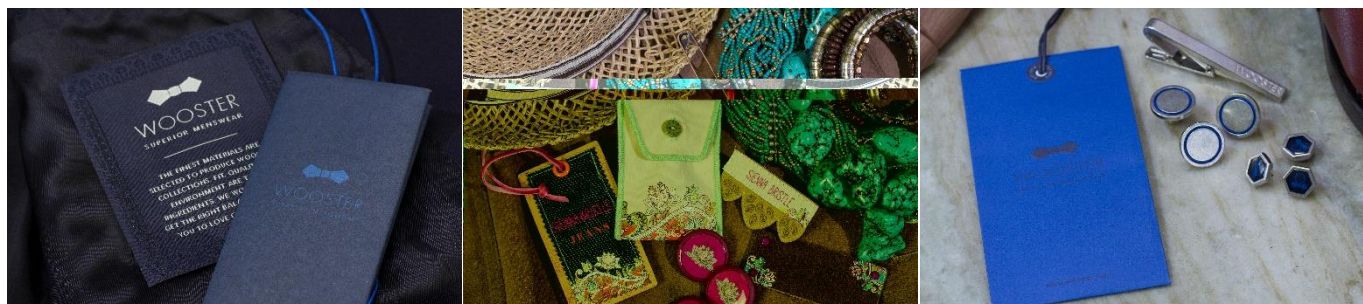


Interim Report for Nilörngruppen AB (publ) Q2, January - June 2019



Period April - June

- Order bookings increased by 5 percent to MSEK 171 (163).
- Revenue decreased by 3 percent to MSEK 196 (203).
- Marginal currency effect in the quarter
- Operating profit amounted to MSEK 20.2 (27.3).
- Profit for the period amounted to MSEK 15.1 (21.3).
- Earnings per share amounted to SEK 1.32 (1.87).

Period January - June

- Order bookings were unchanged and amounted to MSEK 366 (365).
- Revenue increased by 5 percent to MSEK 374 (355).
- Revenue adjusted for currency effects amounted to MSEK 361 (355), i.e. an underlying increase of 2 percent.
- Operating profit amounted to MSEK 35.3 (40.7).
- Profit for the period amounted to MSEK 26.1 (30.6).
- Earnings per share amounted to SEK 2.29 (2.68).
- Cash flow from operating activities amounted to MSEK 29.1 (19.2).

Significant events during the quarter

- As previously reported, Easter and the Chinese New Year had a positive calendar effect on the first quarter, at the expense of the second quarter.
- The gross profit margin was negatively affected by a few customers with large volumes of RFID labels. The gross profit margin is expected to recover during the second half of 2019.
- 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.
- Positive development on Nilörn's new markets, such as Italy and Spain. And several exciting projects in England as well as Germany are under way.
- Real estate investments in the approximate amount of MSEK 30 for the English and Swedish operations.



PRESIDENT'S STATEMENT

Dear Shareholders,

Despite a harsher climate, especially in Retail, sales were strong during the second quarter with an increase in order bookings by five percent.

The slightly lower sales volume during the quarter is primarily a calendar effect attributable to the Easter Holiday and the Chinese New Year, as stated in the Q1 Interim Report. I am also seeing weaker demand in certain European markets, where we have lost volume to a few major customers, especially in Belgium, Denmark and Portugal. We are expecting to recapture part of this volume during the upcoming spring season.

Our business in Germany continues to develop well and there are several exciting projects in development, which are expected to yield results during autumn/spring. The Italian market is also continuing to be strong.

The uncertain English market has been challenging for many of our customers. In spite hereof, Nilorn UK has done a very good job and gained several large customers, initially, however, with the effect of lower margins.

Spain is a new market for Nilorn and we are already now seeing a good development similar to what we experienced in Italy. Both companies are adept at selling, so it will be exciting to follow the results of their efforts.

The focus on RFID has been successful and we have projects under way with several new customers. The effect hereof on the gross profit margin has been negative, however, but we do expect the gross profit margin to recover over time. The

production activity in Bangladesh continues to show a positive development with stronger demand. As previously reported, Nilorn Bangladesh has invested in a new printing press and more looms in order to ensure a high level of service.

We are seeing growth with existing customers and many of them buy everything from us, which has positive synergy effects in terms of lead times as well as costs. Our focus is on taking good care of existing customers as well as attracting new ones. We have several interesting projects in development although in some cases the decision-making process is extended.

Nilörn's focus on sustainability continues. This has given us an additional competitive advantage as more and more customers realize the importance of sustainable solutions, both in terms of materials and structure. We have thus gained several customers in "outdoor", where environment and sustainability have been prioritized for a long time.

The interest we encounter from major established customers and chain establishments clearly shows the strength of our offer. This is something we will obviously continue to build on in order to create interesting business with customers who value and want to work with us on a long-term basis because of the quality, reliability and breadth that we offer.

Overall, we are in good position to continue growing and creating stable and good profitability during the remainder of the year despite the slightly more challenging climate in the market.

Claes af Wetterstedt
President

Period April - June

Order bookings

Order bookings increased by 5 percent to MSEK 171 (163).

Net revenue

Revenue decreased by 3 percent to MSEK 196 (203). The currency effect was minimal during the quarter.

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 also been recalculated to ensure comparability. The effect hereof during the quarter was a downward adjustment of revenue by MSEK 5.5, while Other operating expense is MSEK 5.5 lower than previously reported. For accumulated June 2018, the adjustment was MSEK 9.7 for revenue and other external costs. For the full year 2018 the adjustment was MSEK 17.2 for revenue and other external costs. Prior years have also been adjusted in the table of quarterly income statements.

Gross profit margin

The gross profit margin was 41.8 (44.0) percent. The gross profit margin was negatively affected by a couple of customers with large volumes in RFID. There was also increased pricing pressure from financially challenged customers, primarily among retail chains. The gross margin is expected to recover during the second half of 2019.

Costs

External costs increased by MSEK 16.9 (21.2), MSEK 4.0 of which is attributable to changed accounting treatment of operating leases in accordance with IFRS 16. Personnel costs increased to MSEK 39.6 (39.3).

Depreciation, amortisation and impairment charges increased to MSEK 5.8 (2.0). Most of the increase is due to the effect of IFRS 16 with an impact of MSEK 3.7.

Operating profit

Operating profit amounted to MSEK 20.2 (27.3), resulting in an operating margin of 10.3 (13.5) percent. The lower 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

Net finance items amounted to MSEK -0.7 (0.2) and accounting according to IFRS 16 affected financial costs by MSEK -0.5. Taxes amounted to MSEK 4.5 (6.3). Profit for the period amounted to MSEK 15.1 (21.3) and earnings per share came in at SEK 1.32 (1.87).

Cash flow, capital expenditures, financing and liquidity

Cash flow from operating activities amounted to MSEK 4.7 (24.5) affected by large differences between the quarters relative to the year before with respect to accounts receivable and inventory.

Cash flow from investment activities amounted to MSEK -27.0

(-3.4), most of which is attributable to investment in a new property in England and the construction of a new building for the Swedish operations.

Equity

Consolidated equity amounts to MSEK 164.9, a decline by MSEK 15.8 since year-end. The decline is due to the period's profit during the period in the amount of MSEK +26.1, the period's restatement difference of MSEK +3.6 and a dividend paid to the shareholders in the amount of MSEK -45.6. The translation difference is the net positive effect of restating equity in non-Swedish subsidiaries to SEK affected by a weaker Swedish krona.

Period January - June

Order bookings

Order bookings amounted to MSEK 366 (365).

Net revenue and profit

Net revenue in SEK increased by 5 percent to MSEK 374 (355). Net revenue adjusted for currency effects amounted to MSEK 361 (355), equivalent to underlying organic growth of 2 percent. The gross margin was 41.7 (44.1) 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 31.5 (39.6), MSEK 7.8 of which is attributable to changed accounting treatment of operating leases in accordance with IFRS 16. Personnel costs increased to MSEK 78.8 (73.4). The increase in personnel costs reflects an increase in the number of employees to meet growing volumes and for future expansion and a currency effect.

Depreciation amortisation and impairment charges increased to MSEK 11.7 (3.7). Most of the increase is due to the effect of IFRS 16 with an impact of MSEK 7.3.

Operating profit amounted to MSEK 35.3 (40.7), for an operating margin of 9.4 (11.5) percent.

Taxes paid amounted to MSEK 7.7 (9.3) MSEK, making for a total tax expense of 22.9 (23.3) percent. Profit after taxes amounted to MSEK 26.1 (30.6).

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 29.1 (19.1).

Cash flow from capital investment activities amounted to MSEK -35.0 (-4.9) where MSEK 3 is attributable to investment in new ERP system and MSEK 30 is attributable to new buildings. Thereof MSEK 24 in a new building for the English operations and MSEK 6 for expansion of the Swedish office.

Net debt at the end of the period amounted to MSEK 112.0, of which transition to the new leasing standard, IFRS 16, increased interest-bearing liabilities by MSEK 59.5. Comparable numbers, not including new accounting treatment according to IFRS 16, is net liabilities of MSEK 52.5 (20.0). MSEK 30 of the increase is related to new construction (see above).

Personnel

The average number of employees in the Group was 490 (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, or 247 persons, are engaged in production and warehousing. Since June 2018, the number of employees has increased by 16 persons, most of whom are active in 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 22 (22).

Net revenue for the period amounted to MSEK 12.9 (11.0). The operating result was MSEK 0.3 (-1.5) MSEK and the result after taxes was MSEK 37.6 (0.9) most of which is dividends paid by subsidiaries.

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.

Review

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

Calendar

- 25 October 2019 Interim Report Q3
- 12 February 2020 Year-end Report

This information is information that Nilörngruppen is under obligation to publish in accordance with the EU Market Abuse Regulation and the Securities Market Act. The information herein was provided by the contact person named below for publication at 8:00 a.m., 19 July 2019.

The Board of Directors and 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, 19 July 2019
NILÖRN GRUPPEN AB (PUBL)

Petter Stillström
Chairman

Vilhelm Schottenius
Director

Blenda Lagerkvist
Director

Johan Larsson
Director

Claes af Wetterstedt
President

FOR FURTHER INFORMATION, CONTACT:

Claes af Wetterstedt, President
Telephone: +46-33-700 88 30
Mobile: +46-706 96 29 50
E-mail: claes.af.wetterstedt@nilorn.com

Krister Magnusson, CFO
Telephone: +46-33-700 88 52
Mobile: +46-704 85 21 14
E-mail: krister.magnusson@nilorn.com

Nilörngruppen AB
Box 499
SE-503 13 Borås
SWEDEN
www.nilorn.com

Summary Financial Reports

Consolidated Income Statement

Amounts in SEK thousand	3 months		6 months	
	April - June		January - June	
	2019	2018	2018	2017
Net revenue	195,783	202,571	373,918	354,587
Raw materials, supplies and goods for resale	-113,988	-113,355	-217,921	-198,196
Gross profit	81,795	89,216	155,997	156,391
Other operating revenue	726	1,397	3,231	3,056
Other external costs	-16,894	-21,193	-31,462	-39,589
Personnel costs	-39,572	-39,265	-78,798	-73,407
Depreciation, amortisation and impairment charges	-5,849	-2,004	-11,666	-3,746
Other operating costs	-	-804	-1,996	-2,002
Operating profit	20,206	27,347	35,306	40,703
Net finance items	-680	226	-1,447	-769
Profit before taxes	19,526	27,573	33,859	39,934
Taxes	-4,452	-6,286	-7,748	-9,323
Net profit for the period	15,074	21,287	26,111	30,611
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	1.32	1.87	2.29	2.68
Earnings per share, SEK after dilution	1.32	1.87	2.29	2.68

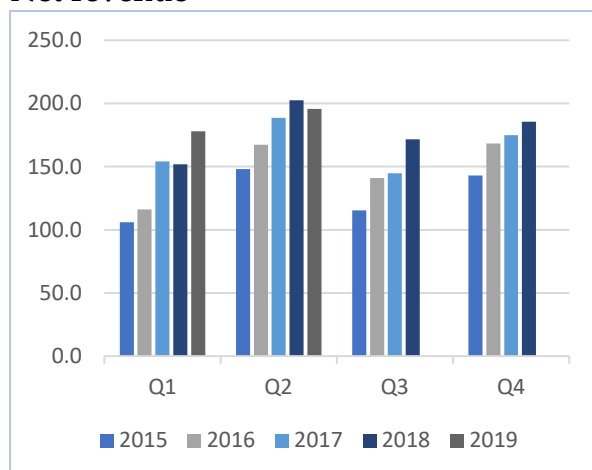
Consolidated Statement of Comprehensive Result

Amounts in SEK thousand	April - June		January - June	
	2019	2018	2017	2016
Net profit for the period	15,074	21,287	26,111	30,611
Other comprehensive result that may be reposted to net profit for the period				
Translation differences	-952	3,166	3,647	6,498
Items that cannot be reposted to net profit for the period				
Total profit for the period	14,122	24,453	29,758	37,109
Total profit for the period attributable to:				
The Parent Company's equity holders	14,122	24,453	29,758	37,109

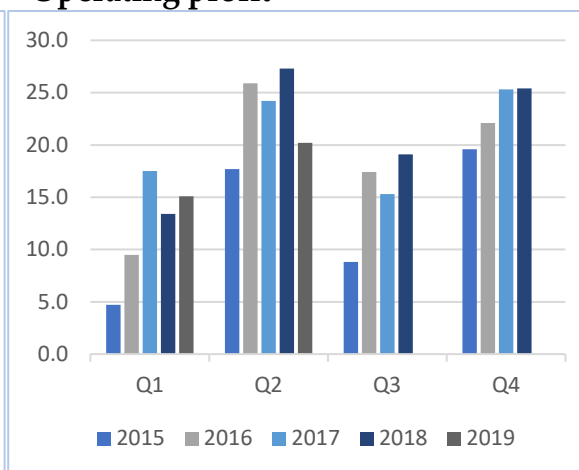
Quarterly Income Statements

Amount in MSEK)	2019		2018				2017				2016			
	Q1	Q2	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net revenue	178.1	195.8	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	-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	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%	44.2%	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	1.7	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	-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	-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	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%	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	1.2	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 June		1 January – 31 December				
	2019	2018	2018	2017	2016	2015	2014
Revenue growth, %	5.5	3.5	7.5	11.5	15.8	15.2	19.5
Operating margin, %	9.4	11.5	12.0	12.1	12.3	9.6	11.3
Profit margin, %	9.1	11.3	11.8	12.1	12.1	9.5	11.2
Average equity	172.8	149.7	167.3	145.9	125.6	113.8	104.6
Return on equity, %	15.1	20.5	42.3	44.6	44.8	34.3	39.9
Equity ratio, %	36.8	43.6	53.0	49.2	50.8	48.8	53.3
Interest-bearing net cash (liabilities –), MSEK*	-112.0	-20.0	-2.5	9.2	9.7	5.0	32.1
Earnings per share, SEK	2.29	2.68	6.20	5.70	4.93	3.42	3.66
Equity per share, SEK	14.46	12.75	15.85	13.50	12.08	9.94	10.02
Dividend per share, SEK	4.00	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	490	474	482	446	358	335	301

* Interest-bearing net cash (liabilities –), has been effected by 60 MSEK from introduction of IFRS 16

Consolidated Balance Sheet

Amounts in SEK thousand	2019-06	2018-06	2018-12	2017-12
Assets				
Intangible non-current assets	18 998	16 456	16 594	14 673
Other non-current assets	153 573	48 272	63 696	48 193
Inventories	113 643	107 554	107 934	110 017
Trade receivables	82 621	80 725	83 175	76 238
Other current assets	28 849	28 889	31 885	18 658
Cash and cash equivalents	50 921	51 441	37 935	44 837
Total assets	448 605	333 337	341 219	312 616
Equity and liabilities				
Equity	164 919	145 416	180 767	153 913
Long-term interest-bearing liabilities	69 816	-	-	-
Long-term non-interest-bearing liabilities	2 180	1 129	2 009	1 242
Current interest-bearing liabilities	93 139	71 402	40 457	35 677
Current non-interest-bearing liabilities	118 551	115 390	117 986	121 784
Total equity and liabilities	448 605	333 337	341 219	312 616

Changes in Consolidated Equity

Amounts in SEK thousand	Share capital	Other contributed capital	Reserves	Retained earnings including net profit		Total equity
				for the period	Total	
2018						
OPENING EQUITY 2019-01-01	2,850	43,231	-4,037	138,723	180,767	180,767
Net profit for the period				26,111	26,111	26,111
Other total profit						
Translation differences during the period			3,647		3,647	3,647
Transactions with shareholders						
Dividend				-45,606	-45,606	-45,606
CLOSING EQUITY 2019-06-30	2,850	43,231	-390	119,228	164,919	164,919
2017						
OPENING EQUITY 2018-01-01	2,850	43,231	-5,760	113,592	153,913	153,913
Net profit for the period				30,611	30,611	30,611
Other total profit						
Translation differences during the period				6,498	6,498	6,498
Transactions with shareholders						
Dividend				-45,606	-45,606	-45,606
CLOSING EQUITY 2018-06-30	2,850	43,231	738	98,597	145,416	145,416

Consolidated Cash Flow Statement	April - June		January – June	
	2019	2018	2019	2018
Amounts in SEK thousand				
Operating activities				
Operating profit	20,206	27,347	35,306	40,703
<i>Adjustment for items not included in cash flow</i>				
Depreciation, amortisation and impairment charges	5,849	2,004	11,666	3,746
Other non cash generated items	-8,015	-	-7,844	-3,425
	18,040	26,847	39,128	41,024
Interest income	267	46	534	234
Interest expense	4	180	-1,030	-1,003
Paid taxes	-2,963	-3,984	-6,597	-6,120
Cash flow from operating activities before changes in working capital	15,348	23,089	32,035	34,135
Cash flow from changes in working capital				
Inventories	-7,313	7,571	-3,231	7,692
Trade receivables	1,224	13,563	3,978	1,644
Other short-term receivables	654	-7,037	3,039	-10,240
Trade payables	558	1,654	-10,314	-11,310
Other liabilities	-5,806	-14,301	3,589	-2,767
Cash flow from operating activities	4,665	24,539	29,096	19,154
Investment activities				
Acquisition of intangible non-current assets	-1,714	-2,341	-3,171	-3,808
Acquisition of intangible non-current assets	-25,169	-496	-31,401	-525
Acquisition of financial non-current assets	13	-	-19	-
Change in long-term receivable	-169	-535	-361	-575
Cash flow from investment activities	-27,039	-3,372	-34,952	-4,926
Financing activities				
Repayment/raising loans	63,190	19,279	63,230	35,725
Paid dividend	-45,606	-45,606	-45,606	-45,606
Cash flow from financing activities	17,584	-26,327	17,624	-9,881
Cash flow for the year	-4,790	-5,160	11,768	4,347
Cash and cash equivalents at beginning of period	55,726	54,818	37,935	44,837
Translation difference in cash and cash equivalents	-15	1,783	1,218	2,257
Cash and cash equivalents at end of period	50,921	51,441	50,921	51,441

Parent Company Income Statement

Amounts in SEK thousand	3 months		6 months	
	April - June		January - June	
	2019	2018	2019	2018
Net revenue	6,696	5,556	12,938	10,980
Other operating income	1,959	2,258	3,909	4,038
Total revenue	8,655	7,814	16,847	15,018
Other external costs	-2,062	-2,994	-5,087	-5,361
Personnel costs	-5,296	-5,631	-10,539	-10,541
Depreciation, amortisation and impairment charges	-439	-369	-879	-577
Operating profit	858	-1,180	342	-1,461
Net finance items	37,496	3,052	37,294	2,681
Profit after finance items	38,354	1,872	37,636	1,220
Taxes	-20	-276	-34	-334
Net profit for the period	38,334	1,596	37,602	886

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	2018-06	2018-12	2017-12
Assets				
Intangible non-current assets	15,461	10,580	12,892	8,857
Tangible non-current assets	1,347	1,759	1,560	1,940
Financial non-current assets	124,156	98,911	124,031	98,904
Short-term receivables	109,046	111,731	107,492	97,213
Total assets	250,010	222,981	245,975	206,914
Equity and liabilities				
Equity	80,190	32,271	88,196	76,993
Untaxed reserves	4,186	2,186	4,196	2,186
Current liabilities	165,634	188,524	153,583	127,735
Total equity and liabilities	250,010	222,981	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, and 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.

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 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

2. Information by geographic area
Primary segment – Geographic area

	Nordic region	Other Europe	Asia	Intra Group	Total
Period January - June 2019					
<i>Revenue</i>					
External revenue	32,130	111,690	230,098	-	373,918
Total revenue	32,130	111,690	230,098	0	373,918
<i>Profit</i>					
Operating profit	3,670	9,728	20,923	985	35,306
Interest income				534	534
Interest expense				-1,981	-1,981
Taxes on the on the period's profit				-7,748	-7,748
Net profit for the period	3,670	9,728	20,923	-8,210	26,111
Period January - June 2018					
<i>Revenue</i>					
External revenue	27,593	130,156	196,838	-	354,587
Total revenue	27,593	130,156	196,838	0	354,587
<i>Profit</i>					
Operating profit	4,243	18,863	19,058	-1,461	40,703
Interest income				234	234
Interest expense				-1,003	-1,003
Taxes on the profit for the year				-9,323	-9,323
Net profit for the year	4,243	18,863	19,058	-11,553	30,611

3. IFRS 16 Leasing

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	153 573	60 521	93 052
Other current assets	28 849	-1 373	30 222
Total effect on the assets		59 148	
Equity (profit for the year)	164 919	-313	165 232
Long-term interest-bearing liabilities	69 816	45 086	24 730
Short-term interest-bearing liabilities	93 139	14 375	78 764
Total effect on the liability and equity		59 148	

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	-31 462	7 844	-39 306
Depreciation, amortisation and impairment	-11 666	-7 292	-4 374
Net finance items	-1 447	-951	-496
Taxes	-7 748	86	-7 834
Total	-52 323	-313	-52 010

Key financial indicators	Jan-March 2019	Of which effect of IFRS 16	Jan-March 2019 not incl. effect of IFRS 16
Operating margin	9.4%	0.1%	9.3%
Net cash and cash equivalents (liabilities -), MSEK	-112.0	-59.5	-52.5
Equity ratio, %	36.8%	-5.6%	42.3%

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.