



BJÖRN BORG

BJÖRN BORG AB YEAR-END REPORT
JANUARY-DECEMBER 2020

STRONG GROWTH IN OWN E-COMMERCE

OCTOBER 1- DECEMBER 31, 2020

- The Group's net sales decreased 18.4 percent to SEK 160.4 million (196.4). Excluding currency effects, sales decreased 15.0 percent.
- Net sales for own e-commerce increased 53 percent to SEK 24.9 million (16.2). Net sales for own e-commerce and e-tailers amounted to SEK 56.1 million (51.5), an increase of 9 percent.
- The gross profit margin was 56.6 percent (50.8).
- Operating profit amounted to SEK 6.5 million (1.4).
- Profit after tax amounted to SEK 1.3 million (-2.7).
- Earnings per share before and after dilution amounted to SEK 0.05 (-0.11).

JANUARY 1- DECEMBER 31, 2020

- The Group's net sales decreased 6.8 percent to SEK 705.2 million (756.9). Excluding currency effects, sales decreased 5.8 percent.
- Net sales for own e-commerce increased 38 percent to SEK 83.3 million (60.2). Net sales for own e-commerce and e-tailers amounted to SEK 227.8 million (195.0), an increase of 17 percent.
- The gross profit margin was 52.5 percent (53.7).
- Operating profit amounted to SEK 33.7 million (51.4).
- Profit after tax amounted to SEK 18.8 million (38.9).
- Earnings per share before and after dilution amounted to SEK 0.75 (1.55).
- The Board of Directors has decided to propose to the Annual General Meeting a distribution of SEK 1.50 (0.00) per share, totaling SEK 37.7 million (0.0).

CITAT FRÅN VD

"Our own e-commerce continues to perform well and grew by 53 percent to SEK 24.9 million (16.2). Our increased focus on e-tailers has not changed and together with our own e-commerce now accounts for more than one third of our digital sales," commented CEO Henrik Bunge.

SEK million	Oct-Dec 2020	Oct-Dec 2019	Full-year 2020	Full-year 2019
Net sales	160.4	196.4	705.2	756.9
Gross profit margin, %	56.6	50.8	52.5	53.7
Operating profit	6.5	1.4	33.7	51.4
Operating margin, %	4.0	0.7	4.8	6.8
Profit after tax	1.3	-2.7	18.8	38.9
Earnings per share before dilution, SEK	0.05	-0.11	0.75	1.55
Earnings per share after dilution, SEK	0.05	-0.11	0.75	1.55
Brand sales*	297	381	1,498	1,640

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



CEO COMMENT

The fourth quarter of 2020 was overshadowed by COVID restrictions and the impact on the retail industry. The biggest impact we experienced was in the Netherlands, where all our stores were forced to close on December 15. Despite this, we still handled the challenges in the quarter in a very positive way. We reduced costs and at the same time increased our focus on e-tailers, our own e-commerce and building our brand on various social platforms.

Net sales amounted to SEK 160.4 million (196.4) in the quarter, a decrease of 18.4 compared with the previous year. On a currency-neutral basis, the decrease was 15 percent. The decline was exclusively due to the global pandemic and various forms of restrictions that followed in its wake. Brick-and-mortar retail was the big loser in 2020. In our case it has affected both our own stores and to a greater extent our wholesale operations, where many of our customers are engaged in brick-and-mortar retail. In spite of this, the quarter had several bright spots. Our own e-commerce continues to perform well and grew by 53 percent to SEK 24.9 million (16.2). Our increased focus on e-tailers has not changed and together with our own e-commerce now accounts for more than one third of our digital sales. The strength that comes from owning your own brand and thus being able to operate in both physical and digital commerce is very clear.

The gross profit margin rose to 56.6 percent (50.8) as a result of increased product margins in general, but also thanks to a higher share of our own e-commerce with a high gross profit margin, which also increased in the quarter. In addition, the

Swedish krona has appreciated against the US dollar. Adjusted for currency effects, the gross profit margin would have been 53.1 percent. We also implemented major cost cuts and are continuing to reduce our operating expenses, during the quarter by SEK 14.7 million compared with the fourth quarter 2019. Lower operating expenses and a higher gross profit margin helped us to increase operating profit to SEK 6.5 million (1.4), producing an operating margin in the quarter of 4.0 percent (0.7).

With the fourth quarter in the books, we have also completed by far our most challenging year ever. Both as a company and for me personally as CEO. This is something we share with many other people and companies. Although many challenges remain in 2021, we now see the light at the end of the tunnel in the form of increasing vaccinations. I finished the year humbler than I started it, but also even more convinced that people make a difference and that our brand and what we believe in have even greater potential than I previously thought. Exercise, well-being and health are no passing fad. They are the building blocks of a future way of living sustainably. We and our brand will continue to play an important role in inspiring people to understand that the best and healthiest version of themselves is achieved through physical activity.

Lastly, I am very pleased as a whole with both our work in the quarter and our profit in a very tough time. I feel incredibly thankful to all our employees, who during the year truly went above and beyond.

Let's go!

Head Coach,
Henrik Bunge



OPERATIONS

BRAND SALES

Brand sales are a calculation of the total sales value of Björn Borg products at the consumer level excluding VAT. The fourth quarter of 2020 saw a drop in brand sales. The decrease was in most product areas, but especially in underwear, which was down 24 percent in the quarter. In total, brand sales decreased 22 percent to SEK 297 million (381) in the quarter and 9 percent to SEK 1,498 million (1,640) for the full-year.

PRODUCT AREAS FOR THE FULL-YEAR 2020

Brand sales in the underwear product area decreased 12 percent for the full-year 2020, while sports apparel fell 13 percent. Underwear accounted for 56 percent (59) of brand sales.

Footwear brand sales rose 6 percent compared with the previous year, while other licensed products decreased 25 percent, with bags dropping the most. In total, sales of licensed products increased 1 percent for the full-year 2020.

MARKETS FULL-YEAR 2020

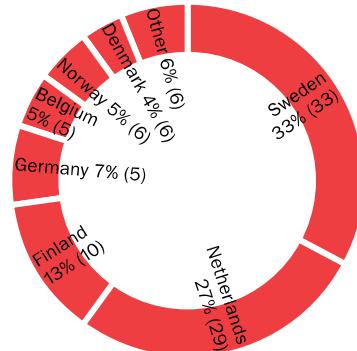
Among large markets, only Finland grew, while other large markets declined. Smaller markets combined for growth of 38 percent.

BJÖRN BORG STORES

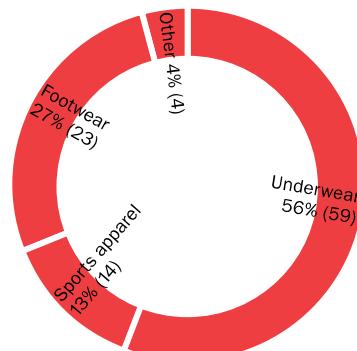
One store in Sweden was closed in the fourth quarter and one new outlet store was opened in the Netherlands. As of December 31, 2020, there were a total of 32 (33) Björn Borg stores, of which 29 (30) are Group-owned.

**BRAND SALES* OF BJÖRN BORG PRODUCTS
JANUARY-DECEMBER 2020. TOTAL SEK 1,498 MILLION (1,640)**

Country



Product area**



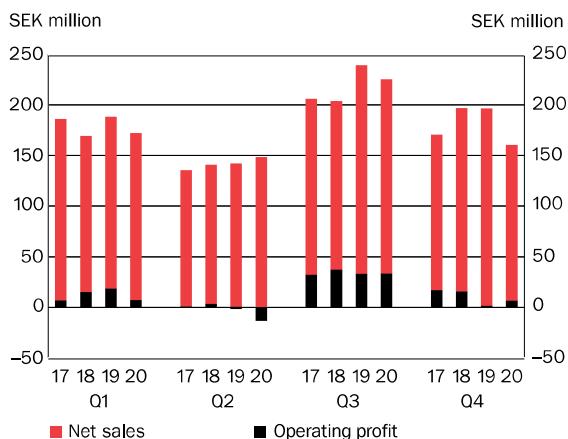
* Estimated total sales of Björn Borg products at the consumer level, excluding VAT, based on reported sales at the wholesale level.

** **Underwear:** Men's and women's underwear, swimwear, socks and adjacent products. **Other:** Fragrances, bags and eyewear.

THE GROUP'S DEVELOPMENT

Operating profit recovered in the fourth quarter compared with the fourth quarter of 2019. However, net sales fell 18 percent, largely driven by the Dutch wholesale business and the Group's own retail operations. Quarterly operating profit rose year-over-year due to measures which reduced operating expenses by 15 percent and improved operating margins.

QUARTERLY NET SALES AND OPERATING PROFIT, 2017-2020



SALES

Fourth quarter, October-December 2020

The Group's net sales amounted to SEK 160.4 million (196.4) in the fourth quarter, a decrease of 18.4 percent. Currencies negatively affected sales in the quarter. Adjusted for currency effects, sales decreased 15 percent.

The negative sales trend compared with the fourth quarter of 2019 is largely due to lower net sales in the wholesale and retail businesses. This decrease is due to continued lower demand after the negative impact of the coronavirus outbreak.

The German wholesale business continued to perform strongly, growing year-over year. Growth in Germany was driven by e-tailers.

The Swedish retail company reported lower store traffic than the previous year due to the coronavirus, because of which quarterly sales fell. Sales decreased 22 percent for comparable stores and 36 percent in total. E-commerce grew strongly in the quarter, by 53 percent, with better traffic and website conversion than the previous year.

The Benelux operations were down 48 percent from the previous year. On a currency neutral basis, the decrease

was 46 percent. It was mainly the wholesale business that fell year-over-year, by 47 percent in the quarter, due to the coronavirus, where both the Netherlands and Belgium were in lockdown for a large part of the quarter. Own retail sales were also down year-over-year for the same reason. Here as well the decrease was large. Comparable store sales fell 50 percent, and own retail sales in the Netherlands and Belgium fell in total by 49 percent.

For the company in total, quarterly sales in our own stores decreased 27 percent compared with the same quarter in 2019, while sales for comparable stores fell 39 percent.

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

External royalties decreased slightly.

Full-year 2020

The Group's net sales for the full-year 2020 amounted to SEK 705.2 million (756.9), a decrease of 6.8 percent. Excluding currency effects, sales decreased 5.8 percent.

The negative sales trend compared with 2019 is largely due to lower net sales in the wholesale business, which was down 10 percent due to the coronavirus, specifically the wholesale business in the Netherlands and Belgium, which fell 29 percent. Other wholesale markets other than Germany and the footwear business also decreased year-over-year. On the other hand, we saw growth mainly in the German wholesale market, which was up 49 percent, primarily driven by strong e-tailer growth. We also saw positive development in the footwear business, which was up 3 percent.

Sales for the retail company in Sweden fell 19 percent in total due to the coronavirus. Sales for comparable stores decreased 12 percent for the same reason. The retail companies in the Netherlands and Belgium reported lower net sales, down 26 percent in total and 31 percent for comparable stores, driven by the coronavirus. The Finnish retail company reported a substantial increase in year-over-year sales of 57 percent, while sales fell 18 percent for comparable stores. The year-over-year increase was driven by a higher number of stores, many in pop-up form to meet demand, while the decrease for comparable stores is due to the coronavirus. Sales for the retail company in England dropped 63 percent, partly due to spreading coronavirus, but also because the company closed the store in England as of September 30, 2020. E-commerce saw growth of 38 percent, with better website conversion than the previous year.

Sales by external distributors decreased year-over-year, mainly due to a negative trend in the Danish market.

External royalties decreased, mainly in bags and eyewear, while we saw higher licensing revenue from footwear.

Segment	Revenue source	Operating revenue, SEK thousands January-December		Operating profit, SEK thousands January-December		Operating margin, % January-December	
		2020	2019	2020	2019	2020	2019
Wholesale	Products	466,638	530,435	16,904	29,587	4	6
Consumer Direct	Products	211,075	197,290	-2,686	-2,707	-1	-1
Distributors	Products	454,877	463,813	6,955	11,094	2	2
Licensing	Royalties	82,745	83,437	12,521	13,391	15	16
Less internal sales		-481,328	-495,920				
Total		734,007	779,055	33,694	51,365	5	7

PROFIT

Fourth quarter, October-December 2020

The gross profit margin for the fourth quarter increased to 56.6 percent (50.8). A weaker USD against SEK positively affected margins. Adjusted for currency effects, the gross profit margin would have been 53.1 percent. The increase in gross profit margin is primarily explained by an increased focus on profitability in our wholesale segment, and by own e-commerce taking a bigger share of the total, which has a positive effect on the gross profit margin.

Other operating revenue amounted to SEK 5.3 million (6.1) and mainly refers to unrealized gains on accounts receivable in foreign currency.

Operating expenses decreased SEK 14.7 million compared with the previous year mainly through lower staff and travel costs. Rental expenses have decreased as well after the headquarters was moved to smaller, less expensive premises.

Lower operating expenses and a higher gross profit margin year-over-year raised operating profit to SEK 6.5 million (1.4). The operating margin was 4.0 percent (0.7).

Net financial items amounted to SEK -12.2 million (-1.4). The decrease compared with 2019 is mainly due to the revaluation of financial assets and liabilities in foreign currency.

Tax for the period has been affected by increased deferred tax assets. The Group expects to utilize the reported deferred tax asset within the coming year. There is no time limit for using deferred tax assets attributable to unutilized tax deficits. Profit after tax for the period increased to SEK 1.3 million (-2.7).

Full-year 2020

The gross profit margin for the full-year 2020 decreased to 52.5 percent (53.7). Exchange rates between SEK and both USD and EUR fluctuated fairly significantly during the year, but as a whole only marginally affected the gross profit margin. Adjusted for currency effects, the gross profit margin would have been 51.9 percent. The reason for the lower margin has more to do with increased discounts to retailers to mitigate the negative effects of the coronavirus outbreak.

Other operating revenue amounted to SEK 28.8 million (22.2) and mainly refers to unrealized gains on accounts receivable in foreign currency, which positively affected profit.

Operating expenses decreased SEK 11.9 million, or by 3.1 percent, mainly due to the company's own measures to reduce the financial impact of the coronavirus.

The lower revenue, coupled with the lower gross profit margin but with slightly lower operating expenses than the previous year, reduced operating profit to SEK 33.7 million (51.4). The operating margin was 4.8 percent (6.8).

Net financial items amounted to SEK -16.1 million (-2.7). The decrease compared with 2019 is mainly due to the remeasurement of financial assets and liabilities in foreign currency. Profit after tax decreased to SEK 18.8 million (38.9).

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, Finland, the Netherlands, Belgium and England 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 464.4 million (516.2), a decrease of 10 percent. One

reason for the decrease is that the company saw lower demand at the end of the quarter, when the coronavirus had a big impact, especially in the Dutch and Belgian market. The Swedish, Finnish and English markets also saw decreases compared with the previous year. The German market and footwear business reported year-over-year growth. Sales to e-tailers, which primarily sell online, increased a combined 7 percent for the full-year 2020 to SEK 144.5 million (134.8). All markets except the Netherlands grew, with Sweden and Germany seeing strong growth.

Operating profit amounted to SEK 16.9 million (29.6) compared with the previous year, a decrease of SEK 12.7 million. The decrease is primarily due to lower sales combined with slightly lower gross profit margins, negatively affected by currencies, as well as higher discounts to retailers to mitigate the negative effects of the coronavirus.

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 29 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.

External operating revenue in the Consumer Direct segment increased in the full-year 2020 to SEK 211.0 million (197.3), or by 7 percent. The increase is mainly due to a higher number of stores, mainly pop-ups opened in the summer, but also own e-commerce, which grew strongly in the year. The Group's own stores in Sweden declined 19 percent in total year-over-year, while comparable stores only fell 12 percent. The Benelux stores performed weakly with sales decreasing 26 percent in total and 31 percent for comparable stores. The Finnish stores, on the other hand, saw strong growth with a total year-over-year increase of 57 percent due to a higher number of stores, many in the form of pop-ups to meet demand. Comparable stores were down 18 percent, as these stores were partly closed for much of the second quarter. The store in England saw sales drop 63 percent from the previous year because the store closed as of September 30, 2020. In total, sales in the Group's own stores decreased 8 percent, while comparable stores fell 24 percent. This trend was offset by continued strong growth in the Group's own e-commerce, which was up 38 percent for the full-year 2020 compared with the previous year, mainly thanks to high website conversion.

The operating loss for the full-year 2020 was SEK -2.7 million (-2.7) mainly due to lower gross profit margins than the previous year, while external operating expenses decreased from the previous year due to the measures the company has taken to reduce the impact of the coronavirus.

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 assess 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 decreased in the full-year 2020 to SEK 44.7 million (50.3), down 11 percent from the previous year. The main reason was a year-over-year decrease in sales to both major distributor markets, Norway and Denmark, primarily driven by Denmark, which reported weak sales towards end of the year.

Operating profit decreased to SEK 7.0 million (11.1) due to the lower 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 full-year 2020 to SEK 14.0 million (15.5). The decrease is a result of lower brand sales of licensed products, with bags and eyewear accounting for most of that. Footwear saw growth, however. 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 12.5 million (13.4) for the full-year 2020. The decline is due to the lower external sales in the segment.

Intra-Group sales

Intra-Group sales for the full-year 2020 amounted to SEK 481.3 million (495.9).

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 142.6 million (112.5) in the first nine months of 2020. The improvement from the previous year primarily came from improved working capital with lower accounts receivable.

Cash flow from investing activities was negative at SEK -9.0 million (-12.6). The largest investments were in a product system update and new head office.

Cash flow from financing activities amounted to SEK -90.3 million (-108.4). The year-over-year improvement primarily came from the elimination of the dividend to the shareholders.

FINANCIAL POSITION AND LIQUIDITY

The Björn Borg Group's cash & cash equivalents amounted to SEK 70.2 million (29.0) at the end of the period, plus unutilized bank facilities of SEK 141.0 million (82.7). Interest-bearing net liabilities, excluding lease liabilities, amounted to SEK 28.8 million (128.2). The company still has a strong liquidity position and the lower net liability at the end of the period is mainly explained by a reduction in the working capital. Total interest-bearing liabilities amounted to SEK 156.1 million (290.5), where total lease liabilities amounted to SEK 57.1 million (133.3), of which SEK 35.7 million represents the long-term share and SEK 21.4 million the short-term share.

The previous lease liability for the Group's headquarters has been remeasured, which has led to lower lease liabilities and a right-of-use asset of SEK 46 million. This was after the Group decided not to exercise the option to extend the lease on the previous headquarters and instead search for new premises.

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

The Group has also renegotiated some of its store leases to be strictly sales-based rents, which has also reduced the lease liability.

In addition to the revolving credit of SEK 150 million, where SEK 99 million was utilized as of December 31, 2020, Björn Borg has an overdraft facility of SEK 90 million from Danske Bank, which has not been utilized as of December 31, 2020. 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. The commitments were updated during the year and today the company, due to the situation caused by the spread of the coronavirus, has agreed with the bank on concessions with regard to the above-mentioned covenants to 4.00 for the fourth quarter.

As of December 31, 2020 the ratio was 0.70 (2.15) and the equity/assets ratio was 51.8 percent (46.9).

No significant changes have been made with regard to pledged assets and contingent liabilities compared with December 31, 2019.

PERSONNEL

The average number of employees in the Group was 192 (212) for the twelve-month period ending December 31, 2020, of whom 64 percent (65) 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, transactions occurred with related parties during the period but not of material nature.

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 2019.

The company has stated, however, that the coronavirus outbreak has greatly changed the world around us and is negatively affecting the Björn Borg Group. The extent of this impact is difficult to assess, but the outbreak has had, and will continue to have, a material financial effect on the Björn Borg Group's business. We are currently seeing a major financial impact on our own stores with fewer visitors and a large decrease in sales. In particular, the company is seeing that overall development and/or regulatory decisions in the countries where the company operates are leading to, or may lead to, reduced demand in the retail market, potential disruptions to the distribution chain, unfavorable currency impacts, payment difficulties by our customers and closed stores with reduced sales as a result. Such effects were already evident in spring 2020, where we at the end of March 2020 and in a large part the second quarter of 2020 closed all of our own stores in the Netherlands, Belgium and England as well as three stores in Finland. In the fourth quarter, we saw the same situation in the Netherlands and Belgium as well. The stores in Sweden have been open. The negative financial effects were greater in the second quarter than the first quarter, then eased in the beginning and middle of the third quarter before increasing again at the end of the third quarter and increasing again in the fourth quarter. Despite the difficult situation, the company has a good financial position with satisfactory liquidity. As an added precaution, the company applied in April 2020 for, and was granted, an additional loan from Danske Bank of SEK 40 million. This loan was repaid in its entirety on September 30, 2020. The bank has also granted concessions on the covenants (net debt in relation to EBITDA) for all four quarters in 2020. Additional measures that the company has implemented to mitigate the financial effects of the coronavirus include short-term furloughs, renegotiated lease payments for the

Group's own stores, an application to defer tax payments and overall reductions in operating expenses.

PARENT COMPANY

Björn Borg AB (publ) is primarily engaged in intra-Group activities. As of December 31, 2020 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 year amounted to SEK 102.1 million (102.5).

Profit from participations in subsidiaries was negatively affected by SEK 45.6 million regarding write-downs of shares and receivables in subsidiaries.

Profit before tax amounted to SEK -5.6 million (29.8) for the period. Cash & cash equivalents amounted to SEK 55.5 million (0) as of December 31, 2020.

EVENTS AFTER THE REPORTING PERIOD

The Dutch government's decision to impose a lockdown, which was introduced in December 2020, will continue for at least the first two months of 2021. This 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 and England are 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, but did not meet them in 2020 due to 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.

DIVIDEND

The Board of Directors has decided to propose to the Annual General Meeting 2020 a distribution of SEK 1.50 (0.00) per share for the financial year 2020, corresponding to 200 percent (0) 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 1.50 per share. Payment for the redemption share, contingent on the approval of the AGM, is expected to be made around June 21, 2021.

The Board of Directors' proposal corresponds to a transfer to shareholders of SEK 37.7 million (0.0).

ANNUAL REPORT

The annual report for 2020 will be available on the company's website by April 27, 2021 at the latest.

ANNUAL GENERAL MEETING

The Annual General Meeting for the financial year 2020 will be held at 5:30 pm (CET) on May 18, 2021.

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 2019 (see page 56 in the annual report 2019), except with regard to government support. New and revised standards as well as new interpretations that apply as of January 1, 2020 have not had a material impact on the Group's financial reports. Revisions to RFR 2 applicable as of January 1, 2020 have not had a material impact on the Parent Company's financial reports. During the period the Group recognized subsidies received from the government tied to COVID-19. Government support is recognized in the income statement when it is reasonably certain that the terms associated with the support will be met and that the support will be received. The Group has received support in the form of publicly funded short-term furloughs and sick pay, which are recognized as cost reductions under staff costs during the period that the costs which the support are intended to cover are recognized. During the period SEK 4.5 million was recognized in the income statement for support between March and December. A reconciliation of all government support has not yet been completed.

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 consequences of the negative financial effects from the Corona virus have been taken into consideration. The results of these estimates and assumptions are then used to assess the reported values of assets and liabilities that are not otherwise clearly apparent from 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 2019. No material revisions have been made to the assumptions or estimates compared with the annual report 2019.

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	Oct-Dec 2020	Oct-Dec 2019	Full-year 2020	Full-year 2019
Net sales	1	160,364	196,407	705,211	756,853
Other operating revenue		5,346	6,100	28,796	22,202
Operating revenue		165,710	202,507	734,007	779,055
Goods for resale		-69,588	-96,725	-335,228	-350,735
Other external expenses	2	-35,093	-40,379	-158,585	-151,768
Staff costs		-35,492	-38,191	-129,528	-150,467
Depreciation/amortization of tangible/intangible non-current assets		-8,179	-19,063	-40,846	-57,227
Other operating expenses		-10,903	-6,718	-36,126	-17,493
Operating profit		6,455	1,432	33,694	51,365
Net financial items		-12,199	-3,998	-16,115	-2,672
Profit (loss) before tax		-5,744	-2,566	17,579	48,693
Tax		7,002	-111	1,254	-9,745
Profit (loss) for the period		1,258	-2,677	18,833	38,948
Profit for the period attributable to					
Parent Company's shareholders		1,258	-2,677	18,833	38,948
Non-controlling interests		-	-	-	-
Earnings per share before dilution, SEK		0.05	-0.11	0.75	1.55
Earnings per share after dilution, SEK		0.05	-0.11	0.75	1.55
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 2020	Oct-Dec 2019	Full-year 2020	Full-year 2019
Net profit/loss for the period		1,258	-2,677	18,833	38,948
OTHER COMPREHENSIVE INCOME					
Components that may be reclassified to profit or loss					
Translation difference for the period		3,881	-1,572	7,296	-5,472
Total other comprehensive income for the period		3,881	-1,572	7,296	-5,472
Total comprehensive income for the period		5,139	-4,249	26,129	33,476
Total comprehensive income attributable to					
Parent Company's shareholders		5,139	-4,249	26,129	33,504
Non-controlling interests		-	-	-	-28

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

CONDENSED

SEK thousands	Note	Dec 31, 2020	Dec 31, 2019
Non-current assets			
Goodwill		34,306	35,098
Trademarks		187,532	187,532
Other intangible assets		10,255	9,908
Tangible non-current assets		16,580	18,127
Deferred tax assets		15,761	14,958
Right-of-use assets		57,481	131,458
Total non-current assets		321,915	397,081
Current assets			
Inventory		123,357	128,424
Accounts receivable		83,627	124,805
Other current receivables		19,884	19,901
Cash & cash equivalents		70,235	29,002
Total current assets		297,103	302,132
Total assets		619,018	699,213
Equity and liabilities			
Equity		291,013	264,884
Deferred tax liabilities		39,289	40,370
Non-current liabilities credit institutions		99,000	150,000
Long-term lease liability		35,701	96,137
Current liability to credit institution		–	7,242
Accounts payable		77,245	55,862
Short-term lease liability		21,383	37,123
Other current liabilities		55,387	47,595
Total equity and liabilities		619,018	699,213

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, 2019				
		287,567	–5,862	281,705
Total comprehensive income for the period		33,504	–28	33,476
Distribution for 2018		–50,297	–	–50,297
Closing balance, December 31, 2019		270,774	–5,890	264,884
Opening balance, January 1, 2020				
		270,774	–5,890	264,884
Total comprehensive income for the period		25,534	595	26,129
Closing balance, December 31, 2020		296,308	–5,295	291,013

CONSOLIDATED STATEMENT OF CASH FLOWS

GROUP

SEK thousands	Oct-Dec 2020	Oct-Dec 2019	Full-year 2020	Full-year 2019
Cash flow from operating activities				
Before changes in working capital	10,078	12,842	53,358	91,715
Changes in working capital	62,617	44,891	89,222	20,797
Cash flow from operating activities	72,695	57,733	142,580	112,512
Investments in intangible non-current assets	-1,298	-840	-3,474	-3,845
Investments in tangible non-current assets	-3,453	-4,367	-5,490	-8,732
Cash flow from investing activities	-4,751	-5,207	-8,964	-12,577
Distribution	-	-	-	-50,297
Amortization of loans	-51,000	-	-94,890	-
Amortization of lease liability	-5,527	-17,782	-28,183	-47,218
Repayment of convertible loan	-	-	-	-18,153
Loan proceeds	-	-	40,000	-
Overdraft facility	-	-5,319	-7,242	7,242
Cash flow from financing activities	-56,527	-23,101	-90,315	-108,426
Cash flow for the period	11,417	29,425	43,301	-8,491
Cash & cash equivalents at beginning of year	60,409	-	29,002	36,388
Translation difference in cash & cash equivalents	-1,591	-423	-2,068	1,105
Cash & cash equivalents at end of the period	70,235	29,002	70,235	29,002

KEY FIGURES

GROUP

SEK thousands	Oct-Dec 2020	Oct-Dec 2019	Full-year 2020	Full-year 2019
Gross profit margin, % *	56.6	50.8	52.5	53.7
Operating margin, %	4.0	0.7	4.8	6.8
Profit margin, %	-3.6	-1.3	2.5	6.4
Return on capital employed, %	4.8	12.0	4.8	12.0
Return on average equity, %	6.8	14.3	6.8	14.3
Profit attributable to Parent Company's shareholders	1,258	-2,677	18,833	38,948
Equity/assets ratio, % *	51.8	46.9	51.8	46.9
Equity per share, SEK	11.57	10.53	11.57	10.53
Investments in intangible non-current assets	1,298	840	3,474	3,845
Investments in tangible non-current assets	3,453	4,367	5,490	8,732
Depreciation, amortization and impairment losses for the period	-8,179	-19,063	-40,846	-57,227
Average number of employees	192	212	192	212

* The figure is an alternative key ratio (APM) and not (IFRS). it is described under definitions and explained on page 14.

SUMMARY BY SEGMENT

GROUP

SEK thousands	Oct-Dec 2020	Oct-Dec 2019	Full-year 2020	Full-year 2019
Operating revenue				
Wholesale				
External revenue	92,642	132,543	464,394	516,237
Internal revenue	402	10,404	2,244	14,198
	93,044	142,947	466,638	530,435
Consumer Direct				
External revenue	56,505	58,406	210,986	197,065
Internal revenue	–	6	89	225
	56,505	58,412	211,075	197,290
Distributors				
External revenue	15,455	10,108	44,667	50,284
Internal revenue	85,503	87,915	410,210	413,529
	100,958	98,023	454,877	463,813
Licensing				
External revenue	1,107	1,450	13,960	15,468
Internal revenue	14,199	13,236	68,785	67,969
	15,306	14,686	82,745	83,437
Less internal sales	–100,104	–111,561	–481,328	–495,920
Operating revenue	165,710	202,507	734,007	779,055
Operating profit				
Wholesale	832	–2,231	16,904	29,587
Consumer Direct	2,482	1,018	–2,686	–2,707
Distributors	2,210	1,440	6,955	11,094
Licensing	931	1,205	12,521	13,391
Operating profit	6,455	1,432	33,694	51,365

Reconciliation between operating profit and profit before tax

The difference for the full-year 2020 between operating profit for segments for which information must be disclosed, SEK 33,694 thousand (51,365), and the result before tax, SEK 17,579 thousand (48,693), is net financial items, SEK –16,115 thousand (–2,672).

QUARTERLY DATA

GROUP

SEK thousands	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Net sales	160,364	224,909	147,966	171,973	196,407	230,585	141,705	188,155
Gross profit margin, %	56.6	50.4	49.1	54.1	50.8	52.5	55.4	56.8
Operating profit (loss)	6,455	33,403	–13,410	7,247	1,432	33,065	–1,678	18,545
Operating margin, %	4.0	14.9	–9.1	4.2	0.7	14.3	–1.2	9.9
Profit (loss) after financial items	–5,744	32,951	–22,846	13,218	–2,566	34,140	–2,828	19,946
Profit margin, %	–3.6	14.7	–15.4	7.7	–1.3	14.8	–2.0	10.6
Earnings per share before dilution, SEK	0.05	1.02	–0.75	0.42	–0.11	1.07	–0.09	0.67
Earnings per share after dilution, SEK	0.05	1.02	–0.75	0.42	–0.11	1.07	–0.09	0.67
Number of Björn Borg stores at end of period of which Group-owned	32	33	33	33	33	33	32	32
Björn Borg stores	29	30	30	30	30	30	29	29
Brand sales	296,871	473,607	277,149	450,779	380,927	513,901	272,185	473,112

PARENT COMPANY INCOME STATEMENT

CONDENSED

SEK thousands	Note	Oct-Dec 2020	Oct-Dec 2019	Full-year 2020	Full-year 2019
Net sales		25,446	25,666	102,144	102,502
Other operating revenue		208	502	1,059	2,499
Operating revenue		25,654	26,168	103,203	105,001
Goods for resale		-1	-	-4	-2
Other external expenses	2	-8,003	-20,172	-43,690	-64,303
Staff costs		-10,220	-9,635	-35,932	-40,258
Depreciation/amortization of tangible/intangible non-current assets		-478	-541	-2,247	-2,096
Other operating expenses		-544	-515	-1,963	-1,305
Operating profit (loss)		6,408	-4,695	19,367	-2,963
Result from shares in subsidiaries		-7,831	37,725	-7,831	37,725
Net financial items		-10,781	-1,644	-17,126	-5,000
Profit (loss) after financial items		-12,204	31,386	-5,590	29,762
Group contributions received/provided		-9,610	15,761	-9,610	15,761
Appropriations		-	-429	-	-429
Profit (loss) before tax		-21,814	46,718	-15,200	45,094
Tax		-26	-1,780	-26	-2,073
Profit (loss) for the period		-21,840	44,938	-15,226	43,021
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		-21,840	44,938	-15,226	43,021

PARENT COMPANY BALANCE SHEET

CONDENSED

SEK thousands	Note	Dec 31, 2020	Dec 31, 2019
Non-current assets			
Intangible assets		4,741	6,449
Tangible non-current assets		1,764	1,010
Deferred tax		8	11
Shares in Group companies		306,185	344,106
Total non-current assets		312,698	351,576
Current assets			
Receivables from Group companies		831,000	771,067
Current receivables		5,483	8,757
Cash & cash equivalents		55,450	-
Total current assets		891,933	779,824
Total assets		1,204,631	1,130,400
Equity and liabilities			
Equity		178,787	194,012
Untaxed reserves		1,038	1,038
Non-current liabilities credit institutions		99,000	150,000
Current liability to credit institution		-	7,242
Due to Group companies		913,229	755,248
Accounts payable		5,104	5,514
Other current liabilities		7,473	18,346
Total equity and liabilities		1,204,631	1,130,400

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

CONDENSED

SEK thousands	Full-year 2020	Full-year 2019
Opening balance	194,021	201,288
Distribution	–	–50,297
Total comprehensive income for the period	–15,226	43,021
Closing balance	178,787	194,012

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	
	2020	2019
Sweden	268,325	271,512
Netherlands	164,058	209,853
Finland	118,880	109,692
Other	153,948	165,796
Total net sales	705,211	756,853

NOTE 2 OTHER EXTERNAL EXPENSES

SEK thousands	Group		Parent Company	
	2020	2019	2020	2019
Cost of premises	10,015	5,590	9,303	12,981
Selling expenses	55,444	48,709	2,866	4,742
Marketing expenses	41,850	53,080	17,339	27,654
Administrative expenses	45,195	33,463	12,986	16,470
Other	6,081	10,926	1,196	2,456
Total	158,585	151,768	43,690	64,303

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/>

BRAND SALES

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

Purpose: Shows the sales trend measured as retail value excluding VAT.

CAPITAL EMPLOYED

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

Purpose: Capital employed measures capital use and efficiency.

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 indicator is used to assess an investment from an owner's perspective.

EARNINGS PER SHARE AFTER DILUTION (DEFINED ACCORDING TO IFRS)

Earnings per share adjusted for any dilution effect.

Purpose: This indicator is used to assess an investment from an owner's perspective.

EQUITY/ASSETS RATIO

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

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

GROSS PROFIT MARGIN

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

Purpose: Gross margin is used to measure operating profitability.

GROSS PROFIT MARGIN BEFORE ACQUISITIONS

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

Purpose: Gross profit margin before acquisitions is used to measure operating profitability adjusted for acquisition effects.

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 indicator shows the company's ability to pay debts.

NET FINANCIAL ITEMS

Financial income less financial expenses.

Purpose: Describes the company's financial activities.

OPERATING MARGIN

Operating profit as a percentage of net sales.

Purpose: The operating margin is used to measure operating profitability.

OPERATING PROFIT

Profit before tax plus net financial items.

Purpose: This indicator facilitates profitability comparisons regardless of the company's tax rate and independent of its financing structure.

PROFIT MARGIN

Profit before tax as a percentage of net sales.

Purpose: Profit margin shows the company's profit in relation to its sales.

RETURN ON CAPITAL EMPLOYED

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

Purpose: This indicator is the key measure to quantify the return on the capital used in operations.

RETURN ON EQUITY

Profit for the period/year attributable to the Parent Company's shareholders (for rolling 12 months) according to the income statement as a percentage of average equity. Average equity is calculated by adding equity at January 1 to equity at December 31 and dividing by two.

Purpose: This indicator is used to show, from an ownership perspective, the return generated on the owners' invested capital.

The Board of Directors and the CEO certify that the interim report provides a true and fair overview of the operations, financial position and results of the Parent Company and the Group and describes the material risks and uncertainties faced by the Parent Company and the companies in the Group.

Stockholm, February 25, 2021

Heiner Olbrich
Chairman

Alessandra Cama
Board member

Anette Klintfeldt
Board member

Fredrik Lövstedt
Board member

Mats H Nilsson
Board member

Henrik Bunge
CEO

CALENDAR 2021

Annual report 2020 April 27, 2021.

Annual General Meeting 2020 will be held on May 18, 2021.

The interim report for January-March 2021 will be released at 5:30 pm (CET) on May 18, 2021.

The interim report for January-June 2021 will be released at 5:30 pm (CET) on August 20, 2021.

The interim report for January-September 2021 will be released on at 5:30 pm (CET) November 19, 2021.

The year-end report for 2021 will be released at 5:30 pm (CET) on February 25, 2022.

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 twenty markets, of which Sweden and the Netherlands are the largest. The Björn Borg Group has operations at every level from branding to consumer sales in its own Björn Borg stores. Total sales of Björn Borg products in 2020 amounted to about SEK 1.5 billion, excluding VAT, at the consumer level. Group net sales amounted to SEK 705.2 million in 2019, 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 in the interim report are from Björn Borg's holiday 2020 collection.

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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 February 26, 2021 at 7:30 am (CET).