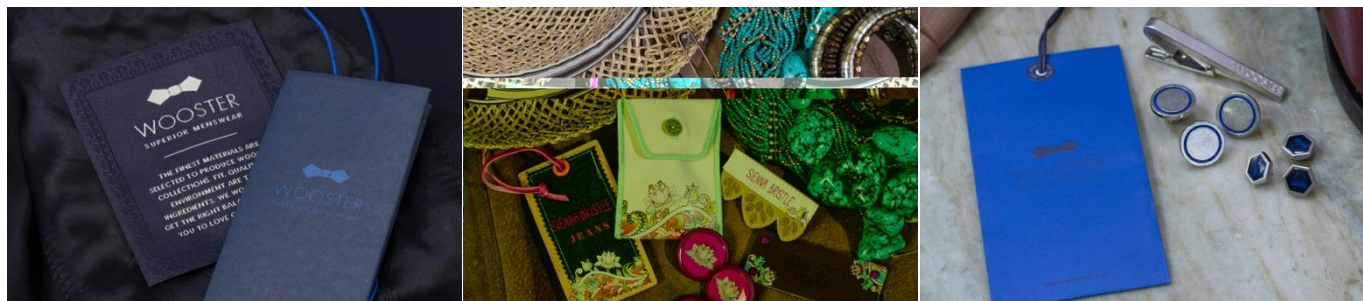


Interim report Nilörngruppen AB (publ) Q2, January – June 2020



Period April - June

- Order bookings decreased by 42 percent to MSEK 99 (171).
- Revenue decreased by 27 percent to MSEK 142 (196).
- Operating profit amounted to MSEK 0.1 (20.2).
- Profit for the period amounted to MSEK -1.3 (15.1).
- Earnings per share amounted to SEK -0.11 (1.32).
- Cash flow from operating activities amounted to MSEK 14.6 (4.7).

Period January – June

- Order bookings decreased by 17 percent to MSEK 302 (366).
- Revenue expressed in SEK decreased by 20 percent to MSEK 298 (374).
- The operating profit amounted to MSEK 9.1 (35.3).
- Profit for the period amounted to MSEK 4.6 (26.1).
- Earnings per share amounted to SEK 0.40 (2.29).
- Cash flow from operating activities amounted to MSEK 18.9 (29.1).

Significant events during the quarter

- Revenue was negatively affected during the quarter due to the COVID-19 pandemic as big parts of Europe have been closed and Bangladesh, India and Pakistan were completely closed until the middle of May.
- The result has been affected by termination costs of MSEK 1.0 and write down of client-specific inventory and accounts receivables of MSEK 7.5
- Government contributions for furlough amounts to MSEK 5.8.

Effects attributable to the COVID-19 pandemic

- The demand for the Company's products will be affected even during autumn.
- We monitor the development closely and take continuous measures to limit the adverse effects on the company, but at the same time have capacity to take advantage of the possibilities that will occur.
- Employees in Europe have been furloughed but the main part is now back at work.



CEO STATEMENT

Dear shareholders,

Sales have been negatively affected by Covid-19, but we have seen an improving situation since April. Our operations in India, Pakistan and Bangladesh were completely shut down until mid-May but are now up and running again. Large parts of the sales operations in Europe have also been shut down, but are now up and running, albeit to a limited extent. We have received Government contributions due to furlough in Europe and Asia of SEK 5.8 million.

Thanks to Nilörn's geographical spread and relative size, we have been able to deliver to our customers from other countries when a country where we source from has been closed down. This has been a great advantage for our customers.

It is a difficult situation for many customers where some have gone bankrupt or ended up in reconstruction. We have therefore provided SEK 7.5 million during the quarter attributable to this. We have also incurred non-recurring costs for the dismissal of personnel of approximately SEK 1 million.

Our operations in Bangladesh and Pakistan have been in full operation since the start-up in May and have benefited from volumes moved from China, among others. Our investments in these countries have given us a competitive advantage where our

own production in Bangladesh guarantees quality, availability and sustainability.

The effects of the Covid-19 pandemic will affect demand for the company's products during the autumn, but it is very difficult to estimate how long and to what extent this impact will have. We closely monitor developments and take continuous measures to limit the negative effects. At the same time, we are convinced that opportunities will arise as Nilörn has a well-developed distribution network both around Asia and Europe and is at the forefront in terms of sustainability, design and RIFD.

Net debt (excluding IFRS16) amounted to SEK 24.7 (52.5) million and we have approximately SEK 127 million in external credit lines, of which approximately SEK 60 million was utilized at the end of the month. This means that we can still take advantage of the opportunities that may arise.

I am convinced that once we are through the Corona crisis, Nilörn will be relatively stronger and will be able to continue the positive trend that we have enjoyed over the past ten years.

Krister Magnusson CEO

Period April – June

Order bookings

Order bookings decreased by 42 percent to MSEK 99 (171) and is an effect of lower order income and cancelled orders from previous periods, which was also reported in the interim report for Q1.

Net revenue

Revenue in SEK declined by 27 percent to MSEK 142 (196). The operations in Bangladesh, India and Pakistan were closed from April until the middle of May due to COVID-19. Also, a major part of the sales operations in Europe have been closed but is now running, albeit to a lesser extent.

The currency had a marginal effect on the revenue in the quarter. 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 38.0 (41.8) percent, affected by write down on client-specific inventory.

Other income, costs and depreciation

Other income amounted to MSEK 6.9 of which MSEK 5.8 is attributable to government contributions for furlough in Europe and Hong Kong. The external costs amounted to MSEK 18.1 (16.9). Personnel costs decreased to MSEK 35.3 (39.6). The reduction in personnel costs is attributable to a reduction in staff, a temporary reduction in social security contributions and sick pay costs, as well as a voluntary reduction in working hours. All CEOs and sales managers have also voluntarily reduced their salaries by 15 percent over three months.

Depreciation increased to MSEK 6.7 (5.8) MSEK. The increase is attributable to the investments made last year, especially in England and Bangladesh.

Operating profit

The operating profit amounted to MSEK 0.1 (20.2), which makes for an operating margin of 0.1 (10.3) percent.

Net finance items, taxes and profit for the period

Net finance items amounted to MSEK -0.6 (-0.7). Taxes amounted to MSEK -0.8 (4.5). The relatively high tax in the quarter is above all due to relatively high tax rate in Bangladesh. The period's result amounted to MSEK -1.3 (15.1) and earnings per share amounted to SEK -0.11 (1.32).

Cash flow, capital expenditures, financing and liquidity

Cash flow from operating activities amounted to MSEK 14.6 (4.7).

Cash flow from investment activities amounted to MSEK -2.3 (-27.0) which is attributable to the investment in a new ERP system.

Period January - June

Order bookings

Order bookings decreased by 17 percent to MSEK 302 (366).

Net revenue and profit

Net revenue in SEK decreased by 20 percent to MSEK 298 (374). Net revenue adjusted for currency effects amounted to MSEK 294 (374), equivalent to an underlying organic decrease of 21 percent. The gross margin was 42.6 (41.7) percent.

The average HKD/SEK exchange rate weakened during the period under review by 5 percent compared to the equivalent period one year ago. At the same time TRY weakened by 10 percent, but the effect thereof is smaller due to lower TRY-denominated revenue. However, the Group's income is met by costs in each respective foreign currency, which minimizes the effect on earnings.

Other income amounted to MSEK 8.4 of which MSEK 5.8 is attributable to government contributions for furlough in Europe and Hong Kong. External costs increased to MSEK 33.0 (31.5). Personnel costs decreased to MSEK 77.9 (78.8).

Depreciation, amortisation and impairment charges increased to MSEK 13.4 (11.7). The increase is attributable to the investments made last year; in the new enterprise system, in the building in Bangladesh and in the properties in UK and Sweden.

Operating profit amounted to MSEK 9.1 (35.3), for an operating margin of 3.0 (9.4) percent.

Taxes paid amounted to MSEK -3.0 (-7.7) MSEK. The higher tax rate is due to relatively higher revenue in high-tax countries. However, the tax rate is expected to come down during the year. Profit after taxes amounted to MSEK 4.6 (26.1).

Segments

As shown in the segment accounting in Note 2 all segments have lost in both revenue and profit. As already reported, Hong Kong and China were affected by Covid-19 during the first quarter whereas Bangladesh, India, Pakistan, Turkey and Europe were partly, or totally closed, during the second quarter.

Equity

Consolidated equity amounts to MSEK 191.3 (164.9), for an increase since the beginning of the year of MSEK 4.6. The increase is attributable to the profit in the period.

Cash flow, capital expenditures, financing and liquidity

Cash flow from operating activities amounted to MSEK 18.9 (29.1).

Cash flow from investment activities amounted to MSEK -8.7 (-35.0) where MSEK -3.2 is attributable to investment in a new ERP system and the approximate amount of MSEK 5.6 attributable to completing the investment in Bangladesh and Portugal (final investment from 2019).

Net debt at the end of the period amounted to MSEK 75.4 of which the transition to the new leasing standard, IFRS 16, has increased liabilities by MSEK 50.7. Comparable figures not including rebooking according to IFRS 16 is a net liability (net cash and cash equivalents of MSEK 24.7 (52.5)). The change in net liability relative to the year before is primarily attributable to no dividend being paid for year 2019.

Personnel

The average number of employees in the Group was 503 (490), of whom 221 (214) were women. Of the total number of employees 263 persons or 52 percent are active in production and warehouses.

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.

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 9.2 (12.9). The operating result was MSEK -1.8 (0.3) and profit after taxes was MSEK 52.1 (37.6), mainly attributable to the dividends 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 2019 Annual Report, Note 2. Please see below for the financial risks related to Covid-19.

COVID-19 and its effects

The previous forecast has been revised since demand for the Company's products has been sharply affected. However, it is very difficult to judge if this major impact is of a short-term nature, i.e. a number of months, or if it will be of a more long-term nature. There is considerable uncertainty in the outside world, the consequence of which is that there is significant uncertainty both with respect to getting deliveries and to finding outlets for its products. We monitor the development closely and take continuous measures to limit the adverse effects on the company. Action taken is to adapt costs to the lower volumes and to be cautious with respect to the purchases of goods and to work intensely with trade receivables, etc.

Review

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

Calendar

- 19 October 2020 Interim Report Q3
- 12 February 2021 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., 17 July 2020.

With a reservation for all the uncertainty that follows from COVID-19, 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, 17 July 2020
NILÖRNGRUPPEN AB (PUBL)

Petter Stillström
Chairman

Vilhelm Schottenius
Director

Blenda Lagerkvist
Director

Johan Larsson
Director

Krister Magnusson
CEO

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Summary financial reports

Consolidated Income Statement

Amounts in SEK thousand	3 months		6 months	
	April - June		January - June	
	2020	2019	2020	2019
Net revenue	142,321	195,783	297,793	373,918
Raw materials, supplies and goods for resale	-88,167	-113,988	-170,950	-217,921
Gross profit	54,154	81,795	126,843	155,997
Other operating revenue	6,888	726	8,438	3,231
Other external costs	-18,061	-16,894	-32,996	-31,462
Personnel costs	-35,275	-39,572	-77,871	-78,798
Depreciation, amortisation and impairment charges	-6,740	-5,849	-13,448	-11,666
Other operating costs	-881	-	-1,896	-1,996
Operating profit	86	20,206	9,070	35,306
Net finance items	-565	-680	-1,451	-1,447
Profit before taxes	-479	19,526	7,619	33,859
Taxes	-798	-4,452	-3,048	-7,748
Net profit for the period	-1,277	15,074	4,571	26,111
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
Earnings per share, SEK	-0,11	1,32	0,40	2,29
Earnings per share, SEK after dilution	-0,11	1,32	0,40	2,29

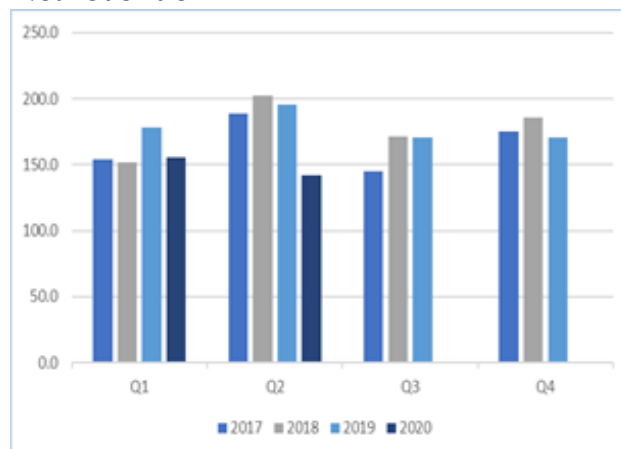
Consolidated Statement of Comprehensive Result

Amounts in SEK thousand	April - June		January - June	
	2020	2019	2019	2018
Net profit for the period	-1,276	15,074	4,571	26,111
Other comprehensive result that may be reposted to net profit for the period				
Translation differences	-6,351	-952	22	3,647
Items that cannot be reposted to net profit for the period				
Total profit for the period	-7,627	14,122	4,593	29,758
Total profit for the period attributable to:				
The Parent Company's equity holders	-7,627	14,122	4,593	29,758

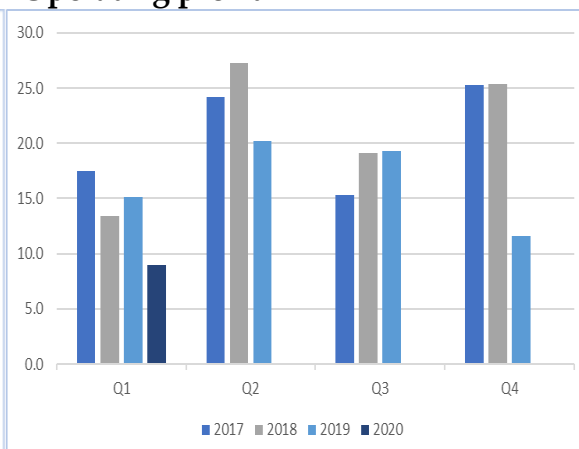
Quarterly Income Statements

Amount in MSEK)	2020		2019				2018				2017			
	Q1	Q2	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net revenue	155.5	142.3	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	-82.8	-88.2	-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	72.7	54.1	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	46.8%	38.0%	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	1.5	6.9	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	-58.5	-54.2	-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	-6.7	-6.7	-5.8	-5.8	-6.5	-6.4	-1.2	-2.0	-2.1	-2.5	-1.2	-1.6	-1.7	-1.8
Operating profit	9.0	0.1	15.1	20.2	19.3	11.6	13.4	27.3	19.1	25.4	17.5	24.2	15.3	25.3
Operating margin	5.8%	0.1%	8.5%	10.3%	11.3%	6.8%	8.8%	13.5%	11.1%	13.7%	11.4%	12.8%	10.5%	14.5%
Operating profit per share	0.8	0.0	1.3	1.8	1.7	1.0	1.2	2.4	1.7	2.2	1.5	2.1	1.3	2.2

Quarterly development of: Net revenue



Operating profit



KEY FINANCIAL INDICATORS	1 January – 30 June		1 January – 31 December				
	2020	2019	2019	2018	2017	2016	2015
Revenue growth, %	-20,4	5,5	0,5	7,5	11,5	15,8	15,2
Operating margin, %	3,0	9,4	9,3	12,0	12,1	12,3	9,6
Profit margin, %	2,6	9,1	8,8	11,8	12,1	12,1	9,5
Average equity	189,0	172,8	183,7	167,3	145,9	125,6	113,8
Return on equity, %	2,4	15,1	25,7	42,3	44,6	44,8	34,3
Equity ratio, %	45,8	36,8	45,3	53,0	49,2	50,8	48,8
Interest-bearing net cash (liabilities -), MSEK*	-75,4	-112,0	-89,6	-2,5	9,2	9,7	5
Earnings per share, SEK	0,40	2,29	4,14	6,20	5,70	4,93	3,42
Equity per share, SEK	16,78	14,46	16,37	15,85	13,50	12,08	9,94
Dividend per share, SEK	-	4,00	-	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	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	503	490	494	482	446	358	335

* Interest-bearing net cash (liabilities -), has been effected by 51 MSEK by the introduction of IFRS 16

Consolidated Balance Sheet

Amounts in SEK thousand	2020-06	2019-06	2019-12	2018-12
Assets				
Intangible non-current assets	23,356	18,998	21,251	16,594
Other non-current assets	152,340	153,573	159,877	63,696
Inventories	116,881	113,643	119,007	107,934
Trade receivables	72,479	82,621	59,382	83,175
Other current assets	17,328	28,849	20,571	31,885
Cash and cash equivalents	35,171	50,921	32,292	37,935
Total assets	417,555	448,605	412,380	341,219
Equity and liabilities				
Equity	191,293	164,919	186,700	180,767
Long-term interest-bearing liabilities	39,931	69,816	-	-
Long-term non-interest-bearing liabilities	3,013	2,180	51,336	2,103
Current interest-bearing liabilities	70,662	93,139	74,084	40,457
Current non-interest-bearing liabilities	112,656	118,551	100,260	117,892
Total equity and liabilities	417,555	448,605	412,380	341,219

Changes in Consolidated Equity

2020	Share capital	Other contributed capital	Reserves	Retained earnings including net profit for the period	Total	Total equity
Amounts in SEK thousand						
OPENING EQUITY 2020-01-01	2,850	43,231	156	140,463	186,700	186,700
Net profit for the period				4,571	4,571	4,571
Other total profit						
Translation differences during the period			22		22	22
Transactions with shareholders						
Dividend				-	-	-
CLOSING EQUITY 2020-06-30	2,850	43,231	178	145,034	191,293	191,293

2019

Amounts in SEK thousand

OPENING EQUITY 2019-01-01	2,850	43,231	-4,037	138,723	180,767	180,767
Net profit for the period				26,111	26,111	26,111
Other total profit						
Translation differences during the period			3,647		3,647	3,647
Transactions with shareholders						
Dividend				-45,606	-45,606	-45,606
CLOSING EQUITY 2019-06-30	2,850	43,231	-390	119,228	164,919	164,919

Consolidated Cash Flow Statement

Amounts in SEK thousand	April-June		January-June	
	2020	2019	2020	2019
Operating activities				
Operating profit	94	20,206	9,070	35,306
<i>Adjustment for items not included in cash flow</i>				
Depreciation, amortisation and impairment charges	6,739	5,849	13,448	11,666
Other non cash generated items	-4,252	-8,015	-8,543	-7,844
	2,581	18,040	13,975	39,128
Interest income	303	267	513	534
Interest expense	-337	4	-882	-1,030
Paid taxes	-381	-2,963	-2,417	-6,597
Cash flow from operating activities before changes in working capital	2,166	15,348	11,189	32,035
Cash flow from changes in working capital				
Inventories	9,435	-7,313	-86	-3,231
Trade receivables	4,954	1,224	-14,220	3,978
Other short-term receivables	11,466	654	3,243	3,039
Trade payables	-13,656	558	-8,816	-10,314
Other liabilities	208	-5,806	27,572	3,589
Cash flow from operating activities	14,573	4,665	18,882	29,096
Investment activities				
Acquisition of intangible non-current assets	-2,365	-1,714	-3,150	-3,171
Acquisition of intangible non-current assets	-213	-25,169	-5,568	-31,401
Acquisition of financial non-current assets	-131	-	32	-
Change in long-term receivable	425	-137	-33	-361
Cash flow from investment activities	-2,284	-27,039	-8,719	-34,952
Change in long-term receivable	425	-137	-33	-361
Cash flow from investment activities	-2,284	-27,039	-8,719	-34,952
Financing activities				
Repayment/raising loans	-20,465	63,190	-6,430	63,230
Paid dividend	-	-45,606	-	-45,606
Cash flow from financing activities	-20,465	17,584	-6,430	17,624
Cash flow for the year	-8,176	-4,790	3,733	11,768
Cash and cash equivalents at beginning of period	46,111	55,726	32,292	37,935
Translation difference in cash and cash equivalents	-2,764	-15	-854	1,218
Cash and cash equivalents at end of period	35,171	50,921	35,171	50,921

Parent Company Income Statement

Amounts in SEK thousand	3 months		6 months	
	April - June		January - June	
	2020	2019	2020	2019
Net revenue	4,556	6,696	9,224	12,938
Other operating income	2,490	1,959	4,620	3,909
Total revenue	7,046	8,655	13,844	16,847
Other external costs	-1,835	-2,062	-4,276	-5,087
Personnel costs	-3,003	-5,296	-10,291	-10,539
Depreciation, amortisation and impairment charges	-573	-439	-1,107	-879
Operating profit	1,635	858	-1,830	342
Net finance items	536	37,496	53,952	37,294
Profit after finance items	2,171	38,354	52,122	37,636
Taxes	-6	-20	-32	-34
Net profit for the period	2,165	38,334	52,090	37,602

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

Parent Company Balance Sheet

Amounts in SEK thousand	2020-06	2019-06	2019-12	2018-12
Assets				
Intangible non-current assets	20,039	15,461	17,958	12,892
Tangible non-current assets	962	1,347	1,208	1,560
Financial non-current assets	126,905	124,156	126,876	124,031
Short-term receivables	111,449	109,046	48,807	107,492
Cash and cash equivalents	2,590	-	-	-
Total assets	261,945	250,010	194,849	245,975
Equity and liabilities				
Equity	198,159	80,190	146,068	88,196
Untaxed reserves	7,786	4,186	7,786	4,196
Current liabilities	56,000	165,634	40,995	153,583
Total equity and liabilities	261,945	250,010	194,849	245,975

Notes

1. Accounting policies

As was the case with the Annual Accounts for 2019, 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 2019, 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 2019 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 2020

No new accounting policies with significant impact on Nilörn have entered into force in 2020.

2. Information by geographic area

Period January - June 2020	Nordic region	Other Europe	Asia	Intra Group	Total
<i>Revenue</i>					
External revenue	26,521	95,354	175,918	-	297,793
Total revenue	26,521	95,354	175,918	0	297,793
<i>Profit</i>					
Operating profit	715	1,799	9,585	-3,029	9,070
Interest income				513	513
Interest expense				-1,964	-1,964
Taxes on the on the period's profit				-3,048	-3,048
Net profit for the period	715	1,799	9,585	-7,528	4,571
Period January - June 2019					
<i>Revenue</i>					
External revenue	32,130	111,690	230,098	-	373,918
Total revenue	32,130	111,690	230,098	0	373,918
<i>Profit</i>					
Operating profit	3,670	9,728	20,923	985	35,306
Interest income				534	534
Interest expense				-1,981	-1,981
Taxes on the profit for the year				-7,748	-7,748
Net profit for the year	3,670	9,728	20,923	-8,210	26,111

IFRS 16 Leases

Report of financial position	30/Jun/20	Of which effect of IFRS 16	30 June 2020 not incl. effect of IFRS 16
Other non-current assets	152,340	51,143	101,197
Other current assets	17,328	-1,213	18,541
Equity (profit for the year)	191,293	-770	192,063
Long-term interest-bearing liabilities	39,931	35,767	4,164
Short-term interest-bearing liabilities	70,662	14,932	55,730
Total effect on equity		49,929	

Report of effects on profit	Jan-Jun 2020	Of which effect of IFRS 16	Jan-June 2020 not incl. effect of IFRS 16
Other external cost	-18,061	8,273	-26,334
Depreciation, amortisation and impairment	-6,740	-7,788	1,049
Net finance items	-565	-812	248
Taxes	-798	116	-914
Total	-26,163	-211	-25,952

Key financial indicators	Jan-Jun 2020	Of which effect of IFRS 16	Jan-June 2020 not incl. effect of IFRS 16
Operating margin	3,0%	0,2%	2,9%
Net cash and cash equivalents (liabilities -), MSEK	-75,4	-50,7	-24,7
Equity ratio, %	45,8%	-6,2%	52,0%

3. 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.