



# BJÖRN BORG

BJÖRN BORG AB INTERIM REPORT  
JANUARY-JUNE 2021

## MAJOR INCREASE IN ONLINE SALES

### APRIL 1-JUNE 30, 2021

- The Group's net sales amounted to SEK 162.8 million (148.0), an increase of 10.0 percent.
- Net sales for own e-commerce amounted to SEK 22.8 million (20.3), an increase of 12.6 percent. Net sales for own e-commerce and e-tailers amounted to SEK 61.3 million (47.7), an increase of 28.5 percent.
- The gross profit margin was 56.3 percent (49.1).
- Operating profit amounted to SEK 19.3 million (-13.4).
- Profit after tax amounted to SEK 13.5 million (-18.8).
- Earnings per share before and after dilution amounted to SEK 0.54 (-0.75).

### JANUARY 1-JUNE 30, 2021

- The Group's net sales amounted to SEK 347.5 million (319.9), an increase of 8.6 percent.
- Net sales for own e-commerce amounted to SEK 47.2 million (37.7), an increase of 25.0 percent. Net sales for own e-commerce and e-tailers amounted to SEK 146.0 million (104.0), an increase of 40.4 percent.
- The gross profit margin was 54.7 percent (51.8).
- Operating profit amounted to SEK 41.7 million (-6.2).
- Profit after tax amounted to SEK 34.9 million (-8.2).
- Earnings per share before and after dilution amounted to SEK 1.39 (-0.33).

### QUOTE FROM THE CEO

"The second quarter of 2021 was our best second quarter in the company's history. We have never sold more and we have never been more profitable," commented CEO Henrik Bunge.

SEK million	April-June 2021	April-June 2020	January- June 2021	January- June 2020	July 2020- June 2021	Full-year 2020
Net sales	162.8	148.0	347.5	319.9	732.8	705.2
Gross profit margin, %	56.3	49.1	54.7	51.8	53.8	52.5
Operating profit	19.3	-13.4	41.7	-6.2	81.6	33.7
Operating margin, %	11.8	-9.1	12.0	-1.9	11.1	4.8
Profit after tax	13.5	-18.8	34.9	-8.2	61.9	18.8
Earnings per share before dilution, SEK	0.54	-0.75	1.39	-0.33	2.46	0.75
Earnings per share after dilution, SEK	0.54	-0.75	1.39	-0.33	2.46	0.75



## CEO'S COMMENT

A record quarter has just come to a close. We are now seeing the results of a long-term digital focus, where we have consistently had as a strategy to transition our business and communication online. Here we are seeing several clear signs that we as a brand are headed in the right direction. More than 50 percent of our sales is now online through our own e-commerce, marketplaces, e-tailers and online sales from our retailers' e-commerce sites. In addition, we are seeing, even though the numbers right now are low, very good results from our ambassadors. Our online branding also continues to make a big difference, and we increased our recognition in sports apparel by 150 percent compared with the second quarter 2020.

Net sales in the quarter amounted to SEK 162.8 million (148.0), up 10 percent from the previous year. We are continuing according to plan to expand online. Our own e-commerce is growing well, though we are having major challenges with the UK, which in previous years had been one of our largest e-commerce markets. The problems are exclusively due to Brexit. Comparable growth in the quarter without the UK for our own e-commerce was 20 percent. Moreover, we are strongly growing with European e-commerce retailers, with our e-tailers in Germany reporting quarterly growth of 164 percent year-over-year. In total, sales through e-tailers grew 41 percent in the quarter. We are also continuing as planned to reduce our own brick-and-mortar footprint and have now closed four more unprofitable concept stores in Sweden and the Nether-

lands. We are seeing a good recovery in our own stores, however, where comparable store growth was 20 percent year-over-year.

Our increased focus on profitability is proving highly successful, with our gross profit margin rising to 56.3 percent (49.1). The improvement can be traced to reduced discounts in all sales channels, but also to the fact that our own high-margin e-commerce is growing in percentage terms. The other part of the improvement is currency related, and on a currency-neutral basis the gross profit margin would have been 52.2 percent. Our cost savings initiatives, which were launched in 2020, are now fully implemented. This has led to lower operating expenses, SEK 15.7 less than the same quarter in 2020. In summary, increased sales with a higher gross profit margin, coupled with lower operating expenses, led to a very strong operating profit of SEK 19.3 million (-13.4), which produces an operating margin of 11.8 percent.

The second quarter of 2020 was our best second quarter in the company's history. We have never sold more and we have never been more profitable. What we are seeing now is the result of several years of hard, focused effort by a fantastic team. Everyone believed in the dream to build a brand digitally that inspires us personally and everyone around us to achieve the best version of themselves through physical activity. Exercise, not to be the strongest but to feel better..., our journey has just begun.

Now let's go!

Head coach, Henrik Bunge



## THE GROUP'S DEVELOPMENT

### GROUP OPERATING REVENUE SECOND QUARTER OF 2021

The Group's operating revenue, including other income improved in the second quarter. The increase was mainly in the product areas sports apparel and underwear, while footwear was down slightly. In total, operating revenue increased by 8 percent to SEK 167 million (154). Adjusted for currency effects, the Group's total operating revenue increased by 12 percent in the quarter.

### PRODUCT AREAS SECOND QUARTER OF 2021

Sales in the underwear product area improved 4 percent in the second quarter of 2021 and sports apparel increased 9 percent. Underwear accounted for 65 percent (68) of sales and sports apparel 18 percent. (17)

Footwear sales decreased 39 percent compared with the second quarter of 2020, while sales for other product areas increased 81 percent, with bags improving the most.

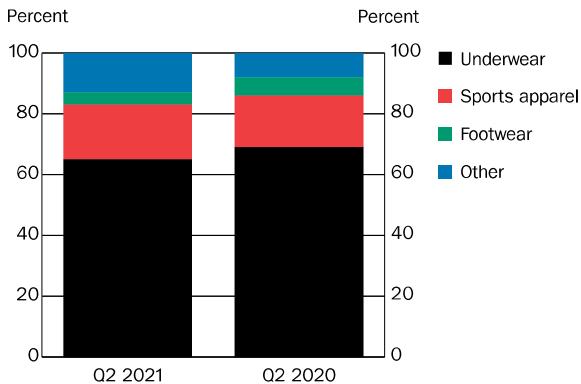
### MARKETS SECOND QUARTER OF 2021

Among large markets, Germany reported continued strong growth with sales up 139 percent compared with the second quarter of 2020. Also the Netherlands and Belgium increase with 12 and 27 percent respectively, while Sweden and Finland reported decreases related to delayed inbound deliveries.

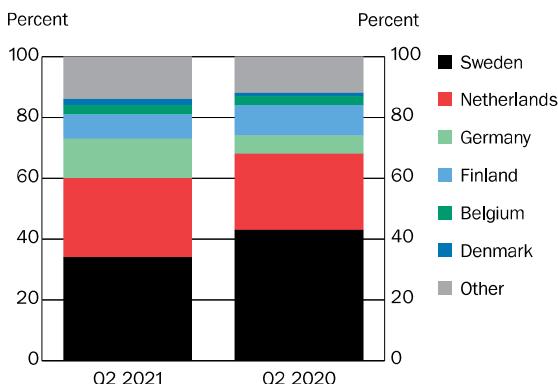
### CHANNELS SECOND QUARTER OF 2021

The largest channel, the wholesale business, shows a decrease of 6 percent during the second quarter of 2021 related to challenges with deliveries from the company's

### PRODUCT AREAS – SHARE OF TOTAL SALES

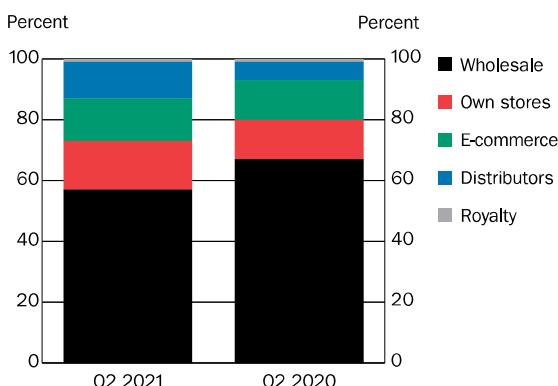


### MARKETS – SHARE OF TOTAL SALES

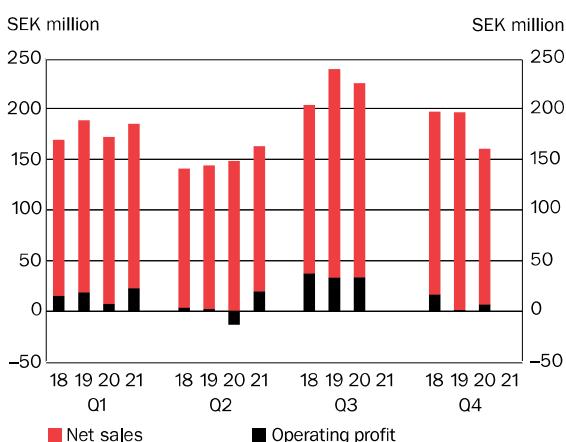


suppliers. However, e-tailers in the wholesale business show an increase of 40 percent. Own stores recover in the quarter and increase by 33 percent. Also own e-commerce shows continued growth and increases by 11 percent. External distributors are growing strongly and increasing by 106 percent, while royalty revenues are declining somewhat.

#### CHANNELS – SHARE OF TOTAL SALES



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



#### NET SALES

##### Second quarter, April-June 2021

The Group's net sales amounted to SEK 162.8 million (148.0) in the second quarter, an increase of 10.0 percent. Currencies negatively affected sales in the quarter. Adjusted for currency effects, sales increased 15.0 percent.

The positive sales trend compared with the second quarter of 2020 is largely due to a positive trend and strong growth online, both for our own e-commerce and e-tailers within the wholesale business, which together accounted for 38 percent of sales in the second quarter.

The German wholesale business, which largely consists of e-tailers, continued to report strong development and grew 164 percent year-over year.

The Swedish wholesale business decreased in the quarter by 16 percent, while retail operations in Sweden reported higher store traffic than the previous year. For comparable stores, sales were up 11 percent.

The Benelux operations increased 17 percent from the previous year. On a currency neutral basis, the increase was 23 percent. It was mainly the retail business that grew, up 73 percent in the quarter compared with a year earlier, due to Covid-19's negative impact in the previous year, when both the Netherlands and Belgium were in lockdown for much of the quarter. The Benelux wholesale business was

in line with the previous year.

For the company as a whole, quarterly retail sales for our own stores increased 20 percent compared with the second quarter 2020, which also applies to comparable stores. E-commerce grew 13 percent in the quarter, with website traffic and conversion in particular improving from the previous year.

Income from external distributors increased year-over-year, mainly because the UK operations are managed this year by an external distributor, which was not the case in 2020. The increase is also attributable to growth in the Norwegian market.

External royalties decreased slightly.

#### First half-year, January-June 2021

The Group's net sales amounted to SEK 347.5 million (319.9) in the first half of 2021, an increase of 8.6 percent. Currencies negatively affected sales. Adjusted for currency effects, sales increased 13.2 percent.

The positive sales trend compared with the first half of 2020, just like for the quarter, is largely due to strong online growth, both our own e-commerce and e-tailers within the wholesale business, which together accounted for 42 percent of sales in the first half-year.

In the wholesale business it is mainly the German market, which largely consists of e-tailers, that reported growth, up 154 percent year-over year. The Swedish, Dutch and Belgian wholesale businesses were in line with the previous year, while the footwear business dropped 22 percent.

For the company as a whole, retail sales for own stores decreased 15 percent compared with the first half of 2020, when the operations in the Netherlands and Finland were largely shut down due to Covid-19. Sales for comparable stores fell 12 percent. E-commerce grew in the first half-year by 25 percent, with website traffic and conversion in particular improving from the previous year.

Sales to external distributors rose 54 percent year-over-year, mainly because the UK operations are managed this year by an external distributor, which was not the case in 2020. The increase is also attributable to growth in the Norwegian market.

External royalties decreased slightly.

#### PROFIT

##### Second quarter, April-June 2021

The gross profit margin for the second quarter increased to 56.3 percent (49.1). A weaker USD against SEK positively affected margins, while a weaker EUR against SEK had the opposite effect. Adjusted for currency effects, the gross profit margin would have been 52.2 percent. The increase in the gross profit margin is mainly due to a greater 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 4.0 million (5.9) and mainly refers to unrealized gains on accounts receivable in foreign currency.

Operating expenses decreased SEK 15.7 million compared with the previous year mainly through lower expenses for customer losses. Rental expenses also decreased after the headquarters was moved to a smaller, less expensive location.

Increased sales with a higher gross profit margin, as well as lower operating expenses compared with the previous year, increased operating profit to SEK 19.3 million (-13.4). The operating margin was 11.8 percent (-9.1).

Net financial items amounted to SEK -1.3 million (-9.4). The improvement 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 13.5 million (–18.8).

### **First half-year, January-June 2021**

The gross profit margin for the first half of 2021 increased to 54.7 percent (51.8). A weaker USD against SEK positively affected margins, while a weaker EUR against SEK had the opposite effect. Adjusted for currency effects, the gross profit margin would have been 51.1 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 meant that the company was 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 14.8 million (16.2) and mainly refers to unrealized gains on accounts receivable in foreign currency.

Operating expenses decreased SEK 25.1 million compared with the previous year mainly through lower customer losses, logistics and travel. Rental expenses also decreased after the headquarters was moved to a smaller, less expensive location.

Increased sales with a higher gross profit margin, as well as lower operating expenses compared with the previous year, increased operating profit to SEK 41.7 million (–6.2). The operating margin was 12.0 percent (–1.9).

Net financial items amounted to SEK 2.2 million (–3.5). The improvement 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 34.9 million (–8.2).

### **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 238.4 million (232.1), an increase of 3 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. 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 49 percent in the first half-year to SEK 98.8 million (66.2). 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 34.0 million (–6.3) compared with the previous year, an increase of SEK 40.3 million. The improvement is primarily due to higher sales combined with 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 25 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 first half of 2021 to SEK 86.4 million (80.0), or by 8 percent. The increase is mainly due to own e-commerce, which grew 25 percent in the period. For the company as a whole, retail sales for own stores decreased 15 percent compared with the first half of 2020, when the operations in the Netherlands and Finland were largely shut down due to Covid-19. Sales for comparable stores fell 12 percent. The Group's own stores in Sweden declined 18 percent in total year-over-year, while comparable stores rose 1 percent. The Benelux stores were closed for a large part of the period and therefore decreased compared with the first half of 2020, down 6 percent in total and 13 percent for comparable stores. The Finnish stores have also been impacted by the coronavirus, with closed stores and sales down in total by 20 percent year-over-year. Comparable stores were down 15 percent.

The operating loss for the first half of 2021 was SEK 2.2 million, against a year-earlier loss of SEK 9.6 million. The smaller loss is mainly due to increased gross profit margins and lower operating expenses compared with the previous year.

### **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 half of 2021 to SEK 31.3 million (15.3), up 105 percent from the previous year. The main reason was a year-over-year sales increase to both major distributor markets, Norway

Segment	Revenue source	Operating revenue, SEK thousands January-June		Operating profit, SEK thousands January-June		Operating margin, % January-June	
		2021	2020	2021	2020	2021	2020
Wholesale	Products	238,431	232,070	33,994	–6,271	14	–3
Consumer Direct	Products	86,397	79,955	–2,231	–9,599	–3	–12
of which own stores		39,227	42,023	–11,468	–11,896	–29	–28
of which e-commerce		47,170	37,932	9,237	2,297	20	6
Distributors	Products	31,343	15,306	4,657	1,997	2	1
Licensing	Royalties	6,082	8,854	5,290	7,710	14	19
<b>Total</b>		<b>362,253</b>	<b>336,185</b>	<b>41,710</b>	<b>–6,163</b>	<b>12</b>	<b>–2</b>

and England, mainly driven by England, which as of January 2021 is a new distributor for the company.

Operating profit increased to SEK 4.7 million (2.0) 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 half of 2021 to SEK 6.1 million (8.9). The decrease is a result of lower brand sales of licensed products, with footwear accounting for most of that, and because the bag category was absorbed as an integral part of the wholesale business.

Operating profit decreased to SEK 5.3 million (7.7) in the first half of 2021. The decline is due to the lower external sales in the segment.

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

Intra-Group sales for the first half of 2021 amounted to SEK 245.7 million (253.3).

#### **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 15.2 million (64.9) in the first half of 2021. The decrease from the previous year primarily comes from the repayment of previously deferred tax liabilities.

Cash flow from investing activities was negative at SEK -6.5 million (-3.7). The largest investments were to update the e-commerce platform as well as a new outlet in Sweden and the Danish headquarters.

Cash flow from financing activities amounted to SEK -48.0 million (17.5). The negative flow mainly comes from the company's distribution of SEK 37.7 million (0) and because it raised an extra loan in the previous year to offset the negative effects of Covid-19.

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

The Björn Borg Group's cash & cash equivalents amounted to SEK 30.8 million (105.2) at the end of the period, plus unutilized overdraft facilities of SEK 141.0 million (90.0). Interest-bearing net liabilities, excluding lease liabilities, amounted to SEK 68.2 million (84.8). The company has strong liquidity, and the lower net debt at the end of the quarter is mainly due to lower long-term liabilities and tied-up working capital. Total interest-bearing liabilities amounted to SEK 165.5 million (262.4), where total lease liabilities amounted to SEK 66.5 million (72.4), of which SEK 44.8 million represents the long-term share and SEK 21.7 million the short-term share.

The lease on the new headquarters took effect on January 1, 2021 and 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, whereof SEK 99 million was utilized as of June 30, 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 will 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 June 30, 2021 the ratio was 0.75 (2.34) and the equity/assets ratio was 50.1 percent (39.4).

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 179 (202) for the twelve-month period ending June 30, 2021, of whom 65 percent (69) 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's operations. 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 in parts of 2020 our stores were closed in the Netherlands, Belgium, Finland and England. We saw the same situation in the Netherlands, Belgium and Finland in the first quarter of 2021, after which they reopened in the second quarter. The stores in Sweden have been open. Despite the difficult situation, the company has a good financial position with adequate liquidity. The measures taken to mitigate the financial effects of Covid-19 include renegotiated lease payments for own stores and operating cost cuts.

#### **PARENT COMPANY**

Björn Borg AB (publ) is primarily engaged in intra-Group activities. As of June 30, 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 half of 2021 amounted to SEK 49.8 million (51.3). The result from shares in subsidiaries was negatively affected by SEK 34 million for write-downs of shares and receivables from subsidiaries.

The pre-tax loss amounted to SEK 24.7 million for the first half of 2021, compared with a loss of SEK 2.6 million a year earlier. Cash & cash equivalents amounted to SEK 13.4 million (48.9) as of June 30, 2021.

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

The Dutch government's decision to impose a lockdown, which was introduced in December 2020, has affected the company's sales at the wholesale level but also forced us to

close all our own stores in this market at the beginning of the year. The stores are now open again, but the situation is uncertain and is being closely monitored.

#### **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 held on May 18, 2021 approved a distribution of SEK 1.50 (0) per share to the shareholders for the financial year 2020. Directors Fredrik Lövstedt, Mats H Nilsson, Heiner Olbrich, Alessandra Cama and Anette Klintfeld were re-elected. Jens Högsted was elected as a new member of the Board. The total number of members is six. The Meeting resolved to elect Heiner Olbrich as Chairman of the Board. Further, the Meeting resolved to replace the auditor with BDO Mälardalen.

#### **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.

During the period, the Group recognized grants received from the government related to Covid-19. The support is recognized in the income statement when there is reasonable certainty that the conditions associated with the support will be met and the support will be received. In the second quarter of 2021 no material support has been received, while SEK 2.2 million has been recognized in the income statement accumulated for the year. A reconciliation of all government support has not yet been finalized.

#### **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	April-June 2021	April-June 2020	January- June 2021	January- June 2020	July 2020- June 2021	Full-year 2020
Net sales	1	162,836	147,966	347,486	319,939	732,759	705,211
Other operating revenue		3,950	5,917	14,767	16,246	27,316	28,796
<b>Operating revenue</b>		<b>166,786</b>	<b>153,883</b>	<b>362,253</b>	<b>336,185</b>	<b>760,075</b>	<b>734,007</b>
Goods for resale		-71,194	-75,289	-157,467	-154,156	-338,539	-335,228
Other external expenses	2	-31,792	-42,800	-70,745	-85,007	-144,323	-158,585
Staff costs		-30,057	-25,979	-61,849	-61,286	-130,091	-129,528
Depreciation/amortization of tangible/ intangible non-current assets		-8,703	-11,993	-17,239	-23,972	-34,113	-40,846
Other operating expenses		-5,763	-11,232	-13,243	-17,927	-31,442	-36,126
<b>Operating profit/loss</b>		<b>19,277</b>	<b>-13,410</b>	<b>41,710</b>	<b>-6,163</b>	<b>81,567</b>	<b>33,694</b>
Net financial items		-1,262	-9,436	2,192	-3,464	-10,459	-16,115
<b>Profit/loss before tax</b>		<b>18,015</b>	<b>-22,846</b>	<b>43,902</b>	<b>-9,627</b>	<b>71,108</b>	<b>17,579</b>
Tax		-4,473	4,026	-9,049	1,441	-9,236	1,254
<b>Profit/loss for the period</b>		<b>13,542</b>	<b>-18,820</b>	<b>34,853</b>	<b>-8,186</b>	<b>61,872</b>	<b>18,833</b>
<b>Profit for the period attributable to</b>							
Parent Company's shareholders		13,542	-18,820	34,853	-8,186	61,872	18,833
Non-controlling interests		-	-	-	-	-	-
Earnings per share before dilution, SEK		0.54	-0.75	1.39	-0.33	2.46	0.75
Earnings per share after dilution, SEK		0.54	-0.75	1.39	-0.33	2.46	0.75
Number of shares		25,148,384	25,148,384	25,148,384	25,148,384	25,148,384	25,148,384

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

### CONDENSED

SEK thousands	Note	April-June 2021	April-June 2020	January- June 2021	January- June 2020	July 2020- June 2021	Full-year 2020
<b>Profit/loss for the period</b>		<b>13,542</b>	<b>-18,820</b>	<b>34,853</b>	<b>-8,186</b>	<b>61,872</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		-69	3,303	-4,376	3,169	-249	7,296
<b>Total other comprehensive income for the period</b>		<b>-69</b>	<b>3,303</b>	<b>-4,376</b>	<b>3,169</b>	<b>-249</b>	<b>7,296</b>
<b>Total comprehensive income for the period</b>		<b>13,473</b>	<b>-15,517</b>	<b>30,477</b>	<b>-5,017</b>	<b>61,623</b>	<b>26,129</b>
<b>Total comprehensive income attributable to</b>							
Parent Company's shareholders		13,473	-15,517	30,477	-5,017	61,623	26,129
Non-controlling interests		-	-	-	-	-	-

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

### CONDENSED

SEK thousands	Note	30 June 2021	30 June 2020	31 Dec 2020
<b>Non-current assets</b>				
Goodwill		34,481	35,191	34,306
Trademarks		187,532	187,532	187,532
Other intangible assets		11,713	9,946	10,255
Tangible non-current assets		16,940	16,658	16,580
Deferred tax assets		11,321	16,588	15,761
Right-of-use assets		67,071	65,329	57,481
<b>Total non-current assets</b>		<b>329,058</b>	<b>331,244</b>	<b>321,915</b>
<b>Current assets</b>				
Inventory		153,865	145,068	123,357
Accounts receivable		89,857	121,821	83,627
Other current receivables		29,413	23,261	19,884
Cash & cash equivalents		30,760	105,171	70,235
<b>Total current assets</b>		<b>303,895</b>	<b>395,321</b>	<b>297,103</b>
<b>Total assets</b>		<b>632,953</b>	<b>726,565</b>	<b>619,018</b>
<b>Equity and liabilities</b>				
Equity		283,767	259,867	291,013
Deferred tax liabilities		39,279	40,259	39,289
Non-current liabilities credit institutions		99,000	190,000	99,000
Long-term lease liability		44,845	40,445	35,701
Accounts payable		88,329	80,078	77,245
Short-term lease liability		21,716	31,980	21,383
Other current liabilities		56,017	83,936	55,387
<b>Total equity and liabilities</b>		<b>632,953</b>	<b>726,565</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		270,774	-5,890	<b>264,884</b>
		-5,000	-17	-5,017
<b>Closing balance, June 30, 2020</b>		<b>265,774</b>	<b>-5,907</b>	<b>259,867</b>
<b>Opening balance, January 1, 2020</b>				
Total comprehensive income for the period		270,774	-5,890	<b>264,884</b>
		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		296,308	-5,295	<b>291,013</b>
Distribution for 2020		30,698	-221	30,477
		-37,723	-	-37,723
<b>Closing balance, June 30, 2021</b>		<b>289,283</b>	<b>-5,516</b>	<b>283,767</b>

# CONSOLIDATED STATEMENT OF CASH FLOWS

## CONDENSED

SEK thousands	April-June 2021	April-June 2020	January- June 2021	January- June 2020	Full-year 2020
<b>Cash flow from operating activities</b>					
Before changes in working capital	25,612	-4,850	54,303	238	53,358
Changes in working capital	52,60	80,200	-39,103	64,640	89,222
<b>Cash flow from operating activities</b>					
Investments in intangible non-current assets	-570	-1,685	-2,876	-2,022	-3,474
Investments in tangible non-current assets	-2,386	-781	-3,641	-1,687	-5,490
<b>Cash flow from investing activities</b>					
Distribution	-37,723	-	-37,723	-	-
Amortization of loans	-	-	-	-3,890	-94,890
Amortization of lease liability	-4,882	-1,961	-10,322	-11,337	-28,183
Loan proceeds	-	40,000	-	40,000	40,000
Overdraft facility	-13,597	-23,347	-	-7,242	-7,242
<b>Cash flow from financing activities</b>					
	<b>-56,202</b>	<b>14,692</b>	<b>-48,045</b>	<b>17,531</b>	<b>-90,315</b>
<b>Cash flow for the period</b>					
Cash & cash equivalents at beginning of year	13,958	21,968	70,235	29,002	29,002
Translation difference in cash & cash equivalents	-1,812	-4,373	-113	-2,531	-2,068
<b>Cash &amp; cash equivalents at end of the period</b>	<b>30,760</b>	<b>105,171</b>	<b>30,760</b>	<b>105,171</b>	<b>70,235</b>

## KEY FIGURES

### GROUP

SEK thousands	April-June 2021	April-June 2020	January- June 2021	January- June 2020	July 2020- June 2021	Full-year 2020
Gross profit margin, % *	56.3	49.1	54.7	51.8	53.8	52.5
Operating margin, %	11.8	-9.1	12.0	-1.9	11.1	4.8
Profit margin, %	11.1	-15.4	12.6	-3.0	9.7	2.5
Return on capital employed, %	17.8	5.7	17.8	5.7	17.8	4.8
Return on average equity, %	22.8	6.4	22.8	6.4	22.8	6.8
Profit attributable to Parent Company's shareholders	13,542	-18,820	34,853	-8,186	61,872	18,833
Equity/assets ratio, % *	50.1	39.4	50.1	39.4	50.1	51.8
Equity per share, SEK	11.28	10.33	11.28	10.33	11.28	11.57
Investments in intangible non-current assets	570	1,685	2,876	2,022	4,328	3,474
Investments in tangible non-current assets	2,386	781	3,641	1,687	7,444	5,490
Depreciation, amortization and impairment losses for the period	-8,703	-11,993	-17,239	-23,972	-34,113	-40,846
Average number of employees	179	172	179	172	179	192

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

## SUMMARY BY SEGMENT

### GROUP

SEK thousands	April-June 2021	April-June 2020	January- June 2021	January- June 2020	July 2020- June 2021	Full-year 2020
<b>Operating revenue</b>						
<b>Wholesale</b>						
External revenue	95,676	101,603	238,431	232,069	470,756	464,394
Internal revenue	151	914	253	1,615	882	2,244
	<b>95,827</b>	<b>102,517</b>	<b>238,684</b>	<b>233,684</b>	<b>471,638</b>	<b>466,638</b>
<b>Consumer Direct</b>						
<i>Brick-and-mortar</i>						
External revenue	26,546	19,950	39,227	42,023	124,540	127,336
Internal revenue	–	47	–	47	43	89
<i>E-commerce</i>						
External revenue	22,833	20,486	47,170	37,932	92,888	83,650
Internal revenue	–	–	–	–	–	–
	<b>49,379</b>	<b>40,483</b>	<b>86,397</b>	<b>80,002</b>	<b>217,471</b>	<b>211,075</b>
<b>Distributors</b>						
External revenue	20,294	9,863	31,343	15,307	60,703	44,667
Internal revenue	108,115	104,424	212,940	200,887	422,263	410,210
	<b>128,409</b>	<b>114,287</b>	<b>244,283</b>	<b>216,194</b>	<b>482,966</b>	<b>454,877</b>
<b>Licensing</b>						
External revenue	1,436	1,980	6,082	8,854	11,188	13,960
Internal revenue	14,064	16,539	32,530	32,707	68,608	68,785
	<b>15,500</b>	<b>18,519</b>	<b>38,612</b>	<b>41,561</b>	<b>79,796</b>	<b>82,745</b>
Less internal sales	–122,329	–121,923	–245,723	–235,256	–491,796	–481,328
<b>Operating revenue</b>	<b>166,786</b>	<b>153,883</b>	<b>362,253</b>	<b>336,185</b>	<b>760,075</b>	<b>734,007</b>
<b>Operating profit</b>						
Wholesale						
	6,966	–13,531	33,994	–6,271	57,169	16,904
Consumer Direct, brick-and-mortar						
	4,182	–3,603	–11,468	–11,897	–12,465	–12,893
Consumer Direct, e-commerce						
	4,848	1,617	9,237	2,297	17,147	10,207
Distributors						
	2,267	541	4,657	1,997	9,615	6,955
Licensing						
	1,014	1,566	5,290	7,710	10,101	12,521
<b>Operating profit</b>	<b>19,277</b>	<b>–13,410</b>	<b>41,710</b>	<b>–6,163</b>	<b>81,567</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 19,277 thousand (–13,410), and the result before tax, SEK 18,015 thousand (–22,846), is net financial items, SEK –1,262 thousand (–9,436).

## QUARTERLY DATA

### GROUP

SEK thousands	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019
Net sales	162,836	184,651	160,364	224,909	147,966	171,973	196,407	230,585
Gross profit margin, %	56.3	53.3	56.6	50.4	49.1	54.1	50.8	52.5
Operating profit (loss)	19,277	22,434	6,455	33,403	–13,410	7,246	1,432	33,065
Operating margin, %	11.8	12.1	4.0	14.9	–9.1	4.2	0.7	14.3
Profit (loss) after financial items	18,015	25,888	–5,744	32,951	–22,846	13,218	–2,566	34,140
Profit margin, %	11.1	14.0	–3.6	14.7	–15.4	7.7	–1.3	14.8
Earnings per share before dilution, SEK	0.54	0.85	0.05	1.02	–0.75	0.42	–0.11	1.07
Earnings per share after dilution, SEK	0.54	0.85	0.05	1.02	–0.75	0.42	–0.11	1.07
Number of Björn Borg stores at end of period	30	31	32	33	33	33	33	33
of which Group-owned Björn Borg stores	27	28	29	30	30	30	30	30

## PARENT COMPANY INCOME STATEMENT

CONDENSED

SEK thousands	Note	April-June 2021	April-June 2020	January-June 2021	January-June 2020	July 2020-June 2021	Full-year 2020
Net sales		25,027	25,609	49,833	51,253	100,724	102,144
Other operating revenue		240	–	1,279	712	1,728	1,059
<b>Operating revenue</b>		<b>25,267</b>	<b>25,609</b>	<b>51,112</b>	<b>51,965</b>	<b>102,452</b>	<b>103,203</b>
Goods for resale		–	1	–	–	–4	–4
Other external expenses	2	–10,448	–15,705	–20,881	–29,432	–35,139	–43,690
Staff costs		–10,005	–8,506	–21,190	–18,129	–38,993	–35,932
Depreciation/amortization of tangible/intangible non-current assets		–579	–604	–1,153	–1,167	–2,233	–2,247
Other operating expenses		–426	–1,063	–382	–1,333	–1,114	–1,963
<b>Operating profit/loss</b>		<b>3,809</b>	<b>–268</b>	<b>7,506</b>	<b>1,904</b>	<b>24,969</b>	<b>19,367</b>
Result from shares in subsidiaries		–30,629	–	–34,049	–	–41,880	–7,831
Net financial items		–4,221	–5,445	1,817	–4,546	–10,763	–17,126
<b>Profit/loss after financial items</b>		<b>–31,041</b>	<b>–5,713</b>	<b>–24,726</b>	<b>–2,642</b>	<b>–37,284</b>	<b>–5,590</b>
Group contributions received/paid		–	–	–	–	–9,610	–9,610
Appropriations		–	–	–	–	–	–
<b>Profit/loss before tax</b>		<b>–31,041</b>	<b>–5,713</b>	<b>–24,726</b>	<b>–2,642</b>	<b>–37,284</b>	<b>–15,200</b>
Tax		–	–	–	–	–26	–26
<b>Profit/loss for the period</b>		<b>–31,041</b>	<b>–5,713</b>	<b>–24,726</b>	<b>–2,642</b>	<b>–37,310</b>	<b>–15,226</b>
Other comprehensive income		–	–	–	–	–	–
<b>Total comprehensive income for the period</b>		<b>–31,041</b>	<b>–5,713</b>	<b>–24,726</b>	<b>–2,642</b>	<b>–37,310</b>	<b>–15,226</b>

## PARENT COMPANY BALANCE SHEET

CONDENSED

SEK thousands	Note	30 June 2021	30 June 2020	31 Dec 2020
<b>Non-current assets</b>				
Intangible assets		4,142	5,498	4,741
Tangible non-current assets		2,464	930	1,764
Deferred tax		8	11	8
Shares in Group companies		277,676	346,606	306,185
<b>Total non-current assets</b>		<b>284,290</b>	<b>353,045</b>	<b>312,698</b>
<b>Current assets</b>				
Receivables from Group companies		882,043	811,258	831,000
Current receivables		9,181	6,477	5,483
Cash & cash equivalents		13,431	48,941	55,450
<b>Total current assets</b>		<b>904,655</b>	<b>866,676</b>	<b>891,933</b>
<b>Total assets</b>		<b>1,188,945</b>	<b>1,219,721</b>	<b>1,204,631</b>
<b>Equity and liabilities</b>				
Equity		116,338	191,370	178,787
Untaxed reserves		1,038	1,038	1,038
Non-current liabilities credit institutions		99,000	190,000	99,000
Current liability to credit institution		–	–	–
Due to Group companies		956,081	814,474	913,229
Accounts payable		5,629	7,441	5,104
Other current liabilities		10,859	15,398	7,473
<b>Total equity and liabilities</b>		<b>1,188,945</b>	<b>1,219,721</b>	<b>1,204,631</b>

# PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

## CONDENSED

SEK thousands	January-June 2021	January-June 2020	Full-year 2020
<b>Opening balance</b>	<b>178,787</b>	<b>194,012</b>	<b>194,012</b>
Distribution	-37,723	-	-15,226
Total comprehensive income for the period	-24,726	-2,642	-15,226
<b>Closing balance</b>	<b>116,338</b>	<b>191,370</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-Jun 2021	Jan-Jun 2020
Sweden	119,607	122,603
Netherlands	79,751	80,118
Finland	41,915	49,867
Other	106,213	67,351
<b>Total net sales</b>	<b>347,486</b>	<b>319,939</b>

### NOTE 2 OTHER EXTERNAL EXPENSES

SEK thousands	Group		Parent Company	
	Jan-Jun 2021	Jan-Jun 2020	Jan-Jun 2021	Jan-Jun 2020
Cost of premises	3,832	4,016	2,660	8,821
Selling expenses	24,677	28,115	1,481	1,813
Marketing expenses	23,842	23,336	11,602	9,662
Administrative expenses	16,409	25,567	4,986	8,278
Other	1,985	3,973	152	858
	<b>70,745</b>	<b>85,007</b>	<b>20,881</b>	<b>29,432</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, August 20, 2021

Heiner Olbrich  
Chairman

Alessandra Cama  
Board member

Jens Högsted  
Board member

Anette Klintfeldt  
Board member

Fredrik Lövstedt  
Board member

Mats H Nilsson  
Board member

Henrik Bunge  
CEO

**CALENDAR 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).

**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, underwear and bags. It also offers footwear 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. Total 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 high summer 2021 collection.

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This information is information that Björn Borg AB is obliged to make public pursuant to the Securities Markets Act.  
The information was released for publication by the above-mentioned contacts on August 20, 2021 at 7:30 am (CET).