

## Year End Report for Nilörngruppen AB (publ) Q4, January - December 2021



### Period October - December

- Order bookings increased by 12 percent to MSEK 211 (189).
- Revenue increased by 35 percent to MSEK 234 (173).
- Operating profit amounted to MSEK 40.1 (21.2).
- Profit for the period amounted to MSEK 30.3 (14.5).
- Earnings per share amounted to SEK 2.66 (1.28).

### Period January - December

- Order bookings increased by 32 percent and amounted to MSEK 864 (653).
- Revenue increased by 28 percent to MSEK 788 (618).
- Revenue adjusted for currency effects amounted to MSEK 824 (618), i.e. an underlying organic increase of 33 percent.
- Operating profit amounted to MSEK 119.6 (50.8).
- Operating margin amounted to 15.2 (8.2) percent.
- Profit for the period amounted to MSEK 87.4 (33.5).
- Earnings per share amounted to SEK 7.67 (2.94).
- Net cash excluding IFRS16 amounted to MSEK 75.1 (24.8).

### Significant events after the quarter

- The Board of Directors has decided to propose to the Annual General Meeting a dividend of SEK 5.00 (2.00) per share, equivalent to MSEK 57.0 (22.8).



## CEO'S STATEMENT

Dear Shareholders,

The trend has remained strong and the fourth quarter also developed in the same direction. For the year, both sales of SEK 864 million and operating profit of SEK 119.6 million are clearly better than the previous record year, where we had sales of SEK 715 million in 2019 and in 2018 had an operating profit of SEK 85.2 million.

The positive earnings trend, where we have now achieved an operating margin of 15.2 (8.2) percent, is attributable to higher sales and thus also a high utilization rate in our own production. There has been a positive development among many of our customers in sports and e-commerce, but retail customers are also doing better. This relates to most markets, but there has been a particularly positive development for our companies in Sweden, England, Portugal and Germany. In Portugal, we invested in increased production capacity a couple of years ago and are now benefiting from more and more customers moving their purchases back to Europe for more local production driven by costs and sustainability.

The business in Bangladesh has developed strongly where our own production that guarantees quality, availability and sustainability has given us a competitive advantage. During the year, the factory has had a high capacity utilisation, which have resulted in efficient production and strong results. We also have a positive development in our own production in Hong Kong, England and Portugal. The positive development in our own production facilities has strengthened the gross margin while we have seen sharply increased raw material prices, freight and energy shortages.

Managing the situation, from a major downturn in 2020 to an unexpectedly strong recovery in 2021, has been challenging for the entire organization. At the same time, we have strengthened our CSR team further, built a new purchasing organization, hired expertise in compliance, started a new Material Team, developed digital products and continued to develop our IT systems. All these areas are closely linked and together they contribute to increased efficiency and to achieve our sustainability goals.

Our digital focus has made us more efficient through increased internal training, strengthened information sharing and less time spent on travel. This has led to increased efficiency, flexibility and level of knowledge, while achieving cost-savings and reducing our carbon consumption.

Net cash (excluding IFRS16) amounted to SEK 75 (25) million. We also have approximately SEK 120 million in external bank credits, so despite the proposed dividend of SEK 5 (2) / share (a total of SEK 57 million), we are strongly equipped for the future.

We invest even more resources in strengthening sustainability work with the goal of "becoming the best in class". It is a comprehensive program of work that requires both time and resources, but I am convinced that the improvement measures we are implementing will strengthen us for the future and that Nilorn will continue its positive trend.

Krister Magnusson  
CEO

## Period October - December

### Order bookings

Order bookings increased by 12 percent to MSEK 211 (189).

### Net revenue

Revenue increased by 35 percent to MSEK 234 (173). Several new customers during the year contributed to high sales, where an early Chinese New Year 2022 has also had some impact. Currency effects were marginal during the quarter.

### Gross margin

The gross margin was 45.4 (44.1) percent and has been positively affected by Nilorn's own production, which had a high utilization rate. At the same time, we are now increasingly affected by increased freight costs, increased raw material prices and energy shortages in China.

### Costs and depreciations

Other income amounted to MSEK 4.8 (5.4) of which MSEK 2.3 last year was attributable to government contributions for furlough in Europe and Hong Kong. The external costs increased to MSEK 19.4 (16.1) and personnel costs increased to MSEK 42.9 (36.2). Last year, personnel costs were lower attributable to voluntary reductions in working hours and this year's personnel costs have been negatively affected by more employees and higher provision for bonuses. Depreciation increased to MSEK 7.0 (5.8).

### Operating profit

Operating profit amounted to MSEK 40.1 (21.2), for an operating margin of 17.1 (12.3) percent. The higher operating margin is an effect of higher sales and thus better efficiency in the Group, despite higher costs for bonuses, freight, raw materials, energy, etc.

### Net finance items, taxes and profit for the period

Net finance items amounted to MSEK -1.2 (-1.0). Taxes paid amounted to MSEK -8.6 (-5.7) which gives an average tax rate of 22.1 (28.3) percent. The period's profit amounted to MSEK 30.3 (14.5) and earnings per share amounted to SEK 2.66 (1.28).

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

Cash flow from operating activities amounted to MSEK 18.4 (23.3). Cash flow attributable to inventories was SEK -21.7 million, which is partly a function of building up inventory for a number of new customers.

Cash flow from investment activities amounted to MSEK -3.0 (0.3).

### Equity

Consolidated equity amounts to MSEK 278.2 (209.8). The increase is attributable to the profit in the amount of MSEK +87.4, paid out dividend of MSEK -22.8 and the period's translation difference of MSEK 3.8. The translation difference is the net effect of conversion of equity in the non-Swedish subsidiaries to SEK and has been negatively affected by a strengthening of the Swedish krona.

## Period January - December

### Order bookings

Order bookings amounted to MSEK 864 (653).

### Net revenue and profit

Net revenue increased by 28 percent to MSEK 788 (618). Net revenue adjusted for currency effects amounted to MSEK 824 (618), i.e. an underlying organic increase of 33 percent. The gross margin was 46.2 (44.0) percent.

SEK has strengthened during the year compared to all currencies related to Nilorn, which has had a major impact on the turnover for the year. However, the Group's revenue is met by costs in each respective currency, which minimises the effect on profit.

Other income amounted to MSEK 11.9 (19.1) of which MSEK 12.3 last year is attributable to government contributions for furlough in Europe and Hong Kong. External costs decreased to MSEK 62.0 (62.7). Personnel costs increased to MSEK 163.9 (146.6). The increase in personnel costs is attributable to more employees and increased bonuses.

Depreciation remained unchanged at MSEK 25.9.

Operating profit amounted to MSEK 119.5 (50.8), which translates to an operating margin of 15.2 (8.2) percent.

Taxes paid amounted to MSEK -28.8 (-13.6), for a total tax expense of 24.8 (28.8) percent. Profit after taxes amounted to MSEK 87.4 (33.5). Nilorn operates in both low- and high-tax countries and the average tax depends on the development in each country.

### Segments

As shown in the segment accounting in Note 2 all segments have increased in both revenue and profit.

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

Cash flow from operating activities amounted to MSEK 78.1 (74.7).

Cash flow from investment activities amounted to MSEK -11.7 (-10.0).

Net liabilities at the end of the period stood at MSEK 40.7 of which the transition to the new lease standard IFRS 16, increased interest-bearing liabilities by MSEK 34.0 (38.0). Comparable numbers not including the effect of IFRS 16 is net liabilities of MSEK 75.1 (24.8).

## Personnel

The average number of employees in the Group was 540 (520), of whom 219 (209) were women. Of the total number of employees 303 persons or 56 percent are active in production and warehouses. Nilörn has and will continue to hire to be involved in the development of the business. The areas we are now strengthening are in CSR, purchasing, compliance, sales and IT.

## 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, except for dividends to the Parent Company's shareholders. 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 23 (20).

Net revenue for the period amounted to MSEK 29.7 (27.8). The operating result was MSEK -2.8 (-2.8) and profit after taxes was MSEK 19.8 (36.7) with most of the profit attributable to dividends from subsidiaries.

## Significant events after the balance sheet date

- The Board of Directors has decided to propose to the Annual General Meeting a dividend of SEK 5.00 (2.00) per share, equivalent to MSEK 57.0 (22.8).

## Risks and uncertainty factors

With its international operations, Nilörngruppen is constantly exposed to various financial risks. The significant risks and uncertainties to which the Nilörn Group is exposed are currency risks, political risks in individual countries, credit risks and IT security, as shown in Nilörngruppen's Annual Report 2020, Note 2.

There is continued uncertainty abroad, which has an impact in the possibility of obtaining deliveries and in obtaining provision for the company's products.

What we are now seeing is high freight and energy costs, high costs on raw materials (cotton, plastics and paper) and a lack of semiconductors and thus increased prices for RFID inserts. We have so far compensated for the increased prices through increased efficiency in our own production.

## Election committee

Nilörngruppen does not have an appointed election committee since the ownership structure is clear as Traction AB owns the majority of the votes. 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 5.00 (2.00) per share, equivalent to MSEK 57.0 (22.8). The proposal is equivalent to dividend of 65 (68) percent.

## Annual General Meeting

The Annual General Meeting is scheduled to be held on Tuesday, May 3, 2022 at 5 p.m. at Nilörngruppen's head office in Borås. In view of the risk of infection and the uncertainty that prevails, a definitive decision on the location and voting procedure will be given in the notice to the Annual General Meeting.

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

- 21 April 2022 Interim report Q1
- 3 May 2022 Annual General Meeting
- 15 June 2022 Interim report Q2
- 26 October 2022 Interim report Q3
- 10 February 2023 Year end report
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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 08:00 a.m., 09 February 2022.

BORÅS, 9 February 2022  
NILÖRNGRUPPEN AB (PUBL)

Krister Magnusson  
CEO

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## Summary Financial Reports

| Amounts in SEK thousand                             | 3 months           |               | 12 months          |                |
|---|--------------------|---------------|--------------------|----------------|
|   | October - December |               | January - December |                |
|   | 2021               | 2020          | 2021               | 2020           |
| Net revenue   | 234,458            | 173,392       | 788,305            | 618,233        |
| Raw materials, supplies and goods for resale        | -127,993           | -96,961       | -424,174           | -346,109       |
| <b>Gross profit</b>                                 | <b>106,465</b>     | <b>76,430</b> | <b>364,131</b>     | <b>272,123</b> |
| Other operating revenue                             | 4,784              | 5,432         | 11,877             | 19,126         |
| Other external costs                                | -19,418            | -16,136       | -61,953            | -62,686        |
| Personnel costs                                     | -42,946            | -36,198       | -163,876           | -146,640       |
| Depreciation, amortisation and impairment charge    | -6,972             | -5,760        | -25,941            | -25,854        |
| Other operating costs                               | -1,793             | -2,524        | -4,691             | -5,307         |
| <b>Operating profit</b>                             | <b>40,120</b>      | <b>21,245</b> | <b>119,547</b>     | <b>50,763</b>  |
| Net finance items                                   | -1,153             | -975          | -3,343             | -3,698         |
| <b>Profit before taxes</b>                          | <b>38,967</b>      | <b>20,270</b> | <b>116,204</b>     | <b>47,065</b>  |
| Taxes   | -8,617             | -5,730        | -28,766            | -13,551        |
| <b>Net profit for the period</b>                    | <b>30,350</b>      | <b>14,540</b> | <b>87,438</b>      | <b>33,515</b>  |
| Average number of shares outstanding (thousand)     | 11,402             | 11,402        | 11,402             | 11,402         |
| Average number of shares outstanding after dilution | 11,402             | 11,402        | 11,402             | 11,402         |
| <b>Earnings per share, SEK</b>                      | <b>2.66</b>        | <b>1.28</b>   | <b>7.67</b>        | <b>2.94</b>    |
| <b>Earnings per share, SEK after dilution</b>       | <b>2.66</b>        | <b>1.28</b>   | <b>7.67</b>        | <b>2.94</b>    |

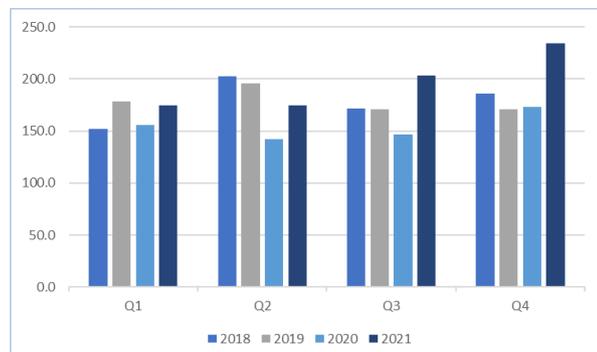
## Consolidated Statement of Comprehensive Result

| Amounts in SEK thousand  | October - December               |               | January - December |               |
|--|----------------------------------|---------------|--------------------|---------------|
|  | 2021                             | 2020          | 2021               | 2020          |
|  | <b>Net profit for the period</b> | <b>30,350</b> | <b>14,540</b>      | <b>87,438</b> |
| Other comprehensive result that may be reposted to net profit for the period |                                  |               |                    |               |
| Translation differences  | -436                             | -7,479        | 3,817              | -10,405       |
| <b>Total profit for the period</b>   | <b>29,914</b>                    | <b>7,061</b>  | <b>91,255</b>      | <b>23,110</b> |
| Total profit for the period attributable to:                                 |                                  |               |                    |               |
| The Parent Company's equity holders  | 29,914                           | 7,061         | 91,255             | 23,110        |

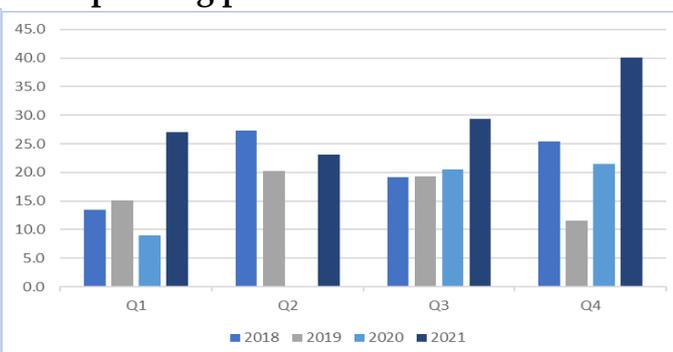
## Quarterly Income Statements

| Amount in MSEK)                                  | 2021         |              |              |              | 2020        |             |              |              | 2019        |              |              |             | 2018        |              |              |              |
|--|--------------|--------------|--------------|--------------|-------------|-------------|--------------|--------------|-------------|--------------|--------------|-------------|-------------|--------------|--------------|--------------|
|  | Q1           | Q2           | Q3           | Q4           | Q1          | Q2          | Q3           | Q4           | Q1          | Q2           | Q3           | Q4          | Q1          | Q2           | Q3           | Q4           |
| Net revenue                                      | 175.2        | 175.2        | 203.4        | 234.5        | 155.5       | 142.3       | 147.0        | 173.4        | 178.1       | 195.8        | 170.8        | 170.6       | 152.0       | 202.6        | 171.7        | 185.7        |
| Raw materials, supplies and goods for resale     | -93.9        | -91.8        | -110.5       | -128.0       | -82.8       | -88.2       | -78.2        | -97.0        | -103.9      | -114.0       | -94.4        | -95.3       | -84.8       | -113.4       | -94.0        | -103.8       |
| Gross profit                                     | 81.3         | 83.4         | 92.9         | 106.5        | 72.7        | 54.1        | 68.8         | 76.4         | 74.2        | 81.8         | 76.4         | 75.3        | 67.2        | 89.2         | 77.7         | 81.9         |
| Gross margin                                     | 46.4%        | 47.6%        | 45.7%        | 45.4%        | 46.8%       | 38.0%       | 46.8%        | 44.1%        | 41.7%       | 41.8%        | 44.7%        | 44.1%       | 44.2%       | 44.0%        | 45.3%        | 44.1%        |
| Other income                                     | 3.5          | 1.7          | 1.8          | 4.8          | 1.5         | 6.9         | 5.3          | 5.4          | 2.5         | 0.7          | 1.2          | 0.7         | 1.7         | 1.4          | 2.0          | 4.2          |
| Operating costs                                  | -51.7        | -55.8        | -58.9        | -64.2        | -58.5       | -54.2       | -47.0        | -54.8        | -55.8       | -56.5        | -51.8        | -58.0       | -54.3       | -61.3        | -58.5        | -58.2        |
| Depreciation, amortisation and impairment charge | -6.2         | -6.3         | -6.5         | -7.0         | -6.7        | -6.7        | -6.6         | -5.8         | -5.8        | -5.8         | -6.5         | -6.4        | -1.2        | -2.0         | -2.1         | -2.5         |
| <b>Operating profit</b>                          | <b>26.9</b>  | <b>23.0</b>  | <b>29.3</b>  | <b>40.1</b>  | <b>9.0</b>  | <b>0.1</b>  | <b>20.5</b>  | <b>21.2</b>  | <b>15.1</b> | <b>20.2</b>  | <b>19.3</b>  | <b>11.6</b> | <b>13.4</b> | <b>27.3</b>  | <b>19.1</b>  | <b>25.4</b>  |
| <b>Operating margin</b>                          | <b>15.4%</b> | <b>13.1%</b> | <b>14.4%</b> | <b>17.1%</b> | <b>5.8%</b> | <b>0.1%</b> | <b>13.9%</b> | <b>12.2%</b> | <b>8.5%</b> | <b>10.3%</b> | <b>11.3%</b> | <b>6.8%</b> | <b>8.8%</b> | <b>13.5%</b> | <b>11.1%</b> | <b>13.7%</b> |
| <b>Operating profit per share</b>                | <b>2.4</b>   | <b>2.0</b>   | <b>2.6</b>   | <b>3.5</b>   | <b>0.8</b>  | <b>0.0</b>  | <b>1.8</b>   | <b>1.9</b>   | <b>1.3</b>  | <b>1.8</b>   | <b>1.7</b>   | <b>1.0</b>  | <b>1.2</b>  | <b>2.4</b>   | <b>1.7</b>   | <b>2.2</b>   |

## Quarterly development of: Net revenue



## Operating profit



| KEY FINANCIAL INDICATORS                                     | 1 January – 31 December |            |            |            |            |            |            |
|--|-------------------------|------------|------------|------------|------------|------------|------------|
|  | 2021                    | 2020       | 2019       | 2018       | 2017       | 2016       | 2015       |
| Revenue growth, %  | 27.5                    | -13.6      | 0.5        | 7.5        | 11.5       | 15.8       | 15.2       |
| Operating margin, %  | 15.2                    | 8.2        | 9.3        | 12.0       | 12.1       | 12.3       | 9.6        |
| Profit margin, %   | 14.7                    | 7.6        | 8.8        | 11.8       | 12.1       | 12.1       | 9.5        |
| Average equity   | 244.0                   | 198.3      | 183.7      | 167.3      | 145.9      | 125.6      | 113.8      |
| Return on equity, %  | 35.8                    | 16.9       | 25.7       | 42.3       | 44.6       | 44.8       | 34.3       |
| Equity ratio, %  | 50.0                    | 51.3       | 45.3       | 53.0       | 49.2       | 50.8       | 48.8       |
| Interest-bearing net cash (liabilities -), MSEK*             | 40.7                    | -13.2      | -89.6      | -2.5       | 9.2        | 9.7        | 5.0        |
| Interest-bearing net cash (liabilities -), MSEK, excl IFRS16 | 74.1                    | 24.8       | -33.6      | -2.5       | 9.2        | 9.7        | 5.0        |
| Earnings per share, SEK                                      | 7.67                    | 2.94       | 4.14       | 6.20       | 5.70       | 4.93       | 3.42       |
| Equity per share, SEK  | 24.40                   | 18.40      | 16.37      | 15.85      | 13.50      | 12.08      | 9.94       |
| Dividend per share, SEK**                                    | 5.00                    | 2.00       | -          | 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                                  | 540                     | 520        | 502        | 482        | 446        | 358        | 335        |

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

\*\* Proposed dividend for 2021

## Consolidated Balance Sheet

| Amounts in SEK thousand                    | 2021-12        | 2020-12        |
|--|----------------|----------------|
| <b>Assets</b>                              |                |                |
| Intangible non-current assets              | 25,617         | 23,486         |
| Other non-current assets                   | 133,320        | 131,591        |
| Inventories                                | 145,917        | 106,648        |
| Trade receivables                          | 114,216        | 72,012         |
| Other current assets                       | 20,632         | 21,323         |
| Cash and cash equivalents                  | 116,367        | 66,276         |
| <b>Total assets</b>                        | <b>556,069</b> | <b>421,336</b> |
| <b>Equity and liabilities</b>              |                |                |
| Equity                                     | 278,259        | 209,809        |
| Long-term interest-bearing liabilities     | 46,131         | 51,274         |
| Long-term non-interest-bearing liabilities | 5,713          | 3,594          |
| Current interest-bearing liabilities       | 29,583         | 28,179         |
| Current non-interest-bearing liabilities   | 196,383        | 128,480        |
| <b>Total equity and liabilities</b>        | <b>556,069</b> | <b>421,336</b> |

## Changes in Consolidated Equity

| 2021                                      | Share capital | Other contributed capital | Reserves | Retained earnings including net profit for the period | Total   | Total equity |
|---|---------------|---------------------------|----------|---|---------|--------------|
| Amounts in SEK thousand                   |               |                           |          |   |         |              |
| <b>OPENING EQUITY 2021-01-01</b>          | 2,850         | 43,231                    | ,156     | 163,573   | 209,810 | 209,810      |
| Net profit for the period                 |               |                           |          | 87,438  | 87,438  | 87,438       |
| <b>Other total profit</b>                 |               |                           |          |   |         |              |
| Translation differences during the period |               |                           |          | 3,817   | 3,817   | 3,817        |
| Revaluation of pension scheme             |               |                           |          | 0   | 0       | 0            |
| <b>Transactions with shareholders</b>     |               |                           |          |   |         |              |
| Dividend                                  |               |                           |          | -22,806   | -22,806 | -22,806      |
| <b>CLOSING EQUITY 2021-12-31</b>          | 2,850         | 43,231                    | ,156     | 232,022   | 278,259 | 278,259      |
| <b>2020</b>                               |               |                           |          |   |         |              |
| Amounts in SEK thousand                   |               |                           |          |   |         |              |
| <b>OPENING EQUITY 2020-01-01</b>          | 2,850         | 43,231                    | ,156     | 140,463   | 186,700 | 186,700      |
| Net profit for the period                 |               |                           |          | 33,515  | 33,515  | 33,515       |
| <b>Other total profit</b>                 |               |                           |          |   |         |              |
| Translation differences during the period |               |                           |          | -10,405   | -10,405 | -10,405      |
| Revaluation pension scheme                |               |                           |          | 0   | 0       | 0            |
| <b>Transactions with shareholders</b>     |               |                           |          |   |         |              |
| Dividend                                  |               |                           |          | ,0  | ,0      | ,0           |
| <b>CLOSING EQUITY 2020-12-31</b>          | 2,850         | 43,231                    | ,156     | 163,573   | 209,810 | 209,810      |

## Consolidated Cash Flow Statement

| Amounts in SEK thousand  | October - December |                | January - December |                |
|--|--------------------|----------------|--------------------|----------------|
|  | 2021               | 2020           | 2021               | 2020           |
| <b>Operating activities</b>  |                    |                |                    |                |
| Operating profit   | 40,120             | 21,245         | 119,547            | 50,764         |
| <i>Adjustment for items not included in cash flow</i>                        |                    |                |                    |                |
| Depreciation, amortisation and impairment charges                            | 6,972              | 57,660         | 25,941             | 25,854         |
| Other non cash generated items   | -5,552             | -2,422         | -18,402            | -15,663        |
|  | <b>41,540</b>      | <b>24,583</b>  | <b>127,086</b>     | <b>60,955</b>  |
| Interest income  | 234                | 54             | 654                | 606            |
| Interest expense   | -82                | -803           | -751               | -2,002         |
| Paid taxes   | -3,519             | -5,581         | -12,529            | -10,442        |
| <b>Cash flow from operating activities before changes in working capital</b> | <b>38,173</b>      | <b>18,252</b>  | <b>114,460</b>     | <b>49,116</b>  |
| <b>Cash flow from changes in working capital</b>                             |                    |                |                    |                |
| Inventories  | -21,660            | 4,721          | -37,684            | -293           |
| Trade receivables  | -4,530             | 15,956         | -35,278            | -12,996        |
| Other short-term receivables   | 6,689              | -181           | 692                | -752           |
| Trade payables   | 14,448             | 7,877          | 32,053             | 24,176         |
| Other liabilities  | -14,768            | -23,328        | 4,582              | 15,474         |
| <b>Cash flow from operating activities</b>                                   | <b>18,352</b>      | <b>23,297</b>  | <b>78,825</b>      | <b>74,725</b>  |
| <b>Investment activities</b>   |                    |                |                    |                |
| Acquisition of tangible non-current assets                                   | -1,571             | -1,078         | -4,719             | -5,398         |
| Acquisition of intangible non-current assets                                 | -1,042             | 839            | -6,122             | -5,209         |
| Acquisition of financial non-current assets                                  | 0                  | -30            | 0                  | 0              |
| Sales of fixed assets  | 0                  | 341            | 0                  | 341            |
| Change in long-term receivable   | -421               | 189            | -899               | 282            |
| <b>Cash flow from investment activities</b>                                  | <b>-3,034</b>      | <b>261</b>     | <b>-11,740</b>     | <b>-9,984</b>  |
| <b>Financing activities</b>  |                    |                |                    |                |
| Repayment/raising loans  | 688                | -16,000        | 861                | -24,320        |
| Paid dividend  | 0                  | 0              | -22,806            | 0              |
| <b>Cash flow from financing activities</b>                                   | <b>688</b>         | <b>-16,000</b> | <b>-21,945</b>     | <b>-24,320</b> |
| <b>Cash flow for the year</b>  | <b>16,006</b>      | <b>7,559</b>   | <b>45,140</b>      | <b>40,421</b>  |
| Cash and cash equivalents at beginning of period                             | 99,843             | 62,224         | 66,276             | 32,292         |
| Translation difference in cash and cash equivalents                          | 518                | -3,507         | 4,951              | -6,438         |
| <b>Cash and cash equivalents at end of period</b>                            | <b>116,367</b>     | <b>66,275</b>  | <b>116,367</b>     | <b>66,276</b>  |

## Parent Company Income Statement

| Amounts in SEK thousand                           | 3 months           |              | 12 months          |               |
|---|--------------------|--------------|--------------------|---------------|
|   | October - December |              | January - December |               |
|   | 2021               | 2020         | 2021               | 2020          |
| Net revenue                                       | 10,010             | 7,560        | 29,575             | 27,560        |
| Other operating income                            | 44                 | 64           | 145                | 224           |
| <b>Total revenue</b>                              | <b>10,053</b>      | <b>7,624</b> | <b>29,720</b>      | <b>27,784</b> |
| Other external costs                              | -3,024             | -2,365       | -9,548             | -10,348       |
| Personnel costs                                   | -5,483             | -4,955       | -20,458            | -17,875       |
| Depreciation, amortisation and impairment charges | -628               | -626         | -2,494             | -2,388        |
| <b>Operating profit</b>                           | <b>918</b>         | <b>-322</b>  | <b>-2,780</b>      | <b>-2,828</b> |
| Net finance items                                 | 93                 | 1,952        | 13,605             | 39,513        |
| <b>Profit after finance items</b>                 | <b>1,011</b>       | <b>1,630</b> | <b>10,825</b>      | <b>36,686</b> |
| Year-end appropriations                           | -                  | -            | 10,484             | 1,893         |
| Taxes   | -1,512             | -181         | -1,550             | -261          |
| <b>Net profit for the period</b>                  | <b>9,983</b>       | <b>3,343</b> | <b>19,759</b>      | <b>38,318</b> |

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

## Parent Company Balance Sheet

| Amounts in SEK thousand             | 2021-12        | 2020-12        |
|-------------------------------------|----------------|----------------|
| <b>Assets</b>                       |                |                |
| Intangible non-current assets       | 23,573         | 21,132         |
| Tangible non-current assets         | 657            | 797            |
| Financial non-current assets        | 117,347        | 117,233        |
| Short-term receivables              | 80,294         | 87,514         |
| Cash and cash equivalents           | 43,305         | 27,656         |
| <b>Total assets</b>                 | <b>265,176</b> | <b>254,331</b> |
| <b>Equity and liabilities</b>       |                |                |
| Equity                              | 181,341        | 184,386        |
| Untaxed reserves                    | 12,800         | 9,936          |
| Long-term liabilities               | -              | -              |
| Current liabilities                 | 71,035         | 60,010         |
| <b>Total equity and liabilities</b> | <b>265,176</b> | <b>254,331</b> |

## Notes

### 1. Accounting policies

As was the case with the Annual Accounts for 2020, 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 2020, 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 2020 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 2021

No new accounting policies with significant impact on Nilörn have entered into force in 2021.

## 2. Information by geographic area

### Primary segment – Geographic area

| Period January - December 2021        | Nordic region | Other Europe   | Asia           | Intra Group    | Total          |
|---------------------------------------|---------------|----------------|----------------|----------------|----------------|
| <i>Revenue</i>                        |               |                |                |                |                |
| External revenue                      | 55,034        | 244,702        | 488,569        | -              | 788,305        |
| <b>Total revenue</b>                  | <b>55,034</b> | <b>244,702</b> | <b>488,569</b> | <b>,0</b>      | <b>788,305</b> |
| <i>Profit</i>                         |               |                |                |                |                |
| Operating profit                      | 13,177        | 41,228         | 66,636         | -1,494         | 119,547        |
| Interest income                       |               |                |                | ,653           | ,653           |
| Interest expense                      |               |                |                | -3,996         | -3,996         |
| Taxes on the on the period's profit   |               |                |                | -28,766        | -28,766        |
| <b>Net profit for the period</b>      | <b>13,177</b> | <b>41,228</b>  | <b>66,636</b>  | <b>-33,603</b> | <b>87,438</b>  |
| <b>Period January - December 2020</b> |               |                |                |                |                |
| <i>Revenue</i>                        |               |                |                |                |                |
| External revenue                      | 49,628        | 198,555        | 370,050        | -              | 618,233        |
| <b>Total revenue</b>                  | <b>49,628</b> | <b>198,555</b> | <b>370,050</b> | <b>,0</b>      | <b>618,233</b> |
| <i>Profit</i>                         |               |                |                |                |                |
| Operating profit                      | 3,157         | 15,141         | 34,638         | -2,172         | 50,763         |
| Interest income                       |               |                |                | ,606           | ,606           |
| Interest expense                      |               |                |                | -4,304         | -4,304         |
| Taxes on the profit for the year      |               |                |                | -13,551        | -13,551        |
| <b>Net profit for the year</b>        | <b>3,157</b>  | <b>15,141</b>  | <b>34,638</b>  | <b>-19,421</b> | <b>33,514</b>  |

### 3. IFRS 16 Leasing

#### IFRS 16 Leases

| <b>Report of financial position</b>     | <b>31/Dec/21</b> | <b>Of which effect of IFRS 16</b> | <b>31 Dec 2021 not incl. effect of IFRS 16</b> |
|---|------------------|-----------------------------------|--|
| Other non-current assets                | 133,320          | 34,743                            | 98,577   |
| Other current assets                    | 20,632           | -1,192                            | 21,824   |
| Equity                                  | 278,259          | -,870                             | 279,129  |
| Long-term interest-bearing liabilities  | 46,131           | 19,147                            | 26,984   |
| Short-term interest-bearing liabilities | 29,583           | 15,274                            | 14,309   |
| <b>Total effect on equity</b>           |                  | <b>33,551</b>                     |  |

| <b>Report of effects on profit</b>        | <b>Jan-Dec 2021</b> | <b>Of which effect of IFRS 16</b> | <b>Jan-Dec 2021 not incl. effect of IFRS 16</b> |
|---|---------------------|-----------------------------------|---|
| Other external cost                       | -61,953             | 16,359                            | -78,312   |
| Depreciation, amortisation and impairment | -25,941             | -15,133                           | -10,808   |
| Net finance items                         | -3,343              | -1,202                            | -2,141  |
| Taxes                                     | -28,766             | -,2                               | -28,764   |
| <b>Total</b>                              | <b>-120,003</b>     | <b>,22</b>                        | <b>-120,025</b>                                 |

| <b>Key financial indicators</b>                     | <b>Jan-Dec 2021</b> | <b>Of which effect of IFRS 16</b> | <b>Jan-Dec 2021 not incl. effect of IFRS 16</b> |
|---|---------------------|-----------------------------------|---|
| Operating margin                                    | 15.2%               | 0.2%                              | 15.0%   |
| Net cash and cash equivalents (liabilities -), MSEK | 40.7                | -34.4                             | 75.1  |
| Equity ratio, %                                     | 50.0%               | -3.2%                             | 53.3%   |

#### 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 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 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>Operating margin</b>   | 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 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.