

Year End Report for Nilörngruppen AB (publ) Q4, January - December 2020



Period October - December

- Order bookings increased by 1 percent to MSEK 189 (188).
- Revenue increased by 1 percent to MSEK 173 (171).
- Revenue adjusted for currency effects amounted to MSEK 194 (171), i.e. an underlying organic increase of 13 percent.
- Operating profit amounted to MSEK 21.2 (11.6).
- Profit for the period amounted to MSEK 14.5 (7.1).
- Earnings per share amounted to SEK 1.28 (0.62).

Period January - December

- Order bookings decreased by 13 percent and amounted to MSEK 653 (749).
- Revenue decreased by 14 percent to MSEK 618 (715).
- Revenue adjusted for currency effects amounted to MSEK 650 (715), i.e. an underlying organic decrease of 9 percent.
- Operating profit amounted to MSEK 50.8 (66.2).
- Profit for the period amounted to MSEK 33.5 (47.2).
- Earnings per share amounted to SEK 2.94 (4.14).
- Net cash excluding IFRS16 amounted to MSEK 24.8 (33.9)

Significant events during the quarter

- Government contributions in Europe and Hong Kong for furlough amounts to MSEK 4.2
- The result has been affected by write down of client-specific inventory and accounts receivables of MSEK 1.0

Significant events after the quarter

- The Board of Directors has decided to propose to the Annual General Meeting a dividend of SEK 2.00 (0.00) per share, equivalent to MSEK 22.8 (0).



CEO'S STATEMENT

Dear Shareholders,

Upon taking over as CEO in early March, I contacted all subsidiary CEOs who estimated that sales would fall by 30 percent for the full year. We were wrong. Our employees have done a fantastic job and the decline, adjusted for currency effects, was 9% for the full year and even a growth of 13% in the fourth quarter.

The result during the quarter developed positively through increased sales, strengthened margins, government contribution for furlough and cost savings. We have taken expenses of SEK 1.0 million during the quarter and SEK 10.5 million accumulated attributable to provision of inventories and anticipated bad debt losses. We received contributions in Europe and Asia of approximately SEK 4.2 million during the quarter and SEK 12.3 million accumulated.

During the fourth quarter, most of the business was up and running. Thanks to Nilörn's geographical spread and relative size, we have been able to deliver to our customers from other countries when a country has been closed. This has been a great advantage for our customers.

Despite many challenges, our operation in Bangladesh has developed very strongly and has benefited from volumes that have been moved from China, among others. Our investments in Bangladesh have given us a competitive advantage where our own production guarantees quality, availability, and sustainability.

It is a still challenging market climate where several countries, customers and stores have closed. At the same time, e-commerce and sports have benefited and Nilörn has attracted

customers in these segments, which has contributed positively in 2020.

The Covid-19 pandemic will continue to affect demand for the company's products, but it is very difficult to estimate how long and to what extent it is happening. In 2020, we received contributions while limiting costs through lower activity. This year it will be compensated by increased volumes, while the ongoing vaccination makes us hopeful. We have worked with structural improvements in areas such as the purchasing, CSR and sales process. A work that will continue this year and that will make us even stronger.

Net cash (debt) (excluding IFRS16) amounted to MSEK 24.8 (-33.9), and we have approximately MSEK 120 in external bank credits, of which approximately MSEK 29 was utilized at year-end. This allows us to take advantage of any opportunities that arise.

I am convinced that with the improvement measures that have been taken and once we have got through the corona crisis, Nilörn is relatively stronger and can continue the positive trend we have had over the last 10 years.

Krister Magnusson
CEO

Period October - December

Order bookings

Order bookings increased by 1 percent to MSEK 189 (188).

Net revenue

Revenue increased by 1 percent to MSEK 173 (171). Revenue adjusted for currency effects amounted to MSEK 194 (171), i.e. an underlying organic increase of 13 percent.

Gross margin

The gross margin was 44.1 (44.1) percent.

Costs and depreciations

Other income amounted to MSEK 5.4 of which MSEK 4.2 is attributable to government contributions for furlough in Europe and Hong Kong. The external costs decreased to MSEK 16.1 (17.9) and we have taken costs for provision of anticipated bad debt and stock of total MSEK 1.0. Personnel costs decreased to MSEK 36.2 (39.3). The decrease in personnel costs is attributable to voluntary decrease in working time and less bonus. Depreciation decreased to MSEK 5.8 (6.4).

Operating profit

Operating profit amounted to MSEK 21.2 (11.6), for an operating margin of 12.2 (6.8) percent. The higher operating profit relative to the equivalent year-ago period is attributable to higher margins, subsidies from government and cost savings.

Net finance items, taxes and profit for the period

Net finance items amounted to MSEK -1.0 (-1.7). Taxes paid amounted to MSEK -5.7 (-2.7). The relatively high tax in the quarter is above all due to the relatively high tax rate in Bangladesh. The period's profit amounted to MSEK 14.5 (7.1) and earnings per share amounted to SEK 1.28 (0.62).

Cash flow, capital expenditures, financing and liquidity

Cash flow from operating activities amounted to MSEK 23.3 (11.2). The increase is mainly attributable to a better result.

Cash flow from investment activities amounted to MSEK 0.3 (-7.8). Last year's investments were mainly attributable to investments in additional production capacity in Bangladesh and Portugal. These investments were finalized in the first quarter 2020.

Equity

Consolidated equity amounts to MSEK 209.8 (186.7). The increase is attributable to the profit in the amount of MSEK +33.5 and the period's translation difference of MSEK -10.4. The translation difference is the net effect of conversion of equity in the non-Swedish subsidiaries to SEK and has been negatively affected by a strengthening of the Swedish krona.

Period January - December

Order bookings

Order bookings amounted to MSEK 653 (749).

Net revenue and profit

Net revenue decreased by 14 percent to MSEK 618 (715). Net revenue adjusted for currency effects amounted to MSEK 650 (715), i.e. an underlying organic decrease by 9 percent. The gross margin was 44.0 (43.0) percent.

SEK has strengthened during the year compared to all currencies related to Nilorn, which has had a major impact on the turnover for the year. For example, the TRY weakened by 20 percent compared to SEK. However, the Group's revenue is met by costs in each respective currency, which minimises the effect on profit.

Other income amounted to MSEK 19.1 of which MSEK 12.3 is attributable to government contributions for furlough in Europe and Hong Kong. External costs decreased to MSEK 62.7 (65.2) and we have taken costs for provision of anticipated bad debt and stock of total MSEK 1.0. Personnel costs decreased to MSEK 146.6 (153.8).

Depreciation increases to MSEK 25.9 (24.6). The increase is an effect of last years investments in a new enterprise system and the buildings in Sweden and England.

Operating profit amounted to MSEK 50.8 (66.2), which translates to an operating margin of 8.2 (9.3) percent.

Taxes paid amounted to MSEK -13.6 (-15.8), for a total tax expense of 28.7 (25.1) percent. Profit after taxes amounted to MSEK 35.5 (47.2).

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.

Cash flow, capital expenditures, financing and liquidity

Cash flow from operating activities amounted to MSEK 74.7 (63.4).

Cash flow from investment activities amounted to MSEK -10.0 (-51.5). Last year's investments were mainly attributable to investments in additional production capacity in Bangladesh and Portugal. These investments were finalized during the first quarter 2020. MSEK 5.4 of this year's investments is attributable to the new enterprise system.

Net liabilities at the end of the period stood at MSEK 13.2 of which the transition to the new lease standard IFRS 16, increased interest-bearing liabilities by MSEK 38.0. Comparable numbers not including the effect of IFRS 16 is net liabilities of MSEK 24.8 (-33.9).

Personnel

The average number of employees in the Group was 520 (502), of whom 209 (217) were women. Of the total number of employees 281 persons or 54 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 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 20 (21).

Net revenue for the period amounted to MSEK 27.6 (28.3). The operating result was MSEK -2.8 (-2,3) and profit after taxes was MSEK 36.7 (97.6) with most of the profit attributable to dividends from subsidiaries.

Significant events after the balance sheet date

- The Board of Directors has decided to propose to the Annual General Meeting a dividend of SEK 2.00 (0.00) per share, equivalent to MSEK 22.8 (0.00).

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. The risks reported are deemed to be essentially unchanged.

COVID-19 and its effects

There is still considerable uncertainty in the outside world, the consequence of which is that there is significant uncertainty both with respect to getting deliveries and to find 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 purchases of goods and to work intensely with trade receivables, etc. Covid 19 has also enhanced the development within e-commerce and we have several customers in segments such as all sport and leisure that has profited of this development and where Nilorn has added value.

Election committee

Nilörngruppen does not have an appointed election committee since the ownership structure is clear since Traction AB owns the 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 2.00 (0.00) per share, equivalent to MSEK 22.8 (0.00). The proposal is equivalent to dividend of 60 (0) percent.

Annual General Meeting

The Annual General Meeting will be held on Monday, May 10, 2021 at 17.00. In view of the risk of infection and the uncertainty that prevails, further information on location and voting procedure will be provided in the notice to the Annual General Meeting.

The Annual Report will be available on the Company's website no later than two weeks before the Annual General Meeting.

Review

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

Calendar

- 29 April 2021 Interim report Q1
- 10 May 2021 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 08:00 a.m., 12 February 2021.

BORÅS, 12 February 2021
NILÖRNGRUPPEN AB (PUBL)

Krister Magnusson
CEO

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Summary Financial Reports

Amounts in SEK thousand	3 months		12 months	
	October - December		January - December	
	2020	2019	2020	2019
Net revenue	173,392	170,648	618,233	715,354
Raw materials, supplies and goods for resale	-96,961	-95,301	-346,109	-407,623
Gross profit	76,430	75,347	272,123	307,731
Other operating revenue	5,432	730	19,126	5,114
Other external costs	-16,136	-17,946	-62,686	-65,157
Personnel costs	-36,198	-39,318	-146,640	-153,753
Depreciation, amortisation and impairment charge	-5,760	-6,428	-25,854	-24,600
Other operating costs	-2,524	-820	-5,307	-3,162
Operating profit	21,245	11,565	50,763	66,173
Net finance items	-975	-1,710	-3,698	-3,091
Profit before taxes	20,270	9,855	47,065	63,082
Taxes	-5,730	-2,738	-13,551	-15,840
Net profit for the period	14,540	7,117	33,515	47,242
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	1.28	0.62	2.94	4.14
Earnings per share, SEK after dilution	1.28	0.62	2.94	4.14

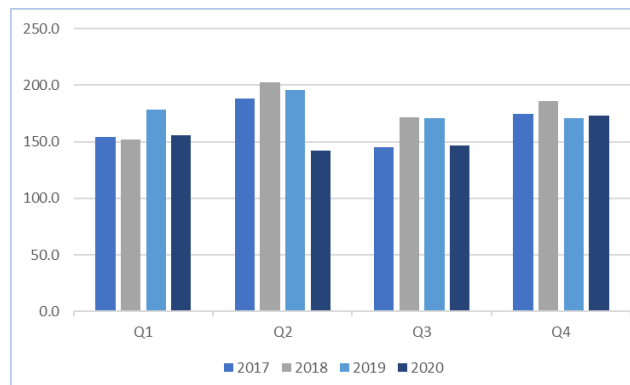
Consolidated Statement of Comprehensive Result

Amounts in SEK thousand	October - December		January - December	
	2020	2019	2020	2019
Net profit for the period	14,540	7,117	33,515	47,242
Other comprehensive result that may be reposed to net profit for the period				
Translation differences	-7,479	-5,822	-10,405	4,193
Items that cannot be reposed to net profit for the period				
Revaluation of defined benefit pension scheme	0	104	0	104
Total profit for the period	7,061	1,399	23,109	51,539
Total profit for the period attributable to:				
The Parent Company's equity holders	7,061	1,399	23,109	51,539

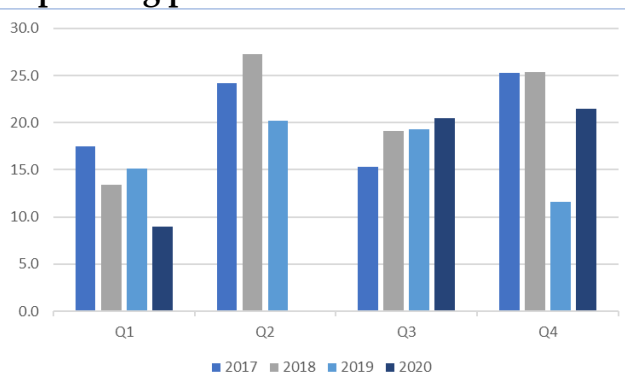
Quarterly Income Statements

Amount in MSEK)	2020				2019				2018				2017			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net revenue	155.5	142.3	147.0	173.4	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	-78.2	-97.0	-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	68.8	76.4	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%	46.8%	44.1%	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	5.3	5.4	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	-47.0	-54.8	-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	-6.6	-5.8	-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	20.5	21.2	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%	13.9%	12.2%	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	1.8	1.9	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 – 31 December					
	2020	2019	2018	2017	2016	2015
Revenue growth, %	-13.6	0.5	7.5	7.5	15.8	15.2
Operating margin, %	8.2	9.3	12.0	12.0	12.3	9.6
Profit margin, %	7.6	8.8	11.8	11.8	12.1	9.5
Average equity	198.3	183.7	167.3	167.3	125.6	113.8
Return on equity, %	16.9	25.7	42.3	42.3	44.8	34.3
Equity ratio, %	51.3	45.3	53.0	53.0	50.8	48.8
Interest-bearing net cash (liabilities –), MSEK*	-13.2	-89.6	-2.5	-2.5	9.7	5
Earnings per share, SEK	2.9	4.14	6.20	6.20	4.93	3.42
Equity per share, SEK	18.4	16.37	15.85	15.85	12.08	9.94
Dividend per share, SEK**	2.0	-	4.00	4.00	3.60	3.00
Average number of shares outstanding	11,401,988.0	11,401,988	11,401,988	11,401,988	11,401,988	11,401,988
Number of shares outstanding at end of period	11,401,988.0	11,401,988	11,401,988	11,401,988	11,401,988	11,401,988
Average number of employees	520.0	502	482	482	358	335

* Interest-bearing net cash (liabilities –), has been effected by 38 MSEK by the introduction of IFRS 16

** Proposed dividend for 2020

Consolidated Balance Sheet

Amounts in SEK thousand	2020-12	2019-12
Assets		
Intangible non-current assets	23,486	21,251
Other non-current assets	131,591	159,526
Inventories	106,648	119,007
Trade receivables	72,012	59,382
Other current assets	21,323	20,571
Cash and cash equivalents	54,056	32,292
Total assets	409,116	412,029
Equity and liabilities		
Equity	209,809	186,700
Long-term interest-bearing liabilities	51,274	47,833
Long-term non-interest-bearing liabilities	3,594	3,084
Current interest-bearing liabilities	15,959	74,084
Current non-interest-bearing liabilities	128,479	100,328
Total equity and liabilities	409,116	412,029

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				33,515	33,515	33,515
Other total profit						
Translation differences during the period			,0		-10,405	-10,405
Revaluation of pension scheme				0	0	0
Transactions with shareholders						
Dividend				,0	,0	,0
CLOSING EQUITY 2020-12-31	2,850	43,231	,156	173,978	209,809	209,809

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				47,242	47,242	47,242
Other total profit						
Translation differences during the period			4,193		4,193	4,193
Revaluation pension scheme				104	104	104
Transactions with shareholders						
Dividend				-45,606	-45,606	-45,606
CLOSING EQUITY 2019-12-31	2,850	43,231	,156	140,463	186,700	186,700

Consolidated Cash Flow Statement

Amounts in SEK thousand	October - December		January - December	
	2020	2019	2020	2019
Operating activities				
Operating profit	21,245	11,565	50,764	66,173
<i>Adjustment for items not included in cash flow</i>				
Depreciation, amortisation and impairment charges	5,760	6,428	25,854	24,600
Other non cash generated items	-2,422	-4,305	-15,663	-16,623
	24,583	13,688	60,954	74,150
Interest income	54	105	606	734
Interest expense	-803	-958	-2,002	-1,569
Paid taxes	-5,581	-3,546	-10,442	-13,612
Cash flow from operating activities before changes in working capital	18,252	9,289	49,116	59,703
Cash flow from changes in working capital				
Inventories	4,721	-98	-293	-8,326
Trade receivables	15,956	11,982	-12,996	27,252
Other short-term receivables	-181	5,704	-752	11,315
Trade payables	7,877	-4,351	24,176	-18,733
Other liabilities	-23,328	-11,322	15,474	-7,832
Cash flow from operating activities	23,297	11,204	74,725	63,379
Investment activities				
Acquisition of intangible non-current assets	-1,078	-1,893	-5,398	-6,381
Acquisition of intangible non-current assets	839	-5,094	-5,209	-43,729
Acquisition of financial non-current assets	-30	-6	0	-38
Sales of fixed assets	341	0	341	0
Change in long-term receivable	189	-790	282	-1,313
Cash flow from investment activities	261	-7,783	-9,984	-51,461
Financing activities				
Repayment/raising loans	-28,220	-15,379	-36,540	26,844
Paid dividend	0	0	0	-45,606
Cash flow from financing activities	-28,220	-15,379	-36,540	-18,762
Cash flow for the year	-4,662	-11,958	28,201	-6,844
Cash and cash equivalents at beginning of period	62,224	45,817	32,292	37,935
Translation difference in cash and cash equivalents	-3,507	-1,567	-6,438	1,201
Cash and cash equivalents at end of period	54,055	32,292	54,056	32,292

Parent Company Income Statement

Amounts in SEK thousand	3 months		12 months	
	October - December		January - December	
	2020	2019	2020	2019
Net revenue	7,560	3,440	27,560	28,309
Other operating income	64	73	224	200
Total revenue	7,624	3,513	27,784	28,509
Other external costs	-2,365	-3,345	-10,348	-11,166
Personnel costs	-4,955	-4,503	-17,875	-17,756
Depreciation, amortisation and impairment charges	-626	-594	-2,388	-1,912
Operating profit	-322	-4,929	-2,828	-2,325
Net finance items	1,952	27,018	39,513	99,877
Profit after finance items	1,630	22,089	36,686	97,552
Year-end appropriations	-	-	1,893	7,326
Taxes	-181	-1,320	-261	-1,398
Net profit for the period	3,342	28,095	38,318	103,480

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

Parent Company Balance Sheet

Amounts in SEK thousand	2020-12	2019-12
Assets		
Intangible non-current assets	21,132	17,958
Tangible non-current assets	797	1208
Financial non-current assets	117,233	126,876
Short-term receivables	115,170	122,312
Cash and cash equivalents	-	-
Total assets	254,331	268,354
Equity and liabilities		
Equity	184,386	146,068
Untaxed reserves	9,936	7,786
Long-term liabilities	-	-
Current liabilities	60,010	114,500
Total equity and liabilities	254,331	268,354

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. 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 for 2018. 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 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

Primary segment – Geographic area

Period January - December 2020	Nordic region	Other Europe	Asia	Intra Group	Total
<i>Revenue</i>					
External revenue	49,628	198,555	370,050	-	618,233
Total revenue	49,628	198,555	370,050	,0	618,233
<i>Profit</i>					
Operating profit	3,157	15,141	34,638	-2,172	50,763
Interest income				,606	,606
Interest expense				-4,304	-4,304
Taxes on the on the period's profit				-13,551	-13,551
Net profit for the period	3,157	15,141	34,638	-19,421	33,515
Period January - December 2019					
<i>Revenue</i>					
External revenue	62,505	209,488	443,361	-	715,354
Total revenue	62,505	209,488	443,361	,0	715,354
<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 profit for the year				-15,840	-15,840
Net profit for the year	9,056	16,685	41,925	-20,424	47,242

3. IFRS 16 Leasing

IFRS 16 Leases

Report of financial position	31/Dec/20	Of which effect of IFRS 16	31 Dec 2020 not incl. effect of IFRS 16
Other non-current assets	131,591	38,246	93,345
Other current assets	21,323	-1,039	22,362
Equity	209,809	-782	210,591
Long-term interest-bearing liabilities	51,274	24,618	26,656
Short-term interest-bearing liabilities	15,959	13,371	2,588
Total effect on equity		37,207	

Report of effects on profit	Jan-Dec 2020	Of which effect of IFRS 16	Jan-Dec 2020 not incl. effect of IFRS 16
Other external cost	-62,686	14,946	-77,632
Depreciation, amortisation and impairment	-25,854	-14,041	-11,813
Net finance items	-3,698	-1,333	-2,365
Taxes	-13,551	,135	-13,686
Total	-105,788	-293	-105,495

Key financial indicators	Jan-Dec 2020	Of which effect of IFRS 16	Jan-Dec 2020 not incl. effect of IFRS 16
Operating margin	8.2%	0.1%	8.1%
Net cash and cash equivalents (liabilities)	-13.2	-38.0	24.8
Equity ratio, %	51.3%	-5.1%	56.4%

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.