

## Year End Report for Nilörngruppen AB (publ) Q4, January - December 2019



### Period October - December

- Order bookings increased by 3 percent to MSEK 188 (182).
- Revenue decreased by 8 percent to MSEK 172 (186).
- Operating profit amounted to MSEK 11.6 (25.4).
- Profit for the period amounted to MSEK 7.1 (26.3).
- Earnings per share amounted to SEK 0.62 (2.30).

### Period January - December

- Order bookings increased by 1.5 percent and amounted to MSEK 749 (738).
- Revenue increased by 0.4 percent to MSEK 715 (712).
- Revenue adjusted for currency effects amounted to MSEK 682 (712), i.e. an underlying organic decrease of 4 percent.
- Operating profit amounted to MSEK 66.2 (85.2).
- Profit for the period amounted to MSEK 47.2 (70.7).
- Earnings per share amounted to SEK 4.14 (6.20).

### Significant events during the quarter

- Lower revenue from a number of major customers, especially in Britain.
- The fourth quarter of the year before contained non-recurring revenue of approximately MSEK 2.3 attributable to final settlement regarding the acquisition of HC Etiketter.
- Accounting in accordance with IFRS 16 had the effect of increasing the balance sheet total by about MSEK 55 and gave rise to redistribution of items in the income statement. Refer to Note 3 for a detailed description of its effects.

### Significant events after the quarter

- The negative effect during the fourth quarter is expected to persist during the first quarter of 2020 and the impact of the Corona virus is also difficult to foresee.
- There are continued positive signals from the subsidiaries regarding sales to new customer.
- The Board of Directors has decided to propose to the Annual General Meeting a dividend of SEK 2.50 (4.00) per share, equivalent to MSEK 28.5 (45.6).



## PRESIDENT'S STATEMENT

Dear Shareholders,

The business has been somewhat weaker than expected, especially towards the end of the fourth quarter. This is explained by a more challenging market, especially in Britain, but we are also seeing weaker demand in some other markets in Europe. The German and the Scandinavian markets continue to be stable and we are growing mightily in Italy, where we see increases with several existing customers and we have also captured new ones.

Nilörn has a broad customer base with more than 1,000 customers all over the world and we have the advantage of having customers in different segments, where the brand name sector saw a particularly positive development during the year. On the other hand, we are seeing smaller volumes in the "chain customer" segment, where several customers had lower sales than the year before. Approximately 70 percent of total turnover is attributable to brand owners and about 15 percent to chain customers.

During the autumn we focused on acquiring new customers and we have several significant projects and customers where new business will materialise during the first quarter of 2020. However, this will impact sales only during the latter half of 2020. We are expecting the weakness towards the end of the year to have a negative effect on the first quarter. There is also uncertainty surrounding the Corona virus and, especially, its short-term impact on the for Nilörn important markets in China and Hong Kong.

The RFID projects in progress are developing according to plan and interest is on the rise in several markets, which is why I believe our RFID sales will continue to increase during 2020. Initially, production of RFID labels has been contracted

with production partners, but we are now beginning also to produce in-house in order to further strengthen Nilörn's service level with accurate and prompt deliveries. This involves printing, programming and checking the RFID labels.

Our production operations in Bangladesh showed a stronger than expected development, demonstrating that it was the right strategy to start production there. Towards the end of the year we had a 5-colour printing press installed and two additional looms will create greater capacity during 2010.

Our focus on a sustainable offer continues with the goal of becoming one of the best in the industry. Nilörn believes in a holistic approach where the entire design, manufacturing and supplier chain is included. Our ambition is to guide and help our customers.

Despite a challenging market, I see a good potential for growth in 2020. The fact that we continue to invest in the market as well as in production, IT platform and sustainability means that we have a clear ambition to create profitable growth going forward.

We have a focused and dedicated team that is working for Nilörn to create added value for the customer. This will lead to Nilörn retaining its leading position in labels and branding.

Claes af Wetterstedt  
President & CEO

## Period October - December

### Order bookings

Order bookings increased by 3 percent to MSEK 188 (182).

### Net revenue

Revenue decreased by 8 percent to MSEK 171 (186).

Starting in 2019, Nilörn recognizes discounts to customers as lower revenue, rather than as Other operating expense in prior years. The numbers for prior years have been recalculated to ensure correct comparability. The effect hereof during the quarter was a downward adjustment of revenue by MSEK 2.2, and other operating expense decreased by equivalent amount. For accumulated December 2018 the adjustment was MSEK 17.2 for revenue as well as other external expense. Prior years have also been adjusted in the table of quarterly income statements.

### Gross margin

The gross margin was 44.1 (44.1) percent. The increased gross marginal, compared to previous initial two quarters this year, is an effect of decreased sales to a few customers with low margins.

### Costs and depreciations

External costs decreased to MSEK 17.9 (20.4), MSEK 3.9 of which is attributable to changed accounting treatment of operating leases in accordance with IFRS 16. Personnel costs increased to MSEK 39.3 (36.2).

Depreciation increased to MSEK 6.5 (2.5). Most of the increase is an effect of IFRS 16 with an impact of MSEK 3.7.

### Operating profit

Operating profit amounted to MSEK 11.6 (25.4), for an operating margin of 6.8 (13.7) percent. The lower operating profit relative to the equivalent year-ago period is attributable to:

- Lower revenue which affected profit by MSEK 6.7.
- Lower other revenue by MSEK 3.5. Last year's profit included one-time revenue attributable to the acquisition of HC Etikett.
- Higher external costs and personnel costs by approximately MSEK 4.5.

### Net finance items, taxes and profit for the period

Net finance items amounted to MSEK -1.7 (+0.5) and accounting according to IFRS 16 impacted finance costs by MSEK -0.4. An exchange rate loss (gain) in the amount of MSEK -0.6 (0.5) is included in net finance items.

Taxes paid amounted to MSEK -2.7 (0.3). Last years taxes paid were affected positively by in an amount of MSEK 5.3 attributable to posting of deferred taxes.

The period's profit amounted to MSEK 7.1 (26.3) and earnings per share amounted to SEK 0.62 (2.30).

### Cash flow, capital expenditures, financing and liquidity

Cash flow from operating activities amounted to MSEK 11.2 (25.8) with major differences between the quarters relative to the year before in terms of trade payables and other current liabilities. The major increase in Depreciation and Other items not affecting liquidity is attributable to the introduction of IFRS16.

Cash flow from investment activities amounted to MSEK -7.8 (-18.8) a major portion of which is attributable to investments in additional production capacity in Bangladesh and implementation of the Group's new enterprise system.

### Equity

Consolidated equity amounts to MSEK 186.7 (180.8). The increase is attributable to the profit in the amount of MSEK +47.2, the period's translation difference of MSEK +4.2 and dividend paid to the shareholders in the amount of MSEK -45.6. The translation difference is the net effect of conversion of equity in the non-Swedish subsidiaries to SEK and has been positively affected by a weakening of the Swedish krona.

## Period January - December

### Order bookings

Order bookings increased by 0.4 percent to MSEK 749 (750).

### Net revenue and profit

Net revenue increased by 0.4 percent to MSEK 715 (712). Net revenue adjusted for currency effects amounted to MSEK 682 (712), i.e. an underlying organic decrease by 4 percent. The gross margin was 43.0 (44.4) percent.

The average HKD/SEK exchange rate weakened during the period by 9 percent relative to the equivalent year-ago period. This has had a major impact on sales as a significant portion of Nilörn's revenue is denominated in HKD. The TRY also weakened by 9 percent, but the impact thereof is less because sales in Turkey are lower. The currencies of other countries where Nilörn has subsidiaries, such as GBP, EUR, CNY BDT and INR have strengthened, but to a lesser degree. However, the Group's revenue is met by costs in each respective currency, which minimises the effect on profit.

External costs decreased to MSEK 65.2 (82.2), of which MSEK 16.3 is attributable to the effect of accounting for operating leases according to IFRS 16. Personnel costs increased to MSEK 153.8 (144.8). The increase in personnel costs is due to an increase in the number of employees to meet the increased volume and and for continued expansion as well as the effect of currency changes.

Depreciation increase to MSEK 24.6 (8.4). Most of the increase is an effect of IFRS 16 which affected depreciation by MSK 15.2.

Operating profit amounted to MSEK 66.2 (85.2), which translates to an operating margin of 9.3 (12.0) percent.

Taxes paid amounted to MSEK 15.8 (13.1), for a total tax expense of 25.1 (15.7) percent. The reason for the low tax rate last year is attributable to recording deferred taxes in the Belgian company. Profit after taxes amounted to MSEK 47.2 (70.7).

### Segments

As shown in the segment report Note 2 it is segment Other Europe that generated lower profit. The reason is that a few major customers had lower sales and margins due to excessive inventories, relocated production from Europe to Asia and a large packaging order that did not materialise. Already now we know that parts of this loss will come back by next spring.

### Cash flow, capital expenditures, financing and liquidity

Cash flow from operating activities amounted to MSEK 63.4 (59.7).

Cash flow from investment activities amounted to MSEK -51.5 (-28,2), of which MSEK 6.4 is attributable to a new enterprise system and MSEK 43.7 to expansion of the office in Sweden and expansion of production capacity in Bangladesh.

Net liabilities at the end of the period stood at MSEK 89,6, of which the transition to the new lease standard IFRS 16, increased interest-bearing liabilities by MSEK 55.7. Comparable numbers not including the effect of IFRS 16 is net liabilities of MSEK 33.9 (2.5). MSEK 33.7 of the increase is attributable to investments in real estate (see preceding paragraph).

Nilorn Portugal has installed 750 m<sup>2</sup> of solar panels on the roof of its factory and is expected to generate approximately 170MWH/year (see image below). The amount of the investment was EUR 116,000, financed via a 10-year leasing contract.



### Personnel

The average number of employees in the Group was 494 (482), of whom 216 (210) were women. Of the total number of employees 252 persons or 51 percent are active in production and warehouses. The number of employees has increased by 12 persons since December 2018, with most of the increase in production.

### 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 second quarter. The Parent Company's transactions with subsidiaries refer to design, product development, IT and other services.

### 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 21 (22).

Net revenue for the period amounted to MSEK 28.3 (29.4). The operating result was MSEK -2.3 (-2,1) and profit after taxes was MSEK 103.5 (56.8) with most of the profit attributable to dividends from subsidiaries.

### Significant events after the balance sheet date

- The negative effect during the fourth quarter is expected to persist during the first quarter of 2020 and the impact of the Corona virus is also difficult to foresee.
- There are continued positive signals from the subsidiaries regarding sales to new customer.
- The Board of Directors has decided to propose to the Annual General Meeting a dividend of SEK 2.50 (4.00) per share, equivalent to MSEK 28.5 (45.6).

### 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 2018 Annual Report, note 2. The risks reported are deemed to be essentially unchanged.

### Election committee

Nilörngruppen does not have an appointed election committee since the ownership structure is clear since Traction AB owns a majority of the votes. However, shareholders are always welcome to submit comments and/or suggestions with respect to the composition of the Board of Directors to the Chairman of the Board of Directors, Petter Stillström, telephone +46-8-506 289 00.

### Dividend

The Group's dividend policy states that 60-90 percent of consolidated comprehensive profit is to be paid as dividend. The Board of Directors has decided to propose to the Annual General Meeting a dividend of SEK 2.50 (4.00) per share, equivalent to MSEK 28.5 (45.6). The proposal is equivalent to dividend of 60 (65) percent.

## Annual General Meeting

The Annual General Meeting will be held at 5:00 p.m., 14 May 2020 at Nilörngruppen's head office in Borås. The Annual Report will be available on the Company's website no later than three weeks before the Annual General Meeting.

## Review

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

## Calendar

- 29 April 2020 Interim Report Q1
- 14 May 2020 Annual General Meeting

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 13:00 p.m., 12 February 2020.

The President 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, 12 February 2020  
NILÖRNGRUPPEN AB (PUBL)

Claes af Wetterstedt  
President

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## Summary Financial Reports

### Consolidated Income Statement

Amounts in SEK thousand	3 months		12 months	
	October - December		January - December	
	2019	2018	2019	2018
Net revenue	170,648	185,715	715,354	712,020
Raw materials, supplies and goods for resale	-95,301	-103,792	-407,623	-396,033
<b>Gross profit</b>	<b>75,347</b>	<b>81,923</b>	<b>307,731</b>	<b>315,987</b>
Other operating revenue	730	4,217	5,114	9,259
Other external costs	-17,946	-20,442	-65,157	-82,178
Personnel costs	-39,318	-36,242	-153,753	-144,770
Depreciation, amortisation and impairment charges	-6,428	-2,540	-24,600	-8,362
Other operating costs	-820	-1,476	-3,162	-4,699
<b>Operating profit</b>	<b>11,565</b>	<b>25,440</b>	<b>66,173</b>	<b>85,237</b>
Net finance items	-1,710	532	-3,091	-1,391
<b>Profit before taxes</b>	<b>9,855</b>	<b>25,972</b>	<b>63,082</b>	<b>83,846</b>
Taxes	-2,738	305	-15,840	-13,122
<b>Net profit for the period</b>	<b>7,117</b>	<b>26,277</b>	<b>47,242</b>	<b>70,724</b>
Average number of shares outstanding (thousands)	11,402	11,402	11,402	11,402
Average number of shares outstanding after dilution (thousands)	11,402	11,402	11,402	11,402
<b>Earnings per share, SEK</b>	<b>0.62</b>	<b>2.30</b>	<b>4.14</b>	<b>6.20</b>
<b>Earnings per share, SEK after dilution</b>	<b>0.62</b>	<b>2.30</b>	<b>4.14</b>	<b>6.20</b>

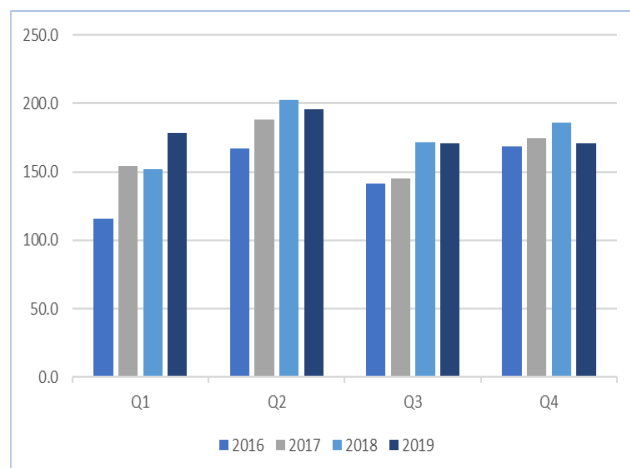
### Consolidated Statement of Comprehensive Result

Amounts in SEK thousand	October - December		January - December	
	2019	2018	2019	2018
<b>Net profit for the period</b>	<b>7,117</b>	<b>26,277</b>	<b>47,242</b>	<b>70,724</b>
Other comprehensive result that may be reposed to net profit for the period				
Translation differences	-5,822	2,750	4,193	1,723
<b>Items that cannot be reposed to net profit for the period</b>				
Revaluation of defined benefit pension scheme	104	13	104	13
<b>Total profit for the period</b>	<b>1,399</b>	<b>29,040</b>	<b>51,539</b>	<b>72,460</b>
Total profit for the period attributable to:				
The Parent Company's equity holders	1,399	29,040	51,539	72,460

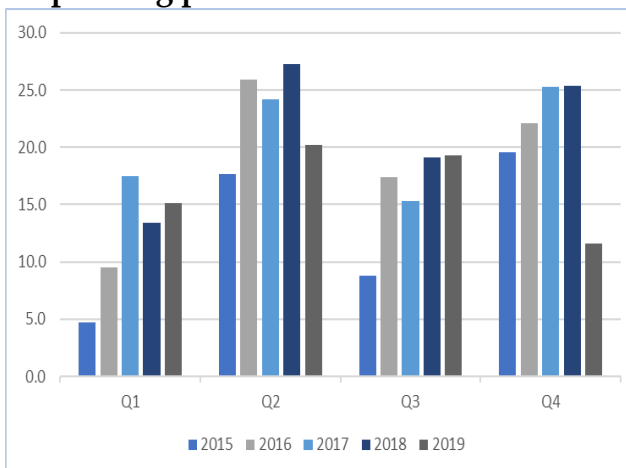
### Quarterly Income Statements

Amount in MSEK)	2019				2018				2017			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net revenue	178.1	195.8	170.8	170.6	152.0	202.6	171.7	185.7	154.1	188.5	144.9	175.0
Raw materials, supplies and goods for resale	-103.9	-114.0	-94.4	-95.3	-84.8	-113.4	-94.0	-103.8	-85.7	-108.6	-76.4	-93.9
Gross profit	74.2	81.8	76.4	75.3	67.2	89.2	77.7	81.9	68.4	79.9	68.5	81.1
Gross margin	41.7%	41.8%	44.7%	44.1%	44.2%	44.0%	45.3%	44.1%	44.4%	42.4%	47.3%	46.3%
Other income	2.5	0.7	1.2	0.7	1.7	1.4	2.0	4.2	1.7	1.6	0.5	2.3
Operating costs	-55.8	-56.5	-51.8	-58.0	-54.3	-61.3	-58.5	-58.2	-51.4	-55.7	-52.0	-56.3
Depreciation, amortisation and impairment charges	-5.8	-5.8	-6.5	-6.4	-1.2	-2.0	-2.1	-2.5	-1.2	-1.6	-1.7	-1.8
<b>Operating profit</b>	<b>15.1</b>	<b>20.2</b>	<b>19.3</b>	<b>11.6</b>	<b>13.4</b>	<b>27.3</b>	<b>19.1</b>	<b>25.4</b>	<b>17.5</b>	<b>24.2</b>	<b>15.3</b>	<b>25.3</b>
<b>Operating margin</b>	<b>8.5%</b>	<b>10.3%</b>	<b>11.3%</b>	<b>6.8%</b>	<b>8.8%</b>	<b>13.5%</b>	<b>11.1%</b>	<b>13.7%</b>	<b>11.4%</b>	<b>12.8%</b>	<b>10.5%</b>	<b>14.5%</b>
<b>Operating profit per share</b>	<b>1.3</b>	<b>1.8</b>	<b>1.7</b>	<b>1.0</b>	<b>1.2</b>	<b>2.4</b>	<b>1.7</b>	<b>2.2</b>	<b>1.5</b>	<b>2.1</b>	<b>1.3</b>	<b>2.2</b>

## Quarterly development of: Net revenue



## Operating profit



KEY FINANCIAL INDICATORS	1 January – 31 December				
	2019	2018	2017	2016	2015
Revenue growth, %	0.5	7.5	7.5	15.8	15.2
Operating margin, %	9.3	12.0	12.0	12.3	9.6
Profit margin, %	8.8	11.8	11.8	12.1	9.5
Average equity	183.7	167.3	167.3	125.6	113.8
Return on equity, %	25.7	42.3	42.3	44.8	34.3
Equity ratio, %	45.3	53.0	53.0	50.8	48.8
Interest-bearing net cash (liabilities –), MSEK*	-89.6	-2.5	-2.5	9.7	5
Earnings per share, SEK	4.14	6.20	6.20	4.93	3.42
Equity per share, SEK	16.37	15.85	15.85	12.08	9.94
Dividend per share, SEK**	2.50	4.00	4.00	3.60	3.00
Average number of shares outstanding	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
Average number of employees	494	482	482	358	335

\* Interest-bearing net cash (liabilities –), has been effected by 56 MSEK by the introduction of IFRS 16

\*\* Proposed dividend for 2019



## Consolidated Balance Sheet

Amounts in SEK thousand	2019-12	2018-12
<b>Assets</b>		
Intangible non-current assets	21,251	16,594
Other non-current assets	159,526	63,696
Inventories	119,007	107,934
Trade receivables	59,382	83,175
Other current assets	20,571	31,885
Cash and cash equivalents	32,292	37,935
<b>Total assets</b>	<b>412,029</b>	<b>341,219</b>
<b>Equity and liabilities</b>		
Equity	186,700	180,767
Long-term interest-bearing liabilities	47,833	-
Long-term non-interest-bearing liabilities	3,084	2,103
Current interest-bearing liabilities	74,084	40,457
Current non-interest-bearing liabilities	100,328	117,892
<b>Total equity and liabilities</b>	<b>412,029</b>	<b>341,219</b>

## Changes in Consolidated Equity

2019	Share capital	Other contributed capital	Reserves	Retained earnings including net profit for the period	Total	Total equity
Amounts in SEK thousand						
<b>OPENING EQUITY 2019-01-01</b>	2,850	43,231	-4,037	138,723	180,767	180,767
Net profit for the period				47,242	47,242	47,242
<b>Other total profit</b>						
Translation differences during the period			4,193		4,193	4,193
Revaluation of pension scheme				104	104	104
<b>Transactions with shareholders</b>						
Dividend				-45,606	-45,606	-45,606
<b>CLOSING EQUITY 2019-12-31</b>	2,850	43,231	,156	140,463	186,700	186,700

2018

Amounts in SEK thousand

<b>OPENING EQUITY 2018-01-01</b>	2,850	43,231	-5,760	113,592	153,913	153,913
Net profit for the period				70,724	70,724	70,724
<b>Other total profit</b>						
Translation differences during the period			1,723		1,723	1,723
Revaluation pension scheme				13	13	13
<b>Transactions with shareholders</b>						
Dividend				-45,606	-45,606	-45,606
<b>CLOSING EQUITY 2018-12-31</b>	2,850	43,231	-4,037	138,723	180,767	180,767



## Consolidated Cash Flow Statement

Amounts in SEK thousand	October - December		January - December	
	2019	2018	2019	2018
<b>Operating activities</b>				
Operating profit	11,565	25,440	66,173	85,237
<i>Adjustment for items not included in cash flow</i>				
Depreciation, amortisation and impairment charges	6,428	2,540	24,600	8,362
Profit/loss from sales of fixed assets	-	316	-	80
Other non-cash generated items	-4,305	1,179	-16,623	1,025
	<b>13,688</b>	<b>29,475</b>	<b>74,150</b>	<b>94,704</b>
Interest income	105	210	734	590
Interest expense	-958	322	-1,569	-1,981
Paid taxes	-3,546	-6,688	-13,612	-15,373
<b>Cash flow from operating activities before changes in working capital</b>	<b>9,289</b>	<b>23,319</b>	<b>59,703</b>	<b>77,940</b>
<b>Cash flow from changes in working capital</b>				
Inventories	-98	60	-8,326	4,911
Trade receivables	11,982	11,193	27,252	-3,577
Other short-term receivables	5,704	-4,393	11,315	-10,930
Trade payables	-4,351	6,747	-18,733	5,462
Other liabilities	-11,322	-11,082	-7,832	-14,082
<b>Cash flow from operating activities</b>	<b>11,204</b>	<b>25,844</b>	<b>63,379</b>	<b>59,724</b>
<b>Investment activities</b>				
Acquisition of intangible non-current assets	-1,893	-1,762	-6,381	-4,994
Acquisition of intangible non-current assets	-5,094	-11,752	-43,729	-15,505
Acquisition of financial non-current assets	-6	-	-38	-
Change in long-term receivable	-790	-5,315	-1,313	-8,136
Cash flow from investment activities	-7,783	-18,769	-51,461	-28,212
Change in long-term receivable	-790	-5,315	-1,313	-8,136
<b>Cash flow from investment activities</b>	<b>-7,783</b>	<b>-18,769</b>	<b>-51,461</b>	<b>-28,212</b>
<b>Financing activities</b>				
Repayment/raising loans	-15,379	-17,941	26,844	5,546
Paid dividend	0	0	-45,606	-45,606
<b>Cash flow from financing activities</b>	<b>-15,379</b>	<b>-17,941</b>	<b>-18,762</b>	<b>-40,060</b>
<b>Cash flow for the year</b>	<b>-11,958</b>	<b>-10,866</b>	<b>-6,844</b>	<b>-8,548</b>
Cash and cash equivalents at beginning of period	45,817	47,722	37,935	44,837
Translation difference in cash and cash equivalents	-1,567	1,079	1,201	1,646
<b>Cash and cash equivalents at end of period</b>	<b>32,292</b>	<b>37,935</b>	<b>32,292</b>	<b>37,935</b>

## Parent Company Income Statement

Amounts in SEK thousand	3 months		12 months	
	October - December		January - December	
	2019	2018	2019	2018
Net revenue	3,440	7,034	28,309	29,413
Other operating income	73	36	200	129
<b>Total revenue</b>	<b>3,513</b>	<b>7,070</b>	<b>28,509</b>	<b>29,542</b>
Other external costs	-3,345	-3,132	-11,166	-10,960
Personnel costs	-4,503	-4,706	-17,756	-19,186
Depreciation, amortisation and impairment charges	-594	-437	-1,912	-1,458
<b>Operating profit</b>	<b>-4,929</b>	<b>-1,205</b>	<b>-2,325</b>	<b>-2,062</b>
Net finance items	27,018	41,541	99,877	52,462
<b>Profit after finance items</b>	<b>22,089</b>	<b>40,336</b>	<b>97,552</b>	<b>50,400</b>
Year-end appropriations	-	-	7,326	7,840
Taxes	-1,320	-1,074	-1,398	-1,430
<b>Net profit for the period</b>	<b>28,095</b>	<b>47,102</b>	<b>103,480</b>	<b>56,810</b>

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

## Parent Company Balance Sheet

Amounts in SEK thousand	2019-12	2018-12	2018-12	2017-12
<b>Assets</b>				
Intangible non-current assets	17,958	12,892	12,892	8,857
Tangible non-current assets	1,208	1,560	1,560	1,940
Financial non-current assets	126,876	124,031	124,031	98,904
Short-term receivables	122,312	107,492	107,492	97,213
Cash and cash equivalents	-	-	-	-
<b>Total assets</b>	<b>268,354</b>	<b>245,975</b>	<b>245,975</b>	<b>206,914</b>
<b>Equity and liabilities</b>				
Equity	146,068	88,196	88,196	76,993
Untaxed reserves	7,786	4,196	4,196	2,186
Current liabilities	114,500	153,583	153,583	127,735
<b>Total equity and liabilities</b>	<b>268,354</b>	<b>245,975</b>	<b>245,975</b>	<b>206,914</b>

## Notes

### 1. Accounting policies

As was the case with the Annual Accounts for 2018, 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 2017, 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.

### New accounting policies for 2019

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 2018 Annual Report. Also refer to Note 3 for the effect of IFRS 16 on the quarter.

The Parent Company has chosen to apply the exemption rules in RFR 2, which means that all leases will also in the future be reported as operational.

## 2. Information by geographic area

### Primary segment – Geographic area

Period January - December 2019	Nordic region	Other Europe	Asia	Intra Group	Total
<i>Revenue</i>					
External revenue	62,505	209,488	443,361	-	715,354
<b>Total revenue</b>	<b>62,505</b>	<b>209,488</b>	<b>443,361</b>	<b>0</b>	<b>715,354</b>
<i>Profit</i>					
Operating profit	9,056	16,685	41,925	-1,493	66,173
Interest income				734	,734
Interest expense				-3,825	-3,825
Taxes on the on the period's profit				-15,840	-15,840
<b>Net profit for the period</b>	<b>9,056</b>	<b>16,685</b>	<b>41,925</b>	<b>-20,424</b>	<b>47,242</b>
<b>Period January - December 2018</b>					
<i>Revenue</i>					
External revenue	81,494	224,324	406,203	-	712,020
<b>Total revenue</b>	<b>81,494</b>	<b>224,324</b>	<b>406,203</b>	<b>0</b>	<b>712,020</b>
<i>Profit</i>					
Operating profit	12,891	35,569	37,586	-809	85,237
Interest income				590	,590
Interest expense				-1,981	-1,981
Taxes on the profit for the year				-13,122	-13,122
<b>Net profit for the year</b>	<b>12,891</b>	<b>35,569</b>	<b>37,586</b>	<b>-15,322</b>	<b>70,724</b>

### 3. IFRS 16 Leasing

<b>Report of financial position</b>	<b>31/Dec/19</b>	<b>Of which effect of IFRS 16</b>	<b>31 Dec 2019 not incl. effect of IFRS 16</b>
Other non-current assets	159,526	56,491	103,035
Other current assets	20,571	-1,358	21,929
Equity (profit for the year)	186,700	-558	187,258
Long-term interest-bearing liabilities	47,833	41,307	6,526
Short-term interest-bearing liabilities	74,084	14,384	59,700
<b>Total effect on equity</b>		<b>55,133</b>	

<b>Report of effects on profit</b>	<b>Jan-Dec 2019</b>	<b>Of which effect of IFRS 16</b>	<b>Jan-June 2019 not incl. effect of IFRS 16</b>
Other external cost	-65,157	16,317	-81,474
Depreciation, amortisation and impairment	-24,600	-15,178	-9,422
Net finance items	-3,091	-1,849	-1,242
Taxes	-15,840	,152	-15,992
<b>Total</b>	<b>-108,688</b>	<b>-558</b>	<b>-108,130</b>

<b>Key financial indicators</b>	<b>Jan-Dec 2019</b>	<b>Of which effect of IFRS 16</b>	<b>Jan-March 2019 not incl. effect of IFRS 16</b>
Operating margin	9.3%	0.2%	9.1%
Net cash and cash equivalents (liabilities -), MSEK	-89.6	-55.7	-33.9
Equity ratio, %	45.3%	-7.0%	52.3%

#### 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>
<b>Average equity</b>	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.
<b>Average number of employees</b>	Average number of yearly employed	This metric is used to measure the development of the Group's workforce.
<b>Revenue growth</b>	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.
<b>Return on equity</b>	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.
<b>Return on capital employed</b>	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.
<b>Interest-bearing net cash and cash equivalents/liabilities</b>	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.
<b>Operating margin</b>	Operating result in percent of net revenue.	This metric is used to measure operative profitability.
<b>Equity ratio</b>	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.
<b>Operating margin</b>	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.