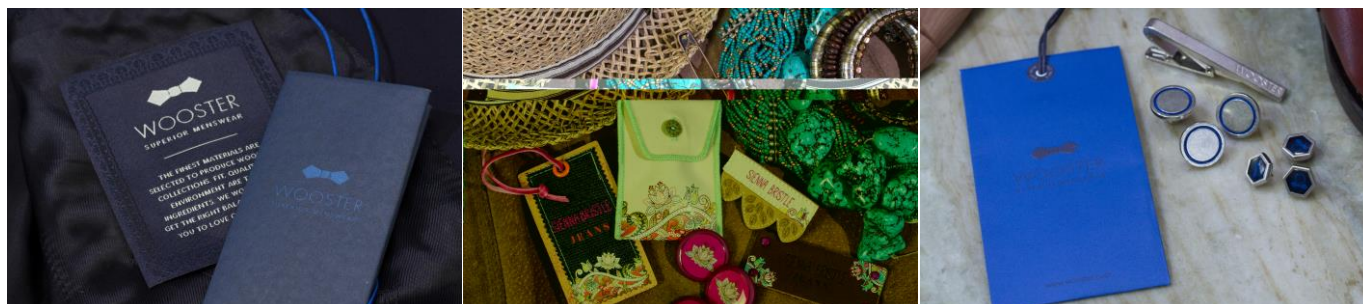


## Year-end Report for Nilörngruppen AB (publ) Q4, January - December 2017



### Period October - December

- Order bookings grew by 9 percent to MSEK 184 (169).
- Revenue, adjusted for acquisitions and currency fluctuation effects, amounted to MSEK 191 (174), equivalent to underlying organic growth of 10 percent.
- Consolidated revenue expressed in SEK grew by 3 percent to MSEK 179 (174).
- Operating profit (not including costs for change of listing in the amount of MSEK 1.0) amounted to MSEK 26.3 (22.1).
- Profit for the period amounted to MSEK 22.1 (15.4).
- Earnings per share amounted to SEK 1.93 (1.35).
- Cash flow from operating activities amounted to MSEK 25.5 (24.5).

### Period January - December

- Order bookings grew by 12 percent to MSEK 716 (638).
- Revenue, adjusted for acquisitions and currency fluctuation effects, amounted to MSEK 692 (610), equivalent to underlying organic growth of 13 percent.
- Consolidated revenue expressed in SEK grew by 11 percent to MSEK 680 (610).
- Operating profit (not including costs for change of listing in the amount of MSEK 3.7) amounted to MSEK 86.1 (75.0).
- Profit for the period amounted to MSEK 65.0 (56.2).
- Earnings per share amounted to SEK 5.70 (4.93).
- Cash flow from operating activities amounted to MSEK 66.2 (54.5).

### Significant events during the period

- Currency fluctuation effects had a negative impact on revenue in the amount of MSEK 16 during the quarter, and by MSEK 20 on an accumulated basis. The effect on earnings was marginal, however.
- Costs for change of listing amounted to MSEK 1.0 during the fourth quarter and MSEK 3.7 for the full year.
- As an element of offering the market's best sustainability solution, the production in Hong Kong has obtained Bluesign certification

### Significant after the end of the period under review

- The Board of Directors has decided to propose to the Annual General Meeting a dividend of 4.00 (3.60) per share



## PRESIDENT'S STATEMENT

Dear Shareholders,

Operations continue to develop favourably and we are increasing order bookings as well as revenue, especially if viewed adjusted for acquisitions and currency fluctuation effects. Earnings also show a positive development with an operating margin of 14 percent.

I am very pleased that we have increased sales to several of our largest customers. This shows that they are satisfied with our total solution and therefore make a larger portion of their purchases from us. We see an improved level of sales to "brands" or trademarks, while retailers and chain companies are reducing their volumes.

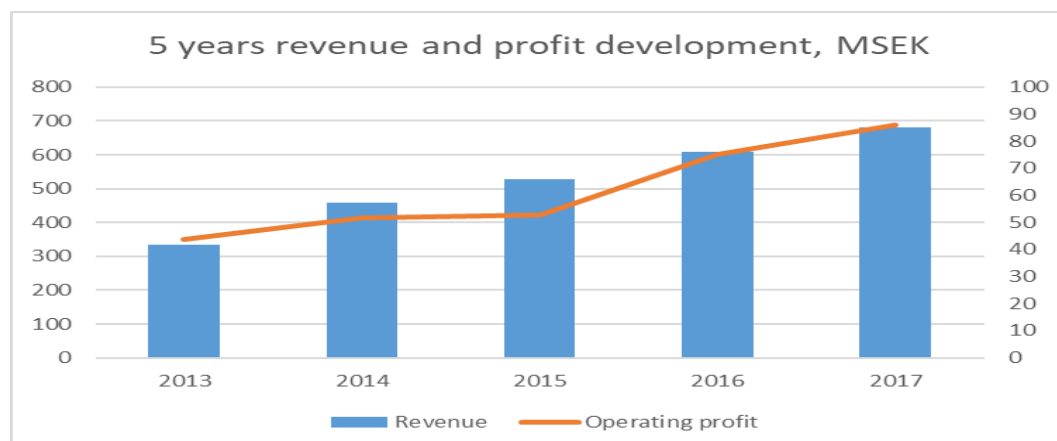
For the full year Sweden and Germany show significant increases, while English growth was marginal. We are also seeing a good development in Denmark, where we thanks to the acquisition of HC Etiketter have been able to increase the volumes to some of the larger customers. Italy is another market where we are experiencing continued good growth and several exciting projects are under development.

We have encountered a slightly more challenging market climate where we see smaller volumes to certain customers who have not yet fully adapted to the growth of e-commerce. If our customers sell a smaller number of products, we are affected correspondingly. We are also seeing increased demand from customers with well-developed e-commerce, however.

We have continued to invest in sustainability with the goal that Nilörn is to offer the market's best solutions in this area. As previously communicated, we are also expending more resources on RFID (intelligent labels) where we are working on several customer projects that we are hoping will result in concrete orders.

Overall, I have a positive view of the future as we have grown and become stronger in several markets, at the same time as we are continuing to refine our offer and make our processes more efficient.

*Claes af Wetterstedt*  
President



## Period October - December

### Order bookings

Order bookings during the fourth quarter of the year increased by 9 percent compared to the corresponding year-ago quarter, amounting to MSEK 184 (169). Order bookings were strong in both the English and the Danish operations.

### Net revenue and profit

Net revenue increased by 3 percent to MSEK 179 (174). The acquisition of HC Etiketter's customers affected revenue by MSEK 4, at the same time as currency fluctuations had a negative effect on revenue in the amount of MSEK 16. This means that the underlying organic growth was 10 percent. Since the Group is relatively well balanced in other regards, the effect on profit was marginal. The development in the English and Nordic markets was somewhat weaker during the quarter. The gross margin was 47.7 (47.7) percent.

External costs were reduced to MSEK 24.8 (25.0) and personnel costs amounted to MSEK 35.0 (35.4). External costs included MSEK 1.0 attributable to a change in listing to Small Cap. The Group continues to invest in the area of sustainability, a priority area for the Group, which is also appreciated by the customers. Internal development in RFID (intelligent labels) continued with a number of customer projects.

Operating profit, not including costs attributable to the change in listing, amounted to MSEK 26.3 (22.1), generated an operating margin of 14.7 (12.7) percent. Operating profit, including costs for the change in listing, amounted to MSEK 25.3 (22.1), generated an operating margin of 14.1 (12.7) percent.

Taxes paid amounted to MSEK 3.8 (6.0) and profit after taxes amounted to MSEK 22.1 (15.4). Last year's high tax expense was attributable to an adjustment in Bangladesh.

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

Cash flow from operating activities amounted to MSEK 26.5 (24.5), not including costs attributable to the change in listing of MSEK 1.0 or MSEK 25.5 (24.5) including the cost for change of listing.

Cash flow from investment activities amounted to MSEK -2.5 (-2.5) with MSEK -1.1 attributable to investment in a new enterprise system. Net cash and cash equivalents stood at MSEK 9.2 at the end of the period (9.7).

## Period January - December

### Order bookings

Order bookings increased by 12 percent to MSEK 716 (638).

### Net revenue and profit

Net revenue increased by 11 percent to MSEK 680 (610). The acquisition of HC Etiketter's customers affected revenue by MSEK 8, at the same time as currency fluctuations had a negative effect of MSEK 20. This means that the underlying organic growth increased by 13 percent. Since the Group is

relatively well balanced in other respects, in terms of currency fluctuations, this has only a marginal effect on profit. Slightly weaker development in the English market, but a good development in the Nordic and German markets. The gross margin was 46.4 (46.9) percent.

External costs increased to MSEK 96.5 (84.5), of which MSEK 3.7 is attributable to the change in listing, and personnel costs increased to MSEK 133.3 (123.7). The increase in personnel costs is explained by an enhanced organisation, especially in the area of sustainability, retail information services (labels with variable data) and client services in order to be able to offer a maintained level of service when volumes increase, and sharper focus on sustainability, which is in the interest of the Group as well as its customers.

Depreciation charges increased to MSEK 6.3 (4.6) as a consequence of at the Bangladesh plant and the acquisition of HC Etiketter AS's customer relationships.

Operating profit, not including costs of MSEK 3.7 for the change in listing, amounted to MSEK 86.1 (75.0), which generated an operating margin of 12.7 (12.3) percent. Operating profit, including costs for the change in listing, amounted to MSEK 82.4 (75.0), which generated an operating margin of 12.1 (12.3) percent.

MSEK 17.2 (17.7) was paid in taxes, resulting in a tax expense of 20.9 (24.0) percent. Profit after taxes amounted to MSEK 65.0 (56.2).

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

Cash flow from operating activities amounted to MSEK 69.9 (54.5), not including the cost of MSEK 3.7 change in listing, or MSEK 66.2 (54.5) including the cost of change in listing.

Cash flow from investment activities amounted to MSEK -22.7 (-17.4), of which MSEK 12.5 relates to intangible assets, mainly in the form of investment in a new enterprise system and acquisition of customer relationships from HC Etiketter in Denmark. The year before a large portion related to the plant investment in Bangladesh.

## Personnel

The average number of employees in the Group was 446 (358), 209 (173) of whom were women.

## Transactions with closely related parties

During the period Nilörngruppen sold services worth SEK 109,000 (491,000) to the principal owner, AB Traction and its subsidiaries. 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 (18).

Net revenue for the period amounted to MSEK 20,7 (16.4). The operating result amounted to MSEK -7.4 (-4.3) and profit after taxes amounted to MSEK 51.3 (24.3).

## 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 2016 Annual Report, note 2. The risks reported are deemed to be essentially unchanged.

### Nomination committee

Nilörngruppen does not have an appointed nomination committee since the ownership structure is clear with Traction owning a majority of the votes, and also because there are no other owners with significant ownership interest. However, shareholders are always welcome with opinions and/or suggestions for the composition of the Board of Directors to its Chairman, Petter Stillström telephone +46-8- 506 289 00.

### Annual General Meeting

The Annual General Meeting will be held at 5:00 p.m., 16 May 2018 at Nilörngruppen's head office in Borås. The Annual Report will be available on the Company's website no later than three weeks before the Annual General Meeting.

### Dividend

The Group's dividend policy states that 60-90 percent of consolidated comprehensive profit is to be paid as dividend. The Board of Directors has decided to propose to the Annual General Meeting a dividend of SEK 4.00 (3.60) per share,

equivalent to MSEK 45.6 (41.0). The proposal is equivalent to dividend of 70 percent of the net comprehensive profit for the year, which is consistent with the Company's relatively low indebtedness.

## Review

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

## Calendar

- 16 May 2018 Interim Report Q1
- 16 May 2018 Annual General Meeting, 5:00 p.m. in Borås
- 23 August 2018 Interim Report Q2
- 17 October 2018 Interim Report Q3
- 15 February 2019 Year-end Report
- 16 May 2019 Interim Report Q1
- 16 May 2019 Annual General Meeting, 5:00 p.m. in Borås

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 11:00 a.m., 16 February 2018.

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, 16 FEBRUARY 2018  
NILÖRNGRUPPEN AB (PUBL)

Claes af Wetterstedt  
President & CEO

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## Summary Financial Reports

### Consolidated Income Statement

Amounts in SEK thousand	3 months		12 months	
	October - December		January - December	
	2017	2016	2017	2016
Net revenue	179 464	174 222	680 388	610 477
Raw materials, supplies and goods for resale	-93 902	-91 060	-364 600	-324 372
<b>Gross profit</b>	<b>85 562</b>	<b>83 162</b>	<b>315 788</b>	<b>286 105</b>
Other operating revenue	2 327	2 284	6 139	5 616
Other external costs	-24 750	-24 950	-96 462	-84 500
Personnel costs	-35 038	-35 397	-133 311	-123 714
Depreciation, amortisation and impairment charges	-1 784	-1 229	-6 287	-4 622
Other operating costs	-996	-1 729	-3 458	-3 873
<b>Operating profit</b>	<b>25 321</b>	<b>22 141</b>	<b>82 409</b>	<b>75 012</b>
Net finance items	583	-761	-167	-1 073
<b>Profit before taxes</b>	<b>25 904</b>	<b>21 380</b>	<b>82 242</b>	<b>73 939</b>
Taxes	-3 844	-5 964	-17 219	-17 717
<b>Net profit for the period</b>	<b>22 060</b>	<b>15 416</b>	<b>65 023</b>	<b>56 222</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>1.93</b>	<b>1.35</b>	<b>5.70</b>	<b>4.93</b>
<b>Earnings per share, SEK after dilution</b>	<b>1.93</b>	<b>1.35</b>	<b>5.70</b>	<b>4.93</b>

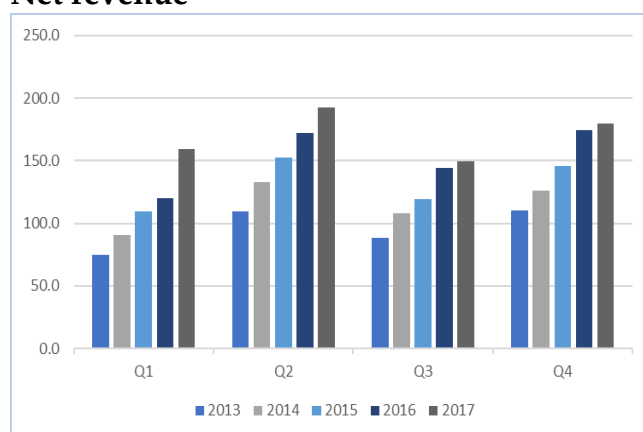
### Consolidated Statement of Comprehensive Result

Amounts in SEK thousand	October - December		January - September	
	2017	2016	2017	2016
	<b>Net profit for the period</b>	<b>22 060</b>	<b>15 416</b>	<b>65 023</b>
Other comprehensive result that may be reposted to net profit for the period				
Translation differences	2 432	519	-7 832	2 660
<b>Items that cannot be reposted to net profit for the period</b>				
Revaluation of defined benefit pension scheme	-22	-222	-22	-222
<b>Total profit for the period</b>	<b>24 470</b>	<b>15 713</b>	<b>57 169</b>	<b>58 660</b>
Total profit for the period attributable to:				
The Parent Company's equity holders	24 470	15 713	57 169	58 660

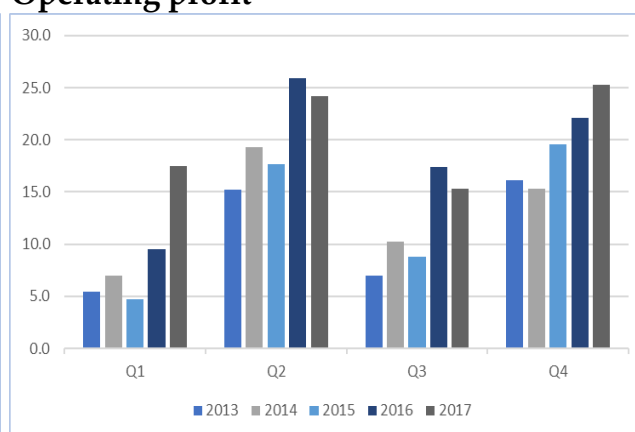
## Quarterly income statements

Amount in MSEK)	2017				2016				2015				2014				2013			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net revenue	159.3	192.4	149.2	179.5	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	-108.6	-76.4	-93.9	-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	83.8	72.8	85.6	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%	43.6%	48.8%	47.7%	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	1.6	0.5	2.3	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	-59.6	-56.3	-60.8	-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	-1.6	-1.7	-1.8	-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	24.2	15.3	25.3	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%	12.6%	10.2%	14.1%	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	2.1	1.3	2.2	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

### Graph of quarterly development of: Net revenue



### Operating profit



### 1 January – 31 December

KEY FINANCIAL INDICATORS	2017	2016	2015	2014	2013	2012
Revenue growth, %	11.5	15.8	15.2	19.5	15.9	2.9
Operating margin, %	12.1	12.3	9.6	11.3	11.4	10
Profit margin, %	12.1	12.1	9.5	11.2	11.5	10
Average equity	145.9	125.6	113.8	104.6	90.7	92.6
Return on equity, %	44.6	44.8	34.3	39.9	38.2	27
Equity ratio, %	49.2	50.8	48.8	53.3	55.5	55.8
Interest-bearing net cash (liabilities -), MSEK	9.2	9.7	5	32.1	36.6	28.3
Earnings per share, SEK	5.7	4.93	3.42	3.66	3.04	2.37
Equity per share, SEK	13.5	12.08	9.94	10.0225	8.325	7.58
Dividend per share, SEK	4.00	3.60	3.00	3.50	3.00	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
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
Average number of employees	446.0	358	335	301	268	246

\*Dividend proposed by the Board of Directors for the 2017 financial year.

## Consolidated Balance Sheet

Amounts in SEK thousand	2017-12	2016-12
<b>Assets</b>		
Intangible non-current assets	14 673	2 886
Other non-current assets	48 193	46 642
Inventories	110 017	88 891
Trade receivables	76 238	73 370
Other current assets	18 658	24 282
Cash and cash equivalents	44 837	35 210
<b>Total assets</b>	<b>312 616</b>	<b>271 281</b>
<b>Equity and liabilities</b>		
Equity	153 913	137 791
Long-term non-interest-bearing liabilities	1 242	5 035
Current interest-bearing liabilities	35 677	25 500
Current non-interest-bearing liabilities	121 784	102 955
<b>Total equity and liabilities</b>	<b>312 616</b>	<b>271 281</b>

## Changes in Consolidated Equity

2017	Share capital	Other contributed capital	Reserves	earnings including net profit for the period	Total	Total equity
Amounts in SEK thousand						
<b>OPENING EQUITY 2017-01-01</b>	2 850	43 231	2 072	89 638	137 791	137 791
Net profit for the period				65 023	65 023	65 023
<b>Other total profit</b>						
Translation differences during the period			-7 832		-7 832	-7 832
Revaluation of pension scheme						
<b>Transactions with shareholders</b>						
Dividend					-41 047	-41 047
<b>CLOSING EQUITY 2017-12-31</b>	<b>2 850</b>	<b>43 231</b>	<b>-46 807</b>	<b>154 639</b>	<b>153 913</b>	<b>153 913</b>

2016	Share capital	Other contributed capital	Reserves	earnings including net profit for the period	Total	Total equity
Amounts in SEK thousand						
<b>OPENING EQUITY 2016-01-01</b>	2 850	43 231	-588	67 844	113 337	113 337
Net profit for the period				56 222	56 222	56 222
<b>Other total profit</b>						
Translation differences during the period			2 660		2 660	2 660
Revaluation pension scheme				-222	-222	-222
<b>Transactions with shareholders</b>						
Dividend			-34 206		-34 206	-34 206
<b>CLOSING EQUITY 2016-12-31</b>	<b>2 850</b>	<b>43 231</b>	<b>-32 134</b>	<b>123 844</b>	<b>137 791</b>	<b>137 791</b>

## Consolidated Cash Flow Statement

	oktober – december		januari – december	
Amounts in SEK thousand	2017	2016	2017	2016
<b>Operating activities</b>				
Operating profit	25 321	22 141	82 409	75 012
<i>Adjustment for items not included in cash flow</i>				
Depreciation, amortisation and impairment charges	1 784	1 229	6 287	4 622
Profit/loss from sales of fixed assets	117	-	481	-
Other non cash generated items	2 566	38	2 566	38
	<b>29 788</b>	<b>23 408</b>	<b>91 743</b>	<b>79 672</b>
Interest income	714	60	1 051	347
Interest expense	-131	-821	-1 218	-1 420
Paid taxes	-7 131	-6 022	-19 831	-17 563
<b>Cash flow from operating activities before changes in working capital</b>	<b>23 240</b>	<b>16 625</b>	<b>71 745</b>	<b>61 036</b>
<b>Cash flow from changes in working capital</b>				
Inventories	-12 387	-3 876	-28 513	-5 529
Trade receivables	-93	6 097	-10 267	-12 136
Other short-term receivables	7 187	6 509	6 634	1 253
Trade payables	11 760	1 523	18 277	3 819
Other liabilities	-4 192	-2 388	8 352	6 071
<b>Cash flow from operating activities</b>	<b>25 515</b>	<b>24 490</b>	<b>66 228</b>	<b>54 514</b>
<b>Investment activities</b>				
Acquisition of intangible non-current assets	-1 117	-1 025	-12 493	-2 526
Acquisition of intangible non-current assets	-1 680	-1 685	-10 844	-15 264
Acquisition of financial non-current assets	-	-	13	-
Sales of fixed assets	354	-	887	-
Change in long-term receivable	-77	-173	-223	-13
<b>Cash flow from investment activities</b>	<b>-2 520</b>	<b>-2 477</b>	<b>-22 660</b>	<b>-17 397</b>
<b>Financing activities</b>				
Repayment/raising loans	-28 779	-22 500	10 177	-1 012
Paid dividend	-	-	-41 047	-34 206
<b>Cash flow from financing activities</b>	<b>-28 779</b>	<b>-22 500</b>	<b>-30 870</b>	<b>-35 218</b>
<b>Cash flow for the year</b>	<b>-5 784</b>	<b>-487</b>	<b>12 698</b>	<b>1 899</b>
Cash and cash equivalents at beginning of period	49 796	34 805	35 210	31 548
Translation difference in cash and cash equivalents	825	892	-3 071	1 763
<b>Cash and cash equivalents at end of period</b>	<b>44 837</b>	<b>35 210</b>	<b>44 837</b>	<b>35 210</b>

## Cash flow report

Amounts in SEK Thousand	2016-12	Cash flow	2017-12
Current interest-bearing liabilities	25 500	10 177	35 677
	2015-12	Cash flow	2016-12
Current interest-bearing liabilities	26 512	-1 012	25 500



## Parent Company Income Statement

Amounts in SEK thousand	3 months		12 months	
	October - December		January - December	
	2017	2016	2017	2016
Net revenue	-3 692	6 320	9 678	16 397
Other operating income	13 458	2 017	17 944	5 854
<b>Total revenue</b>	<b>9 766</b>	<b>8 337</b>	<b>27 622</b>	<b>22 251</b>
Other external costs	-4 031	-1 978	-13 636	-7 492
Personnel costs	-5 527	-5 995	-20 688	-18 512
Depreciation, amortisation and impairment charges	-207	-146	-663	-536
<b>Operating profit</b>	<b>1</b>	<b>218</b>	<b>-7 365</b>	<b>-4 289</b>
Net finance items	48 341	25 603	51 094	25 875
<b>Profit after finance items</b>	<b>48 342</b>	<b>25 821</b>	<b>43 729</b>	<b>21 586</b>
Year-end appropriations	7 500	2 384	7 500	2 384
Taxes	54	337	27	302
<b>Net profit for the period</b>	<b>55 896</b>	<b>28 542</b>	<b>51 256</b>	<b>24 272</b>

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

## Parent Company Balance Sheet

Amounts in SEK thousand	2017-12	2016-12
<b>Assets</b>		
Intangible non-current assets	8 857	2 769
Tangible non-current assets	1 940	1 244
Financial non-current assets	98 904	99 580
Short-term receivables	97 213	56 784
Cash and cash equivalents	-	186
<b>Total assets</b>	<b>206 914</b>	<b>160 563</b>
<b>Equity and liabilities</b>		
Equity	76 993	66 784
Untaxed reserves	2 186	5 186
Long-term liabilities	-	2 818
Current liabilities	127 735	85 775
<b>Total equity and liabilities</b>	<b>206 914</b>	<b>160 563</b>

## Notes

### 1. Accounting policies

As was the case with the Annual Accounts for 2016, 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 2016, 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.

New or revised IFRS that came into effect during 2017 have had no material effect on the Group, which is also true with respect to IFRS 15 and IFRS 9. IFRS 16, which is to be applied starting in 2019 will have an effect since all leasing liabilities are to be carried in the balance sheet. Nilörn's leasing agreements are mostly rental agreements for office and warehouse space.

## 2. Information by geographic area

Period January - December 2017	Nordic region	Other Europe	Asia	Intra Group	Total
<i>Revenue</i>					
External revenue	68 893	218 752	392 743	-	680 388
<b>Total revenue</b>	<b>68 893</b>	<b>218 752</b>	<b>392 743</b>	<b>0</b>	<b>680 388</b>
<i>Profit</i>					
Operating profit	15 295	37 090	37 391	-7 367	82 409
Interest income				1 051	1 051
Interest expense				-1 218	-1 218
Taxes on the on the period's profit				-17 219	-17 219
<b>Net profit for the period</b>	<b>15 295</b>	<b>37 090</b>	<b>37 391</b>	<b>-24 753</b>	<b>65 023</b>
<b>Period January - December 2016</b>					
<i>Revenue</i>					
External revenue	64 883	207 614	337 980	-	610 477
<b>Total revenue</b>	<b>64 883</b>	<b>207 614</b>	<b>337 980</b>	<b>0</b>	<b>610 477</b>
<i>Profit</i>					
Operating profit	14 254	31 656	33 394	-4 292	75 012
Interest income				347	347
Interest expense				-1 420	-1 420
Taxes on the profit for the year				-17 717	-17 717
<b>Net profit for the year</b>	<b>14 254</b>	<b>31 656</b>	<b>33 394</b>	<b>-23 082</b>	<b>56 222</b>

### 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 capital employed</b>	Capital employed at the beginning of the period, plus equity at the end of the period, divided by two.	Capital employed indicates how much capital is needed operate the business irrespective of form of financing (borrowed funds or equity). Calculated on an average basis in order to get a fair picture over the entire period.
<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>Capital employed</b>	Balance sheet total, less non-interest-bearing liabilities, including deferred tax liabilities.	Capital employed indicates how much capital is needed to run the business irrespective of form of financing (borrowed funds or equity).
<b>Profit margin</b>	Result before taxes in percent of net revenue.	This metric makes it possible to compare profitability regardless of corporate tax rate.

Calculated as follows: Symbol shown in the table:

-	=	Minus
No symbol before	=	Plus
/	=	Divided by
_____	=	Result underscore

<b>Revenue growth</b>				
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>3 months</b>	<b>3 months</b>	<b>12 months</b>	<b>12 months</b>
	<b>Oct – Dec</b>	<b>Oct – Dec</b>	<b>Jan – Dec</b>	<b>Jan – Dec</b>
Net revenue for the period (MSEK)	179.5	174.2	680.4	610.5
Net revenue for the previous period (MSEK)	-174.2	-145.9	-610.5	-527.2
Net revenue for the previous period (MSEK)	/174,2	/145,9	/610,5	/527,2
<b>Revenue growth (%)</b>	<b>3.0</b>	<b>19.4</b>	<b>11.4</b>	<b>15.8</b>
<b>Operating margin</b>				
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>3 months</b>	<b>3 months</b>	<b>12 months</b>	<b>12 months</b>
	<b>Oct – Dec</b>	<b>Oct – Dec</b>	<b>Jan – Dec</b>	<b>Jan – Dec</b>
Operating profit (MSEK)	25.3	22.1	82.4	75.0
Net revenue (MSEK)	/179,5	/174,2	/680,4	/610,5
<b>Operating margin (%)</b>	<b>14.1</b>	<b>12.7</b>	<b>12.1</b>	<b>12.3</b>
<b>Profit margin</b>				
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>3 months</b>	<b>3 months</b>	<b>12 months</b>	<b>12 months</b>
	<b>Oct – Dec</b>	<b>Oct – Dec</b>	<b>Jan – Dec</b>	<b>Jan – Dec</b>
Profit before taxes (MSEK)	25.9	19.4	82.2	50.1
Net revenue (MSEK)	/179,5	/174,2	/680,4	/610,5
<b>Profit margin (%)</b>	<b>14.4</b>	<b>11.1</b>	<b>12.1</b>	<b>8.2</b>
<b>Capital employed</b>				
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>3 months</b>	<b>3 months</b>	<b>12 months</b>	<b>12 months</b>
	<b>Oct – Dec</b>	<b>Oct – Dec</b>	<b>Jan – Dec</b>	<b>Jan – Dec</b>
Balance sheet total (MSEK)	312.6	271.3	312.6	271.3
Long-term provisions	-0.7	-1.1	-0.7	-1.1
Other long-term non-interest-bearing liabilities	-	-2.8	-	-2.8
Trade payables	-61.7	-52.7	-61.7	-52.7
Current taxes	-4.5	-3.3	-4.5	-3.3
Other non interest-bearing liabilities	-10.7	-4.7	-10.7	-4.7
Accrued expenses and prepaid income	-44.9	-42.3	-44.9	-42.3
Deferred taxes	-0.5	-1.2	-0.5	-1.2
<b>Capital employed (MSEK)</b>	<b>189.6</b>	<b>163.2</b>	<b>189.6</b>	<b>163.2</b>
<b>Average capital employed</b>				
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>3 months</b>	<b>3 months</b>	<b>12 months</b>	<b>12 months</b>
	<b>Oct – Dec</b>	<b>Oct – Dec</b>	<b>Jan – Dec</b>	<b>Jan – Dec</b>
Capital employed at the beginning of the period	193.9	170.1	163.3	139.8
Capital employed at the end of the period	189.6	163.2	189.6	163.2
	/2	/2	/2	/2
<b>Average capital employed</b>	<b>191.8</b>	<b>166.7</b>	<b>176.5</b>	<b>151.5</b>
<b>Return on capital employed</b>				
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>3 months</b>	<b>3 months</b>	<b>12 months</b>	<b>12 months</b>
	<b>Oct – Dec</b>	<b>Oct – Dec</b>	<b>Jan – Dec</b>	<b>Jan – Dec</b>
Profit before taxes (MSEK)	25.9	21.4	82.2	73.9
Financial costs (MSEK)	0.1	0.8	1.2	1.4
Average capital employed (MSEK)	/191,8	/166,7	/176,5	/151,5
<b>Return on capital employed (%)</b>	<b>13.6</b>	<b>13.3</b>	<b>47.3</b>	<b>49.7</b>

#### Average equity

	2017 3 months Oct – Dec	2016 3 months Oct – Dec	2017 12 months Jan – Dec	2016 12 months Jan – Dec
Equity at the beginning of the period (MSEK)	129.4	122.1	137.8	113.3
Equity at the end of the period (MSEK)	153.9	137.8	153.9	137.8
	/2	/2	/2	/2
<b>Average equity (MSEK)</b>	<b>141.7</b>	<b>130.0</b>	<b>145.9</b>	<b>125.6</b>

#### Return on equity

	2017 3 months Oct – Dec	2016 3 months Oct – Dec	2017 12 months Jan – Dec	2016 12 months Jan – Dec
Profit of the period (MSEK)	22.1	15.4	65.0	56.2
Average equity (MSEK)	/141,7	/130,0	/145,9	/125,6
<b>Return on equity (%)</b>	<b>15.6</b>	<b>11.9</b>	<b>44.6</b>	<b>44.8</b>

#### Equity ratio

	2017 3 months Oct – Dec	2016 3 months Oct – Dec	2017 12 months Jan – Dec	2016 12 months Jan – Dec
Equity (MSEK)	153.9	137.8	153.9	137.8
Total assets (MSEK)	/312,6	/271,3	/312,6	/271,3
<b>Equity ratio (%)</b>	<b>49.2</b>	<b>50.8</b>	<b>49.2</b>	<b>50.8</b>

#### Interest-bearing net cash/debt

	2017 3 months Oct – Dec	2016 3 months Oct – Dec	2017 12 months Jan – Dec	2016 12 months Jan – Dec
Cash and cash equivalents	44.8	35.2	44.8	35.2
Short term interest-bearing liabilities	-35.7	-25.5	-35.7	-25.5
Interest-bearing receivables	0.0	0.0	0.0	0.0
<b>Interest-bearing net cash/debt</b>	<b>9.1</b>	<b>9.7</b>	<b>9.1</b>	<b>9.7</b>

#### Earnings per share

	2017 3 months Oct – Dec	2016 3 months Oct – Dec	2017 12 months Jan – Dec	2016 12 months Jan – Dec
Equity	153.9	137.8	153.9	137.8
Number of shares outstanding (thousands)	/11 402	/11 402	/11 402	/11 402
<b>Equity per share</b>	<b>13.5</b>	<b>12.1</b>	<b>13.5</b>	<b>12.1</b>

## 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.