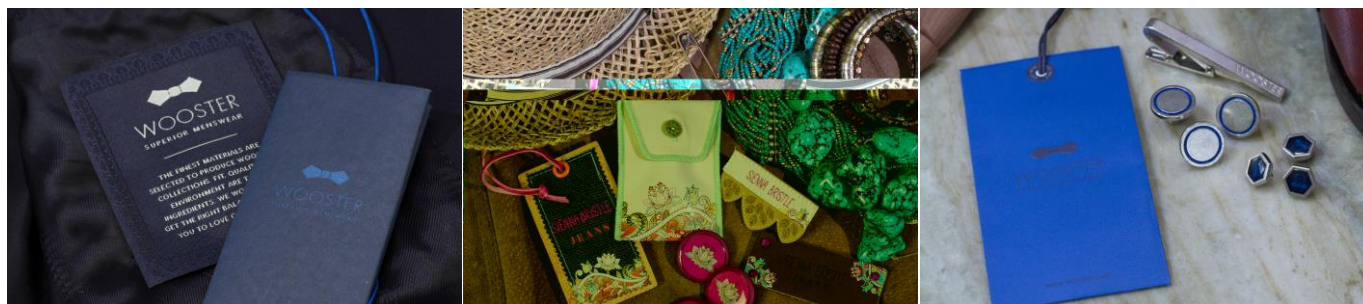


Interim Report for Nilörngruppen AB (publ) Q1, January – March 2017



Period January - March

- Order bookings increased by 35 percent to MSEK 201 (149).
- Revenue increased by 33 percent to MSEK 159 (120).
- Operating profit amounted to MSEK 17.5 (9.5).
- Profit for the period amounted to MSEK 13.2 (7.3).
- Earnings per share amounted to SEK 1.16 (0.64).
- Cash flow from operating activities amounted to MSEK -1.8 (-5.4).

Important events during the quarter

- Robust beginning of the year in terms of revenue and profit, but also against the background of higher order bookings.
- Revenue and the gross profit margin were affected by major orders.

Significant events after the end of the period under review

- The factory in Bangladesh will start operations in the beginning of the second quarter.
- On 19 April Nilörn Denmark A/S acquired the assets of HC Etikett A/S with estimated annual revenue of MDKK 10-12.

President's statement

The year began on a strong note on Nilörn's main markets, England, Scandinavia and Germany, and the positive trend during the latter part of last year was further intensified.

Order bookings increased by 35 percent relative to the corresponding year-ago period and we continue to gain market shares by way of new customers, at the same time as our sales to existing customers were stronger than expected.

The slightly lower gross profit margin is explained mainly by a larger proportion of packaging, a product group with lower margins, and the fact that we in certain cases have accepted lower margins in order to close transactions with some major customers.

Again we have demonstrated that Nilörn's offer is well received in the market even though we face stiff competition and this makes us grow faster than the market as a whole.

One of our success factors is that major companies in the textile and fashion industry are aware of the importance of having a distinct labelling profile and particularly give priority to rational solutions that save time and resources in their organisations.

Our factory in Bangladesh is now up and running and we are now looking forward to offer local production with higher quality and guaranteed durability.

My assessment is the prerequisites are good for a continued positive development during the year. The entire organisation is poised to continue to gain market shares with stable profitability.

Claes af Wetterstedt

Period January - March

Order bookings

Order bookings during the first quarter of the year increased by 35 percent compared to the corresponding year-ago period and amounted to MSEK 201 (149). The strong order booking numbers augurs well for a continued positive development.

Net revenue and profit

Net revenue increased by 33 percent to MSEK 159 (120). The gross margin was 46.2 (48.7) percent. The increase in sales is attributable primarily to the Nordic and English markets, but also to German market. We believe that the fact that Easter this year fell in the second quarter had a positive effect. The gross profit margin was affected by a major order for packaging with lower margin.

External costs increased to MSEK 23.3 (19.4) and personnel costs increased to MSEK 32.1 (28.5). The increase is a consequence of higher sales and to ensure a continued level of service to our customers. The Group also continues to invest in durability, which is appreciated by the customers.

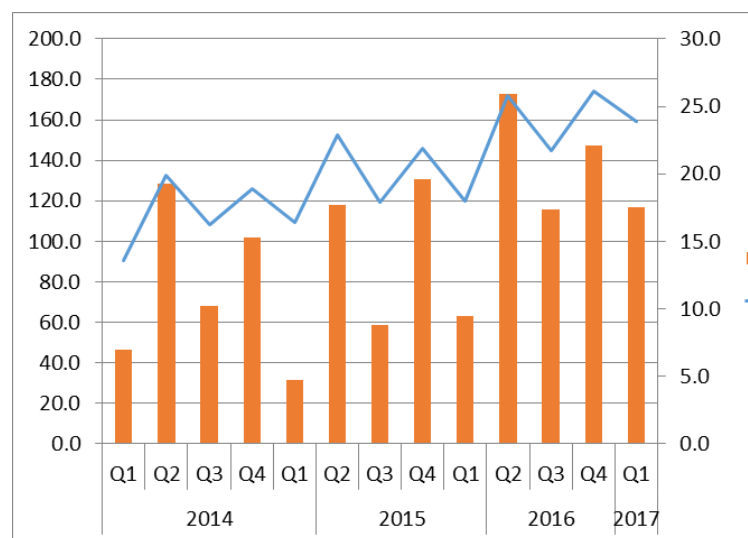
Operating profit amounted to MSEK 17.5 (9.5), which gives an operating margin of 11.0 (7.9) percent.

Taxes paid amounted to MSEK 4.1 (2.2) and profit after taxes amounted to MSEK 13.2 (7.3).

Cash flow, capital expenditures, financing and liquidity

Cash flow from operating activities amounted to MSEK -1.8 (-5.4).

Cash flow from investment activities amounted to MSEK -8.5 (-6.8), mainly explained by investment in a new enterprise system and the factory in Bangladesh. The net liability at the end of the period amounted to MSEK 1.1 (7.8).



Personnel

The average number of employees in the Group was 404 (358), 188 (173) of whom were women (compared to the situation at year-end).

Transactions with closely related parties

No transactions between Nilörngruppen and related parties that have significantly affected the Group or the Parent Company's earnings and financial position have taken place during the period. The company's debt of SEK 2.8 million to Traction Group has been repaid during the period, resulting in a positive result of SEK 0.3 million. In addition, there has been traditional intra-group transactions within the Nilörng Group. The Parent Company's transactions with subsidiaries relate 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 19 (18).

Net revenue for the period amounted to MSEK 4.6 (3.5). The operating result was MSEK -0.3 (-1.6) and the result after taxes was MSEK -0.6 (-1.5).

Significant events after the period under review

- The plant in Bangladesh started operations in the beginning of the second quarter.
- On 19 April Nilörn Denmark A/S acquired the assets of HC Etikett A/S consisting of inventory in an approximate amount of MDKK 4 and estimated revenue of MDKK 10-15. The purchase price is provisionally estimated at MDKK 6.5.

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 described in Nilörngruppen's 2015 Annual Report, note 2. The risks reported are deemed to be essentially unchanged.

Audit review

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

Calendar

- 22 August 2017 Interim Report Q2
- 17 October 2017 Interim Report Q3
- 16 February 2018 Year-end Report
- 16 May 2018 Interim Report Q1

This information is information that Nilörngruppen is under obligation to publish in accordance with the EU Market Abuse Regulation. Securities Markets Act. The information herein was provided by the contact person named below for publication at 3:00 p.m., 3 May 2017.

The President hereby confirms that this year-end 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, 3 May 2017

Nilörngruppen AB (publ)

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Summary Financial Reports

Consolidated Income Statement

Amounts in SEK thousand	3 months		12 months	
	October - December		January - December	
	2017	2016	2016	2015
Net revenue	159 279	119 748	610 477	527 159
Raw materials, supplies and goods for resale	-85 713	-61 481	-324 372	-277 756
Gross profit	73 566	58 267	286 105	249 403
Other operating revenue	1 746	935	5 616	6 589
Other external costs	-23 333	-19 379	-84 500	-81 582
Personnel costs	-32 096	-28 537	-123 714	-113 112
Depreciation, amortisation and impairment charges	-1 206	-1 331	-4 622	-4 119
Other operating costs	-1 130	-437	-3 873	-6 353
Operating profit	17 547	9 518	75 012	50 826
Net finance items	-180	-94	-1 073	-763
Profit before taxes	17 367	9 424	73 939	50 063
Taxes	-4 139	-2 160	-17 717	-11 030
Net profit for the period	13 228	7 264	56 222	39 033
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	1.16	0.64	4.93	3.42
Earnings per share, SEK after dilution	1.16	0.64	4.93	3.42

Consolidated Statement of Comprehensive Result

Amounts in SEK thousand	Januari - mars		January - December	
	2017	2016	2016	2015
Net profit for the period	13 228	7 264	56 222	39 033
Other comprehensive result that may be reposted to net profit for the period				
Translation differences	-1 548	-1 759	2 660	-71
Items that cannot be reposted to net profit for the period				
Revaluation of defined benefit pension scheme			-222	-
Total profit for the period	11 680	5 505	58,660	38,962
Total profit for the period attributable to:				
The Parent Company's equity holders	11 680	5 505	58 660	38 962

Quarterly Income Statements

Amount in MSEK)	2017	2016				2015				2014				2013			
	Q1	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net revenue	119.7	119.7	171.9	144.6	174.2	109.4	152.6	119.2	145.9	90.6	132.6	108.2	126.1	74.6	109.8	88.5	109.9
Raw materials, supplies and goods for resale	-85.7	-61.4	-94.5	-77.3	-91.1	-58.2	-81.6	-62.2	-76.8	-46.8	-70.6	-55.7	-65.7	-37.0	-57.2	-46.2	-54.9
Gross profit	73.6	58.3	77.4	67.3	83.1	51.2	71.0	57.0	69.1	43.8	62.0	52.5	60.4	37.6	52.6	42.3	55.0
Gross margin	46.2%	48.7%	45.0%	46.5%	47.7%	46.8%	46.5%	47.8%	47.4%	48.3%	46.8%	48.5%	47.9%	50.4%	47.9%	47.8%	50.0%
Other income	1.7	0.9	1.2	1.2	2.3	1.2	1.4	2.6	1.3	0.5	0.7	0.9	1.6	0.4	0.8	0.6	1.2
Operating costs	-56.6	-48.4	-51.7	-50.1	-62.1	-46.8	-53.7	-49.8	-49.5	-36.8	-42.8	-42.5	-45.9	-32.1	-37.7	-35.4	-39.6
Depreciation, amortisation and impairment charges	-1.2	-1.3	-1.0	-1.0	-1.2	-0.9	-1.0	-1.0	-1.3	-0.5	-0.6	-0.7	-0.8	-0.5	-0.5	-0.5	-0.5
Operating profit	17.5	9.5	25.9	17.4	22.1	4.7	17.7	8.8	19.6	7.0	19.3	10.2	15.3	5.4	15.2	7.0	16.1
Operating margin	11.0%	7.9%	15.1%	12.0%	12.7%	4.3%	11.6%	7.4%	13.4%	7.7%	14.6%	9.4%	12.1%	7.2%	13.8%	7.9%	14.6%
Operating profit per share	1.5	0.8	2.3	1.5	1.9	0.4	1.6	0.8	1.7	0.6	1.7	0.9	1.3	0.5	1.3	0.6	1.4

Consolidated Balance Sheet

Amounts in SEK thousand	2017-03	2016-03	2016-12	2015-12
Assets				
Intangible non-current assets	5 815	537	2 886	590
Other non-current assets	50 439	44 274	46 642	38 796
Inventories	92 989	81 384	88 891	80 068
Trade receivables	89 949	58 203	73 370	58 640
Other current assets	30 051	24 201	24 282	22 722
Cash and cash equivalents	42 828	17 793	35 210	31 548
Total assets	312 071	226 392	271 281	232 364
Equity and liabilities				
Equity	149 471	118 842	137 791	113 337
Long-term non-interest-bearing liabilities	2 150	5 027	5 035	4 970
Current interest-bearing liabilities	43 906	25 573	25 500	26 512
Current non-interest-bearing liabilities	116 544	76 950	102 955	87 545
Total equity and liabilities	312 071	226 392	271 281	232 364

Changes in Consolidated Equity

2017	Share capital	Other contributed capital	Reserves	Retained earnings including net profit for the period	Total	Total equity
Amounts in SEK thousand						
OPENING EQUITY 2017-01-01	2 850	43 231	2 072	89 638	137 791	137 791
Translation differences during the period			-1 548		-1 548	-1 548
Revaluation of pension scheme						
Net profit for the period				13 228	13 228	13 228
Dividend					0	0
CLOSING EQUITY 2017-03-31	2 850	43 231	524	102 866	149 471	149 471

2016	Share capital	Other contributed capital	Reserves	Retained earnings including net profit for the period	Total	Total equity
Amounts in SEK thousand						
OPENING EQUITY 2016-01-01	2 850	43 231	-588	67 844	113 337	113 337
Translation differences during the period			-1 759		-1 759	-1 759
Net profit for the period				7 264	7 264	7 264
Dividend					0	0
CLOSING EQUITY 2016-03-31	2 850	43 231	-2 347	75 108	118 842	118 842

Consolidated Cash Flow Statement

Amounts in SEK thousand	Januari - mars		January - December	
	2017	2016	2016	2015
Operating activities				
Operating profit	17 547	9 518	75 012	31 217
<i>Adjustment for items not included in cash flow</i>				
Depreciation, amortisation and impairment charges	1 206	1 331	4 622	3 003
	18 753	10 849	79 672	34 220
Interest income	132	101	347	192
Interest expense	-312	-195	-1 420	-786
Paid taxes	-6	-2 344	-17 563	-10 435
Cash flow from operating activities before changes in	18 567	8 411	61 036	23 191
Cash flow from changes in working capital				
Inventories	-5 664	-2 364	-5 529	-2 601
Trade receivables	-18 454	-272	-12 136	-164
Other short-term receivables	-9 887	-1 298	1 253	-492
Trade payables	7 435	-7 200	3 819	-6 824
Other liabilities	6 190	-2 692	6 071	966
Cash flow from operating activities	-1 813	-5 415	54 514	14 076
Investment activities				
Acquisition of intangible non-current assets	-2 999	-	-2 526	-565
Acquisition of intangible non-current assets	-5 366	-7 119	-15 264	-18 245
Acquisition of financial non-current assets	2	31	53	-24
Change in long-term receivable	-152	332	-13	-358
Cash flow from investment activities	-8 515	-6 756	-17 397	-19 192
Financing activities				
Repayment/raising loans	18 406	-938	-1 012	34 253
Paid dividend	-	-	-	-
Cash flow from financing activities	18 406	-938	-35 218	-5 654
Cash flow for the year	8 078	-13 109	1 899	-10 770
Cash and cash equivalents at beginning of period	35 210	31 548	31 548	38 584
Translation difference in cash and cash equivalents	-460	-646	1 763	980
Cash and cash equivalents at end of period	42 828	17 793	35 210	28 794

Parent Company Income Statement

Amounts in SEK thousand	January - March		January - December	
	2017	2016	2016	2015
Net revenue	4 570	3 503	16 397	12 863
Other operating income	1 666	1 141	5 854	5 651
Total revenue	6 236	4 644	22 251	18 514
Other external costs	-1 862	-1 957	-7 492	-9 594
Personnel costs	-4 569	-4 128	-18 512	-16 033
Depreciation, amortisation and impairment charges	-145	-135	-536	-510
Operating profit	-340	-1 576	-4 289	-7 623
Net finance items	-223	134	25 875	48 868
Profit after finance items	-563	-1 442	21 586	41 245
Year-end appropriations			2 384	8 783
Taxes	-23	-28	302	-625
Net profit for the period	-586	-1 470	24 272	49 403

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

Parent Company Balance Sheet

Amounts in SEK thousand	2017-03	2016-03	2016-12	2015-12
Assets				
Intangible non-current assets	5 682	518	2 769	565
Tangible non-current assets	1 283	1 117	1 244	1 193
Financial non-current assets	99 673	95 454	99 580	95 446
Short-term receivables	60 389	50 415	56 784	42 389
Cash and cash equivalents	3	576	186	1 426
Total assets	167 030	148 080	160 563	141 019
Equity and liabilities				
Equity	66 199	75 248	66 784	76 718
Untaxed reserves	5 186	7 086	5 186	7 086
Long-term liabilities		2 818	2 818	2 818
Current liabilities	95 645	62 928	85 775	54 397
Total equity and liabilities	167 030	148 080	160 563	141 019

Notes

1. Accounting policies

As was the case with the Annual Accounts for 2015, the Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by EU, the Swedish Securities Market Act, and the provisions of RFR 2.2, Accounting for legal entities.

The quarterly report is prepared in accordance with IAS 34 and the Swedish Securities Market Act.

New or revised IFRS rules that came into force in 2016 have had no significant effect on the Group.

2. Information by geographic area

Period January - March 2017	Nordic region	Other Europe	Asia	Intra Group	Total
<i>Revenue</i>					
External revenue	16 480	46 063	96 736	-	159 279
Total revenue	16 480	46 063	96 736	0	159 279
<i>Profit</i>					
Operating profit	2 929	7 354	7 607	-343	17 547
Interest income				132	132
Interest expense				-312	-312
Taxes on the on the period's profit				-4 139	-4 139
Net profit for the period	2 929	7 354	7 607	-4 662	13 228
Period January - March 2016					
<i>Revenue</i>					
External revenue	14 583	40 592	64 573	-	119 748
Total revenue	14 583	40 592	64 573	0	119 748
<i>Profit</i>					
Operating profit	2 554	5 074	3 468	-1 578	9 518
Interest income				101	101
Interest expense				-195	-195
Taxes on the profit for the year				-2 160	-2 160
Net profit for the year	2 554	5 074	3 468	-3 832	7 264

Definitions

Equity per share. Equity divided by the number of shares outstanding.

Average equity. Equity at the beginning of the year plus equity at year-end divided by two.

Cash flow per share. Cash flow from operating activities divided by the number of shares outstanding.

Interest-bearing net liability/cash and cash equivalents. Interest-bearing liabilities less cash and cash equivalents and interest-bearing receivables.

Net debt equity ratio. Interest-bearing net liabilities divided by equity.

Return on equity. Net profit for the year according to the income statement in percent of average equity.

Return on capital employed. Profit before taxes plus

financial expense in percent of average capital employed.

Operating margin. Operating profit in percent of net revenue.

Equity ratio. Equity in percent of total assets.

Capital employed. The balance sheet total less non-interest-bearing liabilities including deferred tax liabilities.

Average capital employed. Capital employed at beginning of year plus capital employed at year-end divided by two.

Earnings per share. Profit for the year divided by the weighted average number of shares outstanding.

Profit margin. Profit before taxes in percent of the period's net revenue.

Revenue growth. Current period's revenue in percent of revenue for the prior period.

KEY Numbers	1 January -31 March		1 January – 31 December				
	2017	2016	2016	2015	2014	2013	2012
Revenue growth, %	33.0	15.0	15.8	15.2	19.5	15.9	2.9
Operating margin, %	11.0	7.9	12.3	9.6	11.3	11.4	10
Profit margin, %	10.9	7.9	12.1	9.5	11.2	11.5	10
Average equity	143.6	116.1	125.6	113.8	104.6	90.7	92.6
Return on equity, %	9.2	6.3	44.8	34.3	39.9	38.2	27
Equity ratio, %	47.9	52.5	50.8	48.8	53.3	55.5	55.8
Interest-bearing net cash and cash equivalents (liabilities –), MSEK	-1.1	-7.8	9.7	5	32.1	36.6	28.3
Earnings per share, SEK	1.16	0.64	4.93	3.42	3.66	3.04	2.37
Equity per share, SEK	13.11	10.42	12.08	9.94	10.0225	8.325	7.58
Dividend per share, SEK	-	-	3.6	3	3.5	3	2.25
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	404	335	358	335	301	268	246

*Dividend proposed by the Board of Directors for the 2016 financial year.

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.