

BJÖRN BORG

BJÖRN BORG AB INTERIM REPORT JANUARY-SEPTEMBER 2020

STRONG RESULT IN A CHALLENGING TIME

JULY 1 - SEPTEMBER 30, 2020

- The Group's net sales decreased 2.5 percent to SEK 224.9 million (230.6). Excluding currency effects, sales decreased 0.1 percent.
- Net sales for own e-commerce increased 13 percent to SEK 20.7 million (18.3). Net sales for own e-commerce and e-tailers amounted to SEK 67.8 million (57.9), an increase of 17 percent.
- The gross profit margin was 50.4 percent (52.5).
- Operating profit amounted to SEK 33.4 million (33.1).
- Profit after tax amounted to SEK 25.8 million (27.0).
- Earnings per share before and after dilution amounted to SEK 1.02 (1.07).

JANUARY 1 - SEPTEMBER 30, 2020

- The Group's net sales decreased 2.8 percent to SEK 544.8 million (560.4). Excluding currency effects, sales decreased 2.6 percent.
- Net sales for own e-commerce increased 33 percent to SEK 58.5 million (44.0). Net sales for own e-commerce and e-tailers amounted to SEK 170.7 million (143.0), an increase of 19 percent.
- The gross profit margin was 51.2 percent (54.7).
- Operating profit amounted to SEK 27.2 million (49.9).
- Profit after tax amounted to SEK 17.6 million (41.6).
- Earnings per share before and after dilution amounted to SEK 0.70 (1.66).

QUOTE FROM THE CEO

"Our biggest victory is that we maintain our market leadership in underwear for men, at the same time our sportswear collection has been well received during the quarter and sales increased by 43 percent on our own e-commerce compared with the previous year. In addition, we see an increased profitability for the sportswear category, which is planned and very gratifying," commented CEO Henrik Bunge.

SEK million	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Oct 2019- Sep 2020	Full-year 2019
Net sales	224.9	230.6	544.8	560.4	741.3	756.9
Gross profit margin, %	50.4	52.5	51.2	54.7	51.1	53.7
Operating profit	33.4	33.1	27.2	49.9	28.7	51.4
Operating margin, %	14.9	14.3	5.0	8.9	3.9	6.8
Profit after tax	25.8	27.0	17.6	41.6	14.9	38.9
Earnings per share before dilution, SEK	1.02	1.07	0.70	1.66	0.59	1.55
Earnings per share after dilution, SEK	1.02	1.07	0.70	1.66	0.59	1.55
Brand sales*	444	514	1,172	1,259	1,552	1,640

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



CEO'S COMMENT

Our third quarter began with the easing of the COVID-19 restrictions we experienced in the second quarter in all of our markets. Because of this, parts of our business recovered. We continued in the quarter with forceful measures to reduce our costs, and invested where we have seen opportunities to grow. The toughest decision was to decrease the number of employees at the headquarter with 25 percent. On a much more positive note, our investments in flexible pop-up stores during the quarter proved highly successful.

Net sales in the quarter were SEK 224.9 million (230.6), down 2.5 percent from the previous year. Our own e-commerce and our work with e-tailers are progressing as planned, and in total increased 17 percent compared with the same quarter in 2019. Thanks to our strategy to open pop-up stores over the summer months to capitalize on increased domestic tourism, our own stores grew by 27 percent compared with the third quarter of 2019, or by SEK 10 million. We have also continued our very good growth in Germany, driven by e-tailers, where we are up 130 percent year-over-year. The Netherlands and Belgium, on the other hand, negatively affected our sales. There we lost 32 percent at the wholesale level as a result of continued low demand and low customer traffic. During the quarter we also decided to change our leadership and since August Eric Schuurman has been CEO for these markets. He

brings with him previous experience from Adidas and most recently the marketplace Bol.com. He will be a key player to reverse our negative trend in the Netherlands and Belgium.

The gross profit margin decreased to 50.4 percent (52.5), a result of increased discounts in a challenging time. As a result of our extensive cost cutting initiatives, operating expenses were slashed by SEK 7.1 million compared with the same quarter in 2019. Slightly lower gross profit margin, offset by reduced operating expenses led to an increase in operating profit to SEK 33.4 million (33.1), which gave us an operating margin in the quarter of 14.9 percent (14.3).

As a whole, I am very pleased with both our work in the quarter and our result in an extremely challenging time. Our employees have demonstrated an unbelievable fighting spirit and we as a company have both reduced costs and been willing to invest. Our biggest victory is that we maintain our market leadership in underwear for men, at the same time our sportswear collection has been well received during the quarter and sales increased by 43 percent on our own e-commerce compared with the previous year. In addition, we see an increased profitability for the sportswear category, which is planned and very gratifying.

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 third quarter of 2020 saw a drop in brand sales. The decrease was in all product areas, but especially in underwear, which was down 11 percent in the quarter. In total, brand sales decreased 14 percent to SEK 444 million (514).

PRODUCT AREAS FIRST NINE MONTHS 2020

Brand sales in the underwear product area decreased 11 percent in the first nine months of 2020, while sports apparel fell 12 percent. Underwear accounted for 52 percent (54) of brand sales.

Footwear brand sales rose 7 percent compared with the first nine months of 2019, while other licensed products decreased 28 percent, with bags dropping the most. In total, sales of licensed products increased 2 percent in the first nine months of 2020.

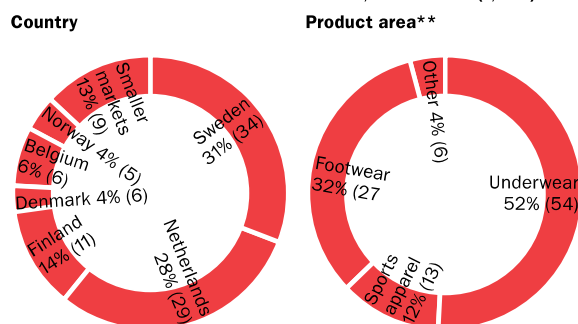
MARKETS FIRST NINE MONTHS 2020

Among large markets, only Finland grew, while other large markets declined. Smaller markets combined for growth of 49 percent.

BJÖRN BORG STORES

As of September 30, 2020, there were a total of 33 (32) Björn Borg stores, of which 30 (29) are Group-owned.

BRAND SALES* OF BJÖRN BORG PRODUCTS JANUARY-SEPTEMBER 2020. TOTAL SEK 1,172 MILLION (1,259)



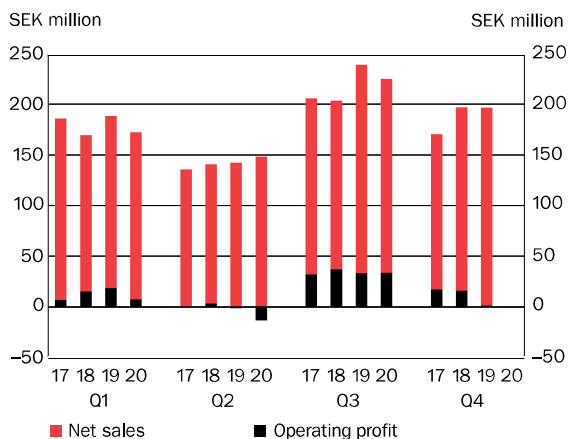
* Estimated total sales of Björn Borg products at the consumer level, excluding VAT, based on reported sales at the wholesale level.

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

THE GROUP'S DEVELOPMENT

The third quarter saw a recovery compared with the year's second quarter, which was strongly impacted by the coronavirus outbreak. In total, however, we saw a decrease of 2.5 percent compared with the third quarter of 2019, largely driven by the Dutch and Belgian wholesale business. The quarterly operating result increased slightly year-over-year due to measures to cut operating expenses.

QUARTERLY NET SALES AND OPERATING PROFIT, 2017-2020



SALES

Third quarter, July-September 2020

The Group's net sales amounted to SEK 224.9 million (230.6) in the third quarter, a decrease of 2.5 percent. Currencies negatively affected sales in the quarter. Adjusted for currency effects, sales decreased only marginally by 0.1 percent.

The negative sales trend compared with the third quarter of 2019 is largely due to lower net sales in the Dutch and Belgian wholesale business, which together fell 32 percent. This decrease was mainly driven by continued lower demand after the negative impact of coronavirus outbreak.

The German wholesale business continued to perform strongly, growing 130 percent compared with the previous 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 8 percent for comparable stores and 3 percent in total. E-commerce grew in the quarter by 13 percent, with traffic and website conversion better than the previous year.

The Benelux operations were down 18 percent from the previous year. On a currency neutral basis, the decrease was 16 percent. It was mainly the wholesale business that fell year-over-year, by 32 percent in the quarter, due to the coronavirus. Own retail sales were also down year-over-year for the same reason. The decrease was significantly less than we saw in the previous quarter, however. Comparable store sales fell 1 percent. On the other hand, own retail sales rose in total in the Netherlands and Belgium by a combined 12 percent due to a higher number of pop-up stores in the summer months.

For the company in total, quarterly sales in our own stores rose 27 percent compared with the same quarter in 2019, while sales for comparable stores fell 5 percent.

Sales to external distributors increased year-over-year, mainly driven by growth among smaller distributors, while the Norwegian and Danish markets underperformed.

External royalties decreased slightly.

Nine-month period, January-September 2020

The Group's net sales for the first nine months of 2020 amounted to SEK 544.8 million (560.4), a decrease of 2.8 percent. Excluding currency effects, sales decreased 2.6 percent.

The negative sales trend compared with the first nine months of 2019 is largely due to lower net sales in the wholesale business, which was down 4 percent due to the coronavirus, specifically the wholesale business in the Netherlands and Belgium, which fell 21 percent. All other wholesale markets except England and Sweden grew, with the German market again standing out with growth of 66 percent. The English market was down 33 percent and the Swedish market 4 percent.

Sales for the retail company in Sweden fell 14 percent in total due to the coronavirus. Sales for comparable stores decreased 7 percent for the same reason. The retail companies in the Netherlands and Belgium reported lower net sales, down 22 percent in total and 24 percent for comparable stores, driven by the coronavirus. The Finnish retail company reported a substantial increase in year-over-year sales of 76 percent, while sales fell 7 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 30 percent. E-commerce saw growth of 33 percent, with better website conversion than the previous year.

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

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

Segment	Revenue source	Operating revenue, SEK thousands		Operating profit, SEK thousands		Operating margin, %	
		2020	2019	2020	2019	2020	2019
Wholesale	Products	383,159	387,488	16,073	31,820	4	8
Consumer Direct	Products	145,005	138,878	-5,168	-3,726	-4	-3
Distributors	Products	353,919	365,789	4,745	9,654	1	3
Licensing	Royalties	67,439	68,751	11,590	12,186	17	18
Less internal sales		-381,224	-384,358				
Total		568,298	576,548	27,240	49,934	5	9

PROFIT

Third quarter, July-September 2020

The gross profit margin for the third quarter decreased to 50.4 percent (52.5). A weaker USD against SEK, positively affected the margins. Adjusted for currency effects, the gross profit margin would have been 49.7 percent. Additionally, the gross profit margin was negatively affected by increased discounts to retailers to mitigate the negative effects of the coronavirus outbreak.

Other operating revenue amounted to SEK 7.2 million (6.2) and mainly refers to unrealized gains on accounts receivable in foreign currency, which positively affects profit.

Operating expenses decreased SEK 7.1 million compared with the previous year mainly through lower staff and travel costs. The company has implemented short-term furloughs and stopped all travel where appropriate. Rental expenses have decreased as well after the headquarters was moved to smaller, less expensive premises.

Lower operating expenses and a slightly lower gross profit margin year-over-year raised operating profit to SEK 33.4 million (33.1). The operating margin was 14.9 percent (14.3).

Net financial items amounted to SEK -0.5 million (1.1). The decrease compared with 2019 is mainly due to the revaluation of financial assets and liabilities in foreign currency. Profit after tax for the period decreased to SEK 25.8 million (27.0).

Nine-month period, January-September 2020

The gross profit margin for the first nine months of 2020 decreased to 51.2 percent (54.7). Exchange rates between SEK and both USD and EUR fluctuated fairly significantly in the first nine months, but as a whole only marginally affected the gross profit margin. Adjusted for currency effects, the gross profit margin would have been 51.5 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 23.5 million (16.1) and mainly refers to unrealized gains on accounts receivable in foreign currency, which positively affected profit.

Operating expenses increased SEK 2.8 million, or by 1.0 percent, mainly driven by increased customer losses of SEK 9 million due to the coronavirus outbreak. However, the company's measures to reduce the financial impact of the coronavirus have offset the above-mentioned cost increase.

The lower revenue, coupled with the lower gross profit margin and slightly higher operating expenses than the previous year, reduced operating profit to SEK 27.2 million (49.9). The operating margin was 5.0 percent (8.9).

Net financial items amounted to SEK -3.9 million (1.3). The decrease compared with 2019 is mainly due to the revaluation of financial assets and liabilities in foreign currency. Profit after tax decreased to SEK 17.6 million (41.6).

Development by segment

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

Wholesale

The segment consists of revenue and expenses associated with the Björn Borg Group's wholesale operations. The Group has wholesale businesses in Sweden, 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 in the first nine months of 2020 amounted to SEK 381.3 million (383.7), a decrease of 1 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 and English markets also saw a decrease compared with the previous year. The Finnish and German markets as well as the footwear business reported year-over-year growth. Sales to e-tailers, which primarily sell online, increased a combined 19 percent in the first nine months of 2020 to SEK 170.7 million (143.0). All markets except the Netherlands and England grew, with Sweden and Germany seeing strong growth.

Operating profit amounted to SEK 16.1 million (31.8) compared with the previous year. The decrease is due to lower sales, combined with lower gross profit margins, negatively affected by currencies, and 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 30 stores and factory outlets in Sweden, Finland, the Netherlands, Belgium and England 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 in the first nine months of 2020 rose to SEK 144.9 million (138.7), or by 5 percent. The increase is mainly due to a higher number of stores, mainly pop-ups opened in the summer. The Group's own stores in Sweden declined 14 percent year-over-year, while comparable stores only fell 7 percent. The Benelux stores performed weakly with sales decreasing 22 percent in total and 24 percent for comparable stores. The Finnish stores, on the other hand, saw strong growth with a total year-over-year increase of 76 percent due to a higher number of stores, many in the form of pop-ups to meet demand. Comparable stores were down 7 percent, as these stores were partly closed for much of the second quarter. The store in England saw sales drop 30 percent from the previous year. In total, sales in the Group's own stores decreased 2 percent, while comparable stores fell 17 percent. This trend was offset by continued strong growth in the Group's own e-commerce, which was up 33 percent in the first nine months of 2020 compared with the previous year, mainly thanks to high website conversion.

The operating loss for the first nine months of 2020 was SEK -5.2 million (-3.7). The increased loss is mainly due to lower gross profit margins than the previous year. 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 in the first nine months of 2020 decreased to SEK 29.2 million (40.2), down 27 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 in the first nine months of the year.

Operating profit decreased to SEK 4.7 million (9.7) 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 in the first nine months of 2020 decreased to SEK 12.9 million (14.0). 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 11.6 million (12.2) for the nine months. The decline is due to the lower external sales in the segment.

Intra-Group sales

Intra-Group sales for the first nine months of 2020 amounted to SEK 381.2 million (384.4).

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 69.9 million (54.8) in the first nine months of 2020. The improvement from the previous year primarily came from the deferral of tax payments due to the coronavirus outbreak.

Cash flow from investing activities was negative at SEK -4.2 million (-7.4). The largest investments were in a product system update and new pop-up stores.

Cash flow from financing activities amounted to SEK -33.8 million (-85.3). 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 and investments amounted to SEK 60.4 million (0), plus SEK 90 million of unutilized overdraft facility at the end of the period with interest-bearing liabilities of SEK 210.0 million (294.4). Interest-bearing net liabilities, excluding lease liabilities, amounted to SEK 89.6 million (162.6). Total lease liabilities amounted to SEK 60.0 million (131.9), of which SEK 35.2 million represents the long-term share and SEK 24.5 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 because the Group resolved not to exercise the option to extend the lease on the previous headquarters and instead decided to search for new premises.

The lease on the new headquarters takes 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, Björn Borg has an overdraft facility of SEK 90 million from Danske Bank, which has not been utilized as of September 30, 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 7.0 for the third quarter and 4.0 for the fourth quarter.

As of September 30, 2020 the ratio was 2.43 (2.21) and the equity/assets ratio was 47.8 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 191 (212) for the twelve-month period ending September 30, 2020, of whom 72 percent (66) are women.

RELATED PARTY TRANSACTIONS

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

SIGNIFICANT RISKS AND UNCERTAINTIES

In its operations the Björn Borg Group is exposed to risks and uncertainties. Information on the Group's risks and uncertainties can be found on page 61 in the annual report for 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 will 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 by the end of the first quarter as well as in the second quarter of 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. 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. Despite the difficult situation, the company has a good financial position with satisfactory liquidity. As an added precaution, the company applied for, and been 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 September 30, 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 and Bjorn Borg Finland Oy. In addition, the company owns 75 percent of the shares in Bjorn Borg (China) Ltd.

The Parent Company's net sales for the first nine months amounted to SEK 76.7 million (76.8).

Profit before tax amounted to SEK 6.6 million (-1.6) in the first nine months. Cash & cash equivalents amounted to SEK 37.3 million (7.5) as of September 30, 2020.

EVENTS AFTER THE REPORTING PERIOD

The company is seeing the positive effects of the pop-up stores that were opened in the second quarter of 2020, some of which have remained in operation after the conclusion of the third quarter.

After the reporting period the company has closed two of its own retail stores, one in the UK and one in Sweden.

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 does not expect them to be met 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.

ANNUAL GENERAL MEETING

The Annual General Meeting on June 30, 2020 resolved not to pay a dividend or other distribution for the financial year 2019. Fredrik Löfstedt, Mats H Nilsson, Heiner Olbrich, Alessandra Cama and Anette Klintfeldt were re-elected to the Board of Directors. The total number of members is five. The AGM elected Heiner Olbrich as Chairman of the Board.

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 September. 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 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 been reviewed by the company's auditors. The review report can be found on page 15.

OUTLOOK 2020

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

CONSOLIDATED INCOME STATEMENT CONDENSED

SEK thousands	Note	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Oct 2019- Sep 2020	Full-year 2019
Net sales	1	224,909	230,585	544,848	560,445	741,257	756,854
Other operating revenue		7,204	6,216	23,450	16,103	29,549	22,201
Operating revenue		232,113	236,801	568,298	576,548	770,806	779,055
Goods for resale		-111,484	-109,437	-265,639	-254,010	-362,364	-350,735
Other external expenses	2	-38,485	-41,311	-123,492	-111,390	-163,871	-151,768
Staff costs		-32,750	-35,181	-94,036	-112,276	-132,227	-150,467
Depreciation/amortization of tangible/ intangible non-current assets		-8,695	-12,451	-32,667	-38,164	-51,730	-57,227
Other operating expenses		-7,296	-5,356	-25,224	-10,774	-31,942	-17,493
Operating profit		33,403	33,065	27,240	49,934	28,672	51,365
Net financial items		-452	1,075	-3,916	1,326	-7,914	-2,672
Profit before tax		32,951	34,140	23,324	51,260	20,758	48,693
Tax		-7,190	-7,134	-5,749	-9,634	-5,860	-9,745
Profit for the period		25,761	27,006	17,575	41,626	14,898	38,948
Profit for the period attributable to							
Parent Company's shareholders		25,761	27,006	17,575	41,626	14,898	38,948
Non-controlling interests		-	-	-	-	-	-
Earnings per share before dilution, SEK		1.02	1.07	0.70	1.66	0.59	1.55
Earnings per share after dilution, SEK		1.02	1.07	0.70	1.66	0.59	1.55
Number of shares		25,148,384	25,148,384	25,148,348	25,148,384	25,148,384	25,148,384

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME CONDENSED

SEK thousands	Note	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Oct 2019- Sep 2020	Full-year 2019
Net profit/loss for the period		25,761	27,006	17,575	41,626	14,898	38,948
OTHER COMPREHENSIVE INCOME							
Components that may be reclassified to profit or loss							
Translation difference for the period		301	-1,298	3,470	-3,899	1,898	-5,472
Total other comprehensive income for the period		301	-1,298	3,470	-3,899	1,898	-5,472
Total comprehensive income for the period		26,062	25,708	21,045	37,727	16,796	33,476
Total comprehensive income attributable to							
Parent Company's shareholders		26,062	25,708	21,045	37,727	16,824	33,504
Non-controlling interests		-	-	-	-	-28	-28

CONSOLIDATED STATEMENT OF FINANCIAL POSITION CONDENSED

SEK thousands	Note	Sep 30 2020	Sep 30 2019	Dec 31 2019
Non-current assets				
Goodwill		35,312	35,688	35,098
Trademarks		187,532	187,532	187,532
Other intangible assets		9,315	10,122	9,908
Tangible non-current assets		15,306	16,029	18,127
Deferred tax assets		13,270	20,828	14,958
Right-of-use assets		58,150	130,905	131,458
Total non-current assets		318,885	401,104	397,081
Current assets				
Inventory		114,755	134,704	128,424
Accounts receivable		151,681	155,614	124,805
Other current receivables		13,376	15,218	19,901
Cash & cash equivalents		60,409	–	29,002
Total current assets		340,221	305,537	302,132
Total assets		659,106	706,641	699,213
Equity and liabilities				
Equity		285,929	269,135	264,884
Deferred tax liabilities		40,356	40,329	40,370
Non-current liabilities credit institutions		150,000	150,000	150,000
Long-term lease liability		35,462	92,099	96,137
Current liability to credit institution		–	12,561	7,242
Accounts payable		40,507	37,416	55,862
Short-term lease liability		24,509	39,838	37,123
Other current liabilities		82,343	65,262	47,595
Total equity and liabilities		659,106	706,641	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				
Total comprehensive income for the period		38,027	–300	37,727
Distribution for 2018		–50,297	–	–50,297
Closing balance, September 30, 2019		275,297	–6,162	269,135
Opening balance, January 1, 2019				
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				
Total comprehensive income for the period		20,896	149	21,045
Distribution for 2019		–	–	–
Closing balance, September 30, 2020		291,670	–5,741	285,929

CONSOLIDATED STATEMENT OF CASH FLOWS CONDENSED

SEK thousands	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Full-year 2019
Cash flow from operating activities					
Before changes in working capital	43,042	44,684	43,280	78,873	91,715
Changes in working capital	-38,036	-29,289	26,605	-24,094	20,797
Cash flow from operating activities	5,006	15,395	69,885	54,779	112,512
Investments in intangible non-current assets	-154	-435	-2,176	-3,005	-3,845
Investments in tangible non-current assets	-350	-1,936	-2,036	-4,365	-8,732
Cash flow from investing activities	-504	-2,371	-4,212	-7,370	-12,577
Distribution	-	-	-	-50,297	-50,297
Amortization of loans	-40,000	-	-40,000	-	-
Amortization of lease liability	-11,319	-9,783	-22,656	-29,436	-47,218
Repayment of convertible loan	-	-18,153	-	-18,153	-18,153
Loan proceeds	-	-	40,000	-	-
Overdraft facility	-	12,561	-7,242	12,561	7,242
Cash flow from financing activities	-51,319	-15,375	-33,788	-85,325	-108,426
Cash flow for the period	-50,092	-2,351	28,609	-37,916	-8,491
Cash & cash equivalents at beginning of year	105,171	2,170	29,002	36,388	36,388
Translation difference in cash & cash equivalents	2,054	181	-478	1,528	1,105
Cash & cash equivalents at end of the period	60,409	-	60,409	-	29,002

KEY FIGURES GROUP

SEK thousands	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Oct 2019- Sep 2020	Full-year 2019
Gross profit margin, %	50.4	52.5	51.2	54.7	51.1	53.7
Operating margin, %	14.9	14.3	5.0	8.9	3.9	6.8
Profit margin, %	14.7	14.8	4.3	9.1	2.8	6.4
Return on capital employed, %	5.3	15.7	5.3	15.7	5.3	12.0
Return on average equity, %	5.4	20.9	5.4	20.9	5.4	14.3
Profit attributable to Parent Company's shareholders	25,761	27,006	17,575	41,626	14,898	38,948
Equity/assets ratio, % *	47.8	38.1	47.8	38.1	47.8	46.9
Equity per share, SEK	11.37	10.70	11.37	10.70	11.37	10.53
Investments in intangible non-current assets	154	435	2,176	3,005	3,016	3,845
Investments in tangible non-current assets	350	1,936	2,036	4,365	6,403	8,732
Depreciation, amortization and impairment losses for the period	-8,695	-12,451	-32,667	-38,164	-51,730	-57,227
Average number of employees **	176	212	176	212	191	212

* The figure has been adjusted for lease liabilities after the introduction of IFRS 16 Leasing as of January 1, 2019. The definition of the figure can be found on page 14.

** The figure for the third quarter was affected by short-term furloughs as it shows full-time employees.

SUMMARY BY SEGMENT GROUP

SEK thousands	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Oct 2019- Sep 2020	Full-year 2019
Operating revenue						
Wholesale						
External revenue	149,248	162,100	381,317	383,695	513,860	516,237
Internal revenue	227	1,749	1,842	3,793	12,247	14,198
	149,475	163,849	383,159	387,488	526,107	530,435
Consumer Direct						
External revenue	64,960	57,150	144,916	138,659	203,322	197,065
Internal revenue	43	164	89	219	96	225
	65,003	57,314	145,005	138,878	203,417	197,290
Distributors						
External revenue	13,906	12,110	29,212	40,175	39,320	50,284
Internal revenue	123,820	133,299	324,707	325,614	412,622	413,529
	137,726	145,409	353,919	365,789	451,942	463,813
Licensing						
External revenue	3,999	5,443	12,853	14,018	14,304	15,468
Internal revenue	21,879	22,948	54,586	54,733	67,821	67,969
	25,878	28,391	67,439	68,751	82,125	83,437
Less internal sales	-145,969	-158,162	-381,224	-384,358	-492,785	-495,920
Operating revenue	232,113	236,801	568,298	576,548	770,806	779,055
Operating profit						
Wholesale	22,344	21,717	16,073	31,820	13,841	29,587
Consumer Direct	4,431	3,079	-5,168	-3,726	-4,150	-2,707
Distributors	2,747	3,372	4,745	9,654	6,184	11,094
Licensing	3,881	4,897	11,590	12,186	12,795	13,391
Operating profit	33,403	33,065	27,240	49,934	28,672	51,365

Reconciliation between operating profit and profit before tax

The difference between operating profit for segments for which information must be disclosed, SEK 33,403 thousand (33,065), and the result before tax, SEK 32,951 thousand (34,140), is net financial items, SEK -452 thousand (1,075).

QUARTERLY DATA GROUP

SEK thousands	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018
Net sales	224,909	147,966	171,973	196,407	230,585	141,705	188,155	196,898
Gross profit margin, %	50.4	49.1	54.1	50.8	52.5	55.4	56.8	55.5
Operating profit/loss	33,403	-13,410	7,247	1,432	33,065	-1,678	18,545	16,033
Operating margin, %	14.9	-9.1	4.2	0.7	14.3	-1.2	9.9	8.1
Profit/loss after financial items	32,951	-22,846	13,218	-2,566	34,140	-2,828	19,946	16,081
Profit margin, %	14.7	-15.4	7.7	-1.3	14.8	-2.0	10.6	8.2
Earnings per share before dilution, SEK	1.02	-0.75	0.42	-0.11	1.07	-0.09	0.67	0.58
Earnings per share after dilution, SEK	1.02	-0.75	0.42	-0.11	1.07	-0.09	0.67	0.58
Number of Björn Borg stores at end of period	33	33	33	33	33	32	32	34
of which Group-owned Björn Borg stores	30	30	30	30	30	29	29	30
Brand sales	443,619	277,149	450,792	380,927	513,901	272,185	473,112	453,784

PARENT COMPANY INCOME STATEMENT CONDENSED

SEK thousands	Note	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Oct 2019- Sep 2020	Full-year 2019
Net sales		25,445	25,658	76,698	76,836	102,364	102,502
Other operating revenue		241	458	851	1,997	1,455	2,499
Operating revenue		25,686	26,116	77,549	78,833	103,819	105,001
Goods for resale		-3	-	-3	-2	-3	-2
Other external expenses	2	-6,255	-15,771	-35,687	-44,131	-55,859	-64,303
Staff costs		-7,583	-8,654	-25,712	-30,623	-35,347	-40,258
Depreciation/amortization of tangible/ intangible non-current assets		-602	-542	-1,769	-1,555	-2,310	-2,096
Other operating expenses		-188	-252	-1,419	-790	-2,036	-1,305
Operating profit/loss		11,055	897	12,959	1,732	8,264	-2,963
Result from shares in subsidiaries		-	-	-	-	37,725	37,725
Net financial items		-1,799	-815	-6,345	-3,355	-7,990	-5,000
Profit/loss after financial items		9,256	82	6,614	-1,623	37,999	29 762
Group contributions received		-	-	-	-	15,761	15,761
Appropriations		-	-	-	-	-429	-429
Profit/loss before tax		9,256	82	6,614	-1,623	53,331	45,094
Tax		-	-	-	-293	-1,780	-2,073
Profit/loss for the period		9,256	82	6,614	-1,916	51,551	43,021
Other comprehensive income		-	-	-	-	-	-
Total comprehensive income for the period		9,256	82	6,614	-1,916	51,551	43,021

PARENT COMPANY BALANCE SHEET CONDENSED

SEK thousands	Note	Sep 30 2020	Sep 30 2019	Dec 31 2019
Non-current assets				
Intangible assets		5,037	6,743	6,449
Tangible non-current assets		859	1,055	1,010
Deferred tax		11	16	11
Shares in Group companies		346,606	344,106	344,106
Total non-current assets		352,513	351,920	351,576
Current assets				
Receivables from Group companies		827,649	714,926	771,067
Current receivables		1,659	6,687	8,757
Cash & cash equivalents		37,314	7,455	-
Total current assets		866,622	729,068	779,824
Total assets		1,219,135	1,080,988	1,130,400
Equity and liabilities				
Equity		200,626	149,075	194,012
Untaxed reserves		1,038	609	1,038
Non-current liabilities credit institutions		150,000	150,000	150,000
Current liability to credit institution		-	-	7,242
Due to Group companies		853,070	753,355	755,248
Accounts payable		3,498	8,413	5,514
Other current liabilities		10,903	19,536	18,346
Total equity and liabilities		1,219,135	1,080,988	1,130,400

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY CONDENSED

SEK thousands	Jan-Sep 2020	Jan-Sep 2019	Full-year 2019
Opening balance	194,012	201,288	201,288
Distribution	–	–50,297	–50,297
Total comprehensive income for the period	6,614	–1,916	43,021
Closing balance	200,626	149,075	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	
	Jan-Sep 2020	Jan-Sep 2019
Sweden	203,943	208,091
Netherlands	125,758	147,032
Finland	95,132	82,185
Other	120,015	123,137
Total net sales	544,848	560,445

NOTE 2 OTHER EXTERNAL EXPENSES

SEK thousands	Group		Parent Company	
	Jan-Sep 2020	Jan-Sep 2019	Jan-Sep 2020	Jan-Sep 2019
Cost of premises	8,450	5,896	9,039	8,364
Selling expenses	42,790	34,586	2,139	2,835
Marketing expenses	31,942	40,077	13,027	19,730
Administrative expenses	35,042	23,171	10,396	11,286
Other	5,268	7,660	1,086	1,916
Total	123,492	111,390	35,687	44,131

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, November 20, 2020

Heiner Olbrich
Chairman

Alessandra Cama
Board member

Anette Klintfeldt
Board member

Fredrik Lövestedt
Board member

Mats H Nilsson
Board member

Henrik Bunge
CEO

REVIEW REPORT

INTRODUCTION

We have reviewed the interim report for Björn Borg AB (publ) for the period January 1 to September 30, 2020. The Board of Directors and the President are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

SCOPE OF REVIEW

We conducted our review in accordance with the International Standard on Review Engagements (ISRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with the International Standards of Auditing (ISA) and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not, in all material aspects, prepared in accordance with IAS 34 and the Annual Accounts Act for the Group and in accordance with the Annual Accounts Act for the Parent Company.

Stockholm, November 20, 2020
Deloitte AB

Didrik Roos
Authorized Public Accountant

KALENDARIUM 2020

Year-end report for 2020 will be released at 7:30 am (CET) on February 26, 2021.

Annual report 2020 in late April 2021.

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

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.

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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 2019 amounted to about SEK 1.6 billion, excluding VAT, at the consumer level. Group net sales amounted to SEK 756.9 million in 2019, with an average of 212 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 fall/winter 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 November 20, 2020 at 7:30 am (CET).