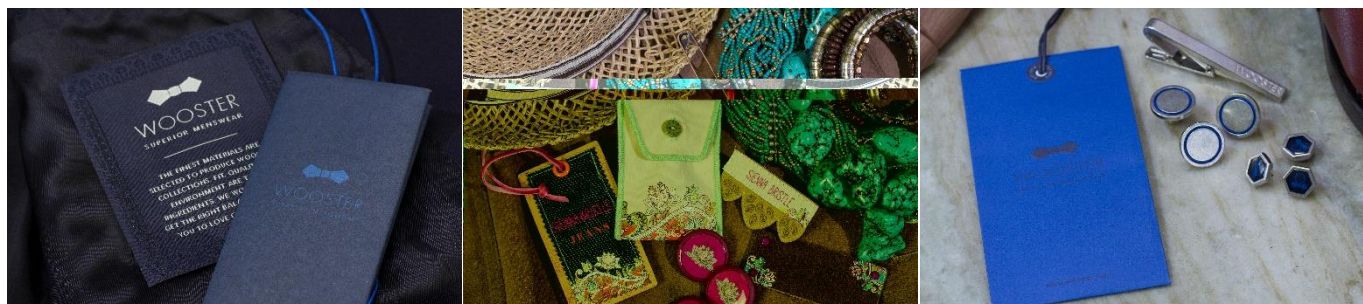


Interim Report for Nilörngruppen AB (publ) Q3, January - September 2019



Period July - September

- Order bookings increased by 2 percent to MSEK 195 (191).
- Revenue decreased by 1 percent to MSEK 171 (172).
- Operating profit amounted to MSEK 19.3 (19.1).
- Profit for the period amounted to MSEK 14.0 (13.8).
- Earnings per share amounted to SEK 1.23 (1.21).

Period January - September

- Order bookings increased by 1 percent and amounted to MSEK 561 (556).
- Revenue increased by 4 percent to MSEK 545 (526).
- Revenue adjusted for currency effects amounted to MSEK 521 (526), i.e. an underlying organic decrease of 1 percent.
- Operating profit amounted to MSEK 54.6 (59.8).
- Profit for the period amounted to MSEK 40.1 (44.4).
- Earnings per share amounted to SEK 3.52 (3.90).
- Cash flow from operating activities amounted to MSEK 52.2 (33.6).

Significant events during the quarter

- Decreased sales to a few customers with low margins which led to a higher gross profit margin.
- Continuous positive development on Nilörn's new market, such as Italy and Spain, and several exciting projects in Germany.
- Accounting in accordance with IFRS 16 had the effect of increasing the balance sheet total by about MSEK 60 and gave rise to redistribution of items in the income statement. Refer to Note 3 for a detailed description of its effects.
- Our English and Swedish operations have relocated to their new premises.
- Nilorn Portugal has installed 750 m² of solar panels on the roof of the factory.



PRESIDENT'S STATEMENT

Dear shareholders,

The development was stable during the quarter and even if sales were marginally lower, the margins have recovered.

The climate in the textile and fashion market continues to be challenging with weaker demand in several markets. Even though Nilörn has many successful customers who are increasing their volumes, there are also those with lower volumes.

We have been focusing on strengthening our margins and it is gratifying that they are now on the rise. My clear ambition is to sustain our margins at this level.

Nilörn continues to grow compared to the year before on the German market and we have therefore further strengthened our sales organisation as we sense great opportunities for even faster growth. Our German subsidiary has several projects under development, a majority of which are expected to result in orders towards the end of the year, or in the beginning of 2020.

Our Scandinavia home market is also doing well and we see stable demand from several of the customer segments we work with.

In Italy, which is a relatively new market for Nilörn, we are continuing to expand and capture new and excellent customers and brand names. Our concept and offer are well received and the most important reason for the success is Nilörn's web-based solution, combined with our effective global logistics solutions.

In Great Britain the situation is more challenging as the Brexit discussions are leading to more cautious consumers in terms of buying clothing and shoes. In spite hereof the potential is great and there are many strong international brands where our concept is a natural fit. During the month of July our English operations moved into new inspiring premises with a creative environment well adapted to the market and an effective layout for the production and distribution activities.

Our efforts with RFID labels were further intensified and we are glad that we have won a new and exciting RFID project where deliveries will commence this coming autumn. We also have a number of RFID projects under development, providing interesting growth potential even if the margins are slightly lower.

Our focus on a sustainable offer continues with the goal of being among the best in the industry. Nilörn believes in a holistic approach that includes the entire design, manufacturing and supply chain. It is very gratifying that Nilörn is able to guide and assist our customers even more sustainable labelling and packaging arrangements.

Our focus on expansion continues and thanks to investments in IT, market, sustainability and production we are now well positioned. I am convinced that this will create excellent opportunities going forward.

Claes af Wetterstedt
President

Period July - September

Order bookings

Order bookings increased by 2 percent to MSEK 195 (191).

Net revenue

Revenue decreased by 1 percent to MSEK 171 (172).

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 5.3, while Other operating expense is MSEK 5.3 lower than previously reported. For accumulated September 2018 the adjustment was MSEK 14.9 for revenue as well as other external expense. For the full year 2018 the adjustment was MSEK 17.2 for revenue as well as other external expenses. Prior years have also been adjusted in the table of quarterly income statements.

Gross margin

The gross margin was 44.7 (45.3) percent. The increased gross marginal, compared to previous quarters this year, is an effect of decreased sales to a few customers with low margins.

Costs and depreciations

External costs decreased to MSEK 15.7 (22.1), MSEK 4.5 of which is attributable to changed accounting treatment of operating leases in accordance with IFRS 16. Personnel costs increased to MSEK 35.6 (35.1).

Depreciation increased to MSEK 6.5 (2.1). Most of the increase is an effect of IFRS 16 with an impact of MSEK 4.2.

Operating profit

Operating profit amounted to MSEK 19.3 (19.1), resulting in an operating margin of 11.3 (11.1) percent. The higher operating margin during the quarter is attributable to the higher gross profit margin as stated under Gross margin above.

Net finance items, taxes and profit for the period

The net of finance items of MSEK 0.1 (-1.2) accounting according to IFRS 16 affected financial costs by MSEK -0.5. Net financial items include a currency gain of MSEK 0.8 (-1.2). Taxes amounted to MSEK 5.4 (4.1). Profit for the period amounted to MSEK 14.0 (13.8) and earnings per share came in at SEK 1.23 (1.21).

Cash flow, capital investments, financing and liquidity

Cash flow from operating activities amounted to MSEK 23.1 (14.4) affected by big variances between the quarters relative to last year for accounts receivable and inventories. The big increase of Depreciation and Other items not affecting liquidity is an effect of IFRS 16.

Cash flow from investment activities amounted to MSEK -8.7 (-4.2), most of which is attributable to investment in new buildings in England and Sweden. These projects have now been completed.

Nilörn Portugal has installed 750 m² of solar panel on the roof to the factory which is estimated to generate approximately 170 MWH/year (see picture below). The investment amounts to €116,000 and is financed by a 10-year leasing contract.



Equity

Consolidated equity amounts to MSEK 185.3, an increase by MSEK 4.5 since year-end. The increase is due to the period's profit during the period in the amount of MSEK +40.1, the period's restatement difference of MSEK 10.0 and a dividend paid in the amount of MSEK -45.6. The translation difference is the net effect of restating equity in non-Swedish subsidiaries to SEK affected by a weaker Swedish krona.

Period January - September

Order bookings

Order bookings amounting to MSEK 561 (556).

Net revenue and profit

Net revenue in SEK increased by 4 percent to MSEK 545 (526). Net revenue adjusted for currency effects amounted to MSEK 521 (526), equivalent to underlying organic decrease of 1 percent. The gross margin was 42.7 (44.5) percent.

The average HKD/SEK exchange rate weakened during the period under review by 17 percent compared to the equivalent period one year ago. This had major impact on revenue as a significant portion of Nilörn's revenue is denominated in HKD. At the same time TRY weakened by 19 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.

External costs decreased to MSEK 47.2 (61.7) MSEK 12.4 of which is attributable to changed accounting treatment of operating leases in accordance with IFRS 16. Personnel costs increased to MSEK 114.4 (108.5). The increase in personnel costs is due to an increase in the number of employees to meet growing volumes and for future expansion and currency effect.

Depreciation increased to MSEK 18.2 (5.8). Most of the increase is due to the effect of IFRS 16 with an impact of MSEK 11.5.

Operating profit amounted to MSEK 54.6 (59.8), for an operating margin of 10.0 (11.4) percent.

Taxes paid amounted to MSEK 13.1 (13.4) MSEK, making for a total tax expense of 24.6 (23.2) percent. Profit after taxes amounted to MSEK 40.1 (44.4).

Segments

As shown in the segment accounting in Note 2, it is segment Other Europe that has lost revenue and profit. The reason is that a couple of major customers reduced their purchases and margins were lowered because of large inventories due to lower retail sales, moving production from Europe to Asia, and the loss of a large packaging order. Already now we know that parts of these losses will be regained this coming spring.

Cash flow, capital investments, financing and liquidity

Cash flow from operating activities amounted to MSEK 52.2 (33.6).

Cash flow from capital investment activities amounted to MSEK -43.7 (-9.1) where MSEK 4.5 is attributable to investment in new ERP system, MSEK 33.7 is attributable to new buildings for the English operation and the Swedish office and 4,9 MSEK is attributable to investments in new machines in Bangladesh

Net debt at the end of the period amounted to MSEK 97.0 of which transition to the new leasing standard, IFRS 16, increased interest-bearing liabilities by MSEK 60.5. Comparable numbers, not including new accounting treatment according to IFRS 16, is net cash and cash equivalents of MSEK 36.5 (11.7). Out of the increase MSEK 33.7 is related to real estate investments (see above).

Personnel

The average number of employees in the Group was 492 (482), 214 (210) of whom were women (compared to the situation at the beginning of the year). Fifty percent of the total number of employees, 248 persons are engaged in production and storage. The number of employees has increased with 14 persons since September 2018 where the increase is mainly attributable to production.

Transactions with closely related parties

No transactions occurred during the period under review that had an effect on The Group's profit and financial position except for ordinary dividend to the owner of the holding company 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 19.2 (16.4). The operating result was MSEK 2.6 (-0.9) MSEK and the result after taxes was MSEK 75.4 (9.7) most of which is attributable to subsidiaries' dividend.

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 Note 2 of Nilörngruppen's 2018 Annual Report. The risks reported are deemed to be essentially unchanged.

Election Committee

Nilörngruppen has not appointed any election committee since the ownership is clear as AB Traction owns a majority of the votes. However, shareholders are always welcome to have points of views and/or suggestions regarding the composition of the Board to the Chairman of the Board of Directors, Petter Stillström +46-8-506 289 00.

Review

This report has been subject to review by the Company's auditors. See the Review Report on page 5.

Calendar

- 12 February 2020 Year-end Report
- 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 8:00 a.m., 25 October 2019.

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, 25 October 2019
NILÖRNGRUPPEN AB (PUBL)

Claes af Wetterstedt
President

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Review report

Nilörngruppen AB (publ)
Corp. id. 556322-3782

Introduction

We have reviewed the condensed interim financial information (interim report) of Nilörngruppen AB (publ) as of 30 September 2019 and the nine-month period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements ISRE 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing practices and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, for the Group in accordance with IAS 34 and the Annual Accounts Act, and for the Parent Company in accordance with the Annual Accounts Act.

Borås, 25 October 2019

KPMG AB

Mathias Arvidsson
Authorised Public Accountant

Summary Financial Reports

Consolidated Income Statement

Amounts in SEK thousand	3 months		9 months	
	July - September		January - September	
	2019	2018	2019	2018
Net revenue	170,788	171,718	544,706	526,305
Raw materials, supplies and goods for resale	-94,401	-94,045	-312,322	-292,241
Gross profit	76,387	77,673	232,384	234,064
Other operating revenue	1,153	1,986	4,384	5,042
Other external costs	-15,749	-22,147	-47,211	-61,736
Personnel costs	-35,637	-35,121	-114,435	-108,528
Depreciation, amortisation and impairment charges	-6,506	-2,076	-18,172	-5,822
Other operating costs	-346	-1,221	-2,342	-3,223
Operating profit	19,302	19,094	54,608	59,797
Net finance items	66	-1,154	-1,381	-1,923
Profit before taxes	19,368	17,940	53,227	57,874
Taxes	-5,354	-4,104	-13,102	-13,427
Net profit for the period	14,014	13,836	40,125	44,447
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	1.23	1.21	3.52	3.90
Earnings per share, SEK after dilution	1.23	1.21	3.52	3.90

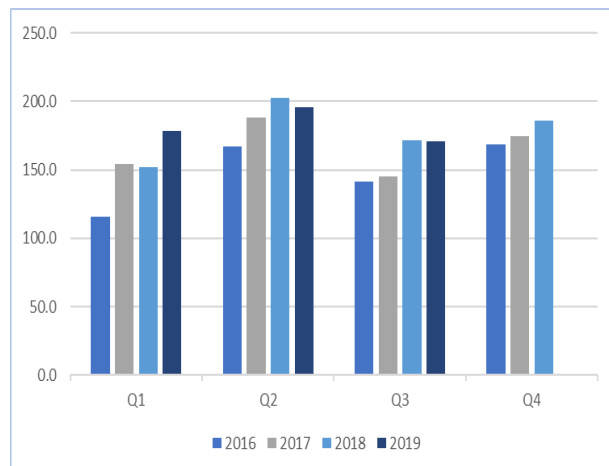
Consolidated Statement of Comprehensive Result

Amounts in SEK thousand	July - September		January - September	
	2019	2018	2019	2018
Net profit for the period	14,014	13,836	40,125	44,447
Other comprehensive result that may be reposted to net profit for the period				
Translation differences	6,368	-7,525	10,015	-1,027
Items that cannot be reposted to net profit for the period				
Total profit for the period	20,382	6,311	50,140	43,420
Total profit for the period attributable to:				
The Parent Company's equity holders	20,382	6,311	50,140	43,420

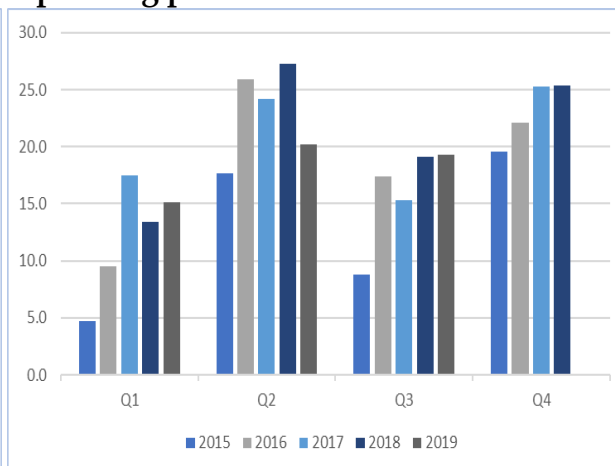
Quarterly Income Statements

Amount in MSEK)	2019				2018				2017				2016			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net revenue	178,1	195,8	170,8	152,0	202,6	171,7	185,7	154,1	188,5	144,9	175,0	116,1	167,4	141,1	168,3	
Raw materials, supplies and goods for resale	-103,9	-114,0	-94,4	-84,8	-113,4	-94,0	-103,8	-85,7	-108,6	-76,4	-93,9	-61,4	-94,5	-77,3	-91,1	
Gross profit	74,2	81,8	76,4	67,2	89,2	77,7	81,9	68,4	79,9	68,5	81,1	54,7	72,9	63,8	77,2	
Gross margin	41,7%	41,8%	44,7%	44,2%	44,0%	45,3%	44,1%	44,4%	42,4%	47,3%	46,3%	47,1%	43,5%	45,2%	45,9%	
Other income	2,5	0,7	1,2	1,7	1,4	2,0	4,2	1,7	1,6	0,5	2,3	0,9	1,2	1,2	2,3	
Operating costs	-55,8	-56,5	-51,8	-54,3	-61,3	-58,5	-58,2	-51,4	-55,7	-52,0	-56,3	-44,8	-47,2	-46,6	-56,2	
Depreciation, amortisation and impairment charges	-5,8	-5,8	-6,5	-1,2	-2,0	-2,1	-2,5	-1,2	-1,6	-1,7	-1,8	-1,3	-1,0	-1,0	-1,2	
Operating profit	15,1	20,2	19,3	13,4	27,3	19,1	25,4	17,5	24,2	15,3	25,3	9,5	25,9	17,4	22,1	
Operating margin	8,5%	10,3%	11,3%	8,8%	13,5%	11,1%	13,7%	11,4%	12,8%	10,5%	14,5%	8,2%	15,5%	12,3%	13,1%	
Operating profit per share	1,3	1,8	1,7	1,2	2,4	1,7	2,2	1,5	2,1	1,3	2,2	0,8	2,3	1,5	1,9	

Quarterly development of: Net revenue



Operating profit



KEY FINANCIAL INDICATORS	1 January – 30 September		1 January – 31 December				
	2019	2018	2018	2017	2016	2015	2014
Revenue growth, %	3,5	3,5	7,5	11,5	15,8	15,2	19,5
Operating margin, %	10,0	11,4	12,0	12,1	12,3	9,6	11,3
Profit margin, %	9,8	11,0	11,8	12,1	12,1	9,5	11,2
Average equity	183,0	152,8	167,3	145,9	125,6	113,8	104,6
Return on equity, %	21,9	29,1	42,3	44,6	44,8	34,3	39,9
Equity ratio, %	40,9	45,1	53,0	49,2	50,8	48,8	53,3
Interest-bearing net cash (liabilities -), MSEK*	-97,0	-11,7	-2,5	9,2	9,7	5,0	32,1
Earnings per share, SEK	3,52	3,90	6,20	5,70	4,93	3,42	3,66
Equity per share, SEK	16,25	13,31	15,85	13,50	12,08	9,94	10,02
Dividend per share, SEK	-	4,00	4,00	4,00	3,60	3,00	3,50
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	492	478	482	446	358	335	301

* Interest-bearing net cash (liabilities -), has been effected by 61 MSEK from introduction of IFRS 16

Consolidated Balance Sheet

Amounts in SEK thousand	2019-09	2018-09	2018-12	2017-12
Assets				
Intangible non-current assets	19,947	16,803	16,594	14,673
Other non-current assets	161,467	48,233	63,696	48,193
Inventories	123,089	104,996	107,934	110,017
Trade receivables	76,482	91,539	83,175	76,238
Other current assets	26,275	27,493	31,885	18,658
Cash and cash equivalents	45,817	47,722	37,935	44,837
Total assets	453,077	336,786	341,219	312,616
Equity and liabilities				
Equity	185,301	151,727	180,767	153,913
Long-term interest-bearing liabilities	77,943	-	-	-
Long-term non-interest-bearing liabilities	2,331	997	2,009	1,242
Current interest-bearing liabilities	64,866	59,409	40,457	35,677
Current non-interest-bearing liabilities	122,636	124,653	117,986	121,784
Total equity and liabilities	453,077	336,786	341,219	312,616

Changes in Consolidated Equity

2019

Amounts in SEK thousand	Share capital	Other contributed capital	Reserves	Retained earnings including net profit for the period	Total	Total equity
OPENING EQUITY 2019-01-01	2 850	43 231	-4 037	138 723	180 767	180 767
Net profit for the period				40 125	40 125	40 125
Other total profit						
Translation differences during the period			10 015		10 015	10 015
Transactions with shareholders						
Dividend				-45 606	-45 606	-45 606
CLOSING EQUITY 2019-09-30	2 850	43 231	5 978	133 242	185 301	185 301

2018

Amounts in SEK thousand

OPENING EQUITY 2018-01-01	2 850	43 231	-5 760	113 592	153 913	153 913
Net profit for the period				44 447	44 447	44 447
Other total profit						
Translation differences during the period			-1 027		-1 027	-1 027
Transactions with shareholders						
Dividend				-45 606	-45 606	-45 606
CLOSING EQUITY 2018-09-30	2 850	43 231	-6 787	112 433	151 727	151 727

Consolidated Cash Flow Statement

	July - September		January - September	
Amounts in SEK thousand	2019	2018	2019	2018
Operating activities				
Operating profit	19,302	19,094	54,608	59,797
<i>Adjustment for items not included in cash flow</i>				
Depreciation, amortisation and impairment charges	6,506	2,076	18,172	5,822
Profit/loss from sales of fixed assets	-	-236	-	-236
Other non cash generated items	-3,772	2,977	-12,318	-448
	22,036	23,911	60,462	64,935
Interest income	95	146	629	380
Interest expense	-283	-1,300	-611	-2,303
Paid taxes	-3,469	-2,565	-10,066	-8,685
Cash flow from operating activities before changes in working capital	18,379	20,192	50,414	54,327
Cash flow from changes in working capital				
Inventories	-4,997	-2,841	-8,228	4,851
Trade receivables	11,292	-16,414	15,270	-14,770
Other short-term receivables	2,572	3,703	5,611	-6,537
Trade payables	-4,068	10,025	-14,382	-1,285
Other liabilities	-99	-233	3,490	-3,000
Cash flow from operating activities	23,079	14,432	52,175	33,586
Investment activities				
Acquisition of intangible non-current assets	-1,317	-1,171	-4,488	-4,979
Acquisition of intangible non-current assets	-7,234	-1,158	-38,635	-1,683
Acquisition of financial non-current assets	-13	-	-32	-
Change in long-term receivable	-162	-2,246	-523	-2,821
Cash flow from investment activities	-8,726	-4,223	-43,678	-9,149
Financing activities				
Repayment/raising loans	-21,007	-12,238	42,223	23,487
Paid dividend	-	-	-45,606	-45,606
Cash flow from financing activities	-21,007	-12,238	-3,383	-22,119
Cash flow for the year	-6,654	-2,029	5,114	2,318
Cash and cash equivalents at beginning of period	50,921	51,441	37,935	44,837
Translation difference in cash and cash equivalents	1,550	-1,690	2,768	567
Cash and cash equivalents at end of period	45,817	47,722	45,817	47,722

Parent Company Income Statement

Amounts in SEK thousand	3 months		9 months	
	July - September		January - September	
	2019	2018	2019	2018
Net revenue	6,214	5,403	19,152	16,383
Other operating income	1,935	2,051	5,844	6,089
Total revenue	8,149	7,454	24,996	22,472
Other external costs	-2,734	-2,467	-7,821	-7,828
Personnel costs	-2,714	-3,939	-13,253	-14,480
Depreciation, amortisation and impairment charges	-439	-444	-1,318	-1,021
Operating profit	2,262	604	2,604	-857
Net finance items	35,565	8,240	72,859	10,921
Profit after finance items	37,827	8,844	75,463	10,064
Taxes	-44	-22	-78	-356
Net profit for the period	37,783	8,822	75,385	9,708

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

Parent Company Balance Sheet

Amounts in SEK thousand	2019-06	2018-09	2018-12	2017-12
Assets				
Intangible non-current assets	16,436	11,146	12,892	8,857
Tangible non-current assets	1,280	1632	1,560	1940
Financial non-current assets	124,996	119,815	124,031	98,904
Short-term receivables	110,325	86,269	107,492	97,213
Cash and cash equivalents	-	-	-	-
Total assets	253,037	218,862	245,975	206,914
Equity and liabilities				
Equity	117,973	41,093	88,196	76,993
Untaxed reserves	4,186	2,186	4,196	2,186
Current liabilities	130,878	175,583	153,583	127,735
Total equity and liabilities	253,037	218,862	245,975	206,914

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.

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.

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

2. Information by geographic area
Primary segment – Geographic area

Period January - September 2019	Nordic region	Other Europe	Asia	Intra Group	Total
<i>Revenue</i>					
External revenue	43,616	161,225	339,865	-	544,706
Total revenue	43,616	161,225	339,865	0	544,706
<i>Profit</i>					
Operating profit	6,193	12,355	32,654	3,406	54,608
Interest income				629	629
Interest expense				-2,010	-2,010
Taxes on the on the period's profit				-13,102	-13,102
Net profit for the period	6,193	12,355	32,654	-11,077	40,125
Period January - September 2018					
<i>Revenue</i>					
External revenue	63,854	157,278	305,173	-	526,305
Total revenue	63,854	157,278	305,173	0	526,305
<i>Profit</i>					
Operating profit	7,357	24,590	28,707	-857	59,797
Interest income				380	380
Interest expense				-2,303	-2,303
Taxes on the profit for the year				-13,427	-13,427
Net profit for the year	7,357	24,590	28,707	-16,207	44,447

3. IFRS 16 Leasing

IFRS 16 Leases

Report of financial position	30/Jun/19	Of which effect of IFRS 16	30 June 2019 not incl. effect of IFRS 16
Other non-current assets	161,467	61,508	99,959
Other current assets	26,275	-1,419	27,694
Equity (profit for the year)	185,301	-443	185,744
Long-term interest-bearing liabilities	77,943	45,332	32,611
Short-term interest-bearing liabilities	64,866	15,200	49,666

Report of effects on profit	Jan-March 2019	Of which effect of IFRS 16	Jan-June 2019 not incl. effect of IFRS 16
Other external cost	-47,211	12,373	-59,584
Depreciation, amortisation and impairment	-18,172	-11,486	-6,686
Net finance items	-1,381	-1,454	73
Taxes	-13,102	124	-13,226
Total	-79,866	-443	-79,423

Key financial indicators	Jan-March 2019	Of which effect of IFRS 16	Jan-March 2019 not incl. effect of IFRS 16
Operating margin	10.0%	0.2%	9.9%
Net cash and cash equivalents (liabilities -), MSEK	-97.0	-60.5	-36.5
Equity ratio, %	40.9%	-6.3%	47.2%

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 trade marks 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.