

# BJÖRN BORG

Björn Borg AB • Interim report  
January-September 2022

## Continued very strong growth in own e-commerce

### JULY 1 - SEPTEMBER 30, 2022

- Group net sales amounted to SEK 248.6 million (240.1), an increase of 3.5 percent.
- Net sales for own e-commerce and e-tailers amounted to SEK 82.2 million (86.3), a decrease of 4.7 percent. Sales for own e-commerce increased by 28 percent to SEK 29.5 million (22.9).
- The gross profit margin amounted to 48.2 percent (54.4). Currency-neutral, the gross profit margin amounted to 54.5 percent, an increase of 0.1 percentage points.
- Operating profit amounted to SEK 30.6 million (52.4). Currency neutral and adjusted for non-recurring items, operating profit amounted to SEK 53.2 million, an increase of 1.5 percent.
- Profit after tax amounted to SEK 22.2 million (40.1).
- Earnings per share before and after dilution amounted to SEK 0.88 (1.59).

### JANUARY 1 - SEPTEMBER 30, 2022

- Group's net sales amounted to SEK 636.8 million (587.6), an increase of 8.4 percent.
- Net sales for own e-commerce and e-tailers amounted to SEK 226.4 million (233.3), a decrease of 3.0 percent. Sales for own e-commerce increased by 15 percent to SEK 80.4 million (70.1).
- The gross profit margin amounted to 50.4 percent (54.6). Currency-neutral, the gross profit margin amounted to 55.1 percent, an increase of 0.5 percentage points.
- Operating profit amounted to SEK 65.1 million (94.1). Currency neutral and adjusted for non-recurring items, operating profit amounted to SEK 102.9 million, an increase of 9.4 percent.
- Profit after tax amounted to SEK 45.6 million (75.0).
- Earnings per share before and after dilution amounted to SEK 1.81 (2.98).

### QUOTE FROM THE CEO

"Very strong growth for our own e-commerce which increased by 28 percent during the third quarter of the year and adjusted for non-recurring items and currency changes, we have never shown higher profitability in a single quarter." comments CEO Henrik Bunge.

SEK million	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021	Oct 2021- Sep 2022	Full year 2021
Net sales	248.6	240.1	636.8	587.6	817.3	768.2
Gross profit margin, %	48.2	54.4	50.4	54.6	51.0	54.2
Operating profit	30.6	52.4	65.1	94.1	75.2	104.1
Operating margin, %	12.3	21.8	10.2	16.0	9.2	13.5
Profit after tax	22.2	40.1	45.6	75.0	56.7	86.0
Earnings per share before dilution, SEK	0.88	1.59	1.81	2.98	2.25	3.42
Earnings per share after dilution, SEK	0.88	1.59	1.81	2.98	2.25	3.42



## CEO comments

With the first three quarters of the year now a matter of record, I can state that, currency neutral, we have never been more profitable or had a higher turnover. This statement of strength proves that our business concept of building a global sports fashion brand leads both to increased profitability and increased growth. Currency-neutral and adjusted for planned one-off costs, the operating profit for our first three quarters of 2022 would have been SEK 102.9 million (94.1) and for the third quarter SEK 53.2 million (52.4). The one-off costs during 2022 are the costs for the long term incentive program with SEK 9.8 million for the first nine months of the year, where SEK 3.9 million is for the third quarter of 2022, and reserves for potential repayment of governmental Covid-support the company received during 2020 and 2021 for the Dutch operation. For both the first nine month and the third quarter the mentioned support equals a cost of SEK 7.2 million. But reality is not free from one-of costs, nor is the reality currency neutral, and currency changes are one of the challenges that we as a team have to deal with. In addition to very unfavorable USD exchange rates, the quarter continued to be characterized by rising inflation and troubled times in the world around us. Undoubtedly, these factors have a major impact on consumer consumption. For our part, there is of course reason for caution, but we know that our largest category, men's underwear, is less sensitive to economic fluctuations than other categories. Furthermore, we see that the prices of raw materials have stabilized and that shipping prices, mainly driven by lower container costs, are now going down. We have a strong belief in our business, but we also have great humility in the face of troubled times ahead.

Net sales during the quarter amounted to SEK 248.6 million (240.1), an increase of 3.5 percent. We saw continued losses at several of our e-tailers, but at the same time we continued with very good growth in our own e-commerce. Our wholesale operations grew in all markets except the Netherlands and Belgium. Our sports apparel collection continued to grow and increased during the quarter by 21

percent. Bags showed strong growth figures, while underwear and footwear decreased by 7 percent and 8 percent respectively, which can be attributed to the loss we had with e-tailers.

The gross profit margin decreased to 48.2 percent (54.4). Adjusted for currency effects, the gross profit margin would have been 54.5 percent, an increase compared to the previous year. Reduced discounts both in own retail stores and own e-commerce, and in wholesale operations, is the explanation for the currency-neutral gross profit margin increase. We increased our operating expenses in the quarter by SEK 13.6 million as planned. Increased marketing costs were one explanation, but the result was also negatively affected by the company's incentive program that expires in 2022.

Increased sales with a lower gross profit margin and increased costs meant that our operating profit decreased to SEK 30.6 million (52.4), an operating margin of 12.3 percent (21.8).

Clearly, we are currently operating in challenging times and, obviously, everything that happens affects us. But even in challenging times it is possible to create strong results. The third quarter of the year showed several victories which gave us both the courage and perseverance to continue building on our business idea. Never have we had higher profitability in a single quarter, adjusted for non-recurring items and currency changes, than we had in our own e-commerce, which increased by 28 percent during the third quarter of the year. We also saw continued good growth for our sports apparel collection. We are increasingly being seen as a sports fashion brand, and our strong development in Sweden, where our brand preference increased by 23 percent, is particularly pleasing. As we have said earlier, our journey has only just begun, and I look forward with confidence to the challenging times ahead where we can continue to develop our business.

So, let's go!

Head coach,  
Henrik Bunge



## Group development

### OPERATING REVENUE THIRD QUARTER 2022

The third quarter of the year showed an improvement in total operating revenue, including other income, of 4.5 percent to SEK 255.0 million (243.9). Adjusted for currency effects, total operating revenue increased by 1.7 percent in the quarter.

### PRODUCT AREAS THIRD QUARTER 2022

The underwear product area showed a decrease in sales of 7 percent for the third quarter of 2022, while sports apparel increased by 21 percent.

Sales of footwear decreased by 8 percent compared to the previous year's third quarter, mainly due to timing in distribution, while in other product areas, sales increased by 47 percent, with bags accounting primarily for the increase.

### MARKETS THIRD QUARTER 2022

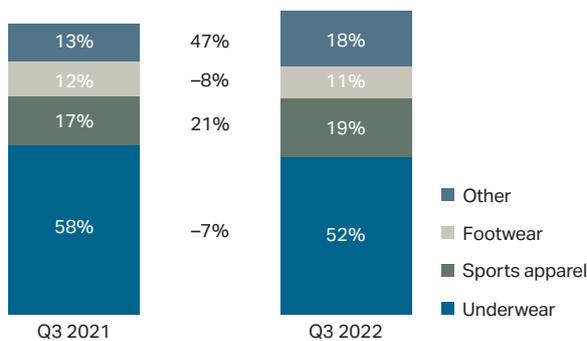
Sales increased in the largest market, Sweden, during the third quarter of the year by 2 percent, while the second largest market, the Netherlands, decreased by 7 percent. Finland increased by 2 percent and Germany increased by 8 percent. Sales in Denmark increased during the third quarter by 6 percent, while Belgium decreased by 14 percent. Other smaller markets increased by a total of 45 percent.

### CHANNELS THIRD QUARTER 2022

The largest channel, the wholesale business, showed a total increase of 5 percent during the third quarter of 2022, where physical stores increased by 19 percent. E-tailers

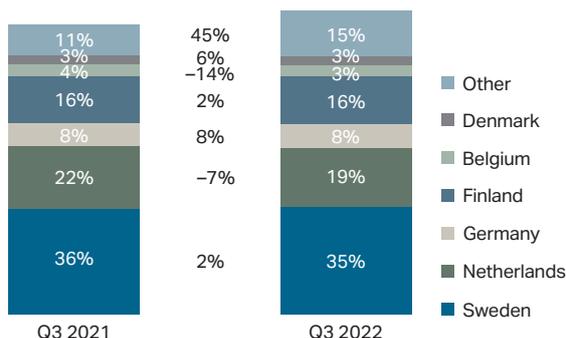
### PRODUCT AREAS – SHARE OF TOTAL SALES

SEK 244 million – Growth 5% – SEK 255 million



### MARKETS – SHARE OF TOTAL SALES

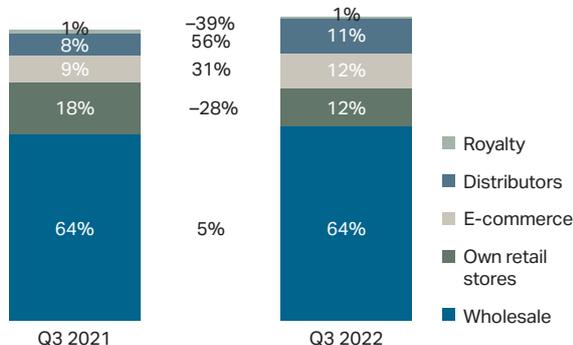
SEK 244 million – Growth 5% – SEK 255 million



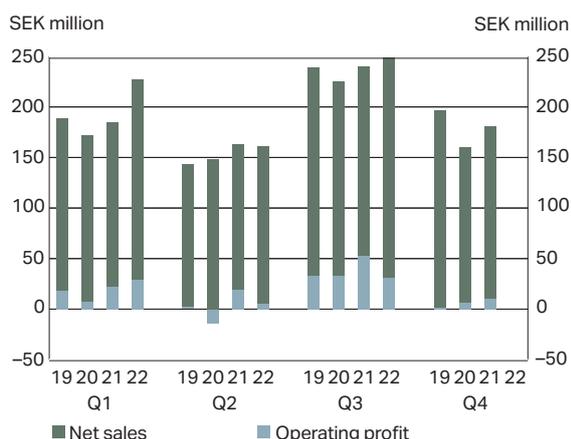
within the wholesale business, on the other hand, were down by 17 percent. Own retail stores decreased in total compared to the previous year by 28 percent, while comparable stores decreased by 11 percent in the quarter. Own e-commerce continued to show strong growth and increased by 28 percent. External distributors increased sales by 56 percent compared to the previous year, while royalty income decreased slightly.

#### CHANNELS – SHARE OF TOTAL SALES

SEK 244 million – Growth 5% – SEK 255 million



#### QUARTERLY NET SALES AND OPERATING PROFIT, 2019-2022



#### NET SALES

##### Third quarter, July-September 2022

Group net sales during the third quarter amounted to SEK 248.6 million (240.1), an increase of 3.5 percent. The currency effect was positive on sales in the quarter, although adjusted net sales decreased by 0.4 percent.

The main explanation for the decrease in the quarter was that the company saw a temporary decrease in demand from e-tailers within the wholesale business, mainly the Netherlands and Sweden. For further details, see below under "Development by segment".

##### The nine-month period, January-September 2022

Group's net sales during the first nine months amounted to SEK 636.8 million (587.6), an increase of 8.4 percent. The currency effect was positive on turnover which increased by 4.9 percent after adjustment,

The main explanation for the increase during the first nine months of the year was increased demand in physical retail where, above all, the largest market, Sweden, showed strong growth. For further details, see below under "Development by segment".

#### RESULTS

##### Third quarter, July-September 2022

The gross profit margin for the third quarter fell to 48.2 percent (54.4). Adjusted for currency effects, the gross profit margin would have been 54.5 percent, i.e. an increase of 0.1 percentage points compared to the previous year. The general focus on profitability in the wholesale business, as well as reduced discounts in the retail business accounted for the positive effect.

Other operating income amounted to SEK 6.4 million (3.8) and referred mainly to unrealized profits on accounts receivable in foreign currency.

Operating costs increased in the quarter by SEK 13.6 million compared to the previous year's third quarter, primarily through increased marketing activities and rental costs, the latter relating to reserves for potential repayment of governmental Covid-support the company received during 2020 and 2021 for the Dutch operation. The operating result was also negatively affected by SEK 3.9 million during the third quarter of the year, related to the company's incentive program, LTIP 2022. The 2019 AGM decided on the introduction of a new long-term incentive program, LTIP 2022, which can be described as variable cash compensation based on the price for the Björn Borg share. Employees entitled to participate in the incentive program, which runs between the years 2019 and 2022, are members of the company management team. As of September 30, 2022, a cost of SEK 9.8 million (1.8) had been booked.

Increased sales with a lower gross profit margin related to negative currency effects, and increased operating costs compared to the previous year resulted in an operating profit of SEK 30.6 million (52.4) for the quarter. The operating margin was 12.3 percent (21.8).

Net financial items amounted to -0.0 MSEK (-1.4). The improvement in net financial items compared to the previous year was mainly attributable to the revaluation of financial assets and liabilities in foreign currency.

Profit for the period amounted to SEK 22.2 million (40.1). Profit after tax was negatively affected by SEK 2.5 million during the third quarter of the year related to an anticipated tax effect regarding the liquidation of the company's UK operations.

##### The nine-month period, January-September 2022

The gross profit margin for the first nine months fell to 50.4 percent (54.6). Adjusted for currency effects, the gross profit margin would have been 55.1 percent, i.e. an increase of 0.5 percentage points compared to the previous year.

Other operating income amounted to SEK 21.8 million (18.6) and referred mainly to unrealized profits on accounts receivable in foreign currency.

Operating costs increased by SEK 32.7 million compared to the previous year, primarily through increased rental and sales costs as well as marketing activities. Operating profit was also negatively affected by SEK 9.8 million during the first nine months, related to the company's incentive program, LTIP 2022, as described above under "Results, third quarter July-September 2022".

Despite a lower gross profit margin related to negative currency effects, and increased operating costs compared to the previous year, the increased sales resulted in an operating profit of SEK 65.1 million (94.1). The operating margin was 10.2 percent (16.0).

Net financial items amounted to SEK -1.1 million (0.8). The deterioration of the financial items compared to the previous year was mainly attributable to the revaluation of financial assets and liabilities in foreign currency.

The period's profit after tax decreased to SEK 45.6 million (75.0). Profit after tax was negatively affected by SEK 5.1 million during the year related to a tax effect regarding the liquidation of the company's UK operations.

### Development by segment

Björn Borg's segment reporting consists of the company's primary revenue streams, 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 revenues and costs associated with the Björn Borg Group's wholesale operations. The Group conducts wholesale operations in Sweden, Germany, Finland, the Netherlands, Belgium and Denmark for sports apparel, bags, and underwear as well as footwear in Sweden and Finland.

The segment's external operating income amounted to SEK 425.9 (394.4) million during first nine months of the year, which was an increase of 8 percent. One explanation for the increase was that the company saw increased demand, particularly in physical retail within the segment, which increased by 21 percent during the first nine months of the year. Sweden and Finland increased in total by 15 and 28 percent respectively. Footwear sales in the wholesale segment increased by 2 percent, while Germany and the Netherlands decreased by 7 and 5 percent, respectively.

Operating profit for the first nine months amounted to SEK 54.8 million (68.6), a decrease of 20 percent. The deterioration in earnings was primarily due to lower gross profit margins related to negative currency effects and the planned increase in operating costs.

#### Consumer direct

The segment consists of revenues and costs associated with the Björn Borg Group's direct sales to consumers. The Björn Borg Group owns and operates a total of 18 (24) retail stores and factory outlet stores in Sweden, Finland, the Netherlands, and Belgium, selling underwear, sports apparel, complementary products, and other licensed products. In addition, Björn Borg sells online through [www.bjornborg.com](http://www.bjornborg.com).

The consumer direct segment increased its external operating income during the first nine months of 2022 to SEK 157.9 million (152.9), an increase of 3 percent. The increase was mainly due to strong growth in own e-commerce, which grew to SEK 80.4 million (70.1) during the first nine months of the year, an increase of 15 percent. Sales in own physical retail stores were down by 9

percent in total for the company, mainly due to fewer stores compared to the previous year. For comparable stores, sales in own retail stores increased by 7 percent during the first nine months of the year.

Operating profit for the first nine months of 2022 amounted to SEK -10.8 million (4.6). The deterioration in operating profit was mainly explained by reduced gross margins within own retail stores due to negative currency effects, as well as slightly higher operating costs related to non-recurring items within the reserve for repayment of governmental Covid-support in the Netherlands.

#### Distributors

This segment mainly consists of revenues and costs associated with sales to external distributors of product groups that are developed in-house by the company.

The segment's external operating income during the first nine months of the year 2022 amounted to SEK 67.6 million (49.9), which was an increase of 36 percent. Sales to the two major distributor markets Norway and Great Britain increased by 45 percent and 82 percent respectively compared to the previous year, driven by wider distribution as a result of the UK market now being fully handled by an external distributor. Denmark, which is now a fully integrated part of the wholesale business, had the opposite effect within the distributor segment.

Operating profit increased to SEK 15.1 million (12.9).

#### Licensing

The licensing segment mainly consists of royalty income from licensees and costs for the Group associated with licensing operations.

The segment's external operating income decreased slightly during the first nine months of 2022 to SEK 7.4 million (9.0). The decrease was a result of lower brand sales of licensed products, where footwear mainly accounted for the reduction.

Operating profit decreased to SEK 6.1 million (8.0) for the first nine months of 2022. The reduced operating profit was a consequence of the lower external sales in the segment.

#### Intra-Group sales

Intra-Group sales for the first nine months of 2022 amounted to SEK 344.5 million (411.1).

### SEASONAL VARIATIONS

The Björn Borg Group operates in an industry with seasonal variations. The different quarters vary in terms of sales and profit. See diagram on 'Quarterly net sales and operating profit' on page 4.

Segment	Revenue type	Operating income, SEK thousands		Operating profit, SEK thousands		Operating margin,%	
		January-September	2022	2021	January-September	2022	2021
Wholesale	Products	425,869	394,431	54,807	68,598	13	17
Consumer direct	Products	157,576	152,882	-10,829	4,563	-7	3
	of which stores	75,398	82,764	-24,294	-8,118	-32	-10
	of which e-commerce	82,178	70,118	13,465	12,681	16	18
Distributors	Products	67,645	49,866	15,078	12,908	22	3
Licensing	Royalties	7,431	9,014	6,084	7,999	82	12
<b>Total</b>		<b>658,520</b>	<b>606,193</b>	<b>65,140</b>	<b>94,068</b>	<b>10</b>	<b>16</b>

## INVESTMENTS AND CASH FLOW

The cash flow from the operating activities in the Group during the first nine months of 2022 amounted to –10.9 MSEK (35.8).

Cash flow from investment activities was negative SEK –6.6 million (–8.4). The major investments were in the remodeling of an outlet store. Cash flow from financing activities amounted to SEK –71.5 million (–54.1). The negative cash flow compared to the previous year was mainly due to a higher distribution to shareholders of SEK –62.9 million (–37.7).

## FINANCIAL POSITION AND LIQUIDITY

The Björn Borg Group's cash and cash equivalents at the end of the period amounted to SEK 14.4 million (45.8), plus unused bank facilities of SEK 61.1 million (141.0). At the end of the third quarter of the year, the company had a net debt, excluding lease liabilities, of SEK 74.5 million (53.2). Total interest-bearing liabilities amounted to SEK 140.0 million (163.2), where total leasing debt amounted to SEK 51.1 million (64.2), of which SEK 33.1 million represented the long-term share and SEK 18.0 million the short-term share.

The Björn Borg Group had SEK 150 million in bank facilities, of which SEK 88.9 million (0) was utilized as of September 30, 2022. The fair value of financial instruments essentially coincides with book value.

## COMMITMENTS AND CONTINGENT LIABILITIES

As a commitment for the overdraft facility and the three-year revolving credit, the company has undertaken to ensure that the ratio of the Group's net debt and 12-month rolling EBITDA will not exceed 3.00 on the last day of each quarter. Furthermore, the group will maintain an equity/assets ratio of at least 35 percent.

As of September 30, 2022, the ratio was 0.87 (0.48) and the equity/assets ratio was 52.3 percent (53.1).

There have been no significant changes in pledged assets and contingent liabilities compared to December 31, 2021.

## PERSONNEL

The average number of employees in the Group for the twelve-month period ending September 30, 2022, was 154 (169), of which 67 percent (68) were women. The reduction in personnel compared to the previous year was due to store closures.

## TRANSACTIONS WITH RELATED PARTIES

In addition to the customary remuneration (salary, fees, and other benefits) to the CEO, senior executives and the Board of Directors, as well as Intra-Group sales, no transactions with related parties were carried out during the period.

## SIGNIFICANT RISKS AND UNCERTAINTIES

Through its operations, the Björn Borg Group is exposed to risks and uncertainties. Information about the Group's risks and uncertainties is given on page 61 of the annual report for 2021.

The company notes, however, that at the end of February 2022, what has been called the most politically threatening event in Europe since the Second World War began. Russia launched a large-scale attack and thus started a war against Ukraine. Consequences of the war have included large flows of refugees, as well as severe retaliatory sanctions against Russia from the outside world. It is difficult today to determine how the war will

affect the Björn Borg Group's operations financially. The fact that the company does not do business in either Russia or Ukraine should minimize any direct risks of business impact, even though declining consumer confidence in the future may have an indirect, negative effect. However, the company can note that increased fuel prices lead to increased shipping costs and is something that should be seen as a financial risk.

Furthermore, the company notes that inflation in the markets in which the Björn Borg Group operates is reaching record levels, which may have a further impact on consumers' purchasing behavior.

## THE PARENT COMPANY

Björn Borg AB (publ) mainly conducts intra-Group activities. As of September 30, 2022, the company owned 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, BBM, Björn Borg Finland Oy and Björn Borg Denmark Aps. Furthermore, the company owned 75 percent of the shares in Björn Borg (China) Ltd. The company has restructured the Baseline group, which consisted of six legal entities in the Netherlands and Belgium. After the restructuring, the Belgian units are directly owned by Björn Borg AB. The acquisition was carried out on the entry date of January 1, 2022.

The parent company's net sales for the first nine months of 2022 amounted to SEK 75.8 million (74.9).

Profit before tax amounted to –8.8 MSEK (–16.5) for the first nine months of 2022. Cash and cash equivalents at the end of the period amounted to 0 MSEK (25.6).

## EVENTS AFTER THE END OF THE REPORTING PERIOD

There are no significant events to report after the end of the reporting period.

## NUMBER OF SHARES

The number of shares in Björn Borg amounts to 25,148,384 shares.

## FINANCIAL GOALS

Björn Borg's long-term financial goals for the business, which were most recently established in 2019 for a five-year period until 2023, are:

- Annual sales growth of at least 5 percent.
- Annual operating margin of at least 10 percent.
- An annual dividend of at least 50 percent of net profit after tax.
- An equity/assets ratio of not less than 35 percent.

The company is maintaining the above goals despite the ongoing unrest in the outside world.

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

## ANNUAL GENERAL MEETING

The annual general meeting held on 19 May 2022, approved a distribution of SEK 2.50 (1.50) per share to the shareholders for the financial year 2021. Fredrik Lövestedt, Mats H Nilsson, Heiner Olbrich, Alessandra Cama, Anette Klintfeldt and Jens Høgstved were re-elected to the board. Johanna Schottenius was elected as a new board member. The total number of members is seven. The meeting decided that Heiner Olbrich should be re-elected as chair of the board.

### **ACCOUNTING PRINCIPLES**

This condensed interim report for the Group has been prepared in accordance with IAS 34 *Interim Financial Reporting* and the applicable regulations in the *Annual Accounts Act*. The interim report for the parent company has been prepared in accordance with the *Annual Accounts Act* chapter 9, on interim reporting and RFR 2 *Accounting for legal entities*. The accounting principles applied in the interim report conform to the accounting principles applied when preparing the Group accounts and annual report 2021 (see page 56 of the annual report for 2021). New and amended standards and new interpretations that applied from 1 January 2022 had no significant impact on the Group's financial reports. Changes in RFR 2 that applied from 1 January 2022 had no significant impact on the parent company's financial reports.

### **CRITICAL ESTIMATES AND ASSUMPTIONS**

When preparing an interim report, management is required to make assessments and estimates regarding assumptions that affect the application of the Group's (and the parent company's) accounting principles as well as reported amounts for assets, liabilities, income, and expenses. The effects of the negative financial impact of the Corona virus have been taken into account, as well as possible negative financial effects of the war in Ukraine. The results of these estimates and assumptions are then used to assess the reported values of assets and liabilities that otherwise are not clearly indicated from other sources. The estimates for accounting purposes that result from these will, by definition, not always correspond to the actual result. The outcome of the above estimates has not had any significant impact on the Group's financial reports. Important estimates and judgments appear in the annual report for 2021. No other significant changes in estimates or judgments have taken place compared to the 2021 annual report.

### **AUDIT REPORT**

This interim report has been subject to a general review by the company's auditors. The review report can be found on page 15.

### **OUTLOOK 2022**

The company's policy is not to provide forecasts.

# Consolidated income statement

## IN SUMMARY

SEK thousands	Note	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021	Oct 2021- Sep 2022	Full year 2021
Net sales	1	248,590	240,141	636,754	587,627	817,330	768,203
Other operating revenue		6,398	3,799	21,766	18,565	31,092	27,892
<b>Operating revenue</b>		<b>254,988</b>	<b>243,940</b>	<b>658,520</b>	<b>606,193</b>	<b>848,422</b>	<b>796,095</b>
Goods for resale		-128,793	-109,579	-315,602	-267,046	-400,219	-351,663
Other external expenses	2	-50,396	-37,321	-128,424	-108,066	-178,668	-158,310
Personnel costs		-33,203	-32,636	-106,039	-94,485	-137,055	-125,501
Depreciation/amortization of tangible/ intangible non-current assets		-8,531	-9,451	-26,131	-26,689	-34,945	-35,503
Other operating expenses		-3,468	-2,596	-17,184	-15,839	-22,375	-21,030
<b>Operating profit</b>		<b>30,597</b>	<b>52,357</b>	<b>65,140</b>	<b>94,068</b>	<b>75,160</b>	<b>104,088</b>
Net financial items		-52	-1,420	-1,084	772	925	2,782
<b>Profit before tax</b>		<b>30,545</b>	<b>50,938</b>	<b>64,056</b>	<b>94,840</b>	<b>76,085</b>	<b>106,870</b>
Tax		-8,355	-10,836	-18,473	-19,885	-19,428	-20,840
<b>Profit for the period</b>		<b>22,190</b>	<b>40,102</b>	<b>45,583</b>	<b>74,955</b>	<b>56,657</b>	<b>86,030</b>
<b>Profit for the period attributable to</b>							
Parent Company shareholders		22,190	40,102	45,583	74,955	56,657	86,030
Non-controlling interests		-	-	-	-	-	-
Earnings per share before dilution, SEK		0.88	1.59	1.81	2.98	2.25	3.42
Earnings per share after dilution, SEK		0.88	1.59	1.81	2.98	2.25	3.42
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

## IN SUMMARY

SEK thousands	Note	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021	Oct 2021- Sep 2022	Full year 2021
<b>Profit/loss for the period</b>		<b>22,190</b>	<b>40,102</b>	<b>45,583</b>	<b>74,955</b>	<b>56,657</b>	<b>86,030</b>
<b>OTHER COMPREHENSIVE INCOME</b>							
<b>Components that may be reclassified to profit or loss for the period</b>							
Translation difference for the period		-821	1,050	857	-3,326	-920	-5,103
<b>Total other comprehensive income for the period</b>		<b>-821</b>	<b>1,050</b>	<b>857</b>	<b>-3,326</b>	<b>-920</b>	<b>-5,103</b>
<b>Total comprehensive income for the period</b>		<b>21,369</b>	<b>41,152</b>	<b>46,440</b>	<b>71,629</b>	<b>55,737</b>	<b>80,927</b>
<b>Total comprehensive income attributable to</b>							
Parent Company shareholders		21,369	41,152	46,440	71,629	55,737	80,927
Non-controlling interests		-	-	-	-	-	-

# Consolidated statement of financial position

## IN SUMMARY

SEK thousands	Note	Sep 30, 2022	Sep 30, 2021	Dec 31, 2021
<b>Non-current assets</b>				
Goodwill		36,065	34,633	34,685
Trademarks		187,532	187,532	187,532
Other intangible assets		8,510	11,930	10,917
Tangible non-current assets		16,483	16,058	15,405
Deferred tax assets		11,134	10,702	13,952
Right-of-use assets		52,597	64,385	54,950
<b>Total non-current assets</b>		<b>312,321</b>	<b>325,240</b>	<b>317,441</b>
<b>Current assets</b>				
Inventory		170,016	134,869	151,991
Accounts receivable		149,775	145,226	91,969
Other current receivables		16,482	24,995	22,524
Cash and cash equivalents		14,386	45,795	96,743
<b>Total current assets</b>		<b>350,659</b>	<b>350,886</b>	<b>363,227</b>
<b>Total assets</b>		<b>662,980</b>	<b>676,127</b>	<b>680,668</b>
<b>Equity and liabilities</b>				
Equity		317,786	324,919	334,217
Deferred tax liabilities		39,623	39,279	39,596
Non-current liabilities credit institutions		–	99,000	80,000
Other non-current liabilities		–	1,753	1,932
Long-term lease liabilities		33,059	41,554	33,777
Current liability to credit institution		88,896	–	–
Accounts payable		69,332	62,355	97,036
Short-term lease liabilities		17,978	22,690	20,242
Other current liabilities		96,306	84,577	73,868
<b>Total equity and liabilities</b>		<b>662,980</b>	<b>676,127</b>	<b>680,668</b>

# Consolidated statement of changes in equity

## IN SUMMARY

SEK thousands	Note	Equity attributable to the parent company's shareholders	Possession without controlling influence	Total equity
<b>Opening balance, January 1, 2021</b>				
Total comprehensive income for the period		72,018	–389	71,629
Distribution for 2020		–37,723	–	–37,723
<b>Closing balance, September 30, 2021</b>		<b>330,603</b>	<b>–5,684</b>	<b>324,919</b>
<b>Opening balance, January 1, 2021</b>				
Total comprehensive income for the period		81,499	–572	80,927
Distribution for 2020		–37,723	–	–37,723
<b>Closing balance, December 31, 2021</b>		<b>340,084</b>	<b>–5,867</b>	<b>334,217</b>
<b>Opening balance, January 1, 2022</b>				
Total comprehensive income for the period		47,534	–1,094	46,440
Distribution for 2021		–62,871	–	–62,871
<b>Closing balance, September 30, 2022</b>		<b>324,747</b>	<b>–6,961</b>	<b>317,786</b>

# Consolidated statement of cash flows

## IN SUMMARY

SEK thousands	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021	Full year 2021
<b>Cash flow from operating activities</b>					
Before changes in working capital	36,819	63,057	92,158	117,360	136,818
Changes in working capital	-100,823	-42,412	-103,040	-81,515	-22,891
<b>Cash flow from operating activities</b>	<b>-64,004</b>	<b>20,645</b>	<b>-10,882</b>	<b>35,845</b>	<b>113,927</b>
Investments in intangible non-current assets	-429	-1,259	-740	-4,135	-4,828
Investments in tangible non-current assets	-1,560	-631	-5,824	-4,272	-5,680
<b>Cash flow from investing activities</b>	<b>-1,989</b>	<b>-1,890</b>	<b>-6,564</b>	<b>-8,407</b>	<b>-10,508</b>
Distribution	-	-	-62,871	-37,723	-37,723
Amortization of loans	-	-	-80,000	-	-19,000
Amortization of lease liabilities	-6,994	-6,008	-17,572	-16,330	-23,400
Newly-raised loans	30,000	-	30,000	-	-
Overdraft facility	40,103	-	58,896	-	-
<b>Cash flow from financing activities</b>	<b>63,109</b>	<b>-6,008</b>	<b>-71,547</b>	<b>-54,053</b>	<b>-80,123</b>
<b>Cash flow for the period</b>	<b>-2,884</b>	<b>12,747</b>	<b>-88,993</b>	<b>-26,615</b>	<b>23,296</b>
Cash and cash equivalents at the beginning of the period	14,365	30,760	96,743	70,235	70,235
Translation difference in cash and cash equivalents	2,905	2,288	6,637	2,175	3,212
<b>Cash and cash equivalents at the end of the period</b>	<b>14,386</b>	<b>45,795</b>	<b>14,386</b>	<b>45,795</b>	<b>96,743</b>

## Key figures

### THE GROUP

SEK thousands	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021	Oct 2021- Sep 2022	Full year 2021
Gross profit margin,% *	48.2	54.4	50.4	54.6	51.0	54.2
Operating margin,%	12.3	21.8	10.2	16.0	9.2	13.5
Profit margin,%	12.3	21.2	10.1	16.1	9.3	13.9
Return on capital employed,%	17.4	21.2	17.4	21.2	17.4	24.4
Return on average equity,%	17.6	25.0	17.6	25.0	17.6	27.5
Profit attributable to the Parent Company's shareholders	22,190	40,101	45,583	74,955	56,657	86,030
Equity/assets ratio,% *	52.3	53.1	52.3	53.1	52.3	53.4
Equity per share, SEK	12.64	12.92	12.64	12.92	12.64	13.29
Investments in intangible non-current assets	429	1,259	740	4,135	1,433	4,828
Investments tangible non-current assets	1,560	631	5,824	4,272	7,232	5,680
Depreciation, amortization and impairment losses for the period	-8,531	-9,451	-26,131	-26,689	-34,944	-35,503
Average number of employees	154	164	154	164	154	162

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

# Summary per segment

## THE GROUP

SEK thousands	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021	Oct 2021- Sep 2022	Full year 2021
<b>Operating revenue</b>						
<b>Wholesale</b>						
External revenue	163,082	156,000	425,869	394,431	533,711	502,273
Internal revenue	1,237	873	3,127	1,126	3,609	1,607
	<b>164,319</b>	<b>156,873</b>	<b>428,996</b>	<b>395,557</b>	<b>537,320</b>	<b>503,880</b>
<b>Consumer Direct</b>						
<i>Brick-and-mortar</i>						
External revenue	31,248	43,537	75,398	82,764	105,837	113,203
Internal revenue	66	2	66	2	83	19
<i>E-commerce</i>						
External revenue	30,022	22,947	82,178	70,118	111,569	99,509
Internal revenue	-52	-	239	-	520	281
	<b>61,284</b>	<b>66,486</b>	<b>157,881</b>	<b>152,884</b>	<b>218,009</b>	<b>213,012</b>
<b>Distributors</b>						
External revenue	28,860	18,523	67,645	49,866	89,218	71,439
Internal revenue	115,852	139,928	305,286	352,868	418,014	465,596
	<b>144,712</b>	<b>158,451</b>	<b>372,931</b>	<b>402,733</b>	<b>507,232</b>	<b>537,035</b>
<b>Licensing</b>						
External revenue	1,778	2,933	7,431	9,014	8,088	9,671
Internal revenue	1,519	24,525	35,734	57,056	60,083	81,404
	<b>3,297</b>	<b>27,458</b>	<b>43,165</b>	<b>66,070</b>	<b>68,171</b>	<b>91,075</b>
Less internal sales	-118,623	-165,328	-344,453	-411,051	-482,310	-548,907
<b>Operating revenue</b>	<b>254,989</b>	<b>243,941</b>	<b>658,520</b>	<b>606,193</b>	<b>848,422</b>	<b>796,095</b>
<b>Operating profit</b>						
Wholesale	23,156	34,604	54,807	68,598	54,732	68,523
Consumer Direct, brick-and-mortar	-8,708	3,348	-24,294	-8,118	-22,554	-6,380
Consumer Direct, e-commerce	6,706	3,444	13,465	12,681	20,978	20,194
Distributors	7,983	8,252	15,078	12,908	15,739	13,571
Licensing	1,460	2,709	6,084	7,999	6,265	8,180
<b>Operating profit</b>	<b>30,597</b>	<b>52,357</b>	<b>65,140</b>	<b>94,067</b>	<b>75,160</b>	<b>104,088</b>

### Reconciliation between operating profit and profit before tax

The difference between operating profit for segments for which information must be disclosed is SEK 30,597 thousand (52,357) and profit before tax SEK 30,545 thousand (50,938) is net financial items, SEK -52 thousand (-1,420).

## Quarterly data

### THE GROUP

SEK thousands	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020
Net sales	248,590	161,544	226,620	180,576	240,141	162,836	184,651	160,364
Gross profit margin,%	48.2	54.5	50.0	53.1	54.4	56.3	53.3	56.6
Operating profit/loss	30,597	5,233	29,309	10,020	52,357	19,277	22,434	6,455
Operating margin,%	12.3	3.2	12.9	5.5	21.8	11.8	12.1	4.0
Profit/loss after net financial items	30,545	4,344	29,166	12,030	50,937	18,015	25,888	-5,744
Profit margin,%	12.3	2.7	12.9	6.7	21.2	11.1	14.0	-3.6
Earnings per share, before dilution, SEK	0.88	0.01	0.92	0.44	1.59	0.54	0.85	0.05
Earnings per share, after dilution, SEK	0.88	0.01	0.92	0.44	1.59	0.54	0.85	0.05
Number of Björn Borg stores at the end of the period	19	24	26	26	27	28	31	32
of which Group-owned Björn Borg stores	18	21	23	23	24	25	28	29

# Parent company income statement

## IN SUMMARY

SEK thousands	Note	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021	Oct 2021- Sep 2022	Full year 2021
Net sales		25,457	25,058	75,795	74,891	100,844	99,940
Other operating revenue		95	257	1,105	1,486	1,659	1,990
<b>Operating revenue</b>		<b>25,552</b>	<b>25,315</b>	<b>76,900</b>	<b>76,377</b>	<b>102,503</b>	<b>101,930</b>
Goods for resale		-	-	-153	-	-204	-51
Other external expenses	2	-13,784	-10,562	-40,265	-31,443	-63,095	-54,272
Personnel costs		-12,290	-9,251	-38,795	-30,441	-49,045	-40,691
Depreciation/amortization of intangible and tangible non-current assets		-612	-582	-1,852	-1,735	-2,443	-2,326
Other operating expenses		-95	-296	-758	-628	-848	-668
<b>Operating profit</b>		<b>-1,229</b>	<b>4,624</b>	<b>-4,923</b>	<b>12,130</b>	<b>-13,131</b>	<b>3,922</b>
Result from shares in subsidiaries		-	294	-	-33,755	-439	-34,194
Net financial items		-2,483	3,312	-3,919	5,129	1,869	10,918
<b>Profit/loss after financial items</b>		<b>-3,712</b>	<b>8,230</b>	<b>-8,842</b>	<b>-16,496</b>	<b>-11,701</b>	<b>-19,354</b>
Group contributions received/paid		-	-	-	-	48,988	48,988
Appropriations		-	-	-	-	-218	-218
<b>Profit/loss before tax</b>		<b>-3,712</b>	<b>8,230</b>	<b>-8,842</b>	<b>-16,496</b>	<b>37,070</b>	<b>29,416</b>
Tax		-	-	-	-	-14,451	-14,451
<b>Profit/loss for the period</b>		<b>-3,712</b>	<b>8,230</b>	<b>-8,842</b>	<b>-16,496</b>	<b>22,619</b>	<b>14,965</b>
Other comprehensive income		-	-	-	-	-	-
<b>Total comprehensive income for the period</b>		<b>-3,712</b>	<b>8,230</b>	<b>-8,842</b>	<b>-16,496</b>	<b>22,619</b>	<b>14,965</b>

# Parent company balance sheet

## IN SUMMARY

SEK thousands	Note	Sep 30, 2022	Sep 30, 2021	Dec 31, 2021
<b>Non-current assets</b>				
Intangible assets		2,734	3,894	3,669
Tangible non-current assets		2,404	2,252	2,112
Deferred tax		4	8	4
Shares in Group companies		279,956	277,676	277,676
<b>Total non-current assets</b>		<b>285,098</b>	<b>283,830</b>	<b>283,461</b>
<b>Current assets</b>				
Receivables from Group companies		1,142,435	940,380	980,598
Current receivables		3,798	8,709	3,864
Cash and cash equivalents		-	25,624	75,392
<b>Total current assets</b>		<b>1,146,233</b>	<b>974,713</b>	<b>1,059,854</b>
<b>Total assets</b>		<b>1,431,331</b>	<b>1,258,543</b>	<b>1,343,315</b>
<b>Equity and liabilities</b>				
Equity		84,316	124,568	156,029
Untaxed reserves		1,256	1,038	1,256
Non-current liabilities credit institutions		-	99,000	80,000
Other non-current liabilities		-	1,753	1,932
Current liabilities credit institutions		88,896	-	-
Due to Group companies		1,216,567	1,017,923	1,070,468
Accounts payable		5,403	2,688	9,251
Other current liabilities		34,893	11,573	24,379
<b>Total equity and liabilities</b>		<b>1,431,331</b>	<b>1,258,543</b>	<b>1,343,315</b>

# Parent company statement of changes in equity

## IN SUMMARY

SEK thousands	Jan-Sep 2022	Jan-Sep 2021	Full year 2021
<b>Opening balance</b>	<b>156,029</b>	<b>178,787</b>	<b>178,787</b>
Distribution	-62,871	-37,723	-37,723
Total comprehensive income for the period	-8,842	-16,496	14,965
<b>Closing balance</b>	<b>84,316</b>	<b>124,568</b>	<b>156,029</b>

## Supplementary disclosures

### NOTE 1 NET SALES

The Group's net sales consist of sales of products and royalties for the use of the company's brand. Transfers of goods/royalties are made at fixed points in time. Listed in the table below are markets with a net sales above 10 percent of the total.

SEK thousands	The group	
	Jan-Sep 2022	Jan-Sep 2021
Sweden	228,682	210,765
Netherlands	133,803	134,909
Finland	89,275	80,382
Germany	63,835	65,402
Others	121,159	96,169
<b>Total net sales</b>	<b>636,754</b>	<b>587,627</b>

### NOTE 2 OTHER EXTERNAL EXPENSES

SEK thousands	The group		Parent Company	
	Jan-Sep 2022	Jan-Sep 2021	Jan-Sep 2022	Jan-Sep 2021
Cost of premises	15,788	7,287	5,135	4,006
Sales expenses	42,319	37,782	2,846	1,844
Marketing expenses	43,596	35,632	20,515	17,232
Administrative expenses	22,407	24,368	11,123	8,005
Other	4,314	2,997	646	356
	<b>128,424</b>	<b>108,066</b>	<b>40,265</b>	<b>31,443</b>

# Definitions

The company presents certain financial measures in this year-end report that are not defined in accordance with 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 financial measures should not be seen as a substitute for measures defined in accordance with IFRS. For more on the calculation of these key figures 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 retail stores that were also open in the previous period.

**Purpose:** To obtain comparable sales between periods for own retail 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 the 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 the total restricted equity financed by the owners.

## GROSS PROFIT MARGIN

Net sales less costs 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 EXCLUDING CURRENCY EFFECTS

Gross profit margin calculated using the previous year's exchange rate.

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

## GROUP NET SALES EXCLUDING CURRENCY EFFECTS

Net sales calculated using the previous year's exchange rate.

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

## NET DEBT

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

**Purpose:** To show the company's ability to pay debts.

## NET FINANCIAL ITEMS

Financial income less financial expenses.

**Purpose:** To describe 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 comparisons of profitability regardless of the company's tax rate and independent of the company's 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. Average capital employed is calculated by adding equity at January 1 to equity at December 31 and dividing by two.

**Purpose:** This indicator is the key measure to quantify the return on all 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 shows, from an owner's 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 significant risks and uncertainties faced by the Parent Company and the companies in the Group.

Stockholm, November 18, 2022

Heiner Olbrich  
Chairman of the Board

Alessandra Cama  
Board member

Jens Høgsted  
Board member

Johanna Schottenius  
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, 2022. 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 18, 2022  
BDO Mälardalen AB

Johan Pharmanson  
Authorized Public Accountant  
Responsible auditor

Carl-Johan Kjellman  
Authorized Public Accountant

**CALENDAR 2022**

The year-end report 2022 will be released at 7.30 a.m. on February 23, 2023.

Annual report 2022 in late April 2023.

Annual General Meeting 2023 will be held on May 17, 2023.

**FINANCIAL REPORTS**

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

**SHAREHOLDER CONTACTS**

Henrik Bunge, CEO  
Email: [henrik.bunge@bjornborg.com](mailto:henrik.bunge@bjornborg.com)  
Phone: +46 8 506 33 700

Jens Nyström, CFO  
Email: [jens.nystrom@bjornborg.com](mailto:jens.nystrom@bjornborg.com)  
Phone: +46 8 506 33 700

**THE BJÖRN BORG GROUP IN BRIEF**

The Björn Borg Group owns the Björn Borg brand and the focus of the business is sports apparel, underwear and bags. In addition, footwear and eyewear are also offered via licensees. Björn Borg products are sold in about twenty markets, of which Sweden and the Netherlands are the largest. The Björn Borg Group has its own operations at all stages from brand development to consumer sales in its own Björn Borg stores. In total, Group net sales in 2021 amounted to SEK 768.2 million and the average number of employees was 162. Björn Borg has been listed on Nasdaq Stockholm since 2007.

**IMAGES IN THE INTERIM REPORT**

The images in the interim report are taken from Björn Borg's autumn and winter collection 2022.

Björn Borg AB  
Frösundaviks allé 1  
169 70 Solna  
Sweden  
[www.bjornborg.com](http://www.bjornborg.com)

Björn Borg AB (publ) is required to make public this information in accordance with the EU Market Abuse Regulation. The information was released for publication by the above-mentioned contacts on November 18, 2022 at 7.30 a.m. (CET).