500	113,927
Investments in intangible non-current assets	-	-693	-265	-4,828
Investments in tangible non-current assets	-2,235	-1,408	-8,059	-5,680
Cash flow from investing activities	-2,235	-2,101	-8,324	-10,508
Distribution	-	-	-62,871	-37,723
Amortization of loans	-	-19,000	-80,000	-19,000
Amortization of lease liabilities	-5,496	-7,070	-23,068	-23,400
Newly-raised loans	-	-	30,000	-
Overdraft facility	-58,896	-	-	-
Cash flow from financing activities	-64,392	-26,070	-135,939	-80,123
Cash flow for the period	4,755	49,911	-83,763	23,296
Cash and cash equivalents at the beginning of the period	14,386	45,795	96,743	70,235
Translation difference in cash and cash equivalents	-3,109	1,037	3,052	3,212
Cash and cash equivalents at the end of the period	16,032	96,743	16,032	96,743

Key figures

THE GROUP

SEK thousands	Oct-Dec 2022	Oct-Dec 2021	Full year 2022	Full year 2021
Gross profit margin,% *	52.1	53.1	50.8	54.2
Operating margin,%	3.9	5.5	8.7	13.5
Profit margin,%	3.2	6.7	8.4	13.9
Return on capital employed,%	17.1	24.4	17.1	24.4
Return on average equity,%	15.4	27.5	15.4	27.5
Profit attributable to the Parent Company's shareholders	5,290	11,075	50,873	86,030
Equity/assets ratio,% *	54.0	53.4	54.0	53.4
Equity per share, SEK	12.92	13.29	12.92	13.29
Investments in intangible non-current assets	-	693	740	4,828
Investments tangible non-current assets	2,054	1,408	7,878	5,680
Depreciation, amortization and impairment losses for the period	-8,609	-8,814	-34,739	-35,503
Average number of employees	147	162	150	162

* The figure is an alternative performance measure (APM) and not (IFRS). It is described under definitions and explained on page 14.

Summary per segment

THE GROUP

SEK thousands	Oct-Dec 2022	Oct-Dec 2021	Full year 2022	Full year 2021
Operating revenue				
Wholesale				
External revenue	114,004	107,842	539,871	502,273
Internal revenue	1,744	482	4,870	1,607
	115,748	108,324	544,741	503,880
Consumer Direct				
<i>Own retail stores</i>				
External revenue	31,167	30,439	106,566	113,203
Internal revenue	62	18	128	19
<i>E-commerce</i>				
External revenue	31,233	29,392	113,411	99,509
Internal revenue	10	281	250	281
	62,472	60,130	220,355	213,012
Distributors				
External revenue	24,655	21,572	92,298	71,439
Internal revenue	174,488	112,729	479,774	465,596
	199,143	134,301	572,072	537,035
Licensing				
External revenue	1,431	656	8,862	9,671
Internal revenue	-2,449	24,348	33,286	81,404
	-1,018	25,004	42,148	91,075
Less internal sales	-173,856	-137,857	-518,309	-548,907
Operating revenue	202,489	189,902	861,008	796,095
Operating profit				
Wholesale	-1,983	-72	52,824	68,523
Consumer Direct, brick-and-mortar	-30	1,740	-24,324	-6,380
Consumer Direct, e-commerce	4,204	7,512	17,669	20,194
Distributors	4,480	660	19,558	13,571
Licensing	1,099	180	7,182	8,180
Operating profit	7,770	10,020	72,909	104,088

Reconciliation between operating profit and profit before tax

The difference for the full year 2022 between operating profit for segments for which information must be provided SEK 72,909 thousand (104,088) and profit before tax SEK 70,444 thousand (106,870) are financial net items, SEK -2,465 thousand (2,782).

Quarterly data

THE GROUP

SEK thousands	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021
Net sales	198,420	248,590	161,544	226,620	180,576	240,141	162,836	184,651
Gross profit margin,%	52.1	48.2	54.5	50.0	53.1	54.4	56.3	53.3
Operating profit/loss	7,770	30,597	5,233	29,309	10,020	52,357	19,277	22,434
Operating margin,%	3.9	12.3	3.2	12.9	5.5	21.8	11.8	12.1
Profit/loss after net financial items	6,389	30,545	4,344	29,166	12,030	50,937	18,015	25,888
Profit margin,%	3.2	12.3	2.7	12.9	6.7	21.2	11.1	14.0
Earnings per share, before dilution, SEK	0.21	0.88	0.01	0.92	0.44	1.59	0.54	0.85
Earnings per share, after dilution, SEK	0.21	0.88	0.01	0.92	0.44	1.59	0.54	0.85
Number of Björn Borg retail stores at the end of the period	19	19	24	26	26	27	28	31
of which Group-owned Björn Borg retail stores	18	18	21	23	23	24	25	28

Parent company income statement

IN SUMMARY

SEK thousands	Note	Oct-Dec 2022	Oct-Dec 2021	Full year 2022	Full year 2021
Net sales		25,411	25,049	101,205	99,940
Other operating revenue		69	554	1,174	1,990
Operating revenue		25,480	25,603	102,379	101,930
Goods for resale		–	–51	–153	–51
Other external expenses	2	–15,991	–22,829	–56,256	–54,272
Personnel costs		–12,711	–10,250	–51,506	–40,691
Depreciation/amortization of intangible and tangible non-current assets		–634	–591	–2,486	–2,326
Other operating expenses		–110	–90	–869	–668
Operating profit		–3,966	–8,208	–8,891	3,922
Result from shares in subsidiaries		4,493	5,246	4,493	–28,509
Net financial items		–2,031	5,789	–5,950	10,918
Profit/loss after financial items		–1,504	2,827	–10,348	–13,669
Group contributions received/paid		52,538	48,988	52,538	48,988
Appropriations		–360	–218	–360	–218
Profit/loss before tax		50,674	51,597	41,830	35,101
Tax		–9,512	–14,451	–9,512	–14,451
Profit/loss for the period		41,162	37,146	32,318	20,650
Other comprehensive income		–	–	–	–
Total comprehensive income for the period		41,162	37,146	32,318	20,650

Parent company balance sheet

IN SUMMARY

SEK thousands	Note	Dec 31, 2022	Dec 31, 2021
Non-current assets			
Intangible assets		2,323	3,669
Tangible non-current assets		2,510	2,112
Deferred tax		–	4
Shares in Group companies		371,813	277,676
Total non-current assets		376,646	283,461
Current assets			
Receivables from Group companies		891,508	980,598
Current receivables		3,669	3,864
Cash and cash equivalents		1,558	75,392
Total current assets		896,735	1,059,854
Total assets		1,273,381	1,343,315
Equity and liabilities			
Equity		136,239	166,792
Untaxed reserves		1,616	1,256
Non-current liabilities credit institutions		–	80,000
Other non-current liabilities		–	1,932
Current liabilities credit institutions		30,000	–
Due to Group companies		1,049,151	1,059,705
Accounts payable		9,782	9,251
Other current liabilities		46,593	24,379
Total equity and liabilities		1,273,381	1,343,315

Parent company statement of changes in equity

IN SUMMARY

SEK thousands	Full year 2022	Full year 2021
Opening balance	166,792	183,865
Distribution	-62,871	-37,723
Total comprehensive income for the period	32,318	20,650
Closing balance	136,239	166,792

Supplementary disclosures

NOTE 1 NET SALES

The Group's net sales consist of sales of products and royalties for the use of the company's brand. Transfers of goods/royalties are made at fixed points in time. Listed in the table below are markets with a net sales above 10 percent of the total.

SEK thousands	The group	
	Full year 2022	Full year 2021
Sweden	286,541	275,664
Netherlands	178,912	172,519
Finland	111,865	104,010
Germany	93,292	80,916
Others	164,563	135,094
Total net sales	835,173	768,203

NOTE 2 OTHER EXTERNAL EXPENSES

SEK thousands	The group		Parent Company	
	Full year 2022	Full year 2021	Full year 2022	Full year 2021
Cost of premises	19,727	5,327	6,711	5,216
Sales expenses	54,601	52,219	1,073	3,377
Marketing expenses	68,287	60,187	33,028	33,472
Administrative expenses	32,629	36,139	14,523	11,631
Other	6,167	4,438	921	576
	181,411	158,310	56,256	54,272

Definitions

The company presents certain financial measures in this year-end report that are not defined in accordance with 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 financial measures should not be seen as a substitute for measures defined in accordance with IFRS. For more on the calculation of these key figures see:

<https://corporate.bjornborg.com/en/section/investors/interim-reports/>
<https://corporate.bjornborg.com/en/financial-definitions/>
<https://corporate.bjornborg.com/en/financial-data/>

CAPITAL EMPLOYED

Total assets less non-interest-bearing liabilities and provisions.

Purpose: Capital employed measures capital use and efficiency.

COMPARABLE STORE SALES

Sales for own retail stores that were also open in the previous period.

Purpose: To obtain comparable sales between periods for own retail stores.

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 the investment from an owner's perspective.

EQUITY/ASSETS RATIO

Equity as a percentage of total assets adjusted for lease liabilities.

Purpose: This indicator shows financial risk, expressed as a share of the total restricted equity financed by the owners.

GROSS PROFIT MARGIN

Net sales less costs 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.

GROSS PROFIT MARGIN EXCLUDING CURRENCY EFFECTS

Gross profit margin calculated using the previous year's exchange rate.

Purpose: To obtain a currency-neutral gross profit margin.

GROUP NET SALES EXCLUDING CURRENCY EFFECTS

Net sales calculated using the previous year's exchange rate.

Purpose: To obtain comparable and currency-neutral net sales.

NET DEBT

Interest-bearing liabilities excluding leasing liabilities less investments and cash and cash equivalents.

Purpose: Net debt reflects the company's total debt situation.

NET DEBT TO EBITDA RATIO

Interest-bearing liabilities excluding lease liabilities less investments and cash and cash equivalents divided by operating profit before depreciation/amortization.

Purpose: To show the company's ability to pay debts.

NET FINANCIAL ITEMS

Financial income less financial expenses.

Purpose: To describe 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 comparisons of profitability regardless of the company's tax rate and independent of the company's 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. Average capital employed is calculated by adding equity at January 1 to equity at December 31 and dividing by two.

Purpose: This indicator is the key measure to quantify the return on all 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 shows, from an owner's 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 significant risks and uncertainties faced by the Parent Company and the companies in the Group.

Stockholm, February 23, 2023

Heiner Olbrich
Chairman of the Board

Alessandra Cama
Board member

Jens Høgsted
Board member

Johanna Schottenius
Board member

Anette Klintfeldt
Board member

Fredrik Lövestedt
Board member

Mats H Nilsson
Board member

Henrik Bunge
CEO

CALENDAR 2023

The Annual Report 2022 will be published on April 26, 2023.

The Annual General Meeting 2023 will be held on May 17, 2023.

The Interim report January-March 2023 will be issued at 17:30 on May 17, 2023.

The Interim report January-June 2023 will be issued at 07:30 on August 18, 2023.

The Interim report January-September 2023 will be issued at 07:30 on November 17, 2023.

The Year-end report 2023 will be issued at 07:30 on February 23, 2024.

FINANCIAL REPORTS

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

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THE BJÖRN BORG GROUP IN BRIEF

The Björn Borg Group owns the Björn Borg brand, and the focus of the business is sports apparel, underwear and bags. In addition, footwear and glasses are also offered via licensees. Björn Borg products are sold in around twenty markets, of which Sweden and the Netherlands are the largest. The Björn Borg Group has its own operations at all levels, from brand development to consumer sales in its own Björn Borg stores. In total, the Group's net sales in 2022 amounted to SEK 835.2 million and the average number of employees was 150. Björn Borg has been listed on Nasdaq Stockholm since 2007.

THE PICTURES IN THE INTERIM REPORT

The images in the interim report are taken from Björn Borg's 2022 collection.

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This information is such information that Björn Borg AB is obliged to publish in accordance with the EU Market Abuse Regulation. The information was submitted, through the care of the above contact person, for publication on 23 February, 2023 at 07:30.