

Interim Report for Nilörngruppen AB (publ) Q1, January - March 2024



Period January – March

- Order intake increased by 5 percent to MSEK 233 (223)
- Revenue increased by 10 percent to MSEK 242 (221)
- Revenue adjusted for currency effects amounted to MSEK 243 (221), i.e., an underlying organic increase of 10 percent
- Operating profit amounted to MSEK 22.5 (16.9)
- Net profit for the period amounted to MSEK 16.7 (11.1)
- Earnings per share amounted to SEK 1.46 (0.97)
- Net cash excluding IFRS 16 amounted to MSEK 8 (43)

Significant events during the quarter

- The board has decided to propose to the annual general meeting a dividend of SEK 1.00 (5.00) per share, equivalent to MSEK 11.4 (57.0)
- Nilörngruppen has initiated a strategic collaboration with Worldfavor, strengthening the Nilörn:CONNECT solution and offer to our customers on their journey towards the Digital Product Passport



CEO Statement

Dear shareholders,

It is pleasing to see the turnaround we witnessed during the fourth quarter of 2023 continuing in terms of order intake, turnover, and profitability. Despite Easter falling at the end of the quarter this year, March was relatively strong. However, there is still a lag in the outdoor segment, but an expected recovery is anticipated during Q3. Operating profit amounted to SEK 22.5 million with an operating margin of 9.3 percent.

The luxury segment continues to develop well, although some brands experienced a slowdown in the quarter. The work on our factory projects in Bangladesh, Portugal, and Vietnam is progressing according to plan, with neither results nor liquidity significantly burdened during the quarter.

Packaging increased as a share of turnover and now amounts to 23 (16) percent, which has slightly negatively impacted the gross profit margin. However, the group's gross profit margin has

increased as a result of margin-enhancing measures in purchasing and increased in-house production.

We continue to focus on guiding our customers on sustainability and the need for adaptation to forthcoming EU legislation linked to the Green Deal. Nilörn:CONNECT offers customers various solutions to support them on the path towards the Digital Product Passport, and our strategic partnership with Worldfavor will further strengthen our sustainability position.

Nilörn's marketing department has been expanded to create conditions for greater focus and higher activity in the market.

We are ready to address both challenges and opportunities in the market and look forward to continuing our positive development throughout the rest of the year.

Krister Magnusson

Period January-March

Order Bookings

The order intake increased by 5 percent to 233 (223) MSEK. This is a result of increased activity among our customers, especially within the luxury and outdoor segments.

Net Revenue

Sales in SEK increased by 10 percent to MSEK 242 (221). Sales adjusted for currency effects amounted to MSEK 243, representing an underlying organic increase of 10 percent.

Gross Profit

The gross margin amounted to 43.2 (43.0) percent. Our Sourcing organization has performed well, allowing us to increase the margin despite market price pressure. Variations in gross profit between quarters are primarily attributable to individual orders and the distribution of product groups, where, for example, packaging has a lower gross profit margin.

Other Income, Costs, and Depreciation

Other operating income amounted to MSEK 4.1 (4.3), mainly attributable to currency effects. Other operating expenses of MSEK 2.4 are primarily related to currency.

External costs amounted to MSEK 19.5 (19.2), and personnel costs amounted to MSEK 56.1 (53.6). Depreciation increased to MSEK 8.3 (7.3).

Operating Profit

The operating result amounted to MSEK 22.5 (16.9), resulting in an operating margin of 9.3 (7.6) percent.

Net Finance Items, Taxes, and Profit for the Period

Net financial items amounted to MSEK -1.3 (-2.5).

Tax amounted to MSEK -4.5 (-3.4), resulting in an average tax rate of 21.3 percent. Net profit for the period amounted to MSEK 16.7 (11.1), with earnings per share of 1.46 (0.97) SEK.

Cash Flow, Capital Expenditures, Financing, and Liquidity

Cash flow from operating activities amounted to MSEK 0.1 (14.1). Cash flow from investing activities amounted to MSEK -7.0 (4.7).

Segments

As indicated in the segment reporting in note 2, there has been a decline in Sweden and Asia, while sales in Europe have increased. The operating result has decreased in Sweden while it has increased in Europe and Asia.

Equity

The group's equity amounts to MSEK 322.2 (344.7). The change during the period is attributable to the period's result of MSEK 16.7, and the period's translation differences of MSEK 10.7. The translation difference is a net effect when translating equity in the foreign subsidiaries into SEK.

Personnel

The average number of employees in the group was 601 (593), of which 249 (250) were women (in relation to year-end). Out of the total number of employees, 56 percent are engaged in production and warehousing.

Transactions with Related Parties

No transactions between Nilörngruppen and related parties that have materially affected the group's results and financial position have taken place during the period. The parent company's transactions with subsidiaries involve design, product development, IT, and other services.

Significant Events during the Period

The board has decided to propose to the annual general meeting a dividend of 1.00 (5.00) kronor per share, equivalent to MSEK 11.4 (57.0).

Parent Company

The parent company's operations mainly involve managing group-wide functions such as branding and design, product development, finance, administration, information, and IT. The average number of employees amounted to 28 (26) persons.

Net sales for the year amounted to 10.5 (8.6) MSEK. Operating profit amounted to -1.0 (-2.5) MSEK and net profit amounted to 12.7 (-2.5) MSEK.

Risks and Uncertainties

With its international operations, Nilörngruppen is continually exposed to various financial risks. The significant risks and uncertainties Nilörngruppen is exposed to include currency risks, political risks in individual countries, credit risks, and IT security, as outlined in Nilörngruppen's 2022 annual report, note 2.

Annual General Meeting

As previously announced, the Annual General Meeting will be held on Wednesday, May 14, 2024. The Annual Report and the Sustainability Report will be available on the company's website from 23 April 2024. The notice is available via the following link: [Annual General Meeting | Nilorn Group \(nilorn.com\)](#).

Audit

This report has not been subject to review by the company's auditor.



Calendar

- April 23, 2024: Publication of annual report
- May 14, 2024: Annual general meeting
- July 16, 2024: Interim report Q2
- October 25, 2024: Interim report Q3
- February 12, 2025: Year-end report

This information is information that Nilörnggruppen AB is obligated to disclose under the EU Market Abuse Regulation. The information was submitted for publication on April 17, 2024, at 08:00 a.m. through the contact person below.

BORÅS 17 April 2024

NILÖRNGRUPPEN AB (PUBL)

Krister Magnusson
CEO

FOR FURTHER INFORMATION CONTACT

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Summary Financial Reports – the Group

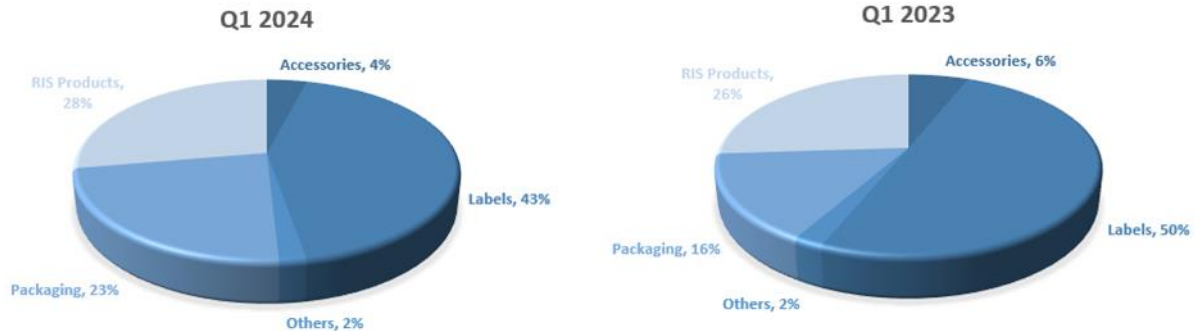
Consolidated Income Statement

Amounts in SEK thousand	3 months		12 months	
	January - March		January - December	
	2024	2023	2023	2022
Net revenue	242,338	221,270	869,769	942,811
Raw materials, supplies and goods for resale	-137,613	-126,063	-490,062	-526,292
Gross profit	104,725	95,207	379,707	416,519
Other operating revenue	4,065	4,301	25,392	32,447
Other external costs	-19,515	-19,184	-80,393	-71,173
Personnel costs	-56,097	-53,642	-214,944	-194,303
Depreciation, amortisation and impairment charges	-8,280	-7,340	-31,195	-29,921
Other operating costs	-2,433	-2,417	-15,570	-17,154
Operating profit	22,465	16,925	62,997	136,415
Net finance items	-1,267	-2,475	-10,433	-3,998
Profit before taxes	21,198	14,450	52,564	132,417
Taxes	-4,509	-3,357	-13,176	-31,417
Net profit for the period	16,689	11,093	39,388	101,000
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
Earnings per share, SEK	1.46	0.97	3.45	8.86
Earnings per share, SEK after dilution	1.46	0.97	3.45	8.86

Consolidated Statement of Comprehensive Result

Amounts in SEK thousand	January - March		January - December	
	2024	2023	2023	2022
	Net profit for the period	16,689	11,093	39,388
Other comprehensive result that may be reposted to net profit for the period				
Translation differences	10,669	-849	-18,846	12,743
Items that cannot be reposted to net profit for the period				
Revaluation of defined benefit pension scheme	0	0	-536	-1,772
Total profit for the period	27,358	10,244	20,006	111,971
Total profit for the period attributable to:				
The Parent Company's equity holders	27,202	9,995	19,963	111,971
Minority interest	156	249	43	0

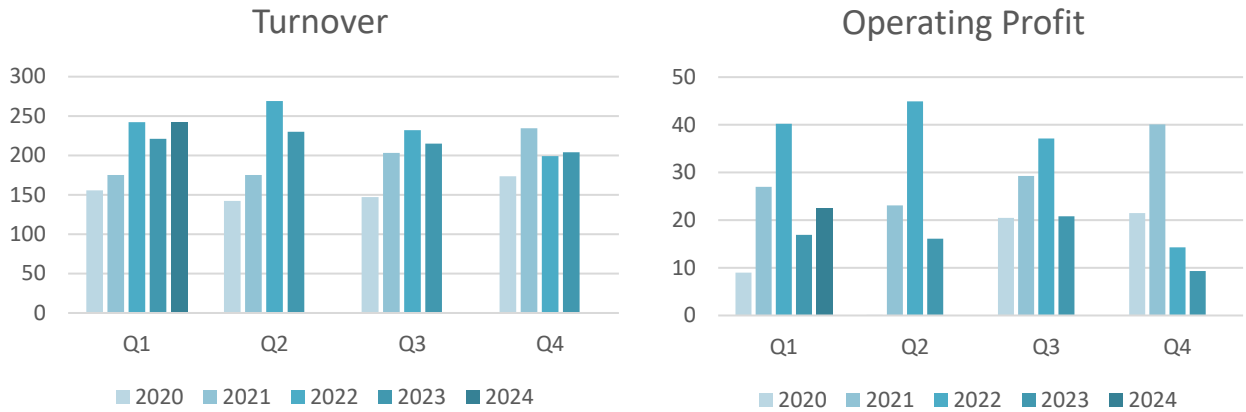
Distribution by product group



Quarterly Income Statements

Amount in MSEK)	2024	2023				2022				2021			
	Q1	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net revenue	242.3	221.3	230.2	214.7	203.7	242.3	269.1	232.0	199.3	175.2	175.2	203.4	234.5
Raw materials, supplies and goods for resale	-137.6	-126.1	-134.4	-117.3	-112.3	-136.2	-150.8	-127.6	-111.7	-93.9	-91.8	-110.5	-128.0
Gross profit	104.7	95.2	95.8	97.4	91.3	106.2	118.3	104.4	87.6	81.3	83.4	92.9	106.5
Gross margin	43.2%	43.0%	41.6%	45.4%	44.9%	43.8%	44.0%	45.0%	44.0%	46.4%	47.6%	45.7%	45.4%
Other income	4.1	4.3	8.2	5.5	7.4	2.7	7.2	8.2	14.3	3.5	1.7	1.8	4.8
Operating costs	-78.0	-75.2	-80.1	-73.6	-81.9	-61.8	-72.9	-67.2	-80.8	-51.7	-55.8	-58.9	-64.2
Depreciation, amortisation and impairment charges	-8.3	-7.3	-7.8	-8.5	-7.6	-6.9	-7.7	-8.4	-6.9	-6.2	-6.3	-6.5	-7.0
Operating profit	22.5	16.9	16.1	20.8	9.2	40.2	44.9	37.0	14.2	26.9	23.0	29.3	40.1
Operating margin	9.3%	7.6%	7.0%	9.7%	4.5%	16.6%	16.7%	16.0%	7.1%	15.4%	13.1%	14.4%	17.1%
Operating profit per share	2.0	1.5	1.4	1.8	0.8	3.5	3.9	3.2	1.2	2.4	2.0	2.6	3.5

Quarterly Development



Consolidated Balance Sheet

Amounts in SEK thousand	2024-03	2023-03	2023-12	2022-12
Assets				
Intangible non-current assets	49,690	41,027	47,989	38,619
Other non-current assets	121,307	119,709	120,495	122,914
Inventories	166,176	202,322	165,813	212,130
Trade receivables	147,320	120,749	106,363	99,009
Other current assets	39,959	38,044	32,470	28,222
Cash and cash equivalents	79,259	119,727	104,719	113,085
Total assets	603,711	641,578	577,849	613,979
Equity and liabilities				
Equity	322,184	344,725	294,822	333,219
Long-term interest-bearing liabilities	6,478	29,158	8,707	30,748
Long-term non-interest-bearing liabilities	6,189	15,211	6,379	7,018
Current interest-bearing liabilities	84,920	65,201	102,785	64,872
Current non-interest-bearing liabilities	183,940	187,283	165,156	178,122
Total equity and liabilities	603,711	641,578	577,849	613,979

Changes in Consolidated Equity

2024

Amounts in SEK thousand	Share capital	Other contributed capital	Reserves	Retained earnings including net profit for the period		Minority Interest	Total equity
				period	Total		
OPENING EQUITY 2024-01-01	2,850	43,231	-12,551	260,943	294,473	352	294,825
Net profit for the period				16,527	16,527	163	16,690
Other total profit							
Translation differences during the period			10,676		10,676	-7	10,669
Transactions with shareholders							
Dividend				0	0	0	0
CLOSING EQUITY 2024-03-31	2,850	43,231	-1,875	277,470	321,676	508	322,184

2023

Amounts in SEK thousand	Share capital	Other contributed capital	Reserves	Retained earnings including net profit for the period		Minority Interest	Total equity
				period	Total		
OPENING EQUITY 2023-01-01	2,850	43,231	6,311	280,827	333,219	1,262	334,481
Net profit for the period				10,844	10,844	249	11,093
Other total profit							
Translation differences during the period			-849		-849	0	-849
Transactions with shareholders							
Dividend				0	0	0	0
CLOSING EQUITY 2023-03-31	2,850	43,231	5,462	291,671	343,214	1,511	344,725

Key Financial Indicators for the Period 1 January - 31 March

KEY FINANCIAL INDICATORS	1 January – 31 March		1 January – 31 December				
	2024	2023	2023	2022	2021	2020	2019
Revenue growth, %	9.5	-8.7	-7.7	19.6	27.5	-13.6	0.5
Operating margin, %	9.3	7.6	7.2	14.5	15.2	8.2	9.3
Profit margin, %	8.7	6.5	6.0	14.0	14.7	7.6	8.8
Average equity	308.5	339.0	314.0	305.8	244.0	198.3	183.7
Return on equity, %	5.4	3.3	12.5	33.0	35.8	16.9	25.7
Equity ratio, %	53.4	53.7	51.0	54.3	50.0	49.7	45.3
Interest-bearing net cash (liabilities -), MSEK*	7.9	42.8	16.9	39.3	75.1	24.8	-33.9
Earnings per share, SEK	1.46	0.97	3.45	8.86	7.67	2.94	4.14
Equity per share, SEK	28.26	30.23	25.86	29.22	24.40	18.40	16.37
Dividend per share, SEK**	-	-	1.00	5.00	5.00	2.00	0.00
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	601	596	593	587	553	499	494

* Proposed dividend for 2023

Consolidated Cash Flow Statement

Amounts in SEK thousand	January - March		January - December	
	2024	2023	2023	2022
Operating activities				
Operating profit	22,466	16,925	62,997	136,415
<i>Adjustment for items not included in cash flow</i>				
Depreciation, amortisation and impairment charges	8,280	7,340	31,195	29,921
Profit/loss from sales of fixed assets	0	0	0	-700
Other non cash generated items	75	-1,667	-7,006	-4,305
	30,821	22,598	87,186	161,331
Interest income	512	150	2,325	745
Interest expense	-1,854	-958	-6,288	-2,210
Paid taxes	-5,110	-6,277	-23,209	-32,853
Cash flow from operating activities before changes in working capital	24,369	15,513	60,014	127,013
Cash flow from changes in working capital				
Inventories	4,495	8,587	31,694	-55,423
Trade receivables	-34,720	-21,807	-18,441	22,731
Other short-term receivables	-7,489	-9,822	-4,248	-7,475
Trade payables	-8,151	13,141	25,368	-39,246
Other liabilities	21,629	8,504	-5,273	-2,970
Cash flow from operating activities	133	14,116	89,114	44,630
Investment activities				
Acquisition of intangible non-current assets	-1,656	-1,137	-12,113	-6,076
Acquisition of tangible non-current assets	-5,114	-3,630	-7,050	-10,572
Cash flow from investment activities	-7,025	-4,730	-17,742	-8,370
Change in long-term receivable	-255	37	1,421	909
Cash flow from investment activities	-7,025	-4,730	-17,742	-8,370
Financing activities				
Repayment/raising loans	-16,099	2,835	14,314	34,782
Amortisation IFRS16				
Paid dividend	0	0	-57,692	-57,010
Cash flow from financing activities	-21,383	-1,669	-62,935	-41,088
Cash flow for the year	-28,275	7,717	8,437	-4,828
Cash and cash equivalents at beginning of period	104,719	113,086	113,085	116,367
Translation difference in cash and cash equivalents	2,815	-1,076	-16,803	1,547
Cash and cash equivalents at end of period	79,259	119,727	104,719	113,086

Summary Financial Reports – Parent Company

Parent Company Income Statement

Amounts in SEK thousand	3 months		12 months	
	January - March		January - December	
	2024	2023	2023	2022
Net revenue	10,457	8,569	35,593	32,845
Other operating income	0	0	0	88
Total revenue	10,457	8,569	35,593	32,933
Other external costs	-3,368	-4,150	-13,416	-12,358
Personnel costs	-7,031	-6,055	-22,906	-23,266
Depreciation, amortisation and impairment charges	-1,027	-821	-3,759	-3,535
Operating profit	-969	-2,457	-4,488	-6,226
Net finance items	15,248	7	30,903	56,258
Profit after finance items	14,279	-2,450	26,415	50,032
Year-end appropriations	0	0	8,118	9,815
Taxes	-1,604	-97	-1,352	-1,355
Net profit for the period	12,675	-2,547	33,181	58,492

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

Parent Company Balance Sheet

Amounts in SEK thousand	2024-03	2023-03	2023-12	2022-12
Assets				
Intangible non-current assets	36,112	27,139	34,481	26,287
Tangible non-current assets	1,240	1244	1,253	617
Financial non-current assets	130,926	138,249	130,926	151,689
Short-term receivables	112,235	116,917	105,701	104,028
Total assets	280,513	283,549	272,361	282,621
Equity and liabilities				
Equity	171,669	180,275	158,994	182,822
Untaxed reserves	14,353	16,370	14,353	16,370
Long-term liabilities	0	8,645	0	0
Current liabilities	94,491	78,259	99,014	83,429
Total equity and liabilities	280,513	283,549	272,361	282,621

Notes

1. Accounting Policies

The consolidated financial statements, similar to those for 2022, have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and the Swedish Financial Reporting Board's recommendation no. 1 (RFR 1). The parent company, similar to the annual report for 2022, prepares its financial statements in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation no. 2 (RFR 2). The interim report has been prepared in accordance with IAS 34 and the Swedish Annual Accounts Act. Disclosures in accordance with IAS 34.16A are provided not only in the financial statements and their accompanying notes but also in other parts of the interim report.

Since January 1, 2019, Nilörngruppen has applied IFRS 16 Leases. The Group has applied the simplified transition method and has therefore not restated comparative figures. The simplification rule, that the right-of-use asset should equal the lease liability, has been applied upon transition. No transition effect is reported in equity. An adjustment regarding the presentation of the cash flow of IFRS 16 has been made for the financial year and the comparison year, which affected the cash flow from operating activities and the cash flow from investing activities by the corresponding amount. Complete leasing accounting principles are found in the 2022 Annual Report. See also Note 2 for the impact of IFRS 16 on the quarter.

The parent company has chosen to apply the exemptions in RFR 2, which means that all lease agreements will continue to be recognized as operating leases.

New accounting principles for 2024

No new accounting principles that have materially affected Nilörn have come into effect for the year 2024

2. IFRS 16 Leasing

Report of financial position	31-Mar-24	Of which effect of IFRS 16	31 Mar. 2024 not incl. effect of IFRS 16
Other non-current assets	121,307	20,580	100,727
Other current assets	39,959	-1,575	41,534
Equity (profit for the year)	322,184	-657	322,841
Long-term interest-bearing liabilities	6,478	6,478	0
Short-term interest-bearing liabilities	84,920	13,184	71,736
Total effect on equity		19,005	

Report of effects on profit	Jan-Mar 2024	Of which effect of IFRS 16	Jan-Mar 2024 not incl. effect of IFRS 16
Other external cost	-19,515	5,285	-24,800
Depreciation, amortisation and impairment	-8,280	-4,962	-3,318
Net finance items	-1,267	-185	-1,082
Taxes	-4,509	-27	-4,482
Total	-33,571	111	-33,682

Key financial indicators	Jan-Mar 2024	Of which effect of IFRS 16	Jan-Mar 2024 not incl. effect of IFRS 16
Operating margin	9.3%	0.0%	9.2%
Net cash and cash equivalents (liabilities -	7.9	-19.7	27.5
Equity ratio, %	53.4%	-1.7%	55.1%

3. Information by Geographic Area

Period January - March 2024

	Sweden	Europe	Asia	Intra Group	Total
<i>Revenue</i>					
External revenue	8,320	104,393	129,625	-	242,338
Total revenue	8,320	104,393	129,625	0	242,338
<i>Profit</i>					
Operating profit	618	11,928	10,406	-487	22,465
Interest income				587	587
Interest expense				-1,854	-1,854
Taxes on the on the period's profit				-4,509	-4,509
Net profit for the period	618	11,928	10,406	-6,263	16,689

Period January - March 2023

	Sweden	Europe	Asia	Intra Group	Total
External revenue	9,859	81,709	129,702	-	221,270
Total revenue	9,859	81,709	129,702	0	221,270
Profit					
Operating profit	2,103	8,124	8,488	-1,790	16,925
Interest income				150	150
Interest expense				-2,625	-2,625
Taxes on the profit for the year				-3,357	-3,357
Net profit for the year	2,103	8,124	8,488	-7,622	11,093

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

Non IFRS-metric	Definition	Calculation	Justification
Average Equity	Equity at the beginning of the period, plus equity at the end of the period, divided by two	$(322\,184 + 294\,822) / 2$	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.	$(242\,338 - 221\,270) / 221\,270$	This metric is used to analyse profitability over time, given the resources attributable to the Parent Company's owners.
Return on Equity	Period's result according to the income statement in percent of average equity.	$16\,689 / 308\,503$	This metric is used to analyse profitability over time, given the resources attributable to the Parent Company's owners.
Interest-bearing net cash and cash equivalents/liabilities excl FRS16	Interest-bearing receivables, cash and cash equivalents, reduced by interest-bearing liabilities.	$79\,259 - 91\,398 + 19\,662$	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.	$22\,465 / 242\,338$	This metric is used to measure operative profitability.
Equity Ration	Equity in percent of balance sheet total.	$322\,184 / 603\,711$	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.
Profit Margin	Result before tax in percent of net revenue.	$21\,198 / 242\,338$	This metric makes it possible to measure the profitability no matter tax rate

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, Switzerland, Vietnam and USA.