

**BJÖRN BORG** 



Q4 2020

Henrik Bunge, CEO  
Jens Nyström, CFO

Björn Borg



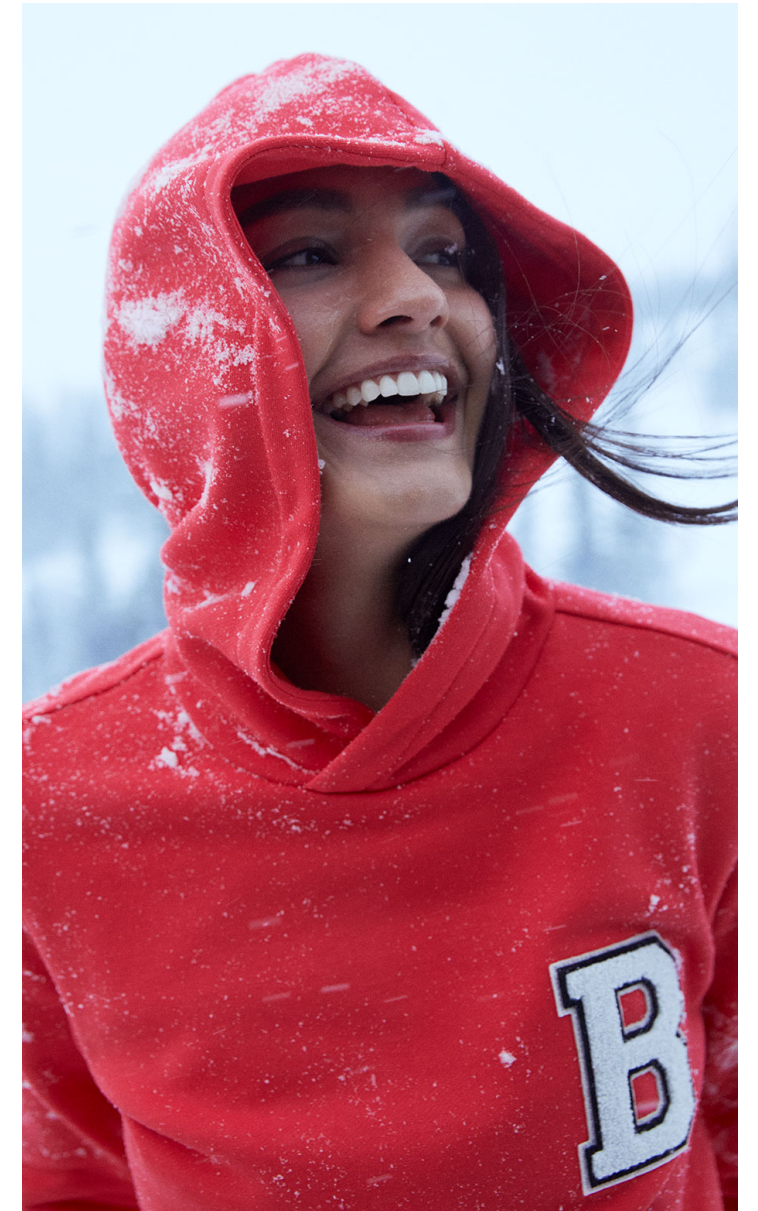
# The world is changing and so must we....

1. Physical activity gap.
2. Marketing shift.
3. Digital fitness & exercise.
4. Fashion vs. Sports.
5. Sustainability.
6. Shopping behaviors.



# Q4 2020 SUMMARY

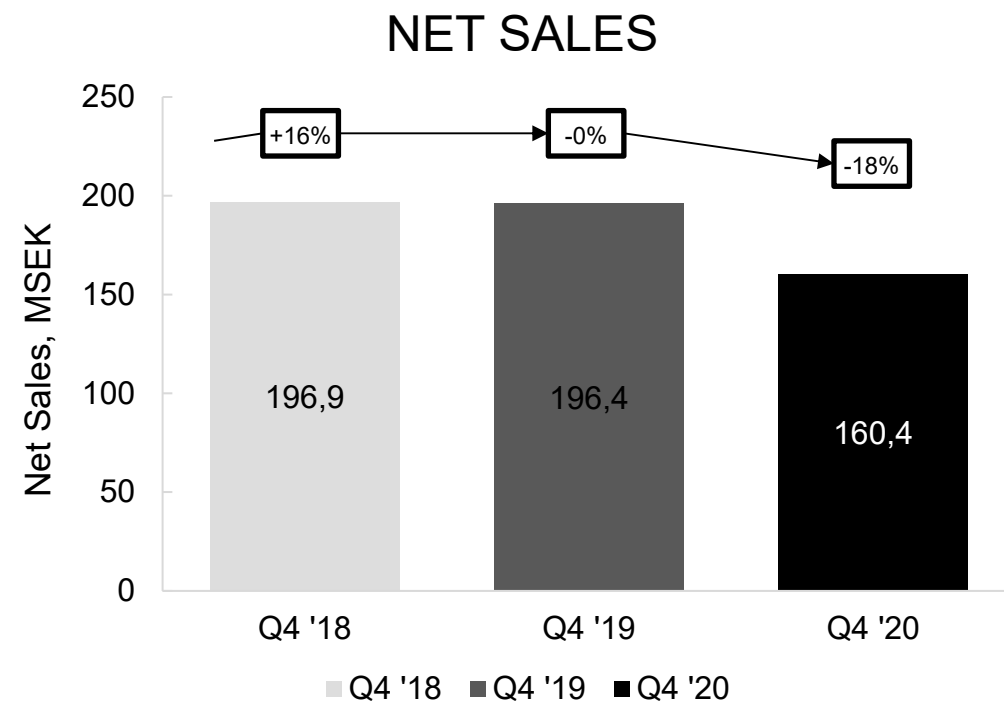
- The last quarter of 2020 was continuously negatively impacted by Covid-19/Corona, with lock down in the Netherlands, Germany and UK.
- Net sales decreased with -18.4% in the quarter mainly driven by a weak quarter for our wholesale markets in Holland, Sweden and Finland, offset by the German wholesale market, as well as own e-commerce which increase +53% in the quarter. Currency neutral the net sales decrease is -15.0%
- Wholesale business is overall decreasing -30% in the quarter, driven by the Dutch, Swedish and Finnish markets, offset by positive developments in the German market.
- Own retail sales decrease in total -27%, mainly related to lock down in the Netherlands. Comparable stores decrease -38%, all related to the negative effects of the Corona virus.
- Own e-commerce continue to show strong development and increase with +53% in the quarter.
- External distributors increase +53% in the quarter, main increase in Norway.
- The licence business decline -24% in the quarter, where mainly bags are representing the decrease.
- Gross profit margin increase +5.8 ppt vs LY, mainly due to increased focus on profitability in the wholesale segment and positive currency effects. Currency neutral the increase is +2.3 ppt.
- Operating profit increased to SEK +6.5 million (+1.4) due to increased focus on profitability in the gross margin and the measures the company has taken to reduce operational expenses.





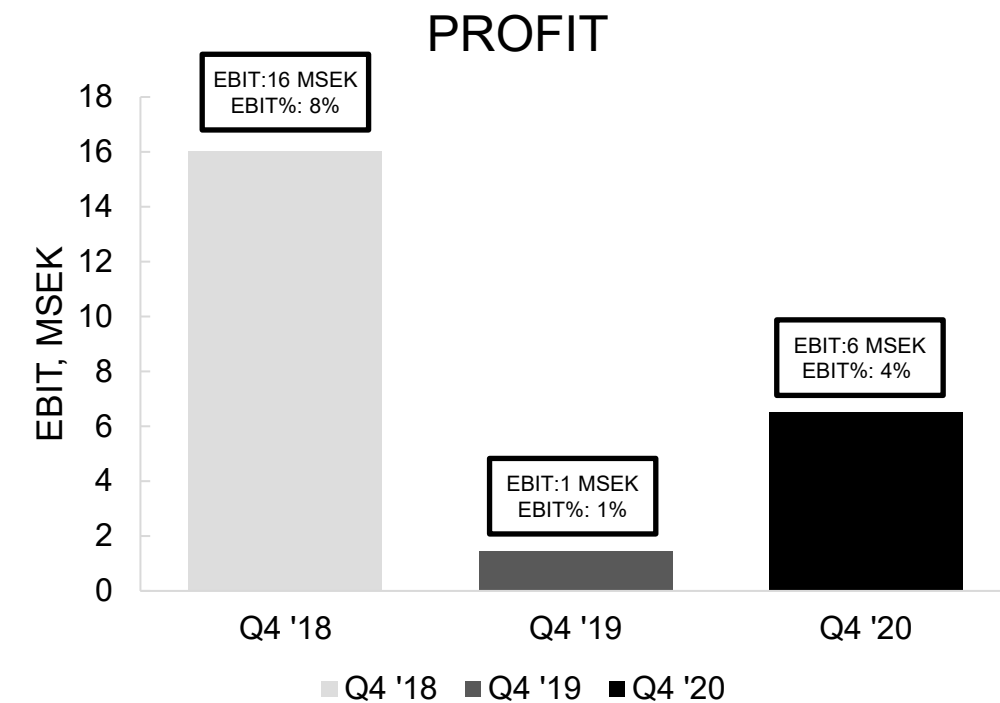
Q4 2020 show a decrease in sales vs last year, but EBIT increase due to improved gross profit margin and good OPEX cost control.

– Net sales and operating profit development by quarter



NET SALES SEK 160.4 million (196.4)

- + Own e-commerce
- + Distributors
- + E-tail wholesale business
- Regular wholesale business
- Own Retail



OPERATING PROFIT SEK 6.5 million (1.4)

- + General control of OPEX
- + Improved gross profit margin
- Higher wholesale discounts

# Key financials YTD Q4 2020 vs 2019

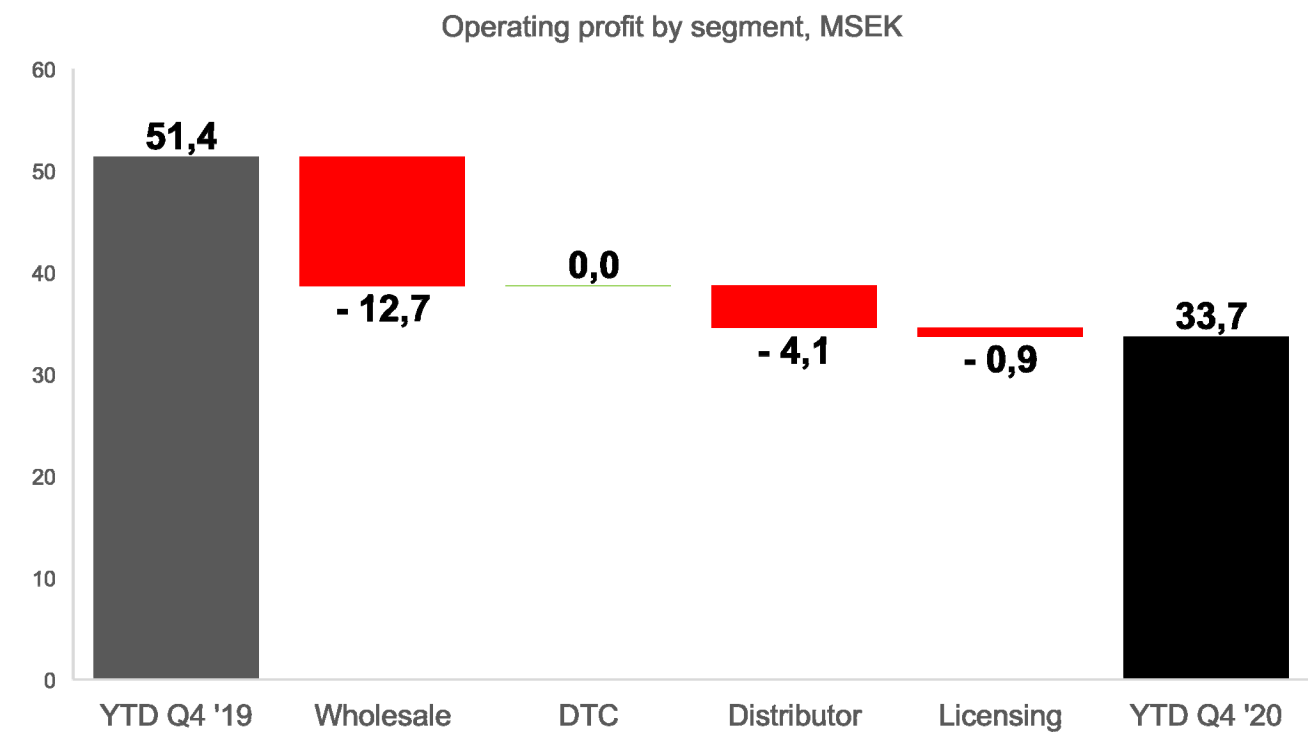
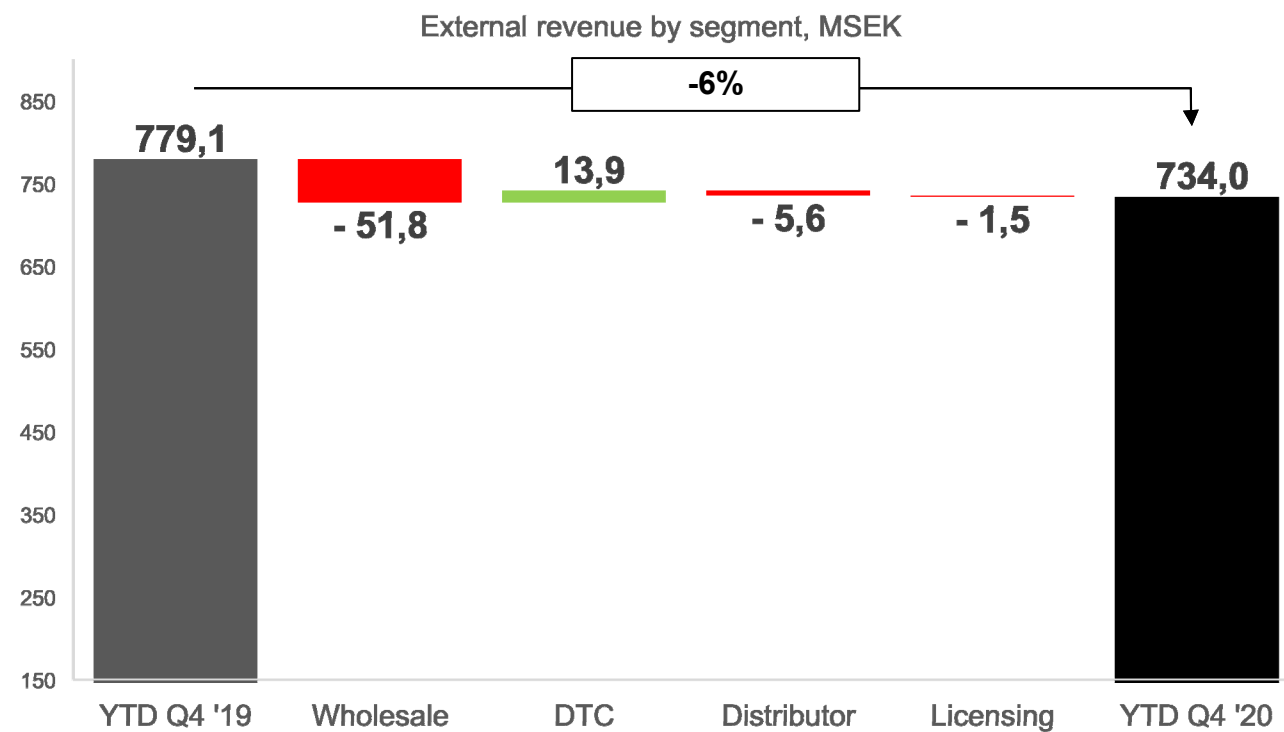
MSEK	YTD Q4 2019	YTD Q4 2020	+/-
Net sales	756.9	705.2	-6.8%
Gross profit margin %	53.7%	52.5%	-1.2 ppt
Operating expenses <sup>1)</sup>	377.0	365.1	+3.1%
Operating profit	51.4	33.7	-34.4%
Operating margin %	6.8%	4.8%	-2.0 ppt
Earnings per share, SEK	1.55	0.75	

<sup>1)</sup> Excluding goods

- The gross profit margin is positively affected with +0.6 ppt due to fx effects.

Sales decrease mainly related to negative effects from Corona. Also EBIT decline due to increased customer discounts and bad debt losses.

– Full year revenue and operating profit by segment



- Wholesale; growth in Germany and Footwear, offset by a decline in Benelux, Sweden, Finland and the UK.
  - Operating profit declining due sales decline, increased customer discounts and bad debt losses.
- DTC; e-com +38% vs last year while own retail decrease in total stores with -8% while in comparable stores it decreases with -24% vs last year.
  - Operating profit is in line with last year.
- Distributor sales decrease (-11%) due to poor development mainly in Denmark.
- The licensing business decrease vs last year mainly related to bags, offset by strong sales of footwear.





## Opportunity

Emerging trends shows that training in many ways is turning from a one-sided body-focus towards a new understanding of health.

Properly utilized these insights will give us an opportunity to build a strong position for Björn Borg as a sports brand with a fashion edge that capitalize on the growing health trend and the public interest in wellbeing.

That is why we train to live, and as a brand will offer multiple categories enabling anyone to be their best versions of themselves.



Northern star

Where are we going?

The no1 Sports fashion brand for people who want to feel active and attractive.

KPIs

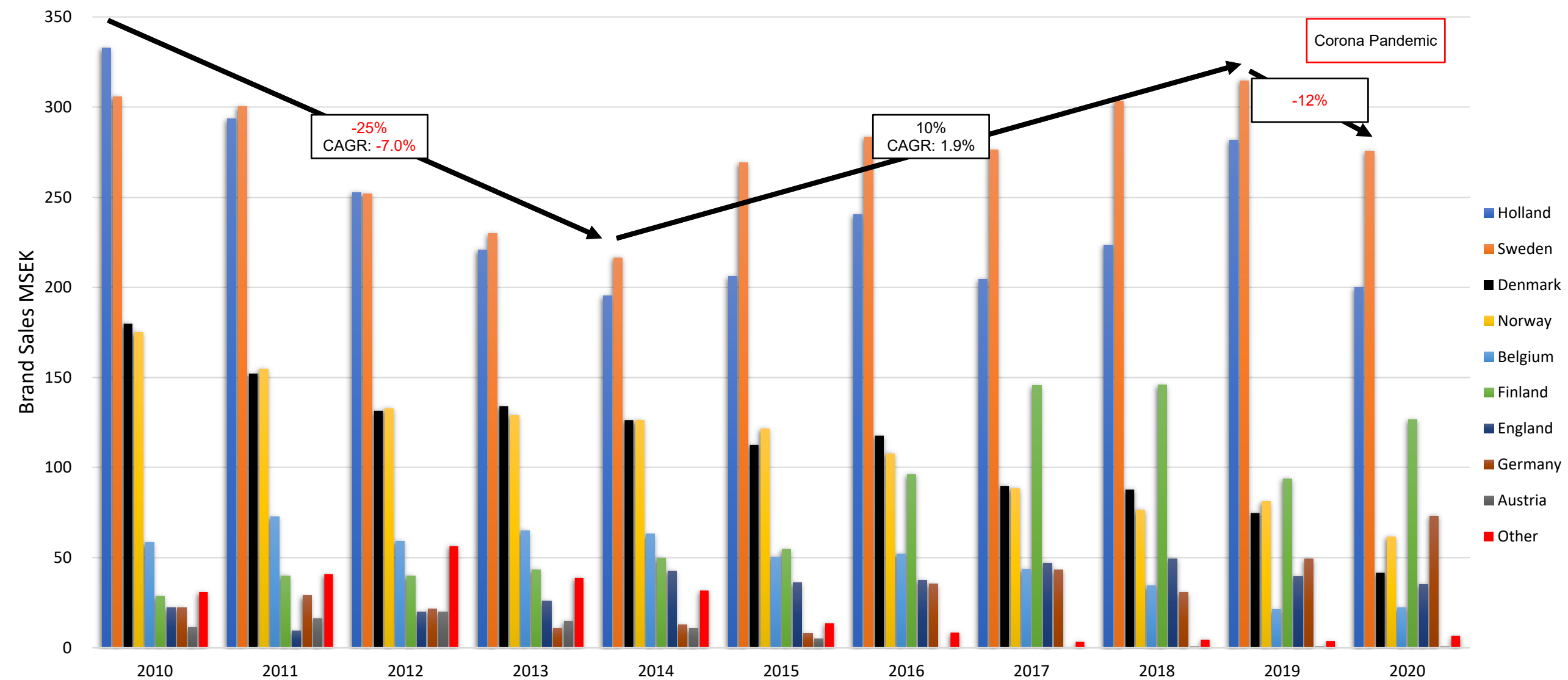
- Brand preference “Suits me” – mid single digit growth annually
- Employee engagement – low single digit growth annually
- EBIT – double digit EBIT margin
- Total sales – mid single digit growth



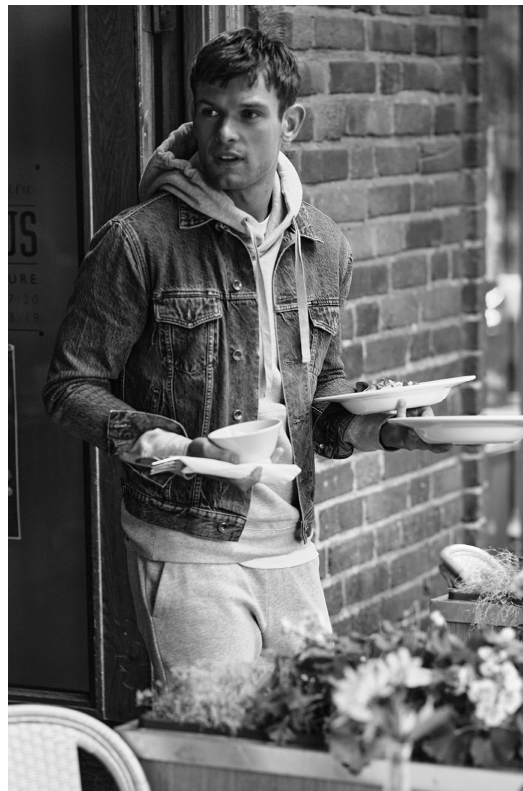
Björn Borg

# The plan to build a sport fashion brand, without loosing relevance in the Men's UW category has worked

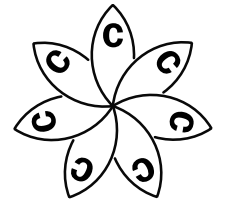
Brand sales development UW by market – 2010-2020 [MSEK]







# Consumer – Succeeding through knowledge



## Who are we talking to?

Björn Borg is for the people who train to live. They hit the gym, but they know that they are more than what they lift, run or bend. They live in an urban environment, so going out on the weekend, and being the epicenter of their social circle comes naturally for them.

They are involved in society, and take care of the environment, because they are intelligent enough to care about the next generation, but they are not hardcore activists.

They have confidence in who they are and what they have achieved, but they know they can always reach another level. And then another after that. Because first and foremost they strive to grow as humans. Sports is one of their ways of growing, fashion is another

## What we measure & how?

1. Share of consumers with the mindset that Björn Borg is “A brand that suits me”.
  - Tool – “Extreme” 285 respondents in 5 markets every week
2. What our consumers say online:
  - Company reviews – Trustpilot
  - Product reviews – Yotpo
  - Engagement on social – Instagram & FB
  - AB-testing of site and newsletter – Google optimize & Voyado
3. Reason for contacting our customer success team and satisfaction rate – Zendesk.
4. Ecom data: demographics, interest, geographic, behaviour – Google Analytics.
5. Sales and product performance within Team Borg – Voyado.
6. Offline consumer satisfaction – Google my business.





No.3 Sports Brand



No.1 Underwear brand  
Nordic and Holland



+50% Awareness in mind  
– Sports brand



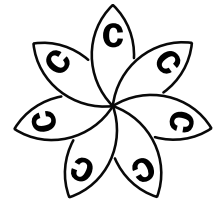


## SUSTAINABILITY AT BJÖRN BORG

We want to inspire people to lead a sustainable life. That includes offering Greener products, sourced in a responsible way and transported with greener alternatives.

- Target to be compliant with UN's Agenda 2030 and reduce our GHG emission by 30% to 2030.
- 45% of customers consider Björn Borg a sustainable brand
- Well ahead of Customer expectations
- AW 2021 100% of Clothing is classified Sustainably Sourced.
- All vendors enrolled in BSCI, Business social compliance initiative
- Effective buying processes & one central, green warehouse





# Channels

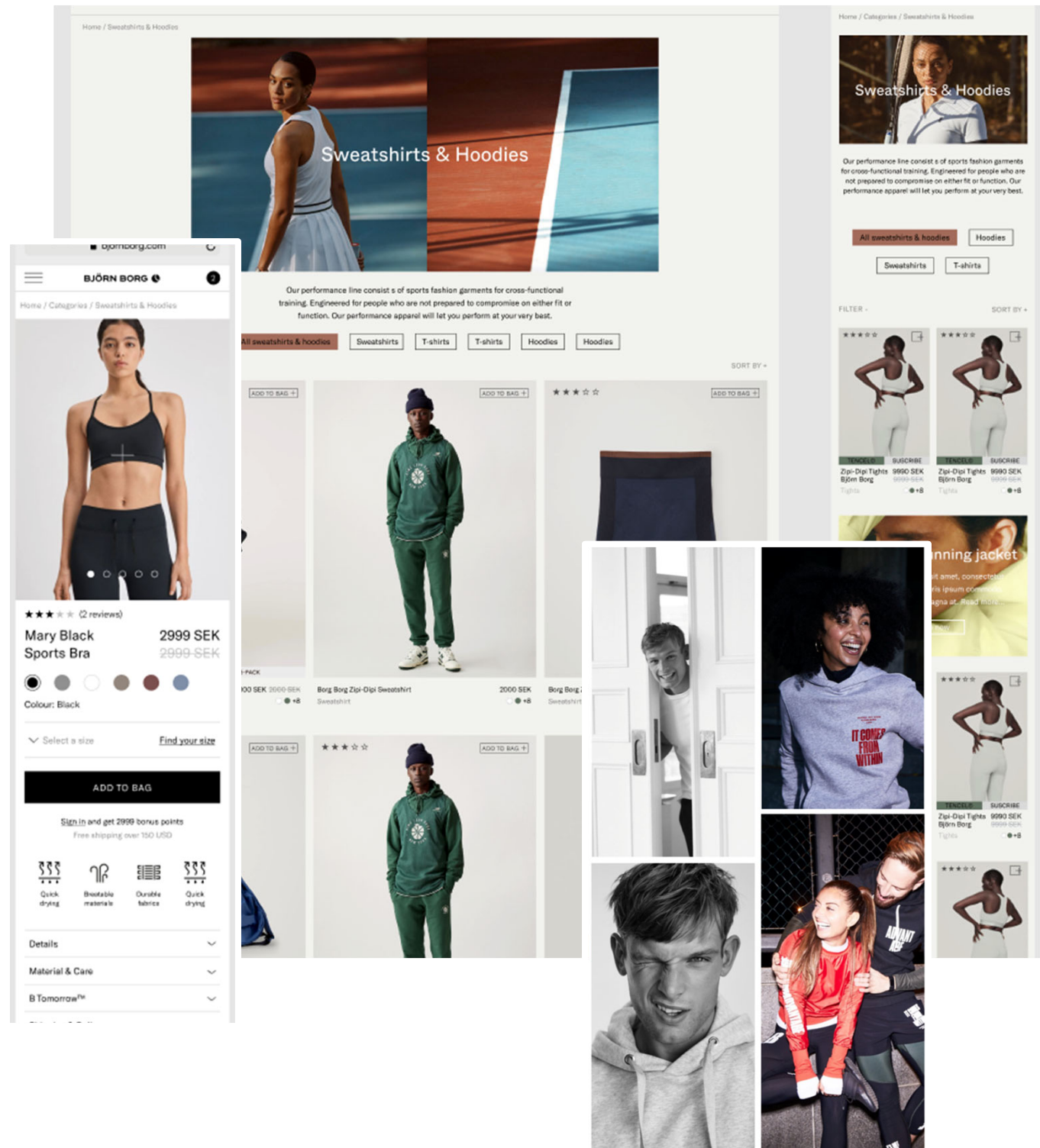
## – E-commerce through Björn Borg.com, marketplaces and e-tailers

One brand – online first

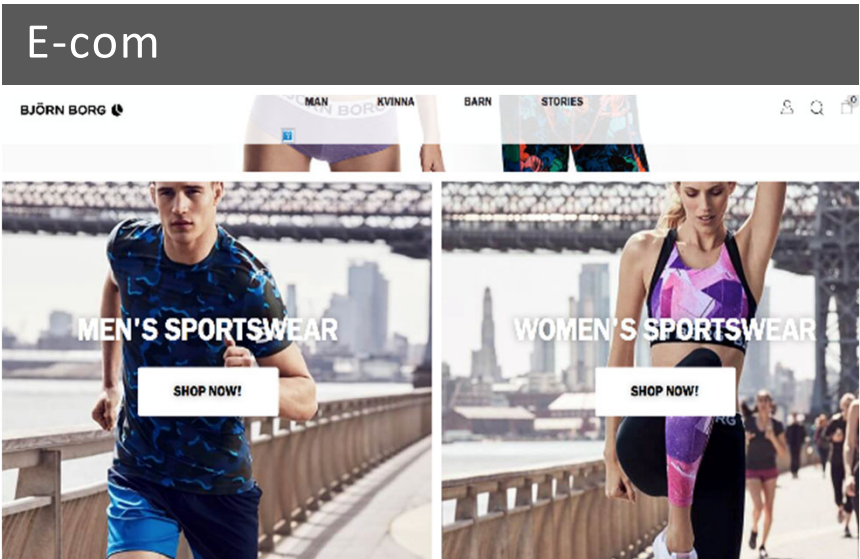
Online is where we find our future growth. Online is where our consumer will meet and engage with us first. Everything we do and everything we create need to be with the mindset of online first.

## E-commerce

Online growth potential is endless. It's also challenging due to the competition and complex factors behind every transaction. Key to success is understanding our consumer and personalize every step of the funnel.



# Online attack is divided in three different focus areas



**Compound Annual Growth Rate 2013-2020**  
+32%  
YTD 2020 +38% (+53% in Q4 2020)



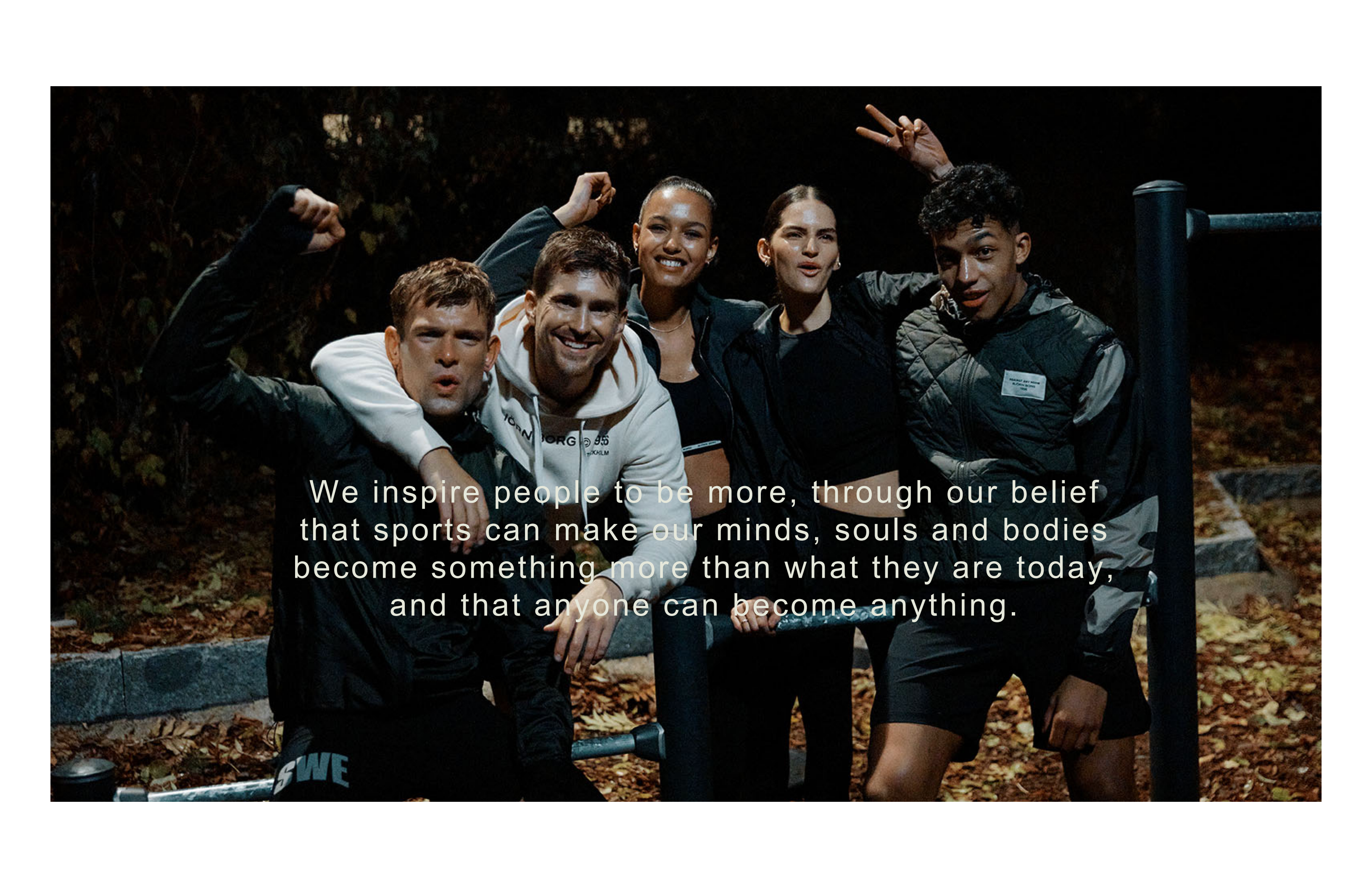
**Untapped potential**  
Market place model with amazon live,  
YTD 2020 +165%.



**Compound Annual Growth Rate 2013-2020**  
+25%  
YTD 2020 +7%  
Best in class: YTD 2020 +48%

**Underlying online market growth 2013-2020 18%**



A group of five young adults, three men and two women, are posing together at night in what appears to be a park or outdoor fitness area. They are all wearing athletic clothing. The man on the far left is wearing a dark jacket with 'SWE' visible on the sleeve and has his right arm raised in a fist. The man next to him is wearing a white hoodie with 'JORN JORG 9.5' and 'KKLM' on it, and is smiling. The woman behind him is wearing a dark jacket and has her arm raised. The woman next to her is wearing a dark jacket and is looking towards the camera. The man on the far right is wearing a dark quilted jacket with a name tag that reads 'MARKUS JAY HINE', 'B/Chris Hine', and '1998', and is making a peace sign with his right hand. They are all standing in front of a dark background with some foliage and a metal railing. The ground is covered with fallen leaves.

We inspire people to be more, through our belief  
that sports can make our minds, souls and bodies  
become something more than what they are today,  
and that anyone can become anything.



**THANK YOU**