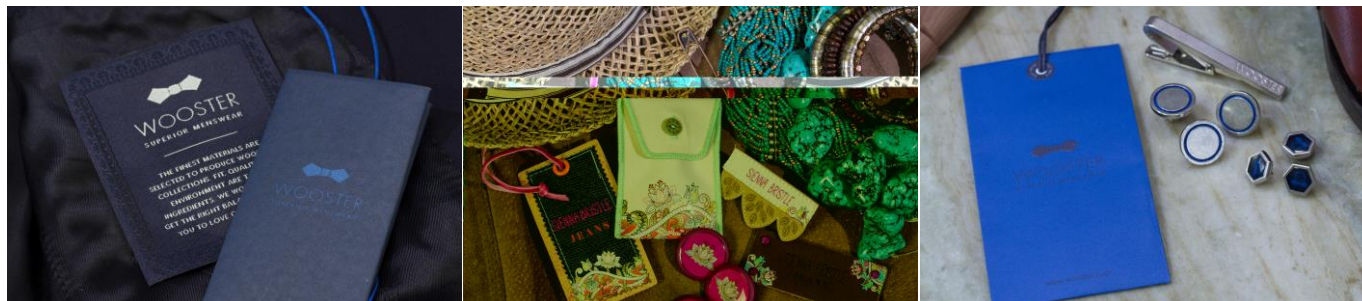


Interim report Nilörngruppen AB (publ) Q2, January – June 2023



Period April - June

- Order bookings decreased by 32 percent to MSEK 167 (245).
- Net revenue decreased by 14 percent to MSEK 230 (269).
- Net revenue adjusted for currency effects amounted to MSEK 220, i.e. an underlying organic decrease of 18 percent.
- Operating profit amounted to MSEK 16.1 (44.9).
- Profit before taxes amounted to MSEK 12.7 (44.3)
- Profit for the period amounted to MSEK 9.2 (36.0).
- Earnings per share amounted to SEK 0.81 (3.16).

Period January – June

- Order bookings decreased by 26 percent to MSEK 390 (525).
- Net revenue expressed in SEK decreased by 12 percent to MSEK 451 (511).
- Net revenue adjusted for currency effects amounted to MSEK 430, i.e. an underlying organic decrease of 16 percent.
- Operating profit amounted to MSEK 33.0 (85.1).
- Profit before taxes amounted to MSEK 27.1 (83.5)
- Profit for the period amounted to MSEK 20.3 (63.9).
- Earnings per share amounted to SEK 1.78 (5.61).

Significant events during the quarter

- Nilorn expands its management team by including Fredrik Clason, Marketing and Sales Manager and Anna-Karin Wårfors, Head of Sustainability.
- Savings program has been initiated, which affected the quarter with approximately MSEK 2.3 with an estimated annual saving of MSEK 15.



CEO STATEMENT

Dear Shareholder,

It has been a volatile period with rapid fluctuations. Many customers, especially in sports/outdoor, still have large stocks of finished goods, however, Nilorn continues to deliver strongly in the luxury goods segment. This means that the markets with a large share in sports/outdoor such as Scandinavia, UK and Germany have had a weaker development, while southern Europe, where we have historically not been so strong, has developed well.

For our distribution units, the trend continues to see volumes move away from China/Hong Kong to Europe and other countries in Asia, which benefits our offices in Bangladesh, Pakistan and Portugal. Turkey has had a weaker development attributable to the high inflation, which has affected our customers' choice of country of production. The start-up of our office in Vietnam is going according to plan where we are now hiring staff and are expected to be up and running during the autumn.

During the quarter, we initiated a cost savings program, which has charged the quarter with just over MSEK 2 but is expected to generate approximately MSEK 15 in reduced costs on a full-year basis. The action program is expected to have an effect from

August, primarily affecting our operations in Hong Kong and Turkey.

Operating profit of MSEK 33 is on par with the 2019 level. Last year, we had a very strong second quarter with growth of 54 percent, which has meant challenging comparative figures. However, we had a weaker end to the year.

Our investments in digital products and guiding our customers in sustainability and compliance continue. There are challenges, but also opportunities where we can assist our customers with the changes resulting from the increased legislation in the EU linked to the Green Deal. Nilorn has developed a concept called Nilorn:CONNECT where we will offer various solutions to help our customers on their journey towards a Digital Product Passport

We look forward to the rest of the year and are convinced that we are well equipped to handle the market's challenges and opportunities.

Krister Magnusson
CEO

Period April – June

Order bookings

Order bookings decreased by 32 percent to MSEK 167 (245). It is a function of reduced activity among our customers and the goal of reducing inventories. Order intake is measured as a function when we receive orders from our customers and place purchase orders. In cases where the articles are already in stock, they are not registered as incoming orders.

Net revenue

Revenue in SEK decreased by 14 percent to MSEK 230 (269). Revenue adjusted for currency effects amounted to MSEK 220, i.e. an underlying organic decrease of 18 percent. Since the Group is relatively well balanced in currencies in other respects, this has a marginal effect on profit.

Gross profit

The gross margin was 41.6 (44.0) percent. The lower gross margin is attributable to some larger orders and customers with lower margins, as well as a focus on reducing inventory levels.

Other income, costs and depreciation

Other income amounted to MSEK 8.2 (7.2) of which the main part is attributable to currency. Total other operating costs of MSEK 5.2 is also attributable to currency.

The external costs amounted to MSEK 20.5 (21.8) and personnel costs to MSEK 54.4 (48.7). The increased personnel costs are attributable to increased employees and currency effects. The increase in the number of employees is to meet the increased volume last year and to continue the structural transformation to meet our customers' increased needs. This is especially true in purchasing, CSR, compliance, materials and IT.

Depreciation amounted to MSEK 7.8 MSEK.

Operating profit

The operating profit amounted to MSEK 16.1 (44.9), which makes for an operating margin of 7.0 (16.7) percent.

Net finance items, taxes and profit for the period

Net finance items amounted to MSEK -3.4 (-0.6). Net finance items have been affected by currency effects, and mainly the weakening of TRY.

Taxes amounted to MSEK -3.5 (-8.3) which results in a tax rate of 27.3 percent. The period's result amounted to MSEK 9.2 (36.0) and earnings per share amounted to SEK 0.81 (3.16).

Cash flow, capital expenditures, financing and liquidity

Cash flow from operating activities amounted to MSEK -12.3 (23.7). Cash flow from investment activities amounted to MSEK -5.5 (-3.6). The increase compared to last year is mainly due to continued investments in IT.

Other liabilities have decreased by MSEK 30, most of which are reduced advance payments as a result of deliveries.

Period January - June

Order bookings

Order bookings decreased by 25 percent to MSEK 390 (525).

Net revenue and profit

Net revenue in SEK decreased by 12 percent to MSEK 451 (511). Net revenue adjusted for currency effects amounted to MSEK 430 (511), equivalent to underlying organic decrease of 16 percent. The gross margin was 42.3 (43.9) percent.

Other income amounted to MSEK 12.5 (9.9). External costs increased to MSEK 39.7 (36.9). Personnel costs increased to MSEK 108.0 (94.5).

Depreciation, amortisation and impairment charges increased to MSEK 15.1 (14.7).

Operating profit amounted to MSEK 33.0 (85.1), for an operating margin of 7.3 (16.6) percent.

Taxes paid amounted to MSEK -6.8 (-19.6). Profit after taxes amounted to MSEK 20.3 (63.9).

Segments

As shown in the segment reporting in Note 2, there has been a decline in sales in both Sweden and Asia, while sales in Europe have increased. This is attributable to more customers in the luxury segment and increased volumes in our factory in Portugal. However, operating profit has declined in all markets as the larger established markets have a weaker development, albeit with a lower decrease in Europe due to the increased volumes.

Equity

Consolidated equity amounts to MSEK 300.0 (297.1). The increase is attributable to profit for the period of MSEK 20.3, pay out of dividend of MSEK 57.0 and translation differences of MSEK 2.3. The translation difference is a net effect on the translation of equity in the foreign subsidiaries to SEK and has been positively affected by the weakening of the krona.

Cash flow, capital expenditures, financing and liquidity

Cash flow from operating activities amounted to MSEK -2.5 (16.7). Cash flow from investment activities amounted to MSEK -10.2 (-7.1).

Net debt (cash) at the end of the period amounted to MSEK 42.2 (4.6) of which the transition to the new leasing standard, IFRS 16, has increased liabilities by MSEK 13.7 (29.7).

Comparable figures not including rebooking according to IFRS 16 is net debt (cash) of MSEK 28.5 (34.3). The dividend pay out has affected the net debt by MSEK 57.0 (57.0).

Personnel

The average number of employees in the Group was 594 (587), of whom 259 (247) were women (in relation to year-end). Of the total number of employees 316 persons or 53 percent are active in production and warehouses.

Acquisition of Bally Labels AG

The acquisition of Bally Labels has affected the revenue by MSEK 2.4 for the quarter and MSEK 4.8 accumulated. The operating result has been impacted by MSEK -0.3 for the quarter and MSEK 1.2 accumulated. Goodwill attributable to the acquisition amounts to MSEK 11.7.

Transactions with closely related parties

There were no transactions between the Nilörn Group and closely related parties affecting the Group's profit and financial position during the period, except for dividends to the Parent Company's shareholders during the period. The Parent Company's transactions with subsidiaries refer to design, product development, IT and other services.

Significant events during the quarter

Nilorn expands its management team by including Fredrik Clason, Marketing and Sales Manager, employed since 2007 and Anna-Karin Wårfors, Head of Sustainability, employed since 2017.

Nilorn's formal management team has in recent years consisted of the Head of Asia, Andrew Hoppe, and CEO, Krister Magnusson. In parallel with the management team, we have advisory committees. By including Fredrik and Anna-Karin, we have strengthened the management team and created a broader competence base to meet the challenges and opportunities of the future.

A savings program has been initiated, which charged the quarter with approximately SEK 2.3 million with an estimated annual savings of SEK 15 million. Operations in Hong Kong and Turkey have been particularly affected.

Parent Company

The Parent Company's operations largely consist of handling group-wide functions, such as branding and design, product

development, finances, administration, information and IT. The average number of employees was 26 (26).

Net revenue for the period amounted to MSEK 17.2 (13.8). The operating result was MSEK -3.8 (-4.2) and profit after taxes was MSEK 20.0 (1.6), mainly attributable to dividend from group companies.

Risks and uncertainty factors

Given its international operations, Nilörngruppen is always subject to a variety of financial risks. The significant risks and uncertainty factors facing Nilörngruppen are currency risks, political risks in individual countries, credit risks and IT security as described in Nilörngruppen's 2022 Annual Report, Note 2.

Review

This report has not been subject to review by the Company's auditors.

Calendar

- 25 October 2023 Interim Report Q3
- 9 February 2024 Year-end Report

This information is information that Nilörngruppen is under obligation to publish in accordance with the EU Market Abuse Regulation. The information herein was provided by the contact person named below for publication at 8:00 a.m., 14 July 2023.

The Board of Directors and the CEO hereby affirms that this interim report provides a fair overview of the operations of the Company's and the Group's operations, financial position and results, and describes significant risks and factors of uncertainty facing the Company and the companies in the Group.

BORÅS, 14 July 2023
NILÖRNGRUPPEN AB (PUBL)

Petter Stillström
Chairman

Magnus Johansson
Director

Ann-Christine Hvittfeldt
Director

Johan Larsson
Director

Krister Magnusson
CEO

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Summary financial reports

Amounts in SEK thousand	3 months		6 months	
	April - June		January - June	
	2023	2022	2023	2022
Net revenue	230 194	269 138	451 464	511 476
Raw materials, supplies and goods for resale	-134 423	-150 846	-260 486	-287 032
Gross profit	95 771	118 292	190 978	224 444
Other operating revenue	8 217	7 208	12 518	9 941
Other external costs	-20 538	-21 766	-39 722	-36 902
Personnel costs	-54 396	-48 717	-108 038	-94 484
Depreciation, amortisation and impairment charge	-7 781	-7 748	-15 121	-14 661
Other operating costs	-5 209	-2 384	-7 626	-3 273
Operating profit	16 064	44 885	32 989	85 065
Net finance items	-3 409	-606	-5 884	-1 563
Profit before taxes	12 655	44 279	27 105	83 502
Taxes	-3 457	-8 300	-6 814	-19 578
Net profit for the period	9 198	35 979	20 291	63 924
Average number of shares outstanding (thousand)	11 402	11 402	11 402	11 402
Average number of shares outstanding after dilution	11 402	11 402	11 402	11 402
Earnings per share, SEK	0.81	3.16	1.78	5.61
Earnings per share, SEK after dilution	0.81	3.16	1.78	5.61

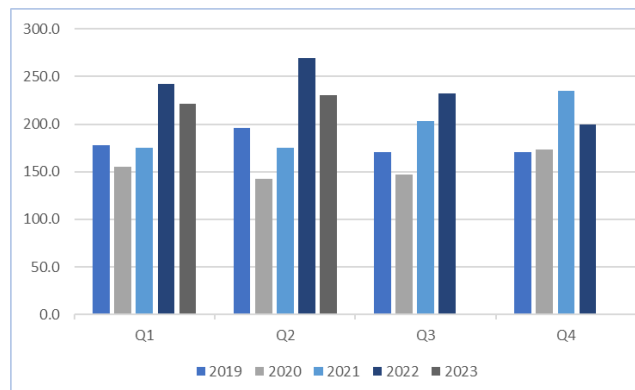
Consolidated Statement of Comprehensive Result

Amounts in SEK thousand	April - June		January - June	
	2023	2022	2023	2022
Net profit for the period	9 198	35 979	20 291	63 924
Other comprehensive result that may be reposted to net profit for the period				
Translation differences	3 102	11 336	2 253	11 916
Total profit for the period	12 300	47 315	22 544	75 840
Total profit for the period attributable to:				
The Parent Company's equity holders	12 422	47 315	22 417	75 840
Minority interest	-122	-	127	-

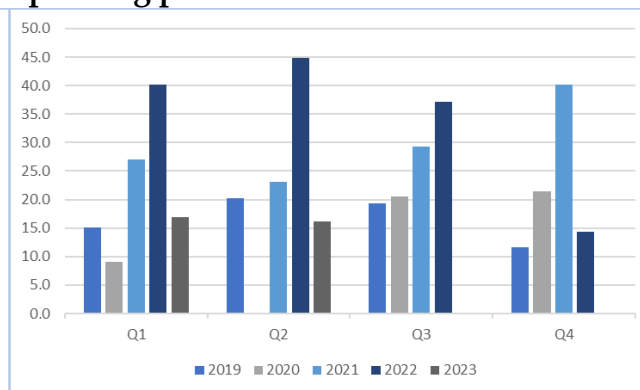
Quarterly Income Statements

Amount in MSEK)	2023		2022				2021				2020			
	Q1	Q2	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net revenue	221.3	230.2	242.3	269.1	232.0	199.3	175.2	175.2	203.4	234.5	155.5	142.3	147.0	173.4
Raw materials, supplies and goods for resale	-126.1	-134.4	-136.2	-150.8	-127.6	-111.7	-93.9	-91.8	-110.5	-128.0	-82.8	-88.2	-78.2	-97.0
Gross profit	95.2	95.8	106.1	118.3	104.4	87.6	81.3	83.4	92.9	106.5	72.7	54.1	68.8	76.4
Gross margin	43.0%	41.6%	43.8%	44.0%	45.0%	44.0%	46.4%	47.6%	45.7%	45.4%	46.8%	38.0%	46.8%	44.1%
Other income	4.3	8.2	2.7	7.2	8.2	14.3	3.5	1.7	1.8	4.8	1.5	6.9	5.3	5.4
Operating costs	-75.2	-80.1	-61.7	-72.9	-67.2	-80.8	-51.7	-55.8	-58.9	-64.2	-58.5	-54.2	-47.0	-54.8
Depreciation, amortisation and impairment charges	-7.3	-7.8	-6.9	-7.7	-8.4	-6.9	-6.2	-6.3	-6.5	-7.0	-6.7	-6.7	-6.6	-5.8
Operating profit	16.9	16.1	40.2	44.9	37.0	14.2	26.9	23.0	29.3	40.1	9.0	0.1	20.5	21.2
Operating margin	7.6%	7.0%	16.6%	16.7%	15.9%	7.1%	15.4%	13.1%	14.4%	17.1%	5.8%	0.1%	13.9%	12.2%
Operating profit per share	1.5	1.4	3.5	3.9	3.2	1.2	2.4	2.0	2.6	3.5	0.8	0.0	1.8	1.9

Quarterly development of: Net revenue



Operating profit



KEY FINANCIAL INDICATORS	1 January – 30 June		1 January – 31 December				
	2023	2022	2022	2021	2020	2019	2018
Revenue growth, %	-12	46	20	28	-14	0	8
Operating margin, %	7.3	16.6	14.5	15.2	8.2	9.3	12.0
Profit margin, %	6.0	16.3	14.0	14.7	7.6	8.8	11.8
Average equity	316.6	287.7	305.8	354.0	198.3	183.7	167.3
Return on equity, %	6.4	22.2	33.0	35.8	16.9	25.7	42.3
Equity ratio, %	48.5	45.3	55.8	50.0	49.7	45.3	53.0
Interest-bearing net cash (liabilities -), MSEK*	-42.2	4.6	41.9	86.8	38.1	-89.6	-2.5
Earnings per share, SEK	1.77	5.61	8.86	7.67	2.94	4.14	6.20
Equity per share, SEK	26.31	26.06	29.22	24.41	18.40	16.37	15.85
Dividend per share, SEK	-	-	5.00	5.00	2.00	0.00	4.00
Average number of shares outstanding	11,401,988	11,401,988	11,401,988	11,401,988	11,401,988	11,401,988	11,401,988
Number of shares outstanding at end of period	11,401,988	11,401,988	11,401,988	11,401,988	11,401,988	11,401,988	11,401,988
Average number of employees	594	578	587	502	482	446	358

* Interest-bearing net cash (liabilities -), has been effected by 14 MSEK by the introduction of IFRS 16

Consolidated Balance Sheet

Amounts in SEK thousand	2023-06	2022-06	2022-12	2021-12
Assets				
Intangible non-current assets	43,841	26,595	38,619	25,617
Other non-current assets	119,547	130,638	122,914	133,320
Inventories	192,418	206,031	212,130	145,917
Trade receivables	120,355	148,406	99,009	114,216
Other current assets	43,703	32,185	28,222	20,632
Cash and cash equivalents	98,443	112,505	113,086	116,367
Total assets	618,307	656,360	613,980	556,069
Equity and liabilities				
Equity	300,015	297,088	333,219	278,258
Long-term interest-bearing liabilities	29,724	43,266	30,748	46,078
Long-term non-interest-bearing liabilities	6,963	5,648	7,018	5,766
Current interest-bearing liabilities	110,907	64,609	64,872	29,583
Current non-interest-bearing liabilities	170,697	245,749	178,123	196,384
Total equity and liabilities	618,307	656,360	613,980	556,069

Changes in Consolidated Equity

2023	Other		Retained earnings		Minority	Total
Amounts in SEK thousand	Share	contributed	Reserves	including net profit	Interest	equity
	capital	capital		for the period		
OPENING EQUITY 2023-01-01	2,850	43,231	6311	280,827	1,262	334,481
Net profit for the period				20,164	,127	20,291
Other total profit						
Translation differences during the period			2,164		89	2,253
Transactions with shareholders						
Dividend				-57,010	,0	-57,010
CLOSING EQUITY 2023-06-30	2,850	43,231	8,475	243,981	1,478	300,015
2022						
Amounts in SEK thousand	Share	contributed	Reserves	including net profit		Total
	capital	capital		for the period	Total	equity
OPENING EQUITY 2022-01-01	2,850	43,231	-6,432	238,609	278,258	278,258
Net profit for the period				63,924	63,924	63,924
Other total profit						
Translation differences during the period			11,916		11,916	11,916
Transactions with shareholders						
Dividend				-57,010	-57,010	-57,010
CLOSING EQUITY 2022-06-30	2,850	43,231	5,484	245,523	297,088	297,088

Consolidated Cash Flow Statement

Amounts in SEK thousand	April-June		January-June	
	2023	2022	2023	2022
Operating activities				
Operating profit	16,064	44,885	32,989	85,065
<i>Adjustment for items not included in cash flow</i>				
Depreciation, amortisation and impairment charges	7,781	7,748	15,121	14,661
Other non cash generated items	-7,423	-5,535	-13,594	-9,892
	16,422	47,098	34,516	89,834
Interest income	405	302	555	461
Interest expense	-1,118	-222	-1,937	-397
Paid taxes	-2,894	-5,232	-3,331	-9,016
Cash flow from operating activities before changes in working capital	12,815	41,946	29,803	80,882
Cash flow from changes in working capital				
Inventories	12,950	-26,177	21,537	-49,913
Trade receivables	-708	5,689	-22,515	-23,421
Other short-term receivables	-5,659	-4,557	-15,481	-11,553
Trade payables	-1,225	9,697	11,916	3,249
Other liabilities	-30,468	-2,911	-27,766	17,487
Cash flow from operating activities	-12,295	23,687	-2,506	16,731
Investment activities				
Acquisition of intangible non-current assets	-4,611	-1,226	-5,748	-2,490
Acquisition of tangible non-current assets	-687	-1,874	-4,317	-3,991
Change in long-term receivable	-180	-509	-143	-569
Cash flow from investment activities	-5,478	-3,609	-10,208	-7,050
Financing activities				
Repayment/raising loans	50,458	37,664	53,117	36,770
Paid dividend	-57,010	-57,010	-57,010	-57,010
Cash flow from financing activities	-6,552	-19,346	-3,893	-20,240
Cash flow for the year	-24,325	732	-16,607	-10,559
Cash and cash equivalents at beginning of period	119,727	105,838	113,085	116,367
Translation difference in cash and cash equivalents	3,041	5,935	1,965	6,697
Cash and cash equivalents at end of period	98,443	112,505	98,443	112,505

Parent Company Income Statement

Amounts in SEK thousand	3 months		6 months	
	April - June		January - June	
	2023	2022	2023	2022
Net revenue	8,600	6,868	17,169	13,765
Other operating income	0	22	0	43
Total revenue	8,600	6,890	17,169	13,808
Other external costs	-3,013	-2,706	-7,163	-5,427
Personnel costs	-5,926	-5,809	-11,981	-10,938
Depreciation, amortisation and impairment charges	-963	-831	-1,784	-1,601
Operating profit	-1,302	-2,456	-3,759	-4,158
Net finance items	23,947	6,174	23,954	5,774
Profit after finance items	22,645	3,718	20,195	1,616
Taxes	-120	-42	-217	-71
Net profit for the period	22,525	3,676	19,978	1,545

Since there are no comprehensive profit items, comprehensive income coincides with the period's results.

Parent Company Balance Sheet

Amounts in SEK thousand	2023-06	2022-06	2022-12	2021-12
Assets				
Intangible non-current assets	29,914	24,641	26,287	23,573
Tangible non-current assets	1,280	676	617	657
Financial non-current assets	158,588	116,770	151,689	117,348
Short-term receivables	140,542	94,993	104,028	51,069
Cash and cash equivalents	0	0	-	43,305
Total assets	330,324	237,080	282,621	235,952
Equity and liabilities				
Equity	145,790	125,877	182,822	181,340
Untaxed reserves	16,370	12,800	16,370	12,800
Current liabilities	168,164	98,403	83,429	41,812
Total equity and liabilities	330,324	237,080	282,621	235,952

Notes

1. Accounting policies

As was the case with the Annual Accounts for 2022, the Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by EU, recommendation No 1 (RFR 1) of the Swedish Financial Reporting Board. As was the case with the Annual Accounts for 2022, the Parent Company prepares its financial statements in accordance with the Annual Accounts Act and recommendation No 2 (RFR 2) of the Swedish Financial Reporting Board. The Year-end Report is prepared in accordance with IAS 34 and the Swedish Annual Accounts Act. The Year-end Report is prepared in accordance with IAS 34 and the Swedish Annual Accounts Act. Disclosures in accordance with IAS 34.16 are found in the financial reports and its notes as well as in the other parts of the interim report.

From 1 January 2019 Nilörngruppen applies IFRS 16 Leases. The Group has applied the simplified transition method and

has thus not recalculated comparative data. The simplification rule, that the right-of-use asset shall be equivalent to the lease liability, has been applied in the transition. No transition effect is therefore reported in equity. A complete description of the accounting policies for leases will be found in the 2022 Annual Report. Also refer to Note 3 for the effect of IFRS 16 on the quarter.

The Parent Company has chosen to apply the simplification rules in RFR 2, which means that all leases will continue to be reported as operating leases.

New accounting policies for 2023

No new accounting policies with significant impact on Nilörn have entered into force in 2023.

2. Information by geographic area

Period January - June 2023	Sweden	Other Europe	Asia	Intra Group	Total
<i>Revenue</i>					
External revenue	20,348	196,627	234,489	-	451,464
Total revenue	20,348	196,627	234,489	0	451,464
<i>Profit</i>					
Operating profit	4,036	20,688	10,892	-2,627	32,989
Interest income				555	555
Interest expense				-6,439	-6,439
Taxes on the on the period's profit				-6,814	-6,814
Net profit for the period	4,036	20,688	10,892	-15,325	20,291
Period January - June 2022					
<i>Revenue</i>					
External revenue	27,485	181,585	302,406	-	511,476
Total revenue	27,485	181,585	302,406	0	511,476
<i>Profit</i>					
Operating profit	9,617	33,134	44,486	-2,172	85,065
Interest income				461	461
Interest expense				-2,024	-2,024
Taxes on the profit for the year				-19,578	-19,578
Net profit for the year	9,617	33,134	44,486	-23,313	63,924

3. IFRS 16 Leases

Report of financial position	30-Jun-23	Of which effect of IFRS 16	30 June 2023 not incl. effect of IFRS 16
Other non-current assets	119,547	14,789	104,758
Other current assets	43,703	-1,490	45,193
Equity (profit for the year)	300,015	-357	300,372
Long-term interest-bearing liabilities	29,724	3,525	26,199
Short-term interest-bearing liabilities	110,907	10,131	100,776
Total effect on equity		13,299	

Report of effects on profit	Jan-Jun 2023	Of which effect of IFRS 16	Jan-June 2023 not incl. effect of IFRS 16
Other external cost	-39,722	9,349	-49,071
Depreciation, amortisation and impairment	-15,121	-8,692	-6,429
Net finance items	-5,884	-257	-5,627
Taxes	-6,814	-84	-6,730
Total	-67,541	316	-67,857

Key financial indicators	Jan-Jun 2023	Of which effect of IFRS 16	Jan-June 2023 not incl. effect of IFRS 16
Operating margin	7.3%	0.1%	7.2%
Net cash and cash equivalents (liabilities)	-42.2	-13.7	-28.5
Equity ratio, %	48.5%	-1.1%	49.6%

4. Definitions of alternative key financial indicators

ESMA (The European Securities and Markets Authority) has published guidelines for alternative key financial indicators for companies with securities listed on a regulated market within EU. These guidelines shall be applied to alternative key financial indicators used starting 3 October 2016. Reference is made in the annual accounts to a number of non-IFRS performance metrics used to help investors as well as management to analyse the company's operations. These financial metrics should therefore not be seen as replacements for metrics defined according to IFRS. Since all companies do not calculate financial metrics in the same way, they are not always comparable with metrics used by other companies. These financial metrics should therefore not be seen as replacements for metrics defined according to IFRS. We describe below the various non-IFRS performance metrics used as a complement to the financial information reported in accordance with IFRS and how these metrics have been used.

Definitions of key financial indicators not defined by IFRS

<u>Non-IFRS metrics</u>	<u>Definition</u>	<u>Justification</u>
Average equity	Equity at the beginning of the period, plus equity at the end of the period, divided by two.	The metric is the difference between the Group's assets and liabilities, which is equivalent to consolidated equity contributed by owners and the consolidated aggregated profit. This metric is used to report the capital attributable to the Group's owners.
Average number of employees	Average number of yearly employed	This metric is used to measure the development of the Group's workforce.
Revenue growth	Net revenue at the end of the period, minus net revenue at the beginning of the period, divided by net revenue at the beginning of the period.	This metric is used to measure the development of the Group's revenue over time.
Return on equity	Period's result according to the income statement in percent of average equity.	This metric is used to analyse profitability over time, given the resources attributable to the Parent Company's owners.
Return on capital employed	Result before taxes, plus financial expenses, in percent of average capital employed.	Return on capital employed is a profitability metric used to gauge the result relative to the capital required to run the business.
Interest-bearing net cash and cash equivalents/liabilities	Interest-bearing receivables, cash and cash equivalents, reduced by interest-bearing liabilities.	The metric shows the total debt financing and is used as a complement to judge the feasibility of paying dividends, to implement strategic investments and to gauge the Group's ability to meet its financial obligations.
Operating margin	Operating result in percent of net revenue.	This metric is used to measure operative profitability.
Equity ratio	Equity in percent of balance sheet total.	This measure shows the proportion of the company's total assets financed with equity by its shareholders. A high equity ratio is an indication of financial strength.
Operating margin	Operating result in percent of net revenue.	This metric is used to measure operative profitability.

Nilörngruppen in Brief

Nilörngruppen is a global company founded in the 1970s, with expertise in adding value to trademarks through branding in the form of labels, packaging and accessories, primarily for customers in the fashion and apparel industry. Nilörngruppen offers complete, creative and customised concepts in branding, design, product development and logistic solutions. The Group conducts business via its own subsidiaries in Sweden, Denmark, Great Britain, Germany, Belgium, Portugal, Hong Kong, India, Turkey, China, Bangladesh, Italy and Pakistan. The Group has partner companies in Tunisia and Switzerland.