

# BJÖRN BORG

## BJÖRN BORG AB INTERIM REPORT JANUARY-MARCH 2021

### SIGNIFICANTLY INCREASED PROFITABILITY

#### JANUARY 1 - MARCH 31, 2021

- The Group's net sales amounted to SEK 184.7 million (172.0), an increase of 7.4 percent.
- Net sales for own e-commerce amounted to SEK 24.3 million (17.5), an increase of 39.5 percent. Net sales for own e-commerce and e-tailers amounted to SEK 84.7 million (53.3), an increase of 58.8 percent.
- The gross profit margin was 53.3 percent (54.1).
- Operating profit amounted to SEK 22.4 million (7.2).
- Profit after tax amounted to SEK 21.3 million (10.6).
- Earnings per share before and after dilution amounted to SEK 0.85 (0.42).

#### QUOTE FROM THE CEO

"Our online focus generates, according to plan, very good growth and now more than 50% of our sales take place online through our own e-commerce, marketplaces, e-tailers and online sales from our retailers' e-commerce sites," commented CEO Henrik Bunge.

SEK million	January- March 2021	January- March 2020	April 2020- March 2021	Full-year 2020
Net sales	184.7	172.0	717.9	705.2
Gross profit margin, %	53.3	54.1	52.3	52.5
Operating profit	22.4	7.2	48.9	33.7
Operating margin, %	12.1	4.2	6.8	4.8
Profit after tax	21.3	10.6	29.5	18.8
Earnings per share before dilution, SEK	0.85	0.42	1.17	0.75
Earnings per share after dilution, SEK	0.85	0.42	1.17	0.75



## CEO'S COMMENT

Our digital journey, which began several years ago with a focus on shifting our business online, continued in the first quarter of 2021 to produce very good results. Our online focus generates, according to plan, very good growth and now more than 50% of our sales take place online through our own e-commerce, marketplaces, e-tailers and online sales from our retailers' e-commerce sites. In addition, essentially all of our brand communications is now online, with very good results where we increased our brand recognition in sports apparel by 100 percent compared with the first quarter of 2020.

Net sales in the quarter amounted to SEK 184.7 million (172.0), an increase of 7.4 percent compared with the previous year. On a currency neutral basis, the increase was 14.6 percent. The increase can exclusively be attributed to very good online growth. Our own e-commerce continued to develop according to plan with an increase of 39.5 percent to SEK 24.3 million (17.5). Marketplaces and e-tailers were also big contributors and grew by over 60 percent in the quarter. For the stores we own ourselves, the impact of the various societal restrictions to reduce the spread of Covid-19 is still high and sales fell 44 percent compared with the same quarter in 2020. However, we were able to reduce our exposure during the year with fewer of our own stores compared with the same quarter in 2020. And again we saw the value of owning your own brand and not being a retailer.

We continued during the quarter to reduce our discounts, but we took large write-downs as a direct result of the very poor development in physical retail. This is related to restrictions due to Covid-19 during 2020, which drove down the gross margin. Consequently, the gross profit margin dropped to 53.3 percent (54.1). Our cost savings initiatives in 2020 at the same time reduced quarterly operating expenses by SEK 9.4 million year-over-year. In total, increased sales with a slightly lower gross profit margin and reduced operating expenses produced a strong operating profit of SEK 22.4 million (7.2) and an operating margin of 12.1 percent.

The new year has begun with the same challenges that 2020 ended with – namely, with many of our stores closed and many customers struggling with restrictions due to the pandemic. But things will get better. For every passing day, more and more people are getting vaccinated. At the same time, we also have unbelievable strength online, where our products and message have found a perfect home. It is clear that we and our brand will continue to play an important role in inspiring people to understand that the road to the best version of yourself and the healthiest you is through physical activity.

Taken together, I am pleased with our work in the quarter and our profit in a continued challenging time.

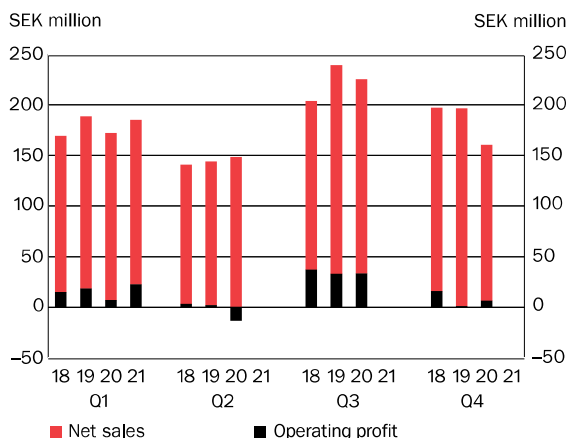
Now let's go!

Head coach,  
Henrik Bunge

## THE GROUP'S DEVELOPMENT

Net sales and operating profit both recovered in the first quarter compared with the first quarter of 2020. This was mainly due to strong online growth for both our own e-commerce and e-tailers. Quarterly operating profit rose year-over-year due to measures which reduced operating expenses by 10 percent and stable operating margins.

### QUARTERLY NET SALES AND OPERATING PROFIT, 2018-2021



### SALES

#### First quarter, January-March 2021

The Group's net sales amounted to SEK 184.7 million (172.0) in the first quarter, an increase of 7.4 percent. Currencies negatively affected sales in the quarter. Adjusted for currency effects, sales increased 14.6 percent.

The positive sales trend compared with the first quarter of 2020 is largely due to a positive trend and strong growth online, both for our own e-commerce and e-tailers in the wholesale business, which in total represents 46 percent of the total sales in the first quarter of the year.

The Swedish wholesale business also reported strong development, growing 29 percent year-over-year.

The Swedish retail company reported lower store traffic than the previous year due to the coronavirus, because of which quarterly sales fell. Sales decreased 6 percent for comparable stores and 21 percent in total. E-commerce grew strongly in the quarter, by 40 percent, with better traffic and website conversion than the previous year.

The Benelux operations dropped 22 percent from the previous year. On a currency neutral basis, the decrease was 18 percent. It was mainly the retail business that trailed year-over-year, owing to the coronavirus, down 70 percent in the quarter, during a large part of which both the Netherlands and Belgium were in lockdown. The Dutch wholesale business was also lower year-over-year, due to a greater focus on profitability than sales.

For the company as a whole, quarterly retail sales for our own stores decreased from SEK 22.0 million to SEK 12.7 million, a decrease of 44 percent compared with the first quarter in 2020, while sales for comparable stores fell 42 percent.

Sales to external distributors increased year-over-year, which was due to growth mainly from the Norwegian market.

External royalties decreased slightly.

### PROFIT

#### First quarter, January-March 2021

The gross profit margin for the first quarter decreased to 53.3 percent (54.1). A weaker USD against SEK positively

affected margins, while a weaker EUR against SEK had the opposite effect. Adjusted for currency effects, gross profit in SEK would have been practically unchanged, while the gross profit margin would have been 49.8 percent. The decrease in the gross profit margin is mainly the result of inventory write-downs, primarily due to own stores closed because of Covid-19, which has meant that the company has been unable to sell out merchandise from previous seasons. This has been compensated, however, by a stronger profitability focus in the wholesale business and because our own e-commerce, which has higher profitability, accounted for a larger share of the total.

Other operating revenue amounted to SEK 10.8 million (10.3) and mainly refers to unrealized gains on accounts receivable in foreign currency.

Operating expenses decreased SEK 9.4 million compared with the previous year mainly through lower costs for staff, logistics and travel. Rental expenses also decreased when the headquarters was moved to smaller, less expensive premises.

Increased sales with only a limited drop in the gross profit margin, as well as lower operating expenses compared with the previous year, meant an increase in operating profit to SEK 22.4 million (7.2). The operating margin was 12.1 percent (4.2).

Net financial items amounted to SEK 3.5 million (6.0). The decrease compared with 2020 is mainly due to the revaluation of financial assets and liabilities in foreign currency.

Profit after tax for the period increased to SEK 21.3 million (10.6).

### Development by segment

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

#### Wholesale

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

The segment's external operating revenue amounted to SEK 142.8 million (130.5), an increase of 9 percent. One reason for the increase is that the company is seeing increased demand through e-tailers, which primarily sell online, especially in the German market, but also in the Netherlands. The Swedish market also saw strong growth in the quarter. The Finnish market and the footwear business, on the other hand, reported decreases due to the impact of Covid-19. Sales to e-tailers rose a combined 68 percent for the quarter to SEK 60.4 million (35.9). All markets with the exception of footwear e-tailers reported growth, with Germany, the Netherlands and Sweden seeing strong growth.

Operating profit amounted to SEK 27.0 million (7.3) compared with the previous year, an increase of SEK 19.7 million. The improvement is primarily due to higher sales combined with slightly better gross profit margins and lower operating expenses.

#### Consumer Direct

*The segment consists of revenue and expenses associated with the Björn Borg Group's direct sales to consumers. The Björn Borg Group owns and operates a total of 28 stores and factory outlets in Sweden, Finland, the Netherlands and*

Belgium with sales of underwear, sports apparel, adjacent products and other licensed products. In addition, Björn Borg sells online through [www.bjornborg.com](http://www.bjornborg.com).

External operating revenue in the Consumer Direct segment decreased in the first quarter of 2021 to SEK 37.0 million (39.5), or by 6 percent. The decrease is mainly due to the negative impact of Covid-19, which has resulted in closed stores. This negative effect has been offset, however, by our own e-commerce, which grew strongly in the quarter. The Group's own stores in Sweden declined 21 percent in total year-over-year, while comparable stores fell only 6 percent. The Benelux stores were closed for a large part of the quarter and therefore decreased significantly compared with the first quarter of 2020, down 70 percent in total and 68 percent for comparable stores. The Finnish stores have also been impacted by the coronavirus, with closed stores and sales down in total by 18 percent year-over-year. Comparable stores were down 29 percent. In total, own stores sales decreased 44 percent, while for comparable stores the decrease was 42 percent. This trend was offset by continued strong growth in the own e-commerce business, which grew 40 percent in the first quarter of 2021 compared with the previous year, mainly thanks to high website conversion.

The operating loss for the first quarter of 2021 was SEK -11.3 million (-7.6) mainly due to lower sales with lower gross profit margins than the previous year.

Brick-and-mortar stores play an important role for consumers when combined with a digital presence to create a consistent brand image. We therefore continuously reevaluate market conditions and locations to optimize our retail holdings.

#### **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 external operating revenue increased in the first quarter of 2021 to SEK 11.0 million (5.4), up 103 percent from the previous year. The main reason was a year-over-year increase in sales to both major distributor markets, Norway and the UK, mainly driven by the UK, which has a distributor as of January 2021.

Operating profit increased to SEK 2.4 million (1.5) due to the higher external sales in the segment.

#### **Licensing**

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

The segment's external operating revenue decreased in the first quarter to SEK 4.6 million (6.9). The decrease is a result of lower brand sales of licensed products, with footwear accounting for most of that. Royalties as a percentage vary between product categories, because of which there is not always an exact correlation between royalties and brand sales.

Operating profit decreased to SEK 4.3 million (6.1) in the first quarter of 2021. The decline is due to the lower external sales in the segment.

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

Intra-Group sales for the first quarter of 2021 amounted to SEK 123.4 million (113.3).

#### **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 -62.6 million (-16.5) in the first quarter of 2021. The decrease from the previous year primarily came from increased inventory levels and increased accounts receivable in the quarter compared with the first quarter of 2020.

Cash flow from investing activities was negative at SEK -3.6 million (-1.2). The largest investments were to update the e-commerce platform and in the new headquarters.

Cash flow from financing activities amounted to SEK 8.1 million (8.9).

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

The Björn Borg Group's cash & cash equivalents amounted to SEK 14.0 million (22.0) at the end of the period, plus an unutilized overdraft facility of SEK 127.4 million (66.7). Interest-bearing net liabilities, excluding lease liabilities, amounted to SEK 98.6 million (151.4). The company has a strong liquidity, and the lower net debt at the end of the quarter is mainly due to a decrease in tied-up working capital. Total interest-bearing liabilities amounted to SEK 184.8 million (301.4), where total lease liabilities amounted to SEK 72.2 million (128.0), of which SEK 50.3 million represents the long-term share and SEK 21.9 million the short-term share.

The lease on the new headquarters took effect on January 1, 2021. The lease liability and right-of-use asset amount to SEK 20.6 million.

The Björn Borg Group has SEK 240 million in bank facilities, of which SEK 112.6 million had been utilized as of March 31, 2021. The fair value of financial instruments essentially coincides with book value.

#### **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 EBITDA 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 March 31, 2021 the ratio was 1.74 (3.12) and the equity/assets ratio was 54.3 percent (46.8).

No significant changes have been made with regard to pledged assets and contingent liabilities compared with December 31, 2020.

#### **PERSONNEL**

The average number of employees in the Group was 185 (211) for the twelve-month period ending March 31, 2021, of whom 64 percent (66) are women.

#### **RELATED PARTY TRANSACTIONS**

Other than customary remuneration (salary, fees and other benefits) to the CEO, senior executives and the Board of Directors, as well as intra-Group sales, there were no transactions with related parties during the period.

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

In its operations the Björn Borg Group is exposed to risks and uncertainties. Information on the Group's risks and uncertainties can be found on page 61 in the annual report for 2020.

The company has stated that the coronavirus outbreak has greatly impacted the market and is negatively affecting the Björn Borg Group. The extent of this is difficult to assess, but the outbreak has had, and will continue to have, a material financial effect on the Group. We are currently seeing a

significant financial impact on our own stores, with fewer visitors and a large drop-off in sales. In particular, the company is seeing that overall development and/or regulatory decisions in the countries where it operates are leading to, or may lead to, reduced retail demand, potential disruptions to the supply chain, unfavorable currency impacts, payment difficulties by customers and closed stores with reduced sales as a result. Such effects were already evident in spring 2020, and for parts of the year our stores were closed in the Netherlands, Belgium, Finland and England. In the first quarter of 2021, we saw the same situation in the Netherlands, Belgium and Finland. The stores in Sweden have been open. Despite the difficult situation, the company has a good financial position with adequate liquidity. The measures that the company has taken to mitigate the financial effects of the coronavirus include renegotiated lease payments for the Group's own stores and overall reductions in operating expenses.

#### **PARENT COMPANY**

Björn Borg AB (publ) is primarily engaged in intra-Group activities. As of March 31, 2021 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, Baseline, Björn Borg Finland Oy and Björn Borg Denmark Aps. In addition, the company owns 75 percent of the shares in Björn Borg (China) Ltd.

The Parent Company's net sales for the first quarter amounted to SEK 24.8 million (25.6). The result from shares in subsidiaries was negatively affected by SEK 3.4 million for write-downs of shares and receivables from subsidiaries.

Profit before tax amounted to SEK 6.3 million (3.1) for the first quarter. Cash & cash equivalents amounted to SEK 0 million (0) as of March 31, 2021.

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

The Dutch government's decision to impose a lockdown, which was introduced in December 2020, has continued in the first quarter of 2021 and appears to be continuing at least in the first month of the second quarter, which is affecting the company's sales at the wholesale level, but has also forced the company to close all its own stores in this market.

Germany is also in lockdown, which there as well are affecting the company's sales and order conversion.

#### **NUMBER OF SHARES**

Björn Borg has 25,148,384 shares outstanding.

#### **FINANCIAL GOALS**

Björn Borg's long-term financial goals, which were last updated in 2019, 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.

The company is maintaining the above goals despite the financial impact of the coronavirus.

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

#### **ANNUAL GENERAL MEETING**

The Annual General Meeting for the financial year 2020 will be held on May 18, 2021. Due to the ongoing pandemic, the Board of Directors has decided that the meeting will be held without shareholders, proxies and outsiders in attendance and that votes can be cast only by postal voting prior to the meeting. Moreover, the Board of Directors has decided to propose that the Annual General Meeting 2021 resolve to distribute SEK 1.50 (1.00) per share to the shareholders for the financial year 2020, corresponding to 200 percent (0) of profit after tax. As proposed, the distribution would be made through an automatic redemption, where each share is divided into one ordinary and one redemption share. The redemption share will then automatically be redeemed for SEK 1.50 per share. Payment for the redemption share, pending the approval of the Annual General Meeting, is expected to be implemented around June 21, 2021. The Board of Directors' proposal corresponds to a transfer to the shareholders of SEK 37.7 million (0.0).

#### **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 2020 (see page 56 in the annual report 2020). New and revised standards and new interpretations that apply as of January 1, 2021 have not had a material impact on the Group's financial reports. Revisions to RFR 2 applicable as of January 1, 2021 have not had a material impact on the Parent Company's financial reports.

#### **CRITICAL ESTIMATES AND ASSUMPTIONS**

The preparation of the interim report requires management to make estimates and assumptions that affect the application of the Group's (and Parent Company's) accounting principles as well as recognized amounts for assets, liabilities, revenue and expenses. The financial impact of Covid-19 has been taken into account. The results of these estimates and assumptions are then used to measure the carrying amounts of assets and liabilities that otherwise are not clearly indicated by other sources. The estimates for accounting purposes that result will, by definition, not always correspond to actual results. Important assumptions and estimates are set out in the annual report for 2020. No material revisions have been made to the assumptions or estimates compared with the annual report 2020.

#### **AUDIT REPORT**

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

#### **OUTLOOK 2021**

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

## CONSOLIDATED INCOME STATEMENT CONDENSED

SEK thousands	Note	January- March 2021	January- March 2020	April 2020- March 2021	Full-year 2020
Net sales	1	184,651	171,973	717,889	705,211
Other operating revenue		10,817	10,329	29,283	28,796
<b>Operating revenue</b>		<b>195,468</b>	<b>182,302</b>	<b>747,172</b>	<b>734,007</b>
Goods for resale		-86,273	-78,867	-342,634	-335,228
Other external expenses	2	-38,953	-42,207	-155,331	-158,585
Staff costs		-31,792	-35,307	-126,013	-129,528
Depreciation/amortization of tangible/intangible non-current assets		-8,536	-11,979	-37,403	-40,846
Other operating expenses		-7,480	-6,696	-36,907	-36,126
<b>Operating profit</b>		<b>22,434</b>	<b>7,246</b>	<b>48,884</b>	<b>33,694</b>
Net financial items		3,454	5,972	-18,634	-16,115
<b>Profit before tax</b>		<b>25,888</b>	<b>13,218</b>	<b>30,250</b>	<b>17,579</b>
Tax		-4,575	-2,585	-737	1,254
<b>Profit for the period</b>		<b>21,313</b>	<b>10,633</b>	<b>29,513</b>	<b>18,833</b>
<b>Profit for the period attributable to</b>					
Parent Company's shareholders		21,313	10,633	29,513	18,833
Non-controlling interests		-	-	-	-
Earnings per share before dilution, SEK		0.85	0.42	1.17	0.75
Earnings per share after dilution, SEK		0.85	0.42	1.17	0.75
Number of shares		25,148,384	25,148,384	25,148,384	25,148,384

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME CONDENSED

SEK thousands	Note	January- March 2021	January- March 2020	April 2020- March 2021	Full-year 2020
<b>Net profit for the period</b>		<b>21,313</b>	<b>10,633</b>	<b>29,513</b>	<b>18,833</b>
<b>OTHER COMPREHENSIVE INCOME</b>					
<b>Components that may be reclassified to profit or loss</b>					
Translation difference for the period		-4,307	-133	3,122	7,296
<b>Total other comprehensive income for the period</b>		<b>-4,307</b>	<b>-133</b>	<b>3,122</b>	<b>7,296</b>
<b>Total comprehensive income for the period</b>		<b>17,006</b>	<b>10,500</b>	<b>32,635</b>	<b>26,129</b>
<b>Total comprehensive income attributable to</b>					
Parent Company's shareholders		17,006	10,500	32,635	26,129
Non-controlling interests		-	-	-	-

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION CONDENSED

SEK thousands	Note	31 March 2021	31 March 2020	31 Dec 2020
<b>Non-current assets</b>				
Goodwill		34,706	36,396	34,306
Trademarks		187,532	187,532	187,532
Other intangible assets		11,787	9,221	10,255
Tangible non-current assets		16,415	18,343	16,580
Deferred tax assets		15,171	15,800	15,761
Right-of-use assets		73,751	126,241	57,481
<b>Total non-current assets</b>		<b>339,362</b>	<b>393,533</b>	<b>321,915</b>
<b>Current assets</b>				
Inventory		143,503	137,535	123,357
Accounts receivable		121,935	137,545	83,627
Other current receivables		21,833	27,151	19,884
Cash & cash equivalents		13,958	21,968	70,235
<b>Total current assets</b>		<b>301,229</b>	<b>324,199</b>	<b>297,103</b>
<b>Total assets</b>		<b>640,591</b>	<b>717,732</b>	<b>619,018</b>
<b>Equity and liabilities</b>				
Equity		308,019	275,384	291,013
Deferred tax liabilities		39,281	40,254	39,289
Non-current liabilities credit institutions		99,000	150,000	99,000
Long-term lease liability		50,308	90,506	35,701
Current liability to credit institution		13,597	23,347	–
Accounts payable		49,252	61,479	77,245
Short-term lease liability		21,919	37,505	21,383
Other current liabilities		59,215	39,257	55,387
<b>Total equity and liabilities</b>		<b>640,591</b>	<b>717,732</b>	<b>619,018</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY CONDENSED

SEK thousands	Note	Equity attributable to Parent Company's shareholders	Non-controlling interests	Total equity
<b>Opening balance, January 1, 2020</b>				
Total comprehensive income for the period		10,970	–470	10,500
<b>Closing balance, March 31, 2020</b>		<b>281,744</b>	<b>–6,360</b>	<b>275,384</b>
<b>Opening balance, January 1, 2020</b>				
Total comprehensive income for the period		25,534	595	26,129
<b>Closing balance, December 31, 2020</b>		<b>296,308</b>	<b>–5,295</b>	<b>291,013</b>
<b>Opening balance, January 1, 2021</b>				
Total comprehensive income for the period		17,334	–328	17,006
<b>Closing balance, March 31, 2021</b>		<b>313,642</b>	<b>–5,623</b>	<b>308,019</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS CONDENSED

SEK thousands	January- March 2021	January- March 2020	Full-year 2020
<b>Cash flow from operating activities</b>			
Before changes in working capital	28,691	5,088	53,358
Changes in working capital	-91,263	-21,570	89,222
<b>Cash flow from operating activities</b>	<b>-62,572</b>	<b>-16,482</b>	<b>142,580</b>
Investments in intangible non-current assets	-2,306	-337	-3,474
Investments in tangible non-current assets	-1,255	-906	-5,490
<b>Cash flow from investing activities</b>	<b>-3,561</b>	<b>-1,243</b>	<b>-8,964</b>
Amortization of loans	-	-3,890	-94,890
Amortization of lease liability	-5,440	-3,365	-28,183
Loan proceeds	-	-	40,000
Overdraft facility	13,597	16,105	-7,242
<b>Cash flow from financing activities</b>	<b>8,157</b>	<b>8,850</b>	<b>-90,315</b>
<b>Cash flow for the period</b>	<b>-57,976</b>	<b>-8,875</b>	<b>43,301</b>
Cash & cash equivalents at beginning of year	70,235	29,002	29,002
Translation difference in cash & cash equivalents	1,699	1,841	-2,068
<b>Cash &amp; cash equivalents at end of the period</b>	<b>13,958</b>	<b>21,968</b>	<b>70,235</b>

## KEY FIGURES GROUP

SEK thousands	January- March 2021	January- March 2020	April 2020- March 2021	Full-year 2020
Gross profit margin, %	53.3	54.1	52.3	52.5
Operating margin, %	12.1	4.2	6.8	4.8
Profit margin, %	14.0	7.7	4.2	2.5
Return on capital employed, %	8.8	8.7	8.8	4.8
Return on average equity, %	10.1	11.4	10.1	6.8
Profit attributable to Parent Company's shareholders	21,313	10,633	29,513	18,833
Equity/assets ratio, % *	54.3	46.8	54.3	51.8
Equity per share, SEK	12.25	10.95	12.25	11.57
Investments in intangible non-current assets	2,306	337	5,443	3,474
Investments in tangible non-current assets	1,255	906	5,839	5,490
Depreciation, amortization and impairment losses for the period	-8,536	-11,979	-37,403	-40,846
Average number of employees	185	204	185	192

\* The figure is an alternative performance measure (APM) and not IFRS. It is described under definitions and explained on page 12.



## SUMMARY BY SEGMENT GROUP

SEK thousands	January- March 2021	January- March 2020	April 2020- March 2021	Full-year 2020
<b>Operating revenue</b>				
<b>Wholesale</b>				
External revenue	142,756	130,466	476,685	464,394
Internal revenue	102	701	1,644	2,244
	<b>142,858</b>	<b>131,167</b>	<b>478,329</b>	<b>466,638</b>
<b>Consumer Direct</b>				
External revenue	37,018	39,519	208,484	210,986
Internal revenue	–	–	89	89
	<b>37,018</b>	<b>39,519</b>	<b>208,573</b>	<b>211,075</b>
<b>Distributors</b>				
External revenue	11,049	5,443	50,272	44,667
Internal revenue	104,825	96,464	418,572	410,210
	<b>115,874</b>	<b>101,907</b>	<b>468,844</b>	<b>454,877</b>
<b>Licensing</b>				
External revenue	4,645	6,874	11,732	13,960
Internal revenue	18,467	16,161	71,084	68,785
	<b>23,112</b>	<b>23,041</b>	<b>82,816</b>	<b>82,745</b>
Less internal sales	–123,394	–113,332	–491,390	–481,328
<b>Operating revenue</b>	<b>195,468</b>	<b>182,302</b>	<b>747,172</b>	<b>734,007</b>
<b>Operating profit</b>				
Wholesale	27,027	7,260	36,672	16,904
Consumer Direct	–11,262	–7,615	–6,332	–2,686
Distributors	2,392	1,457	7,890	6,955
Licensing	4,277	6,144	10,654	12,521
<b>Operating profit</b>	<b>22,434</b>	<b>7,246</b>	<b>48,884</b>	<b>33,694</b>

### Reconciliation between operating profit and profit before tax

The difference between operating profit for segments for which information must be disclosed, SEK 22,434 thousand (7,246), and the result before tax, SEK 25,888 thousand (13,218), is net financial items, SEK 3,454 thousand (5,972).

## QUARTERLY DATA GROUP

SEK thousands	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019
Net sales	184,651	160,364	224,909	147,966	171,973	196,407	230,585	141,705
Gross profit margin, %	53.3	56.6	50.4	49.1	54.1	50.8	52.5	55.4
Operating profit (loss)	22,434	6,455	33,403	–13,410	7,246	1,432	33,065	–1,678
Operating margin, %	12.1	4.0	14.9	–9.1	4.2	0.7	14.3	–1.2
Profit (loss) after financial items	25,888	–5,744	32,951	–22,846	13,218	–2,566	34,140	–2,828
Profit margin, %	14.0	–3.6	14.7	–15.4	7.7	–1.3	14.8	–2.0
Earnings per share before dilution, SEK	0.85	0.05	1.02	–0.75	0.42	–0.11	1.07	–0.09
Earnings per share after dilution, SEK	0.85	0.05	1.02	–0.75	0.42	–0.11	1.07	–0.09
Number of Björn Borg stores at end of period	31	32	33	33	33	33	33	32
of which Group-owned Björn Borg stores	28	29	30	30	30	30	30	29

## PARENT COMPANY INCOME STATEMENT CONDENSED

SEK thousands	Note	January- March 2021	January- March 2020	April 2020- March 2021	Full-year 2020
Net sales		24,806	25,644	101,306	102,144
Other operating revenue		1,089	712	1,436	1,059
<b>Operating revenue</b>		<b>25,895</b>	<b>26,356</b>	<b>102,742</b>	<b>103,203</b>
Goods for resale		–	–1	–3	–4
Other external expenses	2	–10,433	–13,727	–40,396	–43,690
Staff costs		–11,185	–9,623	–37,494	–35,932
Depreciation/amortization of tangible/intangible non-current assets		–574	–563	–2,258	–2,247
Other operating expenses		–6	–269	–1,699	–1,963
<b>Operating profit</b>		<b>3,697</b>	<b>2,173</b>	<b>20,892</b>	<b>19,367</b>
Result from shares in subsidiaries		–3,420	–	–11,251	–7,831
Net financial items		6,038	899	–11,987	–17,126
<b>Profit (loss) after financial items</b>		<b>6,315</b>	<b>3,072</b>	<b>–2,346</b>	<b>–5,590</b>
Group contributions received		–	–	–9,610	–9,610
Appropriations		–	–	–	–
<b>Profit (loss) before tax</b>		<b>6,315</b>	<b>3,072</b>	<b>–11,956</b>	<b>–15,200</b>
Tax		–	–	–26	–26
<b>Profit (loss) for the period</b>		<b>6,315</b>	<b>3,072</b>	<b>–11,982</b>	<b>–15,226</b>
Other comprehensive income		–	–	–	–
<b>Total comprehensive income for the period</b>		<b>6,315</b>	<b>3,072</b>	<b>–11,982</b>	<b>–15,226</b>

## PARENT COMPANY BALANCE SHEET CONDENSED

SEK thousands	Note	31 March 2021	31 March 2020	31 Dec 2020
<b>Non-current assets</b>				
Intangible assets		4,403	5,965	4,741
Tangible non-current assets		2,622	1,069	1,764
Deferred tax		8	11	8
Shares in Group companies		305,343	344,106	306,185
<b>Total non-current assets</b>		<b>312,376</b>	<b>351,151</b>	<b>312,698</b>
<b>Current assets</b>				
Receivables from Group companies		933,966	777,871	831,000
Current receivables		6,364	10,423	5,483
Cash & cash equivalents		–	–	55,450
<b>Total current assets</b>		<b>940,330</b>	<b>788,294</b>	<b>891,933</b>
<b>Total assets</b>		<b>1,252,706</b>	<b>1,139,445</b>	<b>1,204,631</b>
<b>Equity and liabilities</b>				
Equity		185,102	197,084	178,787
Untaxed reserves		1,038	1,038	1,038
Non-current liabilities credit institutions		99,000	150,000	99,000
Current liability to credit institution		13,597	23,347	–
Due to Group companies		939,969	751,562	913,229
Accounts payable		3,786	7,964	5,104
Other current liabilities		10,214	8,450	7,473
<b>Total equity and liabilities</b>		<b>1,252,706</b>	<b>1,139,445</b>	<b>1,204,631</b>

## PARENT COMPANY STATEMENT OF CHANGES IN EQUITY CONDENSED

SEK thousands	January- March 2021	January- March 2020	Full-year 2020
<b>Opening balance</b>	<b>178,787</b>	<b>194,012</b>	<b>194,012</b>
Total comprehensive income for the period	6,315	3,072	-15,226
<b>Closing balance</b>	<b>185,102</b>	<b>197,084</b>	<b>178,787</b>

## SUPPLEMENTARY DISCLOSURES

### NOTE 1 NET SALES

The Group's net sales consist of sales of products and royalties for usage of the company's brand. Transfers of goods/royalties are made at fixed points in time.

SEK thousands	Group	
	Jan-Mar 2021	Jan-Mar 2020
Sweden	63,297	59,719
Netherlands	36,611	42,343
Finland	28,265	35,077
Other	56,478	34,834
<b>Total net sales</b>	<b>184,651</b>	<b>171,973</b>

### NOTE 2 OTHER EXTERNAL EXPENSES

SEK thousands	Group		Parent Company	
	Jan-Mar 2021	Jan-Mar 2020	Jan-Mar 2021	Jan-Mar 2020
Cost of premises	2,378	2,000	1,250	2,945
Selling expenses	13,213	16,548	735	1,210
Marketing expenses	12,021	13,291	6,002	5,636
Administrative expenses	10,504	7,655	2,353	3,236
Other	837	2,713	93	700
	<b>38,953</b>	<b>42,207</b>	<b>10,433</b>	<b>13,727</b>

## DEFINITIONS

The company presents certain financial measures in this interim report that are not defined according to IFRS. The company considers these measures to be valuable complementary information for investors and the company's management. Since not all companies calculate financial measures in the same way, they are not always comparable with measures used by other companies. Consequently, these measures should not be seen as a substitute for measures defined according to IFRS. For more on the calculation of these key financial ratios, see <https://corporate.bjornborg.com/en/section/investors/interim-reports/> <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 stores that were also open in the previous period.

**Purpose:** To obtain comparable sales between periods for own 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 measure 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 measure is used to assess an investment from an owner's perspective.

### EQUITY/ASSETS RATIO

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

**Purpose:** This measure 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.

### GROSS PROFIT MARGIN EXCL. CURRENCY EFFECTS

Gross profit margin calculated using year-earlier exchange rates.

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

### GROUP NET SALES EXCL. CURRENCY EFFECTS

Net sales calculated using year-earlier exchange rates.

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

### NET DEBT

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

**Purpose:** This measure 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:** Operating margin is used to measure operating profitability.

### OPERATING PROFIT

Profit before tax plus net financial items.

**Purpose:** This measure facilitates profitability comparisons regardless of the company's tax rate and independent of its funding structure.

### PROFIT MARGIN

Profit before tax as a percentage of net sales.

**Purpose:** Profit margin shows the company's profit in relation to 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 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 measure 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, May 18, 2021

Heiner Olbrich  
Chairman

Alessandra Cama  
Board member

Anette Klintfeldt  
Board member

Fredrik Lövestedt  
Board member

Mats H Nilsson  
Board member

Henrik Bunge  
CEO

**CALENDAR 2021**

The interim report for January-June 2021 will be released at 7:30 am (CET) on August 20, 2021.

The interim report for January-September 2021 will be released on at 7:30 am (CET) November 19, 2021.

The year-end report for 2021 will be released at 7:30 am (CET) on February 25, 2022.

**FINANCIAL REPORTS**

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

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**ABOUT THE BJÖRN BORG GROUP**

The Group owns the Björn Borg trademark and its core business is sports apparel and underwear. It also offers footwear, bags and eyewear through licensees. Björn Borg products are sold in around twenty markets, the largest of which are Sweden and the Netherlands. The Björn Borg Group has operations at every level from branding to consumer sales in its own Björn Borg stores. Group net sales amounted to SEK 705.2 million in 2020, with an average of 192 employees. The Björn Borg share has been listed on Nasdaq Stockholm since 2007.

**IMAGES IN THE INTERIM REPORT**

The images used in the interim report are taken from Björn Borg's spring/summer 2021 collection.

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[www.bjornborg.com](http://www.bjornborg.com)

Björn Borg is required to make public this information according to the EU's Market Abuse Regulation.  
The information was released for publication by the above-mentioned contacts on May 18, 2021 at 5:30 pm (CET).