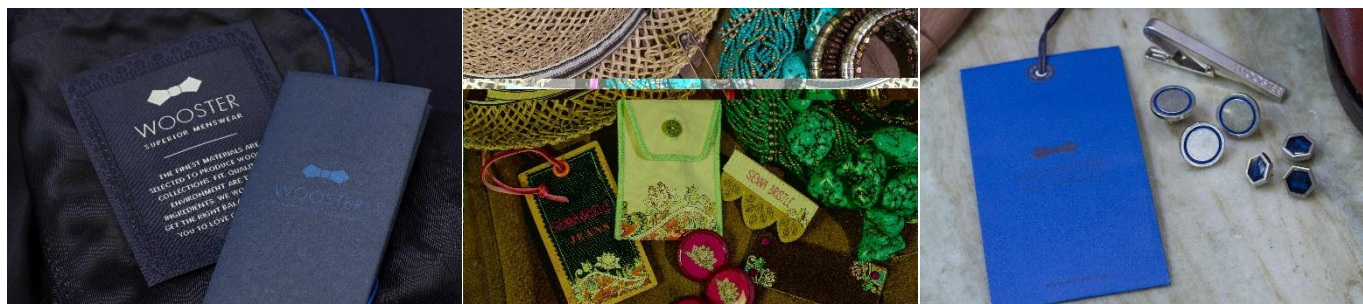


Year-end Report for Nilörngruppen AB (publ) Q4, January - December 2018



Period October - December

- Order bookings decreased by 1 percent to MSEK 182 (184).
- Revenue increased by 5 percent to MSEK 188 (179).
- Operating profit amounted to MSEK 25.4 (25.3).
- Profit for the period amounted to MSEK 26.3 (22.1).
- Earnings per share amounted to SEK 2.30 (1.93).
- Cash flow from operating activities amounted to MSEK 21.7 (25.5).

Period January - December

- Order bookings increased by 3 percent amounting to MSEK 738 (716).
- Revenue increased by 7 percent to MSEK 729 (680).
- Operating profit amounted to MSEK 85.2 (82.4).
- Profit for the period amounted to MSEK 70.7 (65.0).
- Earnings per share amounted to SEK 6.20 (5.70).
- Cash flow from operating activities amounted to MSEK 55.6 (66.2).

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 SEK 4.00 (4.00) per share.



PRESIDENT'S STATEMENT

Dear Shareholders,

The final quarter of the year closed in accordance with my expectations as we in an increasingly challenging market increased our revenue by 5 percent, generating a net profit of MSEK 26,3 (22.1).

This means that 2018 was another record year, with an increase in revenue of 7 percent to MSEK 738 and an operating profit of MSEK 85.2.

In the face of prevailing uncertainty in the British market due to the ongoing Brexit negotiations, we managed to end the year on a positive note in Great Britain, with several customers increasing their volumes during the quarter. We are also seeing a stable development in Germany, where turnover increased by 15 percent.

The Scandinavian market contracted slightly during the quarter, as a result of lower volumes to some major customers due to weaker demand. Overall, however, t

he market was stable.

Development of our RFID concept is progressing according to plan and we are continuing to raise our volumes as a growing number of our customers show interest. In my judgment, this segment will grow going forward, albeit from low levels.

Our efforts in sustainability continue and this is now one of our most important competitive advantages, where we offer our customers increasingly sustainable labelling. We are assigning

greater resources to ensure that our products are made of recycled materials and in close co-operation with our customers we strive to optimize environmentally their labels and labelling.

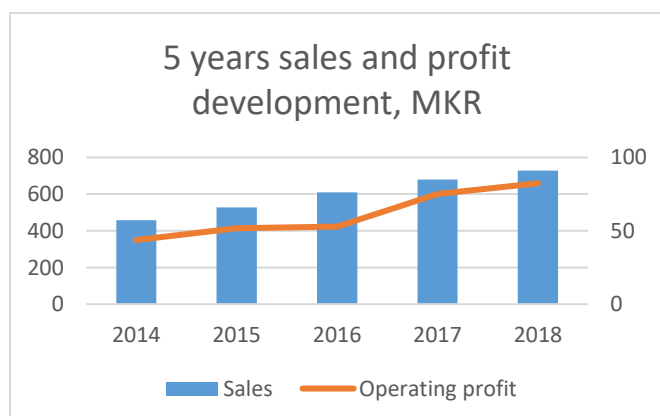
We are growing at a greater rate than the underlying fashion and textile market and we are continuing to capture market shares. This is a good grade on our offer and the added value we deliver.

Even though certain segments of the retail market are facing difficulties, we are observing a clearly better development for international trade marks, where Nilörn's sales were strong during the year. We are also seeing increased sales to customers emphasizing e-commerce and we have strengthened our concept in this segment in an effort to attract additional customers. This makes the future continuing to look very exciting.

We have had another good year and we have proven that our concept and offer stand strongly against our competitors. I am firmly convinced that Nilörn's strong position provides good conditions for continued profitable growth.

I wish to thank my experienced and competent staff for their contributions during the year. You have again proven that we are a strong team.

Claes af Wetterstedt
President & CEO



Period October - December

Order bookings

Order bookings contracted by 1 percent amounting to MSEK 182 (184).

Net revenue

Revenue in SEK increased by 5 percent to MSEK 188 (179).

Gross margin

The gross margin was 44.8 (47.7) percent. The reason for the decline is an impairment charge against inventory and delivery of orders with low margins.

Costs

External costs declined to MSEK 22.7 (24.8) MSEK and personnel costs increased to MSEK 36.2 (35.0). The cost for change of listing amounted to MSEK 1.0 during the year before.

Operating profit

Operating profit amounted to MSEK 25.4 (25.3), generating an operating margin of 13.5 (14.1) percent. The operating result includes other operating income of MSEK 2.0 attributable to a final settlement in connection with the acquisition of HC Etiketter A/S.

Net finance items, taxes and profit for the period

Net finance items in the amount of MSEK 0.5 (0.6) is essentially attributable to a positive exchange rate difference.

Taxes amounted to MSEK +0.3 (-3.8) and profit after taxes amounted to MSEK 26.3 (22.1). A tax asset in the amount of MSEK 5.3 was recorded during the period. This affected tax cost positively. MSEK 3.8 of the amount is attributable to a loss deduction in Belgium and MSEK 2.1 is attributable to tax subsidies for investments in Portugal. The loss deduction in Belgium is attributable to the closing of the factory early in the 2000s now reversed as the company is judged to have a stable earnings capacity.

Cash flow, capital expenditures, financing and liquidity

Cash flow from operating activities amounted to MSEK 21.7 (25.5). Cash flow from investment activities amounted to MSEK -14.7 (-2.5) and is essentially attributable to investments in factory in Portugal and the property in England. Net liabilities (-) / cash (+) amounted to MSEK -2.5 (+9.2).

Period January - December

Order bookings

Order bookings increased by 3 percent amounting to MSEK 738 (716). Adjusted for currency effects order bookings amounted to MSEK 745 (716), for an underlying organic increase in order bookings of 4 percent.

Net revenue and profit

Revenue increased by 7 percent to MSEK 729 (680). Net revenue adjusted for currency effects amounted to MSEK 736 (680), for underlying organic growth of 8 percent. The gross margin was 45.7 (46.4) percent.

The average TRY/SEK exchange rate weakened by 22 percent compared to the equivalent year-ago period. This influenced the currency effect since 11 percent of revenue is attributable to

Turkey. The average EUR/SEK exchange rate for the period January - December strengthened by 6 percent over the same period. Consolidated revenue is met by costs in each respective currency, which minimizes the net effect on profit.

External costs increased to MSEK 99.3 (96.5) and personnel costs increased to MSEK 144.8 (133.3). The cost for change of listing amounted to MSEK 3.7 during the year before. The increase in personnel costs pertains to marketing resources in Europe and production personnel in Asia as well as support personnel in the form of a packaging manager and strengthening in the RIS/RFID departments.

Operating profit amounted to MSEK 85.2 (82.4), which results in an operating margin of 11.7 (12.1) percent. Operating profit includes other operating revenue in the amount of MSEK 2.0 attributable to the final settlement of the acquisition of HC Etiketter A/S.

Taxes paid amounted to MSEK 13.1 (17.2), for a total tax expense of 15.7 (20.9) percent. A deferred tax asset in the amount of MSEK 5.3 was recorded during the fourth quarter. This had a positive effect on taxes paid.

Profit after taxes amounted to MSEK 70.7 (65.0).

Cash flow, capital expenditures, financing and liquidity

Cash flow from operating activities before changes in working capital amounted to MSEK 73.8 (71.7) and after to changes in working capital to 55.6 (66.2).

Cash flow from investment activities amounted to MSEK -24.1 (-22.7), MSEK 5.0 of which is attributable to a new enterprise system and MSEK 15.5 is attributable to tangible non-current assets, with investment in looms in Portugal the largest single item. Last year acquisition of intangible non-current assets amounted to MSEK 12.5 relating to investment in a new enterprise system as the largest single item and purchase of customer relationships from HC Etiketter i Denmark.

In order to meet growth in the English market, it has been decided to build a new facility in England with more efficient production, a sufficient amount of office space more in tune with our marketing and design operations. The investment is expected to amount to approximately MSEK 24 with occupancy planned for the second quarter of 2019.

The factory in Bangladesh displayed a very positive development and to meet increased demand it has now been decided to invest in additional looms and a five-colour offset printing press. The total investment is expected to be in the amount of 1.3 MUSD and is estimated to take place towards the end of 2019.

Equity

Consolidated equity amounts to MSEK 180,8, growing by MSEK 26.9 during the period under review. The increase is attributable to the profit for the period in the amount of MSEK 70.7, the translation difference during the period of MSEK 1.8 and a dividend paid in the amount of MSEK -45.6. The translation difference is the net effect of converting equity in the non-Swedish subsidiaries to SEK. The weak Turkish currency had a negative effect.

Personnel

The average number of employees in the Group was 482 (446), 210 (209) of whom were women (relative to the situation at the beginning of the year). A total of 265 employees, or 55 percent, are engaged in production and storage.

Transactions with closely related parties

Nilörngruppen sold services during the period for TSEK 95 (109) to the principal owner, AB Traction with subsidiaries. No transactions occurred during the period under review that had an effect on The Group's profit and financial position. 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 (21).

Net revenue during the period January - December amounted to MSEK 21.6 (20.7). The operating result amounted to MSEK -2.1 (-7.4) and profit after taxes amounted to MSEK 56.8 (51.3).

Significant events after the closing date

There are no significant events after the closing date to report.

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 2017 Annual Report, note 2. The risks reported are deemed to be essentially unchanged.

Election committee

Nilörngruppen does not have an appointed election committee since the ownership structure is clear since Traction AB owns a majority of the votes and also because there are no other owners with substantial ownership. However, shareholders are always

welcome to submit comments and/or suggestions with respect to the composition of the Board of Directors to the Chairman of the Board of Directors, Petter Stillström, telephone +46-8-506 289 00.

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 (4.00) per share, equivalent to MSEK 45.6 (45.6). The proposal is equivalent to dividend of 65 (70) percent of the net comprehensive profit for the year, or 70 percent adjusted for the recognized deferred tax asset. The proposal is deemed to be consistent with the Company's relatively low indebtedness.

Annual General Meeting

The Annual General Meeting will be held at 5:00 p.m., 15 May 2019 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.

Review

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

Calendar

- 15 May 2019 Interim Report Q1
- 15 May 2019 AGM at 5:00 p.m. in Borås

The information herein is such that Nilörngruppen AB is under obligation to publish in accordance with the EU Market Abuse Regulation. The information herein was provided by the contact persons named below for publication at 8:00 a.m., 15 February 2019.

The President hereby confirm 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, 15 February 2019
NILÖRNGRUPPEN AB (PUBL)

Claes af Wetterstedt
President & CEO



FOR FURTHER INFORMATION CONTACT:

Claes af Wetterstedt, President & CEO
Telephone: +46-33-700 88 30
Mobile: +33-706 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		12 months	
	October - December		January - December	
	2018	2017	2018	2017
Net revenue	187,942	179,464	729,188	680,388
Raw materials, supplies and goods for resale	-103,792	-93,902	-396,033	-364,600
Gross profit	84,150	85,562	333,155	315,788
Other operating revenue	4,217	2,327	9,259	6,139
Other external costs	-22,669	-24,750	-99,346	-96,462
Personnel costs	-36,242	-35,038	-144,770	-133,311
Depreciation, amortisation and impairment charges	-2,540	-1,784	-8,362	-6,287
Other operating costs	-1,476	-996	-4,699	-3,458
Operating profit	25,440	25,321	85,237	82,409
Net finance items	532	583	-1,391	-167
Profit before taxes	25,972	25,904	83,846	82,242
Taxes	305	-3,844	-13,122	-17,219
Net profit for the period	26,277	22,060	70,724	65,023
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	2.30	1.93	6.20	5.70
Earnings per share, SEK after dilution	2.30	1.93	6.20	5.70

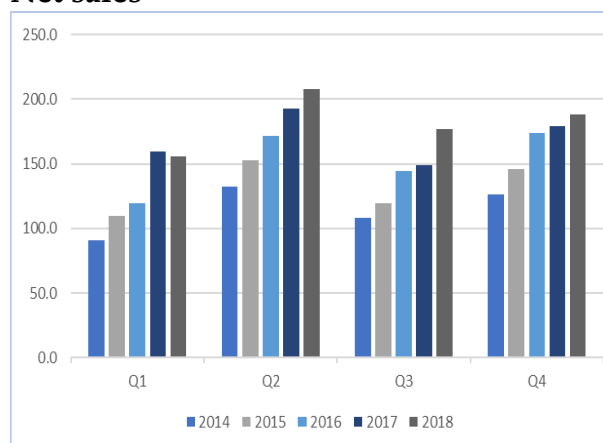
Consolidated Statement of Comprehensive Result

Amounts in SEK thousand	October - December		January - December	
	2018	2017	2017	2016
Net profit for the period	26,277	22,060	70,724	65,023
Other comprehensive result that may be reposted to net profit for the period				
Translation differences	2,750	2,432	1,723	-7,832
Items that cannot be reposted to net profit for the period				
Revaluation of defined benefit pension scheme	13	-22	13	-22
Total profit for the period	29,040	24,470	72,460	57,169
Total profit for the period attributable to:				
The Parent Company's equity holders	29,040	24,470	72,460	57,169

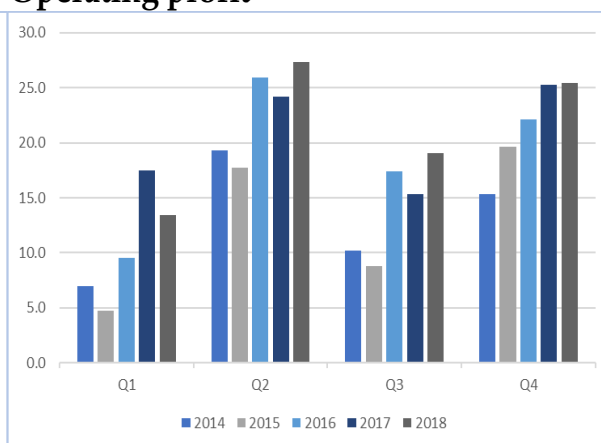
Quarterly Income Statements

Amount in MSEK)	2018				2017				2016				2015			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net revenue	156.1	208.1	177.0	187.9	159.3	192.4	149.2	179.5	119.7	171.9	144.6	174.2	109.4	152.6	119.2	145.9
Raw materials, supplies and goods for resale	-84.8	-113.4	-94.0	-103.8	-85.7	-108.6	-76.4	-93.9	-61.4	-94.5	-77.3	-91.1	-58.2	-81.6	-62.2	-76.8
Gross profit	71.3	94.7	83.0	84.1	73.6	83.8	72.8	85.6	58.3	77.4	67.3	83.1	51.2	71.0	57.0	69.1
Gross margin	45.7%	45.5%	46.9%	44.8%	46.2%	43.6%	48.8%	47.7%	48.7%	45.0%	46.5%	47.7%	46.8%	46.5%	47.8%	47.4%
Other income	1.7	1.4	2.0	4.2	1.7	1.6	0.5	2.3	0.9	1.2	1.2	2.3	1.2	1.4	2.6	1.3
Operating costs	-58.4	-66.8	-63.8	-60.4	-56.6	-59.6	-56.3	-60.8	-48.4	-51.7	-50.1	-62.1	-46.8	-53.7	-49.8	-49.5
Depreciation, amortisation and impairment charges	-1.2	-2.0	-2.1	-2.5	-1.2	-1.6	-1.7	-1.8	-1.3	-1.0	-1.0	-1.2	-0.9	-1.0	-1.0	-1.3
Operating profit	13.4	27.3	19.1	25.4	17.5	24.2	15.3	25.3	9.5	25.9	17.4	22.1	4.7	17.7	8.8	19.6
Operating margin	8.6%	13.1%	10.8%	13.5%	11.0%	12.6%	10.2%	14.1%	7.9%	15.1%	12.0%	12.7%	4.3%	11.6%	7.4%	13.4%
Operating profit per share	1.2	2.4	1.7	2.2	1.5	2.1	1.3	2.2	0.8	2.3	1.5	1.9	0.4	1.6	0.8	1.7

Quarterly development of: Net sales



Operating profit



1 January – 31 December

KEY FINANCIAL INDICATORS	2018	2017	2016	2015	2014
Revenue growth, %	7.2	11.5	15.8	15.2	19.5
Operating margin, %	11.7	12.1	12.3	9.6	11.3
Profit margin, %	11.5	12.1	12.1	9.5	11.2
Average equity	167.3	145.9	125.6	113.8	104.6
Return on equity, %	42.3	44.6	44.8	34.3	39.9
Equity ratio, %	53.0	49.2	50.8	48.8	53.3
Interest-bearing net cash (liabilities -), MSEK	-2.5	9.2	9.7	5.0	32.1
Earnings per share, SEK	6.20	5.70	4.93	3.42	3.66
Equity per share, SEK	15.85	13.50	12.08	9.94	10.02
Dividend per share, SEK	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
Number of shares outstanding at end of period	11,401,988	11,401,988	11,401,988	11,401,988	11,401,988
Average number of employees	482	446	358	335	301

*Dividend suggested by the Board of Directors for year 2018.

Consolidated Balance Sheet

Amounts in SEK thousand	2018-12	2017-12	2017-12	2016-12
Assets				
Intangible non-current assets	16,594	14,673	14,673	2,886
Other non-current assets	63,696	48,193	48,193	46,642
Inventories	107,934	110,017	110,017	88,891
Trade receivables	83,175	76,238	76,238	73,370
Other current assets	31,885	18,658	18,658	24,282
Cash and cash equivalents	37,935	44,837	44,837	35,210
Total assets	341,219	312,616	312,616	271,281
Equity and liabilities				
Equity	180,767	153,913	153,913	137,791
Long-term non-interest-bearing liabilities	2,009	1,242	1,242	5,035
Current interest-bearing liabilities	40,457	35,677	35,677	25,500
Current non-interest-bearing liabilities	117,986	121,784	121,784	102,955
Total equity and liabilities	341,219	312,616	312,616	271,281

Changes in Consolidated Equity

2018				Retained earnings including net profit for the period		
Amounts in SEK thousand	Share capital	Other contributed capital	Reserves		Total	Total equity
OPENING EQUITY 2018-01-01	2,850	43,231	-5,760	113,592	153,913	153,913
Net profit for the period				70,724	70,724	70,724
Other total profit						
Translation differences during the period			1,723		1,723	1,723
Revaluation of pension scheme				13	13	13
Transactions with shareholders						
Dividend				-45,606	-45,606	-45,606
CLOSING EQUITY 2018-12-31	2,850	43,231	-4,037	138,723	180,767	180,767

2017				Retained earnings including net profit for the period		
Amounts in SEK thousand	Share capital	Other contributed capital	Reserves		Total	Total equity
OPENING EQUITY 2017-01-01	2,850	43,231	2,072	89,638	137,791	137,791
Net profit for the period				65,023	65,023	65,023
Other total profit						
Translation differences during the period			-7,832		-7,832	-7,832
Revaluation pension scheme				-22	-22	-22
Dividend				-41,047	-41,047	-41,047
CLOSING EQUITY 2017-12-31	2,850	43,231	-5,760	113,592	153,913	153,913

Consolidated Cash Flow Statement

Amounts in SEK thousand	July – September		January – September	
	2018	2017	2018	2017
Operating activities				
Operating profit	25,440	25,321	85,237	82,409
<i>Adjustment for items not included in cash flow</i>				
Depreciation amortisation and impairment charges	2,540	1,784	8,362	6,287
Profit/loss from sales of fixed assets	-	-	80	481
Other non cash generated items	-2,916	-	-3,070	2,566
	25,380	29,788	90,609	91,743
Interest income	210	714	590	1,051
Interest expense	322	-131	-1,981	-1,218
Paid taxes	-6,688	-7,131	-15,373	-19,831
Cash flow from operating activities before changes in working capital	19,224	23,240	73,845	71,745
Cash flow from changes in working capital				
Inventories	60	-12,387	4,911	-28,513
Trade receivables	11,193	-93	-3,577	-10,267
Other short-term receivables	-4,393	7,187	-10,930	6,634
Trade payables	6,747	11,760	5,462	18,277
Other liabilities	-11,082	-4,192	-14,082	8,352
Cash flow from operating activities	21,749	25,515	55,629	66,228
Investment activities				
Acquisition of intangible non-current assets	-1,762	-1,117	-4,994	-12,493
Acquisition of intangible non-current assets	-11,752	-1,680	-15,505	-10,844
Sales of fixed assets	-	-	423	-
Change in long-term receivable	-1,220	-77	-4,041	-223
Cash flow from investment activities	-14,674	-2,520	-24,117	-22,660
Financing activities				
Repayment/raising loans	-17,941	-28,779	5,546	10,177
Paid dividend	0	0	-45,606	-41,047
Cash flow from financing activities	-17,941	-28,779	-40,060	-30,870
Cash flow for the year	-10,866	-5,784	-8,548	12,698
Cash and cash equivalents at beginning of period	47,722	49,796	44,837	35,210
Translation difference in cash and cash equivalents	1,079	825	1,646	-3,071
Cash and cash equivalents at end of period	37,935	44,837	37,935	44,837

Parent Company Income Statement

Amounts in SEK thousand	3 months		12 months	
	October - December		January - December	
	2018	2017	2018	2017
Net revenue	5,252	7,346	21,635	20,716
Other operating income	1,818	2,420	7,907	6,906
Total revenue	7,070	9,766	29,542	27,622
Other external costs	-3,132	-4,031	-10,960	-13,636
Personnel costs	-4,706	-5,527	-19,186	-20,688
Depreciation amortisation and impairment charges	-437	-207	-1,458	-663
Operating profit	-1,205	1	-2,062	-7,365
Net finance items	41,541	48,341	52,462	51,094
Profit after finance items	40,336	48,342	50,400	43,729
Year-end appropriations	-	-	7,840	7,500
Taxes	-1,074	54	-1,430	27
Net profit for the period	47,102	55,896	56,810	51,256

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

Parent Company Balance Sheet

Amounts in SEK thousand	2018-12	2017-12	2017-12	2016-12
Assets				
Intangible non-current assets	12,892	8,857	8,857	2,769
Tangible non-current assets	1,560	1,940	1,940	1,244
Financial non-current assets	124,031	98,904	98,904	99,580
Short-term receivables	107,492	97,213	97,213	56,784
Cash and cash equivalents	-	-	-	186
Total assets	245,975	206,914	206,914	160,563
Equity and liabilities				
Equity	88,196	76,993	76,993	66,784
Untaxed reserves	4,196	2,186	2,186	5,186
Long-term liabilities	-	-	-	2,818
Current liabilities	153,583	127,735	127,735	85,775
Total equity and liabilities	245,975	206,914	206,914	160,563

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 accounting policies for 2018

On January 1 2018 IFRS 15 "Revenue from Contracts with Customers" and IFRS 9 "Financial instruments" entered into force.

IFRS 9 "Financial Instruments" has been applied by the Group since 1 January 2018. The transition to IFRS 9 has not resulted in any differences in the Group's way of classifying financial assets and liabilities and the hedge accounting method used is compatible with the new hedging rules.

The transition to IFRS 9 had no effect on the Group's way of classifying financial assets and liabilities and hedge accounting is consistent with the new hedge accounting rules. Nilörngruppen applies the simplified model for anticipated credit losses according to which total anticipated credit losses for the remaining tenor of the receivable is recognised. When assessing future expected credit losses due consideration is given to historical and forward-looking information. The transition has not resulted in any transitional effects that need to be reported.

For a more detailed description of the new accounting policies refer to the 2017 Annual Report "Note 1 Accounting policies" in section "New introduced and amended IFRS". IFRS 15 "Revenue from Contracts with Customers" has not entailed any changes for the Nilörn Group. Most of the Nilörn Group's revenue comes from the sale of goods recognised when control over the goods is transferred to the customer. Variable compensation in the form of discounts bonuses and returns constitute a part of the transaction price.

New accounting policies for 2019

All other accounting policies in IFRS 16 Leases that have been issued but not yet come into effect came into force on 1 January

2019. The standard removes the split between operational and financial leases instead introducing a common model for recognising all types of leases. In this model the lessee must report (a) assets and liabilities for all leases with a duration of more than 12 months with the exception of assets of low value and (b) assets and liabilities of eased assets separately from the interest expense for leasing in the income statement. At the time of transition to IFRS 16 on 1 January 2019, Nilörngruppen has applied a modified retroactive method, which means that the 2018 financial year is not recalculated. The leasing liability is the sum total of all future fees until the expiration of the lease. The simplification rule that access rights (before adjustments for any advance payments) should be equivalent to the lease liability has been applied in the transition. The discount interest rate is Nilörngruppen's marginal borrowing rate in each respective currency. The simplification rule for defining a lease has been applied, which means that all components of a lease are regarded as a lease component. The exceptions with respect to recognizing short-term leases and assets of low value have also been applied. The estimated opening balance of the lease liability and the right of use asset amounts to approximately MSEK 60 for existing leases. The largest asset class of leases relates to real estate, such as office and warehouse space.

Derivative instruments

The Group is exposed to exchange rate fluctuations since most purchases and sales are made in foreign currency.

Aside from the transaction exposure described above the Group is affected by foreign exchange rate fluctuations from the receivables and liabilities that arise in foreign currencies. These are largely covered by hedging.

All are officially traded currencies and contracts are typically and the contracts are typically extended for a period of three months on average. The Group has no other derivative instruments. Outstanding forward contracts are valued at market value on the balance sheet date in accordance with IAS 39 Financial instruments: Recognition and Measurement level 2 has been applied in accordance with IFRS 7.27. The valuation of forward contracts is based on fair value on the balance sheet date and the forward rate for each respective contract. Total net value for derivative instrument in the balance sheet as per 31/12-2018 is MSEK -0.2.

2. Information by geographic area

Primary segments – geographic areas

Period January - December 2018	Nordic region	Other Europe	Asia	Intra Group	Total
<i>Revenue</i>					
External revenue	67,933	247,749	413,506	-	729,188
Total revenue	67,933	247,749	413,506	0	729,188
<i>Profit</i>					
Operating profit	12,891	35,569	37,586	-809	85,237
Interest income				590	590
Interest expense				-1,981	-1,981
Taxes on the on the period's profit				-13,122	-13,122
Net profit for the period	12,891	35,569	37,586	-15,322	70,724

Period January - December 2017

<i>Revenue</i>					
External revenue	68,893	218,752	392,743	-	680,388
Total revenue	68,893	218,752	392,743	0	680,388
<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 profit for the year				-17,219	-17,219
Net profit for the year	15,295	37,090	37,391	-24,753	65,023

3. 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.