




**BJÖRN BORG** 

Annual report 2022



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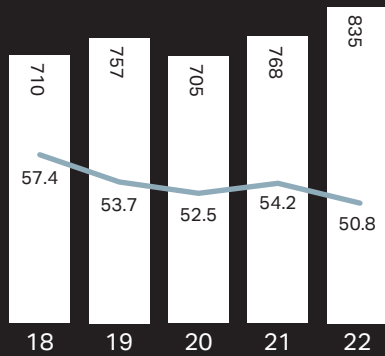
"We have broken sales records in seven of our last eight quarters, and closed 2022 with record sales driven by strong growth from our sports collection."

*Henrik Bunge*



# Björn Borg in brief

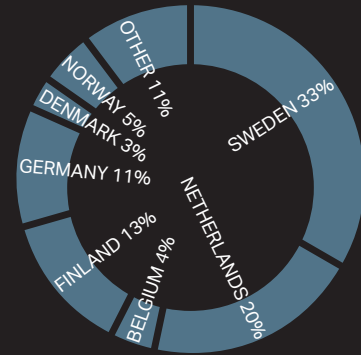
■ Net sales, SEK million  
— Gross profit margin (%)



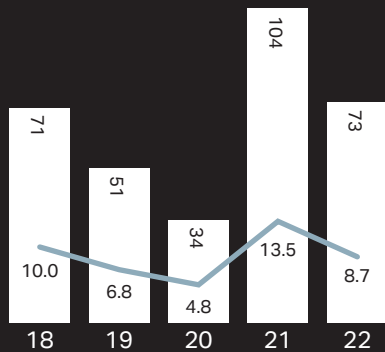
The gross profit margin was 50.8 percent

## 50.8

Total sales by country



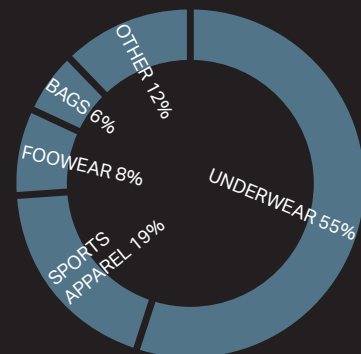
■ Operating profit, SEK million  
— Operating margin (%)



The operating margin was 8.7 percent

## 8.7

Sales by product area



## The Björn Borg Group

The Björn Borg Group owns and develops the Björn Borg brand. The focus of the business is on underwear and sports apparel as well as footwear, bags, eyewear, and home products (textiles) through our licensees. Björn Borg products are sold in some 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 and e-commerce. Operations comprise brand development and services for the network of licensees and distributors, as well as product development in the core underwear and sports apparel businesses. The Group is also responsible for the distribution of underwear and sports apparel in Sweden, England Finland, the Netherlands, Belgium, and Germany as well as footwear in Sweden and Finland.

The Björn Borg share has been listed on Nasdaq Stockholm since 2007.

## The year in figures

- The Group's net sales amounted to SEK 835.2 million (768.2), an increase of 8.7 percent.
- Net sales for own e-commerce and e-tailers amounted to SEK 305.3 million (298.5), an increase of 2.3 percent. Turnover for own e-commerce increased by 15 percent to SEK 111.2 million (97.1).
- The gross profit margin amounted to 50.8 percent (54.2). Currency-neutral, the gross profit margin amounted to 55.5 percent, an increase of 1.3 percentage points.
- Operating profit amounted to SEK 72.9 million (104.1). Currency-neutral and adjusted for non-recurring items, operating profit amounted to SEK 120.1 million, an increase of 15.4 percent.
- Profit after tax amounted to SEK 50.9 million (86.0).
- Earnings per share before and after dilution amounted to SEK 2.02 (3.42).
- The Board decided to propose to the Annual General Meeting a distribution of SEK 2.00 (2.50) per share, corresponding to a total of SEK 50.3 million (62.9). The Board also decided to propose to the Annual General Meeting that the general meeting should issue an authorization for the Board to buy back the company's own shares.

## The Björn Borg brand

The Björn Borg brand is characterized by creative products with the brand's typically sporty identity – products which make customers feel both active and attractive. A passion for sports fashion and the courage to challenge the industry shines through our marketing communications and product development.

The Björn Borg brand was established in the Swedish market in the first half of the 1990s and today has a strong position in its established markets, particularly in its largest product group, underwear.

## Markets

- Björn Borg is represented in around twenty markets, the largest of which are Sweden and the Netherlands.

# CEO's comments

For me, 2022 will forever be closely associated with Russia's invasion of Ukraine. At the end of February, something happened which I for one never thought could happen. Russian troops crossed the border into Ukraine and began a major military offensive. As I write the CEO's comments, more than one year later, there are very few signs of a peaceful resolution to hostilities in the near future. However, despite the war and the very troubled state of the world, I look back on a year in which we as a company continued to develop in the right direction, and where the year's greatest success was our highest-ever volume of sales.

## PEOPLE MAKE THE DIFFERENCE

We strongly believe that it is people who make the difference, and our ambition is to create a workplace where everyone can become the best version of themselves. We believe that the way to get there is through clear, high goals and close follow-up, in addition to a shared common interest in training and a state of well-being. For us, physical well-being is reached partly through joint training sessions directly related to the individual's ability to perform at their peak over a long period of time. I am extremely proud that in our internal anonymous measurements, we continue to make progress from already high levels and can state that all employees are more engaged and more motivated than ever before.

## OUR BRAND IS OUR MOST IMPORTANT ASSET

Our most important asset, along with our team, is our brand. In 2022, we continued to develop and strengthen our brand, and ended the year stronger than ever before. The preference for us as a sports brand was strengthened, while we continued to be the market leader in men's underwear. But, our greatest victory was how our brand developed both for women and men in Sweden, our home market, where 30 percent more female customers and 40 percent more male customers named us as one their three preferred sports brands. Our message, which works very well for us, is 'Train To Live'.

## SALES

We increased net sales in 2022 to SEK 835.2 million, which was an increase of 8.7 percent compared to the previous year. Our online focus continued to work well,

with our own e-commerce growing by 15 percent.

During the year, we experienced a recovery in physical trade both for our wholesale operations and our own comparable stores, which grew by 13 percent during the year. Our sports collection continued to develop very well and grew by 19 percent during the year. Bags increased by 60 percent while our swimwear collection was up by 31 percent. For underwear, we closed the year at the same level as for 2021. Overall, it is a real strength to see such good growth figures for several of our product groups, which proves that we are continuing to build our position as a sports fashion brand rather than only being associated with our market-leading position in underwear for men.

## PROFITABILITY

The gross profit margin for 2022 decreased to 50.8 percent (54.2). Adjusted for currency effects, the gross profit margin would have been 55.5 percent, an increase compared to 2021. Price increases of our products, reduced discounts and an increased share of own e-commerce were the underlying factors behind this. Operating costs increased during the year by SEK 37.1 million compared to 2021. Of this, SEK 13.8 million (1.9) were one-off costs for the company's long-term incentive program and SEK 7.2 million were repayments of covid support that the company received in 2020 and 2021. Other cost increases were mainly related to increased investments in the brand.

Higher revenues but lower gross profit margins and increased operating costs, compared to the previous year, resulted in an operating profit of SEK 72.9 (104.1). The operating margin was thus 8.7 percent (13.5). For a correct assessment of the business, I would like to





make it clear that currency-neutral and cleared of non-recurring costs, our operating profit for the business year 2022 would have been over SEK 120 million.

#### **A SUSTAINABLE BUSINESS MODEL AND GROWTH**

Our focus on stimulating growth while running more sustainable operations and reducing our carbon dioxide emissions, continued in 2022. All our employees already had sustainability goals, both functional and some of a more personal nature. Of greater importance than my personal goal to bring a self-made lunch box to work three days a week was that 100 percent of our underwear and sportswear is now made with more sustainable materials and/or production methods. Of course, I am proud that our best-selling training product is made from recycled polyester. Furthermore, our largest suppliers have switched to solar energy in 2022. Our office is also at the forefront with several different environmental certificates, where, for example, all electricity comes from wind power and heating/cooling from an aquifer.

#### **AMBITION**

Our goal for each new year is to be better than the previous year, and when I sum up 2022, I can state that we have taken big steps in the right direction. We have broken sales records in seven of the last eight quarters, and we closed 2022 with record sales driven by strong growth from our sports collection. What was nothing more than a dream at the end of 2014, building a sports fashion company out of an underwear company, is becoming more of a reality every year. Of course, none of this would have been possible without employees who never stop dreaming and who never stop fighting, or without a common conviction; to inspire ourselves and everyone else to 'Train To Live'.

*Train to live!*  
Henrik Bunge  
Head Coach

# Vision, business concept, goals and strategy

We are working towards a shared goal through a framework where we answer five questions:

*Where are we going? Where are we?*

*What do we do? How do we do things?*

*Why do we do this?*

We also make sure that to honor our values. These were not produced by consultants, but by us, through our convictions and drive. Our reward comes from inspiring people to be their best, since we know that anyone can become anything they want.

The first question is:

## Where are we going?

To be the *No 1 Sports Fashion Brand* for people who want to feel active and attractive.

The second question is:

## Where are we?

For the most part our annual report describes exactly this, i.e. our current status. It is important to us to understand where we are and have the courage to face reality. This is not only done for the company as a whole, but broken down to each department and each individual.

The third question is:

## What to do?

Our business plan *Northern Star* describes our focus on three strategic directions; winning the consumer at the point of sale, creating a winning team, and building one sports fashion brand.

- *Win the consumer at the Point of Sale*  
We win when our product leaves the store, therefore all functions play to win the consumer at the point of sale.
- *Create a winning team*  
To succeed, we work as a strong and united team exploiting the full potential of all individuals – internal and external.
- *Build one Sports Fashion Brand*  
To be able to reach through and make a difference to the consumer, we need to act and be perceived as one clear brand – in all channels, all markets and in everything we do, from products to communication.

The fourth question describes our values:

## How do we do things?

Our values create a stable foundation from which we can navigate in our rapidly changing world. These core values drive our culture and shape how we live our brand.

- *Passion*  
Energy literally sparks from our bodies in our constant charge forward. Not because someone forces us to, but because we love it. Sports is the power that gives us adrenaline and confidence, and our hearts lead the way. We are driven by passion for what we do, whatever we do.

- *Empowering*

We care about others and we prove it. We have a strong belief in personal growth and that anyone can go beyond their limitations. That's why we push each other forward because we are all stronger when we give each other power. That's why we believe that one plus one equals not just three, but even more.

- *Winning attitude*

We aim high to reach high. Winning is in our genes and we never accept losing. If we are alone, we aim to win. If we are in a team, we aim to win for that team. We never give up and never stop believing that we have the power to win.

- *Bold*

We don't believe in norms – we believe in following our own vision with clear determination. We stand up for what we believe in, no matter the consequences. That is why we always do things our own way and fight on the frontline against any norm, ideal or tradition that prevents people from reaching their full potential.

- *Magnetic*

We always put on a smile in everything we do and have confidence enough to not take ourselves too seriously. Some people call it aura, others attraction. We call it magnetic. A special glow that comes from within, a combination of looks, appearance and expression.

The fifth question describes what inspires and motivates us:

## Why do we do this?

(our mission)

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

## Financial objectives

Björn Borg's long-term financial goals for the business, which were last updated in 2019 for a 5-year period to 2023, 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 Björn Borg brand

## Brand development

The Björn Borg trademark was registered in the late 1980s and established in the first half of the 1990s in the Swedish fashion market. Since then, operations have grown strongly, and their development has included the establishment of new product areas and geographical markets.

A stated goal in the Björn Borg business plan is to become a leading player within sports fashion, and so the focus is increasingly on the design and production of sport apparel. The brand has built up a distinctive identity and a strong position in its established markets in its dominating product area underwear, while its newer markets are in a development phase.

With five different product areas and sales in some 20 markets – mature as well as new, and with different conditions and preferences – consistent, long-term branding is essential.

The brand platform mirrors the brand's sporty identity and a desire to inspire others to reach their full potential through training, an idea on which the whole brand is built and by which it is driven. The belief that we do not live to train, but rather train to live is a strong one.

Björn Borg aims to provide the best possible service to its distributors and licensees, who commit themselves to a specific level of investment in their respective markets. The aim is to provide them with the prerequisites to create sales and brand awareness whilst ensuring consistent development of the brand.

Support to the distributors and licensees includes branding guidelines and marketing support. This includes campaigns, working with influencers, PR, media buying and point-of-sales displays – packaged for each market's needs, development phase and budget.

## Market communications

With its brand, Björn Borg wants to inspire people to become their own best version, where training is a central part of being able to achieve that. The long-term communication concept, 'Train To Live', has been developed to communicate this clearly to the end customers. The concept is based on the strong will to

inspire people to train to live, and not the other way around; and that training is the key to becoming your own best version. For Björn Borg it doesn't mean becoming the fastest athlete but simply getting energy for other fantastic things in life. Our focus is on continuing to drive the movement and to strengthen Björn Borg's position as a sports fashion brand. The strategy aims to build the brand long-term and consistently, and to drive sales. To achieve cost efficiency and broad impact, the Group focuses on forming a strong community primarily through social media, campaigns and events, as well as store exposure. Social media is continuing to have an increasing importance for the meeting between Björn Borg and its end consumers, and the company sees these channels as both important and cost-effective for branding and sales-driving activities.

Documents and guidelines are drawn up centrally as part of the marketing packages that our own markets and distributors have access to, while detailed planning and implementation are handled in each market and channel.

Björn Borg products are sold to pretty much the entire world through the web shop Bjornborg.com. The website is also a central channel for global branding and for communication with the target group.

The Björn Borg stores also fulfill an important function as a marketing channel and for the exposure of the brand and current campaigns.

## Activations and focus 2022

During the year, Björn Borg continued to position itself in sports fashion through a large number of activations, campaigns and events. The brand has clearly communicated its thoughts and ideas regarding exercise with the concept "Train To Live"; that we exercise to live and not the other way around, and that exercise is the key to becoming the best version of yourself. The brand has put a lot of effort into being constantly present where the end consumer is and has thus actively left behind campaigns that were big but short-lived. The brand can now be seen everywhere, all year round.

## FOCUS 2022

In 2022, Björn Borg made its biggest investment so far in building a strong community which, together with the brand, explains what we all stand for. Hundreds of influencer collaborations were activated during the year in all the company's markets. The aim was to be constantly present wherever end customers spend a large part of their time, namely on social media. The influencers actively talked about Björn Borg as a brand in those channels, and about 'Train To Live', and how and why they themselves train, whilst laying great emphasis on and about the sportswear. Together with these strong individuals with a long reach, a high level of engagement and with values similar to the brand's own, the rollouts had a major impact. As a strong result, we see that the brand reached more individuals than ever before, that brand recognition as a sports fashion brand has never been higher, and that more end customers preferred Björn Borg than ever before. In addition, we see that activations also produced direct conversions to the web shop, making it possible to measure the ROI on each marketing investment more precisely. Through analyzing these, the company has been able to continuously develop more cost-effective and conversion-driven activations.

During the year, the company also created offline activations using insights and lessons learned from social channels. This was something that had previously been on hold due to the pandemic. Inviting partners and individuals to training events and trips proved to have major impact. In the Netherlands, for example, the gym chain Train More was activated with both influencer and end-customer events, and in Sweden, the studio Barry's, among others, was activated with influencer events. Trips were also organized, including a training trip to Southern Spain together with some of Sweden's best-known influencers. All these examples gave the company the opportunity to create strong relationships in the right context as well as more space and time to talk about its most important message; 'Train To Live'.



*Train To Live*

# Product development

## The brand and the products

Björn Borg is a sports fashion brand that offers sportswear (training and leisure), underwear (fashion and sports), bags, swimwear, socks, and lounge wear. Björn Borg also offers footwear and glasses, which are made under license.

Björn Borg's products are characterized by a sporty and modern expression, and clear guidelines are used to ensure a uniform, contemporary design throughout our offer. The feeling and expression in our garments are established in a clear design platform built on timeless Scandinavian aesthetics. The products are functional while creating a modern look for an active urban consumer. The products that are created are timeless, which together with high quality enables a long lifespan. Furthermore, Björn Borg's internal design and product departments, as well as external licensees, are guided by high sustainability goals.

## Important events in 2022

In the work with future collections, external factors such as raw material prices and transport costs have continued to make the work challenging. However, exchange rates have been the most challenging factor, which towards the end of 2022, led to increased consumer prices in certain categories.

During the year, the product team was strengthened with new, senior competence in all product areas; strategy, design, production and product development. During the year, this team released four collections with sportswear still the focus.

The women's range, with *The Seamless Collection* at the center, gained considerable momentum in its own distribution channels in 2022. Future collections for women have been further improved with female reference groups, which paves the way for continued future sales success in 2023. *The Center Collection* for women, among others, was released in the autumn

2022, with direct success in own e-commerce. A greater focus has been placed on following up on customer-reflective E-com data and adjustments to collections for both her and him so as to reflect customer preferences.

Products for racquet sports are increasing in sales and the range has been expanded with several price points, while many new developments have reached the market, with success.

In addition to this, a training collection aimed at running was developed during the year, for both her and him. This will reach the market in autumn 2023. The training range has also been broadened.

Much focus continues to be placed on securing the brand's premium position within men's underwear. In autumn 2022, *Premium Cotton Stretch* was presented, with a new modern expression and an upgraded quality in organic cotton. Furthermore, a number of other innovations in underwear were developed, which will be released to the market in 2023.

The swimwear range increased in sales during the year and a wider collection has been designed and developed. More models and updated products for pool hangers will reach the market in 2023.

A central ambition of ours for many years has been the building of a strong brand. During the year, a major focus was placed on upgrading the footwear collection, which is currently made under license. This work will become visible in the autumn 2023. In addition, the bag collection has been further developed to reflect the focus of the sports collection more clearly. Both collections have been further developed to be in line with the company's sustainability ambitions.

Since the autumn 2021, all our sportswear and underwear have been produced more sustainably, and the share in footwear and bags increases every season. Sustainability work in 2022 focused on transparency and energy in production, as well as fiber and process improvements. The demands from customers are increasing and Björn Borg is meeting these satisfactorily. A model to reduce the company's carbon dioxide emissions was developed during the year, and this will form the basis for the coming years' goals in the area.



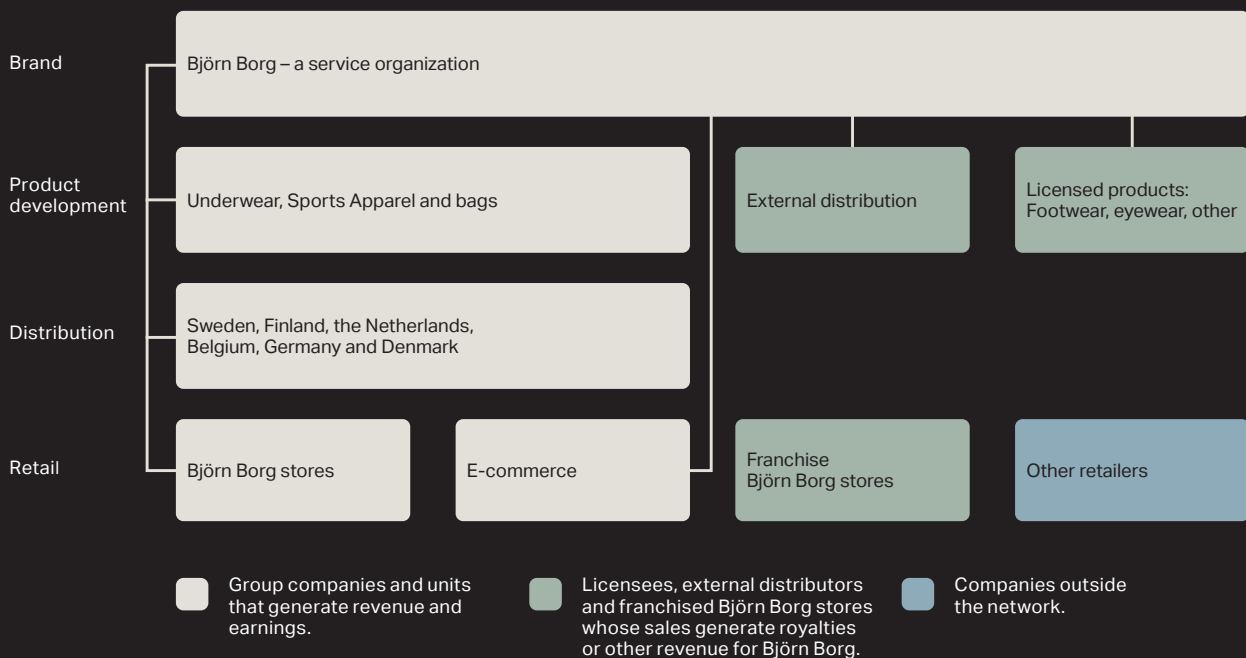
# Operations

## The business model

The Group's stable profitability and the successful positioning of the Björn Borg brand largely originate from the business model, which facilitates a geographical and product expansion with limited operational risk and capital investment.

Björn Borg's business model utilizes the Group's own companies as well as a network of external distributors and licensees, who on the basis of a license from Björn Borg manage a product area and/or a geographical market. The network also includes Björn Borg stores operated either by the Group or by external distributors or franchisees. Björn Borg owns strategically important operations at every level of the value chain, from product development to distribution and retail sales.

Through the business model with a network of its own units and independent partners, Björn Borg is able with a relatively small organization and with limited financial investments and risks, to be involved in key links of the value chain and develop the brand internationally. The part of the business model which relies on external partners is relatively capital efficient for the company since the external licensees and distributors in the network are responsible for marketing, including investments and inventory in their respective markets. This model, which combines in-house operations with independent partners, generates substantial consumer sales with limited risk and investment for Björn Borg.







## Brand

Since acquiring the trademark in 2006, the Group has global rights to the Björn Borg trademark for relevant categories of products and services. By owning the trademark, the Björn Borg Group can operate from a position of strength internationally and control the brand's development. At the same time, ownership provides long-term security for the entire network of licensees and distributors.

The company is responsible for the development of the Björn Borg brand as well as implementation of and compliance with the brand strategy within the network. As a service organization, Björn Borg can provide its distributors with the best prospects of success in their markets. This is achieved through, among other things, guidelines and various tools for partners in the network, including marketing, displays and graphic identity, which creates brand consistency and is efficient for the distributor.

In a network comprising the Group's own entities as well as independent companies, tight control over the brand is essential. With the exception of production, which is handled outside the Group, Björn Borg has its own operations at every level from product development to distribution and sales in its own stores. This depth gives the Group the best chance of ensuring the continued development and correct positioning of the Björn Borg brand.

The Group has its own branding specialists. Since acquiring the Björn Borg trademark in 2006, the Group has been responsible for trademark registration and protection. Björn Borg devotes significant resources to fighting against the sale of counterfeit products.

## Product areas

The largest and strategically important product areas of underwear, sportswear, functional clothing and bags are owned and developed within the Group. The design and product development of sportswear and functional clothing was moved from the Netherlands to Sweden in 2014 and has been run from the Swedish head office since 2015.

The product development of other product areas; footwear, glasses and others, are out licensed to external actors.

Each product-responsible company, regardless of whether it is Group-owned or run by a licensee, is responsible in its respective area for the design, product development (with focus from the brand) and purchasing of collections for all markets, as well as the positioning of the various products based on Björn Borg's guidelines. The collections are displayed and sold to the distributors for the various geographic markets for further sale to the retailers. The product development companies also play a supporting role in their relationship with the distributors and retailers in the network.

All design and product development takes place internally in the companies, while production takes place with the external suppliers, mainly in Asia – primarily China – although in recent years some production has been moved to Europe, above all to Turkey, which means shorter deliveries.

The demands on quality and the ability to deliver in relation to price are high, and the suppliers' performance is monitored continuously. Björn Borg strives for increased flexibility and efficiency in both production and logistics – factors that have become increasingly important in recent years in line with increasing demands for fast product flows and the adaptation of production to fashion trends. The company also attaches great importance to ensuring that suppliers follow Björn Borg's guidelines for, among other things, working conditions and the environment. Read more about Björn Borg's sustainability work on page 30 and at [www.bjornborg.com](http://www.bjornborg.com).



## Distribution

Wholesale operations and product distribution to retailers are managed by external distributors with the right to market and resell Björn Borg products in one or more geographical markets, and also through the company's own distribution primarily in Sweden, Finland, the Netherlands, Belgium, Germany and Denmark.

Björn Borg's partners in the network are established players with experience in underwear or fast-moving consumer goods rather than fashion and have an extensive distribution network in their local markets with the resources for long-term investments. In new markets, each distributor is evaluated on the basis of opportunities, marketing capabilities and penetration during an initial two-year trial period, after which a decision is made on how to develop the market.

### OWN DISTRIBUTION

To a growing degree, distribution is managed through companies within the Group. In the main areas of underwear and sports and performance apparel, Björn Borg is responsible for distribution in Sweden, the Netherlands, Belgium, Germany, and Finland with its own sales organizations in these markets. Distribution of footwear in Sweden and Finland is also managed by the Group.

### COOPERATION WITH EXTERNAL DISTRIBUTORS

Distributors sell and distribute the products to retailers by building the brand in their markets through their sales organizations. They are responsible for sourcing, sales support, inventory, regional marketing, media planning and training. Björn Borg provides support and guidelines in the form of joint marketing and PR campaigns, among other things.

In their agreements, distributors commit to specific sales and investment targets in their markets. If a distributor cannot fulfill the requirements, Björn Borg normally can terminate the agreement. The challenge for distributors, in the face of tough competition, is to establish and maintain their positions as a supplier to chains, department stores and individual retailers. Success requires a high level of service for retailers in the form of fast replenishment, attractive promotional materials and effective marketing. The ability to drive sell-through in this way is critical.

Marketing and sales feedback from distributors to Björn Borg and the licensees is important in order to continuously develop and adapt the collections and marketing activities. Several times a year, Björn Borg brings together all its distributors for sales meetings, where new collections and marketing campaigns are shown, and strategies and planning are discussed. The performance of each market is evaluated as well. This close cooperation in the network is important to the successful expansion of the brand.

## Retail

Björn Borg products are sold partly through external department stores, retail chains and individual stores, and partly through own or franchise-owned Björn Borg stores and factory outlets. An increasing share of products are sold in Björn Borg stores and through own and external e-commerce. This combination of retailers creates the right positioning in the upper mid-price segment and volume in sales.

The large network of external retailers means significant exposure to consumers. The number of retailers with sales of own product areas of underwear and sportswear totals approximately 4,000, of which approximately 1,284 are in Sweden, 420 in Denmark, 582 in the Netherlands, 722 in Norway, 188 in Belgium, 122 in England, 38 in Germany and 644 in Finland. In the smaller markets, there are approximately 920 retailers that sell these products. In addition, there are approximately 1,842 retailers in the footwear segment in the Swedish and Finnish markets combined. Björn Borg products are sold through a total of approximately 6,762 retailers.

Fashion chains, sports chains and department stores have gradually increased in importance for the sale of Björn Borg products, whereas individual traders are decreasing in number. This means a more efficient sales process and leads to a greater distribution in store spaces with consistently high customer throughput.

Underwear from Björn Borg is often displayed in central locations in department stores, chain stores and fashion stores. The products generate brand recognition from the well-stocked racks. Björn Borg offers the stores flexible display solutions for small areas, and service with the quick replenishment of products. This enables high sales for the retailer; a strong selling argument for Björn Borg's distributors. In several major fashion chains and department stores, Björn Borg products are displayed in designated areas in so-called shop-in-shops, with the brand's own store interior.

### BJÖRN BORG STORES

In addition to being an important component for sales and profitability, Björn Borg stores are important for the exposure of the brand and for marketing, and are important channels for Björn Borg's direct contact with the end consumer.

Björn Borgs continuously evaluates its presence in the retail sector to find an optimal number of Björn Borg stores, both own and externally owned, in both established and new markets. The assessment is that own stores together with e-commerce will continue to play a central role in Björn Borg's business model in both new and more mature markets.

### E-TRADE

Björn Borg as a brand has the opportunity to display the breadth of its product range through its own e-commerce, which makes it a directly measurable channel in which to capture the latest consumer trends. The increasing weighting towards the sportswear range continued in 2022, although underwear still made up the majority of sales.

Sales from its own e-commerce increased in 2022, and Björn Borg continues to see good growth opportunities within its own e-commerce which will be one of the most prioritized sales channels in the future. Sales via so-called e-tailers, i.e. online "retailers", continue to increase, both in own markets and markets where distribution is handled by external partners. The total turnover of own e-commerce and so-called e-tailers amounted to SEK 305 million (295) in 2022. Björn Borg will continue to have a high focus on e-tailers and virtual marketplaces going forward.

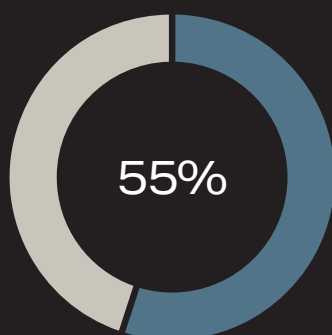
### BJÖRN BORG STORES, AS OF 31 DEC 2022

	Own	Franchise-owned
Sweden	6	-
Netherlands	5	-
Belgium	2	-
Finland	5	-
Norway	-	1
Total	18	1

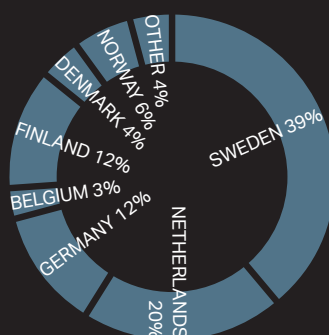
# Product areas

## Underwear

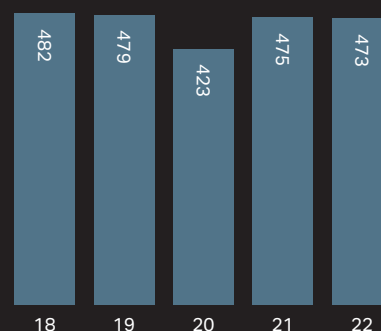
UNDERWEAR,  
SHARE OF TOTAL SALES 2022



UNDERWEAR,  
SALES BY COUNTRY 2022



UNDERWEAR,  
SALES 2018-2022, SEK MILLION



Underwear is Björn Borg's largest product area, with models for men, women and children in a variety of categories and segments. This is complemented by loungewear, mainly sleepwear and socks. The range consists of trendy and fashionable products with the brand's characteristically bold prints and colors as well as collections of classic models. It also includes a performance underwear collection and several models of bras.

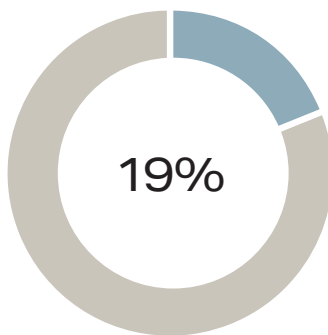
Björn Borg underwear is sold by independent retailers, apparel and sporting goods chains, department stores, Björn Borg stores, and our own and external e-commerce. Product development for underwear is managed within the Björn Borg Group.

Sales of underwear fell to 473 MSEK (475) in 2022 and the product area made up 55 percent (60) of the total sales. Of the larger markets, Finland, Norway and Denmark all showed growth, with Norway increasing strongly, while the other markets declined. The smaller markets showed growth compared to the previous year, with a combined increase of 13 percent.

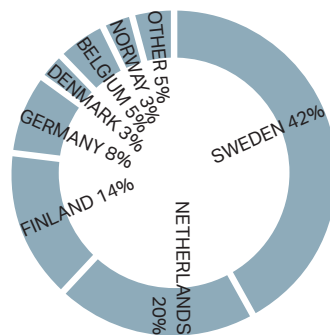


# Sports apparel

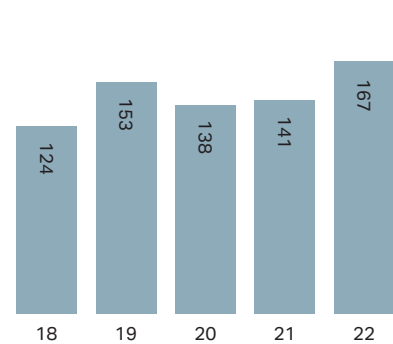
**SPORTS APPAREL,  
SHARE OF TOTAL SALES 2022**



**SPORTS APPAREL,  
SALES BY COUNTRY 2022**



**SPORTS APPAREL,  
SALES 2018-2022, SEK MILLION**



Björn Borg offers clothing collections for both women and men, mainly fashionable performance apparel in vibrant patterns. The product range comprises two main categories: *Performance* and *Sportswear*.

Today Björn Borg's sports apparel is sold in a total of 14 markets. Retailers include sports apparel and sporting goods chains, department stores, Björn Borg stores and e-commerce. Product development for sportswear is carried out within the Björn Borg Group.

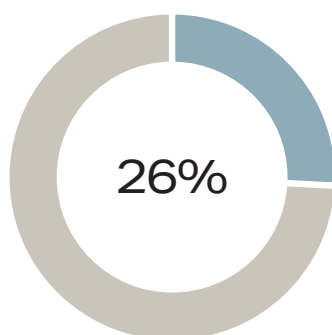
Sales of sportswear increased in 2022 to SEK 167 million (141) and the product area made up 19 percent (18) of total sales. Among the larger markets, all markets except Finland and Belgium showed growth, with Germany and Norway increasing strongly. The smaller markets showed an overall increase compared to the previous year of 51 percent.



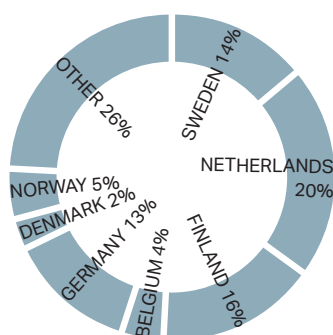


## Other products

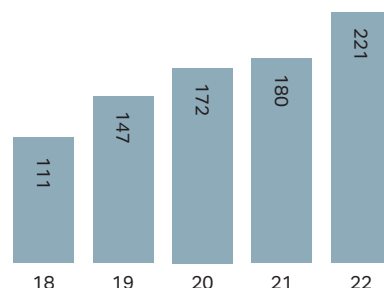
OTHER PRODUCTS,  
SHARE OF TOTAL SALES 2022



OTHER PRODUCTS,  
SALES BY COUNTRY 2022



OTHER PRODUCTS,  
SALES 2018-2022, SEK MILLION



### Footwear

The footwear product area, which is managed by an external licensee, offers a range of casual and sporty designer shoes for men and women – sold by independent retailers, footwear and sporting goods chains, department stores, major e-tailers, Björn Borg stores and online at [www.bjornborg.com](http://www.bjornborg.com). In recent years, the licensee has expanded the business internationally in several markets. In 2021, Björn Borg footwear was sold in around twenty European markets, of which Sweden, the Netherlands, Finland and Belgium were the largest. Growth is targeted in Björn Borg's main markets in Northern Europe.

### Bags

The bags product area falls into the fashion/trend segment and comprises gym bags, backpacks and duffel bags as well as wallets, gloves and belts. Retailers include luggage and sporting goods shops, retail chains, department stores, shop-in-shops, Björn Borg stores and e-commerce. Bags are mainly sold in Björn Borg's established markets in Northern Europe.

### Eyewear

Björn Borg's frames are part of the trend segment and are sold to opticians through the licensee's distribution organization. A line of sunglasses is sold as well through other categories of retailers such as fashion boutiques, department stores and Björn Borg stores.

### Development of other products in 2022

The combined brand sales in the other products segment in 2022 amounted to SEK 221 million (180), an increase of 23 percent compared to 2021. In all, other products made up 26 percent of total sales.

It was mainly the bag product area that showed strong development in 2022 and made up 6 percent of the Group's total sales in 2022. Footwear showed an increase of 6 percent compared to the previous year and made up 8 percent of total sales. Other product areas – mainly socks, swimwear and glasses – together accounted for 12 percent of total sales.



**BJÖRN BORG**  
Svenska Hantverk

# Geographical markets

## Larger markets

Björn Borg is currently represented in around 20 markets, the largest of which are Sweden, the Netherlands, Finland, Germany, Norway, Belgium and Denmark, in that order.

### SWEDEN

The Björn Borg brand was registered in Sweden in 1989 and was established during the first half of the 1990s on the Swedish fashion market. The first Björn Borg store was opened in Stockholm in 1994. Today, Sweden accounts for 33 percent of total sales. Björn Borg products are sold through approximately 1,284 retailers around the country, through own retail sales in six Björn Borg stores, two of which are factory outlet stores, and via e-commerce. Björn Borg today has a wide distribution on the Swedish market and the brand is represented with all product groups. Further broadening at the retailer level takes place selectively with existing and new product categories such as sportswear and performance wear. Sales showed an increase in 2022 of 5 percent compared to the previous year.

### NETHERLANDS

Björn Borg AB has owned the former external distributor in the Benelux since January 2017. The acquisition of the Benelux business was an important step in accelerating the vertical integration of Björn Borg's business and was in line with the strategy to get closer to consumers and retailers in Björn Borg's main markets. In 2022, the Netherlands was the second largest market for the Björn Borg brand with 20 percent of total sales. Operations in the country started in 1993 and the brand quickly established a position in the Dutch market with growing volumes and a wide presence. Björn Borg products are sold today through approximately 582 retailers and five Björn Borg stores. Björn Borg products in all product areas are available for sale on the Dutch market. Sales in the Netherlands increased during the year by 4 percent.

### FINLAND

The brand was established in Finland in the second half of the 1990s. It has developed strongly in recent years and today accounts for approximately 13 percent of total sales, and is thus Björn Borg's third

largest market. Underwear is the dominant product area, but footwear, sportswear and bags are also available for sale. Distribution is mainly through external retailers, approximately 644, but there are also five Björn Borg stores in Finland, three of which are factory outlet stores. Sales in Finland increased during the year by 7 percent.

### GERMANY

Björn Borg was launched in Germany in the spring 2016 and has shown rapid growth. Germany is today Björn Borg's fourth largest market with 11 percent of total sales. Underwear dominates the German market, and all product areas are available for sale. Björn Borg products are sold via approximately 38 external retailers, as there are currently no Björn Borg stores in the country. Sales on the German market increased by 14 percent compared to 2021.

### NORWAY

The brand was launched on the Norwegian market in the early 1990s. Norway today accounts for 5 percent of total sales. The products are sold by approximately 722 retailers around the country and in one Björn Borg store. All product groups are represented in Norway. Sales on the Norwegian market showed an increase of 30 percent compared to the previous year.

### BELGIUM

Björn Borg was launched in Belgium in the second half of the 1990s. Belgium is today Björn Borg's sixth largest market with 4 percent of total sales. Underwear dominates the Belgian market, but all product areas are available for sale. Björn Borg products are sold via approximately 188 retailers and two Björn Borg stores. Sales on the Belgian market decreased by 3 percent compared to 2021.

### DENMARK

Björn Borg was launched in Denmark in 1992 and Denmark today accounts for 3 percent of total sales. Since 2021, the Danish operation has been an integrated part of the Björn Borg Group. On the Danish market, Björn Borg products are only sold via external retailers, approximately 420, as there are currently no Björn Borg stores in the country. In Denmark, the brand is represented with products in all product areas and, in 2022, sales showed an increase of 19 percent compared to 2021.

## Smaller markets

Smaller markets include primarily England and a number of other markets such as Switzerland, the US, Slovenia, France and Canada.

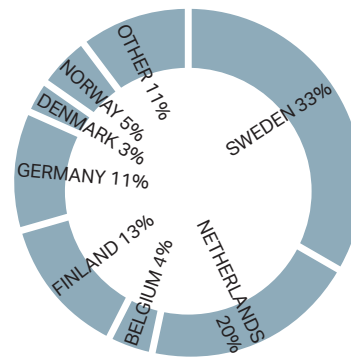
### ENGLAND

Björn Borg was established in England in 2006 through a launch at the Selfridges department store in London. In 2011, Björn Borg started its own operations together with a local partner after collaboration with the previous distributor was terminated. Distribution has since been broadened to include several other well-known retailers such as Harrods, John Lewis and House of Fraser, while more categories have been added, such as sports apparel. In addition to external retailers, Björn Borg had its own factory outlet in England until September 2020, after which the store was closed. Since 2021, the English operations are no longer an integrated part of the Björn Borg Group but are run by an external distributor. Sales in England showed an increase in 2022 of 44 percent and accounted for 2 percent of total sales.

### OTHER SMALLER MARKETS

Sales increased in many other smaller markets, and total sales increased by 11 percent. Björn Borg has chosen to focus its efforts more of those markets it considers to be its key markets, i.e., Northern Europe.

TOTAL SALES BY COUNTRY 2022



# Björn Borg's sustainability work

Never before has Björn Borg sold as much as in 2022. This, of course, undeniably has an upside, but the higher the turnover and the more products we put into the world, the greater the responsibility we have to reduce the negative effects that the production of our collections creates. With the help of the reduction model for emissions that we developed during the year, we have been able to see that despite the extensive sustainability work we carry out within the entire Group, down to each individual within the Group, we will only achieve a 30 percent reduction in our emissions, in absolute terms, by 2030 measured from 2020. It is clearly obvious that innovation is the key to reaching the goal of halving our emissions. We must find new solutions to a problem which is becoming more urgent with each passing year: we cannot continue as before. Working for a better tomorrow by running a sustainable business, both environmentally and socially, is now one of our three most important business areas. The other two will secure our financial performance; to secure profitable growth and to enhance the brand.

Björn Borg's entire value chain is involved in the company's sustainability journey and all the employees have a functional "green" goal. These individual goals follow the company's overall sustainability goals to ensure that we are all working in the same direction.

The new reduction model enables us to gain scientifically-based insights into our entire climate footprint. The analysis of this data forms the basis for the annual update of our 2030 plan. Change is

difficult without measuring instruments, so the progress made in 2022 will play a key role in the company's future environmental work.

## OUR COMMITMENTS

Björn Borg's sustainability work can be summarized as a commitment to:

- Reduce our waste and dependence on limited resources
- Act responsibly
- Maintain sustainable production and sustainable design
- Ensure that our suppliers follow our guidelines for reduced environmental impact and social responsibility
- Include sustainability criteria throughout the product's entire journey towards the consumer
- Maintain transparency
- Always encourage ethics and sustainability for consumers and other stakeholders
- Always strive to be better, never stop finding new solutions.

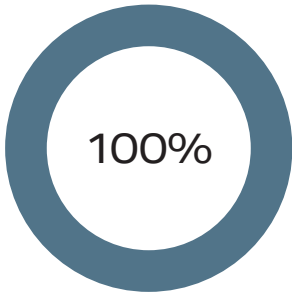
Find further details about Björn Borg's sustainability work, strategy and development in the management report in this annual report and in the sustainability report that supplements this report and which can be downloaded from our website: <https://corporate.bjornborg.com/en/section/sustainability/>

## EMISSION KPIS

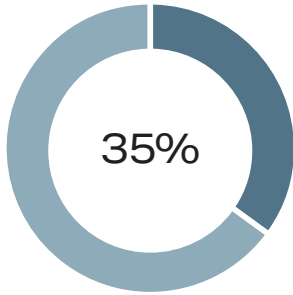
KPI	2022	Base year 2020	Change 2020-2022
Total emissions per net revenue [ton CO <sub>2</sub> e/MSEK]	21.2	34.2	-38%
Scope 1 and 2 emissions per net revenue [ton CO <sub>2</sub> e/MSEK]	0.31	0.52	-40%
Emissions per FTE [ton CO <sub>2</sub> e/FTE]	120.6	125.8	-4%
Production emissions per sold product [kg CO <sub>2</sub> e/sold product]	1.3	1.71	-27%
Transport emissions per sold product [kg CO <sub>2</sub> e/sold product]	0.1	0.12	-26%
Energy usage per area [kWh/m <sup>2</sup> ]	62.0	58	7%
Production emissions per kg material* [kg CO <sub>2</sub> e/kg]	13.0	12.98	0.4%

\* Emissions include total emissions from purchased goods and services excl royalties, weight includes material weight excl waste, packaging and royalties.

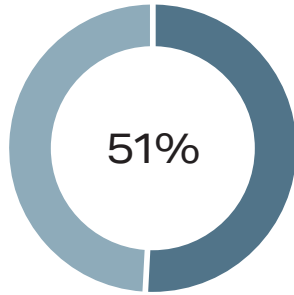
# Environmental KPIs



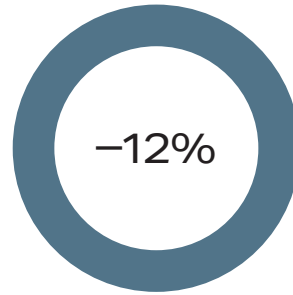
% of clothing with more sustainable materials



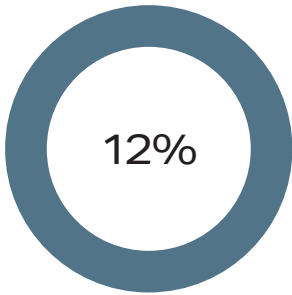
% of bags with more sustainable materials



% of footwear with more sustainable materials



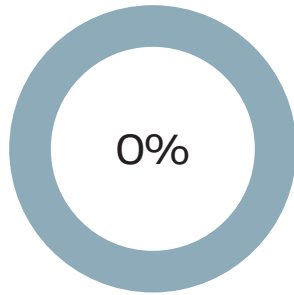
Decrease CO<sub>2</sub> emissions Change comp. 2020



Recycled PET

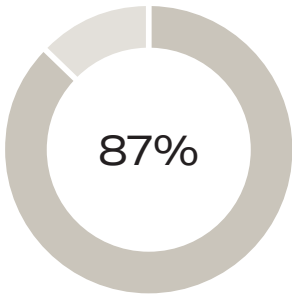


Increase of certified organic cotton vs 2021

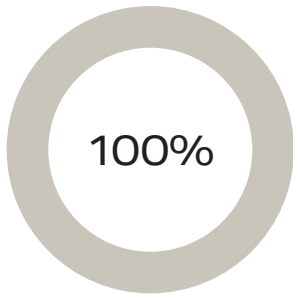


Percentage air transports – outbound

# Social KPIs



Employee satisfaction and motivation (2021: 86%)



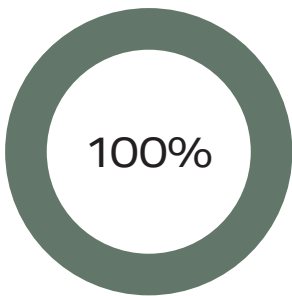
Tier 1 production partners who signed code of conduct

A summary of Björn Borg's sustainability KPIs in 2022. Our climate data is based on calculations of actual data within the GHG Protocol scopes 1, 2, and 3. The numbers have been reviewed and approved by the company senior management, sustainability leadership team, and a third-party auditor.

Björn Borg has a transparency grade of 100% in tier 1 (manufacturing) and over 90% in tier 2 (dyeing and printing). The Björn Borg tier 1 partners adhere to the amfori BSCI code of conduct, a requirement for all company production partners.

The Björn Borg sustainability strategy builds on working for a better tomorrow both from an environmental and social aspect. We support the United Nations Sustainability Development Goals and Agenda 2030 through our sustainability strategy and roadmap.

# Governance KPIs



Employees with green goal: 100%



Sustainability one of our top 3 business goals



2030 carbon emission reduction model completed

# Employees and organization

With their competence, personality, creativity and drive, Björn Borg's employees contribute to the development of the brand and the Group and are essential to the success of the company. As an employer, Björn Borg wants to offer a stimulating work environment where management and staff together build a culture characterized by high ambition and drive, and a strong passion for sport and fashion.

One of management's top priorities is to provide current employees with development opportunities and attract new employees with the right talent into the organization. This is accomplished by building an open and stimulating corporate culture, where employees can grow and develop within the organization. In a growing business, there is a greater need for structure and standardized routines – while still maintaining creativity.

Björn Borg's employees are generally highly skilled with extensive business experience from large Swedish and international apparel companies and retailers, as well as possessing unique expertise in fashion and sports apparel. They share a great interest in fashion and sports, which is reflected in the strong culture. To sustain a high level of innovation and creativity in product development, inspiration is sought at trade shows and international fashion events. The company also places great importance on creating an inspiring culture internally, where the driving force is to inspire people to feel active and attractive.

## SHARED VALUES

Shared values play an important unifying role for Björn Borg's business not only with its extensive international operations and large network of partners, but also for the brand's development. The values that define Björn Borg can be summarized as follows: *Passion, Empowering, Winning attitude, Bold och Magnetic*. These five values distinguish the way we work and all communication, both internal and external.

The company's mission is that *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*. This is a major driver that unites employees and a mission we take very seriously. Everyone at Björn Borg is treated equally and has the same opportunities regardless of race, ethnicity, age, religion, gender, sexual orientation or disability.



## THE ORGANIZATION DURING THE YEAR

During the year, Björn Borg has retained a very strong commitment to our employees. We are back in the office after two years of pandemic. We are back to our joint activities and symbolic actions that contribute to strengthening our culture and community. The company continues to work on developing our employees and ensuring the right skills and a good working environment. It is long-term work that also aims to create a competence-oriented work environment that is stimulating for the employees. Each employee has individual development goals that apply to both functional competence and personal well-being. The employees are offered various forms of competence development for both their professional competence and their personal development, where leadership, self-leadership and health are prioritized areas. The company has begun work on centralizing areas within the Group in order to reach out even more as a brand.

## PERFORMANCE MANAGEMENT

In a growing company in a changing world, the demands on a well-structured organization and a clear division of labor increase. The company has clear job descriptions with measurable goals for each employee and works in a structured way to ensure efficient work in a work environment where employees feel good and perform well. The company has developed a business plan (Northern Star) with clear objectives for the coming years and it has been adjusted during the year to ensure relevance in the changing times in which the industry finds itself. Employees at all levels in the organization have been involved in that work and the anchoring work has been led from the top management at all levels. The overall objectives have then, with the same high degree of involvement, been broken down for each department and individual so that everyone who works within the company has clear goals and activities that lead to the common business goals. The goals are followed up in individual reconciliation sessions with each individual each month to maximize focus, development and results. In addition to strategic goals for the company's growth, the goals also include areas for improvement

for the work environment, the internal company culture and each individual's development both professionally and personally (*"Get better goal"*). Each individual also has personal goals for their own health (*"Get stronger goal"*) which are adjusted in individual tests twice a year in collaboration with a professional personal trainer. Mental health is also mapped with a focus on stress and balance in life, and based on that mapping, goals and action plans are set annually both at the Group level and for each individual. Each employee also has personal goals for sustainability (*"Get greener goals"*), to contribute to Björn Borg's sustainability work with a focus on reducing the climate footprint.

The compensation systems that the company applies are based on a regular salary and a variable remuneration for certain key employees, where variable remuneration is based on performance against a combination of the company's financial objectives and the individual's prioritized goals.

## THE ORGANIZATION IN FIGURES

The average number of employees in the Group in 2022 amounted to 151 people compared to 162 in 2021. 67 percent of the employees were women and 33 percent were men.

Every year we carry out physical tests at the company in which all employees participate and where all of the employees, together with a professional personal trainer, undergo individual health tests. These consist of exercises which measure fitness, strength, mobility and perceived well-being. Employees can then set goals for their own improvement based on the results.

Employee engagement in the organization is very high (87 percent) and has increased during the year, in line with set goals. Confidence in the management is very high (92 percent), in line with the company's ambitions, with a focus on immediate leadership which, to a large extent, affects the employee's development and performance. All departments have been involved in setting their own goals, based on the current situation, for how the results should be improved in the coming year as well.

# Björn Borg in numbers





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# Five-year summary

## FIVE-YEAR SUMMARY

SEK thousands	2022	2021	2020	2019	2018 <sup>2</sup>
<b>Income statement in summary</b>					
Operating revenue	861,008	796,095	734,007	779,055	716,781
Operating profit	72,909	104,088	33,694	51,365	71,003
Profit after financial items	70,444	106,870	17,579	48,693	74,028
Profit for the year	50,873	86,030	18,833	38,947	59,886
<b>Balance sheet in summary</b>					
Intangible assets	231,579	233,134	232,094	232,538	232,234
Tangible non-current assets	16,195	15,405	16,580	18,127	15,390
Other long-term receivables	12,575	13,952	15,761	14,958	23,228
Deferred tax assets	52,571	54,950	57,481	131,458	–
Inventory	201,136	151,991	123,357	128,424	139,564
Current receivables	123,306	114,494	103,510	144,706	144,112
Cash & cash equivalents	16,032	96,743	70,235	29,002	36,388
<b>Total assets</b>	<b>653,394</b>	<b>680,668</b>	<b>619,018</b>	<b>699,213</b>	<b>590,916</b>
Equity	324,809	334,217	291,013	264,884	281,705
Non-current liabilities	–	1,932	–	–	3,824
Deferred tax liabilities	39,877	39,596	39,289	40,370	42,892
Non-current lease liability	32,386	33,777	35,701	96,137	–
Current liabilities	256,323	271,146	253,015	297,822	262,495
<b>Total equity and liabilities</b>	<b>653,394</b>	<b>680,668</b>	<b>619,018</b>	<b>699,213</b>	<b>590,916</b>
<b>Key ratios<sup>1</sup></b>					
Gros profit margin, %	50.8	54.2	52.5	53.7	57.4
Operating margin, %	8.7	13.5	4.8	6.8	10.0
Profit margin, %	8.4	13.9	2.5	6.4	10.4
Return on capital employed, %	17.1	24.4	4.8	12.0	18.4
Return on average equity, %	15.4	27.5	6.8	14.3	21.5
Profit attributable to Parent Company's shareholders	50,873	86,030	18,333	38,948	60,128
Equity/assets ratio, %	54.0	53.4	51.8	46.9	47.7
Equity per share, SEK	12.9	13.29	11.57	10.53	11.20
Investments in intangible non-current assets	265	4,828	3,474	3,845	7,264
Investments in tangible non-current assets	8,059	5,680	5,490	8,732	6,486
Depreciation/amortization for the year	–34,739	–35,503	–40,846	–57,227	–8,877
Average number of employees	151	162	192	212	213
<b>Data per share</b>					
Earnings per share, SEK	2.02	3.42	0.75	1.55	2.39
Earnings per share, SEK (after dilution), SEK	2.02	3.42	0.75	1.55	2.39
Number of shares	25,148,384	25,148,384	25,148,384	25,148,384	25,148,384
Weighted average number of shares	25,148,384	25,148,384	25,148,384	25,148,384	25,148,384
Effect of dilution	–	–	–	–	–
Weighted average number of shares (after dilution)	25,148,384	25,148,384	25,148,384	25,148,384	25,148,384

<sup>1</sup> For descriptions of alternative key ratios, see page 93.

<sup>2</sup> IFRS 16 Leases is applied prospectively as of 2019. This means that for previous years leasing is recognized according to IAS 17 Leases.

# Quarterly data for the Group

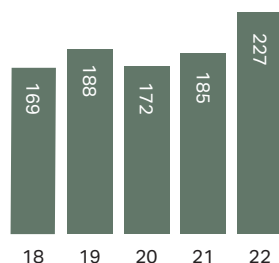
## QUARTERLY DATA FOR THE GROUP

SEK thousands	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021
Net sales	198,420	248,590	161,544	226,620	180,576	240,141	162,836	184,651
Gross profit margin, %	52.1	48.2	54.5	50.0	53.1	54.4	56.3	53.3
Operating profit	7,770	30,598	5,233	29,309	10,020	52,357	19,277	22,434
Operating margin, %	3.9	12.3	3.2	12.9	5.5	21.8	11.8	12.1
Profit (loss) after financial returns	6,389	30,546	4,344	29,166	12,030	50,937	18,015	25,888
Profit margin, %	3.2	12.3	2.7	12.9	6.7	21.2	11.1	14.0
Earnings per share, SEK	0.21	0.88	0.01	0.92	0.44	1.59	0.54	0.85
Earnings per share, after dilution, SEK	0.21	0.88	0.01	0.92	0.44	1.59	0.54	0.85
Number of Björn Borg stores at end of period	19	19	24	26	26	27	28	31
Of which Group-owned Björn Borg stores	18	18	21	23	23	24	25	28

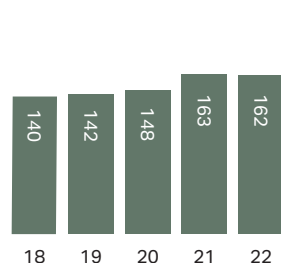
## SEASONAL VARIATIONS

The Björn Borg Group is active in an industry with seasonal variations. The four quarters vary in terms of sales and earnings.

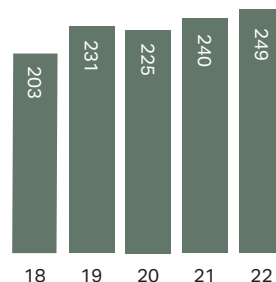
**NET SALES**  
2018-2022, Q1, SEK MILLION



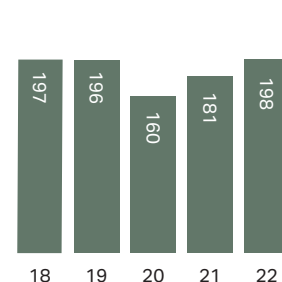
**NET SALES**  
2018-2022, Q2, SEK MILLION



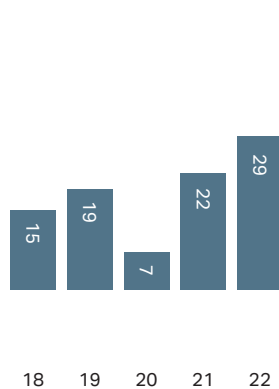
**NET SALES**  
2018-2022, Q3, SEK MILLION



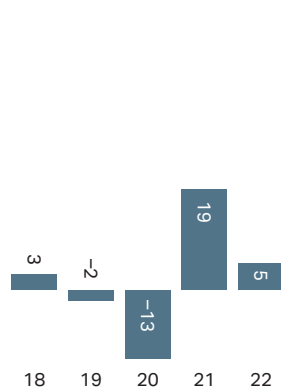
**NET SALES**  
2018-2022, Q4, SEK MILLION



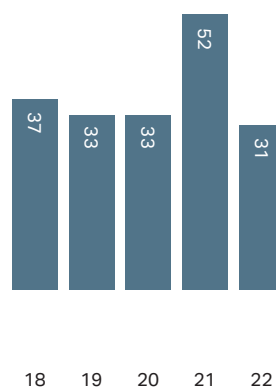
**OPERATING PROFIT**  
2018-2022, Q1, SEK MILLION



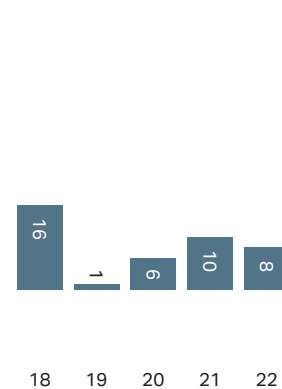
**OPERATING PROFIT**  
2018-2022, Q2, SEK MILLION



**OPERATING PROFIT**  
2018-2022, Q3, SEK MILLION



**OPERATING PROFIT**  
2018-2022, Q4, SEK MILLION



# Board of directors' report

The Board of Directors and the CEO of Björn Borg AB (publ), company registration number 556658-0683, herewith present the annual report and consolidated financial statements for the financial year 2022.

## OPERATIONS

The Björn Borg Group owns and develops the Björn Borg brand. The focus of the business is underwear, sports apparel and bags, and via licensees also footwear and eyewear. Björn Borg products are sold in about twenty markets, the largest of which Sweden and the Netherlands.

The Björn Borg Group has operations at every level from branding to consumer sales in its own Björn Borg stores and e-commerce. Operations include brand development and service to the network of licensees and distributors, as well as product development in the core areas of underwear, sports apparel and bags. The Group is also responsible for the distribution of underwear, sports apparel and bags in Sweden, Finland, Denmark, the Netherlands, Belgium and Germany, as well as for footwear in Sweden and Finland.

## BJÖRN BORG SHARE AND OWNERSHIP

Björn Borg AB is listed on Nasdaq Stockholm. The total number of shares in Björn Borg amounts to 25,148,384. There is only one class of shares. The share capital amounts to SEK 7,858,870 and the quotient value per share is SEK 0.3125. Each share entitles the holder to one vote at the Annual General Meeting and there are no restrictions on how many votes each shareholder can cast at the Annual General Meeting. Björn Borg had 8,738 shareholders at year-end. The largest shareholder as of December 31, 2022, was Martin Bjäringer. Martin Bjäringer holds, directly and indirectly, 9.9 percent of the shares in Björn Borg.

There are no restrictions on the right to transfer the Björn Borg share according to current laws or in Björn Borg's Articles of Association. Nor is Björn Borg aware of any agreements between shareholders that could infringe upon the right to transfer Björn Borg shares.

Björn Borg's main debt financing, which consists of a three-year loan agreement of SEK 60 million with Danske Bank, contains a so-called "change of control" clause. The clause states that if anyone acquires an ownership interest in the company of 50 percent or more, the bank has the option of terminating the agreement.

Board members and any deputy Board members are appointed at the Annual General Meeting (AGM) for the period until the next Annual General Meeting. Björn Borg's Articles of Association contain only the customary provisions on Board elections and have no rules on special majority requirements for the appointment and dismissal of Board members.

## ANNUAL GENERAL MEETING

The 2022 Annual General Meeting was held on 19 May 2022 and was conducted in accordance with Section 22 of the Act (2022:121) on temporary exceptions to facilitate the implementation of company and association meetings, meaning that the shareholders were allowed to exercise their right to vote at the meeting only by voting in advance, so-called postal voting. At the Annual General Meeting, among other things, decisions were made on the re-election of Board members Alessandra Cama, Anette Klintfält, Fredrik Lövestedt, Mats H Nilsson, Jens Högsted and Heiner Olbrich, as well as the new election of Johanna Schottenius as a regular Board member. The total number of members is thus seven. The AGM decided that Heiner Olbrich should be re-elected as Chairman of the Board. The AGM also resolved, among other things, on a limited authorization for the Board to decide on a new share issue with a total of no more than SEK 390,625 (divided into no more than 1,250,000 new shares). The authorization also included the right to decide on a new issue with determination of non-cash contributions, or that shares should

be subscribed with set-off rights, or otherwise with conditions according to Chapter 13 Section 7, Chapter 14 Section 9 or Chapter 15 Section 9, of the Swedish Companies Act. The minutes from the Annual General Meeting are available on the Björn Borg website. The Board did not use the authorization in 2022.

## THE WORK OF THE BOARD

In 2022, the Board of Directors held five meetings, four of which were in connection with the quarterly financial reports and one meeting per capsulam. Further information about the Board's work and the members' attendance at this Board meetings held during the year can be found in the corporate governance report on page 96. Please note that the corporate governance report is not part of the administration report but a separate report.

## FINANCIAL GOALS

Björn Borg's long-term financial goals for the business, which were most recently set 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.
- Annual dividend of at least 50 percent of net profit after tax.
- The equity/assets ratio should not less than 35 percent

The company adheres to the above goals despite the Coronavirus's negative financial impact on operations.

## Comments on the financial targets:

Sales growth is expected to come mainly from growth in, above all, sports apparel, although other product groups are also expected to grow.

## DIVIDEND

The Board proposed to the AGM that a distribution of SEK 2.00 (2.50) per share be paid for 2022, corresponding to 99 percent of profit after tax. The distribution was proposed to take place through an automatic redemption procedure, where each share is divided into an ordinary and a redemption share. The redemption share will then be automatically redeemed for SEK 2.00 per share. The payment for the redemption share, subject to approval at the Annual General Meeting, is expected to be complete by around June 22, 2023.

The Board's proposal corresponds to a transfer to the shareholders of SEK 50.3 million (62.9).

## EVENTS IN 2022

### The organization

The company notes 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 thereby started a war against Ukraine. Consequences of the war have included large flows of refugees, and severe sanctions against Russia from the outside world. It is currently difficult 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, although declining consumer confidence in the future may have an indirect, negative effect. However, the company can state that increased fuel prices always 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 has reached high levels, that interest rates on bank loans are rising sharply, and that the currencies in which the company trades have developed unfavorably. Taken together, these macro-economic effects can have an additional impact on consumer purchasing behavior.



### Björn Borg stores

During the year, five stores were closed: one in Belgium, one in the Netherlands and three in Finland. At year-end, the number of Björn Borg stores amounted to 19 (26), of which 18 (23) were Group-owned.

### GROUP DEVELOPMENTS

#### Net sales

The Group's net sales for the full year 2022 amounted to SEK 835.2 million (768.2), an increase of 8.7 percent. Currency effects had a positive impact on turnover and adjusted for currency effects, turnover increased by 4.7 percent.

The main explanation for the increase in sales for the full year 2022 was an increased demand in physical trade where, above all, Sweden, the largest market, showed strong growth. For further details, see below under "SEGMENT".

#### Results

The gross profit margin for the full year 2022 decreased to 50.8 percent (54.2). Adjusted for currency effects, the gross profit margin would have been 55.5 percent, i.e., an increase of 1.3 percentage points compared to the previous year.

Other operating income amounted to SEK 25.8 million (27.9) and referred mainly to unrealized profits on trade receivables in foreign currency.

Operating costs increased by SEK 37.1 million compared to the previous year, primarily through increased rental and sales costs as well as marketing activities. The operating result was also affected negatively by SEK 13.8 million in 2022, related to the company's incentive program, LTIP 2022. The 2019 Annual General Meeting decided on the introduction of a new long-term incentive program, LTIP 2022, which can be described as a variable cash compensation scheme based on the share price of the Björn Borg share. Members of the company management were entitled to participate in the incentive program which ran between 2019 and 2022.

The increased sales, despite a lower gross profit margin related to the negative currency effects and increased operating costs compared to the previous year, resulted in an operating profit that decreased to SEK 72.9 million (104.1). The operating margin was 8.7 percent (13.5).

The financial net amounted to SEK -2.5 million (2.8). The deterioration of the financial net compared to the previous year was mainly attributable to the revaluation of financial assets and liabilities in foreign currency.

The period's result after tax decreased to SEK 50.9 million (86.0). The result after tax was negatively affected by SEK 5.1 million during the year, related to a tax effect regarding the write-down of receivables in connection with the liquidation of the company's English operations.

#### Investments and cash flow

The cash flow from the ongoing operations in the Group during the full year 2022 amounted to SEK 60.5 million (113.9). The deterioration compared to the previous year came primarily from a higher level of capital tied up in inventory.

The cash flow from investment operations was negative SEK -8.3 million (-10.5). The major investments were in the remodeling of a new outlet store.

The cash flow from financing activities amounted to SEK -135.9 million (-80.1). The deterioration compared to the previous year was mainly due to higher distributions to shareholders 62.9 (50.3) and loan repayments.

#### Financial position and liquidity

The Björn Borg Group's cash and cash equivalents at the end of the period amounted to SEK 16.0 million (96.7), plus unused bank facilities of SEK 120.0 million (160.0). Since the corresponding period last year, the Björn Borg Group has reduced its bank facilities by SEK 90 million, from SEK 240 million to SEK 150 million. At year-end, the company had a net debt, excluding leasing debts, of SEK 14.0 million compared to a net cash balance of SEK 16.7 million the previous year. Total interest-bearing liabilities amounted to SEK 81.7 million (134.0), where total leasing debt amounted to SEK 51.7 million (54.0), of which SEK 32.4 million was the long-term part and SEK 19.3 million was short-term.

The Björn Borg Group has SEK 150 million in bank facilities, of which SEK 30.0 million (80.0) was utilized as of December 31, 2022. The fair value of financial instruments corresponds in all material respects to the book value.

#### Commitments and contingent liabilities

As a commitment for the checking credit 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 operating profit before depreciation as of the last day of each quarter end does not exceed 3.00. Furthermore, the Group must at all times maintain an equity ratio of at least 35 percent.

### FIVE-YEAR SUMMARY<sup>1</sup>

	2022	2021	2020	2019	2018
Net sales, SEK million	835.2	768.2	705.2	756.9	709.6
Operating profit, SEK million	72.9	104.1	33.7	51.4	71.0
Operating margin, %	8.7	13.5	4.8	6.8	10.0
Profit before tax, SEK million	70.4	106.9	17.6	48.7	74.0
Profit for the year, SEK million	50.9	86.0	18.8	38.9	59.9
Earnings per share before dilution, SEK	2.02	3.42	0.75	1.55	2.39
Earnings per share after dilution, SEK	2.02	3.42	0.75	1.55	2.39
Equity/asset ratio, %	54.0	53.4	51.8	46.9	47.7
Equity per share, SEK	12.92	13.29	11.57	10.53	11.20

<sup>1</sup> For descriptions of alternative key figures, see page 93.

As of 31 December 2022, the ratio was 0.17, to be compared with a positive ratio of +0.15 the previous year. The equity ratio amounted to 54.0 percent (53.4).

No significant changes have taken place regarding pledged collateral and contingent liabilities compared to 31 December 2021.

#### Transactions with related parties

In addition to the customary remuneration (salary, fees and other benefits) to the CEO, senior executives and the Board, and internal sales between Group companies, no transactions with related parties have been carried out during the period.

#### SEGMENTS (FOR MORE INFORMATION, SEE NOTE 4)

##### Wholesale business

*The segment consists of revenues and expenses associated with the Björn Borg Group's wholesale operations. The Group conducts wholesale operations in Sweden, Germany, Finland, the Netherlands, Belgium and Denmark for clothing, bags and underwear, as well as footwear in Sweden and Finland.*

The segment's external operating income amounted to SEK 539.9 million (502.3), which was an increase of 7 percent. One explanation for the increase was that the company saw an increased demand, above all in physical trade, within the segment which increased by 15 percent for the full year 2022. Sweden and Finland increased by 4 and 20 percent respectively. Footwear operations in the segment increased by 4 percent. Germany increased by 15 percent, while the Netherlands and Belgium decreased by 3 and 13 percent respectively.

Operating profit amounted to SEK 52.8 million (68.5) which, compared to the previous year, represented a decrease of SEK 15.7 million. The deterioration in earnings was primarily due to lower gross profit margins related to negative currency effects and planned increases in operational costs.

##### Consumer direct

*This segment consists of income and costs associated with the Björn Borg Group's sales directly to consumers. The Björn Borg Group owns and operates a total of 18 (23) stores and factory outlet stores in Sweden, Finland, the Netherlands and Belgium, selling underwear, sportswear, complementary products and other licensed products. In addition, Björn Borg runs e-commerce via www.bjornborg.com.*

The consumer direct segment increased its external operating income for the year 2022 to SEK 220.0 million (212.7), an increase of 3 percent. The increase was mainly due to strong growth in own e-commerce, which grew by SEK 113.4 million (99.5) during the full year 2022, an increase of 14 percent. Turnover for own physical stores was down by 6 percent in total for the company, primarily due to fewer stores compared to the previous year. For comparable stores, turnover in own stores increased by 13 percent in the full year 2022.

The operating result for the year 2022 amounted to SEK -6.7 million (13.8). The deterioration in the operating result was primarily due to reduced gross profit margins within own stores because of negative currency effects, and the closing of unprofitable stores, which led to sales and thus increased discounts, as well as increased operational costs related to one-off items within the repayment of state aid in the Netherlands.

##### Distributors

*The distributor segment mainly consists of income 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 increased in 2022 to SEK 92.3 million (71.4), which corresponded to an increase of 29 percent. Sales to the two largest distributor markets, Norway and Great Britain, increased compared to the previous year by 28 percent

and 69 percent respectively. The increase in Norway was explained by a wider distribution compared to previous years, while the growth in Great Britain was a result of the English 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 19.6 million (13.6).

##### Licensing

*The license segment consists mainly of royalty income from licensees as well as costs for the Group associated with license operations.*

The segment's external operating income decreased in 2022 to SEK 8.9 million (9.7). The reduction was a result of lower brand sales of licensed products, where footwear was primarily responsible for the reduction.

The operating profit decreased to SEK 7.2 million (8.2) for the full year 2022. The reduced operating profit was a consequence of lower external sales in the segment.

##### Intra-group sales

Intra-group sales for the full year 2022 amounted to SEK 518.3 million (548.9).

##### EMPLOYEES

The competence, creativity and drive of Björn Borg employees are important factors behind the positive development for the brand and the Group and are essential for continued success. Retaining staff and attracting new professional employees to the organization is thus considered a priority task for management. The company's current compensation system is based on basic salary and an individual bonus system for certain key employees where bonuses are paid according to performance against individual goals.

The average number of employees in the Group for the twelve-month period ending 31 December 2022 was 151 (162), of which 67 percent (65) were women.

##### GUIDELINES FOR REMUNERATION TO THE CEO AND OTHER SENIOR EXECUTIVES

At the Annual General Meeting on May 19, 2022, it was resolved that remuneration to the CEO and the other persons in the company management would comprise a fixed salary, variable remuneration, pension and other benefits. In addition, and independently of the guidelines, the Annual General Meeting may decide to pay share and share price-related remuneration. The total remuneration must be market-based and competitive and be in relation to responsibilities and authority. The variable remuneration will be based on performance in relation to defined and measurable goals, designed to promote the company's business strategy and long-term value creation, and be maximized at 50 percent of the fixed salary during the measurement period, which is normally one year. In the event of termination of the employment contract by the company, the notice period shall not exceed six months. Severance pay will not be paid. Pension benefits are defined contribution.

##### ACTIVITIES IN RESEARCH AND DEVELOPMENT

Björn Borg does not conduct any research activities; however, development and design takes place in the product areas of underwear, sports apparel and bags.

##### BJÖRN BORG'S SUSTAINABILITY WORK AND RESULTS IN 2022

In 2022, the company shifted its sustainability work up another notch. The data we managed to obtain was more precise and more in-depth, and consequently, so too were the measurements and analyses. As a result, our strategy and goals also became more

precise and realistic. We focused our sustainability work in three areas: responsible production, reduced climate footprint and driving sustainable consumption. These areas will remain in focus in the future, and we are moving forward with ever increasing clarity.

We know today that the goal we set in 2020, to reach a 50 percent reduction in carbon dioxide emissions in absolute terms by 2030, cannot possibly be achieved with the extensive measures we are already taking today. We will only achieve a 30 percent reduction without changes to our present reduction measures. This is not enough. Innovation and new business models are needed, and that is the future challenge that we are now taking on. We are committed to meeting the goals of the Paris Agreement and we intend to achieve them.

The entire company, and each individual employee, today have their own sustainability goals, and our goal of a better future is one of our three most important stated business areas. Today, we have scientifically-based knowledge concerning our entire climate footprint and we also take extensive social responsibility. However, we can always improve and that will be the starting point for our future work.

Our sustainability work team now includes leaders in the key areas of purchasing, products, logistics and communication. The annually updated action plan that forms the basis of the work towards the 2030 goals is approved by both the Board and the management team. The plan lays the foundation for the coming year's work and is followed up with the company's function manager every quarter. It is both functional and mandatory.

Our goal of a 100 percent sustainable product offering continues. In the Autumn/Winter 2023 collection created during the year, 100 percent of our clothing, 35 percent of our bags and 51 percent of our footwear will include more sustainable materials such as recycled polyester and polyamide, LWG-certified leather, and cotton that supports Better Cotton's mission. In 2022, we produced 23 times as many garments with organic cotton as in 2021, and we also found new materials that can completely replace cotton. These new materials introduced into Björn Borg's product range will, without exception, be more durable than conventional materials.

Apart from our e-commerce business, we never plan for air transport and not one single outbound wholesale transport went by air in 2022. Since 2021, every air transport must be approved by the management team. Within our own e-commerce, products are only transported by air to continents other than Europe, and we are looking at solutions to reduce flight distances to, for example, the USA and Australia. Solutions take the form of alternative transport methods, local warehouses, and other transport routes from the factory, to take just a few examples.

Last but certainly not least, we have the group of people who help us make all this happen - the people who work for us both internally and externally. We work hard to ensure that they have as good a working environment and the best working conditions as possible, and that we shall be, if not the universe's, then at least the world's best employer. Read more about this in our sustainability report, which is available at: <https://corporate.bjornborg.com/en/section/sustainability/>

## **RISKS, UNCERTAINTIES AND RISK MANAGEMENT**

A number of operational and financial risks internally and externally could affect Björn Borg's earnings and operations.

### **Financial risks**

Through its operations, Björn Borg is exposed to currency, interest rate, credit and counterparty risks as well as liquidity and refinancing risks. The Board has decided how the Group will handle these risks, see further note 3. The company notes, however, that the outbreak

of the Corona -virus in 2020 meant that the external situation changed significantly and affected the Björn Borg Group negatively. The company further notes what has been called the most politically threatening event in Europe since the Second World War began at the end of February 2022. Russia launched a large-scale attack and thus started a war against Ukraine. Consequences of the war have been large flows of refugees, as well as severe retaliatory sanctions against Russia in response from the outside world. It is currently difficult 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, although declining consumer confidence in the future may have an indirect, negative effect. However, the company can state that increased fuel prices lead to increased shipping costs, 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 high levels, that interest rates on bank loans are rising sharply and that the currencies in which the company trades have had an unfavorable development. Taken together, these macro-economic effects could have an additional impact on consumer purchasing behavior.

### **Market risks**

Björn Borg is active in the highly competitive fashion industry. The company's vision is to consolidate the Björn Borg brand as a globally established sports fashion brand. The company's competitors, national and international brands, usually focus on the same markets. They often have significant financial and human resources. However, Björn Borg has so far managed to hold its own in competition with other market players, but there are no guarantees that the company will continue to be able to assert itself well against current and future competitors.

### **Legal risks**

Björn Borg sells consumer products. There is a risk that the products in question could be associated with safety risks or harm users for other reasons. In some countries, such as the United States, this type of product liability can lead to significant claims for damages from those affected which could adversely impact the company's earnings and reputation. Even though preventive measures are taken, Björn Borg runs the risk that the marketing and sales of its products could infringe the intellectual property rights of a third party's intellectual property rights, and it could be accused, for instance, of the unauthorized use of someone else's trademark or copyrighted material. This type of claim could entail a liability for compensation that negatively affects the result and could harm the company's reputation.

### **Expansion of the business**

The company's future growth is dependent on the network's ability to increase sales through existing sales channels, but also on the company identifying new geographical markets for the company's products. The ability to find new markets for Björn Borg is partly dependent on factors beyond the company's control, such as the general economy, trade barriers and the availability of attractive retail premises on commercially viable terms.

### **The network**

The company's position and future expansion are, among other things, dependent on external entrepreneurs who serve as product companies, distributors and franchisees in the network. Despite the fact that Björn Borg, on the whole, has well-functioning and extensive contractual relations, directly or indirectly, with the external parties that are part of the network, these agreements can be terminated and there are no guarantees that corresponding agreements can be signed. The termination of a collaboration with one or more

entrepreneurs in the network could adversely affect the company's growth and results. Björn Borg's distribution model, with external distributors – both its own and licensees – further creates risks that these external parties do not make the investments or implement the measures that are needed, for example, to achieve certain planned growth targets or certain types of changes.

#### Fashion trends

The company's operations are affected by shifts in trends and fashions and consumer preferences regarding design, quality and price level. Positioning in relation to different competitors' products is critical. In general, there is a positive relationship between fashion level and business risk, where a higher degree of fashion means a shorter product life cycle and a higher business risk. Rapid changes in fashion trends can mean declines in sales for certain collections.

#### Economic impact

The company's sales are affected overall, like all retail sales, by changes in the general economic situation. A more favorable economy will have a positive impact on household finances and thereby on their consumption patterns. A deterioration in the economy has the opposite effect, something that has been particularly evident in recent years with unstable market demand, with effects on the Group's underwear and sports apparel sales. The company's profitability is also affected by changing raw material prices on the world market and by increased production, payroll and transport costs in the countries where the company buys its products.

#### Protection for the Björn Borg brand

The Björn Borg brand is crucial to the company's position and success. Copyright infringements and the distribution of copied products, so-called piracy, damage the Björn Borg brand, the reputational capital of Björn Borg products and Björn Borg's profitability. In addition to risks associated with piracy, the possibility of expanding into new markets can be limited if, for example, a third party in a country has registered a trademark reminiscent of Björn Borg. The company works continuously with trademark protection. However, there are no guarantees that the measures taken to protect the Björn Borg brand are sufficient.

The Björn Borg brand is further connected with the person Björn Borg. The position of the brand is therefore to some extent dependent on the person Björn Borg being associated with the core values that are included in the brand's platform.

#### Reputational damage

The company's reputation with the customer base is built on a consistent experience of the company's products in the markets where the products are visible. Björn Borg products should be presented in a way that reflects the values that Björn Borg represents. If the parties in the network take any action that presents Björn Borg products in a way that conflicts the company's positioning in the market or the values that the brand represents, Björn Borg's reputation could be damaged. Examples of reputational damage can be negative publicity about working conditions in factories that manufacture products, prohibited chemicals, safety concerns in products or accusations of sexist or gender stereotypical advertising. In the long term, reputational damage will harm the company's growth and earnings.

#### OUTLOOK 2023

The company's policy is not to issue earnings forecasts. However, the outbreak of the Corona virus has meant that the external situation has changed significantly and affected the Björn Borg Group negatively. The extent of this impact is difficult to assess, but the outbreak has had, and will continue to have, a negative financial impact on the Björn Borg Group's operations. Even though these effects have already occurred, the company assesses that the negative financial effects will subside in 2023. Furthermore, the company assesses that the war in Ukraine and its consequences may affect consumers' faith in the future and have an indirect, negative financial effect for the company. In addition, the company notes that inflation in the markets in which the Björn Borg Group operates is reaching high levels, that interest rates on bank loans are rising sharply and that the currencies in which the company trades have had an unfavorable development. Taken together, these macro-economic effects could have an additional impact on consumers' purchasing behavior.

#### THE PARENT COMPANY

Björn Borg AB (publ) mainly conducts intra-Group operations. As of December 31, 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 BV, Belgian Brand Management BVBA, 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 year 2022 amounted to SEK 101.2 million (99.9).

The profit before tax amounted to SEK 41.8 million (35.1) for the full year 2022. Cash and cash equivalents at the end of the period amounted to SEK 1.6 million (75.4).

#### PROPOSED DISTRIBUTION OF PROFIT

The following unappropriated earnings are available to the Annual General Meeting:

Retained earnings, SEK	49,245,102
Profit for the year, SEK	32,318,620
	<b>81,563,722</b>
The Board proposes that:	
Shareholders receive a distribution of SEK 2.0 per share	50,296,768
Carried forward, SEK	31,266,954
	<b>81,563,722</b>



# Consolidated financial statements

## Consolidated income statement

SEK thousands	Note	2022	2021
Net sales		835,173	768,203
Others operating revenue		25,835	27,892
<b>Operating revenue</b>	4, 5	<b>861,008</b>	<b>796,095</b>
Goods for resale		-410,660	-351,663
Other external expenses		-181,411	-158,310
Staff costs		-141,447	-125,501
Depreciation/amortization of intangible/tangible non-current assets		-34,739	-35,503
Others operating expenses		-19,842	-21,030
<b>Operating profit</b>	4, 6, 7, 8, 10, 12, 19, 20	<b>72,909</b>	<b>104,088</b>
Interest income and similar credits	12, 14	1,800	7,787
Interest expenses and similar charges	12, 14	-4,265	-5,005
<b>Profit after financial items</b>		<b>70,444</b>	<b>106,870</b>
<b>Profit before tax</b>		<b>70,444</b>	<b>106,870</b>
<b>Tax on profit for the year</b>	16	<b>-19,571</b>	<b>-20,840</b>
<b>Profit for the year</b>		<b>50,873</b>	<b>86,030</b>
<b>Profit for the year attributable to:</b>			
Parent Company shareholders		50,873	86,030
Non-controlling interests	30	-	-
Earnings per share before dilution, SEK	17	2.02	3.42
Earnings per share after dilution, SEK	17	2.02	3.42

## Consolidated statement of comprehensive income

SEK thousands	Note	2022	2021
<b>Profit for the year</b>		<b>50,873</b>	<b>86,030</b>
<b>Items that may be reclassified to profit or loss</b>			
Translation difference for the year		2,590	-5,103
<b>Total other comprehensive income for the year <sup>1</sup></b>		<b>2,590</b>	<b>-5,103</b>
<b>Total comprehensive income for the year</b>		<b>53,463</b>	<b>80,927</b>
<b>Total comprehensive income for the year attributable to</b>			
Parent Company shareholders		53,463	80,927

<sup>1</sup> The Group has no items that will not be reclassified to the income statement

# Consolidated statement of financial position

SEK thousands	Note	Dec 31, 2022	Dec 31, 2021
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Intangible assets</b>			
	18		
Goodwill		36,486	34,685
Trademarks		187,532	187,532
License/Customer Relations		1,956	–
Others intangible assets		5,605	10,917
		<b>231,579</b>	<b>233,134</b>
<b>Tangible non-current assets</b>			
	19		
Property, plant and equipment		16,195	15,405
Right-of-use assets	11	52,571	54,950
		<b>68,766</b>	<b>70,355</b>
Deferred tax assets	16	12,575	13,952
		<b>12,575</b>	<b>13,952</b>
<b>Total non-current assets</b>		<b>312,920</b>	<b>317,441</b>
<b>Current assets</b>			
<b>Inventory</b>			
Trading book	21	201,136	151,991
		<b>201,136</b>	<b>151,991</b>
<b>Current receivables</b>			
Accounts receivable	22	104,212	91,969
Other current receivables		13,269	9,161
Prepaid expenses, and accrued income	23	5,825	13,363
		<b>123,306</b>	<b>114,493</b>
<b>Cash &amp; cash equivalents</b>			
Cash and bank balances	7, 24	16,032	96,743
		<b>16,032</b>	<b>96,743</b>
<b>Total current assets</b>		<b>340,474</b>	<b>363,227</b>
<b>TOTAL ASSETS</b>		<b>653,394</b>	<b>680,668</b>

# Consolidated statement of financial position

SEK thousands	Note	Dec 31, 2022	Dec 31, 2021
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		7 859	7 859
Other paid-in capital		182 145	182 145
Reserves		-7 478	-10 803
Retained earnings		148 885	160 883
<b>Equity attributable to Parent Company shareholders</b>		<b>331 411</b>	<b>340 084</b>
Non-control interests	30	-6 602	-5 867
<b>Total equity</b>		<b>324 809</b>	<b>334 217</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities	16	39 877	39 596
Non-current liabilities to credit institutions	27	-	80 000
Long-term leasing debt	11	32 386	33 777
Non-current lease liabilities	8	-	1 932
		<b>72 264</b>	<b>155 305</b>
<b>Current liabilities</b>			
Accounts payable		106 021	97 036
Current lease liabilities	11	19 265	20 242
Current tax liabilities		22 244	12 040
Short-term debt to credit institutions		30 000	-
Others current liabilities	24, 27	37 721	19 567
Accrued expenses and prepaid income	28	41 070	42 261
		<b>256 321</b>	<b>191 146</b>
<b>Total liabilities</b>		<b>328 585</b>	<b>346 451</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>653 394</b>	<b>680 668</b>



## Consolidated statement of changes in equity

SEK thousands	Note	Share capital	Share premium reserve	Translation reserve	Retained earnings	Non-controlling interests	Total equity
<b>Opening balance, January 1, 2021</b>		<b>7,859</b>	<b>182,145</b>	<b>-6,272</b>	<b>112,576</b>	<b>-5,295</b>	<b>291,013</b>
Total comprehensive income for the year		-	-	-4,531	86,030	-572	80,927
<b>Transactions with shareholders</b>							
Distribution for 2020 through share redemption	25	-3,929	-	-	-33,794	-	-37,723
Bonus issue		3,929	-	-	-3,929	-	-
<b>Total transactions with shareholders</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-37,723</b>	<b>-</b>	<b>-37,723</b>
<b>Closing balance, December 31, 2021</b>		<b>7,859</b>	<b>182,145</b>	<b>-10,803</b>	<b>160,883</b>	<b>-5,867</b>	<b>334,217</b>
<b>Opening balance, January 1, 2022</b>		<b>7,859</b>	<b>182,145</b>	<b>-10,803</b>	<b>160,883</b>	<b>-5,867</b>	<b>334,217</b>
Total comprehensive income for the year		-	-	3,325	50,873	-735	53,463
<b>Transactions with shareholders</b>							
Distribution for 2021 through share redemption	25	-3,929	-	-	-58,942	-	-62,871
Bonus issue		3,929	-	-	-3,929	-	-
<b>Total transactions with shareholders</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-62,871</b>	<b>-</b>	<b>-62,871</b>
<b>Closing balance, December 31, 2022</b>		<b>7,859</b>	<b>182,145</b>	<b>-7,478</b>	<b>148,885</b>	<b>-6,602</b>	<b>324,809</b>

# Consolidated statement of cash flows

SEK thousands	Note	2022	2021
<b>OPERATING ACTIVITIES</b>			
Profit after tax		50,873	86,030
Income tax expensed through profit and loss		19,571	20,840
Financial expenses and income recognized through profit or loss		2,465	-2,782
Depreciation/amortization of tangible/intangible non-current assets		34,738	35,500
Others non-cash items	8	13,770	1,931
Interest received		254	2,353
Interest paid		-4,285	-4,252
Taxes paid		-9,363	-2,802
<b>Cash flow from operating activities before change in working capital</b>		<b>108,024</b>	<b>136,818</b>
<b>Changes in working capital</b>			
Change in inventory		-49,144	-28,635
Change in accounts receivable		-12,243	-8,343
Change in other receivables		-1,004	-2,712
Change in accounts payable		8,985	19,790
Change in other current liabilities		5,882	-2,991
<b>Change in working capital</b>		<b>-47,524</b>	<b>-22,891</b>
<b>Cash flow from operating activities</b>		<b>60,500</b>	<b>113,927</b>
<b>INVESTMENT ACTIVITIES</b>			
Investments in intangible assets	18	-265	-4,828
Investments in tangible non-current assets	19	-8,059	-5,680
<b>Cash flow from investment activities</b>	31	<b>-8,324</b>	<b>-10,508</b>
<b>FINANCING ACTIVITIES</b>			
Loan proceeds		30,000	-
Amortization of loans		-80,000	-19,000
Amortization of lease liability		-23,068	-23,400
Distribution		-62,871	-37,723
<b>Cash flow from financing activities</b>		<b>-135,939</b>	<b>-80,123</b>
<b>CASH FLOW FOR THE YEAR</b>			
Cash and cash equivalents at the beginning of the year		96,743	70,235
Translation difference in cash & cash equivalents		3,052	3,212
<b>Cash and cash equivalents at year-end</b>		<b>16,032</b>	<b>96,743</b>
<b>Increase/decrease in cash and cash equivalents</b>		<b>-80,711</b>	<b>26,508</b>

# Parent company's financial statements

## Parent company income statement

SEK thousands	Note	2022	2021
Net sales		101,205	99,940
Other operating revenue		1,174	1,990
<b>Operating revenue</b>	5	<b>102,379</b>	<b>101,930</b>
Goods for resale		-153	-51
Other external expenses		-56,256	-54,272
Staff costs		-51,506	-40,691
Depreciation/amortization of intangible/tangible non-current assets		-2,486	-2,326
Other operating expenses		-869	-668
<b>Operating profit</b>	4, 6, 7, 8, 10, 11, 18, 19	<b>-8,892</b>	<b>3,922</b>
Result from shares in subsidiaries	13	4,493	-28,509
Group contributions received		52,538	48,988
Interest income and similar credits	14	3,571	18,884
Interest expenses and similar charges	14	-9,521	-7,966
<b>Profit after financial items</b>		<b>42,190</b>	<b>35,318</b>
Appropriations	15	-360	-218
<b>Profit before tax</b>		<b>41,830</b>	<b>35,100</b>
<b>Tax on profit for the year</b>	16	<b>-9,512</b>	<b>-14,451</b>
<b>Profit for the year</b>		<b>32,318</b>	<b>20,650</b>

## Parent company statement of comprehensive income

SEK thousands	Note	2022	2021
<b>Profit for the year</b>		<b>32,318</b>	<b>20,650</b>
<b>Other comprehensive income</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b>32,318</b>	<b>20,650</b>

## Parent company balance sheet

SEK thousands	Note	Dec 31, 2022	Dec 31, 2021
<b>ASSETS</b>			
<b>Non-current assets</b>			
<i>Intangible assets</i>			
Retained expenditure	18	2,323	3,669
		<b>2,323</b>	<b>3,669</b>
<i>Tangible non-current assets</i>			
Property, plant and equipment	19	2,510	2,112
		<b>2,510</b>	<b>2,112</b>
<i>Financial non-current assets</i>			
Deferred tax assets		–	4
Shares in Group companies	20	371,813	277,676
		<b>371,813</b>	<b>277,680</b>
<b>Total non-current assets</b>		<b>376,646</b>	<b>283,461</b>
<b>Current assets</b>			
<i>Current receivables</i>			
Accounts receivable	22	8	13
Receivables from Group companies		891,508	980,598
Others current receivables		–	8
Prepaid expenses and accrued income	23	3,661	3,843
		<b>895,177</b>	<b>984,462</b>
<b>Cash &amp; cash equivalents</b>			
Cash and bank balances	24	1,558	75,392
		<b>1,558</b>	<b>75,392</b>
<b>Total current assets</b>		<b>896,735</b>	<b>1,059,854</b>
<b>TOTAL ASSETS</b>		<b>1,273,381</b>	<b>1,343,315</b>

# Parent company balance sheet

SEK thousands	Note	Dec 31, 2022	Dec 31, 2021
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
<i>Restricted equity</i>			
Share capital		7,859	7,859
Share premium reserve		46,817	46,817
		<b>54,676</b>	<b>54,676</b>
<i>Unrestricted equity</i>			
Retained earnings		49,245	91,466
Profit for the year		32,318	20,650
		<b>81,563</b>	<b>112,116</b>
<b>Total equity</b>		<b>136,239</b>	<b>166,792</b>
<b>Deferred tax liability</b>	26	<b>1,616</b>	<b>1,256</b>
<b>Non-current liabilities</b>			
Non-current liabilities to credit institutions	27	–	80,000
Other non-current liabilities	8	–	1,932
		<b>–</b>	<b>81,932</b>
<b>Current liabilities</b>			
Accounts payable		9,782	9,251
Liabilities to Group companies		1,049,151	1,059,705
Short-term debt to credit institutions		30,000	–
Other current liabilities		36,537	13,764
Accrued expenses and prepaid income	28	10,056	10,615
<b>Total current liabilities</b>		<b>1,135,526</b>	<b>1,093,335</b>
<b>Total liabilities</b>		<b>1,137,142</b>	<b>1,176,523</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,273,381</b>	<b>1,343,315</b>

## Parent company statement of changes in equity

TSEK	Not	Aktie- kapital	Reserv- fond	Balanserade vinstmedel	Totalt eget kapital
<b>Opening balance as of 1 January 2021 according to established balance sheet</b>		<b>7,859</b>	<b>46,817</b>	<b>124,111</b>	<b>178,787</b>
Adjustment of opening balance due to correction of errors in 2020		–	–	5,078	5,078
<b>Opening balance as of 1 January 2021 after correction of errors</b>		<b>–</b>	<b>–</b>	<b>129,189</b>	<b>183,865</b>
Distribution for 2020 through share redemption	25	–3,929	–	–33,794	–37,723
Bonus issue		3,929	–	–3,929	–
Total comprehensive income for the period		–	–	20,650	20,650
<b>Closing balance, December 31, 2021</b>		<b>7,859</b>	<b>46,817</b>	<b>112,116</b>	<b>166,792</b>
<b>Opening balance, January 1, 2022</b>		<b>7,859</b>	<b>46,817</b>	<b>112,116</b>	<b>166,792</b>
Distribution for 2021 through share redemption	25	–3,929	–	–58,942	–62,871
Bonus issue		3,929	–	–3,929	–
Total comprehensive income for the period		–	–	32,318	32,318
<b>Closing balance, December 31, 2022</b>		<b>7,859</b>	<b>46,817</b>	<b>81,563</b>	<b>136,239</b>

# Parent company statement of cash flows

SEK thousands	Note	2022	2021
<b>OPERATING ACTIVITIES</b>			
Profit after tax		32,318	20,650
Income tax expensed through profit or loss		9,512	14,451
Financial expenses and income reported through profit or loss	14	5,950	-10,918
Depreciation/amortization of tangible/intangible non-current assets	18, 19	2,486	2,326
Impairment of shares/receivables in subsidiaries		-4,493	28,509
Long-term incentive plan (LTIP)	8	13,770	1,932
Year-end appropriations	15	360	218
Group contributions issued, unpaid		-52,538	-48,988
Interest received		5,057	922
Interest paid		-3,858	-2,708
Taxes paid		-2,907	-605
<b>Cash flow from operating activities before changes in working capital</b>		<b>5,656</b>	<b>5,789</b>
<b>CHANGES IN WORKING CAPITAL</b>			
Change in accounts receivable		5	26
Change of other receivables		136,131	-107,049
Change in accounts payable		531	4,147
Change in other current liabilities		-6,149	160,304
<b>Change in working capital</b>		<b>130,518</b>	<b>57,428</b>
<b>Cash flow from operating activities</b>		<b>136,175</b>	<b>63,217</b>
<b>INVESTMENT ACTIVITIES</b>			
Submitted shareholder contributions	20	-91,857	-
Acquisition of shares and stocks in Group companies	20	-2,280	-
Investments in tangible non-current assets	19	-1,273	-1,314
Investment in intangible non-current assets	18	-265	-288
<b>Cash flow from investment activities</b>		<b>-95,675</b>	<b>-1,602</b>
<b>FINANCING ACTIVITIES</b>			
Loan proceeds		30,000	-
Amortization		-80,000	-19,000
Distribution	25	-62,871	-37,723
<b>Cash flow from financing activities</b>	31	<b>-112,871</b>	<b>-56,723</b>
<b>CASH FLOW FOR THE YEAR</b>		<b>-72,371</b>	<b>4,892</b>
Cash and cash equivalents at the beginning of the year		75,392	55,450
Translation differences		-1,464	15,050
<b>Cash and cash equivalents at year-end</b>		<b>1,558</b>	<b>75,392</b>
<b>Increase/decrease in cash and cash equivalents</b>		<b>-73,834</b>	<b>19,942</b>

# Supplementary disclosures

## NOTE 1 ACCOUNTING PRINCIPLES

### GENERAL

Björn Borg owns the Björn Borg trademark and currently has operations in the product areas of underwear, sports apparel and football as well as bags, eyewear and fragrances. Björn Borg products are sold in about twenty markets, of which Sweden and the Netherlands are the largest. Operations are conducted through a network of product and distribution companies that are either part of the Group or are independent companies with licenses for product areas and geographical markets. The Björn Borg Group has its own operations at every level from brand development to consumer sales in its own Björn Borg stores.

The Parent Company operates as limited liability company and is headquartered in Stockholm. The head office's address is Frösundaviks allé 1, 169 70 Solna. The Parent Company's share is listed on Nasdaq OMX in Stockholm. Page 91 of this annual report shows a list of the largest individual shareholders as of December 31, 2022. The annual report was approved by the Board of Directors and the CEO on April 21, 2023, and adopted at the Annual General Meeting of the Parent Company on May 17, 2023.

### ACCOUNTING AND VALUATION PRINCIPLES

The consolidated financial statements have been prepared in accordance with the EU-approved International Financial Reporting Standards (IFRS) as of December 31, 2022. Furthermore, the Group also applies the Swedish Financial Reporting Board's recommendation RFR 1 and 2 *Supplementary Accounting Rules for Groups*, which specifies the disclosures that are required in addition to IFRS according to the provisions of the *Annual Accounts Act*. The Parent Company's functional currency is Swedish kronor, which is also the Group's reporting currency. All amounts are stated in thousands of kronor unless otherwise stated. The consolidated financial statements have been prepared in accordance with the cost method, except for financial assets including derivative instruments, which are valued at fair value through profit or loss. The Group's critical accounting principles are described below.

### REVISED ACCOUNTING PRINCIPLES 2022

New and amended standards as well as new interpretations that apply as of 1 January 2022 have not had any significant impact on the Group's financial reports. Changes in RFR 2 that apply from 1 January 2021 have not had any significant impact on the parent company's financial reports.

### Changes to the reference interest rate reform

Phase 2 of the amendments to IFRS 9, IFRS 7, etc. applies to the benchmark interest rate reform from 1 January 2021. In short, the amendments make it possible for companies to reflect the effects of the transition from benchmark interest rates such as "STIBOR" to other benchmark interest rates without giving rise to accounting effects that would not provide useful information for users of financial reports. The Group is affected by the benchmark interest rate reform mainly in the exposure to "IBOR" in its external as well as internal borrowing. The exposure for IBOR is limited to a maximum external borrowing of SEK 60 million (where SEK 30 million was utilized as of December 31, 2022). Internal borrowing amounted to SEK 19 million as of December 31, 2022 (59), but the company monitors the changes and their impact.

Other changes in IFRS standards or statements from IFRIC that are applied for the financial year 2022 have not affected the Group's financial reports.

### NEW ACCOUNTING PRINCIPLES FROM 2023

New and revised standards as well as new interpretations that apply from 1 January 2023 are not expected to have any significant impact on the Group's financial statements when they are applied for the first time.

Changes in RFR 2 that apply from 1 January 2022 are expected to have a significant impact on the Parent Company's financial reports.

### CONSOLIDATED ACCOUNTS

The consolidated financial statements comprise the Parent Company and all companies over which the parent company has a controlling influence. Controlling influence refers to when Björn Borg has influence over a company, is exposed to, or is entitled to, variable returns from the holding in the company and has the opportunity to exert influence over the company to affect its returns. This is usually achieved when it holds more than 50 percent of the capital and voting rights. The existence and effect of potential voting rights that are currently possible to exercise or convert are taken into account when assessing whether the Group can exercise a controlling influence over another entity. Subsidiaries are included in the consolidated financial statements from the time when the controlling influence is achieved and up to the time when the controlling influence ceases. The Group's composition is shown in Note 19.

Business acquisitions are reported according to the acquisition method. The purchase price of an acquisition is measured at fair value at the time of acquisition, which is calculated as the sum of the fair values at the time of acquisition for assets received, incurred or assumed liabilities and equity interests issued in exchange for control over the acquired business. Transaction costs that arise in connection with an acquisition are reported as an expense through profit and loss in the period to which the cost relates.

The purchase price also includes the fair value at the time on the acquisition date of the assets or liabilities that are the result of an agreement on contingent consideration. Changes in the fair value of contingent consideration that arise due to additional information received after the acquisition date about facts and conditions that existed at the time of acquisition, qualify as adjustments during the valuation period and are adjusted retroactively, with a corresponding adjustment of goodwill. All other changes in the fair value of contingent consideration that are classified as an asset or liability are reported in accordance with the applicable standard. Contingent consideration that is classified as equity is not revalued and subsequent settlement is reported within equity.

Contingent liabilities that have been taken over in an acquisition are reported if they are existing liabilities that arise from events that have occurred and whose fair value can be reliably calculated. In an acquisition where the sum of the purchase price, any non-controlling interest and fair value at the time of acquisition of the previous shareholding exceeds the fair value at the time of acquisition of identifiable acquired net assets, the difference is reported as goodwill in the statement of financial position. If the difference is negative, this is reported as a gain on an acquisition at a low price directly in the result after a revaluation of the difference.

If necessary, the subsidiaries' accounts are adjusted so that they follow the same principles as are applied by other Group companies. All internal transactions between the Group companies and Group balances are eliminated when preparing the consolidated accounts. Unrealized losses are also eliminated unless the transaction constitutes proof that there is a need for impairment.

### NON-CONTROLLING INTERESTS

In the case of acquisitions of less than 100 percent of shares in a company but when a controlling influence is achieved, non-controlling interests are determined either as a proportional share of the fair value of identifiable net assets excluding goodwill or at fair value. Non-controlling interests are reported as a separate item in the Group's equity. Any losses attributable to non-controlling interests are reported even if this means that the share becomes negative. Subsequent acquisitions up to 100 percent and divestments of ownership interests in a subsidiary, which does not lead to a loss of controlling influence, are reported as a transaction with the equity owners.



#### TRANSLATION OF TRANSACTIONS IN FOREIGN CURRENCY

Transactions in foreign currency are translated into Swedish kronor based on the exchange rate on the transaction date. Monetary items (assets and liabilities) in foreign currency are translated into Swedish kronor based on the exchange rate on the balance sheet date. Exchange rate gains and losses that arise from such conversions are reported in the income statement under Net sales and/or Cost of goods sold, except for cash or loans that are reported as financial income or expenses. Items included in the financial statements for the various units in the Group are valued in the currency used in the economic environment in which each unit in the Group conducts operations (functional currency).

Income statement and balance sheet items for all Group companies that have a functional currency other than the reporting currency (SEK) are translated into the Group's reporting currency as follows:

- Assets and liabilities are translated at the balance date rate
- Revenue and expenses are translated at the average exchange rate (provided that the average exchange rate is a reasonable approximation of the accumulated effect of the exchange rates that apply on the transaction date, otherwise revenue and expenses are translated at the exchange rate on the transaction date), and
- all exchange rate differences that arise are reported in other comprehensive income and accumulated in the translation reserve in equity.

#### REVENUE FROM CONTRACTS WITH CUSTOMERS

The Group mainly reports revenues from sales of Björn Borg products. Revenue is reported based on the contract with the customer and is measured as the consideration the company expects to be entitled to in exchange for the transfer of promised services, excluding amounts received on behalf of third parties. Revenue is reported when the control of goods has been transferred to the customer.

Björn Borg's revenue consists of the following four categories:

1. *Revenue in the Distributor segment*  
The Group-owned product companies for the product areas underwear and sports apparel generate revenue for Björn Borg from products sales to distributors. Revenue is reported upon delivery in accordance with the terms of sale, which is the time when control passes to the buyer. Distributors have no right of return or any significant volume discounts. Payment terms are normally 10 days.
2. *Revenues in the Consumer Direct segment*  
Group-own Björn Borg stores and the web shop generate revenue for Björn Borg from their sales to consumers. Retail sales are usually made by credit card. Revenue is reported at the end of the business day in the store, which coincides with the time when control passes to the consumer. Provisions for returns are made based on the Group's combined experience of returns and historical data.
3. *Revenues in the Wholesale segment*  
The Group-own distribution companies for the product areas underwear and footwear generate revenue for Björn Borg from their product sales to retailers. Revenue is reported upon delivery to the retailer, which coincides with the time when control passes to the retailer. Björn Borg applies various discount structures such as large customer discounts and volume discounts. General payment terms are 30 days, but 60 and 90 days are also available in specific cases. Björn Borg does not apply open purchase and there is no possibility of returns.
4. *Revenue in the Licensing segment*  
Royalty revenue is generated from the distributors, both Group-owned and independent, and product companies' wholesale sales of Björn Borg products to retailers and is calculated as a share of those sales. Royalty revenue is reported in connection with the distributor's sale at the wholesale level.

#### INTEREST INCOME AND DIVIDEND REVENUE

Interest income is reported using the effective interest rate method. Dividend revenue is reported when the right to receive payment has been determined.

#### STATE AID

During the period, the Group reported contributions from the state linked to Covid-19. State aid is reported in the income statement as a cost reduction when there is reasonable assurance that the conditions associated with the grant will be met and that the grant will be received.

#### LEASING

The Group determines whether a contract is, or contains, a leasing agreement when the agreement is entered into. The Group reports a right-of-use asset with an associated leasing debt for all leasing agreements where the Group is a lessee, except for short-term leasing agreements (contracts classified as leasing with a leasing period of 12 months or less) and low-value leasing agreements (such as, computers and office equipment). For these leasing agreements, the Group reports the leasing payments as an expense on a straight-line basis over the leasing term, unless another systematic method is more representative of when the financial benefits from the leased assets are consumed by the Group.

The lease liability is initially valued at the present value of the lease payments that have not paid at the commencement date, discounted using the implied interest rate of the lease agreement, if this interest rate can be easily determined. If this interest rate cannot be easily determined, the Group's incremental borrowing rate is used instead. The incremental borrowing rate is the estimated interest rate that the Group would have to pay for debt financing during a corresponding period, and with corresponding collateral, for the right to use an asset in a similar financial environment. When determining the incremental borrowing rate, Björn Borg takes into account the risk profile of the countries where the leases were signed and the term of the leasing agreements.

Leasing fees that are included in the valuation of the lease liability include:

- Fixed payments (including substance fixed payments), after deducting any economic benefits.
- Variable leasing fees that are linked to an index or a price, initially valued using an index or price that applied at the start date,
- Amounts expected to be paid out under residual value guarantees,
- The exercise price of options to buy if the lessee is reasonably certain to exercise such an option, and
- Termination penalties if the leasing period reflects that the Group will exercise an option to terminate the leasing agreement.

In cases where property leases within the Group have an extension option, a lease-by-lease assessment is made whether it is reasonably certain that the option will be exercised. The assessment takes into account all relevant facts and circumstances that create financial incentives, such as the terms of the agreement for extension periods compared to market interest rates, significant leasehold improvements that have been made (or are expected to be made) in leased premises, costs that arise when the lease is terminated, such as negotiation costs and relocation costs, and the importance of the underlying asset in the business.

The lease liability is presented as a separate item in the Group's statement of financial position. After the commencement date, the lease liability is valued by increasing the carrying value to reflect the interest rate on the lease liability (using the effective interest method), and by decreasing the carrying amount to reflect paid lease payments. The Group remeasures the lease liability (and makes a corresponding adjustment to the right-of-use) if either:

- the leasing period has changed or if the assessment of an option to purchase the underlying asset changes, in which case the leasing liability must be revalued by discounting the remeasured lease payments by a revised discount rate, or
- the lease payments change due to changes in an index or price or in the amounts expected to be paid out according to a residual value guarantee. In these cases the leasing liability is remeasured by discounting the revised leasing payments by the initial discount rate (provided the leasing payment changes are not due to a revised variable interest rate, in which case the revised discount rate is used instead).

If the lease is revised and the change is not reported as a separate leasing agreement, the leasing liability is remeasured by discounting the revised lease payments with a revised discount rate.

Rental discounts that are directly related to Covid-19 and constitute a voluntary exemption from the rules on modification of leasing agreements in IFRS 16. The conditions for the change to be used are that the lease payments are essentially unchanged or lower than before the change, the discounts refer to lease payments with a due date no later than 30 June 2022, and that no substantial changes will be made to the other terms of the leasing agreement. The relief rule is voluntary to apply. If the lessee chooses to apply the relief rule, a rental reduction that meets the criteria must be reported in the same period to which the discount refers and reported as a negative variable leasing payment. An adjustment of the leasing debt shall be made with the corresponding amount, i.e. the negative variable fee attributable to the covid-19 related rental discount. The Group has not received Covid 19 rent-related reductions for rental premises in 2022. Previously received discounts have been booked as a negative variable fee in the result and reduced the leasing debt by SEK 0 thousand (3,880).

Rights-of-use assets comprise the sum of the initial valuation of the corresponding lease liability, lease payments on or before the commencement date and any initial direct costs. If the lease agreement transfers ownership of the underlying asset to the Group or if the acquisition value of the right-of-use reflects that the Group will exercise an option to purchase, the attributable right-of-use shall be amortized during the useful life of the underlying asset. Depreciation begins at the commencement date of the leasing agreement. The rights-of-use are reported as a separate item in the Group's statement on financial position. The Group applies IAS 36 to determine whether there is a need for impairment of the right-of-use and reports any identified impairment, which is described in the principle for "Tangible non-current assets".

Variable leasing payments that are not linked to an index or a price shall not be included in the valuation of the leasing liability or the right-of-use asset. These associated payments are reported as an expense in the period in which the event or circumstance that gives rise to these payments arises and are included in "Other external costs" in the consolidated income statement.

As a practical solution, IFRS 16 allows non-leasing components to be distinguished from leasing components, and instead presents each leasing component and all associated non-leasing components as a single leasing component. The Group has chosen to apply this practical solution.

#### EMPLOYEE BENEFITS

The Group only has defined contribution pension plans. A defined contribution pension plan is a pension plan where the Group pays fixed premiums to a separate legal entity. After Björn Borg has paid the premium, no obligations remain for Björn Borg towards the Group's employees. The fees are reported as staff costs in the period to which the fees relate.

Termination benefits are payable when an employee is dismissed before the normal retirement date or when an employee accepts redundancy. The Group reports a liability and an expense in connection

with a termination when Björn Borg is demonstrably committed to terminating employment before the normal retirement date or provides termination benefits as the result of an offer made to encourage voluntary redundancy.

Björn Borg reports a liability and expense for bonuses when there is a legal or informal obligation due to previous practice of paying bonuses to employees.

#### TAXES

The Group's total tax expense consists of current tax and deferred tax. Current tax is tax to be paid or received for the current year and any adjustments to current tax previous years. Deferred tax is calculated on the difference between the reported and tax values of the company's assets and liabilities. Deferred tax is reported according to the balance sheet method. Deferred tax liabilities are reported in principle for all taxable temporary differences, while deferred tax assets are reported to the extent that it is probable that the amounts can be offset against future taxable surpluses.

The carrying amount of deferred tax assets is tested at each balance sheet date and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to be utilized in full or in part against the deferred tax asset.

Deferred tax is calculated according to the tax rates that are expected to apply for the period when the asset is recovered, or the liability is settled. Deferred tax is reported as income or expense through profit or loss, unless it relates to transactions or events that are reported directly against other comprehensive income or equity. In that case, the deferred tax is also reported directly against other comprehensive income or equity.

Tax assets are set off against tax liabilities when they relate to income tax levied by the same tax authority and when the Group intends to settle the tax with a single net amount.

#### INTANGIBLE ASSETS

##### Goodwill

Goodwill arises in the acquisition of subsidiaries and refers to the amount by which the sum of the transferred purchase price and fair value in subsequent acquisitions of previous non-controlling interests exceeds the fair value of identifiable assets, liabilities and contingent liabilities in the acquired company. In order to test impairment, goodwill is divided among cash-generating units that are expected to benefit from synergies from the acquisition. Each unit or group of units to which goodwill has been allocated corresponds to the lowest level in the Group at which goodwill is monitored in internal control, which is not greater than one operating segment. Goodwill has an indeterminate period of use and is reported at cost less accumulated impairment losses.

##### Tenancy rights

Tenancy rights are recognized at cost less amortization. Amortization is booked on a straight-line basis over the estimated period of use of three and five years, which corresponds to the lease term.

##### Trademarks

Trademarks are tested annually to identify any impairment loss and are reported at acquisition value less accumulated amortization. The Björn Borg trademark was established in the Swedish fashion market during the first half of the 1990s. Continuity has given the brand a distinctive identity and a strong position in its markets. The brand is characterized by quality products with a creative, innovative design and is based on the sporty heritage associated with the name Björn Borg. Through consistent, long-term branding, Björn Borg has strengthened its role in the international fashion market. The brand is considered to have a very strong market position and is considered to have an indefinite period of use.

### Website development

Costs for maintenance of software and websites are expensed as they arise. Development costs that are directly attributable to the development and testing of identifiable software, including websites controlled by the Group, are reported as intangible assets when the following criteria are met: it is technically possible to complete the website, there are conditions to use the website for commercial purposes, it can be shown that it will generate future financial benefits and that the expenses that are attributable to the development of the website can be calculated reliably. Directly attributable expenses primarily relate to outside consultants hired to build the website as well as expenses for employees. The development costs for the website are reported as an intangible asset and amortized over its estimated useful life, which is five years. Other development costs, which do not meet these criteria are expensed as they arise.

### TANGIBLE NON-CURRENT ASSETS

Tangible non-current assets are reported as assets in the balance sheet if it is probable that future economic benefits will accrue to the company and their cost can be calculated reliably. Tangible non-current assets, consisting primarily of property, plant and equipment and computers, are reported at acquisition value less accumulated depreciation and impairment losses. Depreciation of tangible non-current assets is reported in a way that the asset's value is amortized on a straight-line basis over its estimated useful life. Annual depreciation for equipment and computers is 20–33 percent.

### IMPAIRMENT

At the end of each reporting period the Group's assets are tested for impairment. If there is an indication of impairment, the asset's recoverable amount is calculated. Goodwill has been allocated to cash-generating units and, together with other intangible assets not in use, is subject to annual impairment testing even if there is no indication of diminished value. However, impairment testing is done more frequently if there are indications of diminished value. The recoverable amount is the higher of the asset's value in use and the value that would be obtained if the asset were sold to an independent party, i.e., its net selling price. The value in use consists of the present value of all receipts and disbursements expected to arise from continuing use of the assets plus the present net value of the net selling price at the end of the asset's useful life. If the estimated recoverable amount is less than the carrying amount, the asset is written down to its recoverable amount. Previous impairment losses are reversed when the recoverable amount of the previously impaired asset exceeds the carrying amount and the impairment is no longer considered necessary and is reported in through profit and loss. Previous impairment losses may not be reversed to such an extent that the carrying amount, after the reversal, exceeds what would have been reported after depreciation/amortization if the impairment had not been made. Previous impairment losses are tested individually. Goodwill impairment is not reversed.

### INVENTORY

Inventory is valued at the lower of acquisition value according to the first-in-first-out method and fair value (net sales value).

The net sales price corresponds to the estimated selling price less estimated expenses required to complete the sale.

The necessary reserves for obsolescence are based on individual assessments. The change between the year's opening and closing obsolescence reserve affects operating profit in its entirety.

### FINANCIAL ASSETS AND LIABILITIES

*Accounting for and removal from the statement of financial position*  
A financial asset or financial liability is reported in the statement of

financial position when the company becomes a party to the instrument's contractual terms. A receivable is reported when the company has performed as agreed and there is a contractual obligation for the counterparty to pay, even if the invoice has not yet been received. Accounts receivable are reported in the statement of financial position when the invoice has been issued. Liabilities are reported when the counterparty has performed as agreed and there is a contractual obligation to pay, even if the invoice has not yet been received. Accounts payable are reported in the statement of financial position when an invoice has been received. A financial asset is derecognized from the statement of financial position when the rights in the agreement are realized, expire or the company loses control of it. The same applies to part of a financial asset. A financial liability is derecognized from the statement of financial position when the obligation in the agreement is fulfilled or otherwise discharged. The same applies to part of a financial liability. Acquisitions and sales of financial assets are reported on the trade day. The trade day is the day when the company undertakes to buying or selling the asset.

Financial assets are classified on the basis of the business model in which the asset is managed and its cash flow characteristics. Björn Borg applies two different business models. Cash and cash equivalents, accounts receivable and other current receivables are included in the "hold to collect" business model, which means that the purpose of the financial assets is to collect cash flows in accordance with the contract. Financial assets included in this business model are reported at amortized cost. However, the expected maturity of accounts receivables is short, which is why reporting takes place at a nominal amount without discounting.

Short-term investments and derivatives are included in the business model "other", which means that the holdings are held for trading purposes. Financial assets included in this business model are reported at fair value through profit and loss.

Cash and cash equivalents include cash, bank deposits and other short-term investments maturing within three months. Cash and bank deposits are reported at their nominal amounts and short-term investments at their fair value with any changes in value reported through profit or loss.

Financial liabilities are reported at fair value through profit or loss if it is a contingent purchase consideration as defined by IFRS 3 Business Combinations, if it is held for trading purposes or if the liability is initially identified as a liability at fair value through profit and loss. Other financial liabilities are valued at amortized cost.

Accounts payable are valued at amortized cost. The expected maturity of accounts payable is short, which is why the liability is reported at the nominal amount without discounting. Interest-bearing bank loans, overdraft facilities and other loans are reported at amortized cost according to the effective interest rate method. Any differences between the loan proceeds (net after transaction costs) and loan repayments or amortization are reported over the life of the loans. Contingent consideration is classified and measured at fair value through profit or loss.

### *Impairment losses (IFRS 9 Financial Instruments)*

The Group reports a loss reserve for expected credit losses on a financial asset that is valued at amortized cost or fair value through other comprehensive income, for a leasing receivable and for a contract asset. On each reporting date, the Group reports in profit or loss the change in expected credit losses since initial reporting.

Expected credit losses are measured in a way that reflects an objective and probability-weighted amount determined by evaluating a range of possible outcomes, the time value of money and reasonable verifiable information on current conditions and forecasts of future economic conditions.

For accounts receivable, simplifications allow the Group to directly report expected lifetime credit losses for the asset. For all other

financial assets, the loss reserve amounts to 12-month expected credit losses. For financial assets for which there has been a significant increase in credit risk since initial reporting, a reserve is reported based on lifetime credit losses for the asset.

The Group's exposure to credit risk is mainly attributable to accounts receivable. The simplified approach is used to calculate the credit losses on the Group's accounts receivable. Calculation of expected credit losses is made on the basis of an individual assessment of each customer's solvency, expected future risk and the value of any collateral received. The expected credit losses for accounts receivable are calculated using a provision matrix based on previous events, current conditions and forecasts of future economic conditions and the time value of the money if applicable.

Impairment of accounts receivable and other receivables is reported in operating expenses. Impairment of cash and cash equivalents and Other long-term securities holdings are reported as a financial expense on the closing day.

Cash and cash equivalents are covered by the general model for write-downs. The exception for low credit risk is applied.

The Group defines defaults as cases where it is unlikely that the counterparty will meet its commitments, which is demonstrated by signs of financial difficulties such as missed payments. Regardless, an asset is in default if the payment is more than 90 days late. The Group writes off a receivable when the assessment is that there are no reasonable additional opportunities for cash flows.

#### **Cash and cash equivalents**

Cash and cash equivalents include cash and bank deposits. Cash and bank deposits are reported at their nominal amount.

#### **Financial liabilities**

Accounts payable and loan liabilities are categorized as "Financial liabilities", which means that they are reported at amortized cost. The expected maturity of accounts payable is short, due to which the liability is reported at the nominal amount without discounting. Liabilities to credit institutions, borrowing, overdraft facilities and other liabilities (loans) are initially reported at fair value net of transaction costs. Thereafter, loans are reported at amortized cost. Amortized cost is calculated using the effective interest rate method, which means that any premiums or discounts and directly related transaction costs are accrued over the life of the contract using the calculated effective interest rate. The effective interest rate is the interest rate that gives the instrument's cost through a present value calculation of future cash flows. Non-current liabilities have an expected maturity of more than one year, while current liabilities have a maturity of less than one year.

#### **Amortized cost and effective interest rate**

The amortized cost of a financial asset is the amount to which the financial asset is valued at the first reporting date less the principal amount, plus the accumulated amortization with the effective interest method of any difference between the principal amount and the outstanding principal amount, adjusted for any write-downs. The reported gross value of a financial asset is the accrued acquisition value of a financial asset before adjustments for a possible loss reserve.

Financial liabilities are reported at amortized cost using the effective interest method or at fair value via the income statement. The effective interest rate is the interest rate that, when discounting all future expected cash flows over the expected maturity, results in the initially reported value of the financial asset or financial liability.

#### **Set-off of financial assets and liabilities**

Financial assets and liabilities are set off and reported with a net amount in the balance sheet when there is a legal right to set off and when there

is an intention to settle the items with a net amount or to simultaneously realize the asset and settle the liability.

#### **SHARE CAPITAL**

Ordinary shares are classified as share capital. Transaction costs in connection with a new share issue are reported as a deduction item, net after tax, from the issue proceeds.

#### **PROVISIONS**

Provisions for legal claims or other claims from external counterparties are reported when the Group has a legal or informal obligation as a result of a previously occurring event and it is probable that an outflow of resources is required to settle the commitment and a reliable estimate of the amount can be made.

#### **Restructuring**

A provision for restructuring is made when the Group has drawn up a detailed restructuring plan and created a well-founded expectation among those affected that the Group will carry out the restructuring. The restructuring reserve only includes direct expenses that arise from the restructuring, i.e., only expenses that are conditional on the restructuring and are not related to the Group's ongoing operations.

#### **STATEMENT OF CASH FLOWS**

The statement of cash flows has been prepared according to an indirect method. Reported cash flows only include transactions that result in receipts and disbursements.

#### **PARENT COMPANY ACCOUNTING PRINCIPLES**

The annual report for the parent company has been prepared in accordance with the *Annual Accounts Act*, the Swedish Financial Reporting Board's recommendation RFR 2 *Accounting for legal entities* and statements from the Swedish Financial Reporting Board. RFR 2 means that the parent company in the annual report for the legal entity must apply all IFRSs and statements approved by the EU as far as this is possible within the framework of the *Annual Accounts Act* and the *Social Security Act* and with regard to the connection between accounting and taxation. The recommendation states which exceptions and additions are to be made from IFRS. The differences between the Group's and the Parent Company's accounting principles are set out below.

Due to the connection between accounting and taxation, the rules in IFRS 16 do not need to be applied in legal entity, but instead leasing agreements may be reported in accordance with rules in RFR 2. The parent company applies the exemption from application of IFRS 16, which means that the parent company's leasing agreements are reported in essence does not involve any change compared to previous principles. Other news and changes in RFR 2 with application from 1 January 2021 have not had any significant impact on the parent company's earnings and financial position. The amendments to RFR 2 *Accounting for Legal Entities* that enter into force on 1 January 2022 or later are not expected to have any significant impact on the Parent Company's earnings and financial position.

#### **Intangible assets**

If development expenses are capitalized, a limit is placed on the possibility of distributing equity by allocating an equal amount to what has been capitalized to a special restricted fund for development costs. However, this only applies to new capitalized costs, i.e., those capitalized after 1 January 2016.

#### **Taxes**

The amounts allocated to untaxed reserves constitute taxable temporary differences. Due to the connection between accounting and taxation, the

deferred tax liability attributable to the untaxed reserves is not reported separately by the legal entity. Changes in untaxed reserves are reported in accordance with Swedish practice in the profit and loss in individual companies under the heading "Appropriations". The accumulated value of the provisions is reported in the balance sheet, under the heading "Untaxed reserves", of which 20.6 per cent can be regarded as deferred tax liabilities and 79.4 per cent as restricted equity.

#### **Shares in subsidiaries**

Shares in subsidiaries are reported according to the cost method. Acquisition-related costs for acquiring shares in subsidiaries are included as part of the cost of shares in subsidiaries.

#### **Group contribution**

Group contributions received are reported according to the main rule, i.e., the same principles as usual dividends, i.e., as financial income.

#### **Leased assets**

Lease payments are reported as an expense on a straight-line basis over the leasing period, unless another systematic approach better reflects the user's financial benefit over time.

#### **Financial guarantees**

The Parent Company applies the exemption set out in RFR 2 and reports financial guarantees, e.g., guarantee commitments, in accordance with the rules for provisions.

#### **Corrections of errors**

The Parent Company has made excessive write-downs of internal receivables in Björn Borg Ltd. The write-down has been reversed retroactively. The returned sum amounts to SEK 10.8 million, of which SEK 5.1 million is attributable to fiscal year 2020 and SEK 5.7 million to fiscal year 2021.

## **NOTE 2 IMPORTANT ESTIMATES AND ASSUMPTIONS**

### **IMPORTANT ESTIMATES AND ASSUMPTIONS FOR ACCOUNTING PURPOSES**

Estimates and assessments are evaluated on an ongoing basis and are based on historical experience and other factors, including expectations of future events that are considered reasonable under prevailing conditions. As part of the work of preparing the annual report, estimates and assumptions are made about the future. The estimates for accounting purposes that result from these will, by definition, not always correspond to the actual result.

#### **Taxes**

Deferred tax is calculated on temporary differences between the carrying amounts of assets and liabilities and their value for tax purposes. There are mainly two types of assumptions and estimates that affect the reported deferred tax. These are assumptions and assessments to determine the carrying amount of various assets and liabilities and for future taxable profits, in cases where a future utilization of deferred tax assets is dependent on this. As of December 31, 2022, reported deferred tax assets amounted to SEK 12,575 thousand (13,952). The part of the tax receivable that relates to loss carryforwards in the balance sheet is the value dependent on future profits in the companies and markets where the historical losses exist. The valuation of this asset is based on management's assessment of these units' ability to show profit and thus be able to use the deductions. Furthermore, there are additional loss carryforwards that are not included in the accounts, but in the event of a better-than-expected development, the value of these loss carryforwards may be higher as well as lower in the event of a worse future outcome. For further information, see Note 16.

#### **Impairment testing for goodwill and brand**

Impairment testing of both the Group's goodwill and the carrying amount for trademarks requires estimates and assumptions regarding margins, growth, discount rate, etc. For a more detailed description of the impairment tests, see Note 18. The carrying amounts for trademarks and goodwill as of December 31, 2022 amounted to SEK 224,018 thousand (222,217).

#### *Trademark reporting*

In 2006, Björn Borg acquired the Björn Borg brand. The purchase price amounted in part to a cash purchase price at the time of acquisition of SEK 124,000 thousand and an additional purchase price that expired annually up to and including 2016, i.e., 2017 was the first year in which no additional purchase price was paid. The additional purchase price was divided into a fixed and a variable part. The fixed part corresponding to SEK 7,800 thousand per year has, in view of the fact that it can be determined in a reliable manner been reported as part of the acquisition value, while the variable part has been reported as an operating expense annually. The variable part was based on a percentage of wholesale sales during the period 2006-2016 and could therefore not be determined reliably at the time of acquisition. In accordance with IAS 38, the future payment of the additional purchase consideration has been discounted to present value, which is why the total acquisition value for the brand amounted to SEK 187,532 thousand.

Continuity in brand building means that the brand today has a clear profile and a strong position in its markets. The brand is characterized by quality products with a creative and innovative design and is based on the sporty heritage that the name Björn Borg stands for. Through consistent and long-term brand work, the brand has strengthened its role in the international fashion market. The brand is considered to have a very strong market position. Based on the above, the brand is therefore considered to have an indeterminate useful life.

### Inventory

Inventories have been valued at the lower of cost and fair value (net sales price). The net selling price corresponds to the estimated selling price less estimated expenses required to complete the sale. These estimates are based on historical outcomes and are evaluated on an ongoing basis. The fair value of future sales prices and selling costs may deviate from the assessments and estimates made.

### Accounts receivable

Accounts receivable are assets with payments that can be determined in amounts. The receivables are linked to the Group's deliveries of goods and services and depending on the quality of these. Valuation is made at accrued acquisition value. The receivables are reported at the amount by which they are expected to be received, after deductions for doubtful receivables. The value of doubtful receivables is assessed individually by the management together with the business. The indicators used in assessing the value of doubtful receivables are age analysis, payment history, the counterparty's financial strength and the dialogue with the counterparty. The actual outcome of future sales prices and costs for carrying out the sale may deviate from the assumptions and estimates made.

### Right-of-use assets

For estimates of right-of-use assets, see Note 11. When the Group signs a lease, a determination is made whether it is reasonably certain that the extension option will be exercised. In its determination, the Group weighs all relevant facts and circumstances that create an economic incentive, e.g., contractual terms for extension periods compared with market-rate rents, significant leasehold improvements that have been (or are expected to be) made, expenses that arise when the lease is terminated such as negotiating and relocation expenses, and the importance of the underlying asset to the business. A reassessment is made when an important event has occurred beyond the Group's control. At the latest, however, the lease is extended on the date of automatic extension (if neither party has terminated the lease).

## NOTE 3 FINANCIAL RISK MANAGEMENT

### FINANCIAL RISK MANAGEMENT AND FINANCIAL DERIVATIVES

Through its operations, Björn Borg is exposed to currency, interest rate, credit and counterparty as well as liquidity and refinancing risks. The Board has decided how the Group will handle these risks.

### CURRENCY RISK

Currency risk refers to the risk that the fair value of or future cash flows from a financial instrument varies due to changes in foreign exchange rates. Exposure to currency risk arises when transactions take place in different currencies (transaction exposure). Exchange rate fluctuations also affect the Group by translating foreign subsidiaries into SEK when they are consolidated (translation exposure).

### Transaction exposure

Transaction exposure is divided into *commercial transaction exposure* and *financial transaction exposure*.

*Commercial transaction exposure* refers to exposure attributable to purchases and sales in foreign currencies. The Group's largest currency exposure is against the USD and the EUR, where USD affects the cost of

goods, while EUR primarily affects sales and overheads. The Group's transaction risk relates to the fact that Björn Borg mainly sells in SEK and EUR, while purchases primarily take place in USD and in EUR. About 4 percent (4) of the Group's sales took place in USD, which eliminated part of the transaction risk. Björn Borg did not use any derivative instruments to manage this currency risk during 2022. During the year, realized and unrealized exchange rate differences affected the operating profit positively by SEK 5,298 thousand (2,923).

*Financial transaction exposure* refers to exposure attributable to loans and investments in foreign currency. Björn Borg has previously invested in corporate bonds in foreign currency. After the bond loan was repaid in full and the bond portfolio was completely sold, the remaining financial transaction exposure consists of liquid assets in foreign currency.

### Translation exposure

Exchange rate changes affect the Group when converting the net assets of foreign subsidiaries to SEK. Translation differences are reported in other comprehensive income and are accumulated in the translation reserve in equity. Björn Borg is mainly exposed to changes in EUR, USD, GBP, and CNY. Björn Borg has chosen not to hedge the translation exposure. As of December 31, 2022, the exposure amounted to EUR 9,000 (-150), USD -1,190 (-1,190), GBP 100 (100), CNY -5,130 (-5,130) and DKK 450 (250).

### SENSITIVITY ANALYSIS

#### Commercial transaction exposure

During 2022, the Björn Borg Group was affected by fluctuations in both the euro and the dollar.

The matrix below describes the impact of the two currencies on the Björn Borg Group's turnover, operating profit and its equity, based on the current business model. The effect of a changed USD only had a marginal impact on turnover but had a strong impact on operating profit and equity. Commodity costs were affected by the fluctuation of the USD dollar since approximately 76 percent (76) of purchases were made in dollars. The net effect of a changed EUR had a significant impact on turnover as just under half of the Group's turnover was sold in EUR. It also had a strong impact on operating profit and equity mainly thanks to a higher turnover. Several other factors also affect the transaction exposure going forward, including the development of each business segment's share of total turnover, costs for distribution and marketing, and the exchange rate at the time of product deliveries.

Björn Borg has not used currency derivatives to hedge exchange rate exposure when selling and purchasing in foreign currencies. Below is a sensitivity analysis for commercial transaction exposure related to the changes in the currencies that affected the Group's sales and purchases of goods the most.

#### ESTIMATED CURRENCY IMPACT

2022	%	Estimated effect on sales, %	Estimated effect on operating profit, %	Estimated effect on equity, %
Stronger USD vs SEK	10	0.8	-33.2	-7.2
Weaker USD vs. SEK	-10	-0.8	33.2	7.2
Stronger EUR vs SEK	10	4.4	24.5	8.5
Weaker EUR vs. SEK	-10	-4.4	-24.5	-8.5

#### ESTIMATED CURRENCY IMPACT

2021	%	Estimated effect on sales, %	Estimated effect on operating profit, %	Estimated effect on equity, %
Stronger USD vs SEK	10	0.7	-20.5	-6.4
Weaker USD vs. SEK	-10	-0.7	20.5	6.4
Stronger EUR vs SEK	10	4.5	18.3	8.3
Weaker EUR vs. SEK	-10	-4.5	-18.3	-8.3

The estimated effect on sales and thus the result is stated before tax. Estimated effect on equity is stated after tax.

#### Financial transaction exposure

Below is a sensitivity analysis for financial transaction exposure in the event of a change in the currencies that are significant for the Group.

#### ESTIMATED CURRENCY IMPACT

2022	%	Estimated effect on earnings, TSEK	Estimated effect on equity, TSEK
EUR	+/-10	+/-4,363	+/-3,464
USD	+/-10	+/-132	+/-105
DKK	+/-10	+/-483	+/-383
GBP	+/-10	+/-66	+/-53
NOK	+/-10	+/-207	+/-164

#### ESTIMATED CURRENCY IMPACT

2021	%	Estimated effect on earnings, TSEK	Estimated effect on equity, TSEK
EUR	+/-10	+/-1,179	+/-936
USD	+/-10	+/-4,575	+/-3,632
DKK	+/-10	+/-153	+/-122
GBP	+/-10	+/-3	+/-2
NOK	+/-10	+/-5	+/-4

#### Translation exposure

Below is a sensitivity analysis for translation exposure in the event of a change in the currencies that are significant to the Group.

#### ESTIMATED CURRENCY IMPACT

2022	%	Estimated effect on equity, TSEK
EUR	+/-10	+/-10,000
USD	+/-10	+/-1,200
GBP	+/-10	+/-100
CNY	+/-10	+/-800

#### ESTIMATED CURRENCY IMPACT

2021	%	Estimated effect on equity, TSEK
EUR	+/-10	+/-200
USD	+/-10	+/-1,000
GBP	+/-10	+/-100
CNY	+/-10	+/-1,000

#### PRICE RISK

Price risk refers to the risk that the fair value of or future cash flows from a financial instrument varies due to changes in market prices (other than those arising from interest rate or currency risk). The Björn Borg Group has no investments in financial instruments, because of which there is no price risk in the Group.

#### INTEREST RISK

Interest rate risk refers to the risk that changes in the market interest rate can affect the fair value and/or cash flows from a financial instrument. Björn Borg's interest rate risk mainly relates to bank funds and to borrowing in the form of bank loans and overdrafts.

As of December 31, 2022, interest-bearing assets in the form of bank funds amounted to SEK 16,032 thousand (96,743). Interest-bearing assets relating to bank funds mainly carry a variable interest rate, and changes in the market interest rate therefore lead to higher or lower future interest income.

If market interest rates were to change by one percentage point, the Group's net interest for outstanding assets as of the balance sheet date would be affected by approximately SEK +/-150 thousands (470), based on average interest-bearing assets in 2022. The effect on equity would amount to approximately SEK +/-115 thousands (370).

Furthermore, there is an interest rate risk associated with the credit facility of SEK 60 million and the overdraft facility of SEK 90 million that Björn Borg has signed with Danske Bank. The interest rate is variable and corresponds to STIBOR 3 months plus a margin. As of December 31, 2022, Björn Borg had used SEK 30 million of its credit facilities. An increase in STIBOR 3 months by 1 percentage point would, all things being equal, increase Björn Borg's interest costs by SEK 300 thousand per year (800). A reduction of 1 percentage point would result in a corresponding reduction given that STIBOR is not negative. Equity would be correspondingly affected by around SEK 238 thousands (635).

#### CREDIT AND COUNTERPARTY RISKS

The Group's credit and counterparty risks consist of exposures to commercial and financial counterparties. Credit and counterparty risk refers to the risk of loss if the counterparty does not fulfill its obligations. According to the Board's decision, this risk shall be limited by accepting only counterparties with good creditworthiness and by established limits. Björn Borg's commercial credit risk mainly consists of accounts receivable which are distributed over a large number of counterparties. Credit risk to financial counterparties is limited to financial institutions with a high credit rating. The table below shows the Björn Borg Group's credit risks as of December 31, 2022.

**BJÖRN BORG GROUP'S OUTSTANDING CREDIT RISK AS OF 31 DEC, 2022**

SEK thousands	Group		Parent Company	
	2022	2021	2022	2021
Accounts receivable, external	104,212	91,969	8	13
Accounts receivable, internal	–	–	1,892	15,830
Other current receivables	13,269	9,161	–	8
Cash and bank balances	16,032	96,743	1,558	75,392
	<b>133,513</b>	<b>197,873</b>	<b>3,458</b>	<b>91,243</b>

**LIQUIDITY AND REFINANCING RISKS**

Liquidity and refinancing risks refer to the risk that the cost will be higher and the financing options limited when loans are to be converted, and that payment obligations cannot be fulfilled as a result of insufficient liquidity or difficulties in obtaining financing.

Björn Borgs has a three-year confirmed revolving credit of SEK 60 million with Danske Bank. In addition to the revolving credit, Björn Borg has an overdraft facility of SEK 90 million with Danske Bank that was unused as of December 31, 2022. As a commitment for the overdraft facility and the three-year revolving credit facility, the company has undertaken to ensure that the ratio of the Group's net debt and 12-months rolling operating profit before depreciation on the last day of each quarter does not exceed 3.00. Furthermore, the Group must at all times maintain an equity/assets ratio of at least 35 percent.

Maturity analysis of the Björn Borg Group's outstanding receivables and liabilities as of 2022-12-31 (contractual and undiscounted cash flows):

**MATURITY ANALYSIS OF BJÖRN BORG GROUP'S OUTSTANDING ASSETS AND LIABILITIES AS OF DEC 31, 2022**

Dec 31, 2022	Up to 3 months	3-12 months	1-5 years	Over 5 years
Accounts receivable, external	104 212	–	–	–
Other receivables	13 269	–	–	–
Cash and bank balances	16 032	–	–	–
Other liabilities	–53 324	–47 709	–	–
Accounts payable	–106 021	–	–	–
Non-current liabilities to credit institutions	–30 000	–	–	–
<b>Total</b>	<b>–55 832</b>	<b>–47 709</b>	<b>–</b>	<b>–</b>

**MATURITY ANALYSIS OF BJÖRN BORG GROUP'S OUTSTANDING ASSETS AND LIABILITIES AS OF DEC 31, 2021**

Dec 31, 2021	Up to 3 months	3-12 months	1-5 years	Over 5 years
Accounts receivable, external	91 969	–	–	–
Other receivables	9 161	–	–	–
Cash and bank balances	96 743	–	–	–
Other liabilities	–43 334	–30 533	–1 932	–
Accounts payable	–97 036	–	–	–
Non-current liabilities to credit institutions	–	–	–80 000	–
<b>Total</b>	<b>57 503</b>	<b>–30 533</b>	<b>–81 932</b>	<b>–</b>

**CAPITAL**

Capital refers to shareholders' equity and loan capital. The Group's goal in managing capital is to ensure the Group's survival and freedom of action and to ensure that the owners receive a return on their invested funds. The distribution between equity and loan capital must be such that a good balance is obtained between risk and return. If necessary, the capital structure is adapted to changing economic conditions and other external factors. In order to maintain and adjust the capital structure, the Group may distribute funds, increase equity through the issue of new shares or capital injections or reduce or increase liabilities. The Group's liabilities and equity are stated in the Group's report on financial position, and in the report Change in the Group's equity, the various components included in reserves are stated. See also notes 17 (Earnings per share), 24 (Financial assets and liabilities) and 25 (Dividend per share).

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 months' rolling operating profit before depreciation on the last day of each quarter does not exceed 3.00. Furthermore, the Group must at all times maintain an equity/assets ratio of at least 35 percent. As of December 31, 2022, the ratio was positive by +0.17 (+0.15) when the company had net cash (0.70) and the equity/assets ratio was 54.0 percent (53.4).

**NOTE 4 SEGMENT REPORTING**

The President is the Group's highest executive decision-maker. Reported operating segments are those that are reported internally to the highest executive decision-maker and that are used as a basis for allocating resources and evaluating the results in the Group. Follow-up and assessment of the operating segments' results is based primarily on operating profit. Segment reporting is prepared in accordance with the same accounting principles as the consolidated accounts and is stated in Note 1, except that external sales are presented including other operating income.

**WHOLESALE BUSINESS**

The segment consists of revenues and expenses associated with the Björn Borg Group's wholesale operations. The Group conducts wholesale operations in Sweden, Finland, the Netherlands, Belgium, Germany and England for clothing and underwear, as well as for shoes in Sweden and Finland.

**CONSUMER DIRECT**

The segment consists of revenues and costs associated with the Björn Borg Group's sales directly to consumers via its own concept and outlet stores and via e-commerce.

**DISTRIBUTOR**

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

**LICENSE**

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



Note 4, continued

<b>2022</b> SEK thousands	Wholesale	Consumer direct	Distributor	License	Total	Eliminations	Group
<b>Income</b>							
External sales	539,871	219,977	92,298	8,862	861,008	–	861,008
Internal sales	4,870	378	479,774	33,286	518,309	–518,309	–
<b>Total income</b>	<b>544,741</b>	<b>220,355</b>	<b>572,072</b>	<b>42,148</b>	<b>1,379,317</b>	<b>–518,309</b>	<b>861,008</b>
<b>Operating profit</b>	<b>52,824</b>	<b>–6,655</b>	<b>19,558</b>	<b>7,182</b>	<b>72,909</b>	<b>–</b>	<b>72,909</b>
Interest income and similar income items							1,800
Interest expenses and similar income items							–4,265
<b>Profit before tax</b>							<b>70,444</b>
Fixed assets	444,251	135,097	84,183	10,822	674,353	–361,433	312,920
Inventory	152,789	49,850	–	–	202,639	–1,504	201,135
Other current assets	2,278,182	655,415	319,433	29,258	3,282,288	–3,142,949	139,339
<b>Total assets</b>	<b>2,875,222</b>	<b>840,362</b>	<b>403,616</b>	<b>40,080</b>	<b>4,159,280</b>	<b>–3,505,886</b>	<b>653,394</b>
Other debts	2,479,069	755,718	330,552	29,326	3,594,665	–3,266,080	328,585
<b>Total debts</b>	<b>2,479,069</b>	<b>755,718</b>	<b>330,552</b>	<b>29,326</b>	<b>3,594,665</b>	<b>–3,266,080</b>	<b>328,585</b>
Investments in tangible and intangible fixed assets	5,568	2,522	206	27	8,323	1	8,324
Depreciation	–23,650	–9,998	–978	–113	–34,739	–	–34,739
<b>2021</b> SEK thousands							
	Wholesale	Consumer direct	Distributor	License	Total	Eliminations	Group
<b>Income</b>							
External sales	502,273	212,712	71,439	9,671	796,095	–	796,095
Internal sales	1,607	300	465,596	81,404	548,907	–548,907	–
<b>Total income</b>	<b>503,879</b>	<b>213,011</b>	<b>537,035</b>	<b>91,076</b>	<b>1,345,002</b>	<b>–548,907</b>	<b>796,095</b>
<b>Operating profit</b>	<b>68,523</b>	<b>13,814</b>	<b>13,571</b>	<b>8,180</b>	<b>104,088</b>	<b>–</b>	<b>104,088</b>
Interest income and similar income items							7,787
Interest expenses and similar income items							–5,005
<b>Profit before tax</b>							<b>106,870</b>
Fixed assets	391,922	136,433	49,881	8,919	587,155	–269,714	317,441
Inventory	115,204	47,392	–	–	162,596	–10,605	151,991
Other current assets	3,147,117	923,058	297,279	35,311	4,402,765	–4,191,529	211,236
<b>Total assets</b>	<b>3,654,243</b>	<b>1,106,883</b>	<b>347,160</b>	<b>44,230</b>	<b>5,152,516</b>	<b>–4,471,848</b>	<b>680,668</b>
Other debts	3,204,063	981,389	310,702	33,581	4,529,735	–4,183,282	346,453
<b>Total debts</b>	<b>3,204,063</b>	<b>981,389</b>	<b>310,702</b>	<b>33,581</b>	<b>4,529,735</b>	<b>–4,183,282</b>	<b>346,453</b>
Investments in tangible and intangible fixed assets	7,205	3,205	150	27	10,587	–79	10,508
Depreciation	–24,745	–10,146	–556	–87	–35,534	32	–35,502

Note 4, continued

#### RECONCILIATION BETWEEN OPERATING PROFIT AND PROFIT BEFORE TAX

The difference between operating profit for segments for which information is to be provided is SEK 72,909 thousand (104,088) and profit before tax SEK 70,444 thousand (106,870) are net financial items, SEK -2,465 thousand (2,782).

#### INTERNAL PRICING

Sales between segments take place on market terms. The income from external parties that is reported to management is valued in the same way as in the income statement.

#### ELIMINATIONS

The elimination column refers only to internal balances.

#### GEOGRAPHICAL AREAS

SEK thousands	Sweden		Netherlands		Finland		Germany		Others		Group	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Net sales	286,541	275,664	178,912	172,519	111,865	104,010	93,292	80,916	164,563	135,094	835,173	768,203
Assets	219,860	195,484	137,277	149,728	85,832	90,269	71,582	70,227	126,268	161,008	640,819	666,716
Investments	3,684	3,504	3,029	3,594	316	1,559	163	-	1,132	1,851	8,324	10,508

The Group presents its revenues for the four largest markets: Sweden, the Netherlands, Finland and Germany. Assets in each segment are exclusive of financial instruments and deferred tax assets.

#### NOTE 5 DISTRIBUTION OF REVENUE

##### NET SALES AND OTHER OPERATING INCOME

SEK thousands	Group		Parent Company	
	2022	2021	2022	2021
Wholesale	539,871	502,273	-	-
Consumer direct	219,977	212,712	-	-
Distributor	92,298	71,439	-	-
License	8,862	9,671	-	-
Others	-	-	102,379	101,930
<b>Total revenue</b>	<b>861,008</b>	<b>796,095</b>	<b>102,379</b>	<b>101,930</b>

The Group's other operating income mainly consists of currency revaluations on monetary items (assets and liabilities) in addition to cash and loans and re-invoiced costs.

The Parent Company includes other operating income of SEK 1,174 thousand (1,990) consisting essentially of re-invoiced costs.

Outstanding accounts receivable amounted to SEK 104,212 thousand (91,969) on the balance sheet date, see also Note 22.

The Group's has contractual liabilities in the form of prepaid goods as well as settlement against license and franchisees with a closing balance of a total of SEK 1,648 thousand (1,291).

These are included in the item accrued expenses and prepaid income, note 28. Of the incurred debt amount, SEK 1,291 thousand (2,287) was recognized as income during the period. The Group lacks contract assets.

#### NOTE 6 OTHER EXTERNAL EXPENSES

SEK thousands	Group		Parent Company	
	2022	2021	2022	2021
Local costs	19,727	5,327	6,711	5,216
Sales costs	54,601	52,219	1,073	3,377
Marketing costs	68,287	60,187	33,028	33,472
Administrative costs	32,629	36,139	14,523	11,631
Other	6,168	4,439	921	576
	<b>181,411</b>	<b>158,310</b>	<b>56,256</b>	<b>54,272</b>

## NOTE 7 CASH AND CASH EQUIVALENTS

SEK thousands	Group	
	31 Dec 2022	31 Dec 2021
Cash and bank balances	16,032	96,743
<b>Total</b>	<b>16,032</b>	<b>96,743</b>

The company has cash and cash equivalents in Swedish banks with a rating of at least A. The credit provision is calculated according to the general model with the assumption of low credit risk. Given the short maturity and stable counterparties, the expected future credit losses as of the balance sheet date are insignificant, which is why no reserve for future credit losses has been reported.

## NOTE 8 INFORMATION ABOUT STAFF AND REMUNERATION TO THE BOARD OF DIRECTORS, CEO AND OTHER SENIOR EXECUTIVES

### SALARIES, OTHER BENEFITS AND SOCIAL COSTS

SEK thousands	Group		Parent Company	
	2022	2021	2022	2021
Salaries and benefits	108,093	91,626	39,773	26,114
Social expenses	23,429	23,466	8,406	8,955
Pension costs	9,924	9,380	3,327	3,227
<b>Total</b>	<b>141,447</b>	<b>124,472</b>	<b>51,506</b>	<b>38,295</b>

### SALARIES, OTHER REMUNERATION DISTRIBUTED BETWEEN SENIOR EXECUTIVES AND OTHER EMPLOYEES

SEK thousands	Group		Parent Company	
	2022	2021	2022	2021
Board, CEO and other senior executives	28,583	19,858	20,527	15,739
Other employees	79,510	71,768	19,245	10,377
<b>In total</b>	<b>108,093</b>	<b>91,626</b>	<b>39,773</b>	<b>26,114</b>

### THE AVERAGE NUMBER OF EMPLOYEES <sup>1</sup>

SEK thousands	Group		Parent Company	
	2022	2021	2022	2021
Women	100	106	17	18
Men	51	56	8	7
<b>Total</b>	<b>151</b>	<b>162</b>	<b>25</b>	<b>25</b>

<sup>1</sup> An annual working time of 1,800 hours has been used to calculate the average number of employees. Distribution of employees per country, Sweden 89 (81), Netherlands 30 (36), Finland 19 (30) and other 13 (15).

## DISTRIBUTION BETWEEN WOMEN AND MEN AMONG SENIOR EXECUTIVES

Group SEK thousands	2022		2021	
	Men	Women	Men	Women
Board	4	3	4	2
Other senior executives	7	2	6	2
<b>Total</b>	<b>11</b>	<b>5</b>	<b>10</b>	<b>4</b>

## REMUNERATION AND OTHER BENEFITS TO BOARD MEMBERS

SEK thousands	2022		2021	
	Board fees	Others compensation	Board fees	Others compensation
<i>Chairman of the Board;</i> Heiner Olbrich	420	82	420	82
<i>Other members of the Board;</i> Mats H Nilsson	180	96	180	96
Alessandra Cama	180	–	180	–
Fredrik Löfstedt	180	71	180	55
Anette Klintfält	180	–	180	–
Jens Høgsted	180	–	90	–
Johanna Schottenius	105	–	–	–
<b>Total</b>	<b>1,425</b>	<b>249</b>	<b>1,230</b>	<b>233</b>

## SALARIES, OTHER BENEFITS AND OTHER BENEFITS 2022

SEK thousands	Basic salary	Variable compensation	Pension	Other compensation	Total
CEO	4,284	3,413	1,024	257	<b>8,979</b>
Other senior executives	11,310	7,902	2,055	126	<b>21,394</b>
<b>Total</b>	<b>15,594</b>	<b>11,315</b>	<b>3,079</b>	<b>384</b>	<b>30,373</b>

Variable remuneration also includes LTIP (cash settlement remuneration) for the CEO which amounted to SEK 3,084 thousand. For other senior executives, the sum amounted to SEK 7,395 thousand.

## SALARIES, OTHER BENEFITS AND OTHER BENEFITS 2021

SEK thousands	Basic salary	Variable compensation	Pension	Other compensation	Total
CEO	4,080	1,889	977	172	<b>7,118</b>
Other senior executives	9,535	2,892	1,967	161	<b>14,555</b>
<b>Total</b>	<b>13,614</b>	<b>4,781</b>	<b>2,944</b>	<b>333</b>	<b>21,673</b>

## BENEFITS TO THE BOARD OF DIRECTORS, CEO AND OTHER SENIOR EXECUTIVES

### Remuneration to the Board

According to the AGM resolution, the remuneration to the Chairman and members of the Board for 2022 amounts to a total of SEK 1,674 thousand (1,463). The Chairman of the Board receives a fee of SEK 420 thousand (420), while other members receive a remuneration of SEK 180 thousand (180) each. In addition to Board fees, the Chairman and members of the Board have received remuneration for travel and subsistence in connection with Board meetings. A fee for a total of SEK 59 thousand (43) for 2022 has been expensed to the Remuneration Committee and a fee amounting to a total of SEK 190 thousand (190) has been expensed to the Audit Committee. All remuneration is in accordance with the remuneration to the Board decided by the Annual General Meeting.

### Remuneration to the CEO

Björn Borg's CEO has received salary and other remuneration amounting to SEK 4,284 thousand (4,080), in addition to which the CEO receives a variable remuneration of SEK 3,413 thousand (1,889) of which SEK 3,084 thousand referred to LTIP (cash settlement remuneration). According to the agreement, the CEO is entitled to both a fixed salary and a variable remuneration, provided that certain predefined goals are achieved. In addition, the CEO is entitled to certain other benefits, e.g., company car and some insurance. The CEO is also entitled to a monthly pension provision corresponding to 25 percent of the fixed salary. The variable remuneration has been calculated on the basis of the Group's achieved sales and operating profit in relation to the budget approved by the Board.

Proposed terms and conditions for the remuneration package for the CEO are prepared by the Remuneration Committee, which consists of Heiner Olbrich, Mats H Nilsson and Fredrik Löfstedt, and are decided on by the Board. A notice period of 12 months applies between the company and the CEO in the event of termination by the company. In the event of termination by the CEO, a notice period of 6 months applies. The President's share and option holdings are described below.

### Remuneration of other senior executives

Senior executives refer to Group management. In 2022, Group management, excluding the President, consisted of eight other senior executives. In 2021, the average number of other senior executives, excluding the Deputy CEO, was seven. The basic salary for senior executives for 2022 amounted to SEK 11,310 thousand (9,535). In addition, senior executives receive variable remuneration based on the Group's sales and earnings in excess of the budget approved by the Board. The variable remuneration can amount to a maximum of 25 percent of fixed salary. The variable remuneration in 2022 amounted to SEK 7,902 thousand (2,892) of which SEK 7,395 referred to LTIP (cash settlement remuneration). In addition to this, some senior executives have access to a company car. Björn Borg pays pension premiums according to a defined contribution pension plan. Pension costs in 2022 amounted to SEK 2,055 thousand (1,967). If senior executives are dismissed by the company, they are entitled to a 3-6 month notice period. Senior executives' share and option holdings in Björn Borg are described below.

## THE SHAREHOLDINGS OF THE BOARD OF DIRECTORS, THE CEO AND OTHER SENIOR EXECUTIVES AS OF DEC 31, 2022

	Number of shares
Fredrik Löfstedt	1,050,040
Mats H Nilsson	1,638,440
Anette Klintfält	–
Johanna Schottenius	382,880
Heiner Olbrich	60,000
Alessandra Cama	20,000
Jens Høgsted	5,500
CEO	110,000
Other senior executives	24,620
<b>Total number of shares</b>	<b>3,291,480</b>

## PENSIONS

The Group only has defined contribution pension plans. A defined contribution pension plan is a pension plan where the Group pays fixed premiums to a separate legal entity. After Björn Borg paid the premium, no obligations remain for Björn Borg towards the Group's employees. The fees are reported as personnel costs in the period to which the fee paid relates and amounted to SEK 9.9 M (9.4) in 2022.

## INCENTIVE PROGRAM, LTIP 2022

The 2019 Annual General Meeting decided on the introduction of a new long-term incentive program, LTIP 2022, which can be described as a variable cash remuneration based on the share price for the Björn Borg share. Eligible to participate in the incentive program, which runs between the years 2019 and 2022, are employees of the company management. LTIP 2022 means that participants may be entitled to a cash payment from Björn Borg, depending on the share price development of the Björn Borg share and based on each participant's fixed annual salary for 2019. The lowest level for payment is 25 percent of each participant's annual salary 2019, which recipient is entitled to if the price of the Björn Borg share has reached the threshold value of SEK 35 during a period of one hundred (100) days during any of the years 2020, 2021 and 2022, without a requirement that these days are continuous. The highest level for payment under the incentive program is 160 percent of the participant's annual salary in 2019, which presupposes that the price of the Björn Borg share has reached the threshold value of SEK 70 during a period such as the one described above. Assuming that the number of management members participating in LTIP 2022 is nine, the maximum payment during LTIP 2022 may amount to SEK 28,520,000, including social costs. As of December 31, 2022, a cost of SEK 13,770 thousand (1,932) has been booked. Total debt amounted to SEK 15,700 thousand.

## NOTE 9 TRANSACTIONS WITH RELATED PARTIES

In addition to the usual remuneration (salary, fees and other benefits) to the CEO, senior executives and the Board, as well as internal sales between Group companies, transactions with related parties occurred during the period 2022 but not of a material nature.

### PARENT COMPANY'S TRANSACTIONS WITH SUBSIDIARIES

SEK thousands	Parent Company	
	2022	2021
Sales to subsidiaries	101,302	100,237
Purchases from subsidiaries	1,708	2,652

The Parent Company's sales to subsidiaries mainly consist of remuneration to cover common costs for rents, central administration, common systems and marketing services.

The Parent Company's purchases from subsidiaries consist primarily of marketing products.

## NOTE 10 AUDITORS' FEES

SEK thousands	Group		Parent Company	
	2022	2021	2022	2021
<i>BDO</i>				
Audit assignment	1,560	1,252	1,232	880
Other services	103	–	103	–
	<b>1,663</b>	<b>1,252</b>	<b>1,335</b>	<b>880</b>
<i>Other auditing companies</i>				
Audit assignment	–	97	–	46
Audit assignments in addition to auditing activities	888	919	–	33
Tax advice	376	205	255	205
Other services	40	–	–	–
	<b>1,305</b>	<b>1,221</b>	<b>255</b>	<b>284</b>
<b>Total</b>	<b>2,967</b>	<b>2,473</b>	<b>1,590</b>	<b>1,164</b>

## NOTE 11 LEASING

The Björn Borg Group leases mainly office and retail premises, vehicles and office equipment.

### MATURITY ANALYSIS LEASE LIABILITY:

SEK thousands	Group
2023	21,577
2024	16,113
2025	9,926
2026	5,712
2027	619
later than 2028	17
<b>Total payments</b>	<b>53,964</b>

The Group has entered into leasing agreements that have not yet taken effect. The leasing payment for the entire leasing period amounts to SEK 391 thousand (0).

### REPORTED LIABILITY ACCORDING TO THE BALANCE SHEET

SEK thousands	Group	
	Dec 31, 2022	Dec 31, 2021
Short-term portion	19,265	20,242
Long-term portion	32,386	33,777
<b>Total</b>	<b>51,651</b>	<b>54,019</b>

### RIGHT-OF-USE ASSETS

SEK thousands	Group							
	Premises		Vehicle		Equipment		Total	
	Dec 31, 2022	Dec 31, 2021	Dec 31, 2022	Dec 31, 2021	Dec 31, 2022	Dec 31, 2021	Dec 31, 2022	Dec 31, 2021
<i>Acquisition cost</i>								
Incoming values	50,475	53,078	4,083	4,199	392	204	54,950	57,481
Additional usufruct rights	–	22,416	2,709	2,387	524	417	3,233	25,220
Renegotiated/concluded agreements	15,216	–3,994	–17	–292	–	–	15,199	–4,286
Depreciation	–20,585	–21,762	–2,228	–2,255	–255	–230	–23,068	–24,247
Translation differences	2,027	737	210	44	20	1	2,257	782
<i>Carrying amount</i>								
<b>Closing balance</b>	<b>47,133</b>	<b>50,475</b>	<b>4,757</b>	<b>4,083</b>	<b>681</b>	<b>392</b>	<b>52,571</b>	<b>54,950</b>

#### AMOUNTS REPORTED IN PROFIT OR LOSS

SEK thousands	Group
Depreciation right-of-use assets	23,068
Interest expenses for lease liabilities	1,444
Expenses relating to short-term leases	226
Expenses relating to leases of low-value asset	127
Expenses relating to variable lease payments not included in the valuation of lease liabilities	4,471

The total cash flow for lease payments amounted to SEK 29,336 thousand.

Some leases for stores only have variable rents that are affected by sales, so-called sales-based rent, while some leases for stores run with a fixed minimum rent but with a supplement for sales rent. Variable leasing fees are not included in the leasing debt, which means that for agreements that only run in full or in part with sales rent, the sales rent is not included in the leasing debt but is expensed in the period in question.

Half of the Group's store agreements contain a variable leasing fee that is linked to sales in leased stores. Variable leasing fees are used to link the leasing fee to the stores' cash flow and reduce the fixed cost. The division of the leasing fee for these stores looks as follows and refers to the distribution of paid fixed fees and variable fees, respectively:

SEK thousands	Group	
	2022	2021
Fixed payments	10,909	11,815
Variable lease payments	3,553	2,354
<b>Total payments</b>	<b>14,462</b>	<b>14,169</b>

The leasing agreements also generally mean that property tax is paid, which also constitutes a variable fee. However, amounts for property tax are not included in the table above.

An increase in sales of 10 percent in the stores that have full or partial sales-based rent would increase leasing costs by SEK 1,007 thousand (918).

For premises, the maturities and conditions differ depending on the country in which the premises are located. Retail premises run (minimum period) for an average of 3 years, while office premises run for an average of 5 years. For retail premises, the term is short, but with the option to extend, which gives the Group flexibility and the strategy is to strive for short leases. The terms of the agreement are generally designed so that if neither party terminates the agreement for a certain period before they expire, usually 3-9 months before, the agreement is extended for another period. For retail premises, the extension period is usually 1 year.

When the Group enters into a lease agreement, an assessment is made as to whether it is reasonably certain that the option to extend will be exercised. The assessment takes into account all relevant facts and circumstances that create financial incentives such as the terms of the agreement for extension periods compared to market rents, significant investments made (or expected to be made) in leased premises, costs that arise when the lease is terminated, such as negotiation costs and relocation costs and the importance of the underlying asset in the business. Reconsideration takes place when an important event has occurred that is within the Group's control. However, the lease agreement is extended as at the latest at the time of automatic extension (unless either party has terminated the agreement).

The table below shows the Group's exposure to future cash flows from leasing agreements whose extension option is not included in the reported leasing liability on the balance sheet date as it is not reasonably certain that the extension will take place. The future cash flow is based on the leasing agreement being extended for a period (1-3) years.

SEK thousands	Group 2022
Within 1 year	1,696
Between 1-3 years	22,495
Between 3-5 years	4,285
<b>Total cash flow</b>	<b>28,476</b>

#### INFORMATION PARENT COMPANY

SEK thousands	Parent Company	
	2022	2021
Rental and leasing costs during the year amounted to	6,334	4,999
Agreed rental and leasing costs amount to		
– within 1 year	5,818	5,310
– later than one year but within 5 years	16,087	19,906
– over 5 years	–	–
<b>Amount</b>	<b>28,239</b>	<b>30,215</b>

## NOTE 12 NET PROFIT/LOSS FOR EACH CATEGORY OF FINANCIAL INSTRUMENT

SEK thousands	Group	
	2022	2021
Assets at amortized cost	26,897	31,536
Financial liabilities valued at amortized cost (financial expenses)	-20,053	-21,065
<b>Total</b>	<b>6,844</b>	<b>10,470</b>

Of the assets reported at amortized cost, 5,298 have been reported in operating profit and 1,546 in net financial items.

## NOTE 13 RESULT FROM SHARES IN SUBSIDIARIES

SEK thousands	Parent Company	
	2022	2021
Write-down/reversal of shares and receivables in subsidiaries	4,493	-28,509
	<b>4,493</b>	<b>-28,509</b>

## NOTE 14 NET FINANCIAL ITEMS

SEK thousands	Group		Parent Company	
	2022	2021	2022	2021
Change in exchange rates	1,546	7,547	1,387	17,203
Interest income <sup>1</sup>	254	240	2,184	1,681
<b>Total financial income</b>	<b>1,800</b>	<b>7,787</b>	<b>3,571</b>	<b>18,884</b>
Interest expenses <sup>1</sup>	-2,821	-3,125	-9,521	-7,966
Interest expense leasing	-1,444	-1,879	-	-
<b>Total financial expenses</b>	<b>-4,265</b>	<b>-5,005</b>	<b>-9,521</b>	<b>-7,966</b>
<b>Net financial items</b>	<b>-2,465</b>	<b>2,782</b>	<b>-5,950</b>	<b>10,918</b>

<sup>1</sup> The item in its entirety refers to financial assets and liabilities that are not valued at fair value, except for interest income corresponding to SEK 0 thousand (0) which refers to assets valued at fair value.

## NOTE 15 APPROPRIATIONS

SEK thousands	Parent Company	
	2022	2021
Appropriations		
Change in accelerated depreciation/amortization	-360	-218
	<b>-360</b>	<b>-218</b>

## NOTE 16 TAXES

### TAX ON PROFIT FOR THE YEAR

SEK thousands	Group		Parent Company	
	2022	2021	2022	2021
Current tax on the profit for the year	-16,765	-18,644	-9,508	-14,447
Deferred tax asset/expense	-2,806	-2,196	-4	-4
<b>Total reported tax expense</b>	<b>-19,571</b>	<b>-20,840</b>	<b>-9,512</b>	<b>-14,451</b>

### TAX RATE RECONCILIATION

SEK thousands	Group		Parent Company	
	2022	2021	2022	2021
Reported profit before tax	70,444	106,870	41,830	35,100
Tax according to the current tax rate in Sweden, 20.6% (21.4%)	-14,511	-22,015	-8,617	-7,231
<i>Tax effect of:</i>				
Non-deductible expenses	-444	-967	-294	-207
Non-deductible impairment	-	-	925	-5,873
Tax-exempt income	7	722	-	0
Effect of tax rates in other countries	-240	1,017	-	-
Interest offsetting	-	-	-1,522	-1,137
Utilized tax loss carryforwards where undeferred tax is taken into account	927	-799	-	-
Not taken into account deferred tax on loss carryforwards	-11	2,113	-	-
Tax attributable to previous years	-5,299	-911	-4	-4
<b>Reported tax expense</b>	<b>-19,571</b>	<b>-20,840</b>	<b>-9,512</b>	<b>-14,451</b>

## DEFERRED TAXES

SEK thousands	Group		Parent Company	
	2022	2021	2022	2021
<i>Deferred tax assets reported in the balance sheet</i>				
Property, plant & equipment	142	186	-	4
Rights-of-use assets	307	346	-	-
Internal gain on inventory	337	2,378	-	-
Doubtful accounts receivable	429	1,112	-	-
Tax loss carryforwards	11,360	9,930	-	-
<b>Total deferred tax asset</b>	<b>12,575</b>	<b>13,952</b>	<b>-</b>	<b>4</b>
<i>Deferred tax liabilities reported in the balance sheet</i>				
Trademarks	39,065	39,065	-	-
Other	350	51	-	-
Untaxed reserves	462	480	-	-
<b>Total deferred tax liability</b>	<b>39,877</b>	<b>39,596</b>	<b>-</b>	<b>-</b>

No tax items have been recognized directly against equity or other comprehensive income.

### TAX LOSS CARRYFORWARDS AND UNREPORTED DEFERRED TAX ASSETS

The Group has reported a deferred tax asset related to tax loss carryforwards totaling SEK 11,360 thousand (9,930) of which the largest part refers to the Netherlands. The tax value of these loss carryforwards amounts to SEK 45,787 thousand (40,021), of which no part has a due date. The tax value of loss carryforwards for which deferred tax assets have not been reported in the balance sheet as of 31 December 2022 amounts to SEK 148,460 thousand (140,084) and are attributable to the operations in the USA, Belgium and the UK. No deferred tax assets have been reported for these loss carryforwards due to the fact that these units have historically reported tax losses and uncertainty as to whether and when in the future these operations will generate sufficient taxable surpluses. This corresponds to an unreported deferred tax asset totaling in the order of SEK 25,812 thousand (22,042). The majority of these deficits have no due date.



## NOTE 17 EARNINGS PER SHARE

SEK thousands	Earnings per share		Earnings per share after dilution	
	2022	2021	2022	2021
<b>Earnings</b>				
Earnings attributable to the Parent Company's shareholders	50,873	86,030	50,873	86,030
<b>Net profit used to determine results</b>	<b>50,873</b>	<b>86,030</b>	<b>50,873</b>	<b>86,030</b>
<b>Weighted average number of ordinary shares for calculation of earnings per share after dilution</b>	<b>25,148,384</b>	<b>25,148,384</b>	<b>25,148,384</b>	<b>25,148,384</b>
<b>Earnings per share</b>	<b>2.02</b>	<b>3.42</b>	<b>2.02</b>	<b>3.42</b>

SEK thousands	2022	2021
Earnings per share, SEK	2.02	3.42
Earnings per share, SEK (after dilution)	2.02	3.42
Number of shares	25,148,384	25,148,384
Number of shares weighted average	25,148,384	25,148,384
Number of shares weighted average (after dilution)	25,148,384	25,148,384

Earnings per share before dilution are calculated by dividing the earnings attributable to the Parent Company's shareholders by a weighted average number of outstanding common shares during the period, excluding repurchased shares. For earnings per share after dilution, the weighted average number of outstanding common shares has been adjusted for the dilution effect of all potential common shares. The Group has potential common shares with a dilution effect related to convertible debt instruments and options.

## NOTE 18 INTANGIBLE ASSETS

### THE GROUP

SEK thousands	Note	Dec 31, 2022	Dec 31, 2021
<b>Goodwill</b>			
<i>Accumulated acquisition values</i>			
Opening balance		34,685	34,306
Translation differences for the year		1,801	379
<b>Carrying amount at year-end</b>		<b>36,486</b>	<b>34,685</b>
<b>Trademark</b>			
<i>Accumulated acquisition values</i>			
Opening balance		187,532	187,532
<b>Carrying amount at year-end</b>		<b>187,532</b>	<b>187,532</b>
<b>Licenses</b>			
<i>Accumulated acquisition values</i>			
Opening balance		4,760	1,476
Investments		-	3,256
Translation differences for the year		405	28
<b>Closing balance</b>		<b>5,165</b>	<b>4,760</b>
<i>Accumulated amortization</i>			
Opening balance		-2,445	-1,476
This year's depreciations		-548	-934
Translation differences for the year		-216	-35
<b>Closing balance</b>		<b>-3,209</b>	<b>-2,445</b>
<b>Carrying amount at year-end</b>		<b>1,956</b>	<b>2,315</b>
<b>Tenancies</b>			
<i>Accumulated acquisition values</i>			
Opening balance		500	500
<b>Closing balance</b>		<b>500</b>	<b>500</b>
<i>Accumulated cost</i>			
Opening balance		-500	-500
<b>Closing balance</b>		<b>-500</b>	<b>-500</b>
<b>Carrying amount at year-end</b>		<b>-</b>	<b>-</b>

Note 18, continued

SEK thousands	Note	Dec 31, 2022	Dec 31, 2021
<b>Capitalized expenses for software</b>			
<i>Accumulated cost</i>			
Opening balance		20,513	29,914
Investments		265	1,599
Divestments and closure of operations		-1,429	-11,191
Translation differences for the year		130	190
<b>Closing balance</b>		<b>19,479</b>	<b>20,512</b>
<i>Accumulated amortization</i>			
Opening balance		-11,910	-19,660
Divestments and closure of operations		1,429	11,191
Amortization for the year		-3,262	-3,251
Translation differences for the year		-131	-190
<b>Closing balance</b>		<b>-13,874</b>	<b>-11,910</b>
<b>Carrying amount at year-end</b>		<b>5,605</b>	<b>8,602</b>

#### PARENT COMPANY

SEK thousands		Dec 31, 2022	Dec 31, 2021
<b>Capitalized expenses for software</b>			
<i>Accumulated cost</i>			
Opening balance		11,261	10,973
Investments		265	288
Divestments and closure of operations		-394	-
<b>Closing balance</b>		<b>11,131</b>	<b>11,261</b>
<i>Accumulated amortization</i>			
Opening balance		-7,592	-6,232
Amortization for the year his year's		-1,611	-1,360
Divestments and closure of operations		394	-
<b>Closing balance</b>		<b>-8,808</b>	<b>-7,592</b>
<b>Carrying amount at year-end</b>		<b>2,323</b>	<b>3,669</b>

#### IMPAIRMENT TESTING THE GOODWILL AND TRADEMARKS

Goodwill exists for five cash-generating units, Björn Borg Brands AB, Björn Borg Clothing AB, Björn Borg Footwear AB, Björn Borg Finland OY and Baseline.

In addition, there are also intangible non-current assets in the form of trademarks where the cash-generating unit is Björn Borg Brands AB. Distribution is reported below.

SEK thousands	Dec 31, 2022	Dec 31, 2021
<b>Goodwill</b>		
Björn Borg Brands AB	9,330	9,330
Björn Borg Clothing AB	657	657
Björn Borg Footwear AB	3,956	3,956
Björn Borg Finland OY	6,174	5,698
Baseline	16,369	15,044
	<b>36,486</b>	<b>34,685</b>
<b>Trademark</b>		
Björn Borg Brands AB	187,532	187,532
	<b>187,532</b>	<b>187,532</b>

Each year, the Group examines whether there is any need for impairment of goodwill and trademarks in accordance with the accounting principle described in Note 1. The future cash flows used in calculating the unit value of each unit are based for the first year on the legal budget for 2023 adopted for each unit. Thereafter, cash flows are based on assumptions about annual sales and cost growth in a five-year forecast period. Management bases assumptions in the forecast period on future growth on previous outcomes as well as in-depth discussions with the subsidiaries, distributors and licensees regarding future expectations. Impairment testing was performed as of December 31, 2022, applying approximately 12 percent (8) discount rate after tax and an assumption of sustainable annual growth of 1 percent (1) for the period beyond the forecast horizon. This growth is a cautious assumption as of 31 December 2022 based on the current economic situation in the markets, primarily in Europe, where Björn Borg operates. The forecast period extends from 2023 to 2027, i.e., over a five-year period.

There is no need for impairment in the Group as the discounted present value of future cash flows exceeds the carrying amount of the net assets for both the brand and goodwill items in the table above. Assumptions about the discount rate and assumed growth in free cash flow in the forecast period are presented in the table below.

If the assumed growth beyond the forecast period when calculating the value in use for both goodwill and brand had been -1 per cent instead of the assumed +1 per cent, there would still be no need for impairment. An increase in the discount rate by 2 percentage points would also not entail any need for impairment of either brand or goodwill. The same also applies within the forecast period.

Note 18, continued

2022	Trade- mark	Brands	Clothing	Footwear	Finland	Baseline
Forecast period (years)	5	5	5	5	5	5
WACC after tax (%)	12	12	12	12	12	12
Growth in free cash flow%	2	2	2	1	2	2

2021	Trade- mark	Brands	Clothing	Footwear	Finland	Baseline
Forecast period (years)	5	5	5	5	5	5
WACC after tax (%)	8	8	8	8	8	8
Growth in free cash flow%	2	2	2	1	1	2

## NOTE 19 TANGIBLE NON-CURRENT ASSETS

SEK thousands	Group		Parent Company	
	Dec 31, 2022	Dec 31, 2021	Dec 31, 2022	Dec 31, 2021
<b>Machinery and inventory</b>				
<i>Accumulated cost</i>				
Opening balance	50,999	44,290	4,037	3,536
Investments	8,059	5,680	1,273	1,314
Sales and disposals	-1,001	-813	-529	-813
Translation differences for the year	2,812	1,841	-	-
<b>Closing balance</b>	<b>60,868</b>	<b>50,998</b>	<b>4,781</b>	<b>4,037</b>
<i>Accumulated depreciation</i>				
Opening balance	-35,594	-27,710	-1,925	-1,772
Sales and disposals	1,001	813	529	813
Depreciation for the year	-7,885	-7,071	-875	-966
Translation differences for the year	-2,195	-1,625	-	-
<b>Closing balance</b>	<b>-44,673</b>	<b>-35,593</b>	<b>-2,271</b>	<b>-1,925</b>
<b>Carrying amount at year-end</b>	<b>16,195</b>	<b>15,405</b>	<b>2,510</b>	<b>2,112</b>

## NOTE 20 FINANCIAL NON-CURRENT ASSETS

### SHARES IN SUBSIDIARIES

SEK thousands	Parent Company	
	Dec 31, 2022	Dec 31, 2021
Opening cost	277,676	306,186
Acquisition of shares and stocks in Group	2,280	-
Impairment	-	-28,510
Submitted shareholder contributions	91,857	-
<b>Closing accumulated cost</b>	<b>371,813</b>	<b>277,676</b>

Acquisition of shares and stocks in Group companies has been made for SEK 2,280 thousand in Belgian Brand Management, reported value is SEK 2,280 thousand and submitted shareholder contributions to Baseline of SEK 91,857 thousand, reported value is SEK 91,857 thousand.

## SHARES IN SUBSIDIARIES AND THE GROUP'S COMPOSITION

SEK thousands	Reg.no	Registered address	No. of shares	Share of equity %	Book value
Björn Borg Brands AB	556537-3551	Stockholm	84,806	100	58,215
Björn Borg Clothing AB	556414-0373	Stockholm	1,000	100	
Björn Borg Sweden AB	556374-5776	Stockholm	3,000	100	
Björn Borg Retail AB	556577-4410	Stockholm	1,000	100	
Björn Borg Denmark ApS	41928905	Copenhagen	40	100	55
Björn Borg Footwear AB	556280-5746	Varberg	6,999	100	16,781
Björn Borg Inc		Delaware	3,000	100	
Björn Borg UK Limited	7392965	Wales	400,000	100	–
Baseline BV	34268432	Tilburg	90,000	100	91,857
Björn Borg Netherlands B.V	34215227	Tilburg	90,000	100	
Dutch Brand Management BV	34215236	Tilburg	50,000	100	
Dutch Brand Management Retail BV	17169366	Tilburg	500,000	100	
Belgian Brand Management BVBA	884801039	Antwerpen	1,500	100	2,280
Belgian Brand Management Retail BVBA	810366902	Antwerpen	186	100	
Björn Borg Services AB	556537-3551	Stockholm	5,000	100	193,945
Björn Borg Finland OY	2126188-3	Helsinki	100	100	8,680
Björn Borg Limited (China) Limited CR	1671008	Hong Kong	7,500	75	
Björn Borg (Shanghai) Trading Co. Ltd	310000400680797	Shanghai	n/a	100	

**371,813**

## NOTE 21 INVENTORY

The net selling price consists of the estimated sales price less direct selling expenses. Internal gains that have arisen on intra-Group sales are deducted from inventory's carrying amount.

### INVENTORY

SEK thousands	Group		Parent Company	
	2022	2021	2022	2021
Finished goods and goods for resale	201,136	151,991	–	–
	<b>201,136</b>	<b>151,991</b>	<b>–</b>	<b>–</b>

Impairment losses for obsolescence of finished goods of SEK 6,829 thousand (6,421) are included in the closing inventory balance. Total expenses for obsolescence amounted to SEK 408 thousand (–1,544) during the year.

Expensed inventory during the period amounted to SEK 315 111 thousand (375,455).

## NOTE 22 ACCOUNTS RECEIVABLE

The credit quality of financial assets that have not yet fallen due for payment is determined primarily by evaluating the counterparty's payment history. In cases where external credit ratings are available, such information is obtained to support the credit evaluation.

### ACCOUNTS RECEIVABLE

SEK thousands	Group		Parent Company	
	Dec 31, 2022	Dec 31, 2021	Dec 31, 2022	Dec 31, 2021
Accounts receivable, gross	109,452	100,785	8	13
Reserve for expected credit losses	-5,240	-8,816	-	-
<b>Total accounts receivable, net after reserve for impaired receivables</b>	<b>104,212</b>	<b>91,969</b>	<b>8</b>	<b>13</b>

The reserve for expected credit losses as of December 31, 2022 amount to SEK 5,240 thousand (8,816) for the Group and SEK 0 thousand (0) for the Parent Company.

The ages of these receivables and the reserve are distributed as follows:

### OVERDUE RECEIVABLES

SEK thousands	Group		Parent Company	
	2022	2021	2022	2021
Not overdue	86,145	74,788	8	13
1-30 days	13,658	14,937	-	-
31-90 days	-	-	-	-
91-180 days	4,409	826	-	-
>180 days	-	1,418	-	-
<b>Total</b>	<b>104,212</b>	<b>91,969</b>	<b>8</b>	<b>13</b>

As of December 31, 2022, the Group had SEK 17,700 thousand (16,563) in overdue receivables that were not considered impaired. These overdue receivables relate to a number of customers that have not previously had payment problems.

Changes in the reserve for expected credit losses are recognized as an operating expenses. The period's changes were as follows:

### EXPECTED CREDIT LOSSES – RECONCILIATION

SEK thousands	Group		Parent Company	
	2022	2021	2022	2021
Provisions at beginning of the year	-8,816	-11,526	-	-
Reversed provisions for the period	7,542	5,177	-	-
Provisions for the period	-5,240	-8,816	-	-
Established losses	1,275	6,348	-	-
	<b>-5,240</b>	<b>-8,816</b>	<b>-</b>	<b>-</b>

The maximum exposure for credit risk as of the closing day is the carrying amount for each category of receivable.

## NOTE 23 PREPAID EXPENSES AND ACCRUED INCOME

SEK thousands	Group		Parent Company	
	Dec 31, 2022	Dec 31, 2021	Dec 31, 2022	Dec 31, 2021
Prepaid interest	-	222	-	188
Prepaid rents	51	81	1,461	1,610
Prepaid insurance	462	404	337	263
Prepaid leasing	97	127	48	73
Prepaid marketing expenses	789	777	220	220
HR-related items	1,047	8,047	292	259
Other	3,379	3,705	1,302	1,230
	<b>5,825</b>	<b>13,363</b>	<b>3,661</b>	<b>3,843</b>

## NOTE 24 24 FINANCIAL ASSETS AND LIABILITIES

### GROUP 2022

TSEK	Measured at amortized cost	Non-financial assets and liabilities	Total assets
Accounts receivable, external	104,212	–	104,212
Cash and bank balances	16,032	–	16,032
<b>Total financial assets</b>	<b>120,244</b>	<b>–</b>	<b>120,244</b>
Short-term liabilities to credit institutions	30,000	–	30,000
Lease liability	51,652	–	51,652
Accounts payable	106,021	–	106,021
<b>Total financial liabilities</b>	<b>187,673</b>	<b>–</b>	<b>187,673</b>

### GROUP 2021

TSEK	Measured at amortized cost	Non-financial assets and liabilities	Total assets
Accounts receivable, external	91,969	–	91,969
Cash and bank balances	96,743	–	96,743
<b>Total financial assets</b>	<b>188,712</b>	<b>–</b>	<b>188,712</b>
Non-current liabilities to credit institutions	80,000	–	80,000
Lease liability	54,019	–	54,019
Accounts payable	97,036	–	97,036
<b>Total financial liabilities</b>	<b>231,055</b>	<b>–</b>	<b>231,055</b>

The fair value of financial assets and liabilities essentially corresponds to their carrying amounts.

Fair values are determined according to a valuation hierarchy on three levels. The levels reflect the extent to which the fair values are based on observable market inputs or internal assumptions. Following is a description of the various levels for determining the fair value of financial instruments recognized at fair value.

- Level 1 fair value is determined using observable (unadjusted) quoted prices on an active market for identical assets and liabilities.
- Level 2 fair value is determined using valuation models based on observable inputs for the asset or liability other than quoted prices included in level 1.
- Level 3 fair value is determined using valuation models where significant inputs are based on non-observable data.

## NOTE 25 DIVIDEND PER SHARE

The Annual General Meeting on May 19, 2022 resolved a distribution of SEK 62,870,960 to be paid for the financial year 2021 corresponding with a dividend of SEK 2.5 per share.

The Board of Directors has proposed to the Annual General Meeting a distribution of SEK 2.00 per share for the financial year 2022. As proposed, the distribution would be paid through an automatic redemption, where every share is divided into a common share and a redemption share. The redemption share will then automatically be redeemed for SEK 2.00 per share. Payment for the redemption share, contingent on the approval of the AGM, is expected to be made around June 22, 2023. The Board of Directors' proposal corresponds to a transfer to shareholders of SEK 50,297 thousand (62,871).

## NOTE 26 UNTAXED RESERVES

SEK thousands	Parent Company	
	Dec 31, 2022	Dec 31, 2021
Untaxed reserves		
Accumulated accelerated depreciation/amortization	1,616	1,256
	<b>1,616</b>	<b>1,256</b>

## NOTE 27 LIABILITIES

### NON-CURRENT AND CURRENT INTEREST-BEARING LIABILITIES

SEK thousands	Group		Parent Company	
	Dec 31, 2022	Dec 31, 2021	Dec 31, 2022	Dec 31, 2021
Non-current liabilities credit institutions	–	80,000	–	80,000
Short-term debt to credit institutions	30,000	–	30,000	–
<b>Total interest-bearing liabilities</b>	<b>30,000</b>	<b>80,000</b>	<b>30,000</b>	<b>80,000</b>

### OTHER NON-CURRENT LIABILITIES

Björn Borg has a revolving credit of SEK 60 million (150) from Danske Bank, in addition to which the company has an overdraft facility of SEK 90 million from Danske Bank.

As of December 31, 2022, SEK 30 million (80) of the revolving credit limit of SEK 60 million had been utilized, as well as SEK 0 million (0) of the overdraft facility.

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 operating profit before depreciation and amortization 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.

As of December 31, 2022, the ratio was positive at 0.17 and the equity/asset ratio amounted to 54.0 percent (53.4). In addition to the above, there have been no significant changes regarding pledged assets and contingent liabilities compared to 31 December 2021.

## NOTE 28 ACCRUED EXPENSES, DEFERRED INCOME AND PROVISIONS

SEK thousands	Group		Parent Company	
	Dec 31, 2022	Dec 31, 2021	Dec 31, 2022	Dec 31, 2021
HR-related items	20,677	19,267	6,497	7,220
Freight and customs	5,465	2,926	–	–
Audit expenses	1,526	1,501	850	480
Marketing expenses	2,338	1,762	778	1,048
Rent expenses	1,995	6,278	833	868
Stock reserve	–	3,208	–	–
Deferred income	6,063	4,049	–	–
Other	3,005	3,272	1,098	999
	<b>41,069</b>	<b>42,261</b>	<b>10,056</b>	<b>10,615</b>

## NOTE 29 PLEDGED ASSETS AND CONTINGENT LIABILITIES

### PLEDGED ASSETS

SEK thousands	Group		Parent Company	
	Dec 31, 2022	Dec 31, 2021	Dec 31, 2022	Dec 31, 2021
Pledged bank funds	787	710	–	–
Shares in subsidiaries	203,676	203,638	58,215	58,215
	<b>204,463</b>	<b>204,348</b>	<b>58,215</b>	<b>58,215</b>

### CONTINGENT LIABILITIES

SEK thousands	Group		Parent Company	
	Dec 31, 2022	Dec 31, 2021	Dec 31, 2022	Dec 31, 2021
Rental guarantee and other guarantees	2,316	2,893	139	139
	<b>2,316</b>	<b>2,893</b>	<b>139</b>	<b>139</b>

See also Note 20.

## NOTE 30 NON-CONTROLLING INTERESTS

### INFORMATION ON NON-CONTROLLING INTERESTS

SEK thousands	Dec 31, 2022	Dec 31, 2021
Opening balance	–5,867	–5,295
Share of total comprehensive income for the year	–	–
Årets omräkningsdifferenser	–735	–572
<b>Closing balance</b>	<b>–6,602</b>	<b>–5,867</b>

The Björn Borg Group has a subsidiary in which, as of December 31, 2022, there are significant non-controlling interests, Björn Borg China Ltd. The company has been dormant since 2014.

### SUBSIDIARIES

SEK thousands	Result distributed to non-controlling interests		Cumulative holdings of non-controlling interests	
	2022	2021	2022	2021
Other non-controlling interests	–735	–572	–6,602	–5,295
<b>Total</b>	<b>–735</b>	<b>–572</b>	<b>–6,602</b>	<b>–5,295</b>



## NOTE 31 CASH FLOW

### GROUP

SEK thousands	Dec 31, 2021	Cash flow	Non-cash items	
			Other change <sup>1</sup>	Dec 31, 2022
Short-term loans	80,000	-50,000	-	30,000
Lease liability	54,019	-23,068	20,701	51,652
<b>Total loans from financial activities</b>	<b>134,019</b>	<b>-73,068</b>	<b>20,701</b>	<b>81,652</b>

<sup>1</sup> "Other change" in the lease liability mainly refers to newly signed leases and extended leases and rental discounts. The amount also includes a decrease in the liability due to the decision not to exercise the extension option on some stores and exchange rate differences (SEK 2,459 thousand).

### GROUP

SEK thousands	Dec 31, 2020	Cash flow	Non-cash items	
			Other change <sup>1</sup>	Dec 31, 2021
Long-term loans	99,000	-19,000	-	80,000
Lease liability	57,084	-23,400	20,335	54,019
<b>Total loans from financial activities</b>	<b>156,084</b>	<b>-42,400</b>	<b>20,335</b>	<b>134,019</b>

<sup>1</sup> "Other change" in the lease liability mainly refers to newly signed leases and extended leases. The amount also includes a decrease in the liability due to the decision not to exercise the extension option on the headquarters and exchange rate differences (SEK 268 thousand).

### PARENT COMPANY

SEK thousands	Dec 31, 2021	Cash flow	Non-cash items	
			Other change	Dec 31, 2022
Short-term loans	80,000	-50,000	-	30,000
<b>Total loans from financial activities</b>	<b>80,000</b>	<b>-50,000</b>	<b>-</b>	<b>30,000</b>

### PARENT COMPANY

SEK thousands	Dec 31, 2020	Cash flow	Non-cash items	
			Other change	Dec 31, 2021
Long-term loans	99,000	-19,000	-	80,000
<b>Total loans from financial activities</b>	<b>99,000</b>	<b>-19,000</b>	<b>-</b>	<b>80,000</b>

## NOTE 32 EVENTS AFTER THE BALANCE SHEET DATE

The company notes that at the end of February 2022, what has been called the most politically threatening event in Europe since WWII began. Russia launched a large-scale attack and thereby started a war against Ukraine. Consequences of the war have included large refugee flows and severe retaliatory sanctions against Russia from the outside world. It is currently difficult 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 though consumers' declining faith in the future could have an indirect, negative effect. However, the company can state that increased fuel prices during the year have led to increased shipping costs, which is seen as a direct financial risk.

The company notes that inflation in the markets in which the Björn Borg Group is active is reaching high levels, that interest rates on bank loans are rising sharply, and that the currencies in which the company trades have had an unfavorable development.

Taken together, these macroeconomic effects can have a negative impact on consumers' buying behavior and thus have a negative financial effect on the company.

In December 2022, a decision was made that Björn Borg Footwear AB and associated offices in Varberg would be closed in 2023. The business will instead be integrated into Björn Borg Sweden AB with its headquarters in Stockholm and Björn Borg Finland Oy with its headquarters in Helsinki. The change is being made to increase focus on the footwear category within the Group and to create opportunities to better present the brand with all of its categories towards the company's customers.

In March 2023, the previous credit facility the company had with Danske Bank of SEK 60 million was discontinued. Instead, the company procured an extended overdraft facility of SEK 150 million (from SEK 90 million) starting in March 2023.

## NOTE 33 PROPOSED DISTRIBUTION OF PROFIT

The following unappropriated earnings are at disposal of the Annual General Meeting:

Retained earnings, SEK	49,245,102
Profit for the year, SEK	32,318,620
	<b>81,563,722</b>

The Board proposes that:

Shareholders receive a distribution of SEK 2.00 per share, totaling SEK	50,296,768
Carried forward, SEK	31,266,954
	<b>81,563,722</b>



# Signatures of the Board of Directors

The undersigned certify that the consolidated financial statements and the annual report have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU as well as generally accepted auditing standards and provide a true and fair view of the financial position and results of the Group and the Parent Company and that the Board of Directors' report provides a true and fair overview of the operations, financial position and results of operations of the Group and the Parent Company and describes the substantial risks and uncertainties faced by the Parent Company and companies in the Group.

Stockholm, April 21, 2023

Heiner Olbrich  
Chairman

Alessandra Cama  
Board member

Anette Klintfält  
Board member

Fredrik Lövestedt  
Board member

Mats H Nilsson  
Board member

Jens Høgsted  
Board member

Johanna Schottenius  
Board member

Henrik Bunge  
CEO

Our audit report was submitted on April 21, 2023  
BDO Mälardalen AB

Johan Pharmanson  
Authorized Public Accountant  
Chief auditor

Carl-Johan Kjellman  
Authorized Public Accountant

This is an English translation of the Swedish annual report. In case of discrepancies between the English translation and the Swedish annual report, the Swedish annual report shall prevail.



# Revisionsberättelse

To the general meeting of the shareholders of Björn Borg AB (publ), corporate identity number 556215-4459.

## REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

### Opinions

We have audited the annual accounts and consolidated accounts of Björn Borg AB (publ) for the financial year 2022. The annual accounts and consolidated accounts of the company are included on pages 40-84 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company as of 31 December 2022 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2022 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's Board of Directors in accordance with the Audit Regulation (537/2014/EU) Article 11.

### Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014/EU) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

### Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

### Valuation of inventory

The Group recognized inventory of SEK 201 million on December 31, 2022. Inventory is recognized at the lower of cost according to the first-in-first-out method and net selling price. Net selling price consists of net realizable value and corresponds to the estimated

sales price less estimated selling expenses. We have identified this as an area of particular importance partly because the Group's inventory is a material item and because the Group's operations are highly affected by the changing trends and fashions, which can affect the ability of the Group to sell its collections. The obsolescence reserve is based on individual assessments from management's standpoint. For further information, refer to the section Risks, uncertainties and risk management in the Board of Directors' report and the Group's accounting principles in Note 1 and Note 21 Inventory.

### How our audit addressed the Key audit matter

*Our audit procedures included but were not limited to:*

Initially we evaluated the group's routines and internal controls for managing inventory. We examined management's assessment of the inventory's valuation with a focus on ensuring that the correct inputs have been used in the valuation model and that it fairly reflects reality in view of the valuation of obsolete merchandise. In addition, we verified the inventory's existence by the participating in a selection of physical inventory counts of various warehouses and verified the inventory pricing by sample tests of the prices. In addition, we participated in a selection of physical inventory counts of various warehouses and verified the inventory pricing by sample tests of the prices.

### Revenue recognition

The Group's net sales amounted to SEK 835 million as of December 31, 2022. Net sales consist of four revenue streams, which are described in the company's accounting principles in Note 1. Revenue from sales of goods is recognized upon delivery of a product to the customer, when the financial risks and benefits of ownership are transferred to the buyer, when it is likely that the economic benefits will accrue to the Group and when the revenue can be measured reliably. Royalties are recognized in the period to which the underlying revenue refers, i.e., in accordance with the current agreement's economic substance. We have identified this as an area of particular importance because the Group's revenue is a material item that, in part, consists of a large number of small transactions and, in part, is attributable to the customer-specific agreements which could impact revenue recognition.

### How our audit addressed the Key audit matter

*Our audit procedures included but were not limited to:*

Initially we evaluated the company's accounting principles for revenue and created an understanding of the company's routines and internal controls associated with revenue recognition, which also include the IT system used. We examined a selection of transactions to ensure that they have been reported correctly and in the correct periods. Further we performed analytical review and followed-up variances and examined that appropriate accounting principles are applied and that the required disclosures are provided in the annual report.

### Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 3-39. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially

inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **Responsibilities of the Board of Directors and the Managing Director**

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Directors' responsibilities and tasks in general, among other things oversee the company's financial reporting process.

#### **Auditor's responsibility**

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

## **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS THE AUDITOR'S AUDIT OF THE ADMINISTRATION OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR AND THE PROPOSED APPROPRIATIONS OF THE COMPANY'S PROFIT OR LOSS**

### **Opinions**

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Björn Borg AB (publ) for the financial year 2022 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

### **Basis for Opinions**

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

### **Responsibilities of the Board of Directors and the Managing Director**

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

### **Auditor's responsibility**

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

## **THE AUDITOR'S EXAMINATION OF THE ESEF REPORT**

### **Opinion**

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4 a of the Swedish Securities Market Act (2007:528) for Björn Borg AB (publ) for the financial year 2022.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

### **Basis for opinion**

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of Björn Borg AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Responsibilities of the Board of Directors and the Managing Director**

The Board of Directors and the Managing Director are responsible for the preparation of the Esef report in accordance with the Chapter 16, Section 4 a of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

### **Auditor's responsibility**

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 require us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.



The audit firm applies International Standards on Quality Management 1, which requires the firm to design, implement and operate a system of quality management, including documented policies and procedures regarding compliance with professional ethical requirements, professional standards, and legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design audit procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a validation that the Esef report has been prepared in a valid XHTML format and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report has been marked with iXBRL in accordance with what follows from the Esef regulation.

BDO Mälardalen AB was appointed auditor of Björn Borg AB (publ) by the general meeting of the shareholders on 19 May 2022 and has been the company's auditor since 18 May 2021.

Stockholm, date as per electronic signature  
BDO Mälardalen AB

Johan Pharmanson  
Authorized Public Accountant

Carl-Johan Kjellman  
Authorized Public Accountant

# The share

The Björn Borg share was listed on the Mid Cap list of Nasdaq Stockholm on May 7, 2007 but has been on the Small Cap list since January 2, 2013. The share, which is traded under the ticker symbol BORG, had previously been listed on the First North alternative marketplace since December 2004.

## SHARE CAPITAL

The share capital in Björn Borg AB amounts to SEK 7,858,870, divided into 25,148,384 shares with a quota value of SEK 0.3125 per share. All shares carry equal rights to participate in the company's assets and profits.

## TRADING

The last price paid on December 30, 2022, was SEK 30.80, giving Björn Borg a market capitalization of about SEK 775 million. A total of 9,686,026 shares were traded in 2022 at a value of approximately SEK 369 million. The average daily turnover was 38,285 shares. The share price decreased in value during the year by SEK 19.50, which was 38.8 percent lower than last year. The highest rate noted during the year was SEK 52.30 and the lowest rate was SEK 22.20.

## INCENTIVE PLAN 2022

The Annual General Meeting 2019 resolved to introduce a new long-term incentive plan, LTIP 2022, which can be described as variable cash remuneration based on the price of the Björn Borg share. Employees entitled to participate in the incentive plan, which runs between 2019 and 2022, are members of the company's management team. Under LTIP 2022, participants may be entitled to a cash payout from Björn Borg, depending on price of the Björn Borg share and based on each participant's annual fixed salary for 2019. The first level of payout under the incentive plan is 25 percent of each participant's yearly fixed salary for 2019, which participants are entitled to if the price of the Björn Borg share has been traded at a price of SEK 35 for a period of one hundred (100) non-consecutive days during any of the years 2020, 2021 and 2022. The highest level of payout under the incentive plan is 160 percent of each participant's fixed annual salary for 2019, on the condition that the Björn Borg share has been traded at a price of SEK 70 for the period described below.

The Björn Borg share reached the threshold value of SEK 40 during a period of one hundred (100) days in the year 2022, and thus in March 2023 there will be a total payment of SEK 11,991,480, excluding social costs.

## DIVIDEND POLICY

According to Björn Borg's long-term financial goals, at least 50 percent of net profit will be distributed annually to the company's shareholders.

## DIVIDEND PROPOSAL

The Board of Directors has proposed to the Annual General Meeting a distribution for 2022 of SEK 2.00 per share, corresponding to 99 percent of net income. As proposed, the distribution would be paid through an automatic redemption, where every share is divided into a common share and a redemption share. The redemption share will then automatically be redeemed for SEK 2.00 per share. Payment for the redemption share, contingent on the approval of the AGM, is expected to be made around June 22, 2023.

The Board of Directors' proposal corresponds to a transfer to shareholders of SEK 50,3 million (62.9). For the financial year 2021, a distribution of SEK 2.50 per share, corresponding to 73 percent of net income.

The Board also decided to propose to the Annual General Meeting that the meeting should issue an authorization for the Board to buy back the company's own shares.

## SHAREHOLDERS

As of December 30, 2022, Björn Borg had 8,738 shareholders (9,063), according to Euroclear, after shareholder grouping by the company. Björn Borg's ten largest shareholders owned shares corresponding to 54.5 percent (502) of the votes and capital in the company.

## CHANGES IN SHARE CAPITAL

Year	Transaction	Change in no. of shares	Total no. of shares	Change in share capital, SEK	Total share capital, SEK	Quota value, SEK	Issue price, SEK
2004	Company formation	1,000	1,000	100,000	100,000	100.00	–
2004	New share issue	7,500	8,500	750,000	850,000	100.00	6
2004	Non-cash issue	37,243	45,743	3,724,000	4,574,300	100.00	6
2004	20-for-1 split	869,117	914,860	–	4,574,300	5.00	–
2004	New share issue	450,000	1,364,860	2,225,000	6,824,300	5.00	17
2004	Bonus issue	66,176	1,431,036	330,880	7,155,180	5.00	16
2006	4-for-1 split	4,293,108	5,724,144	–	7,155,180	1.25	–
2006	Redemption of warrants	15,800	5,739,944	19,750	7,174,930	1.25	27
2006	Redemption of warrants	61,900	5,801,844	77,375	7,252,305	1,25	27
2007	New share issue	278,552	6,080,396	348,190	7,600,495	1.25	90
2007	4-for-1 split	18,241,188	24,321,584	–	7,600,495	0.31	–
2007	Redemption of warrants	422,400	24,743,984	132,000	7,732,495	0.31	33
2007	Redemption of warrants	293,000	25,036,984	91,563	7,824,058	0.31	33
2008	Redemption of warrants	4,600	25,041,584	1,438	7,825,495	0.31	33
2008	Redemption of warrants	17,600	25,059,184	5,500	7,830,995	0.31	33
2009	Redemption of warrants	89,200	25,148,384	27,875	7,858,870	0.31	33

## LARGEST SHAREHOLDERS

	No. of shares	Votes/capital,%
Martin Bjäringer	2,500,000	9.9
Nordnet Pension Insurance	1,832,287	7.3
Mats Nilsson	1,638,440	6.5
Schottenius family	1,406,400	5.6
Lazard Frères Banque	1,315,000	5.2
Thomas Eklund	1,255,551	5.0
Avanza Pension	1,153,946	4.6
Fredrik Löfstedt	1,050,040	4.2
Per Josefsson	1,000,000	4.0
Sten A Olssons Pension Foundation	541,852	2.2
<b>Total, largest owners</b>	<b>13,693,516</b>	<b>54.5</b>
<b>Total, others</b>	<b>11,454,868</b>	<b>45.5</b>
<b>Total number of shares</b>	<b>25,148,384</b>	<b>100.0</b>

According to share register on December 30, 2022, shareholders grouped by the company.

With respect to major shareholders in Björn Borg, holdings of related parties are equated with the shareholder's own shares to the extent allowed by the Act on Reporting Obligations for Certain Holdings of Financial Instruments.

## SHAREHOLDER ANALYSIS

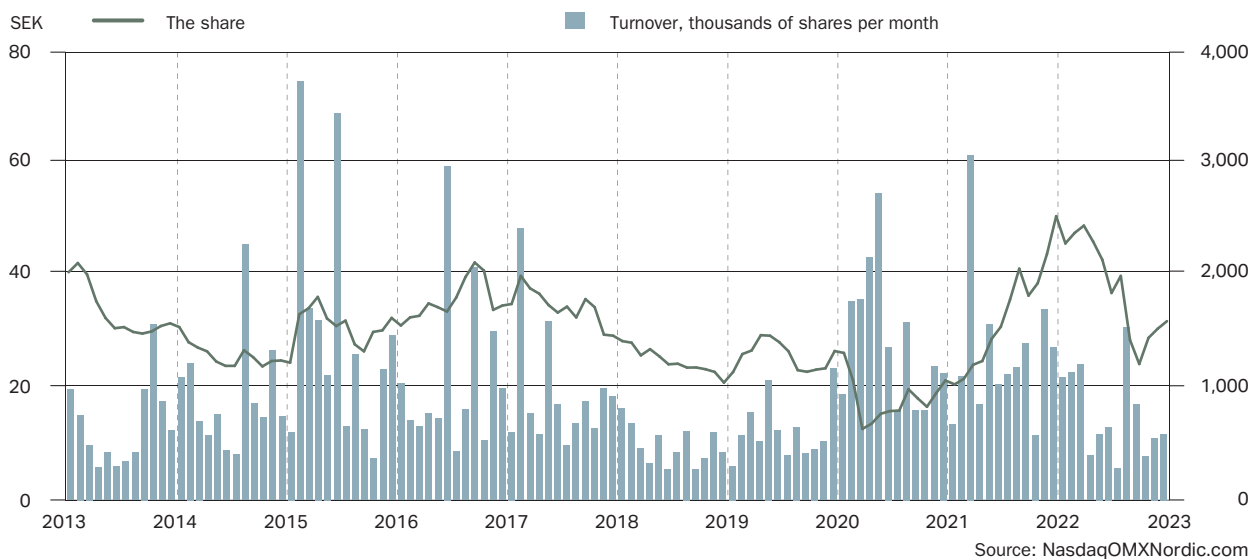
Size of holding	No. of shareholders	No. of shares	Capital and votes, %
1 – 500	6,587	790,587	3.1
501 – 1,000	946	776,428	3.1
1,001 – 5,000	934	2,165,837	8.6
5,001 – 10,000	129	974,748	3.9
10,001 – 15,000	41	519,375	2.1
15,001 – 20,000	19	335,376	1.3
20,001 –	82	19,586,033	77.9
<b>Total</b>	<b>8,738</b>	<b>25,148,384</b>	<b>100.0</b>

Source: Euroclear Sweden AB on December 30, 2022, shareholders grouped by the company.

## DATA PER SHARE

	2022	2021	2020	2019	2018
Earnings per share before dilution, SEK	2.02	3.42	0.75	1.55	2.39
Earnings per share after full dilution, SEK	2.02	3.42	0.75	1.55	2.39
Number of outstanding shares on closing day	25,148,384	25,148,384	25,148,384	25,148,384	25,148,384
Average number of shares outstanding	25,148,384	25,148,384	25,148,384	25,148,384	25,148,384
Average number of shares outstanding after full dilution	25,148,384	25,148,384	25,148,384	25,148,384	25,148,384

## SHARE PRICE PERFORMANCE



# Definitions

The company presents certain financial measures in this annual report that are not defined according to IFRS. The company considers these measures to be valuable complementary information for investors and the company's management. Since not all companies calculate financial measures in the same way, they are not always comparable with measures used by other companies. Consequently, these measures should not be seen as a substitute for measures defined according to IFRS. For more on the calculation of these key financial ratios, see <https://corporate.bjornborg.com/en/section/investors/interim-reports/> <https://corporate.bjornborg.com/en/financial-definitions/> <https://corporate.bjornborg.com/en/financial-data/>

## **CAPITAL EMPLOYED**

Total assets less non-interest-bearing liabilities and provisions.  
**Purpose:** Capital employed measures capital use and efficiency.

## **COMPARABLE STORE SALES**

Sales for own stores that were also open in the previous period.  
**Purpose:** To obtain comparable sales between periods for own stores.

## **EARNINGS PER SHARE (DEFINED ACCORDING TO IFRS)**

Profit after tax in relation to the weighted average number of shares during the period.

**Purpose:** This 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 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. 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 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 on January 1 to equity on 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.

# Board of directors and auditors



## Heiner Olbrich

Chairman of the Board since 2017. Board member between 2015-2017. *Born:* 1965. BSc Econ from the University of Montpellier, MBA, "Diploma Kaufmann" from the University of Hamburg, and PhD in economics, St. Gallen, Switzerland. *Other assignments:* Board member of Eckes Granini AG, Warsteiner Brauerei Haus Cramer KG, ABS Protection GmbH. *Previous assignments:* Chief Marketing and Sales Officer, Miele, Senior VP President Global Sales, Adidas. *Shares in Björn Borg:* 60,000.

Independent from the company and management as well as from major shareholders.



## Alessandra Cama

Director. Director since 2018. *Born:* 1967. L.U.I.S.S. (Libera Università degli Studi Sociali), Rome. LICEO SCIENTIFICO "Leonardo da Vinci", Reggio Calabria. *Other assignments:* CEO, Zertus and ZRT Fr. Meyers Sohn Holding. *Previous assignments:* Managing Director Marketing & Sales, Warsteiner Brauerei, member of the Managing Board GfK, partner at Roland Berger Strategy Consultants. *Shares in Björn Borg:* 20,000.

Independent from the company and management as well as from major shareholders.



## Jens Høgsted

Director. Director since 2021. *Born:* 1972. Master of Science, Technical University of Denmark. *Other assignments:* Board member in Imerco Group, Laudrup Vin and DAY ET. *Previous assignments:* CEO Sportmaster and Sport Nordic Group (Holding), cofounder and partner Qvartz, partner and consultant Valtech and consultant Coopers & Lybrand. Previous Board member of Svendsen Sport, Pack Tech, Ball Group, Unisport, Change Lingerie and Bestseller Retail Europe. *Shares in Björn Borg:* 5,500.

Independent from the company and management as well as from major shareholders.



## Anette Klintfält

Director. Director since 2019. *Born:* 1963. Architecture at KTH Royal Institute of Technology. *Other assignments:* Cofounder Matter of Time. Consultant with a focus on fashion. *Previous assignments:* Design work for GANT, Zalando, Klättermusen, Åhlens, H&M New Business, BRIO, SAS. Responsible for design at Polarn O. Pyret, Creative Manager for Dockers Levi's, Designer Esprit de Corp, H&M Rocky. Director of NK Nära Kroppen. *Shares in Björn Borg:* 0.

Independent from the company and management as well as from major shareholders.



## Fredrik Löfstedt

Director. Director since 2017. Chairman 2005-2017. Director 2004-2005. *Born:* 1956. MSc Eng, KTH Royal Institute of Technology; MBA, INSEAD. *Other assignments:* Founder AlertSec Inc. CEO and major owner of Durator AB. *Previous assignments:* Deputy CEO of Protect Data AB (1996-2001). Has run his own company since 1984. *Shares in Björn Borg:* 1,050,040.

Independent from the company and management as well as from major shareholders.



## Mats H Nilsson

Director. Director since 1998. *Born:* 1955. Civilekonom från Handelshögskolan i Stockholm. *Previous assignments:* Former Executive Director of Swiss Bank Corporation, London, and Director of SG Warburg & Co Ltd, London. Formerly also a Board member of Credelity Capital AB. *Shares in Björn Borg:* 1,638,440.

Independent from the company and management as well as from major shareholders.



## Johanna Schottenius

Director. Director since 2022. *Born:* 1981. Master in finance (MSc) from HHS Göteborg. *Other assignments:* CEO Schottenius & Partners AB. Board member Vertiseit AB. *Previous assignments:* Global responsible for sustainability and strategic projects at IKEA Centers, All Channel Experience Manager IKEA Norway, Deputy Store Manager IKEA, management consultant at Ekan Management. *Shares in Björn Borg:* 382,880.

Independent from the company and management as well as from major shareholders.

## Revisorer

BDO Mälardalen AB. Johan Pharmanson, Authorised Public Accountant, chief auditor. Carl-Johan Kjellman, Authorised Public Accountant.

Holdings as of December 31, 2022.

# Senior management



## Henrik Bunge

CEO.  
 Born: 1973.  
 Recruited: 2014.  
 LLB University of Uppsala, Sales -Management Harvard.  
*Previous assignments:* CEO of Peak Performance, Managing Director Group Area Nordic at Adidas and VP Sales and Marketing at Hästens sängar.  
 Shares in Björn Borg: 110,000.



## Daniel Grohman

Global Operations Director.  
 Born: 1975.  
 Recruited: 2015.  
 MBA  
*Previous assignments:* Business Development Director Björn Borg, CFO Björn Borg, CFO & Buying Director at Erva Attling, Nordic Finance Director at Adidas Group Nordic.  
 Shares in Björn Borg: 3,796.



## Jens Nyström

CFO.  
 Born: 1973.  
 Recruited: 2018.  
 MBA.  
*Previous assignments:* CFO Haglöfs, Nordic Finance Director Sanofi Pasteur MSD, Nordic Finance Director SC Johnson.  
 Shares in Björn Borg: 5,000.



## Mija Nideborn

Product & Sustainability Director.  
 Born: 1972.  
 Recruited: 2016.  
 Bachelor of Fine Arts in Fashion Design, The Swedish School of Textiles, University of Borås.  
*Previous assignments:* Design & Development Director at Helly Hansen, Design Manager at Peak Performance.  
 Shares in Björn Borg: 0.



## Emma Lidfeldt

Marketing Director.  
 Born: 1989.  
 Recruited: 2020.  
 BA Strategic communication, Lund University. Strategic communication & PR, Berghs School of Communication.  
*Previous assignments:* PR Indiska, Social Media Manager, Global PR Manager, Brand Communications Manager, Björn Borg.  
 Shares in Björn Borg: 4 079.



## Joacim Sjödin

Global Sales Director.  
 Born: 1975.  
 Recruited: 2015.  
*Previous assignments:* Country manager Adidas Group, 2006-2012; European Sales Director Peak Performance, 2012-2015.  
 Shares in Björn Borg: 10 000.



## Andreas Gran

Creative Director.  
 Born: 1978.  
 Recruited: 2019.  
*Previous assignments:* Freelance stylist, Fashion Buyer H&M, Designer and Product Manager GANT, Head of Accessories Tiger of Sweden, Head of Design Menswear Tiger of Sweden, Head of Design Björn Borg.  
 Shares in Björn Borg: 245.



## Robin Salazar

Global E-commerce Director.  
 Born: 1982.  
 Recruited: 2017.  
 Marketing Communications, Berghs SoC. Digital marketing, Hyper Island.  
*Previous assignments:* Global E-commerce Manager at Peak Performance, CEO at Societ46, Agency Director at Britny.  
 Shares in Björn Borg: 1 500.



## Eric Schuurman

Managing Director Central Europe.  
 Born: 1969.  
 Recruited: 2020.  
 Erasmus University Rotterdam (NL), University of St. Gallen (CH).  
*Previous assignments:* Head of Sourcing Sports & Fashion at Bol.com, Senior Director Sales Strategy Western Europe at adidasGroup, Director Business Development EMEA @ Reebok.  
 Aktier i Björn Borg: 0.

Holdings as of December 31, 2022.

# Corporate governance report 2022

The Björn Borg share is listed on Nasdaq Stockholm.

## CORPORATE GOVERNANCE AT BJÖRN BORG

Corporate governance refers to the regulations and the structure established in order to lead the operations of a limited company in an efficient and controlled way. Ultimately, corporate governance aims to satisfy shareholders' demands for returns and all stakeholders' needs for information about the company and its development.

The principles for corporate governance which Björn Borg applies, in addition to the rules that follow from law or other constitutions such as The Companies Act (2005:551), the Annual Accounts Act (1995:1554), Nasdaq's regulations for issuers and the Swedish Code of Corporate Governance ("the Code"). The Board is responsible for monitoring the application of the Code on an ongoing basis. If a company covered by the Code does not comply with the Code in any respect, the company must report this deviation, describe the alternative solution chosen and state the reasons for this. Björn Borg did not make any deviations from the Code during the year.

This corporate governance report does not form part of the formal annual report.

## ANNUAL GENERAL MEETING

Björn Borg's highest decision-making body is the Annual General Meeting (AGM).

The AGM elects the company's Board of Directors and the Chairman. Among the other duties of the AGM are to adopt the balance sheet and income statement, decide on the disposition of the profit from the company's operations and decide whether to discharge from liability the Directors and the CEO. The AGM also decides on remuneration to the Board and approves the compensation guidelines for management. The AGM in addition elects the company's auditors and decides on their remuneration. Further, the AGM may resolve to increase or reduce the share capital and can amend the Articles of Association. With respect to new issues of shares, convertibles or warrants, the AGM may authorize the Board to take decisions.

### Annual General Meeting 2023

The 2023 AGM will be held on 17 May 2023 and this year's AGM will take place at 5:30 p.m. in Gate 01's premises, Frösundaviks allé 1, 169 70 Solna. The notice convening the AGM with additional information will be published no later than four weeks in advance and be issued in accordance with the Articles of Association and the rules that apply according to the Swedish Companies Act as well as the Code. More information about Björn Borg's Annual General Meeting is available on Björn Borg's website, <https://corporate.bjornborg.com/en/arsstamma-2023/>.

### Annual General Meeting 2022

The 2022 Annual General Meeting was held on May 19, 2022 and was conducted in accordance with section 22 of the Act (2022:121) on temporary exceptions to facilitate the conduct of general and association meetings, meaning that the shareholders were allowed to exercise their voting rights at the meeting only by voting in advance, so-called postal voting. At the AGM, among other things, decisions were made on the re-election of Board members Alessandra Cama, Anette Klintfält, Fredrik Lövestedt, Mats H Nilsson, Jens Högsted and Heiner Olbrich, as well as the new election of Johanna Schottenius as a regular Board member. At the meeting, a decision was also made, among other things, on a limited authorization for the Board to decide on a new share issue with a total of no more than SEK 390,625 (divided into no more than 1,250,000 new shares). The authorization also included the right to decide on a new share issue with determination of non-cash contributions or that shares should be subscribed with set-off rights or otherwise with conditions in accordance with

Chapter 13 Section 7, Chapter 14 Section 9 or Chapter 15 Section 9 of the Swedish Companies Act. The minutes from the Annual General Meeting are available on Björn Borg's website.

## NOMINATION COMMITTEE

According to the resolution of the 2022 AGM, Björn Borg's Nomination Committee shall be appointed by having the Chairman of the Board contact the four largest shareholders by votes as of August 31 2022 and ask them to appoint one person each to participate in the Nomination Committee. If any of these shareholders chooses to waive their entitlement to appoint a member, the entitlement passes to the shareholder who, after these shareholders, has the largest shareholding. The Nomination Committee, whose composition was published on the Group's website in October 2022, consists of the following members for the 2023 AGM:

- Heiner Olbrich, Chairman of the Board
- Marika Svärdrömer, appointed by Martin Bjäringer
- Mats H Nilsson, shareholder
- André Schottenius, appointed by Schottenius family
- Thomas Eklund, shareholder

Marika Svärdrömer was named Chairman of the Nomination Committee. According to the resolution of Björn Borg's 2022 AGM, the Nomination Committee's mandate is to propose to the 2023 AGM the number of Directors to be elected by the meeting, their remuneration, any compensation for committee work, the composition of the Board, the Chairman of the Board, a resolution on the Nomination Committee, the Chairman of the AGM and the election of the auditors and their remuneration. The Nomination Committee has held two meetings at which minutes were taken since the 2022 AGM, in addition to other contacts. No compensation was paid to the members of the committee.

Rule 4.1 of the Swedish Code of Corporate Governance is applied as a diversity policy for the Board of Directors. Leading up to 2023 AGM the Nomination Committee focused on analyzing and discussing potential Board candidates from the standpoint of Björn Borg Group's operations, stage of development and circumstances in general. The Nomination Committee discussed the Board's size and composition in terms of experience and competence in all the areas relevant to Björn Borg's operations. The Nomination Committee paid special attention to the need for gender parity on the Board.

## THE BOARD OF DIRECTORS

According to the Articles of Association, Björn Borg's Board must consist of a minimum of four and a maximum of eight directors. The directors are elected annually at the Annual General Meeting for the period until the end of the next Annual General Meeting. At the 2022 Annual General Meeting, Alessandra Cama, Anette Klintfält, Fredrik Lövestedt, Mats H Nilsson, Jens Högsted and Heiner Olbrich were re-elected as Board members, while Johanna Schottenius was elected as a regular Board member. Heiner Olbrich was re-elected as Chairman of the Board.

The Board meets the requirements of the Code in that a majority of the directors must be independent in relation to the company and the company management, and that at least two of them must be independent in relation to the company's major shareholders. Prior to the 2022 Annual General Meeting, the Nomination Committee made the assessment that all the proposed Board members were independent of both the company and its management as well as the major shareholders.

An annual Board evaluation, which among other things aims to look at how the Board works and whether the composition of the Board is appropriate for the company's needs, took place within the



company during the fourth quarter and the conclusions were fully reported to the Nomination Committee.

The Board is assisted by a lawyer as the external Board secretary. For more information about the Board members, refer to page 94 of the annual report.

#### The Board's rules of procedure

Pursuant to the Swedish Companies Act, Björn Borg's Board is responsible for the company's organization and the management of its affairs as well as appointing the CEO. The Board lays down the company's goals and strategy, adopts critical policy documents and continuously monitors compliance with these. The Board is also has the ultimate responsibility for ensuring that the company's organization is structured in such a way that the company has satisfactory control over the company's accounting, asset management and overall financial position. The Board also has the ultimate responsibility for its various committees. The Board's rules of procedure, which were last adopted at the Board meeting on 18 August 2022, establish the principles for the Board's work, the division of work within the Board, the delegation between the Board and the CEO, and the financial reporting. The Chairman of the Board is responsible for ensuring that the Board's work is conducted in an efficient manner, to chair the meetings and maintain ongoing contact with the CEO.

#### The work of the Board

In 2022, the Board held five meetings, four of which were in connection with the quarterly financial reporting and one meeting per capsulam. Directors' attendance at this year's Board meetings is shown in the table below.

#### Compensation Committee

The Board has established a Compensation Committee consisting of the Chairman Heiner Olbrich and Mats H Nilsson and Fredrik Lövestedt, to prepare proposals concerning remuneration and other terms of employment for the senior executives. Until the 2023 Annual General Meeting, the Remuneration Committee held one meeting at which minutes were taken leading up to the 2023 AGM, as well as informal meetings and other contacts. During the year, the committee, which is only a drafting committee, (i) prepared the Board's resolutions on remuneration principles, remuneration and other terms of employment for company management, (ii) monitored and evaluated current and expiring remuneration schemes for management, and (iii) monitored

and evaluated the application of the guidelines for remuneration to senior executives as resolved by the AGM as well as current remuneration structures and remuneration levels in the company.

#### Audit Committee

The Board has established an Audit Committee consisting of Chairman Heiner Olbrich, Mats H Nilsson and Fredrik Lövestedt. The Audit Committee supports the Board in its work to ensure the quality of Björn Borg's financial reporting and is tasked, among other things, with ensuring that accurate, qualitative financial reports are prepared and communicated. The Audit Committee is also tasked with issuing a recommendation to the Nomination Committee on the election of auditors. In 2022, the committee held a total of four meetings, all in connection with the quarterly reports. All of the Committee's members attended these meetings. In 2022, the CEO attended the meetings as a co-opted member. The Audit Committee is a drafting committee.

#### THE CHIEF EXECUTIVE OFFICER

The Board has established instructions for the CEO's work and role, which in its current wording were adopted on 18 August 2022. The CEO is responsible for the day-to-day management of the Group's operations in accordance with the Board's guidelines and other established policies and guidelines, and reports to the Board.

Henrik Bunge (b. 1973) has been CEO since August 4, 2014. He does not own any shares in companies with which Björn Borg has significant business interests. For more information about the CEO, see page 95 in the annual report.

#### THE COMPANY'S AUDITORS

The external auditors review Björn Borg's annual report and accounts as well as the administration of the Board and the CEO. After each financial year, the auditors submit an audit report to the AGM. At the 2022 AGM, the registered auditing company BDO Mälardalen AB was appointed auditor of the company for the period until the conclusion of the next AGM. The auditor Johan Phansson was appointed as the principal auditor. The election of an auditor shall take place at the 2023 AGM.

Further information on the auditors can be found on page 94 in the annual report and information on the auditors' fees can be found in Note 10.

#### ATTENDANCE OF DIRECTORS IN 2022

	Feb 24	Apr 8*	May 19	Aug 18	Nov 17
Alessandra Cama	1	1	1	1	1
Jens Høgsted	1	1	1	1	1
Anette Klintfeldt	1	1	1	1	1
Fredrik Lövestedt	1	1	–	1	1
Mats H Nilsson	1	1	1	1	1
Heiner Olbrich	1	1	1	1	1
Johanna Schottenius**			1	1	1
<b>Number of participants</b>	<b>6 (of 6)</b>	<b>6 (of 6)</b>	<b>6 (of 7)</b>	<b>7 (of 7)</b>	<b>7 (of 7)</b>

\* The meeting was held per capsulam, with all members participating in the decisions.

\*\* The person in question joined the Board at the 2022 AGM.

## **REMUNERATION TO THE BOARD OF DIRECTORS AND SENIOR EXECUTIVES**

Remuneration is paid to the Chairman and members of the Board in accordance with the decision of the Annual General Meeting. The AGM resolved in accordance with the Nomination Committee's proposal that fees for the coming term of office shall be paid with (i) SEK 420,000 to the Chairman of the Board and SEK 180,000 to the other 3 members, (ii) SEK 16,000 to members of the Compensation Committee and SEK 27,000 to its chairman and (iii) SEK 55,000 to members of the Audit Committee and SEK 80,000 to its chairman.

According to a resolution at the 2022 Annual General Meeting on guidelines for remuneration to senior executives, remuneration to the CEO and the other members of the company's management may consist of a fixed salary, variable remuneration, pension and other benefits. In addition, and independently of the guidelines, the Annual General Meeting may decide on share and share price-related remuneration. Any variable remuneration is based on the outcome in relation to defined and measurable goals designed with the aim of promoting the company's business strategy and long-term value creation, and is maximized at 50% of the fixed salary during the measurement period, which is normally one year.

Fixed salary and variable remuneration as well as benefits for the CEO and management of Björn Borg appear from note 8 in the annual report.

## **FINANCIAL REPORTING**

The quality of the financial reporting is ensured through policies and instructions established by the Board for division of responsibilities and governance, such as the instructions for the CEO regarding, among other things, the financial reporting. The Board receives the latest financial reports prior to each Board meeting, and at each Board meeting the financial situation of the Parent Company and the Group is discussed. The Board also deals with interim reports and the annual report. At least once a year, the company's auditors report on whether the company has ensured that accounting, management and financial control function satisfactorily. After a formal report, the company management's representatives leave the Board meeting so that the Board members can have a dialogue with the auditors without the participation of executives in the company.

## **THE BOARD OF DIRECTORS' REPORT ON INTERNAL CONTROL TO THE PART IT RELEASES FINANCIAL REPORTING**

The Board is responsible, in accordance with the Swedish Companies Act and the Code, for internal control. The following report on internal control regarding financial reporting 2022 has been prepared in accordance with these regulations and forms part of the corporate governance report. Björn Borg's Board of Directors has evaluated the need for a special review function (internal audit) and has concluded that no such function is currently justified taking into account the staffing of the company's finance function in relation to the nature, scope and complexity of the business.

## **ORGANIZATION OF INTERNAL CONTROL REGARDING FINANCIAL REPORTING**

### **Control environment and corporate governance**

The control environment forms the basis for internal control regarding financial reporting. The Board's rules of procedure and instructions for the CEO and the Board's committees ensure a clear division of roles and responsibilities aimed at efficient management

of the company's risks. The Board has established a number of basic guidelines and frameworks that are important for internal control. Examples of these are the Board's rules of procedure, financial policy, code of conduct and communication policy, which have been reviewed during the year. The Board's audit committee's specific task is to monitor and ensure the quality of financial reporting. The Audit Committee follows up the internal control in connection with meetings prior to the quarterly reporting. The company's management reports regularly to the Board based on established routines, as does the audit committee. Management is responsible for ensuring that established routines and systems for internal control are followed to ensure correct management of significant risks in day-to-day operations. This includes, among other things, routines and guidelines for various executives in order for them to understand the importance of their respective roles in maintaining good internal control.

### **Risk assessment**

The company management works continuously and actively with risk analysis, risk assessment and risk management to ensure that the risks faced by the company are managed in an appropriate manner within the established framework. The risk assessment takes into account, for example, the company's administrative routines regarding operational, financial and legal risks. Balance sheet and income statement items where the risk of significant errors could arise are also reviewed continuously. Assessment of risks in various major balance sheet and income items is graded and followed up. The risk analysis has identified a number of critical processes, the greatest focus being on the purchasing and revenue processes, where valuation of inventories and accounts receivable has a high focus in the analysis of the balance sheet. The Audit Committee plays an important role in the risk assessment as it reports its observations and focus areas to Björn Borg's Board

### **Communication and control activities**

The Board receives financial reports before each Board meeting. The Parent Company and the Group's financial situation are treated as a separate item at each Board meeting. The Audit Committee plays an important role in the follow-up process as it reports its observations and focus areas to the Board. Manuals, guidelines and policy documents that are important for financial reporting are updated and informed on an ongoing basis to all interested parties via internal meetings or e-mails. To ensure that the external information provision is correct, Björn Borg has a communication policy established by the Board. The information reporting and financial reporting for all Swedish subsidiaries is handled by Björn Borg's finance department. The foreign subsidiaries are managed locally. The company's auditors perform audits of the financial reporting in the Group and thus audit processes, systems, routines and year-end work performed by Björn Borg's finance department.

### **Follow-up**

The Board of Björn Borg is ultimately responsible for internal control. The task of the audit committee appointed by the Board is to, among other things, ensure the quality of the company's financial reporting, to obtain information on the direction of the audit and to review the effectiveness of the internal control systems for financial reporting. The Audit Committee has the internal control structure as a recurring item at its meetings.

### BJÖRN BORG SHARE AND OWNERSHIP

The shares in Björn Borg AB are listed on Nasdaq Stockholm, the small cap list. The total number of shares in Björn Borg amounts to 25,148,384. There is only one class of shares. The share capital amounts to SEK 7,858,870 and the quotient value per share is SEK 0.3125. A share entitles the holder to one vote at the Annual General Meeting and there are no restrictions on how many votes each shareholder can cast at the Annual General Meeting. The number of shareholders in Björn Borg at the end of the year was 8,738 (9,063). The largest shareholder as of December 31, 2022 was Martin Bjäringer, through companies and directly, with 9.9 percent of the shares and votes. There are no restrictions on the right to transfer the Björn Borg share due to a provision in law or in Björn Borg's Articles of Association. Björn Borg is also not aware of any agreements between shareholders that may entail restrictions on the right to transfer Björn Borg shares.

### TEN LARGEST OWNERS AS OF 31 DEC, 2022

	No. of shares	%
Martin Bjäringer	2,500,000	9.9
Nordnet Pension Insurance	1,832,287	7.3
Mats Nilsson	1,638,440	6.5
Schottenius family	1,406,400	5.6
Lazard Frères Banque	1,315,000	5.2
Thomas Eklund	1,255,551	5.0
Avanza Pension	1,153,946	4.6
Fredrik Lövestedt	1,050,040	4.2
Per Josefsson	1,000,000	4.0
Sten A Olssons Pension Foundation	541,852	2.2
<b>Total, largest owners</b>	<b>13,693,516</b>	<b>54.5</b>
<b>Sum, others</b>	<b>11,454,868</b>	<b>45.5</b>
<b>Total number of shares</b>	<b>25,148,384</b>	<b>100.0</b>

# Auditor's report on the corporate governance statement

To the Annual General Meeting of Björn Borg AB (publ.)  
Corporate identity number 556658-0683

## **ASSIGNMENT AND DISTRIBUTION OF RESPONSIBILITY**

The Board of Directors is responsible for the corporate governance report for the financial year 2022-01-01–2022-12-31 on pages 96-99 and for ensuring that it is prepared in accordance with the Annual Accounts Act.

## **THE SCOPE OF THE AUDIT**

Our examination has been conducted in accordance with FAR's statement RevU 16 The auditor's examination of the corporate statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that this examination provides us with a sufficient basis for our statements.

## **STATEMENT**

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 Section 6, second paragraph, points 2–6 of the Annual Accounts Act and Chapter 7 Section 31, second paragraph, of the same Act are consistent with the annual accounts and the consolidated accounts and is in accordance with the Annual Accounts Act.

Stockholm, date as per electronic signature  
BDO Mälardalen AB

Johan Pharmansson  
Authorized Public Accountant

Carl-Johan Kjellman  
Authorized Public Accountant

# Other information

## ANNUAL GENERAL MEETING

The shareholders of Björn Borg AB (publ) ("Björn Borg") are hereby invited to the Annual General Meeting on Wednesday, May 17, 2023, at 5:30 p.m. in Gate:01's premises, Frösundaviks allé 1, 169 70 Solna. Registration begins at 16.45.

In order to participate in the Annual General Meeting, shareholders must, firstly, be registered in the shareholder's register kept by Euroclear Sweden AB by Tuesday, May 9, 2023 ("record date"), and, secondly, register their intention to participate in the Annual General Meeting no later than Thursday, May 11, 2023, on the company's website (<https://corporate.bjornborg.com/en/arsstamma-2023/>), or by e-mail to [stamma@bjornborg.com](mailto:stamma@bjornborg.com), by post to Björn Borg AB Frösundaviks allé 1, 169 70 Solna or by phone on 08-506 33 700.

If participation is by proxy, the proxy must bring a written, dated power of attorney to the meeting which is signed by the shareholder. If the power of attorney was issued by a legal entity, or if shareholders are represented by legal representatives, a copy of the current registration certificate or corresponding authorization document for the legal entity is required. In order to facilitate registration at the meeting, a power of attorney as well as a certificate of registration and other authorization documents should be provided to the company in connection with the notification. A proxy form can be downloaded from the company's website (<https://corporate.bjornborg.com/en/arsstamma-2023/>).

Shareholders who have nominee-registered shares through a bank or other nominee, for example, they have their shares in a custody account, must – in addition to registering for the Annual General Meeting – request that the shares be temporarily re-registered in their own name so that the shareholder is entered in the share register kept by Euroclear as the record date of Tuesday, May 9, 2023. Such registration may be temporary (so-called voting rights registration) and may be requested from the nominee in accordance with the nominee's procedures at a time in advance determined by the nominee. Voting rights registration that has been requested by shareholders at such a time that the registration has been completed by the nominee no later than Thursday 11 May 2023 will be taken into account when preparing the share register as of the record date.

Further information about the Annual General Meeting can be found in the notice and further instructions and conditions on postal voting can be found in the postal voting form, see <https://corporate.bjornborg.com/en/arsstamma-2023/>.

## 2023 CALENDAR

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

The interim report for January-March 2023 will be released at 5.30 pm (CET) on May 17, 2023.

The interim report for January-June 2023 will be released at 7.30 am (CET) on August 18, 2023.

The interim report for January-September 2023 will be released at 7.30 am (CET) on November 17, 2023.

The year-end report 2023 will be released on February 23, 2024.

## FINANCIAL REPORTS

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

## SHAREHOLDER CONTACT

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## IMAGES IN THE ANNUAL REPORT

The images used in the annual report were obtained from Björn Borg's fall/winter 2022 collection and spring/summer and high summer 2023 collections.



BJÖRN BORG A





**BJÖRN BORG** 

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