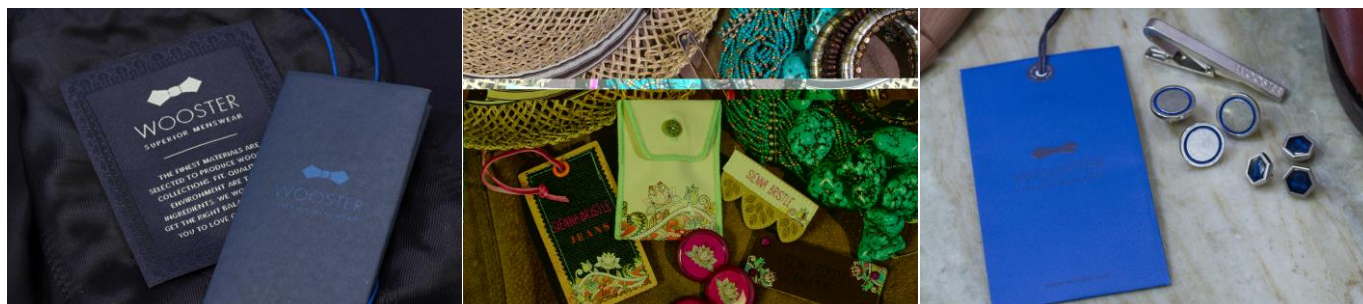


Interim Report for Nilörngruppen AB (publ) Q2, January – June 2017



Period April – June

- Order bookings grew by 4 percent to MSEK 156 (150).
- Revenue increased by 12 percent to MSEK 192 (172) MSEK.
- Operating profit amounted to MSEK 25.6 (25.9) (not including costs for change of listing in the amount of MSEK 1.4).
- Operating profit amounted to MSEK 24.2 (25.9).
- Profit for the period amounted to MSEK 18.5 (20.6).
- Earnings per share amounted to SEK 1.62 (1.81).
- Cash flow from operating activities amounted to MSEK 31.3 (25.2).

Period January – June

- Order bookings grew by 19 percent to MSEK 357 (300).
- Revenue increased by 21 percent to MSEK 352 (292).
- Operating profit amounted to MSEK 43.28 (35.4) (not including costs for change of listing in the amount of MSEK 1.4).
- Operating profit amounted to MSEK 41.8 (35.4).
- Profit for the period amounted to MSEK 31.7 (27.9).
- Earnings per share amounted to SEK 2.78 (2.45).
- Cash flow from operating activities amounted to MSEK 29.5 (19.8).

Significant events during the quarter

- Increased organization to meet demand and for continued growth
- Gross profit margin affected by new major clients and product mix
- Preliminary application for listing on Nasdaq Stockholm's main market.
- Costs for changing listing amounted to MSEK 1.4 during the quarter.
- Production has started at the Bangladesh plant.



PRESIDENT'S STATEMENT

Operations during the quarter were stable and we continue to capture new clients in most of our markets, resulting in an increase of revenue of 12 percent during the quarter and 21 percent for the first six months of the year.

We are gaining ground on the domestic Scandinavian market as well as in Germany and Italy. We have, however, encountered certain caution in the English market compared to strong increases in recent years.

Profit for the first quarter, adjusted for the change of listing, is virtually unchanged compared to prior years, which is explained by a calendar effect and the fact that we have continued to invest in order to be able to offer the market's best sustainability solutions.

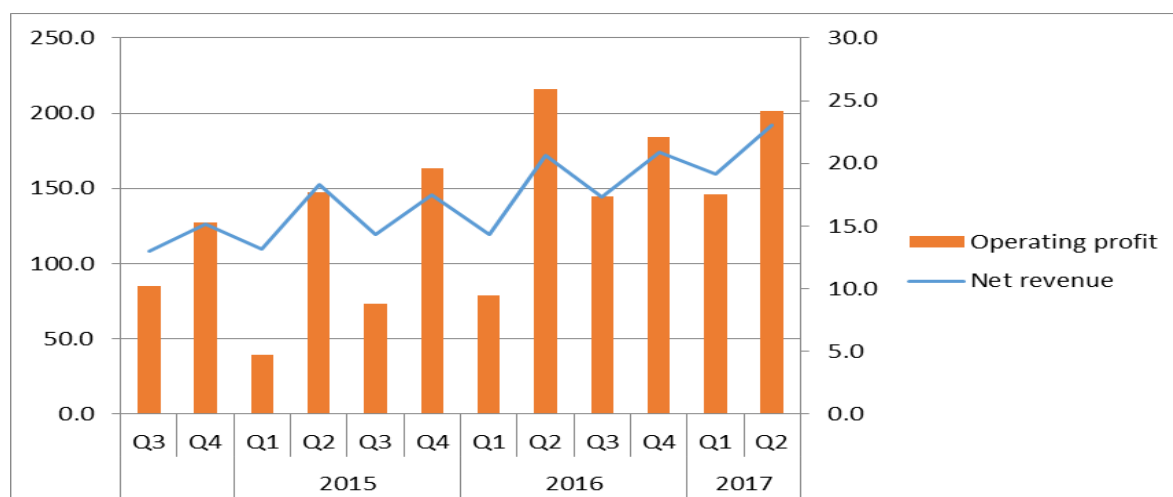
The slightly lower gross margin is explained by the fact that we have attracted a number of large customers at lower margins and also because sales of packaging has increased

where we have a lower margin than in the case of labels and accessories.

We continue to sense strong demand for creating a strong identity among our existing and prospective customers. Regardless of price level of the end product chain companies and brand names are assigning more resources to creating a distinct profile with the right image. This approach fosters stable demand with promising opportunities for continued growth.

Again we have demonstrated that Nilörn's offer is well received in the market and despite tough competition our expansion is greater than that of the market at large.

Claes af Wetterstedt



Period April – June

Order bookings

Order bookings increased by 4 percent during the second quarter compared to the equivalent period last year in the amount of MSEK 156 (150). As described in the previous report, the first quarter was affected positively and the second quarter negatively by the fact that Easter fell later than last year.

Net revenue and profit

Net revenue increased by 12 percent to MSEK 192 (172). The acquisition of HC Etiketter's customers affected revenue by MSEK 1.0, which means that the underlying organic growth was 11 percent. The gross margin was 43.6 (45.0) percent and has been negatively affected by new major customers and product mixes. Much of the increase in revenue is attributable to the Nordic but the German market also contributed.

External costs increased to MSEK 24.3 (20.5) and payroll expenses increased to MSEK 34.6 (30.1). External costs rose by MSEK 1.4 attributable to a change in listing to Small Cap. The remaining increase was a consequence of increased sales and efforts to ensure a high level of service to our customers. The Group also continues to invest in sustainability, which is appreciated by the customers.

Operating profit, not including the costs for changing listing to Small Cap, amounted to MSEK 25,6 (25.9), resulting in an operating margin of 13.3 (15.1) percent. Operating profit including the costs for changing listing amounted to MSEK 24.2 (25.9).

MSEK 5.4 (5.3) was paid in taxes and profit after taxes amounted to MSEK 18.5 (20.6).

Cash flow, capital expenditures and liquidity

Cash flow from operating activities amounted to MSEK 31.3 (25.2).

Cash flow from investment activities amounted to MSEK -10.8 (-4.3), mainly due to an investment in a new enterprise system and the purchase of customer relationships and inventory from HC Etiketter in Denmark. The net liability at the end of the period amounted to MSEK 24 (20).

Period January – June

Order bookings

Order bookings increased by 19 percent to MSEK 357 (300).

Net revenue and profit

Net revenue increased by 21 percent to MSEK 352 (292). Foreign exchange rates impacted revenue negatively during the period. The gross margin was 44.8 (46.5) percent.

External costs increased to MSEK 47.7 (39.9), MSEK 1.4 of which is attributable to the change of listing, and personnel costs increased to MSEK 66.7 (58.7). The increase in personnel costs is explained by a strengthening of the organisation

enabling us to offer the same level of service when volumes rise.

Operating profit, excluding the cost for changing listing, amounted to MSEK 43,2 (35.4), resulting in an operating margin of 12.3 (12,1) percent. Operating profit including the cost for changing listing amounted to MSEK 41,8 (35,4).

Operating profit amounted to MSEK 41.8 (35.4), resulting in an operating margin of 11.9 percent, or 12.4 (12.1) percent not including the costs for changing listing.

Taxes paid amounted to MSEK 9.5 (7.4), resulting in a tax expense of 23 (21) percent. Profit after taxes amounted to MSEK 31.7 (27.9).

Cash flow, capital expenditures and liquidity

Cash flow from operating activities amounted to MSEK 29.5 (19.8).

Cash flow from investment activities amounted to MSEK -19.3 (-11.1), MSEK 12.3 of which relates to intangible non-current assets, mainly due to an investment in a new enterprise system and the purchase of customer relationships from HC Etiketter in Denmark. Last year investment in a new plant in Bangladesh dominated.

Personnel

The average number of employees in the Group was 421 (358) 195 (173) of whom were women (relative to the situation at the turn of the year).

Transactions with closely related parties

There were no transactions during the period between the Nilörn Group and closely related parties with an effect on consolidated profit and the Group's financial position. 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 22 (18).

Net revenue for the period amounted to MSEK 12.4 (9.4). Operating profit amounted to MSEK -4.3 (-3.0) and the result after taxes amounted to MSEK -5.0 (-2.7).

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.

Review

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

Calendar

- 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 8:00 a.m., 21 August 2017.

The President hereby confirms 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, 21 AUGUST 2017
NILÖRN GRUPPEN AB (PUBL)

Petter Stillström
Chairman

Gunilla Brisinger
Director

Marie Nilsson Peterzén
Director

Vilhelm Schottenius
Director

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KEY Numbers	1 January -30 June		1 January – 31 December				
	2017	2016	2016	2015	2014	2013	2012
Revenue growth, %	20,6	11,3	15,8	15,2	19,5	15,9	2,9
Operating margin, %	11,9	12,1	12,3	9,6	11,3	11,4	10
Profit margin, %	11,7	12,1	12,1	9,5	11,2	11,5	10
Average equity	130,2	110,5	125,6	113,8	104,6	90,7	92,6
Return on equity, %	24,3	25,2	44,8	34,3	39,9	38,2	27
Equity ratio, %	39,7	39,5	50,8	48,8	53,3	55,5	55,8
Interest-bearing net cash and cash equivalents (liabilities -), MSEK	-23,5	-20,2	9,7	5	32,1	36,6	28,3
Earnings per share, SEK	2,78	2,45	4,93	3,42	3,66	3,04	2,37
Equity per share, SEK	10,76	9,44	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	421	335	358	335	301	268	246

Summary Financial Reports

Amounts in SEK thousand	3 months		6 months	
	April – June		January – June	
	2017	2016	2017	2016
Net revenue	192 420	171 892	351 699	291 640
Raw materials, supplies and goods for resale	-108 578	-94 517	-194 291	-155 998
Gross profit	83 842	77 375	157 408	135 642
Other operating revenue	1 602	1 205	3 348	2 140
Other external costs	-24 327	-20 516	-47 660	-39 895
Personnel costs	-34 596	-30 122	-66 692	-58 659
Depreciation, amortisation and impairment charges	-1 612	-914	-2 818	-2 245
Other operating costs	-690	-1 114	-1 820	-1 551
Operating profit	24 219	25 914	41 766	35 432
Net finance items	-341	-44	-521	-138
Profit before taxes	23 878	25 870	41 245	35 294
Taxes	-5 401	-5 252	-9 540	-7 412
Net profit for the period	18 477	20 618	31 705	27 882
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	1,62	1,81	2,78	2,45
Earnings per share, SEK after dilution	1,62	1,81	2,78	2,45

Consolidated Statement of Comprehensive Result

Amounts in SEK thousand	April – June		January – December	
	2017	2016	2017	2016
	Net profit for the period	18 477	20 618	31 705
Other comprehensive result that may be reposted to net profit for the period				
Translation differences	-4 238	2 412	-5 786	653
Total profit for the period	14 239	23 030	25 919	28 535
Total profit for the period attributable to:				
The Parent Company's equity holders	14 239	23 030	25 919	28 535

Quarterly income statements

KEY Numbers	1 January – 30 June		1 January – 31 December				
	2017	2016	2016	2015	2014	2013	2012
Revenue growth, %	20.6	11.3	15.8	15.2	19.5	15.9	2.9
Operating margin, %	11.9	12.1	12.3	9.6	11.3	11.4	10
Profit margin, %	11.7	12.1	12.1	9.5	11.2	11.5	10
Average equity	130.2	110.5	125.6	113.8	104.6	90.7	92.6
Return on equity, %	24.3	25.2	44.8	34.3	39.9	38.2	27
Equity ratio, %	39.7	39.5	50.8	48.8	53.3	55.5	55.8
Interest-bearing net cash (liabilities –), MSEK	-23.5	-20.2	9.7	5	32.1	36.6	28.3
Earnings per share, SEK	2.78	2.45	4.93	3.42	3.66	3.04	2.37
Equity per share, SEK	10.76	9.44	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	421	335	358	335	301	268	246

Consolidated Balance Sheet

Amounts in SEK thousand	2017-06	2016-06	2016-12	2015-12
Assets				
Intangible non-current assets	15 120	1 022	2 886	590
Other non-current assets	49 362	47 178	46 642	38 796
Inventories	94 932	79 657	88 891	80 068
Trade receivables	79 022	75 637	73 370	58 640
Other current assets	22 989	25 717	24 282	22 722
Cash and cash equivalents	47 211	43 059	35 210	31 548
Total assets	308 636	272 270	271 281	232 364
Equity and liabilities				
Equity	122 663	107 666	137 791	113 337
Long-term interest-bearing liabilities	-	-	-	-
Long-term non-interest-bearing liabilities	1 874	5 038	5 035	4 970
Current interest-bearing liabilities	70 671	63 233	25 500	26 512
Current non-interest-bearing liabilities	113 428	96 333	102 955	87 545
Total equity and liabilities	308 636	272 270	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			-5 786		-5 786	-5 786
Revaluation of pension scheme						
Net profit for the period				31 705	31 705	31 705
Dividend					-41 047	-41 047
CLOSING EQUITY 2017-06-30	2 850	43 231	-44 761	121 343	122 663	122 663

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			653		653	653
Net profit for the period				27 882	27 882	27 882
Dividend			-34 206		-34 206	-34 206
CLOSING EQUITY 2016-06-30	2 850	43 231	-34 141	95 726	107 666	107 666

Consolidated Cash Flow Statement

Amounts in SEK thousand	April – June		January – June	
	2017	2016	2016	2015
Operating activities				
Operating profit	24 219	25 914	41 766	35 432
<i>Adjustment for items not included in cash flow</i>				
Depreciation, amortisation and impairment charges	1 612	914	2 818	2 245
	25 831	26 828	44 584	37 677
Interest income	174	138	306	239
Interest expense	-515	-182	-827	-377
Paid taxes	-9 017	-3 769	-9 023	-6 113
Cash flow from operating activities before changes in working capital	16 473	23 015	35 040	31 426
Cash flow from changes in working capital				
Inventories	-5 285	3 942	-10 949	1 578
Trade receivables	7 523	-15 629	-10 931	-15 901
Other short-term receivables	10 706	-3 002	819	-4 300
Trade payables	-5 513	7 270	1 922	70
Other liabilities	7 435	9 585	13 625	6 893
Cash flow from operating activities	31 339	25 181	29 526	19 766
Investment activities				
Acquisition of intangible non-current assets	-9 305	-536	-12 304	-536
Acquisition of intangible non-current assets	-1 814	-3 670	-7 180	-10 789
Acquisition of financial non-current assets	5	-31	7	0
Change in long-term receivable	-87	-57	-239	275
Cash flow from investment activities	-10 816	-4 294	-19 331	-11 050
Financing activities				
Repayment/raising loans	26 764	37 659	45 170	36 721
Paid dividend	-	-	-41 047	-34 206
Cash flow from financing activities	-14 283	3 453	4 123	2 515
Cash flow for the year	6 240	24 340	14 318	11 231
Cash and cash equivalents at beginning of period	42 828	17 793	35 210	31 548
Translation difference in cash and cash equivalents	-1 857	926	-2 317	280
Cash and cash equivalents at end of period	47 211	43 059	47 211	43 059

Parent Company Income Statement

Amounts in SEK thousand	April – June		January – June	
	2017	2016	2017	2016
Net revenue	4 573	3 405	9 143	6 908
Other operating income	1 590	1 391	3 256	2 532
Total revenue	6 163	4 796	12 399	9 440
Other external costs	-4 012	-1 625	-5 874	-3 582
Personnel costs	-5 998	-4 452	-10 567	-8 580
Depreciation, amortisation and impairment charges	-145	-127	-290	-262
Operating profit	-3 992	-1 408	-4 332	-2 984
Net finance items	-415	199	-638	333
Profit after finance items	-4 407	-1 209	-4 970	-2 651
Year-end appropriations			0	0
Taxes	-1	-1	-24	-29
Net profit for the period	-4 408	-1 210	-4 994	-2 680

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

Parent Company Balance Sheet

Amounts in SEK thousand	2017-06	2016-06	2016-12	2015-12
Assets				
Intangible non-current assets	7 114	931	2 769	565
Tangible non-current assets	1 186	1 156	1 244	1 193
Financial non-current assets	99 657	99 338	99 580	95 446
Short-term receivables	49 430	37 703	56 784	42 389
Cash and cash equivalents	3	2 403	186	1 426
Total assets	157 390	141 531	160 563	141 019
Equity and liabilities				
Equity	20 743	39 832	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	131 461	91 795	85 775	54 397
Total equity and liabilities	157 390	141 531	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 2017 have had no significant effect on the Group.

2. Information by geographic area

Period January – June 2017	Nordic region	Other Europe	Asia	Intra Group	Total
<i>Revenue</i>					
External revenue	35 090	116 268	200 341	-	351 699
Total revenue	35 090	116 268	200 341	0	351 699
<i>Profit</i>					
Operating profit	7 190	20 174	18 736	-4 334	41 766
Interest income				306	306
Interest expense				-827	-827
Taxes on the on the period's profit				-9 540	-9 540
Net profit for the period	7 190	20 174	18 736	-14 395	31 705
Period January - June 2016					
<i>Revenue</i>					
External revenue	31 973	105 715	153 952	-	291 640
Total revenue	31 973	105 715	153 952	0	291 640
<i>Profit</i>					
Operating profit	6 260	18 981	13 176	-2 985	35 432
Interest income				239	239
Interest expense				-377	-377
Taxes on the profit for the year				-7 412	-7 412
Net profit for the year	6 260	18 981	13 176	-10 535	27 882

Definitions

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.

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.