



ADDING VALUE TO YOUR BRAND

BRANDING · DESIGN · PRODUCT DEVELOPMENT · LOGISTICS

NILÖRNGRUPPEN 2021

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

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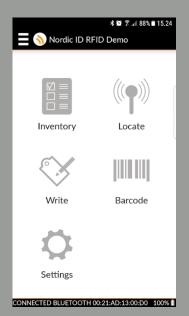
- Cartons, paper bags or plastic packaging
- Buttons, zippers, rivets, buckles, eyelets, molded plastic badges, etc...
- An emerging area: RFID

RADIO FREQUENCY IDENTIFICATION





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











- 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



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





FINANCIAL PERFORMANCE



Q1-2021



- Order Income -11% to MSEK 180 (203)
- Sales +13% to MSEK 175 (155)
- Sales increased by 25% excluding currency effect
- Operating profit MSEK 27,0 (9,0)
- Net Profit MSEK 19,6 (5,8)
- Earnings per share SEK 1,72 (0,51)



INCOME 2021



	3 months				12 months			
	January - March				January - December			
Amounts in SEK thousand	2021		2020		2020		2019	
Netrevenue	175 248		155 472		618 233		715 354	
Raw materials, supplies and goods for resale	-93 862		-82 783		-346 109		-407 623	
Gross profit	81 386	46.4%	72 689	46.8%	272 124	44.0%	307 731	43.0%
Other operating revenue	3 532		1 550		19 126		5 114	
Other external costs	-12 415	7.1%	-14 935	9.6%	-62 686	10.1%	-65 157	9.1%
Personnel costs	-38 449	21.9%	-42 596	27.4%	-146 640	23.7%	-153 753	21.5%
Depreciation, amortisation and impairment charges	-6 200		-6 709		-25 854		-24 600	
Other operating costs	-815		-1016		-5 307		-3 162	
Operating profit	27 039	15.4%	8 984	5.8%	50 763	8.2%	66 173	9.3%
Net finance items	-746		-887		-3 698		-3 091	
Profit before taxes	26 293		8 097		47 065		63 082	
Taxes	-6 673	-3.8%	-2 250	-1.4%	-13 551	-2.2%	-15 840	-2.2%
Net profit for the period	19 620	11.2%	5 847	3.8%	33 514	5.4%	47 242	6.6%
Earnings per share, SEK	1.72		0.51		2.94		4.14	

CASH FLOW



Consolidated Cash Flow Statement	January - March		January - Decembe	
Amounts in SEK thousand	2021	2020	2020	2019
Cash flow from operating activities before changes in working capital	27 856	9 023	49 116	59 703
Cash from changes in working capital	-14 968	-4 714	25 610	3 610
Cash flow from operating activities	12 888	4 309	74 726	63 313
Cash flow from investment activities	-4 244	-6 435	-9 984	-51 461
Cash flow from financing activities	3 968	14 035	-24 320	-18 696
Cash flow for the year	12 612	11 909	40 422	-6 844

SIGNIFICANT EVENTS



During Q1

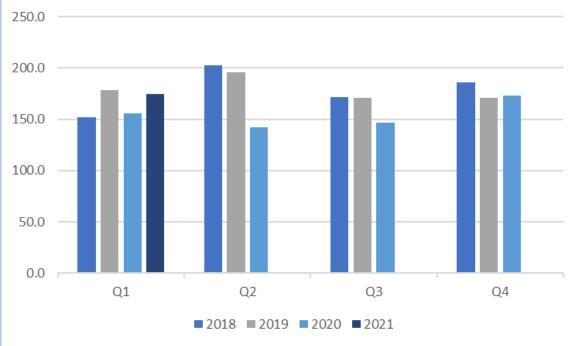
- All employees back in service after last year's furlough.
- Press release on April 29 that operating profit for the first quarter 2021 is estimated to be better than expected.
- The Board of Directors has resolved to propose to the Annual General Meeting a dividend of SEK 2.00 (0.00) per share, corresponding to SEK 22.8 (0) million.



QUARTERLY COMPARISON - Sales



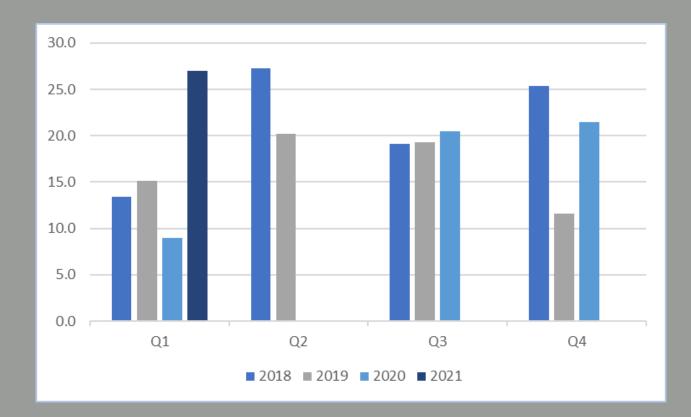
Q2 and Q4 are historically the strongest revenue quarters



QUARTERLY COMPARISON - Operating Profit



Q2 and Q4 are historically the strongest revenue quarters



BALANCE SHEET



Consolidated Balance Sheet							
Amounts in SEK thousand	2021-03	2020-03	2020-12	2019-12			
Assets							
Intangible non-current assets	23 997	22 102	23 486	21 251			
Other non-current assets	135 012	162 341	132 597	159 877			
Inventories	112 614	134 796	106 648	119 007			
Trade receiveables	93 911	84 466	72 012	59 382			
Other current assets	19 101	28 793	21 324	20 571			
Cash and cash equivalents	80 586	46 111	66 276	32 292			
Total assets	465 221	478 609	422 343	412 380			
Equity and liabilities							
Equity	233 965	198 920	209 810	186 700			
Long-term interest-bearing liabilites	30 831	46 089	51274	47 833			
Long-term non-interest-bearing liabilities	4 924	3 036	4 681	3 502			
Current interest-bearing liabilities	50 912	88 672	28 179	$74\ 084$			
Current non-interest-bearing liabilities	144 589	141 892	128 399	100 261			
Total equity and liabilities	465 221	478 609	422 343	412 380			

KEY FINANCIAL INDICATORS

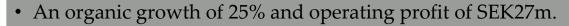


	1 January –	31 March					
KEY FINANCIAL INDICATORS	2021	2020	2020	2019	2018	2017	2016
Revenue growth, %	12.7	0.5	-13.6	0.5	7.5	11.5	15.8
Operating margin, %	15.4	9.3	8.2	9.3	12.0	12.1	12.3
Profit margin, %	15.0	8.8	7.6	8.8	11.8	12.1	12.1
Average equity	221.9	192.8	198.3	183.7	167.3	145.9	125.6
Return on equity, %	15.1	24.5	16.9	25.7	42.3	44.6	44.8
Equity ratio, %	50.3	41.6	49.7	45.3	53.0	49.2	50.8
Interest-bearing net cash (liabilities –), MSEK*	-1.2	-88.7	38.1	-89.6	-2.5	9.2	9.7
Earnings per share, SEK	1.72	4.14	2.94	4.14	6.20	5.70	4.93
Equity per share, SEK	20.52	17.45	18.40	16.37	15.85	13.50	12.08
Dividend per share, SEK**	-	0.00	2.00	2.50	4.00	4.00	3.60
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	11 401 988	11 401 988	11 401 988	11 401 988	11 401 988	11 401 988	11 401 988
period Average number of employees	526	501	499	494	482	446	358

* Interest-bearing net cash (liabilities –), has been effected by 37 MSEK by the introduction of IFRS 16

** Proposed dividend for 2020

CEO'S SUMMARY



- The best Q1 ever! (second best Q1 2017 SEK17,5m)
- Positively result due to increased sales
- E-commerce and Sports is going very well, retailers continue to suffer
- Nilorn Bangladesh continue to develop very well
- Last year government contribution + lower cost due to lower activity, this year needs to be offset by increased volumes.
- Increase prices in raw material and freight
- Structural improvements within CSR, sourcing and sales process
- Strong Balance sheet to catch the opportunities that will arise.



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

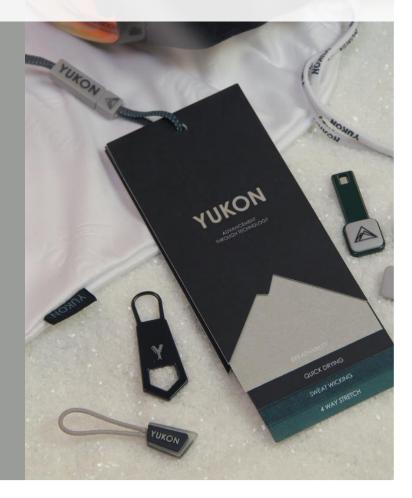
- Revenue growth of 0,4 percent
- Operating margin 9 percent

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!

