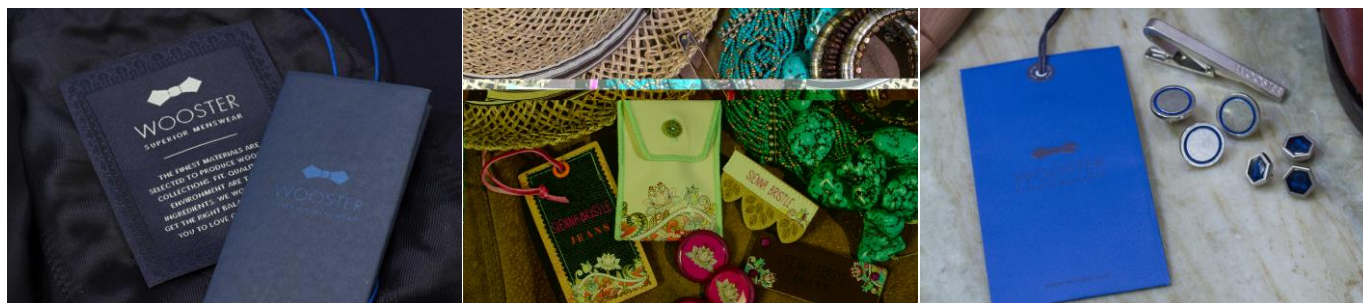


## Interim report Nilörngruppen AB (publ) Q1, January – March 2020



### Period January – March

- Order bookings increased by 7 percent to MSEK 203 (195).
- However, the current order backlog is not expected to generate equivalent sales since several orders most likely will be cancelled or moved forward because of COVID-19.
- Revenue expressed in SEK decreased by 13 percent to MSEK 155 (178).
- Revenue adjusted for currency effects amounted to MSEK 150 (178), i.e. an underlying organic decrease by 16 percent.
- The operating profit amounted to MSEK 11.8 (15.1), adjusted for termination costs for the CEO of MSEK 2.8.
- The operating profit, including termination costs, amounted to MSEK 9.0 (15.1).
- Profit for the period amounted to MSEK 5.8 (11.0).
- Earnings per share amounted to SEK 0.51 (0.97).

### Significant events during the quarter

- Revenue was negatively affected during the quarter by the Chinese New Year, which this year fell at the beginning of February and which was succeeded by the COVID-19 pandemic which virtually closed China.
- Deliveries from and to customers in China were resumed at the end of March.
- At the end of March all of Bangladesh, India and Pakistan were closed due to COVID-19.
- Accounting in accordance with IFRS 16 affected the balance sheet total and interest-bearing liabilities by MSEK 54. Refer to Note 3 for a detailed description of its effects.
- On March 4 CEO, Claes af Wetterstedt, resigned at his own request and Krister Magnuson (CFO for 12 years back) assumed the position as acting CEO.
- Termination costs amounting to MSEK 2.8 in connection with the termination of the CEO were charged to the quarter.
- Nilorn has and will use the temporarily redundancy funded by governments and re-negotiate agreements where possible to minimize the fixed costs.

### Effects attributable to the COVID-19 pandemic

- The effects of the COVID-19 pandemic will have considerable impact on the demand for the Company's products.
- It is very difficult to judge if this major impact is of a short-term nature, i.e. a number of months of the effect, or if the effect will be of a more long-term nature.
- We monitor the development closely and take continuous measures to limit the adverse effects on the company.

### Events after the balance sheet date

- The Board of Directors proposes no dividend for the 2019 financial year.



## CEO STATEMENT

Dear shareholders,

It is, to say the least, a tumultuous period with the COVID-19 pandemic and change of CEO. Sales were negatively affected during the quarter attributable to the Chinese New Year, which this year fell at the beginning of February and which succeeded by Covid-19 when China was closed. Hong Kong and China accounts for approximately 55 percent of consolidated sales. Deliveries from suppliers and to customers in China resumed at the end of March.

At the end of March all of Bangladesh, India and Pakistan were closed because of COVID-19 and deliveries to and from our English operations have ceased. Deliveries to and from our warehouse operations in Turkey and Europe are still ongoing, albeit to a lesser extent.

The effects of the COVID-19 pandemic will have a major effect on demand for the Company's products. It is very difficult to estimate the magnitude of the impact, or if the impact will be of a more long-term nature. We monitor the development closely and take continuous measures to limit the adverse effects on the company.

Claes (former CEO) and I (former CFO) have worked as a "radar team" over the past 11 years, so even if it was a brief handover because I knew the business well I could take over the role of CEO. I know the business well and will continue on with the recipe for

success we created. Of course, right now is a troubled and uncertain time because of the Covid-19, but in my judgement Nilörn will be stronger than its competitors once we get through this.

At the beginning of the year, we completed the investments in our Bangladesh factory that we started last year. The only capital investment now is the planned continued implementation of the enterprise system. We expect all countries to be covered in 2021.

The Board of Directors has decided to cancel the dividend so as to make Nilörn even better prepared and we are now working intensively to adapt all costs.

Despite COVID-19 and its effects, we have signed up with a number of large customers in Italy, France and in Sweden. This bodes well for the future. 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 January – March

### Order bookings

Order bookings increased by 7 percent to MSEK 203 (195) and is attributable to a major packaging order that was lost during the preceding year and which now has come back. However, we are not expecting that our current order backlog will materialize since several orders are expected to be cancelled or delayed due to the effects of COVID-19.

### Net revenue

Revenue in SEK declined by 13 percent to MSEK 155 (178). Revenue was negatively affected by the Chinese New Year in the beginning of February and which was immediately followed by the COVID-19 pandemic which closed down China. Hong Kong and China account for approximately 55 percent of consolidated revenue, which means that its effect was substantial. Deliveries from suppliers and to customers in China were resumed at the end of March. At the same time all of Bangladesh, India and Pakistan have been closed due to COVID-19 and deliveries to and from the English operations ceased during the latter part of March. Deliveries to and from our warehouse operations in Turkey and Europe are still ongoing, albeit to a lesser extent.

Revenue adjusted for currency effects amounted to MSEK 150 (178), i.e. an underlying organic reduction by 16 percent. HKD strengthened by 6 percent against SEK relative to the corresponding period a year ago. At the same time TRY has weakened by 7 percent against SEK, but the impact thereof is limited due to a lower level of revenue in Turkey.

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 46.8 (41.7) percent.

### Costs and depreciation

The external costs amounted to MSEK 14.9 (14.6). Personnel costs increased to MSEK 42.6 (39.2) and were negatively affected by MSEK 2.8 attributable to the termination of the CEO.

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 9.0 (15.1), which makes for an operating margin of 5.7 (8.5) percent. Adjusted for costs in connection with the termination of the CEO, the operating result amounted to MSEK 11.8 (15.1) and the operating margin was 7.5 (8.5) percent.

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

Net finance items amounted to MSEK -0.9 (-0.8). Taxes amounted to MSEK 2.3 (3.3), which gives an average tax rate of 27.8 (23) percent for the period. The higher tax rate is due to relatively higher revenue in high-tax countries and a loss in,

among other countries, Belgium where we have refrained from capitalising the tax-loss carryforwards further. However, the tax rate is expected to come down during the year. The period's result amounted to MSEK 5.8 (11.0) and earnings per share amounted to SEK 0.51 (0.97).

### Segments

As shown in the segment accounting in Note 2 there is even distribution between the different units in terms of profit and loss of revenue.

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

Cash flow from operating activities amounted to MSEK 4.3 (24.4).

Cash flow from investment activities amounted to MSEK -6.4 (-7.9) where MSEK -1.0 is attributable to investment in a new enterprise system and the approximate amount of MSEK 4.5 attributable to completing the investment in Bangladesh.

Net liabilities at the end of the period amounted to MSEK 88.7 of which the transition to the new leasing standard, IFRS 16, has increased liabilities by MSEK 54.4. Comparable figures not including rebooking according to IFRS 16 is a net liability (net cash and cash equivalents of MSEK -34.3 (15.4)). The change in net liability relative to the year before is primarily attributable to the investment during 2019 in buildings in England and Sweden and production capacity in Bangladesh.

### Equity

Consolidated equity amounts to MSEK 198.9, for an increase since the beginning of the year by MSEK 12.2. The increase is attributable to the profit in the amount of MSEK 5.8 and the period's translation difference of MSEK 6.4. The translation difference is the net effect of conversion of equity in the non-Swedish subsidiaries to SEK and has been positively affected by a weakening of the Swedish krona.

### Personnel

The average number of employees in the Group was 501 (496), of whom 224 (216) were women. Of the total number of employees 252 persons or 51 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 4.7 (6.2). The operating result was MSEK -3.5 (-0.5) and profit after taxes was MSEK 50.0 (-0.7).

### **Significant events after the balance sheet date**

The Board of Directors has decided that previously to the 2020 Annual General Meeting proposed dividend in the amount of SEK 2.50 per share be revoked and instead suggests that no dividend be paid for 2019.

### **Risks and uncertainty factors**

Given its international operations, Nilörngruppen is always subject to a variety of financial risks. The significant risks and uncertainty factors facing Nilörngruppen are currency risks, political risks in individual countries, credit risks and IT security as described in Nilörngruppen's 2018 Annual Report, Note 2. 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 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.

### **Annual General Meeting**

The Annual General Meeting is expected to be held as previously announced on Tuesday, 14 May 2020, at 5.00 p.m. at Nilörngruppen's head office in Borås. No food will be served this year due to COVID-19 and if more than 10 attend the Annual General Meeting it will be held outdoors. The Annual Report will be available on the Company's website no later than three weeks before the Meeting.

### **Review**

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

### **Calendar**

- 17 July 2020 Interim Report Q2
- 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., 7 April 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, 7 April 2020  
NILÖRNGRUPPEN AB (PUBL)

Krister Magnusson  
CEO

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[www.nilorn.com](http://www.nilorn.com)

## Summary financial reports

### Consolidated Income Statement

Amounts in SEK thousand	3 months		12 months	
	January – March		January – December	
	2020	2019	2019	2018
Net revenue	155,472	178,135	715,354	712,020
Raw materials, supplies and goods for resale	-82,783	-103,933	-407,623	-396,033
<b>Gross profit</b>	<b>72,689</b>	<b>74,202</b>	<b>307,731</b>	<b>315,987</b>
Other operating revenue	1,550	2,505	5,114	9,259
Other external costs	-14,935	-14,568	-65,157	-82,178
Personnel costs	-42,596	-39,226	-153,753	-144,770
Depreciation, amortisation and impairment charges	-6,709	-5,817	-24,600	-8,362
Other operating costs	-1,016	-1,996	-3,162	-4,699
<b>Operating profit</b>	<b>8,984</b>	<b>15,100</b>	<b>66,173</b>	<b>85,237</b>
Net finance items	-887	-767	-3,091	-1,391
<b>Profit before taxes</b>	<b>8,097</b>	<b>14,333</b>	<b>63,082</b>	<b>83,846</b>
Taxes	-2,250	-3,296	-15,840	-13,122
<b>Net profit for the period</b>	<b>5,847</b>	<b>11,037</b>	<b>47,242</b>	<b>70,724</b>
Average number of shares outstanding (thousands)	11,402	11,402	11,402	11,402
Average number of shares outstanding after dilution (thousands)	11,402	11,402	11,402	11,402
<b>Earnings per share, SEK</b>	<b>0.51</b>	<b>0.97</b>	<b>4.14</b>	<b>6.20</b>
<b>Earnings per share, SEK after dilution</b>	<b>0.51</b>	<b>0.97</b>	<b>4.14</b>	<b>6.20</b>

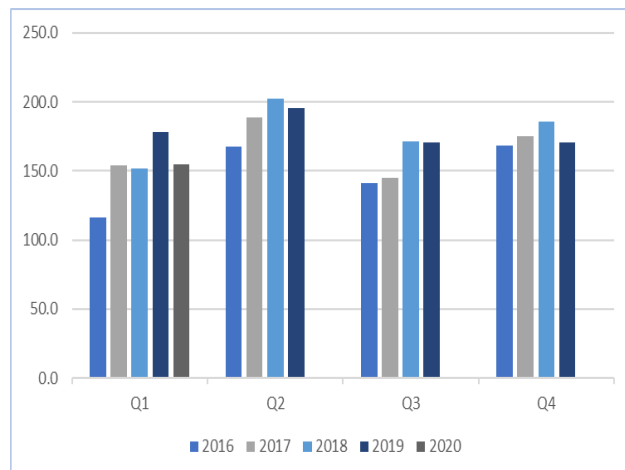
### Consolidated Statement of Comprehensive Result

Amounts in SEK thousand	January – March		January – December	
	2020	2019	2019	2018
<b>Net profit for the period</b>	<b>5,847</b>	<b>11,037</b>	<b>47,242</b>	<b>70,724</b>
Other comprehensive result that may be reposted to net profit for the period				
Translation differences	6,373	4,599	6,373	1,723
<b>Items that cannot be reposted to net profit for the period</b>				
Revaluation of defined benefit pension scheme	-	-	-	13
<b>Total profit for the period</b>	<b>12,220</b>	<b>15,636</b>	<b>53,615</b>	<b>72,460</b>
Total profit for the period attributable to:				
The Parent Company's equity holders	12,220	15,636	53,615	72,460

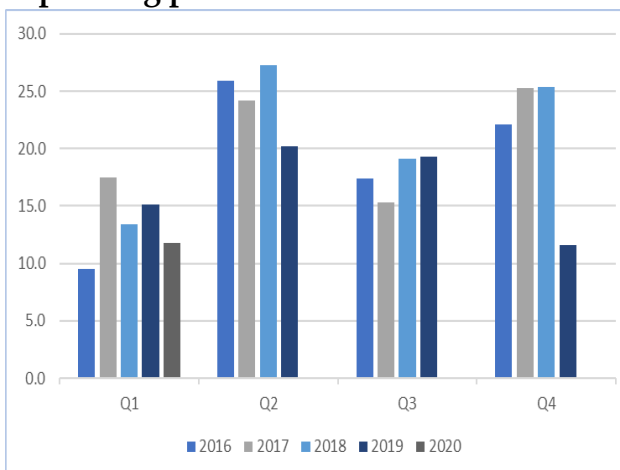
### Quarterly Income Statements

Amount in MSEK)	2019					2018				2017			
	Q1	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net revenue	155.5	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	-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	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%	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	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	-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	-5.8	-5.8	-6.5	-6.4	-1.2	-2.0	-2.1	-2.5	-1.2	-1.6	-1.7	-1.8
<b>Operating profit</b>	<b>9.0</b>	<b>15.1</b>	<b>20.2</b>	<b>19.3</b>	<b>11.6</b>	<b>13.4</b>	<b>27.3</b>	<b>19.1</b>	<b>25.4</b>	<b>17.5</b>	<b>24.2</b>	<b>15.3</b>	<b>25.3</b>
<b>Operating margin</b>	<b>5.8%</b>	<b>8.5%</b>	<b>10.3%</b>	<b>11.3%</b>	<b>6.8%</b>	<b>8.8%</b>	<b>13.5%</b>	<b>11.1%</b>	<b>13.7%</b>	<b>11.4%</b>	<b>12.8%</b>	<b>10.5%</b>	<b>14.5%</b>
<b>Operating profit per share</b>	<b>0.8</b>	<b>1.3</b>	<b>1.8</b>	<b>1.7</b>	<b>1.0</b>	<b>1.2</b>	<b>2.4</b>	<b>1.7</b>	<b>2.2</b>	<b>1.5</b>	<b>2.1</b>	<b>1.3</b>	<b>2.2</b>

## Quarterly development of: Net revenue



## Operating profit



KEY FINANCIAL INDICATORS	1 January – 31 March		1 January – 31 December				
	2020	2019	2019	2018	2017	2016	2015
Revenue growth, %	0.5	17.2	0.5	7.5	11.5	15.8	15.2
Operating margin, %	9.3	8.5	9.3	12.0	12.1	12.3	9.6
Profit margin, %	8.8	8.0	8.8	11.8	12.1	12.1	9.5
Average equity	192.8	188.6	183.7	167.3	145.9	125.6	113.8
Return on equity, %	24.5	5.9	25.7	42.3	44.6	44.8	34.3
Equity ratio, %	41.6	46.5	45.3	53.0	49.2	50.8	48.8
Interest-bearing net cash (liabilities -), MSEK*	-88.7	-46.1	-89.6	-2.5	9.2	9.7	5
Earnings per share, SEK	4.14	15.43	4.14	6.20	5.70	4.93	3.42
Equity per share, SEK	17.45	0.97	16.37	15.85	13.50	12.08	9.94
Dividend per share, SEK	-	17.23	-	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	501	496	494	482	446	358	335

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

## Consolidated Balance Sheet

Amounts in SEK thousand	2020-03	2019-03	2019-12	2018-12
<b>Assets</b>				
Intangible non-current assets	22,102	17,677	21,251	16,594
Other non-current assets	162,341	129,070	159,526	63,696
Inventories	134,796	106,442	119,007	107,934
Trade receivables	84,466	83,955	59,382	83,175
Other current assets	28,793	29,501	20,571	31,885
Cash and cash equivalents	46,111	55,726	32,292	37,935
<b>Total assets</b>	<b>478,609</b>	<b>422,371</b>	<b>412,029</b>	<b>341,219</b>
<b>Equity and liabilities</b>				
Equity	198,920	196,403	186,700	180,767
Long-term interest-bearing liabilities	46,089	-	-	-
Long-term non-interest-bearing liabilities	3,036	2,196	50,917	2,103
Current interest-bearing liabilities	88,672	54,161	74,084	40,457
Current non-interest-bearing liabilities	141,892	121,972	100,328	117,892
<b>Total equity and liabilities</b>	<b>478,609</b>	<b>374,732</b>	<b>412,029</b>	<b>341,219</b>

## Changes in Consolidated Equity

2020	Other			Retained earnings including net profit for the period	Total	Total equity
Amounts in SEK thousand	Share capital	contributed capital	Reserves			
<b>OPENING EQUITY 2020-01-01</b>	<b>2,850</b>	<b>43,231</b>	<b>156</b>	<b>140,463</b>	<b>186,700</b>	<b>186,700</b>
Net profit for the period				5,847	5,847	5,847
<b>Other total profit</b>						
Translation differences during the period			6,373		6,373	6,373
<b>Transactions with shareholders</b>						
<b>CLOSING EQUITY 2020-03-31</b>	<b>2,850</b>	<b>43,231</b>	<b>6,529</b>	<b>146,310</b>	<b>198,920</b>	<b>198,920</b>
<b>2019</b>						
Amounts in SEK thousand						
<b>OPENING EQUITY 2019-01-01</b>	<b>2,850</b>	<b>43,231</b>	<b>-4,037</b>	<b>138,723</b>	<b>180,767</b>	<b>180,767</b>
Net profit for the period				11,037	11,037	11,037
<b>Other total profit</b>						
Translation differences during the period			4,599		4,599	4,599
<b>Transactions with shareholders</b>						
<b>CLOSING EQUITY 2019-03-31</b>	<b>2,850</b>	<b>43,231</b>	<b>562</b>	<b>149,760</b>	<b>196,403</b>	<b>196,403</b>

<b>Consolidated Cash Flow Statement</b>	<b>January - March</b>		<b>January - December</b>	
	<b>2020</b>	<b>2019</b>	<b>2019</b>	<b>2018</b>
<b>Amounts in SEK thousand</b>				
<b>Operating activities</b>				
Operating profit	8 976	15 100	66 173	85 237
<i>Adjustment for items not included in cash flow</i>				
Depreciation, amortisation and impairment charges	6 709	5 817	24 600	8 362
Profit/loss from sales of fixed assets	-	-	-	80
Other non-cash generated items	-4 291	171	-16 623	1 025
	<b>11 394</b>	<b>21 088</b>	<b>74 150</b>	<b>94 704</b>
Interest income	210	267	734	590
Interest expense	-545	-1 034	-1 569	-1 981
Paid taxes	-2 036	-3 634	-13 612	-15 373
<b>Cash flow from operating activities before changes in working capital</b>	<b>9 023</b>	<b>16 687</b>	<b>59 703</b>	<b>77 940</b>
<b>Cash flow from changes in working capital</b>				
Inventories	-9 521	4 082	-8 326	4 911
Trade receivables	-19 174	2 754	27 252	-3 577
Other short-term receivables	-8 223	2 385	11 315	-10 930
Trade payables	4 840	-10 872	-18 733	5 462
Other liabilities	27 364	9 395	-7 898	-14 082
<b>Cash flow from operating activities</b>	<b>4 309</b>	<b>24 431</b>	<b>63 313</b>	<b>59 724</b>
<b>Investment activities</b>				
Acquisition of intangible non-current assets	-785	-1 457	-6 481	-4 994
Acquisition of tangible non-current assets	-5 355	-6 232	-43 629	-15 505
Acquisition of financial non-current assets	163	-	-38	-
Change in long-term receivable	-458	-224	-1 313	-8 136
Cash flow from investment activities	-6 435	-7 913	-51 461	-28 212
Change in long-term receivable	-458	-224	-1 313	-8 136
<b>Cash flow from investment activities</b>	<b>-6 435</b>	<b>-7 913</b>	<b>-51 461</b>	<b>-28 212</b>
<b>Financing activities</b>				
Repayment/raising loans	14 035	40	26 910	5 546
Paid dividend	-	-	-45 606	-45 606
<b>Cash flow from financing activities</b>	<b>14 035</b>	<b>40</b>	<b>-18 696</b>	<b>-40 060</b>
<b>Cash flow for the year</b>	<b>11 909</b>	<b>16 558</b>	<b>-6 844</b>	<b>-8 548</b>
Cash and cash equivalents at beginning of period	32 292	37 935	37 935	44 837
Translation difference in cash and cash equivalents	1 910	1 233	1 201	1 646
<b>Cash and cash equivalents at end of period</b>	<b>46 111</b>	<b>55 726</b>	<b>32 292</b>	<b>37 935</b>



## Parent Company Income Statement

Amounts in SEK thousand	3 months		12 months	
	January - March		January - December	
	2020	2019	2019	2018
Net revenue	4 668	6 242	28 309	29 413
Other operating income	2 130	1 950	200	129
<b>Total revenue</b>	<b>6 798</b>	<b>8 192</b>	<b>28 509</b>	<b>29 542</b>
Other external costs	-2 441	-3 025	-11 166	-10 960
Personnel costs	-7 288	-5 243	-17 756	-19 186
Depreciation, amortisation and impairment charges	-534	-440	-1 912	-1 458
<b>Operating profit</b>	<b>-3 465</b>	<b>-516</b>	<b>-2 325</b>	<b>-2 062</b>
Net finance items	53 416	-202	99 877	52 462
<b>Profit after finance items</b>	<b>49 951</b>	<b>-718</b>	<b>97 552</b>	<b>50 400</b>
Year-end appropriations	-	-	7 326	7 840
Taxes	-26	-14	-1 398	-1 430
<b>Net profit for the period</b>	<b>49 925</b>	<b>-732</b>	<b>103 480</b>	<b>56 810</b>

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

## Parent Company Balance Sheet

Amounts in SEK thousand	2020-03	2019-03	2019-12	2018-12
<b>Assets</b>				
Intangible non-current assets	18 487	14 044	17 958	12 892
Tangible non-current assets	1 099	1 413	1 208	1 560
Financial non-current assets	127 212	124 101	126 876	124 031
Short-term receivables	111 346	101 259	48 807	107 492
Cash and cash equivalents	-	-	-	-
<b>Total assets</b>	<b>258 144</b>	<b>240 817</b>	<b>194 849</b>	<b>245 975</b>
<b>Equity and liabilities</b>				
Equity	195 992	87 464	146 068	88 196
Untaxed reserves	7 786	4 186	7 786	4 196
Current liabilities	54 366	149 167	40 995	153 583
<b>Total equity and liabilities</b>	<b>258 144</b>	<b>608 294</b>	<b>194 849</b>	<b>245 975</b>

## Notes

### 1. Accounting policies

As was the case with the Annual Accounts for 2018, the Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by EU, recommendation No 1 (RFR 1) of the Swedish Financial Reporting Board. As was the case with the Annual Accounts for 2018, 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 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 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

### Primary segments – geographic areas

Period January – December 2019	Nordic region	Other Europe	AsiaIntra Group		Total
<i>Revenue</i>					
External revenue	12,111	44,881	98,480	–	155,472
<b>Total revenue</b>	<b>12,111</b>	<b>44,881</b>	<b>98,480</b>	<b>0</b>	<b>155,472</b>
<i>Profit</i>					
Operating profit	715	1,799	9,585	–3,115	8,984
Interest income				210	210
Interest expense				–1,096	–1,096
Taxes on the on the period's profit				–2,250	–2,250
<b>Net profit for the period</b>	<b>715</b>	<b>1,799</b>	<b>9,585</b>	<b>–6,252</b>	<b>5,848</b>

### Period January – December 2018

<i>Revenue</i>					
External revenue	14,588	52,523	111,024	–	178,135
<b>Total revenue</b>	<b>14,588</b>	<b>52,523</b>	<b>111,024</b>	<b>0</b>	<b>178,135</b>
<i>Profit</i>					
Operating profit	2,036	2,936	10,654	–526	15,100
Interest income				267	,267
Interest expense				–1,034	–1,034
Taxes on the profit for the year				–3,296	–3,296
<b>Net profit for the year</b>	<b>2,036</b>	<b>2,936</b>	<b>10,654</b>	<b>–4,589</b>	<b>11,037</b>

### 3. IFRS 16 Leasing

<b>Report of financial position</b>	<b>31/Mar/20</b>	<b>Of which effect of IFRS 16</b>	<b>31 Mar. 2020 not incl. effect of IFRS 16</b>
Other non-current assets	162,341	55 009	107,332
Other current assets	28,793	-1 275	30,068
<b>Total effect on assets</b>			
Equity (profit for the year)	198,920	-650	199,570
Long-term interest-bearing liabilities	71,289	39,528	31,761
Short-term interest-bearing liabilities	63,472	14,857	48,615
<b>Total effect on liability and equity</b>		<b>53,735</b>	

<b>Report of effects on profit</b>	<b>Jan-Dec 2019</b>	<b>Of which effect of IFRS 16</b>	<b>Jan-Mar 2019 not incl. effect of IFRS 16</b>
Other external cost	-14,935	4 165	-19,100
Depreciation, amortisation and impairment	-6,709	-3 921	-2,788
Net finance items	-887	-419	-468
Taxes	-2,250	83	-2,333
<b>Total</b>	<b>-24,780</b>	<b>-92</b>	<b>-24,688</b>

<b>Key financial indicators</b>	<b>Jan-Dec 2019</b>	<b>Of which effect of IFRS 16</b>	<b>Jan-Mar 2019 not incl. effect of IFRS 16</b>
Operating margin	9.3%	0.0%	9.2%
Net cash and cash equivalents (liabilities -), MSEK	-88.7	-54.4	-34.3
Equity ratio, %	41.6%	-5.3%	46.8%

#### 4. Definitions of alternative key financial indicators

ESMA (The European Securities and Markets Authority) has published guidelines for alternative key financial indicators for companies with securities listed on a regulated market within EU. These guidelines shall be applied to alternative key financial indicators used starting 3 October 2016. Reference is made in the annual accounts to a number of non-IFRS performance metrics used to help investors as well as management to analyse the company's operations. These financial metrics should therefore not be seen as replacements for metrics defined according to IFRS. Since all companies do not calculate financial metrics in the same way, they are not always comparable with metrics used by other companies. These financial metrics should therefore not be seen as replacements for metrics defined according to IFRS. We describe below the various non-IFRS performance metrics used as a complement to the financial information reported in accordance with IFRS and how these metrics have been used.

##### *Definitions of key financial indicators not defined by IFRS*

<u>Non-IFRS metrics</u>	<u>Definition</u>	<u>Justification</u>
<b>Average equity</b>	Equity at the beginning of the period, plus equity at the end of the period, divided by two.	The metric is the difference between the Group's assets and liabilities, which is equivalent to consolidated equity contributed by owners and the consolidated aggregated profit. This metric is used to report the capital attributable to the Group's owners.
<b>Average number of employees</b>	Average number of yearly employed	This metric is used to measure the development of the Group's workforce.
<b>Revenue growth</b>	Net revenue at the end of the period, minus net revenue at the beginning of the period, divided by net revenue at the beginning of the period.	This metric is used to measure the development of the Group's revenue over time.
<b>Return on equity</b>	Period's result according to the income statement in percent of average equity.	This metric is used to analyse profitability over time, given the resources attributable to the Parent Company's owners.
<b>Return on capital employed</b>	Result before taxes, plus financial expenses, in percent of average capital employed.	Return on capital employed is a profitability metric used to gauge the result relative to the capital required to run the business.
<b>Interest-bearing net cash and cash equivalents/liabilities</b>	Interest-bearing receivables, cash and cash equivalents, reduced by interest-bearing liabilities.	The metric shows the total debt financing and is used as a complement to judge the feasibility of paying dividends, to implement strategic investments and to gauge the Group's ability to meet its financial obligations.
<b>Operating margin</b>	Operating result in percent of net revenue.	This metric is used to measure operative profitability.
<b>Equity ratio</b>	Equity in percent of balance sheet total.	This measure shows the proportion of the company's total assets financed with equity by its shareholders. A high equity ratio is an indication of financial strength.
<b>Operating margin</b>	Operating result in percent of net revenue.	This metric is used to measure operative profitability.

#### Nilörngruppen in Brief

Nilörngruppen is a global company founded in the 1970s, with expertise in adding value to trademarks through branding in the form of labels, packaging and accessories, primarily for customers in the fashion and apparel industry. Nilörngruppen offers complete, creative and customised concepts in branding, design, product development and logistic solutions. The Group conducts business via its own subsidiaries in Sweden, Denmark, Great Britain, Germany, Belgium, Portugal, Hong Kong, India, Turkey, China, Bangladesh, Italy and Pakistan. The Group has partner companies in Tunisia and Switzerland.