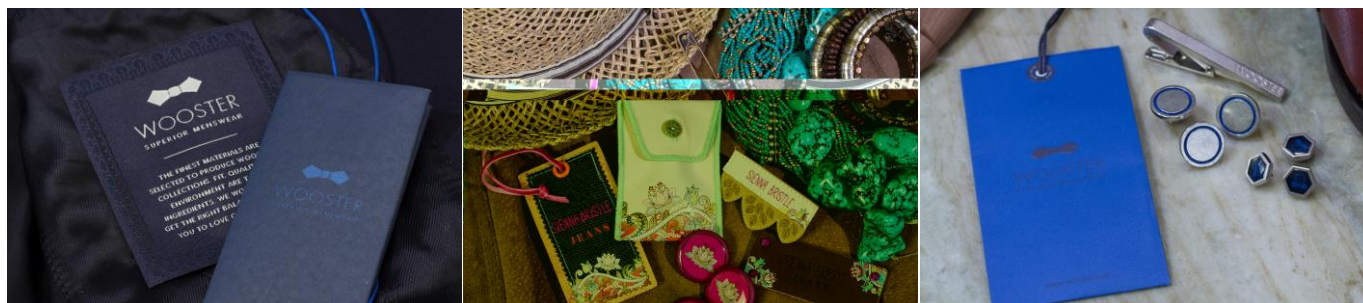


Interim report Nilörngruppen AB (publ) Q3, January – September 2020



Period July - September

- Order bookings decreased by 17 percent to MSEK 162 (195).
- Revenue decreased by 14 percent to MSEK 147 (171).
- Revenue adjusted for currency effects amounted to MSEK 162 (171), i.e. an underlying organic decrease of 5 percent.
- Operating profit amounted to MSEK 20.4 (19.3).
- Profit for the period amounted to MSEK 14.4 (14.0).
- Earnings per share amounted to SEK 1.26 (1.23).

Period January – September

- Order bookings decreased by 17 percent to MSEK 464 (561).
- Revenue expressed in SEK decreased by 18 percent to MSEK 445 (545).
- Revenue adjusted for currency effects amounted to MSEK 456 (545), i.e. an underlying organic decrease of 16 percent.
- The operating profit amounted to MSEK 29.5 (54.6).
- Profit for the period amounted to MSEK 19.0 (40.1).
- Earnings per share amounted to SEK 1.66 (3.52).
- Net cash (liability) at the end of the period excluding IFRS 16 is MSEK 4 (-36).

Significant events during the quarter

- Revenue was negatively affected during the quarter due to COVID-19 pandemic as big parts of Europe have been closed and the demand from our clients has decreased.
- Government contributions in Europe and Hong Kong for furlough amounts to MSEK 2.3.
- The result has been affected by write down of client-specific inventory and accounts receivables of MSEK 2.6

Effects attributable to the COVID-19 pandemic

- The demand for the Company's products will be affected even during the fourth quarter.
- We monitor the development closely and take continuous measures to limit the adverse effects on the company, but at the same time have capacity to take advantage of the possibilities that will occur.
- Employees in Europe have been furloughed but the main part is now back at work.

Significant events after the quarter

- Krister Magnusson, CFO and CEO, has been appointed to permanent CEO
- Maria Fogelström, Group Controller, has been appointed to CFO



CEO STATEMENT

Dear shareholders,

At present, we at Nilörn, like everyone else, have to relate to an uncertain and complex world. The management, together with all employees, have done their utmost to ensure that Nilörn stands firm and comes out of this phase in the best possible way. Sales have been negatively affected by Covid-19, but we have seen an improving situation month by month and the turnover decreased by 5% this quarter, adjusted for currency effects. A major part of the business is now up and running, except for in UK where employees are still furloughed, albeit to a limited extent.

The result has developed positively and is better than last year even though we have taken one-off costs such as write down of client-specific inventory and accounts receivables of MSEK 2.6. The positive result is an effect of better margins, government contributions and cost savings. We have received contributions relating to furlough in Europe and Asia that amounts to MSEK 2.3 in the quarter and MSEK 8.1 accumulated.

Thanks to Nilörn's geographical spread and relative size, we have been able to deliver to our customers from other countries when a country where we normally source from has been closed down. This has been a great advantage for our customers.

However, it is still a difficult situation for many customers, especially for the smaller ones within retail. At the same time, other customers within e-commerce and sport have had a positive development.

Our operation in Bangladesh has had a very good development, despite the situation with flooding and Covid-19 and has benefited from volumes moved from China, among others. Our investments

in these countries have given us a competitive advantage where our own production in Bangladesh guarantees quality, availability and sustainability.

The effects of the Covid-19 pandemic will affect demand for the company's products during the autumn, but it is very difficult to estimate for how long and to what extent this will impact. We are closely monitoring the development and take continuous measures to limit the negative effects. At the same time, we are convinced that opportunities will arise as Nilörn has a well-developed distribution network both around Asia and Europe and is at the forefront in terms of sustainability, design and RFID.

Net cash (debt) (excluding IFRS16) amounted to SEK 4 (-36) million and we have approximately SEK 127 million in external credit lines, of which approximately SEK 58 million was utilized at the end of the month. This opens up possibilities for us to take advantage of the opportunities that may arise.

It feels honoring and fun to have been trusted to continue as CEO. A prerequisite for being able to perform a good job is a good collaboration with the CFO. It therefore feels safe for Maria Fogelström, who has previously been an auditor at KPMG for 10 years and has been Group Controller at Nilörngruppen for 1 year, to take on this role.

I am convinced that once we are through the Corona crisis, Nilörn will be relatively stronger and will be able to continue the positive trend that we have enjoyed over the past ten years.

Krister Magnusson
CEO

Period July-September

Order bookings

Order bookings decreased by 17 percent to MSEK 162 (195).

Net revenue

Revenue in SEK declined by 14 percent to MSEK 147 (171).

Gross profit

The gross margin was 46.8 (44.7) percent. The increased gross margin, compared to previous quarters this year, is an effect of decreased sales to a few customers with low margins.

Other income, costs and depreciation

Other income amounted to MSEK 5.3 of which MSEK 2.3 is attributable to government contributions for furlough in Europe and Hong Kong. The external costs decreased to MSEK 13.6 (15.7) despite that we have taken costs for customer losses and write down of inventory of total MSEK 2.6. Personnel costs decreased to MSEK 32.6 (35.6). The decrease in personnel costs is attributable to voluntary decrease in working time, decreased social costs (subsidies from government) and rationalisations.

Depreciation increased to MSEK 6.6 (6.5) MSEK.

Operating profit

The operating profit amounted to MSEK 20.5 (19.3), which makes for an operating margin of 13.9 (11.3) percent. The higher 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 -1.3 (0.1). Taxes amounted to MSEK 4.8 (5.4). The relatively high tax in the quarter is above all due to the relatively high tax rate in Bangladesh. The period's result amounted to MSEK 14.4 (14.0) and earnings per share amounted to SEK 1.26 (1.23).

Cash flow, capital expenditures, financing and liquidity

Cash flow from operating activities amounted to MSEK 32.5 (23.1).

Cash flow from investment activities amounted to MSEK -1.5 (-8.7) which is attributable to investment in a new ERP system.

The average TRY/SEK exchange rate weakened during the period under review by 15 percent compared to the equivalent period one year ago. This has affected the turnover as a relatively big part of the turnover in the Group is in TRY. However, the Group's income is met by costs in each respective foreign currency, which minimizes the effect on earnings.

Other income amounted to MSEK 13.7 of which MSEK 8.1 is attributable to government contributions for furlough in Europe and Hong Kong. External costs decreased to MSEK 46.6 (47.2). Personnel costs decreased to MSEK 110.4 (114.4).

Depreciation, amortisation and impairment charges increased to MSEK 20.1 (18.2). The increase is attributable to the investments made last year; in the new enterprise system, in the building in Bangladesh and in the properties in UK and Sweden.

Operating profit amounted to MSEK 29.5 (54.6), for an operating margin of 6.6 (10.0) percent.

Taxes paid amounted to MSEK -7.8 (-13.1) MSEK which gives a tax rate of 29.2 (24.6) percent. The higher tax rate is due to relatively higher revenue in high-tax countries. Profit after taxes amounted to MSEK 19.0 (40.1).

Segments

As shown in the segment accounting in Note 2 all segments have lost in both revenue and profit. As already reported, Hong Kong and China were affected by Covid-19 during the first quarter whereas Bangladesh, India, Pakistan, Turkey and Europe were partly or totally closed during the second quarter.

Cash flow, capital expenditures, financing and liquidity

Cash flow from operating activities amounted to MSEK 51.4 (52.2).

Cash flow from investment activities amounted to MSEK -10.2 (-43.7) where MSEK -4.3 is attributable to investment in a new ERP system and the approximate amount of MSEK 3.6 attributable to completing the investment in Bangladesh.

Net debt at the end of the period amounted to MSEK 42.9 of which IFRS 16, has increased liabilities by MSEK 47.0. Comparable figures not including IFRS 16 is a net cash (net liability of MSEK 4 (-36)).

Period January - September

Order bookings

Order bookings amounted to MSEK 464 (561).

Net revenue and profit

Net revenue in SEK decreased by 18 percent to MSEK 445 (545). Net revenue adjusted for currency effects amounted to MSEK 456 (521), equivalent to underlying organic decrease of 12 percent. The gross margin was 44.0 (42.7) percent.

Personnel

The average number of employees in the Group was 502 (492), of whom 217 (214) were women. Of the total number of employees 259 persons or 52 percent are active in production and warehouses.

Transactions with closely related parties

There were no transactions between the Nilörn Group and closely related parties affecting the Group's profit and

financial position during the period. 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 (21).

Net revenue for the period amounted to MSEK 13.6 (19.2). The operating result was MSEK -2.5 (2.6) and profit after taxes was MSEK 35.1 (75.5), mainly attributable to dividends from group companies.

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 2019 Annual Report, Note 2. Please see below for the financial risks related to Covid-19.

COVID-19 and its effects

The previous forecast has been revised since demand for the Company's products has been sharply affected. However, it is

very difficult to judge if this major impact is of a short-term nature, i.e. a number of months, or if it will be of a more long-term nature. There is considerable uncertainty in the outside world, the consequence of which is that there is significant uncertainty both with respect to getting deliveries and to find outlets for its products. We monitor the development closely and take continuous measures to limit the adverse effects on the company. Action taken is to adapt costs to the lower volumes and to be cautious with respect to purchases of goods and to work intensely with trade receivables, etc.

Review

This report has been subject to review by the Company's auditors. See the report on page 5.

Calendar

- 12 February 2021 Year-end Report
- 29 April 2021 Interim report Q1
- 10 May 2021 Annual General Meeting

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 6:00 p.m., 19 October 2020.

BORÅS, 19 October 2020
NILÖRNGRUPPEN AB (PUBL)

Krister Magnusson
CEO

FOR FURTHER INFORMATION CONTACT:

Krister Magnusson, CEO
Mobile: +46-704 85 21 14
E-mail: krister.magnusson@nilorn.com

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

Review report

To the Board of Directors of Nilörngruppen AB
Corp. id. 556322-3782

Introduction

We have reviewed the condensed interim financial information (interim report) of Nilörngruppen AB as of 30 September 2020 and the nine-month period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements ISRE 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing practices and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, for the Group in accordance with IAS 34 and the Annual Accounts Act, and for the Parent Company in accordance with the Annual Accounts Act.

Borås 19 October 2020

KPMG AB

Mathias Arvidsson
Authorized Public Accountant

Summary financial reports

Amounts in SEK thousand	3 months		9 months	
	July - September		January - September	
	2020	2019	2020	2019
Net revenue	147 048	170 788	444 841	544 706
Raw materials, supplies and goods for resale	-78 198	-94 401	-249 148	-312 322
Gross profit	68 850	76 387	195 693	232 384
Other operating revenue	5 257	1 153	13 695	4 384
Other external costs	-13 554	-15 749	-46 550	-47 211
Personnel costs	-32 571	-35 637	-110 442	-114 435
Depreciation, amortisation and impairment charges	-6 646	-6 506	-20 094	-18 172
Other operating costs	-887	-346	-2 783	-2 342
Operating profit	20 449	19 302	29 519	54 608
Net finance items	-1 272	66	-2 723	-1 381
Profit before taxes	19 177	19 368	26 796	53 227
Taxes	-4 773	-5 354	-7 821	-13 102
Net profit for the period	14 404	14 014	18 975	40 125
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	1.26	1.23	1.66	3.52
Earnings per share, SEK after dilution	1.26	1.23	1.66	3.52

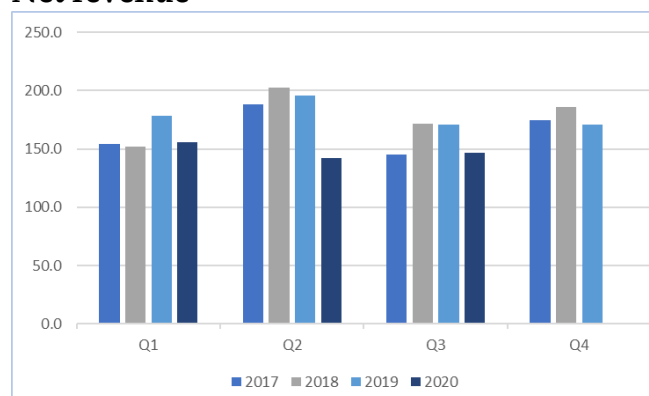
Consolidated Statement of Comprehensive Result

Amounts in SEK thousand	July - September		January - September	
	2020	2019	2019	2018
Net profit for the period	14 404	14 014	18 975	40 125
Other comprehensive result that may be reposted to net profit for the period				
Translation differences	-2 948	6 368	-2 926	10 015
Total profit for the period	11 456	20 382	16 049	50 140
Total profit for the period attributable to:				
The Parent Company's equity holders	11 456	20 382	16 049	50 140

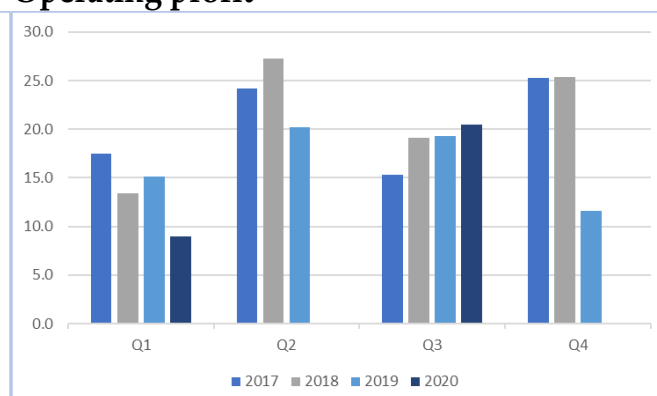
Quarterly Income Statements

Amount in MSEK)	2020				2019				2018				2017			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net revenue	155.5	142.3	147.0	170.6	178.1	195.8	170.8	170.6	152.0	202.6	171.7	185.7	154.1	188.5	144.9	175.0
Raw materials, supplies and goods for resale	-82.8	-88.2	-78.2	-95.3	-103.9	-114.0	-94.4	-95.3	-84.8	-113.4	-94.0	-103.8	-85.7	-108.6	-76.4	-93.9
Gross profit	72.7	54.1	68.8	75.3	74.2	81.8	76.4	75.3	67.2	89.2	77.7	81.9	68.4	79.9	68.5	81.1
Gross margin	46.8%	38.0%	46.8%	44.1%	41.7%	41.8%	44.7%	44.1%	44.2%	44.0%	45.3%	44.1%	44.4%	42.4%	47.3%	46.3%
Other income	1.5	6.9	5.3	0.7	2.5	0.7	1.2	0.7	1.7	1.4	2.0	4.2	1.7	1.6	0.5	2.3
Operating costs	-58.5	-54.2	-47.0	-58.0	-55.8	-56.5	-51.8	-58.0	-54.3	-61.3	-58.5	-58.2	-51.4	-55.7	-52.0	-56.3
Depreciation, amortisation and impairment charges	-6.7	-6.7	-6.6	-6.4	-5.8	-5.8	-6.5	-6.4	-1.2	-2.0	-2.1	-2.5	-1.2	-1.6	-1.7	-1.8
Operating profit	9.0	0.1	20.5	11.6	15.1	20.2	19.3	11.6	13.4	27.3	19.1	25.4	17.5	24.2	15.3	25.3
Operating margin	5.8%	0.1%	13.9%	6.8%	8.5%	10.3%	11.3%	6.8%	8.8%	13.5%	11.1%	13.7%	11.4%	12.8%	10.5%	14.5%
Operating profit per share	0.8	0.0	1.8	1.0	1.3	1.8	1.7	1.0	1.2	2.4	1.7	2.2	1.5	2.1	1.3	2.2

Quarterly development of: Net revenue



Operating profit



KEY FINANCIAL INDICATORS	1 January – 30 Sept		1 January – 31 December				
	2020	2019	2019	2018	2017	2016	2015
Revenue growth, %	-18.3	3.5	0.5	7.5	11.5	15.8	15.2
Operating margin, %	6.6	10.0	9.3	12.0	12.1	12.3	9.6
Profit margin, %	6.0	9.8	8.8	11.8	12.1	12.1	9.5
Average equity	194.7	183.0	183.7	167.3	145.9	125.6	113.8
Return on equity, %	9.7	21.9	25.7	42.3	44.6	44.8	34.3
Equity ratio, %	44.7	40.9	45.3	53.0	49.2	50.8	48.8
Interest-bearing net cash (liabilities –), MSEK*	-42.9	-97.0	-89.6	-2.5	9.2	9.7	5
Earnings per share, SEK	1.66	3.52	4.14	6.20	5.70	4.93	3.42
Equity per share, SEK	17.78	16.25	16.37	15.85	13.50	12.08	9.94
Dividend per share, SEK	-	4.00	-	4.00	4.00	3.60	3.00
Average number of shares outstanding	11 401 988	11 401 988	11 401 988	11 401 988	11 401 988	11 401 988	11 401 988
Number of shares outstanding at end of period	11 401 988	11 401 988	11 401 988	11 401 988	11 401 988	11 401 988	11 401 988
Average number of employees	502	492	494	482	446	358	335

* Interest-bearing net cash (liabilities –), has been negatively effected by 47 MSEK by the introduction of IFRS 16

Consolidated Balance Sheet

Amounts in SEK thousand	2020-09	2019-09	2019-12	2018-12
Assets				
Intangible non-current assets	23,817	19,947	21,251	16,594
Other non-current assets	145,956	161,467	159,877	63,696
Inventories	117,157	123,089	119,007	107,934
Trade receivables	83,071	76,482	59,382	83,175
Other current assets	21,142	26,275	20,571	31,885
Cash and cash equivalents	62,224	45,817	32,292	37,935
Total assets	453,368	453,077	412,380	341,219
Equity and liabilities				
Equity	202,749	185,301	186,700	180,767
Long-term interest-bearing liabilities	34,925	77,943	-	-
Long-term non-interest-bearing liabilities	2,951	2,331	51,336	2,103
Current interest-bearing liabilities	70,180	64,866	74,084	40,457
Current non-interest-bearing liabilities	142,563	122,636	100,260	117,892
Total equity and liabilities	453,368	453,077	412,380	341,219

Changes in Consolidated Equity

2020	Share capital	Other contributed capital	Reserves	Retained earnings including net profit for the period	Total	Total equity
Amounts in SEK thousand						
OPENING EQUITY 2020-01-01	2,850	43,231	156	140,463	186,700	186,700
Net profit for the period				18,975	18,975	18,975
Other total profit						
Translation differences during the period			-2926		-2926	-2926
Transactions with shareholders						
Dividend				-	-	-
CLOSING EQUITY 2020-09-30	2,850	43,231	-2770	159,438	202,749	202,749

2019

Amounts in SEK thousand

OPENING EQUITY 2019-01-01	2,850	43,231	-4,037	138,723	180,767	180,767
Net profit for the period				40,125	40,125	40,125
Other total profit						
Translation differences during the period			10,015		10,015	10,015
Transactions with shareholders						
Dividend				-45,606	-45,606	-45,606
CLOSING EQUITY 2019-09-30	2,850	43,231	5978	133,242	185,301	185,301

Consolidated Cash Flow Statement	July - September		January - September	
	2020	2019	2020	2019
Amounts in SEK thousand				
Operating activities				
Operating profit	20,449	19,302	29,519	54,608
<i>Adjustment for items not included in cash flow</i>				
Depreciation, amortisation, and impairment charges	6,646	6,506	20,094	18,172
Other non-cash generated items	-4,698	-3,772	-13,241	-12,318
	22,397	22,036	36,372	60,462
Interest income	39	95	552	629
Interest expense	-317	-283	-1,199	-611
Paid taxes	-2,444	-3,469	-4,861	-10,066
Cash flow from operating activities before changes in working capital	19,675	18,379	30,864	50,414
Cash flow from changes in working capital				
Inventories	-4,928	-4,997	-5,014	-8,228
Trade receivables	-14,732	11,292	-28,952	15,270
Other short-term receivables	-3,814	2,572	-571	5,611
Trade payables	25,115	-4,068	16,299	-14,382
Other liabilities	11,230	-99	38,802	3,490
Cash flow from operating activities	32,546	23,079	51,428	52,175
Investment activities				
Acquisition of intangible non-current assets	-1,170	-1,317	-4,320	-4,488
Acquisition of tangible non-current assets	-480	-7,234	-6,048	-38,635
Acquisition of financial non-current assets	-2	-13	30	-32
Change in long-term receivable	126	-162	93	-523
Cash flow from investment activities	-1,526	-8,726	-10,245	-43,678
Financing activities				
Repayment/raising loans	-1,890	-21,007	-8,320	42,223
Paid dividend	0	0	0	-45,606
Cash flow from financing activities	-1,890	-21,007	-8,320	-3,383
Cash flow for the year	29,130	-6,654	32,863	5,114
Cash and cash equivalents at beginning of period	35,171	50,921	32,292	37,935
Translation difference in cash and cash equivalents	-2,077	1,550	-2,931	2,768
Cash and cash equivalents at end of period	62,224	45,817	62,224	45,817

Parent Company Income Statement

Amounts in SEK thousand	3 months		9 months	
	July - September		January - September	
	2020	2019	2020	2019
Net revenue	4,413	6,214	13,637	19,152
Other operating income	1,903	1,935	6,523	5,844
Total revenue	6,316	8,149	20,160	24,996
Other external costs	-3,707	-2,734	-7,983	-7,821
Personnel costs	-2,629	-2,714	-12,920	-13,253
Depreciation, amortisation, and impairment charges	-655	-439	-1,762	-1,318
Operating profit	-675	2,262	-2,505	2,604
Net finance items	-16,391	35,565	37,561	72,859
Profit after finance items	-17,066	37,827	35,056	75,463
Taxes	-48	-44	-80	-78
Net profit for the period	-17,114	37,783	34,976	75,385

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

Parent Company Balance Sheet

Amounts in SEK thousand	2020-09	2019-09	2019-12	2018-12
Assets				
Intangible non-current assets	20,618	16,436	17,958	12,892
Tangible non-current assets	859	1280	1,208	1560
Financial non-current assets	114,041	124,996	126,876	124,031
Short-term receivables	103,131	110,325	48,807	107,492
Cash and cash equivalents	-213	-	-	-
Total assets	238,436	253,037	194,849	245,975
Equity and liabilities				
Equity	181,044	117,973	146,068	88,196
Untaxed reserves	7,786	4,186	7,786	4,196
Current liabilities	49,606	130,878	40,995	153,583
Total equity and liabilities	238,436	253,037	194,849	245,975

Notes

1. Accounting policies

As was the case with the Annual Accounts for 2019, 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 2019, 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. Disclosures in accordance with IAS 34.16 are found in the financial reports and its notes as well as in the other parts of the interim report.

From 1 January 2019 Nilörngruppen applies IFRS 16 Leases. The Group has applied the simplified transition method and

has thus not recalculated comparative data for 2018. 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 2019 Annual Report. Also refer to Note 3 for the effect of IFRS 16 on the quarter.

The Parent Company has chosen to apply the simplification rules in RFR 2, which means that all leases be reported as operating leases.

New accounting policies for 2020

No new accounting policies with significant impact on Nilörn have entered into force in 2020.

2. Information by geographic area

Period January - September 2020	Nordic region	Other Europe	Asia	Intra Group	Total
<i>Revenue</i>					
External revenue	34,787	143,045	267,009	-	444,841
Total revenue	34,787	143,045	267,009	0	444,841
<i>Profit</i>					
Operating profit	768	10,513	19,917	-1,679	29,519
Interest income				562	562
Interest expense				-3,285	-3,285
Taxes on the on the period's profit				-7,821	-7,821
Net profit for the period	768	10,513	19,917	-12,223	18,975
Period January - September 2019					
<i>Revenue</i>					
External revenue	43,616	161,225	339,865	-	544,706
Total revenue	43,616	161,225	339,865	0	544,706
<i>Profit</i>					
Operating profit	6,193	12,355	32,654	3,406	54,608
Interest income				629	629
Interest expense				-2,010	-2,010
Taxes on the profit for the year				-13,102	-13,102
Net profit for the year	6,193	12,355	32,654	-11,077	40,125

3. IFRS 16

IFRS 16 Leases

Report of financial position	30-Sep-20	Of which effect of IFRS 16	30 September 2020 not incl. effect of IFRS 16
Other non-current assets	145,956	47,306	98,650
Other current assets	21,142	-1,182	22,324
Total effect on assets		46,124	
Equity (profit for the year)	202,749	-874	203,623
Long-term interest-bearing liabilities	34,925	31,877	3,048
Short-term interest-bearing liabilities	70,180	15,121	55,059
Total effect on equity		46,124	

Report of effects on profit	Jan-Sept 2020	Of which effect of IFRS 16	Jan-Sept 2020 not incl. effect of IFRS 16
Other external cost	-46,550	12,349	-58,899
Depreciation, amortisation and impairment	-20,094	-11,625	-8,469
Net finance items	-2,723	-1,185	-1,538
Taxes	-7,821	145	-7,966
Total	-77,188	-316	-76,872

Key financial indicators	Jan-Sept 2020	Of which effect of IFRS 16	Jan-Sept 2020 not incl. effect of IFRS 16
Operating margin	6.6%	0.2%	6.5%
Net cash and cash equivalents (liabilities -), MSEK	-42.9	-47.0	4.1
Equity ratio, %	44.7%	-5.1%	49.8%

4. Definitions of alternative key financial indicators

ESMA (The European Securities and Markets Authority) has published guidelines for alternative key financial indicators for companies with securities listed on a regulated market within EU. These guidelines shall be applied to alternative key financial indicators used starting 3 October 2016. Reference is made in the annual accounts to several 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.
Gross margin	Gross profit in percent of net revenue	This metric is used to show how much of the sales that is left to cover other expenses.
Operating margin	Operating result in percent of net revenue.	This metric is used to measure operative profitability.
Operating profit per share	Operating profit divided by the average number of shares	This metric is used to measure operative profitability per share.

Nilörngruppen in Brief

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