



ADDING VALUE TO YOUR BRAND
BRANDING · DESIGN · PRODUCT DEVELOPMENT · LOGISTICS

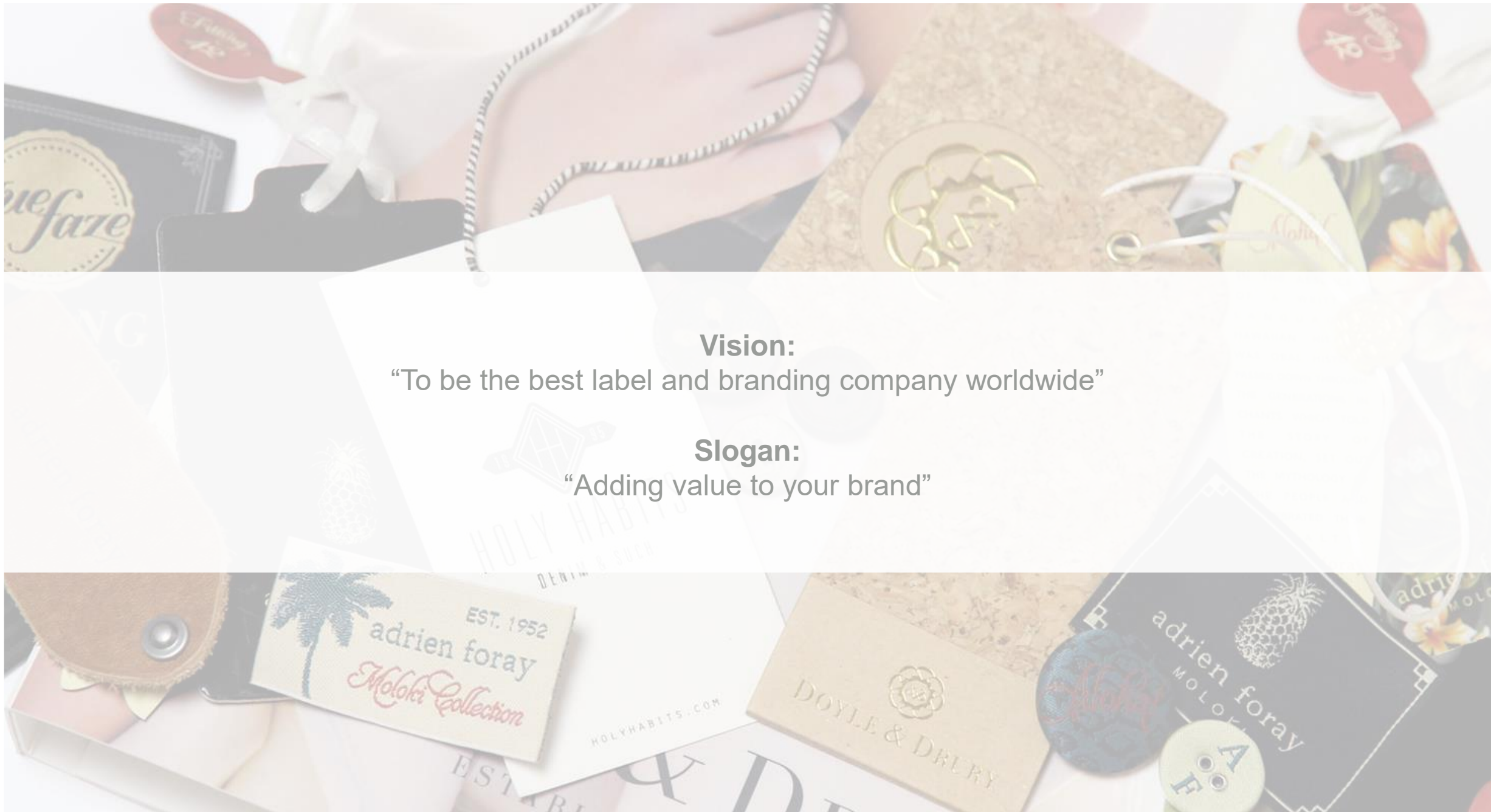
NILÖRNGRUPPEN
2020

THE NILORN GROUP

Branding within the fashion and clothing industry



- Nilorn provides labels, packaging and accessories
- Value added by Branding & Design
- Global as well as cost and time effective solutions
- Complete service of branding including the design, manufacturing, logistics and service



Vision:

“To be the best label and branding company worldwide”

Slogan:

“Adding value to your brand”

HISTORICAL OVERVIEW

Operating with extensive experience

- 1970s • Design studio in Borås
- 1980s • Design and production of labels
- 1990s • International expansion through acquisitions
 - 1998 listed at Stockholm stock exchange
- 2000s • Continuing international expansion
 - Closing production
 - Establish in Turkey
 - Increased focus on design, partners and logistic solutions
- 2010s • Focus on the clients
 - Central European warehouse in Germany
 - Establishment in Bangladesh, Shanghai, Hong Kong and Pakistan
 - Good growth and increased profitability
 - Relisted on Stockholm Stock exchange
 - Sustainability is a focus area



PRODUCT DESCRIPTION

Labels



Labels are the core business and accounts for the bulk of sales

- Woven labels
- Textile labels
- Hang tags
- Embossed labels
- Barcode labels
- Labels with care instructions
- RFID
- Anti counterfeit

PRODUCT DESCRIPTION

Packaging and accessories



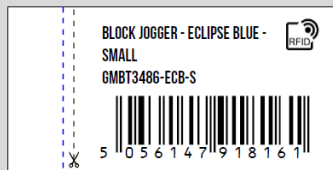
To strengthen the brand and convey a feeling it is important that the product is delivered in a attractive package

- Cartons, paper bags or plastic packaging
- Buttons, zippers, rivets, buckles, eyelets, molded plastic badges, etc...
- An emerging area: RFID

RADIO FREQUENCY IDENTIFICATION



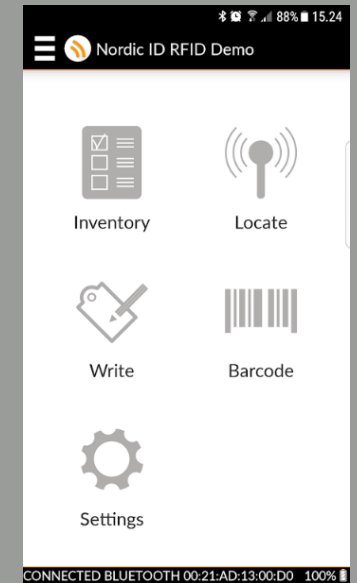
Labels



Hardware



Software



WHY IS RFID ESSENTIAL?



- Increase stock accuracy
- Consumers want to buy whenever and wherever they are, and have it delivered anywhere
 - This becomes a huge logistical challenge for retailers and brand owners
- Next: Add on intelligent mirrors, security, self-checkout cashiers etc.



CUSTOMERS

Broad customer base



- A broad customer base and a number of leading fashion and apparel companies
- Nilorn customers have their production with external suppliers
- More than 1000 customers and 20 000 users on our Web Ordering System
- Nilorn delivered ca 1.5 Billion labels in 2019

MANUFACTURING/LOGISTICS

Key components of Nilorn's business



- Total solutions
- Local supply
- 85 percent from external production partners
- Wide network of producers
- An efficient logistics system

Nilorn's Unique Selling Points

An important part of our business



Be global, act local

Design

RIS (Retail Information Services)

Distribution network

RFID

Sustainability



MARKET



- Global
- Strategic decisions at headquarters
- Production often in low cost regions
- Mainly European branding and fashion companies
- Competitors: larger groups and many small private companies
- Fragmented

COMPETITORS

- Avery Dennison (US)
- Trimco Group
- Checkpoint Systems (US)
- Cadica Group (IT)
- Byways Group (UK)
- LabelOn (UK)
- Rudholm & Haak (SWE)
- Mainietti (IT)





FINANCIAL PERFORMANCE

Q4-2020

- Order Income +1% to MSEK 189 (188)
- Sales +1% to MSEK 173 (171)
- Sales increased by 13% excluding currency effect
- Operating profit MSEK 21,2 (11,6)
- Net Profit MSEK 14,5 (7,1)
- Earnings per share SEK 1,28 (0,62)



Accumulated 2020

- Order Income MSEK 653 (749)
- Sales -14 % to MSEK 618 (715).
- Sales excl currency effects MSEK 650 (715) = an underlying decrease of 9%.
- Operating profit MSEK 50,8 (66,2).
- Profit for the period MSEK 33,5 (47,2).
- Earnings per share SEK 2,94 (4,14).
- Cash flow from operating activities MSEK 74,7 (63,4).



INCOME 2020



Amounts in SEK thousand	3 months				12 months			
	October - December				January - December			
	2020		2019		2020		2019	
Net revenue	173,392		170,648		618,233		715,354	
Raw materials, supplies and goods for resale	-96,961		-95,301		-346,109		-407,623	
Gross profit	76,430	44.1%	75,347	44.2%	272,123	44.0%	307,731	43.0%
Other operating revenue	5,432		730		19,126		5,114	
Other external costs	-16,136	9.3%	-17,946	10.5%	-62,686	10.1%	-65,157	9.1%
Personnel costs	-36,198	20.9%	-39,318	23.0%	-146,640	23.7%	-153,753	21.5%
Depreciation, amortisation and impairment charges	-5,760		-6,428		-25,854		-24,600	
Other operating costs	-2,524		-820		-5,307		-3,162	
Operating profit	21,245	12.3%	11,565	6.8%	50,763	8.2%	66,173	9.3%
Net finance items	-975		-1,710		-3,698		-3,091	
Profit before taxes	20,270		9,855		47,065		63,082	
Taxes	-5,730	-3.3%	-2,738	-1.6%	-13,551	-2.2%	-15,840	-2.2%
Net profit for the period	14,540	8.4%	7,117	4.2%	33,515	5.4%	47,242	6.6%
Earnings per share, SEK	1.28		0.62		2.94		4.14	

CASH FLOW



Consolidated Cash Flow Statement Amounts in SEK thousand	October - December		January - December	
	2020	2019	2020	2019
Cash flow from operating activities before changes in working capital	18,252	9,289	49,116	59,703
Cash from changes in working capital	5,045	1,915	25,609	3,676
Cash flow from operating activities	23,297	11,204	74,725	63,379
Cash flow from investment activities	261	-7,783	-9,984	-51,461
Cash flow from financing activities	-28,220	-15,379	-36,540	-18,762
Cash flow for the year	-4,662	-11,958	28,201	-6,844

SIGNIFICANT EVENTS

During Q4

- Revenue was negatively affected due to COVID-19 pandemic
- The result has been affected by provision of client-specific inventory and accounts receivables of MSEK 1,0
- Government contributions for furlough amounts to MSEK 4,2.

Significant events after the quarter

- The Board of Directors has decided to propose to the Annual General Meeting a dividend of SEK 2.00 (0.00) per share, equivalent to MSEK 22.8 (0).



Effects attributable to the COVID-19 pandemic

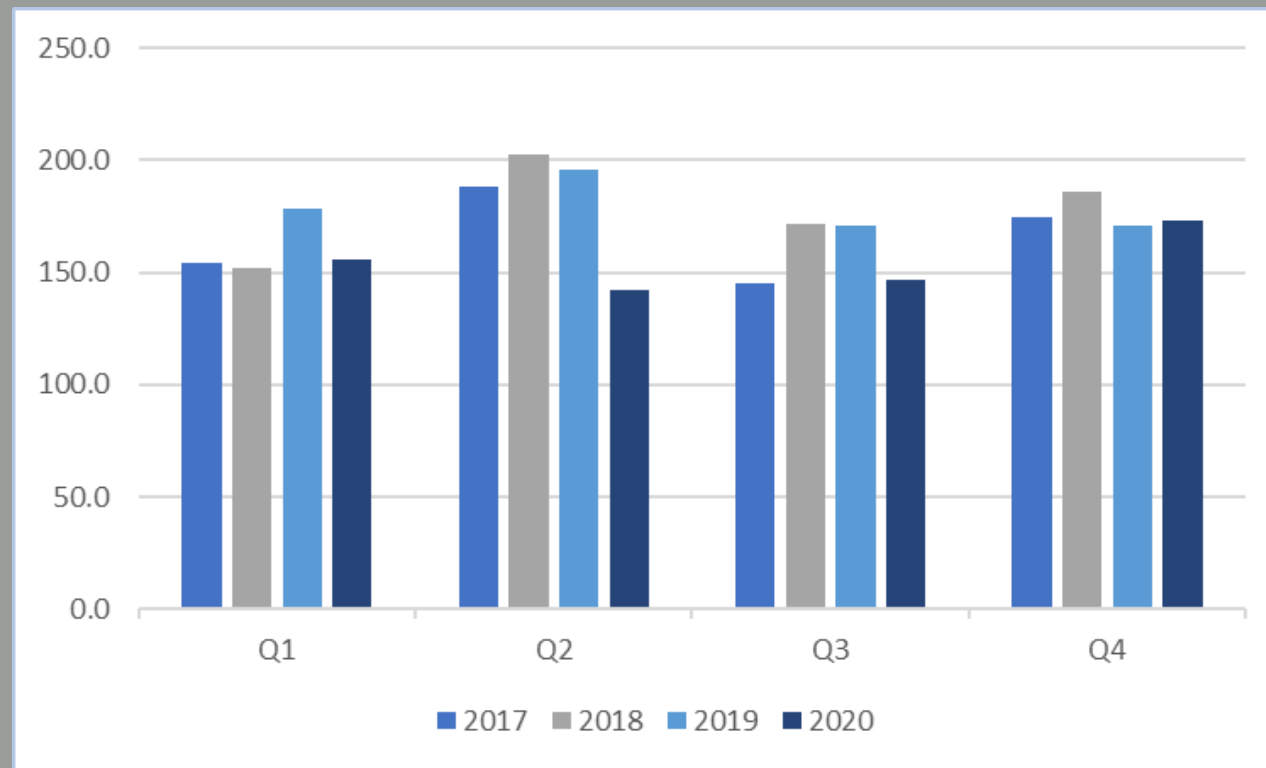


- The demand for the Company's products will be affected even during 2021.
- We monitor the development closely and take continuous measures to limit the adverse effects on the company
- Important to have capacity to take advantage of the possibilities that will occur.
- Employees in Europe have been furloughed but the main part is now back at work
- Covid 19 has also enhanced the development within e-commerce and
- We have several customers in segments such as all sport and leisure that has profited of this development and where Nilorn has added value.



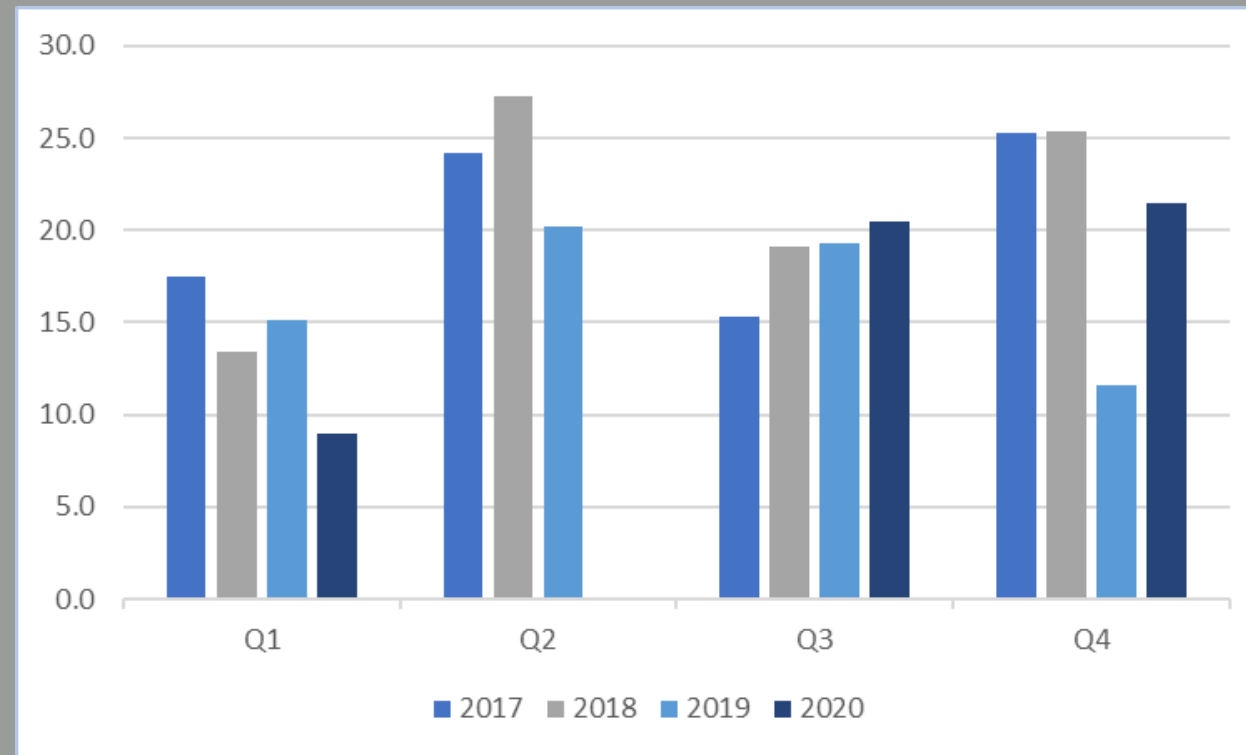
QUARTERLY COMPARISON - Sales

Q2 and Q4 are historically the strongest revenue quarters



QUARTERLY COMPARISON - Operating Profit

Q2 and Q4 are historically the strongest revenue quarters



BALANCE SHEET



Consolidated Balance Sheet

Amounts in SEK thousand	2020-12	2019-12	2019-12	2018-12
Assets				
Intangible non-current assets	23,486	21,251	21,251	16,594
Other non-current assets	131,591	159,526	159,877	63,696
Inventories	106,648	119,007	119,007	107,934
Trade receivables	72,012	59,382	59,382	83,175
Other current assets	21,323	20,571	20,571	31,885
Cash and cash equivalents	54,056	32,292	32,292	37,935
Total assets	409,116	412,029	412,380	341,219
Equity and liabilities				
Equity	209,809	186,700	186,700	180,767
Long-term interest-bearing liabilities	51,274	47,833	47,834	-
Long-term non-interest-bearing liabilities	3,594	3,084	3,434	2,009
Current interest-bearing liabilities	15,959	74,084	74,084	40,457
Current non-interest-bearing liabilities	128,479	100,328	100,328	117,986
Total equity and liabilities	409,116	412,029	412,380	341,219

KEY FINANCIAL INDICATORS



KEY FINANCIAL INDICATORS	1 January – 31 December					
	2020	2019	2018	2017	2016	2015
Revenue growth, %	-13.6	0.5	7.5	7.5	15.8	15.2
Operating margin, %	8.2	9.3	12.0	12.0	12.3	9.6
Profit margin, %	7.6	8.8	11.8	11.8	12.1	9.5
Average equity	198.3	183.7	167.3	167.3	125.6	113.8
Return on equity, %	16.9	25.7	42.3	42.3	44.8	34.3
Equity ratio, %	51.3	45.3	53.0	53.0	50.8	48.8
Interest-bearing net cash (liabilities –), MSEK*	-13.2	-89.6	-2.5	-2.5	9.7	5
Earnings per share, SEK	2.9	4.14	6.20	6.20	4.93	3.42
Equity per share, SEK	18.4	16.37	15.85	15.85	12.08	9.94
Dividend per share, SEK**	2.0	-	4.00	4.00	3.60	3.00
Average number of shares outstanding	11,401,988.0	11,401,988	11,401,988	11,401,988	11,401,988	11,401,988
Number of shares outstanding at end of period	11,401,988.0	11,401,988	11,401,988	11,401,988	11,401,988	11,401,988
Average number of employees	520.0	502	482	482	358	335

* Interest-bearing net cash (liabilities –), has been effected by 38 MSEK by the introduction of IFRS 16

** Proposed dividend for 2020

CEO'S SUMMARY



- Year 2020 better than the -30% anticipated in April
- Fantastic job by our employees
- Positively result due to increased sales, strengthened margins, government contribution and cost savings.
- Provision of SEK1,0 in Q4 and SEK10,5m accumulated for provision of stock and bad debt
- Contribution of SEK4,2m in Q4 and SEK12,3m accumulated
- Nilorn Bangladesh continue to develop very well
- Still challenging market, with many countries, customers and stories closed
- No major investments planned forward (only ERP system continues)
- Strong Balance sheet to catch the opportunities that will arise.
- Expect Nilorn to be relatively stronger once the Corona is over



FINANCIAL TARGETS

Aim to grow faster than the market

Nilorn strives for sustainable and profitable growth.

- Revenue growth in excess of 7 percent
- Operating margin of at least 10 percent
- Net debt should not exceed 2 * EBITDA

Result 2020-12

- Revenue decline of 9 percent
- Operating margin 8 percent

Result 2019-12

- Revenue growth of 0,4 percent
- Operating margin 9 percent

Result 2018-12

- Revenue growth of 7 percent
- Operating margin 12 percent

Nilörngruppen's goal is that 60-90 percent of profit after tax to be distributed





The goal is that all our customers are satisfied with our creativity, products and services.

If you invest in Nilörngruppen we promise to take care of your investment through long-term thinking, growth, stability and hard work!

