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Nilörngruppen AB
Annual Report
& Sustainability Report

2024

NILÖRN





Content

Introduction

2024 in brief	3
CEO statement	4

Strategy

Business idea, goals and strategy	5
Nilörn - Small company flexibility with large company synergies	6

Operation

Market with opportunities	8
Customer-specific solutions based on a broad offering	9
Creative design	10
Retail Information Service – variable information	11
Nilörn:CONNECT™	12
A global market	13
History	14
Multi-year overview	15
Nilörngruppen's share	16

Sustainability

General information	17
Environmental information	26
Social responsibility information	41
Corporate governance information	51
GRI content index	54

Administration report / Governance

Administration report	58
Corporate governance report	62
Report of the Board of Directors on internal control	65

Financial reports

Consolidated income statement	66
Consolidated report on comprehensive result	66
Consolidated balance sheet	66
Changes in consolidated equity	67
Consolidated cash flow statement	68
Parent company income statement	68
Parent company balance sheet	69
Changes in parent company equity	69
Cash flow statement for the parent company	70

Notes	71
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Other

Definition of alternative key financial Indicators	91
Affirmation by the Board of Directors and the CEO	94
Board of Directors and Management	95
Auditor's report	96
Annual General Meeting	100
Addresses	101

Nilörn in brief

Nilörn is an international corporation, founded in 1977, that adds value to brands through branding and design in the form of labels, packaging, and accessories primarily for clients within the fashion and apparel industries. Nilörn aims to increase its clients' competitiveness by offering services that cover all design resources, as well as a logistics system that guarantees reliable and fast delivery times.

Nilörn is one of Europe's leading players with a turnover of SEK 945 million and delivers over 1.5 billion labels per year of various sizes and types. Nilörn is represented in Sweden, Denmark, Norway, Finland, the United Kingdom, Italy, Germany, Belgium, the Netherlands, France, Portugal, Spain, Austria, Hong Kong, China, Bangladesh, Pakistan, India, Turkey, Switzerland, the USA, and Vietnam.

With our mission – "To guide our clients in the world of labeling" – our focus is always on delivering maximum customer satisfaction through every aspect of our operations, from design and product development to manufacturing, sales, logistics, sustainability, and service.

2024 in brief

Order bookings increased by 13 percent to 935 (828) MSEK

Consolidated sales in SEK increased by 9 percent to 945 (870) MSEK

Operating profit amounted to 82.9 (63.0) MSEK

Profit for the year amounted to 58.9 (39.4) MSEK

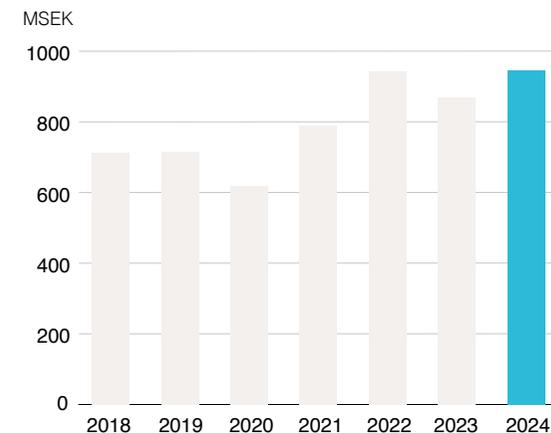
Earnings per share amounted to 5.17 (3.45) SEK

Cash flow from operating activities amounted to 94.3 (89.1) MSEK

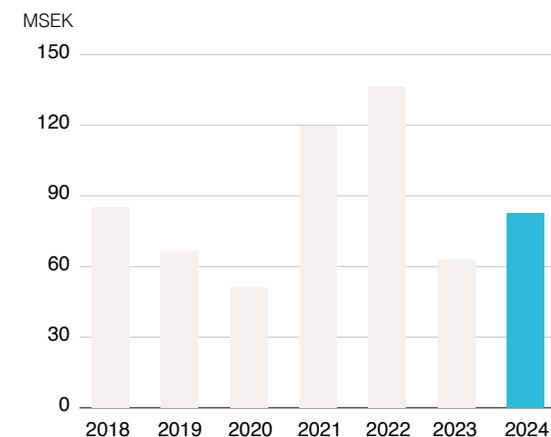
Net cash excluding IFRS16 amounted to 60.3 (16.9) MSEK

The Board of Directors proposes to the Board a dividend of 1.50 (1.00) SEK per share, corresponding to 17.1 (11.4) MSEK

Net revenue



Operating profit



Nilörn in numbers	2024	2023	2022	2021	2020
Net sales, MSEK	944.7	869.8	942.8	788.3	618.2
Operating profit, MSEK	82.9	63.0	136.4	119.5	50.8
Profit for the period, MSEK	58.9	39.4	101.0	87.4	33.5
Earnings per share, SEK	5.2	3.5	8.9	7.7	2.9
Return on capital employed, %	20.7	15.6	35.0	37.4	17.2
Return on equity, %	18.3	12.5	33.0	35.8	16.9
Equity ratio, %	58.6	51.0	54.3	50.0	49.7
Average number of employees	661	593	587	553	499

Dear shareholders, customers and employees

During 2024, Nilörn has continued to navigate through a dynamic and challenging market. As predicted at the beginning of the year, demand within the outdoor segment has stabilised throughout the year and returned to more normal levels, while the luxury segment faces some resistance. Geographically, we have seen positive developments in Spain, Germany, Switzerland and the UK. We have made a breakthrough in the USA, although starting from a low level and to strengthen our position, we have now initiated recruitment for additional sales resources.

Despite general market uncertainty, where several fashion companies have undergone restructuring or bankruptcies, Nilörn has remained strong. We note an ongoing consolidation in the industry, with larger players acquiring smaller niche companies.

For our distribution units, our operations in Bangladesh, India and Portugal continue to develop well, while Turkey has seen weak development due to high inflation affecting customers' choice of production country. In December, we inaugurated our distribution and production unit in Vietnam and have now started the setup of a smaller unit in Sri Lanka.

During the year, we were hit by a cyberattack that affected our IT systems. Thanks to the quick efforts of our employees and external experts, we were able to resume deliveries from all our facilities in a short time with relatively little damage. Since then, we have worked intensively to strengthen our IT security to minimise the risk of future incidents.

Our digital platform, Nilörn:CONNECT, continues to generate significant interest. We are investing additional resources to develop the concept, focusing on increased transparency and traceability at the product

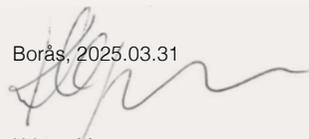
level. This is particularly relevant considering the EU's strategy for sustainable and circular textiles, which emphasises the importance of digital product passports and circular business models.

Throughout the year, the global fashion and textile industry has undergone changes. Progress has been made to improve working conditions and safety, which is an ongoing effort. In Europe, the EU's strategy for sustainable and circular textiles has set the tone for future regulations, impacting the entire value chain from design to recycling.

In-house production in key markets such as Bangladesh and Portugal have been a key factor for Nilörn's success in recent years, and we now have a great need for additional capacity. Nilörngruppen has therefore decided to invest in a new factory in Bangladesh, while maintaining the existing facility. The factory in Portugal will be upgraded with increased capacity and the implementation of LEAN. The total investments are estimated to amount to approximately USD 11 million over two years and will further strengthen our presence in these important markets.

I am convinced that Nilörn is on the right path. The changes and improvements being implemented are making Nilörngruppen stronger and helping us continue to create positive trends.

Borås, 2025.03.31



Krister Magnusson
CEO Nilörngruppen AB

” Our mission is to be a reliable partner who can contribute with knowledge in areas that today require more and more specialist expertise.”



Business idea, goals and strategy

Business Idea

Nilörn's business idea is to offer sustainable profiling concepts that enhance the image of customer companies' brands. The concepts include branding and design development, product development, integrated logistics solutions, RIS (Retail Information Service), and our digital platform Nilörn:CONNECT. Nilörn's business idea is summarised as **"Adding value to your brand"**.

Goals

Nilörn's overall and long-term goal is to be one of the leading players in the markets where the company is established.

Strategy

The strategy focuses on profitable growth based on a strong offering within branding and design, sustainability, technical innovation, and digital solutions. Our task is to be a reliable partner that contributes specialist expertise so that customers can choose the best solution.

The strategy involves increasing the value content of the products, establishing even closer cooperation with key customers, utilising combined resources, and optimising the manufacturing structure with respect to in-house production and cooperation with partner companies. The strategy aims for Nilörn to establish a clear position as a global leading player with a product and service offering that provides added value to customers.

Nilörn has a decentralised sales organisation, but with centrally supporting functions. The goal is for us to be and be perceived as flexible and agile, while also maintaining structure and efficiency.

Values

In a decentralised organisation with a high degree of freedom under responsibility, the company's values are important and serve as a guiding principle. We have developed an efficient decentralised organisation with clear mandates and fast decision-making. This allows each employee to act independently, which our customers experi-

ence through fast service. A great deal of effort is put into spreading Nilörn's values and fostering a "we" feeling within the organisation.

Our key values are:

Innovation (We must be thinking forward)

Respect (We operate in several countries, cultures, and religions, and must show respect for each other, our customers, and suppliers)

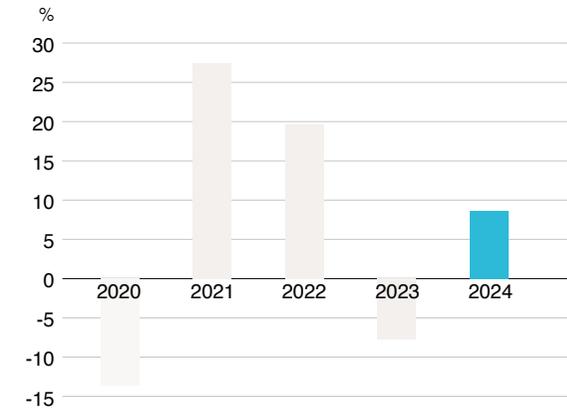
Responsibility (In a decentralised organisation, everyone must dare to and be empowered to act and take responsibility)

Growth and profitability targets

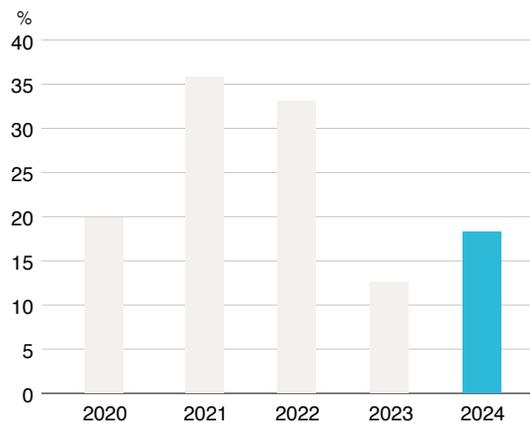
Nilörn strives for sustainable and profitable growth. The growth target is 7 percent per year, with an operating margin exceeding 10 percent and net debt not exceeding 2 times EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortisation).

Over the past five years, the annual growth has averaged 7 percent, and the operating margin has been 11 percent.

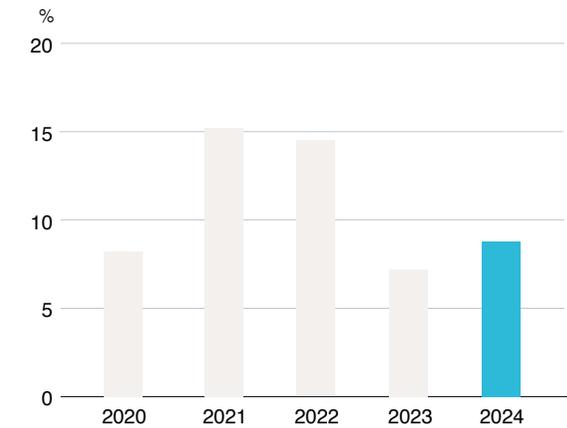
Growth in percent per year



Return on equity



Operating profit margin by year



Nilörn - Small company flexibility with large company synergies

Nilörn has undergone a significant transformation from a traditional label producer to a leading global player in branding and design. Through a business model that combines decentralised sales with centralised support functions, we have created a scalable, flexible, and competitive organisation that provides our customers with the best possible service.

A dynamic production model for flexibility and service
Historically, Nilörn had production in several European countries, including Sweden, Germany, Belgium, the UK, Denmark, and Portugal. Over time, we have restructured our operations and transformed former production units into sales offices, while maintaining our technical

expertise. This strategy makes us a valuable partner for our customers, as we can offer both advice and solutions tailored to their needs.

Today, we have in-house production of both woven and printed labels in Portugal and Bangladesh. Additionally, we produce printed labels in the UK, Germany, Vietnam, Turkey, and Hong Kong.

We collaborate closely with external key suppliers in countries such as China, India, Vietnam, Pakistan, Turkey, and Italy. The combination of in-house production and strategic partnerships gives us the flexibility to quickly adapt to market changes.

We can act and be where our customers need us, rather than being limited to filling our own factories. This means increased service for our customers and allows Nilörn to adjust the cost structure based on demand.



The business model – global strength, local presence

Nilörn has developed a successful business model where the core is a strong centralisation of support functions, while customer relationships and sales are decentralised to ensure high flexibility and local adaptation.

The central units that support the business include:

- **Central Sourcing**
 - Ensures competitive purchasing and supplier control
- **Logistics**
 - Optimises and secures the global supply chain
- **Compliance**
 - Helps and supports our customers with global legal requirements and industry standards
- **Material Expertise**
 - Develops innovative materials and sustainable solutions
- **Design**
 - Works globally and locally to create attractive offers and support our customers
- **Retail Information Service (RIS) & Nilörn:CONNECT**
 - Digitises and automates brand management and product information
- **Sustainability & CSR**
 - Integrates sustainability strategies throughout the value chain
- **IT**
 - Supports the business with digital solutions and systems

These units work globally to create economies of scale, ensure quality and efficiency, and drive innovation. At the same time, sales and customer interaction are decentralised to enable quick response and tailored service in different markets.

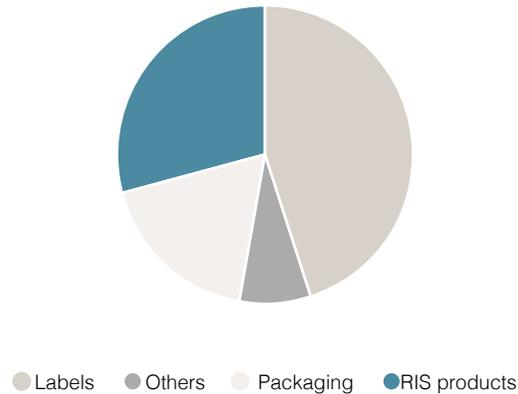
Over the past 10 years, the Group has:

- Increased revenue by 79 percent
- Maintained an average operating margin of 10.9 percent
- Distributed between 60 and 99 percent of net profits each year, except for 2019 due to COVID-19
- Had a strong balance sheet with an equity ratio of 59 percent

Distribution by product category

Nilörn's revenue distribution by product category is shown in the pie chart below.

Revenue by product category 2024



The product range for labels includes woven labels, printed textile labels, printed hang tags, and frayed labels. Labels are the largest product category, accounting for 45 percent of total revenue. This category is also the most complex to produce and has the highest margins.

Customers

The sales companies meet customers across Europe, primarily brand owners. Most deliveries are made to customers' subcontractors, i.e., the factories that sew customers' garments. These factories are mainly in Asia, but also in Europe, including Turkey, Portugal, Italy, the Baltics. In most cases, customers guarantee inventory of labels that are unique to them and customer receivables from their subcontractors.

Nilörn has over 1.000 customers, with the 10 largest accounting for approximately 35 percent of the group's revenue, and the 20 largest for 47 percent.



Grindstone
part of the Nilörn design collection

Market opportunities

Both the global and European markets for branding and design are growing. Brand owners are increasing their investments in measures that will help strengthen their brands, where labels, packaging, and accessories are important elements.

A transforming market creates opportunities

Both low-cost brands and premium brands are investing heavily to differentiate themselves. The market for labels, packaging, and accessories follows the development of the fashion industry, including colours, textiles, and combinations of materials. Today, more and more trends are happening simultaneously. Additionally, collection's life cycles are getting shorter as trends change faster.

New regulations also affect demand. For example, the EU introduced stricter requirements a few years ago, stating that textile products must be labeled according to specific regulations. In the longer term, demand from the fashion and apparel industry is influenced by general economic development, with important factors such as GDP growth and private consumption.

The growing importance of branding means that the development has been positive for branding and design, which help strengthen profiling and increase sales. Demand is rising both in Europe and other markets. As more and more customers request comprehensive concepts, Nilörn offers branding, design, product development, and provides professional logistics solutions.

Customers with high demands

Nilörn has many year's of experience collaborating with the fashion and apparel industry, and as the market's leading specialist, we have extensive knowledge in branding and design development. We mainly collaborate with customers who have high demands for developing concepts that strengthen their brands. Through close collaboration with customers, we understand the factors that drive each customer's brand on the market. NFC chips or a unique QR code enable the brand to communicate with the end consumer, increasing traceability and transparency. This aligns with the goal of a circular economy, where we, want to contribute. This is an area where we will continue to invest in the coming years. With this as a foundation, we develop concepts that help differentiate and strengthen customers' most important asset—their brand. In doing so, we create value for both Nilörn's customers (the brand owners) and their customers (the end consumers).

Market trends

- Increased investments in brand profiling
- Increased focus on sustainability
- The market for branding and design concepts follows fashion trends
- More trends are becoming relevant simultaneously
- Technological advancements create new opportunities
- Increased interest in RFID and digital solutions



Grindstone
part of the Nilörn design collection

Customer-specific solutions based on a broad offering

Nilörn offers the broadest range on the market within branding and design of labels, packaging, and accessories. We provide brand consultation and design expertise with a focus on the fashion and apparel industry, control over high-quality production, as well as IT and logistics solutions that give customers control over the flow of their labels, packaging, and accessories. This enables us to guarantee just-in-time delivery worldwide.

The Brand is becoming increasingly important

Most of Nilörn's customers are in the fashion and apparel industry, where branding strengthens the identity and image of garments. Some even argue that the brand is the most important element of the garment. To achieve success and perform well in stores, brands must have a clear profile that stands out from the crowd. The brand and marketing are more important than ever – from advertising campaigns to branding and design concepts that embellish and profile products in-store. This creates the opportunity to combine important information with value-enhancing profiling. This is where Nilörn stands out from its competitors. We have specialist expertise in brand profiling on garments. This applies both in-store and for e-commerce, where it is important for the customer to have a positive experience when the product is unpacked.

Nilörn's customers demand high quality, flexibility, extensive branding and design content, as well as advanced logistics solutions. To meet these requirements, we focus on providing a high level of service and being the best partner for its customers in terms of branding and design concepts based on labels, packaging, and accessories. We have extensive experience and knows what it takes to build, maintain, and further develop strong brands.

Close collaboration to get it right

Nilörn always strives to develop close collaborations with customers to create unique branding and design concepts that help differentiate and strengthen their most important asset – the brand. Customers need to know that we are always working to achieve the best possible solution for their needs. A collaboration always starts by listening to the customers to identify and understand what they are striving for.

Nilörn creates added value for customers by clearly profiling products in-store. The business relationships are long-term and are based on close collaboration between Nilörn and the customer's various departments, including management, marketing, sales, design, and logistics. To stay ahead, we must also continually offer customers new ideas that simplify and streamline their operations. Nilörn was early to develop complete solutions based on effective IT systems. However, it's important not to rest on our laurels. We have the experience, expertise, and size required to lead the development within the branding and design industry in the future. Nilörn offers the broadest range on the market within branding and design of labels, packaging, and accessories. The company provides brand consultation and design expertise with a focus on the fashion and apparel industry, control over high-quality production, as well as IT and logistics solutions that give customers control over the flow of their labels, packaging, and accessories. This enables us to guarantee just-in-time delivery worldwide.



Admix
en del av Nilörn designkollektion

Nilörn's Competitive Advantages

- Close collaboration with several of the world's leading brands
- Expertise in branding, design, and product development for brands
- Logistics solutions and IT systems on a global scale
- A well-established international sales and distribution network
- High expertise in sustainability
- A flexible organisation with short decision-making paths

Creative design

At Nilörn's design departments in Sweden, the UK, Germany, and Belgium, graphic designers and brand consultants specialise in the development of graphic concepts for fashion and fashion-related products. Customers are offered a unique and expressive product appearance with the support of labels, packaging, and accessories. As with all effective visual communication, it is important to attract, guide, and provide information. For producers of functional materials, such as those in the sports segment, we have recently seen an increased need for information about the garment's material content and functional characteristics.

Concepts that strengthen brands

At Nilörn's design departments, we use the term "concept" when we refer to our work. A concept can include anything from a few to over 50 labels, packaging, and other accessories with details. There is a theme that unites all parts of the concept. Logos, graphic expressions, colours, patterns, or materials can be used to create a unified impression that promotes strong communication. The most common elements in a concept are woven labels, hanging paper, plastic, leather, or textile labels. Latex, metal, and composite materials are also common materials. Other important components of a concept include packaging, boxes, wrappers, tissue paper, and accessories. With various printing and die-cutting methods, foil embossing, and various ways of attaching the labels, the possibilities are endless.

Another important detail for us is the placement of the labels. Placements that surprise and have a function are important parts of a concept. Our customers appreciate our expertise and often ask us to be involved in their own design process at an early stage. In a good concept, the labels should function individually, together, and in harmony with the garment. Graphic design combined with exciting materials must highlight the unique values that create a connection between the brand and the product. The idea that consumers appreciate our labels so much so that they end up on the desk instead of the trash can, is what motivates our graphic designers.

” Our graphic designers compile all the material needed to strengthen the identity of a brand.”



Chris Holmgren - Final Art, Charlotte Johanson - AD, Frida Ehnström - Head of Design and Brand Manager, Simon Jonsson - AD Nilörngruppen AB

Design process focused on meeting needs

When a customer wants a renewed or stronger profiling and wants to achieve a change, Nilörn's services are in demand. In today's competitive market, it is more important than ever to stand out and be noticed. The difference between success and failure can be razor-thin, and brand profiling is directly linked to the consumer's choice of product, playing a crucial role in how a brand is perceived.

Our graphic designers compile all the material needed to strengthen the brand's identity. Once the image and objectives are identified, our design team creates a tailored solution for each individual pur-

pose. Everything is coordinated into a cohesive whole that focuses on strengthening the customer's brand. The result includes packaging, accessories, labels, placement solutions, and material choices. Nilörn's combination of experience and innovation creates new dimensions for brand development

The perfect solution for barcodes and variable information

Part of our business concept is to simplify label management for our customers. Nilörn's web-based order system gives customers full control over ongoing production, lead times, and inventory levels. As experts in the handling of labels, packaging, and accessories, we offer efficient customer solutions where cost and time go hand in hand with secure and global distribution options.

Unique IT and logistics solution

One of the most important aspects when producing barcodes and care labels is that the labels often contain variable information. These labels are distributed across different production countries, where timing is often crucial. Nilörn, with its global network and flexible production, solves what for many customers is perceived as both complicated, time-consuming, and costly.

The process is simple for customers. For example, as soon as the customer places a production order with a manufacturer, information about what should be on the labels is transferred to Nilörn. Depending on the customer's preferences, label production starts automatically or once the customer's manufacturer confirms. The labels are then directly distributed to the manufacturer.

We help our customers ensure that the production and distribution of the labels are handled seamlessly.

All information about the entire process is available on our online platform, where it can be tracked in ten languages, 24 hours a day.

Nilörn's online platform

With our expertise and experience in meeting the production and distribution needs of both large global chains and smaller local brands, we confidently claim that our solution is unique, and our customers are satisfied. Nilörn offers a wide range of possibilities to handle labels with variable information.



The most common labels are:

/ Adhesive labels

/ Hang tags

/ Care labels

/ RFID labels

Nilörn:CONNECT™

Adding information to your brand

A digital twin for each physical product enables brands to collect and share extended and unique information about individual products. Our platform of digital services helps brands achieve this.

It is no longer an option for brands to avoid active sustainability efforts if they want to remain attractive and competitive in the long term. Brands that prepare will have a clear advantage as the demand for traceability and transparency increases. Those who fall behind will face growing challenges when requirements such as the upcoming Digital Product Passport are introduced.

Consumers are becoming more aware and are factoring in sustainability, human rights, and environmental aspects into their purchasing and consumption decisions. The opportunity for brands to manage and share such information is becoming increasingly important, and they need to have control and traceability of their products regarding materials, factories used, etc. For brands that have not yet realised the importance of this, it is time to get to work.

Data carriers / labels

Unique QR codes are currently the most common way to mark products for consumers, where the QR code can be scanned with a mobile phone. NFC is another option, which is currently more expensive and is therefore mainly used for more exclusive products in higher price segments. QR codes can, for example, be combined with RFID to also be used in RFID solutions within the logistics flow with a single label.

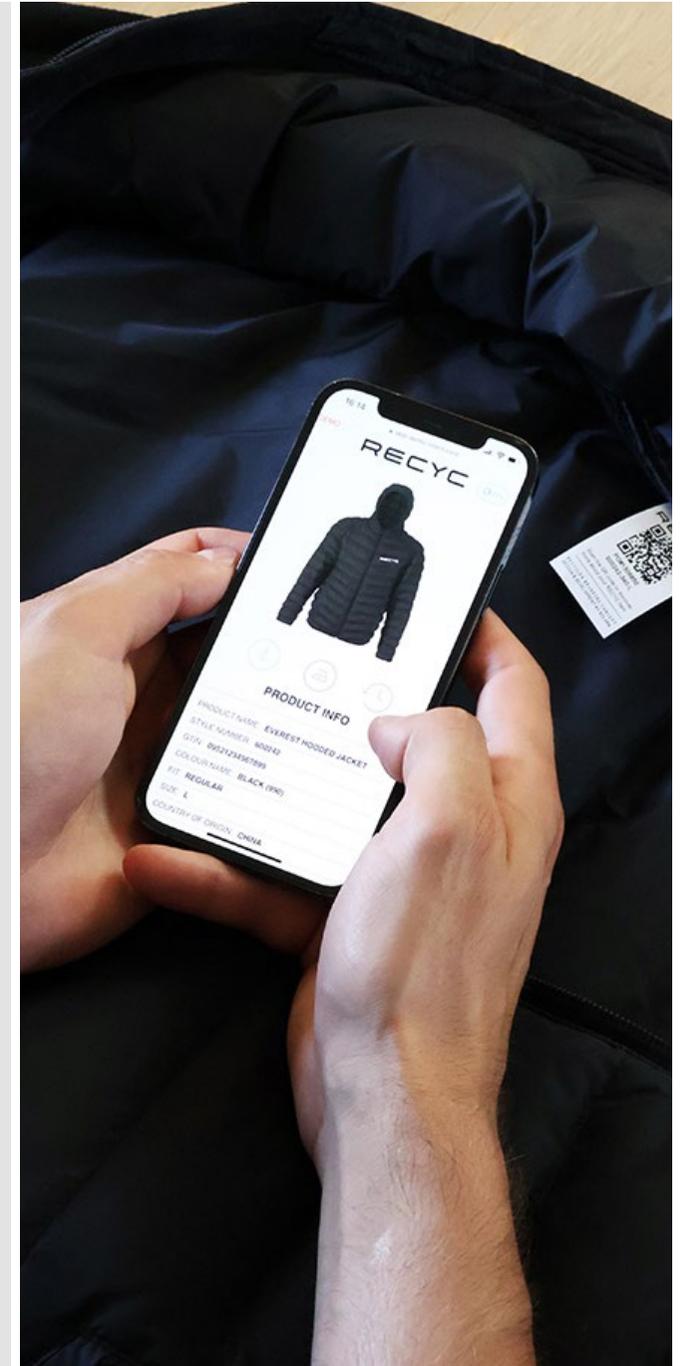
For unique QR codes, and also NFC, the recommendation is to use the GS1 Digital Link standard containing a subdomain of the brand's domain to avoid lock-in with the solution provider.

Strategic partnership

In February 2024, Nilörn entered into a strategic partnership with Worldfavor, a sustainability platform that helps businesses and organisations share and access sustainability information. The platform enables the collection of high-quality ESG data, which helps companies make informed and sustainable decisions. This collaboration makes Nilörn's solution, Nilörn:CONNECT, more comprehensive and strengthens our offering to customers by supporting their journey towards the Digital Product Passport. In 2024, we have showcased this directly to our customers, but also by participating in several seminars such as Habit Impact Day, Borås Textile Days, and Textilimportörerna

” We recommend starting with our basic solution and then expanding with additional functionality and experiences. For brands that already use barcodes and labels from Nilörn, most, if not all, of the information is already available to get started easily.”

Martin Arvidsson
Retail Information Systems business area manager



A global market

To compete for major branding and design projects, it is essential to be close to customers, as decisions on strategic matters are made at the headquarters. Labels, packaging, and accessories are becoming increasingly important for brands, and as such, are more often a matter for the highest management levels within our clients' organisations. However, our clients' production often takes place in low-cost countries, such as in Asia and Eastern Europe. As companies expand into new geographical markets, both in terms of sales and production, the branding and design industry has become increasingly global.

From local to global

Increasing globalization means that branding and design companies must be close to both their customers and suppliers and be able to manage just-in-time deliveries across almost the entire globe. Garments are designed and sold in Western Europe, but production is primarily carried out in Asia. Branding and design concepts are also developed in close collaboration with brand owners in Western Europe, but most labels, packaging, and accessories are delivered directly to manufacturers, primarily in Asia, where China remains the most important purchasing market for the textile industry. Nilörn's customers, the brand owners, focus their resources on branding and design, brand development, marketing, and sales, while production is outsourced to subcontractors.

Global deliveries

Nilörn needs to be present in these countries, through its own subsidiaries and a network of strategic partners. Through partnerships with partner companies, we have access to high-quality production in the growing markets of Asia, where Nilörn East Asia in Hong Kong is a key hub for the business, alongside distribution units in China, India, Bangladesh, Pakistan, Vietnam, and Turkey. A key part of Nilörn's strategy is to continue building strong and professional partnerships within the group's network. The goal is to offer efficient logistics services on behalf of our customers, regardless of where in the world their goods



are produced. To strengthen Nilörn's branding, design, and product development, we have established a joint product development function.

For goods with high trend levels, purchased in the middle of the season and with extreme requirements for short lead times, Turkey and Portugal have become increasingly important purchasing markets for European garment companies. In Portugal, Nilörn has a factory for producing both woven labels and printed textile and paper labels with short lead times for the European market.

In-house production and partnerships

Nilörn operates in Sweden, Denmark, Norway, Finland, the UK, Italy, Germany, Belgium, the Netherlands, France, Portugal, Spain, Austria, Hong Kong, China, Bangladesh, Pakistan, India, Turkey, Switzerland, the USA, and Vietnam.

Nilörn's presence in Europe is significant, as purchasing decisions are made there, and it is where branding, design, and concepts for both garments, labels, packaging, and accessories are developed. Access to in-house production, combined with production by partner companies, ensures that we can maintain the highest quality, flexibility, customer adaptation, and meet demands for competitive prices. Access to in-house manufacturing provides advantages in product development and sample handling – it's quick to bring to life what was just an idea a few days ago

History

1970's

Claes-Göran Nilsson starts Nilörn as a design firm in Borås, Sweden in the early 1970s. The business evolved to be responsible for the production of labels outsourced to manufacturers in Europe.



1980's

Nilörn saw opportunities to streamline the production of labels and expand. Seven manufacturing companies in the Nordics were acquired over the decade.



1990's

To ensure international expansion, a private placement to external financiers is made in 1990. The largest textile printer in the Nordic Region, K Björn Eriksen in Denmark is acquired the same year and in 1992 Bally Labels in Switzerland is added as a partner company. Shamrock-Ruga in Belgium and Dalle Caen in France are acquired in 1995. In 1998 Arko Etiketten in Germany is acquired and Nilörngruppen AB is listed on the Stockholm Stock Exchange. In Britain, leading label producer, H.H. Calmon & Co Ltd, which also has operations in Portugal and Hong Kong, India and the Dominican Republic is added. In the same year 20 percent of the German label manufacturer, Gustav König Etiketten, is acquired.

2000's

Belgium's largest label manufacturer, Nominette, was acquired in 2001. Nilörn East Asia Ltd in Hong Kong was established in the same year.

In 2004, Claes-Göran Nilsson, Nilörn's founder, resigned as Chairman of the Board of Directors and left all his assignments in the Group. Nilörn changed its strategy from being a label manufacturer to having an focus on design and efficient logistic solutions. Partner agreements were entered with production units in China, Bangladesh, India, Turkey and Tunisia.

In 2005, the Swedish production unit for woven labels, Borås Etikettväveri, was closed and part of the production moved to Portugal.

In 2006, restructuring of production operations continued and the production of woven labels was moved from England and Germany primarily to Portugal.

In 2007, the Belgian production of woven labels was terminated and former partner, Hazer Etiket, was acquired and its name changed to Nilörn Turkey.

In 2008, production at Nilörn Turkey was phased out and the company's efforts were concentrated to purchasing and sales.

In 2009, Claes af Wetterstedt took over as President and Chief Executive Officer. Traction, who had been a shareholder since 2005, raised its stake to 65 percent of the shares outstanding and Nilörngruppen AB was delisted from the Stockholm Stock Exchange. A new Board of Directors took over in connection with the Annual General Meeting and Petter Stillström took over the Chairmanship.



2010's

In 2010, subsidiaries were established in Bangladesh and China (Shanghai). Logistics in Europe is streamlined by establishing a central warehouse for the German and Belgian operations.

In 2012, Nilörn moved its warehouse from Sweden to Germany to make operations more efficient. The Group established production of Care Labels (textile printing) in Hong Kong. This was also the first year when all operating companies in the Group showed positive results.

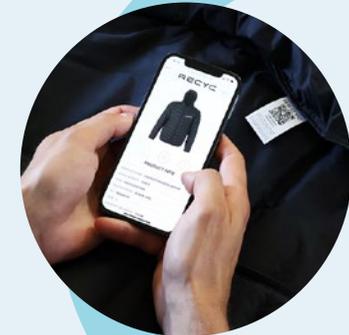
In 2014, Nilörn Pakistan Ltd was established and the production of both woven and printed labels expanded in Portugal. A sales office was opened in Italy.

In 2015, Nilörngruppen AB's share was listed on Nasdaq First North Premier.

In 2017, production started in Bangladesh. A European distribution company was established in Germany. A Sustainability Manager for the Group was hired in January and sales representation opened in Spain.

In 2018, Nilörngruppen AB changed its listing to Nasdaq OMX Small Cap. Investments were made in new looms at the Portugal plant.

In 2019, Nilörn invests MGBP 2.1 in a own building in England and MSEK 7 in a building in Sweden. Implementation of the new enterprise system continues and major focus was placed on sustainability. A new five-colour printing press and new looms are installed at Nilörn Bangladesh.



2020's

In 2020, Krister Magnusson took over as President and CEO. The company performed better than feared through the pandemic with a turnover loss of 9 percent, adjusted for currency effects.

In 2022, restructuring and reinforcement in terms of purchasing, CSR compliance and investment in RFID and connected products continued. It was the best year ever in terms of sales and earnings.

In 2023, Nilörn launched Nilörn:CONNECT, where clothing items get a unique identity for increased traceability and transparency and where the brand can communicate with the end consumer. At the end of the year Nilörn established in Vietnam.

In 2024, Nilörn Vietnam was established, and Nilörn:CONNECT (Nilörn's platform to support customers' digital journey) was upgraded.

Multi-year overview

Nilörn's Development Summary 2020-2024

Amount in MSEK	2024	2023	2022	2021	2020
Income statement					
Net turnover	944.7	869.8	942.8	788.3	618.2
Operation profit	82.9	63.0	136.4	119.5	50.8
Net financial items	-4.8	-10.4	-4.7	-4.0	-3.7
Profit before tax	78.0	52.6	132.4	116.2	47.1
Tax	-19.1	-13.2	-31.4	-28.8	-13.6
Profit for the year	58.9	39.4	101.0	87.4	33.5
Profit/loss attributable to equity holders of the Parent Company	58.5	39.3	101.0	87.4	33.5
Balance sheet					
Non-current assets	199.3	168.5	161.5	158.9	156.1
Inventories	170.6	165.8	212.1	145.9	106.6
Trade receivables	85.5	106.4	99.0	114.2	72.0
Other current assets	41.3	32.5	28.2	20.6	21.3
Cash and cash equivalents	100.8	104.7	113.1	116.4	66.3
Total assets	597.5	577.8	614.0	556.1	422.3
Equity attributable to the Parent Company's equity holders	349.6	294.5	333.2	278.3	209.8
Minority interest	0.8	0.4	-	-	-
Total equity	350.4	294.8	333.2	278.3	209.8
Non-current liabilities	29.8	15.1	37.8	51.8	56.0
Trade payables	81.9	69.5	62.4	98.5	62.9
Other current liabilities	135.4	198.5	180.6	127.5	93.6
Total liabilities and equity	597.5	577.8	614.0	556.1	422.3
Key ratios and other information					
Net turnover increase, %	8.6	-7.7	19.6	27.5	-13.6
Operating margin, %	8.8	7.2	14.5	15.2	8.2
Profit margin, %	8.3	6.0	14.0	14.7	7.6
Capital employed	431.9	406.3	428.8	354.0	289.3
Average capital employed	419.2	417.6	391.4	321.6	299.3
Return on capital employed, %	20.7	15.6	35.0	37.4	17.2
Average equity	322.6	314.0	305.8	244.0	198.3
Return on equity, %	18.3	12.5	33.0	35.8	16.9
Equity/assets ratio, %	58.6	51.0	54.3	50.0	49.7
Interest-bearing net liability	60.1	16.9	39.3	75.1	24.8
Number of employees	661	593	587	553	499

For definitions of alternative key financial indicators, refer to page 91.



Grindstone
part of the Nilörn design collection

Nilörngruppen's share 2024

The share

Nilörngruppen's B-shares have been listed on Nasdaq OMX Nordic Small Cap since April 4, 2018, after being listed on First North Premier since June 12, 2015. The voting rights are ten votes per A-share and one vote per B-share.

Ownership structure

As of the end of 2024, Nilörngruppen AB had 4,680 shareholders (compared to 4,412 the previous year). The ten largest shareholders at the end of the year owned 57.31 percent of the capital and 75.72 percent of the votes.

Dividend

The Board of Directors has proposed a dividend of 1.50 SEK per share (compared to 1.00 SEK the previous year), corresponding to 17.1 million SEK (11.4 million SEK the previous year). Nilörn's goal is to distribute between 60 – 90 percent of the net profit, but the company is currently building up a cash reserve for future investments in Bangladesh, Portugal, and Nilörn:CONNECT.

Dividend policy

Nilörn's dividend policy states that 60-90 percent of the net profit over time should be distributed to shareholders. The Board will consider the Group's financial position, liquidity, results, investment needs, and general market conditions when deciding on dividends.

Amounts in MSEK

Per-share data	2024	2023	2022	2021	2020
Numbers of shares outstanding, thousands	11 402	11 402	11 402	11 402	11 402
Profit	5.17**	3.45	8.86	7.67	2.94
Dividend	1.50*	1.00	5.00	5.00	2.00
Equity	30.73	25.85	29.22	24.41	18.40

* Proposed dividend

**Earnings per share are calculated as profit for the period attributable to holders of shares in the Parent Company in relation to 10 441 988 outstanding shares.

The 10 largest shareholders as of 31 December 2024

Owner	Number of shares		Share, %	
	A-aktier	B-aktier	Röster	Kapital
AB Traction	960 000	2 040 000	58.1	26.3
Nordnet Pensionsförsäkring AB	-	691 485	3.5	6.1
VPF Fondsförvaltning Norden	-	600 000	3.0	5.3
Protector Forsikring ASA	-	502 640	2.5	4.4
Avanza Pension	-	406 712	2.0	3.6
IBKR Financial Services AG	-	377 614	1.9	3.3
Hagberg Johan Magnus	-	356 515	1.8	3.1
ABG Sundal Collier ASA	-	240 953	1.2	2.1
VPF Fondsförvaltning Utbytte	-	200 000	1.0	1.8
Ribbing, Bengt	-	160 141	0.8	1.4
Total	960 000	5 576 060	75.7	57.3
Other (4670 shares)	-	4 865 928	24.3	42.7
Total	960 000	10 441 988	100.0	100.0

About the sustainability report

Nilörn's sustainability report is conducted annually. The report covers data and information from 1st January 2024 to 31st December 2024, and was published on 23rd April 2025.

We continue to apply the GRI (Global Reporting Initiative) principles for reporting, provide contextual information about the organisation, and report on the company's material issues. Our GRI index is available on page 54. The report is prepared in accordance with the Annual Accounts Act and serves as our annual reporting to the UN Global Compact, Communication on Progress.

The report includes all entities under the financial control of Nilörngruppen AB, see page 84 in the Annual Report. All subsidiaries are included in the reporting of climate data and the EU taxonomy. If there are any exceptions, these are specified together with the disclosure.

A comment from our CFO

Sustainability is not something that sits on the sidelines of our business strategy – for us, it is an obvious part of how we run and develop our business, and it has been for many years. Actively working with sustainability means taking responsibility but also being at the forefront and contributing to a better environment, as it makes us more resilient, opens new business opportunities, and strengthens our relationships with customers, investors, and employees.

Nilörn has previously worked actively to be at the forefront of this area but we have taken further steps this year to strengthen processes and integrate sustainability as a natural part of all our operations and decisions. For example we have chosen to integrate sustainability reporting into our annual report. In this way, we link our financial and sustainability results, which we see as a natural step towards a more transparent and responsible business.

Throughout the year, we have focused on preparing for the new Corporate Sustainability Reporting Directive (CSRD) regulation. Although the exact requirements are not yet clear, we believe that these preparations not only equip us to meet the new regulations but also give us a clearer picture of where we can make the biggest difference. Thanks to this work, we feel that we have come a long way in terms of preparations for upcoming reporting. We also see the CSRD as an opportunity to not only comply with regulations but to further strengthen our impact and contribute to a more sustainable future.



Maria Fogelström
CFO Nilörngruppen AB

Contents

General information	Environmental information	Social responsibility information	Corporate governance information
About the report 17	Climate change.....26	Our own workforce..... 41	Responsible business 51
Sustainability management 18	Pollution32	Workers in the value chain 48	GRI content index 54
Our sustainability work.....20	Water34	Affected communities..... 50	
Our value chain.....22	Biodiversity and ecosystems35		
Stakeholders23	Resource use and circular economy36		
Materiality analysis.....24			

Sustainability management

We strive to be a reliable partner for our customers on their sustainability journeys and contribute to the transformation of the global fashion industry. Sustainability is a central part of our vision to become "More fit for the Future" and permeates all of Nilörn's operations and the Group's corporate governance. For further information, read our Corporate Governance Report on pages 62-63.

Responsibilities

To ensure that sustainability and CSR are integrated into key functions such as purchasing, production and HR, Nilörn has established international teams that meet regularly and include representatives from all regions. The sustainability team is responsible for the daily activities and is led by the Sustainability Manager, who is responsible for the company's sustainability policies and processes, is part of the management team and reports to the CEO. Nilörn's Group CSR Manager is based in Nilörn East Asia, Hong Kong. The sustainability team collaborates with local staff through regular meetings and workshops to ensure that we achieve our goals. In 2024, Nilörn strengthened its organisation by introducing a group function for HR. HR's work to promote an inclusive work environment, gender equality and skills development is a crucial part of our sustainability work and contributes directly to our long-term success.

The Board is responsible for Nilörngruppen's overall strategy, of which sustainability is an important part. The Board held eight meetings in 2024, in which our CEO and selected members of the Advisory Panel participated.

CSRD Task Force

Nilörn has formed an internal working group to prepare for CSRD. The group consists of the CFO, CEO, Purchasing Manager, CSR Manager, HR Manager, Managing Director Nilörn UK and the Sustainability Manager. During 2024, the team's main focus was to prepare and implement CSRD-related reporting as well as oversee the double materiality analysis process. Other important topics include managing ESG risks and opportunities.



Bart Van Trimpont



Frida Ehnström



Mridu Surendran

” We strive to stay updated on developments in the field, promote mutual learning and provide support to the Nilörn organisation, our suppliers and customers.”



Anna-Karin Wärfors



Madelène Wallin



Anne Chan



Beatrice Kristoffersen



Fredrik Clason



Ginny Jones



Christina Heines

CSR and Sustainability Advisory Team

Our CSR and Sustainability Advisory Team (CSAT) is responsible for coordinating the Group's priorities and ensuring the exchange of best practices throughout the organisation. This contributes to further integrating CSR and sustainability into daily operations and documenting and sharing knowledge. The CSAT consists of employees from different Nilörn offices, and represents design, purchasing, sales, marketing and CSR.

Management system

Guiding framework

Nilörn has been a signatory to the UN Global Compact initiative for responsible business since 2017.

As a signatory, we voluntarily commit to aligning our culture, daily operations and strategy with the ten universally accepted UNGC principles in



the areas of human rights, labour law, environment and anti-corruption. This commitment requires us to communicate how we align our work and contribute to the ten principles.

The production and distribution units manage their own certifications and procedures for health and safety in the workplace. Work is ongoing to synchronise different processes within our management systems throughout the Group. The goal is to create a more coherent and integrated view of our management system.

Nilörn has been recognised as a Nasdaq ESG Transparency Partner since 2019. The recognition is given to companies that demonstrate a high degree of transparency towards their investors regarding issues related to environment, social responsibility and corporate governance (ESG).



Nilörn's key policies:

- ☑ / Anti-corruption and bribery Policy
- ☑ / Code of ethics and business conduct
- ☑ / Environmental Policy
- ☑ / Supplier Code of Conduct

Certificates at Nilörn and external suppliers 2024

External frameworks

Certifications are a valuable tool and we work with several, each with different purposes. Some certifications are related to our management systems, while others focus on the characteristics of our products. To ensure that we meet the standards and requirements, many of these certifications must be audited. Our CSR department is responsible for the management of the audits.

Internal frameworks

To ensure the correct implementation of our strategy, we have developed several internal policies that support our vision and values, the policies are listed in the following sections of the report relating to our work with environment, social issues and corporate governance. Our group policies are available on Nilörn's website.

	Environment				Social	Product						
												
	bluesign®	FEM verified	Chemical management	Environmental Management System	Sedex	FSC™	GRS/RCS	OEKO-TEX® STANDARD 100	OEKO-TEX® LEATHER STANDARD	Blue Angel	EN 15343	OK Compost EN 13432
Bangladesh	✓	✓	✓		✓	✓	✓	✓				
China	✓	✓	✓		✓	✓	✓	✓				
Germany		✓	✓		✓	✓	✓					
Hong Kong	✓	✓	✓		✓	✓	✓	✓				
India		✓	✓		✓	✓	✓	✓				
Pakistan		✓	✓		2025	✓	✓	✓				
Portugal	✓	✓	✓		✓	✓	✓	✓				
Sweden	✓		✓	✓	✓	✓						
Turkey	✓	✓	✓		✓	✓	✓	✓				
The UK		✓	✓		✓	✓		✓				
Vietnam	2025	2025	✓		2025	✓	2025	2025				
External suppliers	✓	✓			✓	✓	✓	✓	✓	✓	✓	✓

Our strategy for sustainability

Nilörn's overall sustainability goal is that we, together with customers and other stakeholders, will work to actively contribute to the 2030 Agenda and the 17 global goals for sustainable development, with a particular focus on climate and nature, circularity, people and society. Our global presence means a global responsibility, and our strategy starts with ensuring that we operate our business responsibly.

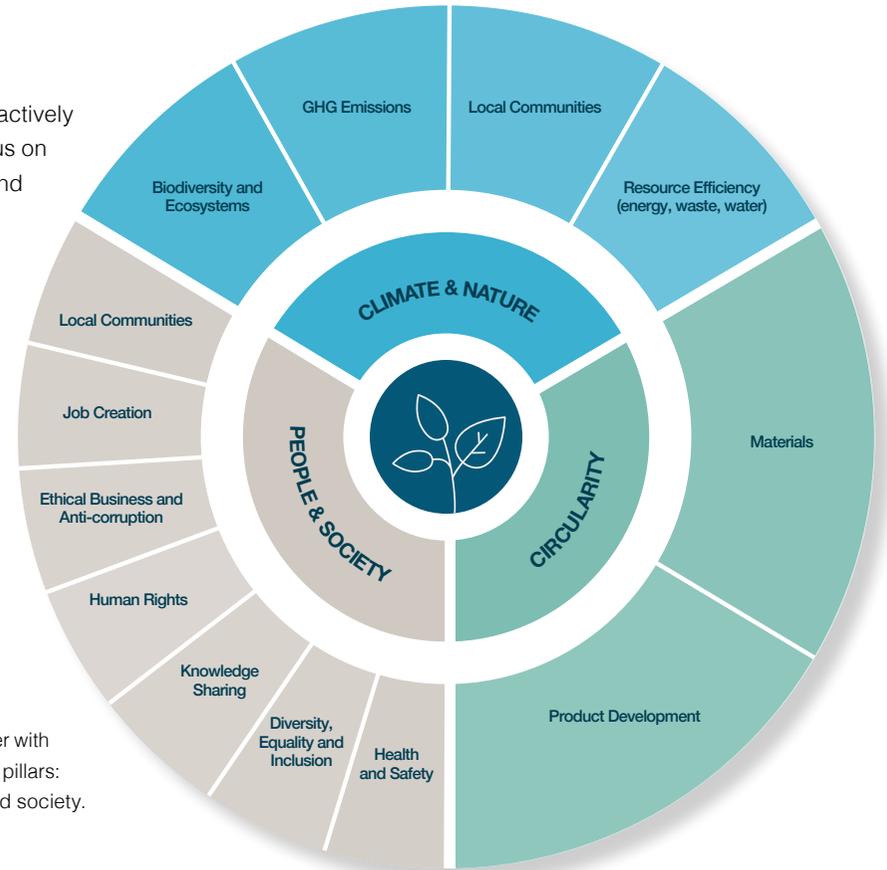
We strive to be an industry leader in sustainability and offer our customers innovative and sustainable products and services. We believe that our products are crucial for the transformation of the fashion and textile industry. By offering statutory labelling, guidance and recommendations, we help both our customers and consumers make informed decisions.

Sustainability is part of our culture, and by signing the UN Global Compact we commit to continuously improving our practices. We promote sustainable development and awareness within our organisation as well as among suppliers, customers and other stakeholders. For us, sustainability means meeting the needs of people and society without compromising the opportunities of future generations. Nilörn believes in a holistic approach that encompasses the entire design process, manufacturing and supply chain.

Our focus areas

Nilörn's sustainability strategy is based on our mission "To guide our clients in the world of labelling" together with the UN Global Compact's ten principles on human rights, labour law, environment and anti-corruption, the global goals for sustainable development (SDG)

and the materiality analyses carried out together with stakeholders. The strategy is built around three pillars: Climate and nature, Circularity and People and society.



Commitment to the Sustainable Development Goals

We support the Sustainable Development Goals and their work to address global challenges. While all goals are important in creating a more sustainable society, Nilörn has the greatest impact, both positive and negative, on six of the goals: SDG 5, 6, 8, 12, 13 and 17.

The SDGs, identified targets and how our actions contribute

How Nilörn's material issues align with the Sustainable Development Goals and how we contribute to achieving the 2030 Agenda:



5.1/5.5

Achieve gender equality and the empowerment of all women and girls

+ We actively monitor and implement measures to prevent discrimination and promote equal rights and opportunities, regardless of gender, transgender identity or expression, ethnicity, religion or belief, disability, sexual orientation or age. Our whistleblowing tool, which allows for anonymous reporting, is communicated both internally and externally.

- Gender equality remains a critical issue in global supply chains, which presents an opportunity to make a significant contribution by creating jobs and income sources for women.



6.1/6.2/6.3

Ensure availability and sustainable management of water and sanitation for all

+ We work directly on water issues by improving the efficiency of water-dependent processes and ensuring proper wastewater treatment. Access to water and sanitation is a human right and therefore promote appropriate WASH facilities in our production and supply chain. We also participate in projects that aim to improve conditions upstream, such as our engagement with WaterAid and Cotton made in Africa.

- Water use is often outside our direct supply chain, making it difficult to collect information and have a significant impact.



8.7/8.8

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

+ We strive to ensure decent working conditions throughout our supply chain. New suppliers are reviewed as part of our responsible sourcing programme. For our employees, we strive to create a safe and inclusive workplace that offers opportunities for skill development.

- The complexity of the supply chain makes monitoring challenging, and significant resources are required to assess and disseminate knowledge.



12.5/12.8

Ensure sustainable consumption and production patterns

+ We have implemented policies for material selection, increased use of recycled materials and safe chemical handling. Nilörn is part of the bluesign® system to protect health and the environment throughout the entire production chain. With Higg FEM we receive information for improvements in production and delivery. Affected communities can communicate with us via the whistleblower tool and suggestion boxes at our units

- The materials we use, such as paper, can affect biodiversity. Material and production processes lead to emissions into water and air. Differences in global recycling infrastructure limit recycling opportunities.



13.3

Take urgent action to combat climate change and its impacts

+ Increasing the use of renewable electricity, installing solar panels on roofs and reducing energy consumption in our units contribute to combating climate change. We are implementing Higg FEM to better understand and manage energy use in our supply chain. We train our employees, for example through the mandatory basic environmental training. Through our partnership with WaterAid, we are addressing the impact of climate change on water in our operations and in our supply chain.

- Most of our greenhouse gas emissions come from production, where materials such as virgin polyester are fossil-based.



17.6

Strengthen the means of implementation and revitalise the Global Partnership for Sustainable Development

+ Achieving the global sustainability goals requires collaboration between different actors, including companies. As a small but global player, Nilörn collaborates with others and participates in business initiatives such as the UN Global Compact, Sedex and RISE Chemicals Group. We also follow standards and certifications such as bluesign®, OEKO-TEX® and GRS to ensure responsible practices.

- Despite our efforts, the complexity and scope of global partnerships can sometimes lead to challenges in ensuring consistent standards and practices across all regions and partners.

Network

We participate in initiatives and collaborations to demonstrate our commitment to social and environmental issues, and it gives us the opportunity to exchange knowledge and experiences with representatives from the entire industry. We believe that collaboration is necessary to drive change.

Examples of member organisations that Nilörn is a part of:

Accelerating Circularity

American Apparel & Footwear Association

Danish Fashion & Textiles

European Outdoor Group

Fedustria VZW

RISE Chemicals Group

Sedex

SwedCham Hong Kong

TEKO

The Nordic Circular Design Programme

The Textile Importers

The West Sweden Chamber of Commerce

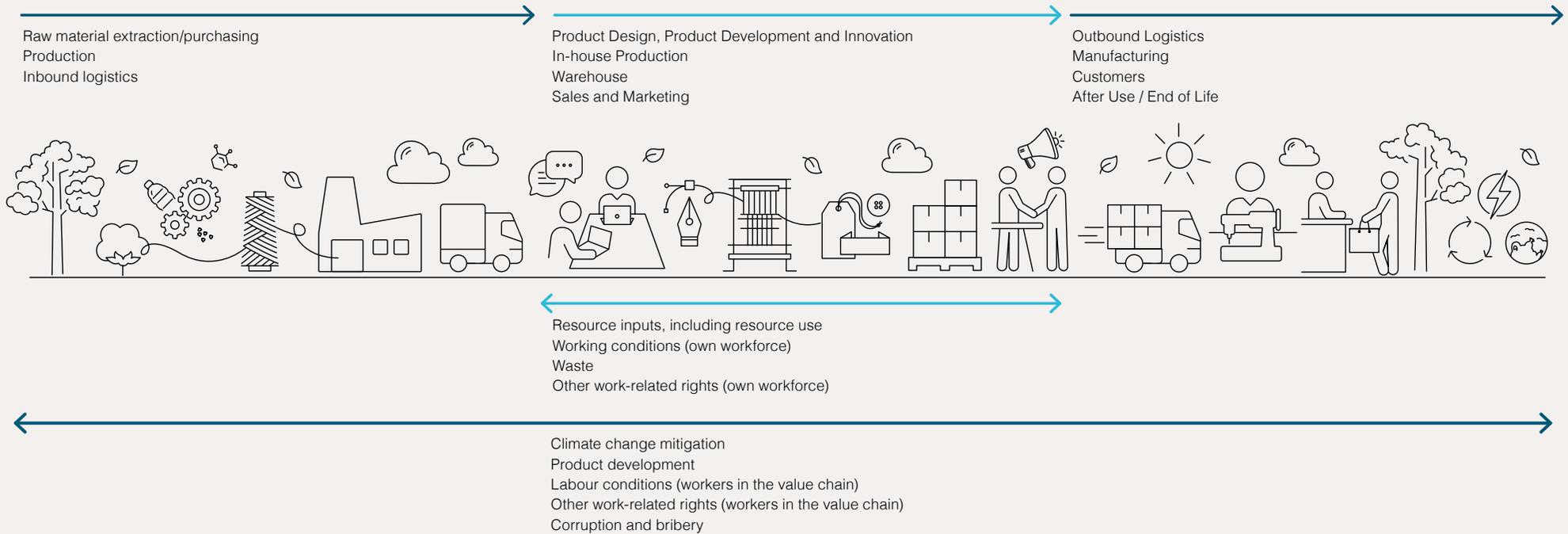
UN Global Compact

UK Fashion & Textiles

Worldly

Our value chain

Nilörn works actively to increase positive impact and reduce negative impact throughout the entire value chain. We integrate sustainability into every part of our value chain, both directly and by influencing our partners and spreading best practices.



Upstream activities

Nilörn purchases raw materials for production processes from over 80 suppliers around the world. The materials purchased vary between product categories, with a strong focus on responsibly sourced materials. For paper-based products, there is an impact on biodiversity. Transport contributes to greenhouse gas emissions and our transport mainly includes incoming raw materials to production units and finished products produced by our suppliers.

The majority of our suppliers are based in Asia, with a smaller share in Europe and the USA. This global supply chain entails both potential positive and negative effects on workers. For more information on how we work with responsible sourcing and sustainable manufacturing see page 52.

Own operations

With over 650 employees in 17 countries, Nilörn has a direct impact on people. For more information, see the sections on occupational health and safety and business ethics and human rights on pages 41-44. Nilörn has 7 production facilities globally that produce labels and hangtags for the fashion and apparel industry. Production is supported by 12 sales offices and distribution centres for warehousing, sales, marketing and general administrative activities.

Our operations affect the environment through emissions to air and water, waste, and the use of energy and chemicals. We also affect the surrounding communities where we operate.

Downstream activities

Nilörn delivers products to over 85 countries, which generate emissions and consume energy. Our customers are in the fashion and clothing industry, and our products are often part of other products. We work proactively with product development and innovation. Outbound transport is mainly to manufacturers and sometimes directly to customers. We strive to minimise distances and thus transport emissions and focus on fill rates.

Nilörn's product portfolio consists mainly of textile and paper labels. After use, these can end up in landfills, be incinerated with energy recovery or recycled, depending on the material and local waste infrastructure. Product design has a major impact on recyclability.



Stakeholders

We maintain a regular dialogue with our key stakeholders through various mechanisms. This helps us to understand, prioritise and manage our sustainability impact as an organisation and to develop our customer offering. Through a continuous dialogue, we strive to understand their perspectives, concerns and expectations. The insights we gain form the basis of our double materiality analysis.

In 2024, a survey was conducted with in-depth interviews with eight key stakeholders in the customer area. Overall, the survey highlighted the importance of sustainability in the textile industry and the need for suppliers like Nilörn to offer robust support and innovative solutions to meet changing demands.

Respondents also highlighted the need for guidance on sustainability legislation and practices, with an emphasis on transparency and innovation. Ensuring that materials and processes

meet high sustainability standards and comply with applicable regulations. There is a focus on developing new sustainable materials and solutions, where suppliers are expected to lead the way, and ongoing support is needed to achieve sustainability goals and adapt to new regulations such as the Digital Product Passport (DPP). The table below describes how we collaborate with stakeholders who are affected by and/or have an influence on our operations and the topics that they have identified as important to Nilörn's work:

STAKEHOLDER	DIALOGUE/ CHANNEL	PRIORITISED QUESTIONS	WHAT DO WE DO?
Employees	Appraisal talks Employee survey Sales and sourcing conference Internal training Intranet	Human rights Health and safety Ethical business and anti-corruption Diversity, equality and inclusion	Employee development, see page 45, 47 Digital material library Employee survey, see page 45
Clients	Meetings Fairs Social media Newsletter	Materials Product development Knowledge sharing Biodiversity and ecosystems	Using digital meeting tools Attending fairs Share knowledge, eg. compliance updates
Investors and Lenders	Financial reports and briefings Annual meeting Website	Ethical business and anti-corruption Biodiversity and ecosystems	Stable and long-term total return Corporate governance Transparent report Responding to ESG surveys
Suppliers	Dialogue Supplier package Supplier assessments	Resource efficiency Ethical business and anti-corruption Health and safety Human rights Knowledge sharing Product development	Nilorn General Agreement and Supplier Handbook, see page 52 Supplier Code of Conduct Virtual audits and Sedex, see page 49
Society	Collaboration with universities and schools Networks and working groups Survey Suggestion box/QR-code	Materials Product development Knowledge sharing	Participate in networks such as UN Global Compact, AAFA, RISE Chemicals group and TEKO Follow initiatives such as Ellen MacArthur Foundation and Accelerating Circularity
Nature	Tools such as WWF Water Risk Filter and WWF Biodiversity Filter	Resource efficiency Biodiversity and ecosystems	Implement routines for evaluation of impact, risk and opportunities on nature using the tools, see page 35

Materiality assessment

In 2022, we conducted a materiality assessment according to the Global Reporting Initiative standards. In light of the EU's increased reporting requirements, we also analysed financially significant sustainability risks and opportunities in 2023. This section describes our process for identifying and assessing Nilörn's most significant impacts on people and the environment, as well as the sustainability issues that can have significant financial impacts on the company. We also describe how we review our strategic priorities and address the issues that are deemed material to Nilörn.

Methodology and assumptions

In preparation, we have carried out an initial double materiality analysis in two stages. We first focused on the Group's and the value chain's impact on people and the environment, then we narrowed our analysis to Nilörn's financial risks and opportunities. We used various complementary methods, namely a contextual analysis through desk reviews, semi-structured interviews with both internal and external stakeholders and workshops with key internal stakeholders to adjust and validate the results of the materiality analyses.

THE IMPACT MATERIALITY PROCESS

1 Mapping Nilörn's sustainability context

We have mapped our activities and business relationships to understand our impact on the world around us. This included an analysis of the industry, the value chain and the geographical areas where Nilörn operates, both in Europe and Asia. An overview of Nilörn's value chain, which was the starting point for our analysis, can be found on page 22.

2 Identification of actual and potential impact

A preliminary list of Nilörn's impacts was developed through a desktop review of internal documentation and external sources. A stakeholder dialogue was conducted and the following stakeholder groups were interviewed. No relevant stakeholders have been involved in the process beyond the following groups:

- Nilörn's representatives
- Investors
- Textile industry and circularity experts
- Clients

3 Assessment of the significance of the impact

A gross list of Nilörn's positive and negative impacts on the environment, economy and people was developed. The significance of the impacts was assessed quantitatively with the help of stakeholder dialogue and external sustainability experts. Negative impacts were assessed based on severity and likelihood, while positive impacts were assessed based on extent and scope. The impacts in the gross list were given a reasonably expected time horizon for the impact to occur, with the following time horizons:

- Short-term (up to one year)
- Medium-term (one to five years)
- Long-term (more than five years)

4 Prioritising the most significant aspects

The most significant aspects were prioritised based on a scale of severity and likelihood. Positive and negative impacts that were assessed to be above the threshold were considered to be significant.

Financial materiality

As part of the preparation for the expected new reporting requirements and to understand Nilörn's actual and potential risks and opportunities a desktop analysis based on internal and external documentation was carried out. This analysis resulted in a preliminary list of financial risks and opportunities.

The list was discussed during a workshop with representatives from the management team and other relevant parties. Participants assessed the likelihood and significance of each impact on the company's financial results. A quantitative scale from one to four was used to assess the likelihood and financial impact, with short, medium and long-term time horizons. During a second session with the same group and external sustainability experts, a threshold was established to prioritise risks and opportunities. To assess the most material sustainability risks, the same scale was used as previously used in Nilörn Portugal's risk assessment tool. This tool enables the identification of potential risks, their assessment and prioritisation based on their likelihood and impact, the development of strategies to manage these risks, and the regular monitoring and review of these strategies. The process aims to minimise disruption and reduce financial losses.

Results

This summary shows the results of the double materiality process, which has been validated by Nilörn's management team and other key individuals. Nine impact areas were identified as the most material and therefore correspond to our material issues. These will guide the content of Nilörn's sustainability report and sustainability work going forward.

Sustainability topics by materiality

Environment Social responsibility Corporate governance

Impact

- Pollution of air Pollution of water Substances of concern
- Energy Microplastics Substances of very high concern Water
- Direct impact drivers of biodiversity loss
- Equal treatment and opportunities for all (Own workforce)
- Equal treatment and opportunities (Workers in the value chain)
- Communities' economic, social and cultural rights Knowledge sharing

Double

- Climate Change Mitigation Product development Resource inflows, including resource use
- Waste Working Conditions (Workers in the value chain)
- Other workrelated rights (Workers in the value chain)
- Other workrelated rights (Own workforce) Working conditions (Own workforce)
- Corruption and bribery

Not material

- Personal safety of consumers and or end users Animal welfare
- Economic development Management of relationships with suppliers payment practices

Financial

- Climate Change Adaptation Global Instability IT Security and Data Management-Cyber attack

Areas listed here were considered not material from the outset and were therefore not included in the evaluation, but will be reviewed again in 2025:

Not assessed

Pollution	Pollution of soil/ Pollution of living organisms and food resources
Water & Marine resources	Marine resources
Biodiversity & ecosystems	Impacts on the state of species, Impacts on the extent and condition of ecosystems, Impacts and dependencies on ecosystem services
Circular economy	Resource outflows related to products and services
Affected communities	Communities' civil and political rights, Particular rights of indigenous communities
Consumer & end-user	Information related impacts for consumers and/or end users, Social inclusion of consumers and end users
Business conduct	Corporate culture, Protection of Whistleblowers, Political engagement and lobbying activities

There have been no changes in the material sustainability issues from the previous year. For more information on how we manage our impacts and risks, see the Environmental, Social and Governance Information sections.



Climate change

The textile industry has a significant impact on climate change, with estimated emissions of between two and eight percent of the global total.

Climate mitigation and adaptation

The impact

Through our double materiality analysis, we have identified that climate change mitigation is a double material topic for us, meaning that the impacts have financial implications on us, as well as we have material impacts on the environment and society. The scope 1,2 and 3 GHG emissions from our business processes cause negative material impact on the environment. To reduce our impacts on the environment through emission reduction, we incur costs, and therefore it creates a financial risk for us.

However, we can create a positive impact on the environment through our choice of materials and methods of transportation which helps reduce GHG emissions. We also have a financial opportunity to minimise costs by choosing resource and energy efficient alternatives. Physical damage to facilities due to climate change has been identified as a financial risk. We have various policies and systems in place to work towards reducing our negative impact on the environment, as well as to continue to broaden our opportunities.

Policies

Environmental Policy

Car Policy

Travel Policy

Remote working Policy

Actions

Nilörn's environmental policy serves as our internal compass, providing the foundation to incorporating environmental responsibility

into our operations. This policy applies to all Nilörn employees, and we commit to assess, reduce and prevent environmental risks and impacts associated with our activities, products and services. It is implemented through various systems and procedures, such as our internal environmental checklist, environmental management system and Nilörn internal control programme.

The environmental checklist is used to analyse the environmental engagement and identify areas of improvement and track improvements. The internal control programme also incorporates environmental considerations within the organisation and helps keep track of engagement. Our environmental management system is based on Svensk Miljöbas, which uses ISO14001 with focus on actual environmental improvements and open environmental reporting with simplified documentation requirements.

During 2024, we strengthened our CSR and sustainability team by employing an ESG Compliance Coordinator to collaborate between departments and to integrate Environmental, Social and Governance aspects of sustainability into our business strategy.

We strive to reduce our climate impact throughout our value chain. Since most of our products are manufactured by external suppliers, a large portion of our environmental footprint originates from the supply chain. We have a better understanding of the supply chain and the impacts of our production through Higg FEM, which we use to track, monitor and analyse our impacts from our production as well as external suppliers. It also helps us keep track of good practices and initiatives as well as share it with clients.

It is our highest priority to track, measure and reduce our GHG emissions. We measure both direct (scope 1) and indirect (scope 2 and 3). Even though it is challenging to measure all our emissions due to our complex business structure, we aim to improve by implementing and using systems like Higg FEM, consolidating data through systems like Position Green as well as increasing supply chain transparency

through platforms such as Retraced. We are working with key suppliers to improve transparency on the emissions from purchased goods and services by inviting them to the supply chain transparency platform 'Retraced'.

During 2024, we participated in Climate Ambition Accelerator programme offered by the UN Global Compact Nordic organisation. The programme was about GHG emissions calculation, reduction, the Science Based Targets Initiative (SBTi) and how to set near term and net-zero targets. It will support us to set targets as we have made our pledge to SBTi to set near-term goals. We aim to set our goals and submit them to be verified by SBTi in 2025.

In 2024, we participated in the project 'Klimatlöftet' by the West Sweden Chamber of Commerce to gain insights and exchange ideas with industry peers about our efforts in reducing climate impact. The project consisted of webinars, meetings, advice and collaboration and it led to updating our travel and remote working policy.

Employee travel

In 2024, our travel resulted in emissions of 240 tonnes of CO²e. This is a reduction of 49 percent compared to 2018, when emissions amounted to 494 tonnes of CO²e. Our 2025 target is 50 percent reduction, a new target will be set in 2025.

Our internal car policy encourages the use of electric and hybrid cars when a car is replaced. We have installed charging stations for electric cars at Nilörn in Belgium, Portugal, Sweden and the UK.

In 2024, we improved the information on employees' commuting habits by asking more detailed questions in our employee survey. We have also updated our travel and car policies to reflect our goal of choosing lower impact travel options.

Members of our sales organisation travelled to our 2024 sales conference in Germany and the conference was streamed digitally so that

other employees could participate remotely. Eight employees chose to travel by train from Sweden to Düsseldorf. We climate compensate for travel to the annual sales conference, an offset of 22 tonnes CO₂e (Atmoz Consulting AB, Gold Standard project Bhadla Solar Park, ID 7726 and 7071).

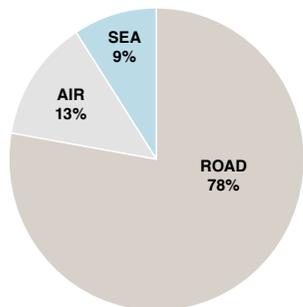
Logistics and transportation

Through our subsidiaries and a network of strategic partners, we have proximity to the textile industry in many parts of the world.

In 2024, our logistics and transportation operations continued adapting to global demands. Building on the trends of 2023, we prioritised efficiency and prepared for future growth. The successful launch of our warehouse in Ho Chi Minh City, Vietnam, has enhanced our presence and logistical capabilities in a key growth market. Looking ahead, the planned renovation of our largest warehouse in Hong Kong in 2025 aims to improve space utilisation and operational efficiency, supporting our strategic objectives.

While air freight remains critical for urgent shipments, we prioritise sea shipments wherever possible, balancing cost efficiency with reduced environmental impact. Despite high freight costs and shifting market dynamics, we remain focused on adapting proactively. Our logistics network continues to enable sustainable growth and operational excellence across our global operations.

Shipments by mode of transport (kg)

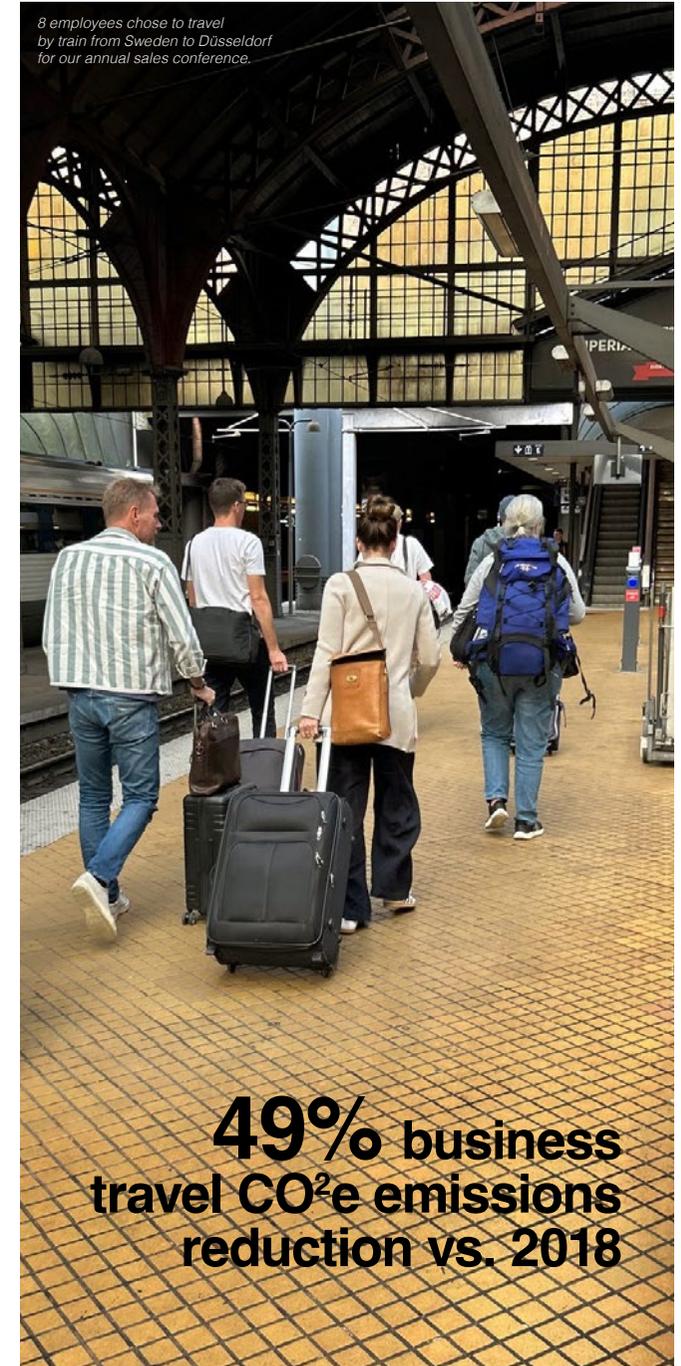


Greenhouse gas emissions

In our efforts to reduce greenhouse gas emissions related to purchased energy, we purchase International REC certificates for our sites in Bangladesh, China, Hong Kong, India, Pakistan and Turkey.

GHG emissions, tCO ₂ e	2024
Scope 1	
Leased and owned cars, combustion of fuel in own production	290
Scope 2	
Heating and energy usage all Nilörn own locations*	253
Scope 3	
1. Purchased goods and services	25 589
3. Fuel- and energy related activities (not included in scope 1 or scope 2)	354
5. Waste generated in operations	5
6. Business travel	111
7. Employee commuting	166
4. and 9. Upstream and downstream transportation and distribution **	5 504
Total tCO₂e	32 272
Purchased renewable electricity (incl. RECs) MWh	2 666
Produced renewable - electricity MWh	154
Heating MWh	472

* Market based. Not including Nilörn Switzerland and USA.
 ** WtW, Well-to-Wheel (including transportation for purchased and sold products)
 Emission factors: DEFRA (2021, 2023, 2024), AIB (2024), IEA (2024), Trafikverket Vägtrafikens utsläpp (2023, 2024), IPCC (2014), Exiobase 3.9 (2019), Drivkraft Sverige Beräkningsfaktorer (2024), Energimyndigheten Drivmedel (2023, 2024), NTM (2018, 2022, 2024), Hotel Footprinting Tool (2024), NTMCalc.Advanced 4.0 Ecoinvent 3.9.1, Ifeu 2021, GREET 2022





100% purchased electricity from renewable sources

Nilorn Portugal's factory roof is covered with solar panels

Energy

The impact

We have a negative impact on the environment due to our energy consumption. We aim to reduce our impact by increasing our reliance on renewable energy in our production.

Policies

We do not have a specific energy policy at Group level, but our production units include energy management as part of their environmental management systems. We will evaluate the possibility of implementing an energy policy at Group level.

Actions

We monitor and track our energy consumption across all our production facilities and offices, to make sure it aligns with our goals of 100 percent renewables by 2025.

Assessing the availability of renewable energy is a crucial step in facilitating this transition. Our operations in Belgium, Denmark, Germany, Portugal, Sweden and the UK already use renewable energy through

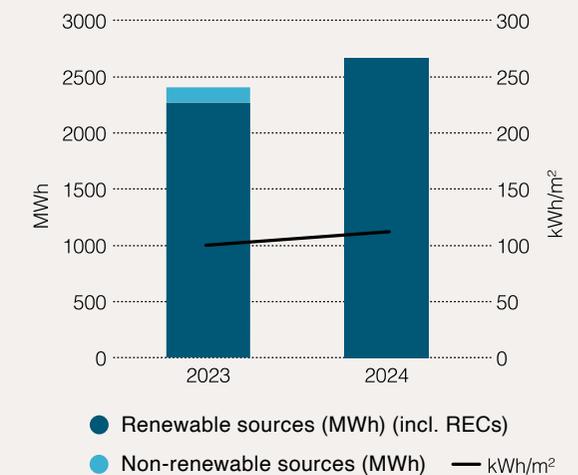
agreements. However, in some countries where we have production and warehouse operations, the availability of renewable energy is limited. In Bangladesh, Hong Kong, India, Pakistan, Turkey and China, our team acquires renewable energy certificates (RECs) for portions of the total kWh.

We reached our 2025 goal of using 100% renewable electricity in our offices and production sites by 2024, a year earlier than planned. In 2024, electricity consumption across our facilities increased by 11 percent compared to 2023, mainly due to increased production in Bangladesh and Portugal. Purchased electricity is the largest source of energy for our operations. In 2025, we will undertake a review of our data collection and reporting practices for other energy consumption to ensure accuracy and transparency.

Nilorn Portugal

Among Nilörn Group's production units, Nilorn Portugal consumes the highest amount of energy, accounting for 1,104 out of the total 2,666 MWh. The factory's solar panels contributed to 13 percent of the factory's total electricity consumption, with the remaining sourced from purchased electricity generated through renewable hydro energy.

Purchased electricity



EU Taxonomy disclosure

The EU Taxonomy is a key tool within the European Union to promote sustainable investment and guide the transition to a green economy. It functions as a classification system that defines which economic activities can be considered environmentally sustainable, with a focus on achieving the EU's climate goals and strengthening investment in sustainable projects. By creating a common and transparent framework for what is considered sustainable, the EU Taxonomy provides both companies and investors with clearer guidance to make informed decisions that contribute to long-term and sustainable development. Nilörn is required to report in accordance with the EU Directive on Non-Financial Reporting and must indicate the extent to which the activities carried out meet the EU Taxonomy criteria.

When reviewing our operations during the past year, we can conclude that no part of our turnover is covered by the EU Taxonomy's criteria for sustainable economic activities. This means that we currently do not have any operations that fall under the specific requirements set out for environmentally sustainable activities under the Taxonomy.

However, there are capital expenditures attributable to purchases from suppliers whose operations are covered by the Taxonomy in the form of additional right-of-use assets (essentially renegotiated contracts in Hong Kong) which are applicable within economic activity CCM 7.7 Acquisition and ownership of buildings. As the Group's premises are essentially located in countries outside of Europe, the Taxonomy compliance of the property value (supplier) has not been ensured for the financial year 2024.

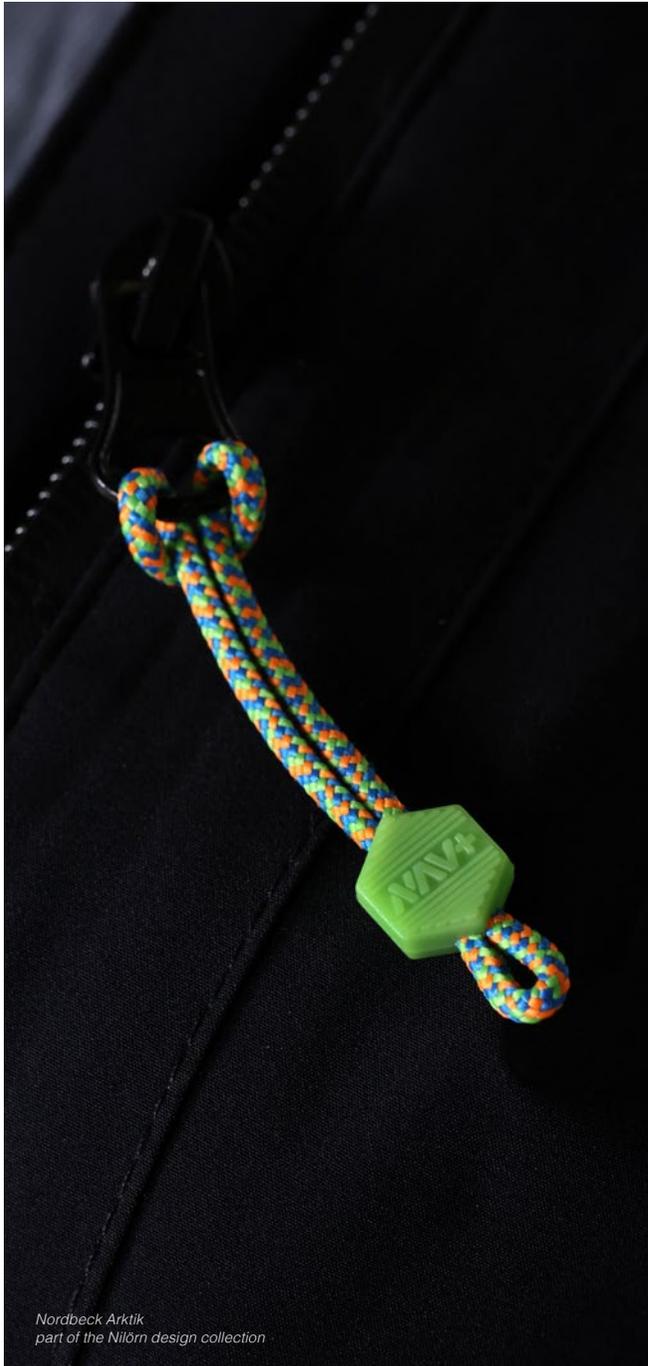
Accounting principles

Total sales for 2024 are included in the line net sales in the income statement on page 66.

Total capital expenditure consists of acquisitions of tangible fixed assets, intangible assets and the year's additional right-of-use assets. These are included in the line Investments during the year in notes 11, 12 and 13 on page 82-84. Applicable capital expenditure consists of additional right-of-use assets in the form of leased premises.

Total operating expenses consist of direct costs relating to research and development that are not capitalised, building renovations, short-term lease agreements, maintenance and repairs and all other direct expenses related to the day-to-day maintenance of tangible fixed assets that are required to ensure the continuous and appropriate functioning of these assets.

Total Opex for Nilörngruppen consists of short-term lease agreements and repairs and maintenance.



Nordbeck Arktik
part of the Nilörn design collection

Proportion of turnover from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2024

Financial year 2024	Year	Substantial Contribution Criteria								DNSH Criteria ("Does not Significantly Harm")							Minimum Safeguards (17)	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) turnover, year 2022 (18)	Taxonomy-aligned proportion of Turnover FY2021 (19)	Category transitional activity (20)
		Code (2)	Turnover (3)	Proportion of Turnover, year 2023 (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)				
Economic Activities (1)	kSEK	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T	
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Of which Enabling	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	E	-	
Of which Transitional	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	T	
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
			EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)											
Turnover of Taxonomy- eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)	-	-	-	-	-	-	-	-	-											
A. Turnover of Taxonomy eligible activities (A1+A2)	-	-	-	-	-	-	-	-	-											
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
Turnover of Taxonomy-non-eligible activities	944 670	100%																		
TOTAL	944 670	100%																		

Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2024

Financial year 2024	Year	Substantial Contribution Criteria								DNSH Criteria ("Does not Significantly Harm")							Minimum Safeguards (17)	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) turnover, year 2022 (18)	Taxonomy-aligned proportion of Turnover FY2021 (19)	Category transitional activity (20)
		Code (2)	CapEx (3)	Proportion of Turnover, year 2023 (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)				
Economic Activities (1)	kSEK	%	Y; N; N/EL (b)(c)	Y; N; N/EL (b)(c)	Y; N; N/EL (b)(c)	Y; N; N/EL (b)(c)	Y; N; N/EL (b)(c)	Y; N; N/EL (b)(c)	Y; N; N/EL (b)(c)	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T	
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Of which Enabling	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	E	-	
Of which Transitional	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	T	
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
			EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)											
Acquisition and ownership of buildings	CCM 7.7	25 649	52%	EL	N/EL	N/EL	N/EL	N/EL	N/EL	-	-	-	-	-	-	-	21 108	-	-	
CapEx of Taxonomy- eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)	25 649	52%	52%	-	-	-	-	-	-								21 108			
A. CapEx of Taxonomy eligible activities (A1+A2)	25 649	52%	52%	-	-	-	-	-	-								21 108			
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
CapEx of Taxonomy-non-eligible activities	24 040	48%																		
TOTAL	49 689	100%																		

Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2024

Financial year 2024	Year		Substantial Contribution Criteria							DNSH Criteria ("Does not Significantly Harm")							Minimum Safeguards (17)	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) turnover, year 2022 (18)	Taxonomy-aligned proportion of Turnover FY2021 (19)	Category transitional activity (20)
	Economic Activities (1)	Code (2)	CapEx (3)	Proportion of Turnover, year 2023 (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)				
		kSEK	%	Y; N; N/EL (b)(c)	Y; N; N/EL (b)(c)	Y; N; N/EL (b)(c)	Y; N; N/EL (b)(c)	Y; N; N/EL (b)(c)	Y; N; N/EL (b)(c)	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T	
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
Of which Enabling		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		E	
Of which Transitional		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		T	
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
OpEx of Taxonomy- eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
A. OpEx of Taxonomy eligible activities (A1+A2)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
OpEx of Taxonomy-non-eligible activities		8 674	100%																	
TOTAL		8 674	100%																	

Nilörngruppen conducts no nuclear energy or fossil gas-related activities

Nuclear Energy and Fossil Gas-related Activities

Row	Nuclear Energy-related Activities	Yes/No
1	The company conducts, finances, or is exposed to research, development, demonstration, and expansion of innovative electricity production facilities that produce energy from nuclear energy processes with minimal waste from the fuel cycle	NO
2	The company conducts, finances, or is exposed to the construction and safe operation of new nuclear facilities for the production of electricity or process heat, including for district heating or industrial processes, such as hydrogen production, as well as for safety upgrades of these, using best available technology	NO
3	The company conducts, finances, or is exposed to the safe operation of existing nuclear facilities producing electricity or process heat, including for district heating or industrial processes, such as hydrogen production from nuclear energy, as well as safety upgrades of these	NO
Fossil Gas-related Activities		
4	The company conducts, finances, or is exposed to the construction or operation of electricity production facilities producing electricity using fossil gaseous fuels	NO
5	The company conducts, finances, or is exposed to the construction or operation of electricity production facilities producing electricity using fossil gaseous fuels	NO
6	The company conducts, finances, or is exposed to the construction or operation of electricity production facilities producing electricity using fossil gaseous fuels	NO



Pollution

Pollution of air and water

Being part of the textile value chain means we're also part of an industry that causes pollution. About 20 percent of the world's clean water pollution comes from dyeing and finishing textiles. Plus, around 0.5 million tonnes of microfibers end up in the ocean each year from washing synthetic fabrics. At Nilörn, we're committed to reducing this impact in own production and across the value chain.

The impact

Through our double materiality analysis, we have identified that we can have a negative material impact on biodiversity and ecosystems caused by pollution from our upstream value chain. The production of raw materials and Nilörn's products can lead to the release of harmful toxins and can contribute to global warming and pollution. This can affect quality of life as well as the work environment of people and impact biodiversity through soil, air and water pollution throughout the value chain. We have policies and procedures in place to reduce our impact in these areas.

Policies

- Environmental Policy
- Bangladesh Water Policy

Actions

Air pollution

Air pollution is a critical environmental issue, affecting public health, ecosystems and the climate. With the rise of urbanisation and industrial activities, finding sustainable solutions to reduce emissions and enhance air quality is more important than ever. We are dedicated to monitoring and understanding our air emissions through the Higg FEM for our production facilities. These emissions, typically produced by facility operations and production processes, stem from boilers, generators, cooling systems and production line equipment. By meticulously

reporting on the equipment, processes and substances used in our facilities, we can develop effective strategies to minimise pollution and foster a cleaner, healthier environment.

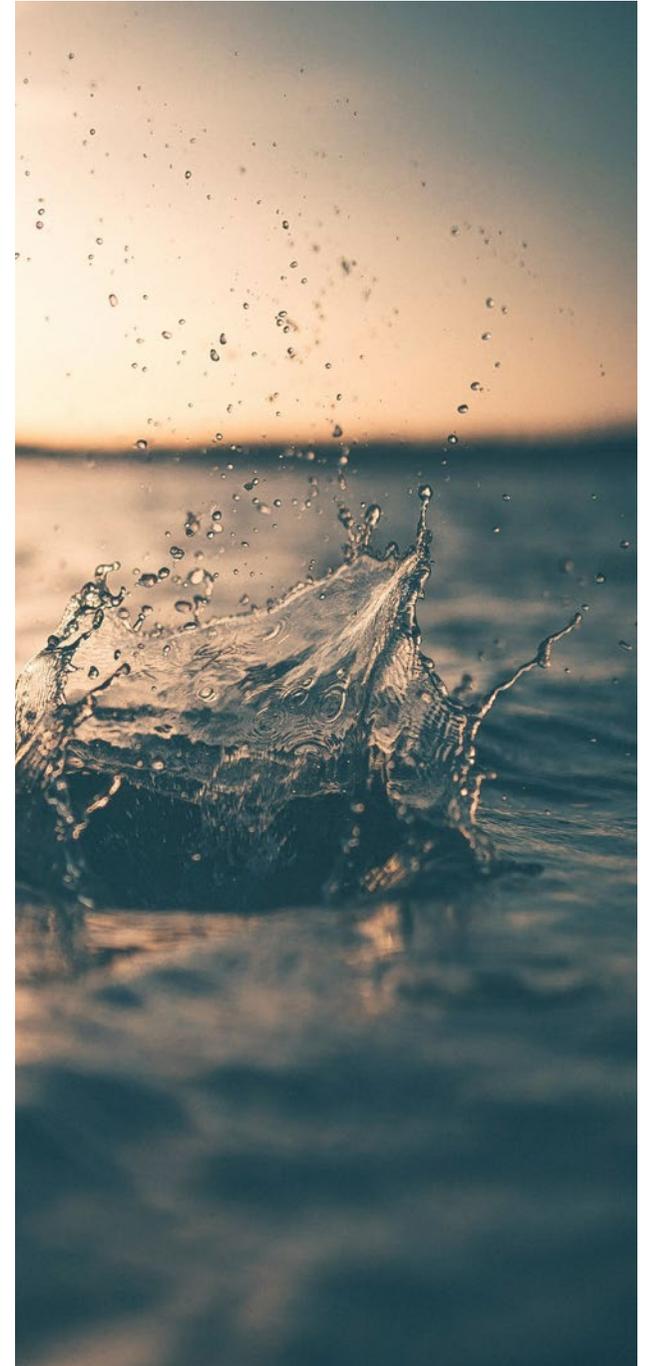
To ensure transparency and community engagement, we have implemented a suggestion and grievance box outside our production facilities. This allows residents in the vicinity to report any concerns related to pollution caused by our business activities. By actively seeking and addressing feedback, we aim to minimise our environmental impact and foster a healthier, more sustainable community.

Wastewater

Managing wastewater effectively is essential to prevent pollution and protect nearby natural systems and communities. Our facilities focus on using water efficiently and minimising contaminant discharge. Safe wastewater discharge is also a key focus area in our environmental policy. To achieve this, we identify wastewater sources, monitor discharges and chemical content, and implement treatment practices and technologies to enhance reuse.

Our production facilities report wastewater data through the Higg FEM, which undergoes verification. We are committed to ensuring safe wastewater discharge by monitoring chemical use and obtaining necessary certifications. Most of Nilörn's water withdrawals support manufacturing processes, with the remainder used for domestic purposes like sanitation and garden maintenance. At our Dhaka-based Bangladesh factory, located near a river, we repurpose treated water for gardening and fire drills. In other locations, wastewater is directed to municipal treatment plants. See page 34 for information on water use and wastewater.

The Nilörn own production unit in Bangladesh requires wastewater treatment, we have implemented a comprehensive wastewater management system to ensure compliance with environmental regulations. In addition to our primary treatment processes, we have established backup plans to address any potential disruptions in wastewater management. Trainings is provided for relevant employees.



Microplastics

The impact

We have identified that we can have a negative impact on the environment and society through microfibers in our factories, products and supply chain. This can have an impact on biodiversity and ecosystems, quality of life of people living in proximity to our production sites, as well as cause health and safety issues for our factory workers. This is an area we need to focus more on in order to create policies, procedures and action plans to address the issue and reduce our impact.

Policies

We do not have a policy for managing microplastics, but we will review the need for such a policy over the coming year.

Actions

The EU Strategy for Sustainable and Circular Textiles aims to reduce the unintentional release of microplastics from synthetic textiles. Polyester, the most common material for our textile labels, plays a significant role in this context.

Polyester and microfibre pollution pose a major environmental threat due to the release of tiny particles into the environment. Microplastics are emitted at various stages of the synthetic textile and plastic packaging value chain, including during fibre and product manufacturing, usage, disposal and recycling.

Polyester (PET) is the most widely used fibre globally, accounting for approximately 57% of the global textile fibre production in 2023.

*Source: Textile Exchange
- Preferred Materials Market Report 2024*

From 2018 to 2020, Nilörn participated in the MinShed project, managed by RISE Sweden. The project's goal was to develop knowledge and guidelines to help the textile industry design synthetic fabrics that do not emit microplastics. As part of the project, Nilörn tested care labels made from recycled and virgin polyester, finding no significant difference in microplastic emissions between the two materials.

In 2024, we followed up with the newly launched test method ISO EN 4484-1:2023, testing labels made from virgin and post-consumer recycled polyester. The results showed less fibre release from the recycled material. We are aware of the risk of microplastic release upstream in production and downstream during the use and washing of garments with attached labels. We will continue to monitor this issue in line with the expected Digital Product Passport and design requirements.

Substances of concern

The impact

We have identified that we can have a negative impact on the local communities and environment through the polluted industrial wastewater caused by dyeing. There can also be a risk of impacting employee health and safety due to factory workers coming in contact with synthetic dyes and petrochemicals. We strive to reduce our negative impact on society and the environment through our policies, chemical management system as well as procedures in place to track and evaluate the presence of chemicals in our processes. We have procedures for responsible use of chemicals which we follow diligently and therefore we create a positive impact on society by ensuring that substances of very high concern are not used in our production processes.

Policies

Supplier Handbook - chemical management

Actions

We have a chemical management system in our production sites to promote responsible chemical control. This system aligns with the Higg Facility Environmental Module (FEM) requirements, prioritising worker safety, minimising environmental impact, and ensuring compliance

with regulatory and client quality standards. Our commitment extends beyond restricted chemicals in finished products; we actively monitor and manage hazardous substances used in production processes. The Nilörn Restricted Substance List (NRSL) incorporates the ZDHC MRSL, demonstrating our dedication to sustainable manufacturing practices and minimising the impact of hazardous chemicals throughout the production chain. All chemicals used in the production process must comply with Nilörn's RSL requirements. The RSL is shared and communicated to suppliers to ensure they understand our standards. Preferred materials include chemicals with the following certifications:

1. Registered in bluesign® FINDER
2. Certified with OEKO-TEX® ECO PASSPORT
3. Achieved ZDHC MRSL compliance level 1 or above



The issue of PFAS has gained significant attention, leading to stricter regulations worldwide. PFAS are commonly used in the textile value chain for properties like oil, water, stain and grease resistance. However, they easily contaminate the environment and are carcinogenic, toxic, and harmful to fetuses, disrupting the endocrine system. Nilörn is part of ChemSec's corporate PFAS Movement. We started the "No to PFAS" project in 2021, conducting surveys and on-site audits within our supply chain. The conclusion is that PFAS have not been detected in any Nilörn products. To ensure compliance and maintain "PFAS-free" products, surveillance testing is done, and no PFAS has been detected. We will continue monitoring regulations and implementing surveillance testing to ensure our products adhere to regulatory requirements.

**ChemSec – the International Chemical Secretariat – is an independent non-profit organisation that advocates for substitution of toxic chemicals to safer alternatives.*

Nilörn has been a member of the Swedish Chemicals Group run by RISE since 2017.





Water

Water scarcity and pollution pose significant challenges that negatively impact people, communities and the environment. Inefficient water use exacerbates these problems and increases the risk of biodiversity loss, which impacts both ecosystems and our operations.

The impact

Through our operations, Nilörn can cause a negative impact on the environment through water discharge, stress, depletion, chemical discharge and pollution of waterways. However, we have systems in place to keep track of our water discharges, understand our impacts better and policies to guide our work in this area.

Policies

- Environmental Policy
- Bangladesh Water Policy

Actions

Access to clean water is a fundamental human right, essential for health and dignity. Unfortunately, many people worldwide still lack safe drinking water, leading to serious health and socio-economic issues. Clean water is crucial for drinking, sanitation, agriculture and industry, making it vital for sustainable development.

With climate change causing water scarcity and unpredictable weather, conserving water is more important than ever. Water management practices can help mitigate climate change impacts and ensure future generations have access to this essential resource.

Since the processes like dyeing are very water intensive, it is important for actors in the textile industry to be conscious of water usage. Even though our manufacturing processes generally do not consume large amounts of water, we are deeply committed to reducing our impact on water resources. This commitment is especially vital in areas like Bangladesh, where water scarcity is a significant issue.

We have started to use the WWF Water Risk Filter by entering all our facilities in the water risk filter and using the 'Assess' function to analyse the risk for each site. We also produce a scenario analysis to get a clear picture of the risks related to various aspects of water such as scarcity, flooding, quality etc. We also have a special water policy in our Bangladesh facility. The WWF Water Risk Filter is used to conduct assessments by some of our suppliers in high water stress areas.

We conduct annual evaluations of water usage across all our facilities through the sustainability data reporting portal. Water management is a central element in both SMETA audits and Higg FEM assessments. The majority of Nilörn's water withdrawals are allocated to manufacturing processes, with the remainder used for domestic purposes such as sanitation and garden maintenance. Water discharges from our production

facilities are tracked and verified through Higg FEM more information can be found on page 32 under the chapter Pollution of air and water.

In 2025, we plan to focus on the types of water risks relevant to our production sites and develop relevant policies and routines to work towards addressing those risks.

Water use and discharge

	Bangladesh	Germany	Hong Kong	Portugal	UK	Turkey
Source	Groundwater	Municipal water	Local water authority	Local water authority	Municipal water	Municipal water
Volume used (m ³)	2678	135	452	734	160	238
Discharge method	ETP	Municipal water	Municipal water	Municipal water	Municipal water	Municipal water
Wastewater discharged (m ³)	2665	135	452	285	152	234



Biodiversity and ecosystems

Biodiversity

The diversity of life on Earth is essential for sustainable development, and Nilörn recognises this through its commitment to biodiversity.

The impact

The company's actions influence biodiversity through the use of materials, the environmental impact of production sites, and the broader supply chain. We recognise that our main impact in this area comes from raw material production and sourcing that can cause biodiversity loss on land and in water due to chemical spills and deforestation that can be associated with them. The upstream water intensive production and supply chain processes like dyeing can contribute to water discharges, stress and depletion of water. This in turn can have a potential impact on biodiversity, as polluted water and reduced water resources can damage ecosystems and threaten various species.

Policies

Environmental Policy

Wood-based products Policy

Actions

We focus on reducing our impact on biodiversity through our environmental policy. The Sustainability Manager, together with the CSR and sustainability team is responsible for ensuring the implementation of the policy. During 2024, we worked at an organisational and local level taking one step further towards understanding our impacts better and creating positive change.

We have been using the WWF Biodiversity Risk Filter (BRF) tool to gain a better understanding of the biodiversity risks associated with our business processes. The WWF BRF is an online tool that aids companies and investors in understanding and managing risks related to

biodiversity. It offers detailed insights into how businesses depend on and impact various ecosystems, including freshwater, marine, forest, grassland and wetland environments. By evaluating physical and reputational risks, the tool helps organisations prioritise actions to improve their resilience and support sustainable practices.

To understand, assess and respond to our biodiversity risks

Through our double materiality assessment and the WWF BRF, we understand that our most significant impacts occur during raw material production. For example, cotton and timber production and the deforestation and water use that comes with it, and potential chemical spills and plastic waste that contribute to water and land pollution.

Cotton farming is highly water-intensive, and deforestation poses significant risks to biodiversity. Approximately 40 percent of Nilörn's products are made from paper, highlighting the need for responsible sourcing. To support our commitment, we have a policy ensuring that wood-based products come from sustainably managed forests, which helps protect soil health, water resources, and biodiversity.

In 2024, we explored the BRF tool further and analysed our risks by using the tool for all our facilities. We used the "Assess" function to investigate risks based on the sites, risk type such as physical or reputational, risk indicators and the level of risks for each category. We have gained a better understanding of the distribution of our risk categories and types according to our sites. In 2025, we aim to narrow them down based on the priority and impact level and start working on action plans to address them.

Nilörn is committed to sourcing wood-based material that is produced, processed, and traded in compliance with legislation in the country where the trees were originally harvested, as well as along the entire supply chain. Nilörn must meet international requirements such as the EU Timber Regulation (EUTR), the United Kingdom Timber Regulation

(UKTR), the US Lacey Act and the Australian Illegal Logging Prohibition Act 2012. Nilörn is required to secure access to information describing the timber and timber products, country of harvest, species, quantity, details of the supplier and information on compliance with national legislation. This allows us to assess the risk of illegal timber in the supply chain, based on the information identified above and taking into account criteria set out in the regulation. We are committed to carry out a due diligence process to minimise any risks that we are sourcing or placing any products with an unknown or illegal origin on the market.

All Nilörn production and distribution centres currently hold an FSC™ certificate. Our target is to only source FSC™ or PEFC certified paper, i.e. paper that come from responsibly managed forests and other controlled sources, where biodiversity and forest conservation principles are upheld. 78 percent of our paper-based products were FSC™ certified in 2024 (2023 66 percent).

Education and awareness can contribute to a better understanding of the need to protect biodiversity. At Nilörn Belgium and Nilörn Sweden we have taken the initiative to adapt our large gardens to promote biodiversity. By creating outdoor environments that favour bees, butterflies and birds, and by planting a variety of plants, we aim to create a lush garden that provides habitats and food for various species.

Our employees are engaged in this work, which not only strengthens the community within the company, but also increases their knowledge and awareness of environmental responsibility.

Resource use and circular economy

The EU's Circular Economy Action Plan, which is part of the European Green Deal, focuses on improving product design and production processes, promoting sustainable business models, and strengthening cooperation between various stakeholders. The Ecodesign for Sustainable Products Regulation (ESPR), which came into force in 2024, is the cornerstone of the Commission's strategy for more environmentally sustainable and circular products. This regulation is part of a package of measures that are central to achieving the goals of the EU's Circular Economy Action Plan.

Circular resource use

Our focus on raw materials centres around climate change mitigation and waste reduction. Our aim is to reduce our impact through material preference, for example, from regenerative and circular production systems. Our goal is to continuously increase the recycled content of our products and introduce biobased options instead of fossil-based materials wherever possible. Ensuring traceability and responsible sourcing is key, guided by certifications like OEKO-TEX®, FSC™, GRS, Cradle to Cradle®, Blue Angel, and bluesign®.

We support material recycling and the use of agricultural waste and food production residues for biobased materials. Renewable energy and traceability of raw materials are also crucial to our approach. Our material categories include textiles, plastics, natural materials, metals, heat transfers, leathers, leather alternatives, and paper. Within each category, we offer more responsible options and certifications. By using recycled, renewable, and traceable materials, we aim to reduce our products' impact and promote sustainable consumption.



Benzoni Rocco badge MADE WITH MIRUM®
Nilörn design collection



80% of a product's environmental impact is determined at the design stage.

Source: European Commission, Sustainable Product Policy

The impact

We have identified resource efficiency, material choice and waste from operations as double material topics for us. Waste overproduction and inefficient resource use can pose financial risks to us, while inadequate waste management and operational waste can have a significant negative impact on society. We can also have a positive impact on the environment through careful material selection and our digital product Nilörn:Connect, which promotes traceability and enables customers to be more transparent with their products. We have a number of policies and procedures that we follow to ensure our transition to circular resource use.

Policies

- Environmental Policy
- Design Policy

Actions

Circularity and resource efficiency

Our mission is to add value to clients' brands by helping them make informed, responsible decisions. Nilörn is dedicated to optimising resources, minimising waste, and ensuring compliance with standards. Our products support the fashion and textile industry's shift to sustainability by providing required labelling, guidance, and support on Extended Producer Responsibility. We help consumers make informed choices and assist clients in sourcing certified materials for better sustainability performance. Our Material Team plays a crucial role in this process by exploring, conceptualising, and evaluating new and more circular materials. Their work is aligned with both our clients' expectations and the group's targets.

Integrating circular practices is not only relevant to our clients, but also a way of thinking, designing and producing. We see it as a necessary transition to meet our internal goals to use materials that have a lower environmental impact and that can be recycled or reused and comply with the Ecodesign for Sustainable Product Regulation. Although labels, trims and packaging are only a small part of a garment, they can make a big impact. Providing the right trims is key to ensuring its recyclability. Labels encourage durability by providing instructions on how to wash, dry and repair to minimise damage. Furthermore, clear instructions that remain visible on a label until a garment's end of use help ensure recyclability.

Circularity refers to practices that optimise resource use and minimise waste across the entire production and consumption cycle, emphasising sustainability and economic efficiency.

Source: McKinsey & Company

Nilörn Design Collections and Designer's checklist

Our ongoing commitment extends beyond specific customer assignments to the creation of our own design collections that are distributed twice a year. Here, we develop and design original label concepts using the latest technologies and materials. Each collection comes with material information including composition, certifications and care instructions.

Our product development is guided by three core principles: reduce, recycle and rethink. The following checklist, created by our design department, serves as a valuable tool to steer designers through the product development process.

We ask ourselves:

- Does the product serve its purpose and is it functional?
- Could we use recycled or certified materials?
- Is the material suitable for the product?
- Will the item be easily recyclable?
- How can we reduce resource use and create less waste?
- Is longevity or reuse possible instead of single-use?
- Will it age with beauty?

Fostering circularity through partnerships

With the aspiration to enhance our understanding of circularity and its impact on our offerings, Nilörn joins various initiatives, collaborating with industry leaders, academic institutions, and sustainability-focused organisations.

Nordic Circular Design Programme

The Nordic Circular Design Programme is an eight-month initiative aimed at equipping Nordic industrial manufacturing companies with the tools and knowledge needed to transition to circular business models and prepare for upcoming regulations. Nilörn's dedicated team, including material and innovation specialist and product development professional, actively participated in training sessions and collaborative workshops. This ongoing involvement provides us with in-depth insights into transitioning to a circular market.

Accelerating Circularity Initiative

Nilörn joined the Accelerating Circularity Initiative in 2024, a nonprofit organisation committed to advancing circular systems that transform used textiles into new raw materials. Based in New York, the initiative focuses on fostering closed-loop systems within the textile and fashion industry.

Nilörn actively contributes to two key working groups within the initiative:

Circular Systems for Trims and Ignored Materials (CSTIM)

This working group collaborates with leading suppliers of trims, adhesives, threads, laminates, and labels to tackle the challenges of identifying, removing, and recycling often-overlooked materials in textile-to-textile systems. The group's efforts aim to develop scalable solutions for feedstock flows and establish quality standards.

Building Markets Group Europe

In this group, we participate in pilot projects across Europe to test textile-to-textile recycling processes. These pilots utilise post-consumer and post-industrial textiles as input for the production of fibres, yarns, and fabrics, aiming to establish recycled textiles as a standard material.

Through our involvement, Nilörn supports the transition to circularity by helping to integrate recycled textiles into supply chains and promoting a more sustainable and circular textile industry.





Christina Heines, Material and Innovation Specialist

Material and product innovation

Our materials team contributes to an innovative spirit across our organisation and plays a crucial role in driving product innovation and evaluating new materials to integrate into our offerings. Established in 2021, the team ensures colleagues and clients have access to the information needed to make informed material choices, including through tools like our evolving digital material library and the Nilörn Preferred Materials Index.

Our material specialist is working with the global material team to drive forward material innovation at Nilörn and integrate new materials into our product offering. New materials are evaluated based on their functional properties, price level, and availability, as well as their sustainability performance and end-of-life options.

In 2024, we focused on digital product development tools, as well as following up on the availability of textile-to-textile recycled fibres and alternatives to recycled LDPE polybags. While results are still pending, we aim to advance our capabilities in these areas, with a particular emphasis on identifying scalable solutions and integrating alternatives that enhance circularity into our product development processes.

Looking ahead, we will enhance circularity by modifying materials and components in existing products, advance the circular design checklist for both existing and new products, and implement circular design principles in product development. We will also provide ongoing training for design and product development teams to embed circularity in our processes

Nilörn Preferred Materials Index

Materials offer benefits and challenges specific to their functionality and limitations. For each material, we can evaluate and source responsibly produced alternatives. We consider these options “preferred materials”. Our material team has developed an internal roadmap: The Nilörn Preferred Materials Index (PMI), to provide guidance on alternative material sourcing.

The Index reflects our vision for the fibres and materials we preference. It is guided by our raw materials policy and supports our internal materials strategy. The index is based on circular principles and covers social, environmental and animal welfare:

Material health and safety:

Raw materials are safe for people and the environment at all use phases

Renewable resources and energy:

Fibres are derived from biobased and/or recycled sources, renewable energy is used for processing

Material reutilisation:

Products and fibres can potentially be reused and/or recycled after end of life

Traceability and transparency:

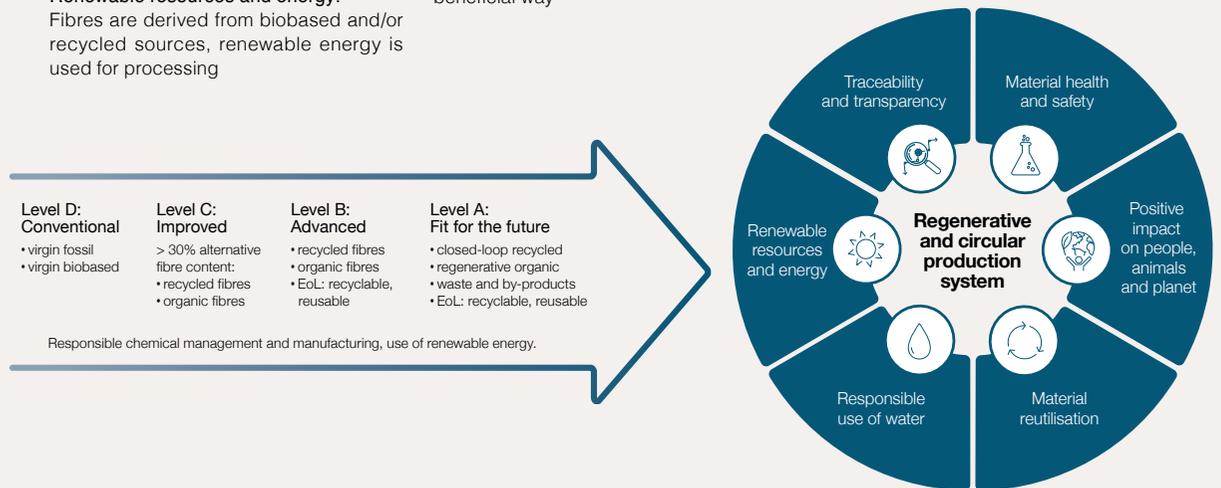
Trace raw materials through the supply chain and back to its origin

Water stewardship:

Water is used in a socially equitable, environmentally sustainable and economically beneficial way

Positive impact on people, animals and planet:

Responsible use of land and soil to help ensure human rights and animal welfare



Material targets:

Target 2025 *	Status 2024
90% certified paper (FSC™, PEFC) in paper base products	78%
90% certified recycled polyester (GRS/RCS) in textile base products	59%
100% of Nilörn's internal design collection in preferred materials	99%
100% certified recycled material in LDPE polybags	93%

* Targets for 2025 of 100% certified paper and 100% recycled polyester were set in 2018. In 2024 we have revised these targets. Reasons why we will not achieve the 100% target by 2025 include existing stocks of previously discontinued items and delays in product development of alternative materials for current items.

No waste to landfill

We aim for zero waste to landfill by 2025 by minimising waste and implementing efficient sorting methods. Each production unit independently handles waste management and complies with all relevant permits. The details of waste management vary between countries. In 2024, 85 percent of waste was recycled, compared to 83 percent in 2023.

Since polyester and paper are the main materials in our products, the majority of waste from our production units consists of paper and textile waste, such as polyester yarn and fabric, and transport packaging. The design process plays a central role in reducing waste and improving recycling efficiency, read more on page 37-38.

Waste reduction

We conducted two deep-dive studies to identify hotspots for manufacturing waste in the production of rotary printed and woven labels in our Portugal and Hong Kong production units. The findings will support our routines and reduce the amount of wasted textile material.

Nilorn Portugal

Manufacturing waste recycling 18 tonnes (2023 18 tonnes)

We sort internal production waste of polyester, which is sent to a recycling facility in Spain. There, it undergoes a mechanical recycling process and re-enters the European textile value chain, usually in the form of nonwovens and cleaning textiles.

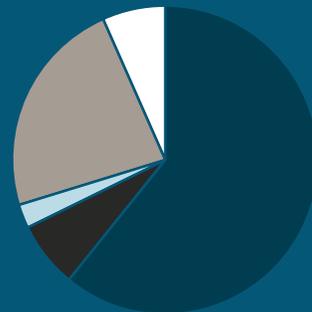
Nilorn Distribution Center, Germany

Separate LDPE collecting and recycling 0,7 tonnes (2023 0.5 tonne)

Plastic stretch film used to protect goods during transport is a valuable recycling asset. We sort uncoloured LDPE film packaging and collaborate with a local plastic recycler due to the lack of recycling options through the regular waste management system in the area.

Waste (tonnes)

- PAPER 89
- PLASTIC 6
- ORGANIC WASTE 4
- OTHER (including textile) 34
- HAZARDOUS WASTE 9.5



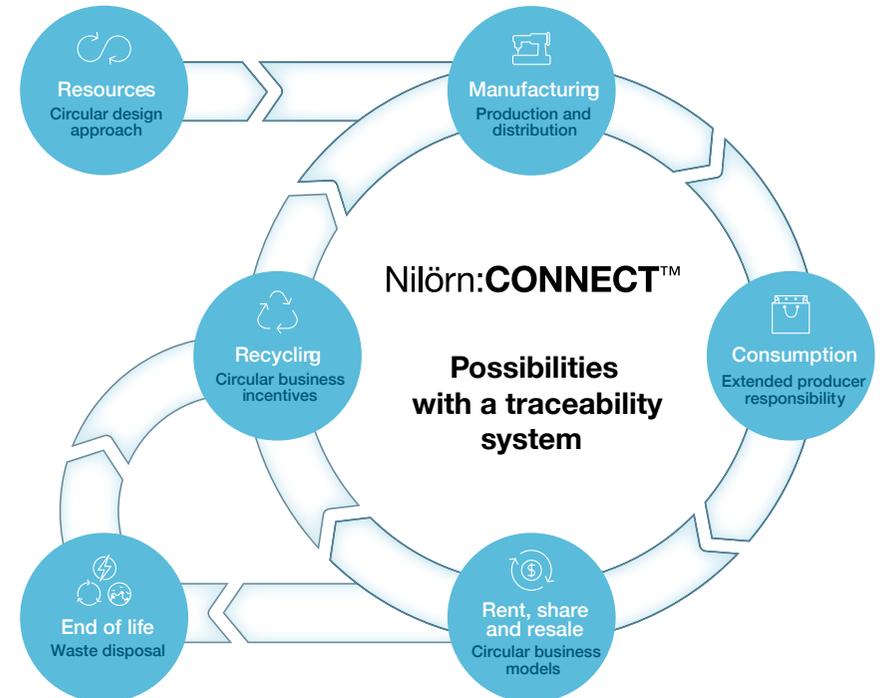
Traceability and transparency

Traceability is one of the tools used to address issues such as complex supply chains, product counterfeiting, returns management and lack of transparency. An effective traceability system can make the product's history visible and the story of the product can be communicated to customers and other stakeholders. Through Nilörn:CONNECT we can support and encourage our customers to be responsible and transparent with, for example, material information and involved factories. Read more about Nilörn:CONNECT on page 12.

Digital product passport

The proposed introduction of a Digital Product Passport (DPP) for textile and footwear is expected to be a key enabler in promoting a circular economy. The DPP facilitates collecting and sharing relevant data connected to a product with all actors during its life cycle. For example, consumers will have access to verified information about a product's environmental impact, enabling them to compare products

and make wiser purchasing decisions. The DPP will also contribute to the extension of the product user phase and improve the management of products in terms of sorting or recycling once reuse and repair are no longer an option. Textile products will most likely be included in 2026, when it is expected that the EU legislation for the first product groups enters into force.



Own workforce

Our workforce is both global and diversified, reflecting our international presence. Employees come from different cultural and geographical backgrounds, creating a broad skills base and a deep understanding of different markets and customer needs. This diversity contributes to the company's success on a global scale. We work to create a sustainable, safe and inclusive work environment where employees' safety, well-being and development are at the centre. Our focus on diversity, gender equality and skills development is a cornerstone of our sustainability efforts.

Nilörn's employees are creative and innovation-driven, specialising in graphic design, product development, and technical solutions. Their work is crucial for creating high-quality, tailored products. We also have a significant technical and operational workforce, including production staff, logistics experts, and quality control teams, ensuring products meet high standards. Client focus is key, with employees building close relationships and offering personalised solutions. Sustainability is central, with focus on materials, certifications and processes. Nilörn invests in training and development, reviewing skills annually to stay updated with trends in design, sustainability, and technology. Combining creativity, technical expertise, and global insight, we aim to be a leading player in the industry. We are in a strong position for continued success. In our double materiality analysis, human resources emerges as a key aspect of our social impact. The Nilörn HR department is responsible for collecting and analysing all HR-related data. HR plays a key role in developing and implementing strategies to ensure employee satisfaction and development, contributing to our long-term sustainability.

Health and safety

Occupational health and safety has a significant impact on the well-being and productivity of employees. Nilörn aims to be an employer of choice by offering a more sustainable, caring and safe working environment. As per the Swedish Work Environment Act, we, as employers, bear the responsibility for occupational health and safety. A safe and secure working environment not only helps reduce the risk of accidents but also promotes an engaged and efficient workforce.

The impact

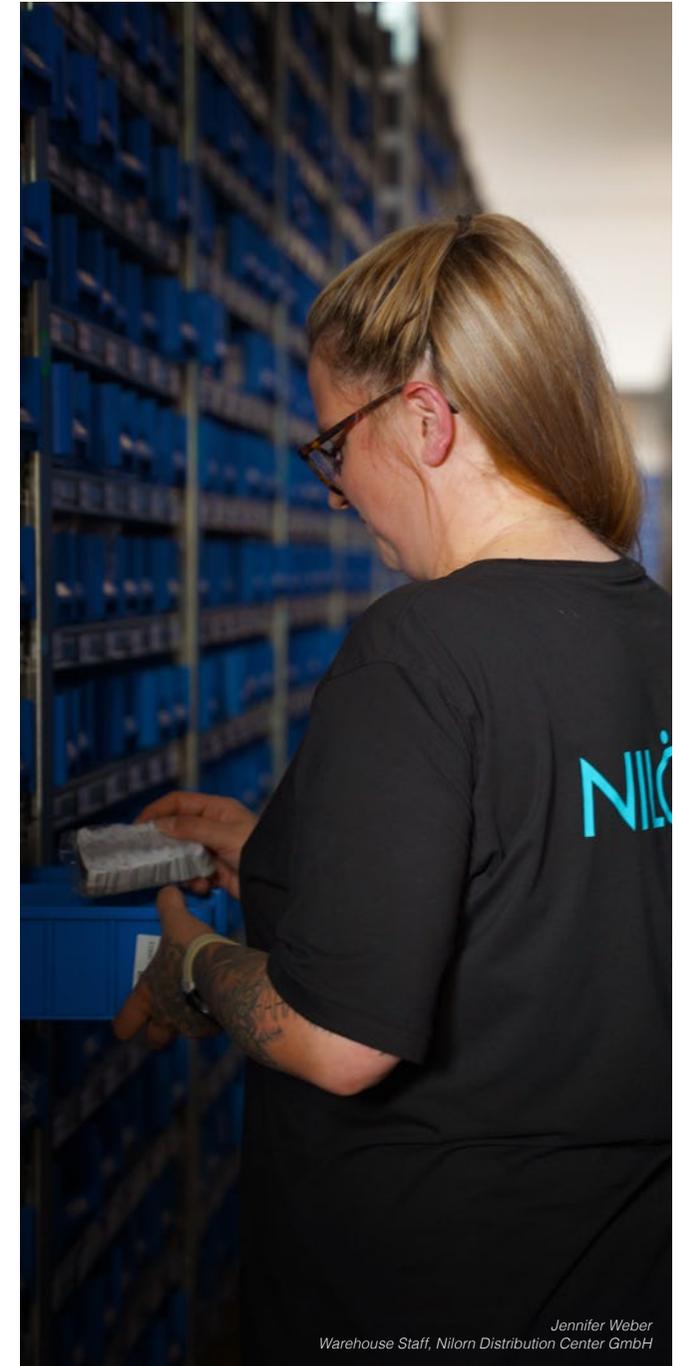
Through our double materiality analysis, we have identified occupational health and safety as a topic of double materiality for us. A lack of safety can negatively impact employees and society, as well as pose financial risks to us, including legal penalties, damages and business interruption. In addition, it can damage our reputation and the trust of stakeholders, which is crucial for long-term sustainability.

Policies

- Health and safety Policy
- Home workers Policy

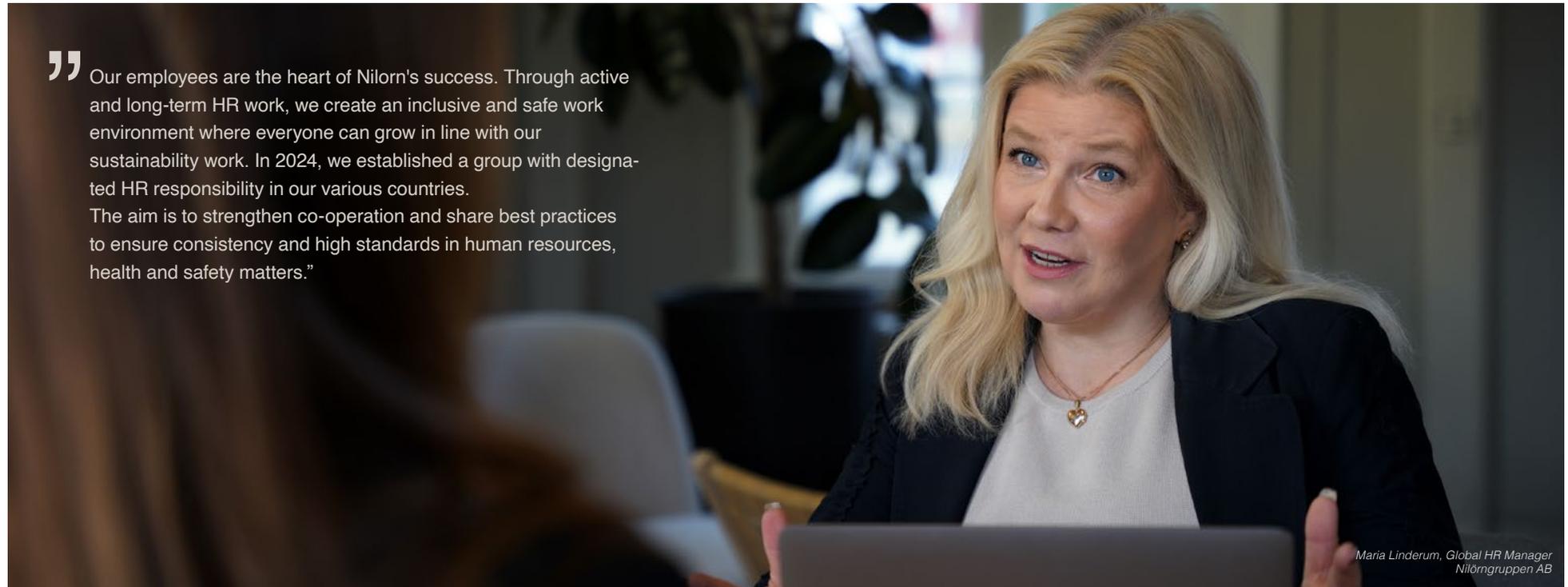
Actions

At our headquarters, we collaborate with employees and safety representatives to address and manage the work environment and occupational health and safety. This involves the systematic identification, prevention, investigation and follow-up of work-related activities that could lead to occupational illnesses or accidents, encompassing both physical and psychosocial well-being. This collaborative effort involves an external health service provider and safety representatives. Each Nilörn unit has a designated worker consultation process, such as a worker committee, suggestion box, or worker representative. In Bangladesh, a worker participation committee is elected in accordance with legal requirements.



Jennifer Weber
Warehouse Staff, Nilörn Distribution Center GmbH

” Our employees are the heart of Nilorn's success. Through active and long-term HR work, we create an inclusive and safe work environment where everyone can grow in line with our sustainability work. In 2024, we established a group with designated HR responsibility in our various countries. The aim is to strengthen co-operation and share best practices to ensure consistency and high standards in human resources, health and safety matters.”



Maria Linderum, Global HR Manager
Nilörngruppen AB

Occupational health and safety are currently managed at each Nilörn location based on national legal requirements. All production units are expected to adhere to established standards covering emergency procedures, risk assessment, safety training programmes, chemical management and personal protective equipment. Occupational health services are provided for employees, with a doctor and nurse available during working hours at the Bangladesh factory. In other countries, this service is either provided by external service providers or the public health system. We place a strong emphasis on preventive actions and raising awareness in occupational safety, aiming to eliminate risks and hazards in advance whenever possible. Each production unit conducts risk assessments, and training programmes are managed locally. Various wellness programmes and initiatives are implemented across the group, including wellness grants, access to fitness clubs, regular health examinations, additional consultancy as needed, expanded coverage for healthcare professionals, health insurance, eyesight tests, e-bikes, and services for personal support and life management.

Nilörn employs a decentralised approach to identifying and investigating risks and hazards in the workplace. Each facility within the group is responsible for defining action plans to prevent and mitigate identified risks and ensuring the follow-up of their implementation. Employees have the option to directly report potential issues to each Managing Director, and regular safety rounds are conducted at our production facilities. We work to provide for a safe, healthy, and secure environment in both our offices and production facilities, as well as in our warehouses. One way we recognise risks and strive for enhancements is through incident reporting. In 2024, a total of 9 incidents were reported, with all occurrences in production. Hand injuries emerged as the most prevalent type among the reported incidents.

To effectively implement our policies, it is important to ensure that all employees are aware of the health and safety policy and the homeworker policy. In 2025, we plan to do this through annual training and induction programmes for new employees and by making documentation available on the intranet. In order to ensure that our policies are

implemented effectively across the organisation, we have designated dedicated staff in each country. These people are mandated to monitor and report on implementation of our policies and to ensure that the working environment a high standard. In the event of injuries or illnesses in the workplace, we follow clear procedures:

- Immediate first aid is provided by trained personnel.
- Medical assistance is provided if needed.
- The accident site is secured to prevent further incidents.
- After the incident, a thorough investigation is carried out to identify the underlying causes and review and implement preventive measures. These processes apply throughout the Group.

We encourage employees to report directly to their managers, HR or safety representatives to ensure that issues are addressed quickly. To promote open communication without fear of retaliation, we also offer the possibility of anonymous reporting via our Whistleblowing function.



Human rights

Nilörn's approach to human rights is based on UN Guiding Principles on Businesses and Human Rights and the "Protect, Respect and Remedy" framework. As a global company we recognise our responsibility to respect international standards and practices, such as the United Nations (UN) Universal Declaration of Human Rights and Fundamental Rights at Work by the International Labour Organisation (ILO). Our commitment to operating with respect for human rights is reflected in company policies and procedures and Nilörn is a signatory of the UN Global Compact.

The impact

We have identified child labour, forced labour, freedom of association, collective bargaining, labour rights as topics in which our business operations can have a negative impact on society. In cases of breach of human rights, it can have a financial impact on us. We therefore increase our efforts in preventing violations in these areas and to ensure we create a positive work environment for our workforce. We also create a positive impact on society through job creation and prosperity.

Policies

- Human rights Policy
- CSR Policy
- Whistleblowing Policy

Actions

The Human Rights Due Diligence Procedure (HRDDP) is part of Nilörn's responsible business practices and functions as a base and structure for our CSR (Corporate Social Responsibility) work. The HRDDP aims to assure that human rights are not violated and includes routines for building internal awareness and understanding where the our activities may intersect with human rights or infringe upon the human rights of others, as well as how to prevent or mitigate such potential human rights impacts and remediate actual impacts that have occurred. By signing the UN Global Compact, we commit ourselves to continually improving our practices and to complying with laws and regulations and acting in accordance with commonly accepted best practices.

We actively endorse the principles of human rights and respect the basic rights and freedoms everyone is entitled to, regardless of nationality,

gender, religion, race or any other status. Nilörn aims to avoid causing or contributing to adverse human rights impacts in areas we can directly influence, through management control and addressing such impacts if they occur. Wherever possible, we also strive to identify, prevent or mitigate adverse indirect human rights impacts that may be linked to our operations, products and services through business relationships. This is part of our human rights policy.

We have human rights, whistleblowing and CSR policies to ensure that our values permeate throughout the organisation. These policies are actively shared with our employees with the ambition to have regular/ annual training. We communicate them on our intranet. We also participate in partnership programmes that focuses on eliminating human rights risks. To prevent human rights violations, we conduct annual risk assessments and audit programmes to ensure compliance with the policies.

In 2024, Nilörn joined the Better Work Programme in Bangladesh. This partnership marks an important step in our work to ensure safe, fair and sustainable working conditions in the textile industry. The Better Work Programme is a partnership between the International Labour Organisation (ILO) and the International Finance Corporation (IFC) that aims to improve workplace safety, strengthen labour rights and increase business competitiveness.

During the summer of 2024, political unrest and protests in Bangladesh caused widespread disruption in many factories, including our own. The safety of our employees was our top priority, and as the protests escalated, our management in Bangladesh acted quickly by closing both the office and the production facilities. This decision ensured that our employees could return home safely and avoid potential risks. Production activities were paused for a total of five working days. Despite this, we did not experience any significant delivery delays, as our customers' production was also paused during the same period.

In 2024, employees were trained on Human rights due diligence. We plan to train our employees annually on this topic.

Jennifer Elze, Global Compliance Specialist Labeling
Annika Mathiesen, Help Desk, Retail Information Service
Nilörngruppen AB

Diversity, equality and inclusion

We strive to offer a workplace characterised by diversity where employees can reach their full potential and contribute to developing a high-performing organisation.

The impact

Through our double materiality analysis, we have identified gender equality, discrimination and violence and harassment in the workplace as some of the topics that can cause a negative impact on the society. We also create a positive impact on the society by having policies to ensure equal opportunities in the workplace as well as through our initiatives to create equal pay for work of equal value.

Policies

Gender equality Policy

Equal opportunities Policy

Anti-harassment and bullying Policy

Whistleblowing Policy

Actions

We strive to offer a workplace characterised by diversity where employees can reach their full potential and contribute to developing a high-performing organisation. By ensuring diverse and equal opportunities, we aim to provide a workplace where all employees feel welcome and cherished, regardless of their gender identity, sexual orientation, ethnicity, faith or background. Moreover, our employees' physical and psychosocial health and safety are a cornerstone to conducting our business responsibly and ethically. We also focus on upholding our business ethics, guiding co-workers to behave accordingly, and nurturing diversity at our offices, from the recruitment processes to employees' growth and promotion.

Our gender equality, equal opportunities, whistleblowing and anti-harassment and bullying policies regulate the creation of fair, inclusive and equal opportunities for everyone and avoid discrimination and harassment. We also believe it is important that Nilörn employees feel comfortable voicing dissenting opinions and concerns in the workplace. Our employees can communicate their concerns to managers, through



*Anna-Karin Wärfors, Sustainability Manager
Mridu Surendran, ESG Compliance Coordinator
Jennifer Elze, Global Compliance Specialist Labeling
Nilörngruppen AB*

our employee surveys and anonymously via the whistleblowing function. Employees of Nilörn Belgium, Denmark and the worker committee in Nilörn Bangladesh are covered by a collective bargaining agreement (4 percent). Nilörn Sweden follows the union agreement (Unionen). We also have an internal system that ensures proper implementation of our policies and routines. To find out more about our internal controls on policy implementation, go to page 66. No cases of discrimination were identified in 2024.

The gender distribution in the Group is 40 percent women and 60 percent men. 27 percent of managers are women. The long-term target is that neither men nor women will account for less than 50 percent. The focus for the coming years is to increase the age balance and improve the gender distribution in the total workforce and among senior executives, it is a high priority throughout the organisation. Challenges for a more even gender distribution include low staff turnover in some regions, structural factors in our industry and that the business is conducted in countries where gender roles are largely traditional. In total 149 new

employees (48 women and 101 men) joined Nilörn and the employee turnover was 14 percent (2023 17 percent). There were no significant differences in the number of employees during the reporting period.

If harassment, discrimination or other offences occur, they are dealt with immediately through a clear and fair process. Investigations are carried out confidentially, and disciplinary action is taken if necessary. We also offer support to those involved. Employees can use our anonymous whistleblowing function to report discrimination, harassment or other policy violations. All cases will be treated confidentially and with respect for all involved.

In 2025, our focus will be on strengthening inclusion and gender equality through training and expanding our training programmes, while strengthening our internal diversity networks and reviewing leadership training with a focus on inclusion. Salary reviews are carried out to ensure equal pay for equal work, where possible. We are continuously working to implement this process in all units within the Group.

Employee engagement and competence development

Attracting and retaining highly skilled employees provides us with a significant competitive edge, and to achieve this, it is crucial to provide an outstanding work environment that fosters the growth and development of our staff.

The impact

Through our double materiality analysis, we have identified training and skills development of our workers as an area where our business can have a positive impact. By investing in training and skills development, we can improve employees' skills and career prospects, which in turn increases their engagement and productivity. This contributes to a more skilled and motivated workforce, which benefits both the company and society through increased innovation and economic growth.

Policies

HR Policy management

Actions

We firmly believe that all employees should enjoy their work and experience job satisfaction. We want our employees to develop and grow along with the company. Training opportunities are an important tool to continuously increase skills and professional development. This is also a way to retain experienced co-workers and attract new talent. Managers bear the responsibility for crafting employees' training agendas. Nilörn conducts regular monitoring of employees' general motivation and well-being through annual performance review. Every employee is entitled to an annual performance review with their respective managers, and in 2024 we conducted a total of 527 reviews, including employees who ended their employment during the year.

Our onboarding programme ensures that newly hired employees gain a comprehensive understanding of Nilörn and its operational procedures, establishing the foundation for effective collaboration. In 2024, we conducted an induction meeting, during which all new employees participated in a comprehensive presentation led by the management team. This provided an excellent platform to discuss our identity, work processes, responsibilities and extend a warm welcome to new employees.

In 2024, we continued our online training, with 11 webinars covering topics including EU Timber Regulation, our vendor rating system and

environmental related labelling requirements. The average hours of training per employee was five hours. Employees can suggest training initiatives or raise support needs via regular appraisals and performance reviews directly to their managers. While we have trainings and skill development programmes across our units, we plan to implement skill development and performance evaluation policies at a group level for employees' personal and professional growth and for setting and tracking performance objectives.

Nilörn conducts a biannual employee survey, giving voice to employees and addressing workplace well-being and satisfaction. The survey comprises five multiple-choice questions (scale 0 – 10) and one open-ended question, maintaining respondent anonymity with only the country revealed. Questions are translated into local languages for accessibility. In 2024, 499 employees participated. Despite uniform average results, variations were observed between markets. The highest values reflected the organisation's core values and the manager's focus on the team. Seven countries were identified as needing improvement, and actions were taken. The survey included a question about recommending the workplace, which resulted in an eNPS of 21 (scale -100 to 100), a decline from 27 in 2023. We take this seriously and have initiated follow-up actions.



Building winning teams

Competent and committed employees enable Nilörn to be innovative and competitive. We work responsibly for the well-being of both our employees and the environment.

We supported WaterAid's work towards access to clean water, toilets and hygiene around the world by participating in "March for Water" 2024. Access to clean water is a human right and a prerequisite for health. One in ten people globally lack clean water. The March for Water campaign highlights the global water crisis and raises awareness of the problem. Through an app provided by WaterAid, we log steps and physical activities, so we can challenge ourselves and compete internally between departments and countries. All part of showing solidarity for people who don't have easy access to clean water. Together we registered over 24 million steps and the campaign reached an incredible 617 million steps!

To increase our employee engagement, in 2024, we organised a beach cleaning activity in Nilörn East Asia, collecting broken glass and plastics from the shoreline. We plan to make this an annual event to raise awareness

among our employees about the impact of waste on the environment and involve our team in local sustainability efforts to reduce environmental impact.

At our headquarters in Sweden, we formed a group to improve local biodiversity. We planted bee-friendly plants and seasonal spring flowers in our garden.

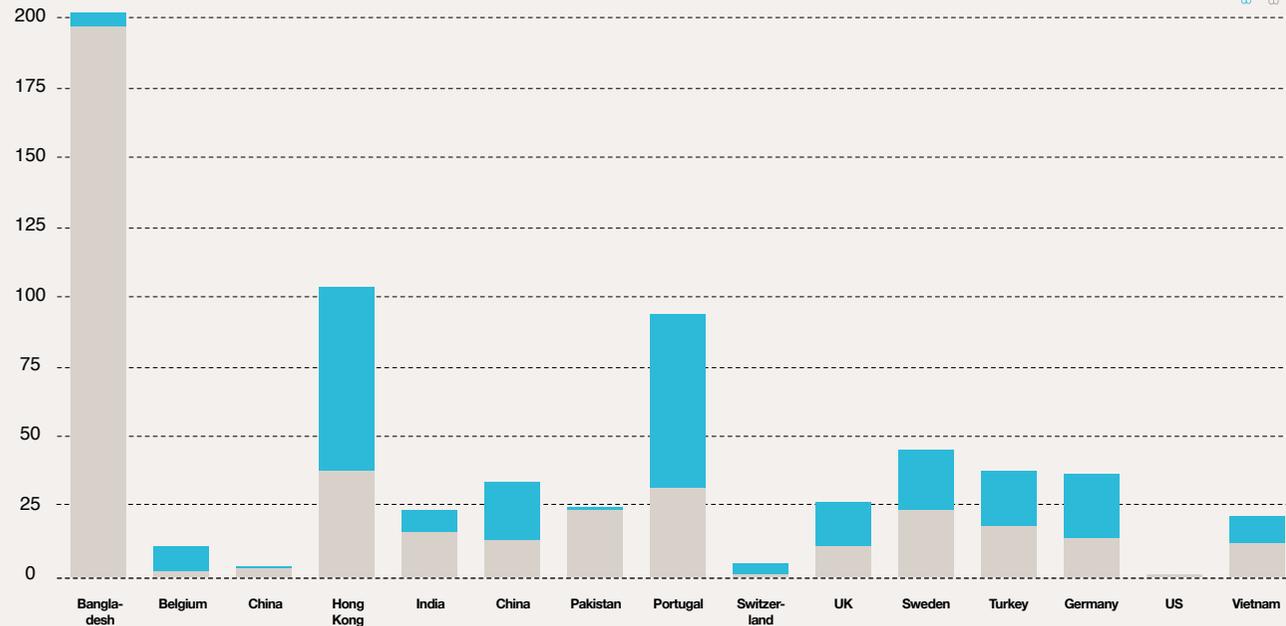
In 2024, we conducted sustainability and cybersecurity trainings. In 2025 we plan to combine our digital training platform with practical coaching and workshops. This will enable all employees to absorb information and knowledge through short training programmes. We will continue to review skills development programmes with a focus on leadership, innovation and sustainable development.



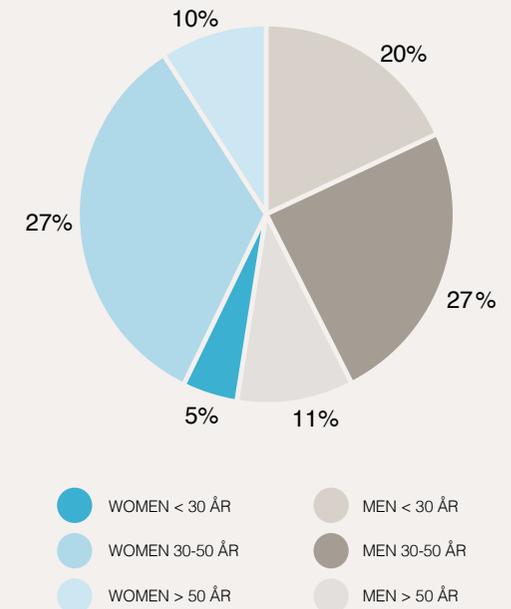
% of employees per category, gender and age

	< 30 years		30-50 years		>50 years	
	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN
Managing Director			0.4%	0.4%	1.2%	0.1%
Key Account Manager			0.6%	1.0%	1.3%	0.2%
Account Manager / Client Service	0.4%	1.5%	1.9%	6.3%	0.1%	1.6%
Sourcing (incl PD)	0.1%	0.7%	3.1%	3.3%	0.4%	0.9%
IT / Retail Information Service	0.1%	0.1%	1.6%	0.6%	0.4%	
Design			1.0%	0.8%	0.1%	
Finance	0.4%	0.7%	2.0%	2.2%	0.1%	0.7%
Administration (CSR / HR)		0.4%	0.9%	2.8%	0.1%	0.7%
Production	16.1%	1.9%	10.6%	5.7%	2.8%	3.3%
Logistic / Warehouse	3.9%		8.9%	1.7%	2.2%	0.1%
New hires	79	28	5	16	17	4
Fulltime employees who ended their employment	31	18	6	3	23	3

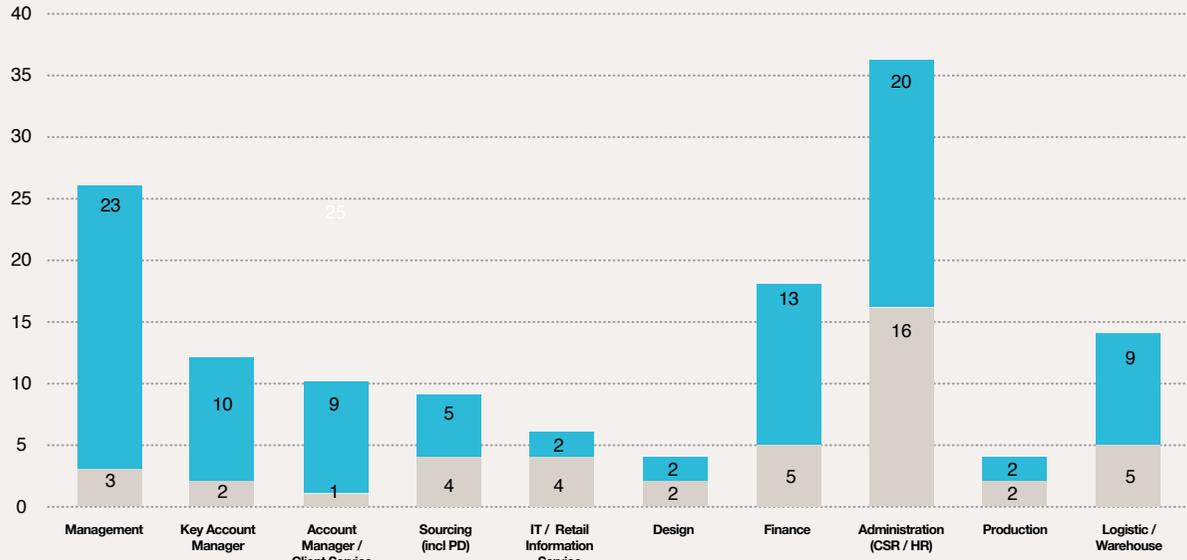
Gender distribution per country



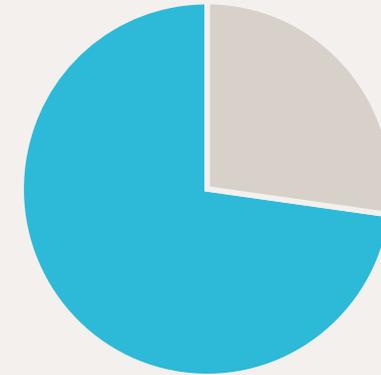
Age distribution



Average hours of training per department



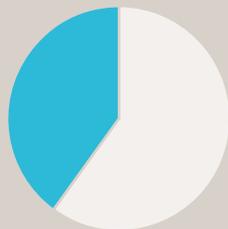
Average hours of training Woman (8) and men (3)



Gender distribution 2024

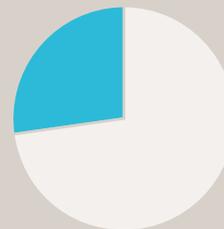
Numbers of employees: 661 (593)

All employees



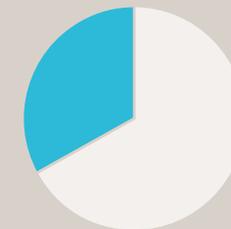
● Women 40% (43%) ● Men 60% (57%)

Management



● Women 27% (31%) ● Men 73% (69%)

Board



● Women 33% (25%) ● Men 67% (75%)

Previous year in brackets. The average number of employees is calculated as on average of full-time equivalent (FTE) numbers per year.

Workers in the value chain

Responsible supply chain

We have our own production facilities, but we also rely on external suppliers to produce goods for our clients. Both Nilörn and our clients expect to receive goods that have been produced under fair and humane conditions. We take our responsibility to identify, prevent, and address the mistreatment of workers in our value chain very seriously.

The impact

Our operations can negatively impact society along our value chain primarily in areas such as discrimination, child labour, forced labour, health and safety, human rights issues, labour rights issues such as inadequate wages, lack of freedom of association etc. We work diligently to ensure a better supply chain, through our policies and procedures and systems to closely monitor, track, communicate, identify and correct issues wherever they occurs.

We also follow standards and regulations for working hours and adequate wages, as well as providing training and development for the employees and workers to create an inclusive and equal opportunity-environment for all.

Policies

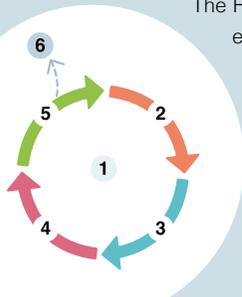
Work environment Policy
Homeworkers' Policy
Human rights Policy
Whistleblowing Policy

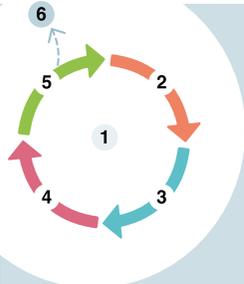
CSR Policy
Gender equality Policy
Equal opportunities Policy
Anti-harassment and bullying Policy

Actions

Human rights due diligence procedure:

The Human Rights Due Diligence Procedure (HRDDP) is a key part of Nilörn's CSR efforts, ensuring human rights are respected in the value chain. It includes routines to build awareness and prevent or address potential human rights impacts. Nilörn partners with suppliers who share these values and adhere to the Nilörn supplier Code of Conduct, ensuring they do not engage in human trafficking or modern slavery. By signing the UN Global Compact, Nilörn commits to continuous improvement and compliance with laws and best practices.





Our procedure follows the OECD 6-step Due Diligence Guidance for Responsible Business Conduct.

1 Embed responsible business conduct

We endorse human rights principles and respect everyone's basic rights and freedoms. Nilörn aims to avoid causing or contributing to adverse human rights impacts through management control and addressing them if they occur. We also strive to identify, prevent, or mitigate indirect human rights impacts linked to our operations and business relationships. Our policies commit to respecting human rights and caring for our value chain workers through various actions.

2 Identify and address adverse impacts

We use due diligence to identify and address human rights challenges. To support this process, we introduced a due diligence toolkit including:

- Risk assessment and identification
- Collecting supply chain information (agreements, audit reports, certifications, licenses and permits, etc.)
- Evaluating and revising supply chain information

Risk assessment

We conduct biannual supplier risk assessments, evaluating inherent risk scores and vendor ratings by country. This helps us prioritise which suppliers to visit, take further action on or phase out. Streamlining our supply chain by working with fewer, more reliable suppliers improves efficiency, reduces risks, and ensures better compliance.

Vendor Rating

We evaluate all preferred suppliers annually on delivery reliability, product quality, service, product development, economy, and environmental approach. This process includes normally third-party certifications and site visits. Suppliers are graded, and if needed, an action plan for improvements is developed.

In 2021, we introduced a Vendor Rating tool in Microsoft Dynamics NAV to categorise suppliers. It uses ten criteria, focusing initially on soft criteria like third-party

social audit status, Higg Index involvement, Retraced engagement, and Nilörn site visit reports. Scores are converted to a letter grade from A-D, with A being the highest. The rating system was updated in 2024 to reflect higher industry and client standards, making it harder to achieve the highest rating.

This tool helps track and improve supplier performance, which is communicated internally when placing orders. Our goal is to work only with A, B, and C rated suppliers, requiring us to consolidate and reduce the number of suppliers while actively helping them improve their ratings. Nilörn's CSR team provides guidance and support to help the supplier implement systematic improvements.

3 Cease, prevent or mitigate

Sedex supports our supply chain management and allows us to share data with clients. We have been an A/B-member (buyer/supplier) since 2017. The Sedex Members Ethical Trade Audit (SMETA) is a common audit methodology and report format aiming to drive consistency of data from the auditing process. The audit checks specifically against the ETI Base Code and how it is distributed to employees and the supply chain, relevant local laws, environmental performance, subcontractors/home workers, eligibility to work and understanding the ETI Base Code. Workers interviews in local languages are included in the audit programme. In 2024, the auditing standard was updated to version 7.0 to follow the increased requirements of industry standards.

Occupational health and safety are managed locally at each supplier based on national laws. Standards cover emergency procedures, risk assessments, safety training, chemical management, and personal protective equipment. The SMETA audit identifies supply chain issues, ensuring non-discriminatory management systems, diversity, and compliance with the ETI base code. Factories must have robust grievance mechanisms, including suggestion boxes.

Sedex, supplier ethical data exchange, is a non-profit membership organisation and online database used by more than 85,000 members in over 180 countries, which allows companies to store and view data on ethical and responsible business practices. Members also have access to a range of resources and reports, including industry-specific questionnaires and risk analysis tools.

All stakeholders, including value chain workers, can raise concerns regarding financial or legal impropriety

through Nilörn's whistle-blowing tool, read more on page 51. Suppliers are informed and they have access to the tool available on our website and the Supplier platform. In 2024, the first of a three-part supplier training series on ESG was conducted, covering human and labour rights, health and safety, diversity, local communities, competence development, grievance mechanisms, and minorities (S in ESG). The training concluded with a quiz to ensure understanding and compliance with Nilörn's requirements. The training is also accessible on the Supplier portal. The training for Environmental Responsibility (E in ESG) and Corporate Governance (G in ESG) will take place in early 2025.

4 Track

Tracking is essential for ensuring the implementation of policies, impacts, and continuous improvement. It includes monitoring supply chain partners, and tracking the effectiveness of our work, using both company business systems and cooperation platforms, such as Microsoft Dynamics NAV, Sedex, Retraced, Higg and Qarma, record keeping and periodical review.

Supply chain traceability is necessary to ensure transparency, manage risks, comply with laws and regulations and enable follow up. In 2023, we implemented a platform that supports fashion and textile companies in digitalising their supply chains and managing compliance data. The platform enables us to better manage our supplier data and their sustainability credentials, keep track of certifications, and visualise the connections within our supply chain.

5 Communicate

We communicate internally and externally on expectations to manage and mitigate human rights risks and follow up on targets, in our business operations and value chain. Our communication should be transparent and accurate. Examples of communication:

- Sustainability report
- Vendor rating
- Webpage
- Grievance and remediation systems
- Suggestion box in factory
- Supplier platform, trainings and presentations

6 Provide for or cooperate

Our process for remedy of any actual impact caused by the company will depend on the nature and extent of the adverse impact. Standards and networks will be used, together with consulting of affected stakeholders. Examples of organisations that Nilörn participate in that support our management of human rights risks over time:

- AAFA
- European Outdoor Group
- TEKO
- Sedex
- Worldly

KPI	Outcome 2024
Third-party social audits	123 (128)
Internal inspections including social and environmental assessments	107 (109)
Brand audits	22 (14)
% of our buying volume in risk-classified countries is third-party audited	95 (94)

Previous year in brackets

Supplier assessment 2024, grades A-D



Comments on outcome

In 2025, we will continue our efforts to raise awareness and increase understanding of grievance mechanisms for workers in the value chain. We will continue our mapping efforts to get a better understanding of the supply chain behind Tier 1.

Affected communities

As a global company in the textile and packaging industry, we recognise the impact our operations' supply chain can have on communities. Our commitment to ethical sourcing is at the core of our strategy and business model, ensuring we not only adhere to the highest environmental and social standards but also contribute positively to the welfare of the communities in which we operate.

The impact

Our Human Rights policy, the Environmental policy and the CSR policy demonstrate our commitment to upholding human rights for everyone and engaging with communities. We rely on maintaining positive relationships with those who live and work near our company's places of business, such as factories, distribution centres and offices. There is a risk that Nilörn's operations may negatively impact local communities, including deterioration of quality of life, health and safety concerns due to air, water, soil, and noise pollution from sourcing raw materials, upstream production, our own production, and the downstream production of final products. Specifically, polluted industrial wastewater caused by dyes and other chemicals in the textile industry released into waterways can negatively affect both people and the environment.

Our approach to managing our impacts on affected communities aims to avoid, mitigate, and remedy negative effects while creating lasting positive impacts. We have the possibility to offer job opportunities, enhance skills development, and support the growth of local supply chains to create social value for affected communities. We also strive to contribute to creating a better environment for the communities around us through various initiatives.

Policies

[CSR Policy](#)

[Environmental Policy](#)

[Human rights Policy](#)

Engaging with affected communities

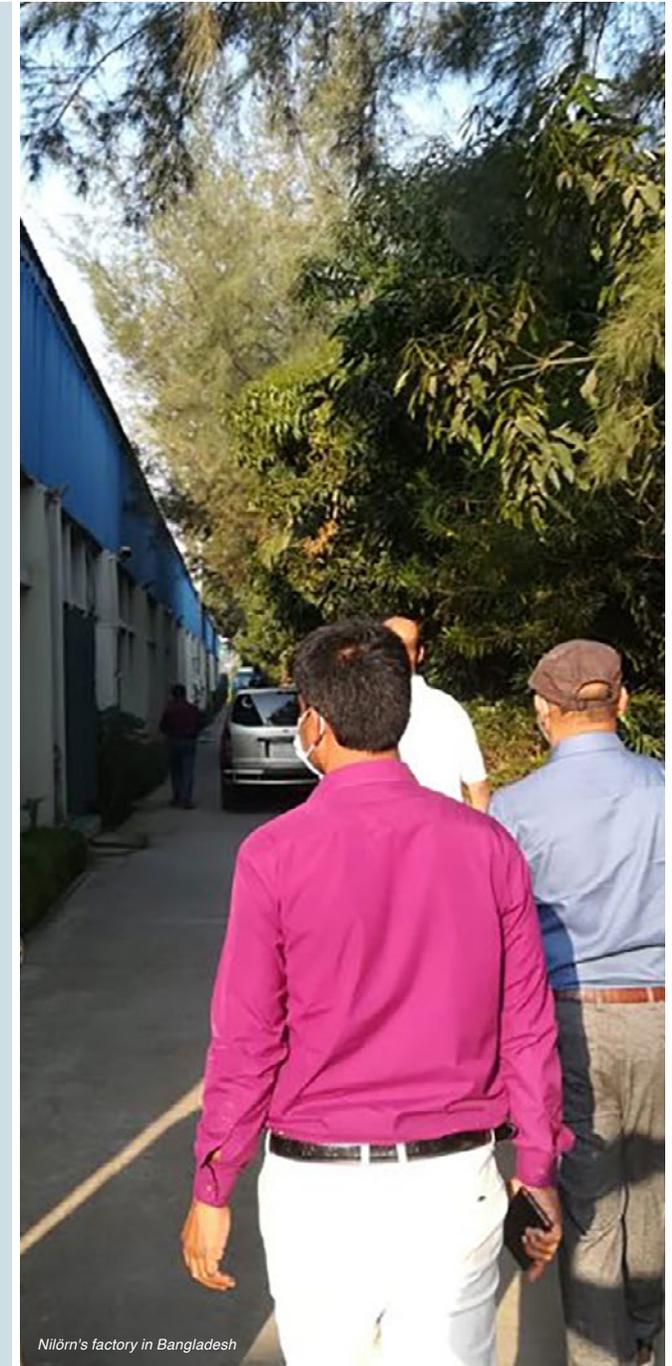
We recognise the importance of engaging with affected communities to understand and address both actual and potential impacts on them. Facilities using the Higg FEM are encouraged to engage in dialogue with local communities to understand their perspectives on how the company should manage its environmental impacts. This engagement aims to support facilities to address local environmental issues collaboratively with other stakeholders, including government and community groups.

Additionally, our engagement with students through internships has proven valuable for us leading to employment opportunities for new graduates.

In 2025, we will conduct a more detailed mapping of affected communities, including indigenous peoples, and assess how to better integrate these communities into our stakeholder dialogue. Additionally, we will ensure that impact and risk management for affected communities are incorporated into our operations business continuity plan.

Remediation and channels to raise concerns

It is important to establish mechanisms for community members to provide feedback on our facilities' performance. In 2024, a suggestion box/QR code was implemented outside our production and distribution units, encouraging local community feedback. Our whistleblower function allows all individuals in affected communities to confidentially report inappropriate or illegal conduct. For more information on our whistleblower function and how we protect whistleblowers against retaliation, see page 51.



Nilörn's factory in Bangladesh

Business conduct

Our global operations encounter a diversity of cultures and preferences. Our core ethical values apply everywhere, and we have developed governance documents to guide employee behaviour. These documents establish ethical standards and good practices to prevent inappropriate behaviour, especially important for Nilörn with operations in 24 countries where different cultures and social norms can affect business behaviour.

Responsible business

The impact

Corruption and bribery is one of our double material topics as it has both negative material impact on society as well as financial risk for our organisation. We strive to reduce the negative impact our business processes can have on society through occurrences of corruption and bribery. We have various policies, routines and practices to reduce incidents of corruption and bribery throughout our supply chain.

We work diligently in choosing the right suppliers and customers so that we can ensure a proper and safe supply chain through our operations. In doing this, we create a positive impact on society.

Policies

- Anti-corruption and bribery Policy
- Animal welfare Policy
- Code of ethics and business conduct
- Supplier Code of Conduct
- Homeworkers in the supply chain Policy
- Policy to prevent late payments to SME
- Procurement Policy

Actions

Anti-corruption and bribery

We take a zero-tolerance approach to bribery and corruption. This is outlined in our anti-corruption and bribery policy. All policies are



Anders Bengtsson - Key Account Manager Sweden, Simon Leppich - Managing Director Germany, Ginny Jones - Key Account Manager UK, Jordi Devia - Key Account Manager Spain

accessible on the intranet. New employees are informed about these policies upon commencing their employment and are required to sign the Anti-corruption policy. By the end of the year, the number of new employees who have signed the anti-corruption policy is reported to the CFO.

Throughout the year, all Nilörn employees are updated on the policies and the anti-corruption efforts through a training session conducted by the CFO. This training session covers topics such as the definition of corruption, its potential occurrences, and internal policies. While the Board does not participate in the employee training, the material is shared with them and discussed during a Board meeting.

Nilörn has established a centralised whistleblowing function to enable employees and other stakeholders to report suspected serious irregularities or misconduct. The system is administered by an independent company via a digital tool that can be accessed through a link on our website. This function ensures a uniform process for reporting inappropriate conduct and helps maintain our strong values and code of ethics. Reports made through this channel are investigated by the CEO, CFO, and two independent Board members. All reports are anonymous, and whistleblowers are protected from any form of retaliation, discrimination, or disciplinary action. The effectiveness of the whistleblowing function is reviewed annually by the CFO and communicated internally through the yearly anti-corruption training. Anti-

corruption and bribery and whistleblowing policies are approved by the Board on an annual basis.

In 2024, we did a risk classification according to the countries of operation and the job roles in our organisation, to analyse which countries and job roles are more vulnerable to corruption and bribery. As a next step, in 2025, we plan to provide more advanced trainings for those specific job roles we have identified as high risk.

KPI	Outcome 2024
Employees who have signed anti-corruption and bribery policy	682
Number of whistleblower reports	1

No incidents related to fraud, corruption, bribery or violations of antitrust or competition laws were reported in 2024. The company has not been convicted or fined for violations of anti-corruption or bribery laws during the year, nor has it been the subject of any legal actions related to corruption and bribery. Since 2017, Nilörn has published a statement in accordance with the UK Modern Slavery Act 2015, which describes the steps we are taking to ensure that modern slavery and human trafficking do not occur in our operations and supply chain. The statement is published on Nilörn's website.

Supplier governance

The Nilörn supplier Code of Conduct includes ethical practices, labour standards, and environmental responsibilities to promote a sustainable supply chain. The sourcing and CSR teams ensure policy adherence using resources like the procurement policy for supplier selection and regular sourcing meetings in Asia and Europe for updates. Key suppliers undergo regular audits, and new suppliers acknowledge the Supplier Code of Conduct upon onboarding. These efforts ensure our standards are maintained across all operations.

The procurement policy emphasises fairness, ethics, and sustainability. Detailed supplier selection and evaluation guidelines ensure high-quality partnerships. The supplier handbook outlines ethical practices, chemical management, product safety, quality testing, and production guidelines.

Our supplier rating system assesses sustainability and social performance, updated regularly and available on the Eagle platform for transparency. Regular sourcing meetings in Asia and Europe ensure strategic alignment.

Suppliers are chosen based on ethical practices, capabilities, delivery capacity, and sustainability, prioritising those aligning with our values. Our supplier portal provides access to information, documents, and updates, facilitating communication and collaboration, including training resources.

Long-term relationships with key suppliers are fostered through consistent communication, joint planning, and performance reviews, essential for mutual growth and innovation. We use Qarma's platform for quality assurance and follow-up, which helps us identify and address issues promptly, with corrective actions and necessary support.

By offering training sessions for suppliers and implementing a safe whistleblowing function, we ensure that guidelines are followed and prevent future problems. This minimises the risks of unethical behaviour and potential problems. The training provides suppliers with the tools and knowledge they need to comply with our ethical guidelines, while the whistleblowing function provides employees and other stakeholders a safe channel to report any wrongdoing without fear of retaliation.

Efforts in 2024 focused on enhancing supplier governance, strengthening relationships, and continued efforts of consolidating supplier base. Supplier audits and training were conducted, and a culture of transparency cultivated throughout the organisation.

Plans for 2025 include continuing to refine our supplier strategy across the regions, consolidate supplier base, refining supplier selection criteria, emphasising stringent sustainability standards, continuing to provide training and support, and promoting ethical practices for continuous improvement in the supply chain.

By judiciously selecting suppliers and customers who share our values, we can create a positive impact on both the community and the environment. Our sourcing policy ensures that we work with responsible partners, fostering long-term relationships that drive innovation and sustainability in our operations. Through collaboration and mutual respect, we aspire to build a resilient supply chain that benefits all stakeholders.

KPI	Outcome 2024
New suppliers assessed according to both social and environmental criteria	10 (100%)
Termination of suppliers, due to not meeting the required compliance level	3

Knowledge sharing

Impact

Through the work and commitment of our employees, we are able to drive messages and innovation within the industry. This happens not only through our products and services, but also through regular collaboration meetings and dialogues with external stakeholders, including customers, suppliers and industry associations. Through collaboration and dialogue, we promote open and constructive communication that leads to new ideas and improvements. Our work contributes positively to the entire industry, which in turn benefits our customers by offering innovative and sustainable solutions that meet their needs and expectations.

Policies

While we do not have a specific policy for knowledge sharing, it is an integral part of our employees' daily responsibilities and a crucial aspect of our service offering to clients. Our team actively engages in driving messaging and innovation within the industry by participating in webinars, discussions, and working groups.

Actions

Nilörn is committed to driving messaging and innovation within our industry, creating a positive impact across the entire value chain. Through our products and services, we empower clients to collect and share data effectively, be transparent and make informed decisions.

Our compliance department plays a crucial role in this effort by monitoring regulatory developments worldwide. This department provides thorough guidance and information to our suppliers, employees, and clients, ensuring that everyone is well-informed and compliant with the latest regulations. This proactive approach not only enhances our business resilience but also strengthens trust and collaboration throughout the value chain.

In 2024, we participated in discussions and meetings with various working groups, such as European Outdoor Group, The West Sweden Chamber of Commerce, RISE Chemical Group along with other similar businesses and competitors in the industry for exchange of knowledge, examples and good insights.

In 2025, we will launch an expert webinar series to share regulatory information, relatable examples, and enhance knowledge sharing with clients.

Global instability

Impact

Global instability can pose financial risks for Nilörn by disrupting supply chains, escalating operational expenses, and diminishing customer confidence, which ultimately impacts revenue and profitability. We have processes and routines in place to follow in cases of such events.

Policies

Business continuity process
Crisis management routine

Actions

In today's interconnected world, Nilörn as a global organisation, encounters various risks that can disrupt operations, from natural disasters to cyber-attacks. Risks for our business continuity include access to and costs of energy, raw materials and freight, disruptions in our own production and supplier production and disruption in business relationships. Business continuity planning (BCP) is essential for us to prepare for and mitigate the impact of potential risks and gives us a better understanding and supports planning for these threats. In 2024, six of our production and distribution centres updated their BCP. Read more about risk management on page 51, 59, 60.

IT security and data management

Impact

We have identified cyber-attack as a financial risk since in the event of one, it can compromise sensitive data, disrupt our business operations, and incur substantial recovery costs, which can ultimately harm our financial stability.

Policies

IT Policy
IT and communication systems Policy
Identity and access management
Privacy Policy

Actions

We strive to implement IT security policies in a clear and accessible way. Our policies are documented and easily accessible to all relevant stakeholders. To keep them up to date, we conduct regular reviews and updates based on changing IT security needs. In addition, we encourage employees to stay informed about security protocols by providing the necessary information in an easily accessible way.

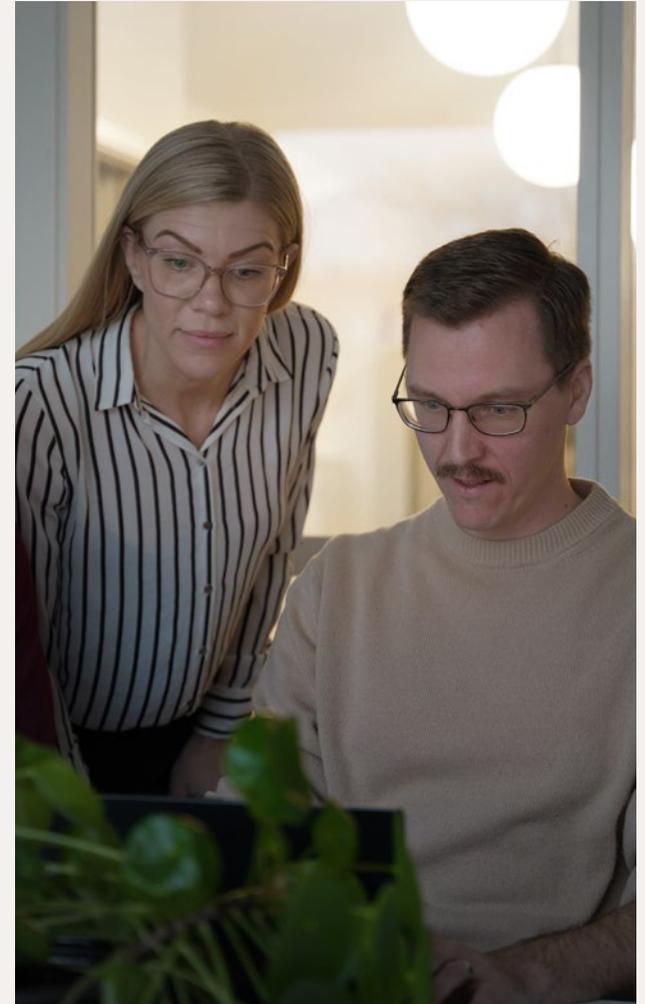
We have several systems in place to prevent cyber-attacks and ensure the effective functioning of our IT security measures. These include advanced firewalls, intrusion detection systems, and regular security audits. We also provide information and resources to raise awareness among our staff about potential threats and security measures.

In the event of a cyber security issue, we follow a defined incident response plan. This includes immediate steps to contain the breach, assess the damage, and initiate recovery procedures. We ensure business continuity by maintaining regular backups according to best practices and having a disaster recovery plan in place. Our resources for handling such incidents include the internal IT team, external consultants, and advanced security tools.

In 2024, we encountered a cyber-attack, however, due to our prompt response and robust security measures, we successfully mitigated the threat. The commitment and expertise of our team enabled us to quickly restore operations and minimise the impact. The attack has provided us with valuable insights, and we have since then continued investing in cybersecurity.

In 2024, our IT security work focused on improving existing infrastructure, carrying out solid work on security and improving training programmes for our employees. We also implemented new security software and conducted several successful incident response drills. We invested in an online security awareness training to ensure all employees are equipped to recognise and respond to potential cyber threats. The aim of the training is to help safeguard the organisation's data and systems. Our team has collectively completed over 500 hours of dedicated training.

For 2025, our plans include further strengthening our security measures by upgrading our firewalls, expanding our security audit scope, and continuing to invest in employee training. We also plan to explore modern technologies and tools to stay ahead of emerging threats.



Annika Mathiesen, Help Desk,
Johan Nordenskjöld Theen, Team Manager
Retail Information Service (RIS), Nilörngruppen AB



GRI content index

Nilörngruppen AB reports according to GRI Standards 2021 for the period 1-1-2024 to 31-12-2024.

Sector standard N/A.

Number of disclosure	GRI Standard / other source	Location	Requirement(s) omitted	Comment
GRI 2: GENERAL DISCLOSURES 2021				
The organisation and its reporting practices				
2-1	Organisational details	2, 3, 4, 96		
2-2	Entities included in the organisation's sustainability reporting	17		
2-3	Reporting period, frequency and contact point	17		Annual reporting cycle, 1/1–31/12 2024 Report published 22/4 2025 Contact: csr@nilorn.com"
2-4	Restatements of information	39		
2-5	External assurance	96		
Activities and workers				
2-6	Activities, value chain and other business relationships	6-9, 22		
2-7	Employees	22, 44, 46	2-7-b	Information unavailable: Nilörn does not have an employee breakdown by type of contract.
2-8	Workers who are not employees		2-8-a-c	Information unavailable: Nilörn does not have data on group level of workers who are not employed.
Governance				
2-9	Governance structure and composition	18, 62	2-9c	Information incomplete, data collection in progress.
2-10	Nomination and selection of the highest governance body	62-64	2-10b	Information incomplete, data collection in progress.
2-11	Chair of the highest governance body	62, 63		
2-12	Role of the highest governance body in overseeing the management of impacts	18, 23, 24		
2-13	Delegation of responsibility for managing impacts	18		
2-14	Role of the highest governance body in sustainability reporting	18		
2-15	Conflicts of interest	62, 63		
2-16	Communication of critical concerns	21, 49, 50, 51		
2-17	Collective knowledge of the highest governance body	18		
2-18	Evaluation of the performance of the highest governance body	63		
2-19	Remuneration policies	60, 63, 80		

Number of disclosure	GRI Standard / other source	Location	Requirement(s) omitted	Comment
Strategy, policies and practices				
2-22	Statement on sustainable development strategy	4		
2-23	Policy commitments	26, 28, 32-35, 37, 41, 43-45, 48, 51-53		
2-24	Embedding policy commitments	18, 20		
2-25	Processes to remediate negative impacts	26, 43, 48, 49	2-25-d, e	Information unavailable: Stakeholder involvement and efficiency of the grievance mechanism.
2-26	Mechanisms for seeking advice and raising concerns	43, 50, 51		
2-27	Compliance with laws and regulations	51-53		
2-28	Membership associations	19, 33, 45, 49		
Stakeholder engagement				
2-29	Approach to stakeholder engagement	23, 24		
2-30	Collective bargaining agreements	44		
GRI 3: MATERIAL TOPICS 2021				
3-1	Process to determine material topics	24		
3-2	List of material topics	25		
Economic development				
3-3	Management of material topics	18, 41	3-3-e	Information incomplete.
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	44, 46		Information incomplete, region not reported.
Ethical business and anti-corruption				
3-3	Management of material topics	18, 24, 49, 51, 52		
GRI 205: Anti-corruption 2016	205-1 Organisations assessed for risks related to corruption	51, 52, 62		Information incomplete, missing breakdown on gender.
	205-2 Communication and training about anti-corruption policies and procedures	51	205-2b, c, d, e	Information incomplete, missing breakdown on employee region and category.
	205-3 Confirmed incidents of corruption and actions taken	51		
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	52		
	308-2 Negative environmental impacts in the supply chain and actions taken	26, 27, 32-34, 52	308-2b,d,e	Information incomplete.
GRI 413:Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programmes	50	413-1a	Information incomplete.
GRI 414:Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	52		
Materials				
3-3	Management of material topics	18, 21, 38, 39		
Own disclosure	Total polybags, textile and paper labels in recycled materials	37, 39		
Own disclosure	Total amount of FSC certified paper of total paper	37, 39		

Number of disclosure	GRI Standard / other source	Location	Requirement(s) omitted	Comment
Resource efficiency				
3-3	Management of material topics	18, 28, 34, 36, 40	3-3-e	Information incomplete, data collection in progress.
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	28	302-1b,c,f,g	Information incomplete, data collection in progress.
GRI 303: Water and effluents 2018	303-1 Interactions with water as a shared resource	34	303-1d	Information incomplete, data collection in progress.
	303-2 Management of water discharge-related impacts	34		
	303-5 Water consumption	34	305-5b,c	
GRI 306:Waste 2020	306-1 Waste generation and significant waste-related impacts	36, 37, 38, 40		
	306-2 Management of significant waste-related impacts	40	306-2b	Information incomplete, data collection in progress.
	306-3 Waste generated	40		
Biodiversity and ecosystems				
3-3	Management of material topics	18, 35	3-3-e	Information incomplete, data collection in progress.
GRI 304: Biodiversity 2016	304-2 Significant impacts of activities, products and services on biodiversity	35	304-2b	Information incomplete, data collection in progress.
GHG emissions				
3-3	Management of material topics	18, 26, 27	3-3-e	Information incomplete, data collection in progress.
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	27	305-1c,d,f	Information incomplete, data collection in progress.
	305-2 Energy indirect (Scope 2) GHG emissions	27	305-2c,d,f	Information incomplete, data collection in progress.
	305-3 Other indirect (Scope 3) GHG emissions	27	305-3c,d,f	Information incomplete, data collection in progress.
Health and safety				
3-3	Management of material topics	18,41, 42	303-e	Information incomplete, data collection in progress.
GRI 403:Occupational Health and Safety 2018	403-1 Occupational health and safety management system	18, 19, 41, 42, 45		
	403-2 Hazard identification, risk assessment, and incident investigation	24, 41-43		
	403-3 Occupational health services	41, 42		
	403-4 Worker participation, consultation, and communication on occupational health and safety	45	403-4b	Information incomplete: description of way of working, polices, meeting frequency.
	403-5 Worker training on occupational health and safety	42		
	403-6 Promotion of worker health	41, 42		
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	41, 42		
	403-9 Work-related injuries	42		Information incomplete, data collection in progress.

Number of disclosure	GRI Standard / other source	Location	Requirement(s) omitted	Comment
Knowledge sharing				
3-3	Management of material topics	18, 52	3-3-e	Information incomplete, data collection in progress.
GRI 404: Training and education 2016	404-1 Average hours of training per year per employee	45, 47		
	404-3 Percentage of employees receiving regular performance and career development reviews	45		
Own disclosure	Drive messaging and innovation in industry	39, 52		
Diversity, equality and inclusion				
3-3	Management of material topics	18, 44	3-3-e	Information incomplete, data collection in progress.
GRI 405: Diversity and equal opportunity 2016	405-1 Diversity of governance bodies and employees	44, 46, 47		
GRI 406: Non discrimination 2016	406-1 incidents of discrimination and corrective actions taken	44		
Human Rights				
3-3	Management of material topics	18, 43	3-3-e	Information incomplete, data collection in progress.
GRI 408: Child labour 2016	406-1 Operations and suppliers at significant risk for incidents of child labour	48, 49	408-1c	Information incomplete, data collection in progress.
Local communities				
3-3	Management of material topics	18, 50	3-3-e	Information incomplete, data collection in progress.
GRI 413: Local communities 2016	413-2 Operations with significant actual and potential negative impacts on local communities	34, 35, 49		
Product Development				
3-3	Management of material topics	38	3-3-e	Information incomplete, data collection in progress.
Own disclosure	Development of collections using more preferred materials	37, 39		

Sustainability data for 2024 has been collected using a web tool developed by Position Green.



Administration report

The Board of Directors and CEO of Nilörngruppen AB (publ), company registration number 556322-3782, hereby submits the annual report and consolidated financial statements for the fiscal year 2024-01-01 – 2024-12-31.

Corporate governance

Nilörngruppen AB is a Swedish corporation with its domicile in Borås and follows the Swedish Companies Act

Shareholders

The Annual General Meeting gives shareholders the opportunity to ask questions directly to the chairman of the Board, the Board of Directors, and the CEO. The invitation to the 2025 annual general meeting, which will be held in Borås on May 14, 2025, will be announced in nationwide daily newspapers no later than four weeks before the date. The company answers ongoing inquiries from shareholders throughout the year. Published documents and press releases from 2024 are available on the company's website www.nilorn.se.

Ownership structure

As of December 31, 2024, the company's share capital consisted of 960,000 series A shares and 10,441,988 series B shares. Each series A share gives ten votes, and each series B share gives one vote. Nilörngruppen AB had a total of 4,680 (4,412) shareholders as of December 31, 2024. The largest shareholder was AB Traction, holding 26.3 percent of the capital and 58.1 percent of the votes.

Business

Nilörngruppen AB is an international group founded in 1977, adding value to brands through branding and design in the form of labels, packaging, and accessories, primarily for customers in the fashion and apparel industry. Nilörn aims to increase its customers' competitiveness by offering services that cover all design resources, as well as a logistics system that guarantees reliable and fast delivery times. Nilörn is one of Europe's leading players, with a turnover of 945

MSEK(870) and delivers over 1.5 billion labels per year of various sizes and types. Nilörn is represented by subsidiaries in Sweden, Denmark, Germany, Belgium, the UK, Portugal, Hong Kong, India, Turkey, Bangladesh, China, Pakistan, Switzerland, Vietnam, and the USA.

Nilörn adheres to the motto "maximum customer satisfaction." The entire company structure is based on this central theme, which underpins all activities within Nilörn, from design to manufacturing, sales, logistics, and service.

Summary of 2024

Order intake

Order intake increased by 13 percent to 935 MSEK (828).

Net revenue

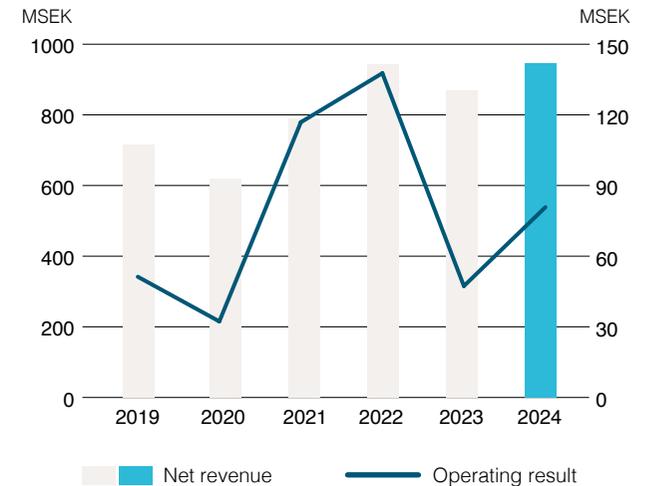
Net revenue increased by 9 percent to 945 MSEK (870). Currency had a negative effect on revenue by 7 MSEK, meaning the underlying organic growth increased revenue by 9 percent. The SEK strengthened against most of Nilörn's related currencies during the year, which had an impact on revenue. However, the group's revenues are matched by costs in respective foreign currencies, which minimises the effect on the result.

Result

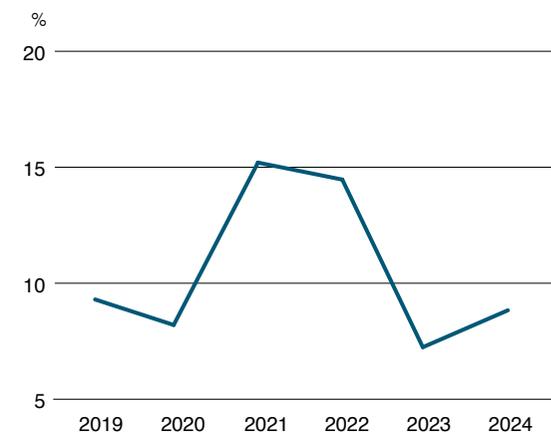
Operating profit amounted to 82.9 MSEK (63.0), which corresponds to an operating margin of 8.8 percent (7.2). The ratio of raw materials and trading goods to revenue was 54.7 percent (56.3). The gross margin is affected by the product and client mix as well as individual larger orders.

Other operating income amounted to 8.2 MSEK (25.4), primarily due to currency. External costs increased to 86.8 MSEK (80.4). Personnel costs increased to 226.7 MSEK (215.0). Depreciation increased to 34.6 MSEK (31.2).

Net revenue and operating profit



Operating margin



Taxes

Taxes amounted to -19.1 (-13.2) MSEK. The result after tax amounted to 58.9 (39.4) MSEK. The group's tax is a function of the tax rates in the various countries where Nilörn operates and how the profitability is distributed among these countries.

Tied up capital

Tied up capital in inventory increased by 5 MSEK to 171 (166) MSEK, and trade receivables decreased by 21 MSEK to 85 (106) MSEK. A large portion of Nilörn's operations is based in Asia, where both receivables and inventory are booked in Hong Kong dollars and Bangladeshi Taka (BDT), meaning that exchange rate fluctuations significantly impact capital binding when converted to SEK. However, the assets are financed in local currency, meaning the impact on the result is marginal.

Cash flow, investments, and financial position

Cash flow from operating activities amounted to 94.3 (89.1) MSEK. Cash flow from investment activities amounted to -22.2 (-17.7) MSEK.

Net cash (debt) at the end of the period amounted to 19 (7) MSEK, with the leasing standard, IFRS 16, increasing interest-bearing debt by 41 (24) MSEK. Comparable figures, excluding reclassification according to IFRS 16, show net cash of 60 (17) MSEK.

Liquid assets amounted to 100.8 MSEK (105). Additionally, unused, approved bank credits amounted to 69 MSEK (74).

The group's equity amounted to 350.4 (294.8) MSEK. The change during the period is attributable to the result for the period of 58.9 MSEK, a dividend of 11.4 MSEK, revaluation of the pension plan by 1.6 MSEK, and exchange rate differences of 6.4 MSEK.

The equity ratio at the end of the year was 59 percent (51).

Segment reporting

The group's segmentation is based on geographical areas. The table for revenue and operating profit is reported in note 3. During the year, there was a decline in Sweden and Europe, while revenue in Asia increased.

Operating profit, however, decreased in Sweden but increased in Europe and Asia. This is attributable to more customers and increased volumes in our factories, primarily in Bangladesh. The development of the segments is affected by where clients place their production.

Personnel

The average number of employees in the group at the end of 2024 was 661 (593), of which 265 (250) were women. Of the total number of employees, 57% are active in production and warehousing. For further details, see note 8.

Since May 2017, there has been a compensation committee appointed to handle salary levels, pension benefits, incentive issues, and other employment conditions for the CEO and other group management. Guidelines for executive compensation are outlined in the Corporate Governance Report.

Significant events

The Board has decided to propose a dividend of 1.50 (1.00) SEK per share, corresponding to 17.1 (11.4) MSEK.

In early August, Nilörn's IT systems were subjected to a cyberattack, which caused disruptions in business processes and temporary interruptions. The total costs are estimated to be 4.4 MSEK.

Related party transactions

Apart from dividends to shareholders, no transactions between Nilörngruppen AB and related parties that have materially affected the group's results and financial position occurred during the period. The parent company's transactions with subsidiaries relate to design, product development, IT, and other services. For salaries and fees to management and the Board, see note 8.

Research and development

Research and development costs were below one percent of net revenue for 2024 (< 1 percent). The development undertaken relates to the creation of new IT systems and is capitalised in the balance sheet.

Risks and uncertainties

Nilörn's risks are primarily evaluated at the group level, where identi-

fied risks relate to raw material risks, IT risks, environmental risks, political risks, and financial risks. In addition, each distribution unit also establishes a Business Continuity Plan (BCP), where risk analysis is part of the plan. This work is done to be prepared for an unforeseen event but also to ensure that all significant risks are captured.

In addition to risk analyses, the plan includes contingency measures and recovery processes to minimise the impact on operations in cases such as IT disruptions, natural disasters, or security incidents. The goal of the plan is to ensure that operations can continue and that deliveries to customers can proceed despite an incident. It is the responsibility of the companies to annually review and evaluate the plan. Nilörn is dependent on the economic development of the individual markets where the company operates, as well as on the global economic development. Political decisions, such as the introduction of quotas, tariffs, and taxes, may also impact the company's development, at least in the short term.

Nilörn hires external suppliers, primarily in the Far East, which means that price changes in freight, raw materials, wages, etc., can affect the company's financial development. Nilörn has built a broad supplier network and does not assess any significant risk regarding product supply. Due to the international nature of the business, the group is also impacted by currency fluctuations, particularly in the conversion of revenue and results to SEK, which is the group's reporting currency. However, revenues and costs are relatively well balanced within each respective currency.

Raw material risk

Price risk

Price risk related to raw materials refers to the risk of increases in the costs of direct and indirect materials when raw material prices rise on the global market. The group does not hedge raw material purchases as this is assessed to have limited impact on the results..

Supplier Dependence

For all the goods that Nilörn purchases, there are alternative suppliers, so it is assessed that Nilörn would not be seriously harmed if a single supplier was unable to meet the required standards.

IT risk

Nilörn actively works with IT security and has taken various measures to prevent IT issues from arising. In cases where problems do occur, they are quickly addressed to minimise the impact on production and deliveries. Nilörn has an IT department that works to ensure operations, develop the group's business systems, and provide customers with top-class service in integrating IT and logistics solutions.

Environmental risk

There are several environmental risks associated with Nilörn's operations. Nilörn works with many suppliers that are difficult to fully control, and Nilörn is active in countries considered difficult, such as Bangladesh. Additionally, the garment industry has traditionally had high emissions. These risks are assessed as part of the double materiality analysis conducted within the framework of the new CSRD regulations. Each risk is evaluated based on its impact and financial materiality, and ultimately, Nilörn's significant risks are identified. For further details on this work, see the Sustainability Report, which can be found on pages 17-57.

Political risks

Nilörn operates in 22 countries across Asia, Europe, and the USA. Political risks include potential instability due to changes in government, which can impact legislation and the business environment. Corruption and a lack of enforcement of legal systems can lead to uncertainty and unequal treatment of companies. Trade sanctions and political tensions between countries can also affect business relationships and the export/import of goods. Changes in tax policy and regulations can create administrative burdens and impact profitability. Additionally, political demonstrations and social unrest can affect production and distribution chains in certain areas.

Financial risks

Nilörn is exposed to risk related to financial instruments such as liquid assets, trade receivables, trade payables, and loans. Risks associated with these instruments are primarily:

- Interest rate risks regarding liquid assets and borrowings
- Financing risks regarding the group's capital needs

- Currency risks concerning the results and net investments in foreign subsidiaries
- Credit risks related to financial and commercial activities
- Liquidity risks that cannot be exchanged or transferred within the group without government approval.

The management and monitoring of financial risks are centralised to the finance department at the headquarters in Borås. There, market developments concerning interest rates and currencies are continuously monitored, and the department acts in accordance with the financial policy established by the Board. See also the description of the various risks in note 2.

Sustainability report

Nilörn's sustainability efforts are clearly linked to the company's long-term relationships with customers, employees, and other stakeholders. For Nilörn, sustainability means working to meet the needs of people and society without compromising the ability of future generations to meet their own needs. This includes work on the environment, anti-corruption, personnel, social conditions, and human rights.

Our sustainability work is managed by a group-wide sustainability manager based at the Swedish headquarters and a "Group CSR Manager" based in Hong Kong. The sustainability manager is part of the management team and reports to the CEO. The policies and guidelines that particularly pertain to sustainability work include our CSR policy, overall HR policy, equality policy, human rights policy, code of conduct with ethical guidelines for staff, environmental policy, and the supplier code of conduct, along with other documented requirements that Nilörn's suppliers are expected to follow. These cover the environment, anti-corruption, personnel, social conditions, and human rights.

For further details regarding the reporting and follow-up of these policies, see our sustainability report on pages 17-57.

Group outlook for 2025

It is an exciting time, where the market environment continues to be characterised by uncertainty, while there is a consolidation in the industry, with larger players acquiring smaller niche companies. Nilörn

has done much right and is working intensively to have an attractive offering for our customers. Labels will still be central and are an excellent medium for information, but several digital services are now being added around them.

We will continue to invest more on the marketing side and have now started recruiting to strengthen the local presence in the USA, as well as hired packaging expertise to support the sales organisation and ensure efficient supplier relationships. For continued expansion in high-growth countries, the Board has decided to proceed with investment in a new factory in Bangladesh, as well as upgrading and expanding production volume in the Portugal factory.

Nilörn Group's digital platform, Nilörn:CONNECT, continues to evolve and attract increasing interest. Traceability and transparency at the product level have become a central part of customer demands, especially with the implementation of digital product passports. We will continue to allocate resources to further develop the platform, which will be launched further during the year.

Thus, we have an exciting time ahead, where Nilörn is investing in taking several steps forward in different areas.

Parent company operations

The operations of the parent company primarily consist of managing group-wide functions such as branding and design, product development, finance, administration, information, and IT. The average number of employees in 2024 was 29 (28).

Dividend from subsidiaries was received during the year amounting to 66 (56) MSEK. A write-down of shares in subsidiaries amounted to 24 MSEK. Group contributions have been net received amounting to 1 (6) MSEK.

The net revenue for the period from January to December amounted to 43.4 (35.6) MSEK. The operating result was -6.2 (-4.5) MSEK, and the result after financial items was 41.6 (26.4) MSEK.

Proposed allocation of profit (TSEK)

The company's annual report will be presented for approval at the Annual General Meeting on May 14, 2025.

The following profit is available for distribution at the AGM:

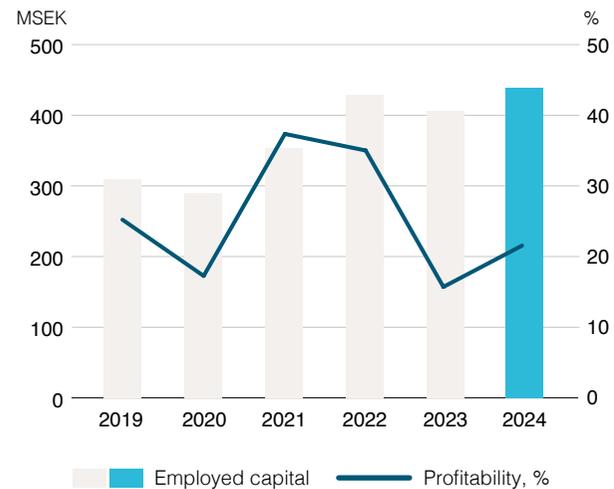
Retained earnings	144 743
Net profit for the year	39 339
Total distributable funds	184 082

The Board of Directors proposes a dividend of 17.1 (11.4) MSEK, corresponding to 1.5 (1.00) SEK per share, and the remaining 166,979 MSEK is proposed to be carried forward to the next year.

The Group's equity attributable to the parent company's shareholders as of December 31, 2024, is 349.6 MSEK, and the parent company's free equity is 184.1 MSEK. Considering the above and what has otherwise come to the attention of the Board, it is the Board's assessment that the proposed dividend is defensible, given the requirements related to the nature, scope, and risks of the business, as well as the size of the company's and group's equity, as well as the company's and group's need for consolidation, liquidity, and financial position in other respects.

Regarding the group's and parent company's results and financial position, please refer to the following income statement and balance sheet, along with the accompanying comments.

Capital employed and return on capital employed



Equity and equity ratio



Corporate governance report

Corporate governance

Nilörn Group AB applies the principles of good corporate governance to promote trust among all stakeholders and thereby increase competitiveness. This means, among other things, that the operations are organised efficiently with clear rules for delegation, that financial, environmental, and social reporting is characterised by transparency, and that the company acts responsibly in all respects.

Nilörn Group AB has been listed on Nasdaq OMX Nordic Small Cap since April 4, 2018, and follows the rules stipulated in the Swedish Corporate Governance Code ("the Code"). The corporate governance principles applied by Nilörn Group AB are based on Swedish legislation, primarily the Swedish Companies Act and the Annual Accounts Act, as well as the regulations of NASDAQ Stockholm AB (Stockholm Stock Exchange). In accordance with the rules, Nilörn Group AB's Board has prepared this corporate governance report.

Below is an overview of how the group is governed step by step, from the owners to the operational activities, and how corporate governance has been carried out within Nilörn Group during 2024.

Swedish corporate governance code

Deviations from the Code

Rule: Nomination Committee

Explanation: Nilörn Group AB does not have a designated nomination committee, as the ownership structure is clear, with Traction owning a majority of the votes. Shareholders are always welcome to provide feedback and/or suggestions regarding the composition of the Board to the Chairman of the Board, Petter Stillström (phone 08-506 289 00).

Articles of association

In addition to legislation, rules, and recommendations, the Articles of Association are a central document regarding the governance of the company. The Articles of Association are established by the Annual General Meeting and contain some fundamental information about the company, such as the type of business the company should conduct, the size of the share capital, the number of issued shares, the size

of the Board, and how the Annual General Meeting is convened. The complete Articles of Association are available on Nilörn Group's website, www.nilorn.se.

The responsibility for the management and control of the group is distributed between the shareholders at the Annual General Meeting, the Board, and the CEO, in accordance with the Swedish Companies Act, other laws and regulations, applicable rules for listed companies, the Articles of Association, the Board's internal rules of procedure, and other internal governance instruments.

Shareholders

At the end of 2024, Nilörn Group AB had 4,680 shareholders (4,412). The ten largest shareholders at the end of the year owned 57.3% of the share capital and 75.7 percent of the voting rights, with the largest shareholder, AB Traction, owning 26 percent of the share capital and 58 percent of the voting rights.

Annual general meeting

The highest decision-making body is the Annual General Meeting, where all shareholders have the right to participate. The Annual General Meeting has the authority to make decisions on all matters that do not conflict with Swedish law.

At the Annual General Meeting, shareholders exercise their voting rights to make decisions regarding the composition of the Board, auditors, and other key matters such as the adoption of the company's income statement and balance sheet, the allocation of profits, and decisions regarding discharge from liability for the Board members and CEO. Shareholders can contact the Board for matters to be addressed at the Annual General Meeting or the Chairman for proposals regarding Board members.

Annual general meeting 2024

The Annual General Meeting for Nilörn Group AB shareholders was held on May 14 in Borås. Full information regarding the 2024 Annual General Meeting is available on the website nilorn.com

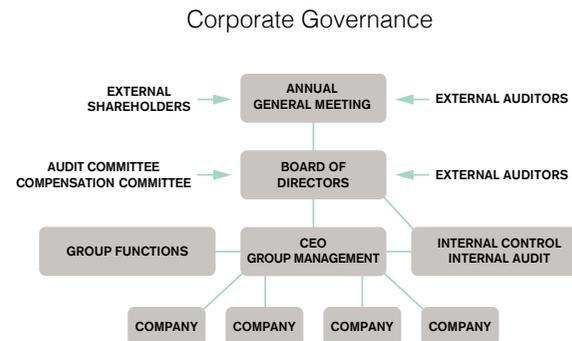
Annual general meeting 2025

The Annual General Meeting will be held on May 14, 2025, in Borås. See Annual General Meeting on page 100 for further details.

Board of Directors and its independence

The Board of Directors of Nilörn Group AB is subject to the independence requirements stipulated in the Code. The independence requirements primarily mean that only one person from the company's management may be part of the Board, that a majority of the Annual General Meeting -elected Board members must be independent of the company and management, and that at least two of the Annual General Meeting -elected members who are independent of the company and management must also be independent of the company's major shareholders.

The Board should consist of at least three and at most six members. Since the Annual General Meeting in 2024, the Board has consisted of six members. At the Annual General Meeting in 2024, Petter Stillström, Johan Larsson, Magnus Johansson, and Ann-Christine Hvittfeldt were re-elected. Per Wagnås and Annika Elfström were elected as new members. Of the members, Petter Stillström is not independent in relation to the company's major shareholders. The other members are independent of the company and its management. Petter is the CEO and a major shareholder in AB Traction.



Board's work

The work of the Board is governed, in addition to laws and recommendations, by the Board's rules of procedure. The Board reviews the rules of procedure annually and adopts them through a Board decision. The rules of procedure regulate the division of responsibilities between the Board and the CEO, the CEO's powers, meeting plans, and reporting. The Board meetings address the budget, interim reports, the annual financial statements, business performance, investments, and establishment matters.

Board of Directors' reporting and work

The Board of Directors receives monthly reports regarding the company's financial position. During regular Board meetings, reports are also presented concerning the ongoing work within the various companies, including in-depth analyses and proposed actions. Additionally, overarching issues related to long-term business strategy, structure, and organisational matters are discussed. Since the Board consists of Swedish members, meetings and documentation are conducted in Swedish. Typically, between five and ten Board meetings are held per year. In 2024, the Board met on seven regular occasions and held one constitutive meeting after the Annual General Meeting. The Chairman of the Board maintains continuous contact with the CEO and monitors the group's operations and development.

Once a year, the Chairman initiates an evaluation of the Board's work. Each Board member completes a questionnaire, and the responses are compiled and discussed by the Board.

Board composition

2024			Presence		Independence	
			Regularly scheduled Board of Directors meetings	Statutory Board of Directors meetings	Relative to the Company and management	Relative to major shareholders
	Elected	Fee SEK				
Stillström Petter (ordf. sedan 2009)	2007	280 000	7/7	1/1	ja	nej
Johan Larsson	2018	140 000	7/7	1/1	ja	ja
Magnus Johansson	2022	140 000	7/7	1/1	ja	ja
Ann-Christine Hvittfeldt	2022	140 000	7/7	1/1	ja	ja
Per Wagnås	2024	140 000	5/5	1/1	ja	ja
Annika Elfström	2024	140 000	5/5	1/1	ja	ja

The Board continually evaluates the CEO's work by following the development of operations toward the set goals.

Audit committee

The Board has considered the establishment of a separate audit committee but has decided that the Board as a whole will handle audit matters and therefore acts as the Audit Committee. The Audit committee receives ongoing information regarding internal controls and regulatory compliance, checks of reported values, estimates, assessments, and other matters that may affect the quality of the financial reporting. The results of the group's internal controls are reported regularly to the Audit committee, which in turn provides guidelines for continued work. The Audit Committee prepares and makes decisions on audit-related matters and ensures the company's internal governance and control concerning:

- Financial reporting
- Risk management and risk control
- Compliance
- Other internal governance and control

The company's auditor is tasked with reviewing how well the overall internal control rules are followed in the group's companies. The auditors also report their observations on internal control. After the auditors' review, the company's auditors prepare an audit report for the Board, including comments on the individual companies and the group as a whole. The auditors also personally report their observations from the review and their assessment of the company's internal controls and application of accounting principles during a Board meeting.

Remuneration committee

The Remuneration Committee consists of Petter Stillström and Johan Larsson. The compensation to the Group CEO and other senior executives should consist of a market-based fixed salary. Variable compensation such as bonuses may be applicable when necessary to recruit and retain key personnel and to stimulate sales and performance improvements. Variable compensation should be based on pre-determined and measurable criteria such as results and sales development. The variable compensation may not exceed 50 percent of the fixed salary. The guidelines were established at the Annual General Meeting in 2024, and the same guidelines will be proposed for the Annual General Meeting in 2025.

No special fee is paid for Board work in group companies for senior executives. Pension benefits are to correspond to the ITP plan or, for senior executives outside Sweden, pension benefits typical for the relevant country. Severance pay is not applicable within the group.

Employment terms for the CEO

Compensation to the Group CEO consists of a fixed salary and a bonus of up to six months' salary, see note 8. No Board fee is paid to the CEO. Pension benefits are provided at 25 percent of the fixed salary. The CEO has a mutual notice period of 9 months.

Compensation to the Board of Directors

The Annual General Meeting decides on fees for the Board members elected by the Annual General Meeting. The distribution of the fees between the Chairman and other members is detailed in note 8 for the group in the annual report.

Auditor

At the Annual General Meeting in 2024, the auditing firm PwC was appointed as the company's auditors.

The audit work

The Group applies international accounting standards, International Financial Reporting Standards (IFRS), when preparing the Group's reporting. The audit of the annual report, Group the accounting and bookkeeping as well as the Board and executive the director's administration is carried out in accordance with good auditing practice in Sweden.

Operational management of the business

The Group Board appoints the Managing Director of the parent company, who is also the Group CEO. A written instruction establishes the division of responsibilities between the CEO and the Board. The Managing Director's responsibilities for the day-to-day operations include, among other things, day-to-day investments and divestments, personnel, financial and economic issues, day-to-day contacts with the company's stakeholders, such as authorities and the financial market, as well as ensuring that the Board receives the information required to be able to well-founded decisions. The CEO reports to the Board. The Managing Director has appointed a Management Group that is continuously responsible for various parts of the business. In addition to the CEO, the Group management consists of the Asia Manager, Marketing Manager and Sustainability Manager.

Group Management is responsible for the implementation of the Group's overall strategy, ongoing business management, design and compliance with policies and risk management, financing issues and other issues that concern a Management Group. Other matters that are dealt with may be company acquisitions and Group-wide projects. The Management Group has regular meetings to drive and follow up on current projects and issues within the business.



Nuchoni
part of Nilöfn's design collection

Report of the Board of Directors on internal control

General

The Board is responsible for the work with corporate governance and internal control according to the Swedish Companies Act and the Swedish Code of Corporate Governance. The overall aim is to protect the company's assets and the shareholders' investment. This description of internal control and risk management is submitted by Nilörn's Board and has been drawn up in accordance with the Swedish Code of Corporate Governance and is thus limited to internal control regarding financial reporting. The Board has chosen to integrate the Board's report on the internal control in the corporate governance report and only describe how it is organised without providing a statement on how well it has functioned and without auditor review. Nilörn's internal control structure is based on the COSO model (Committee of Sponsoring Organisations of the Treadway Commission) and assessments are made in the areas of control environment, risk assessment, control activities, information and communication and follow-up.

Control environment

The goal of internal control is to create a clear responsibility structure and effective decision-making process. An important part of this is to prepare and establish a number of basic policies, guidelines and frameworks for the company's financial routines and for financial reporting.

In the Board's rules of procedure and instructions for the Managing Director, a division of roles and responsibilities is determined, which aims at effective management of the business's risks. The Board has also adopted a number of basic guidelines and policies that are important for internal control, such as financial policy, accounting and reporting instructions, financial handbook, personnel handbook, anti-corruption policy and information policy. The basic governing documents are continuously subject to revision. Company management regularly reports to the Audit Committee based on established procedures. The Board evaluates ongoing operations and results through an appropriate report package containing the profit and loss report and development of key figures as well as other essential operational and financial information.

Risk assessment

In the Group, ongoing risk assessment is carried out to identify significant risks. Risk management consists of identifying, analysing and trying to prevent or reduce the risk of them occurring. With regard to the financial reporting, the risks are primarily assessed to consist of significant inaccuracies in the valuation of assets, liabilities, income or costs or changed business conditions, etc. The risk analysis has identified a number of critical processes. The biggest focus is on the purchasing and revenue processes because it is in these that the largest flows in the Group take place.

Control activities

The Group's central staff is responsible for designing, implementing, further developing and maintaining control activities in order to effectively manage the risks that the Board and management have deemed to be significant. The control activities aim to detect or prevent in time the risk of incorrect reporting.

Nilörn has introduced a control system to verify the various processes and ensure the financial reporting. To ensure internal control, there are both automated controls in e.g. IT-based systems, which manage authorisations and certificates, as well as manual controls in the form of e.g. reconciliations, internal Board meetings, internal audits and self-evaluations.

Detailed financial analyses of the results as well as follow-up against plans and forecasts complement the controls and provide an overall confirmation of the quality of the reporting. All reporting companies have a responsible financial manager or a controller who is responsible for the correctness of the financial reporting from the unit. Nilörn's controller function follows up and analyses to verify that the reporting received from each unit is accurate, complete and timely. No CEOs are allowed to appoint or remove CFOs themselves, and the CFOs report directly to the CFO for the Group.

The results and follow-up of the controls are presented to and discussed in the Audit Committee. Several processes are fully or partially centralised such as design, purchasing, logistics, financing, IT and Group compilations. The Board receives ongoing financial reports and at each Board meeting the financial situation of the Group and the various companies is discussed.

Information and communication

Nilörn's essential and governing documentation in the form of policies, guidelines and manuals, regarding financial reporting, is primarily communicated via the intranet and the Group's financial handbook. The Board regularly receives financial reports. For communication with internal and external parties, there is a communication and IIR policy that specifies guidelines for how this communication should take place. The purpose of the policy is to ensure that all information obligations are complied with correctly and completely.

Follow-up

The Board and company management continuously follow up the Group's adherence to adopted policies and guidelines. Nilörn's business units are not divided through common business and Group reporting systems as well as common accounting instructions. The Group's central finance function also works closely with subsidiary controllers regarding financial statements and reporting. Nilörn has no separate internal audit function. However, Nilörn has a defined one process for evaluation and follow-up of internal control. The form of follow-up is decided by the Board, which also annually evaluates the need by a special internal audit function.

The Group applies international accounting standards, International Financial Reporting Standards (IFRS), when preparing the Group's reporting. During the autumn, an ongoing review is carried out by the external auditors. The Group's nine-month report is comprehensively reviewed by the company's auditors according to the recommendation issued by FAR SRS.

Consolidated income statement

Amount in TSEK	Note	2024	2023
	1, 2		
Net revenue	3	944 670	869 769
Other operating income	5	18 194	25 392
Total operating revenue		962 864	895 161
Raw materials and supplies		-517 152	-490 062
Other external costs	6	-86 759	-80 393
Personnel costs	8	-226 719	-214 944
Deprecation amortisation and impairment charges	3, 11, 12, 13	-34 566	-31 195
Other operating expenses	7	-14 816	-15 570
Operating result	3	82 852	62 997
Financial income	3, 29	3 834	2 325
Financial expenses	3, 30	-8 652	-12 758
Net finance items		-4 818	-10 433
Profit before taxes		78 034	52 564
Taxes	3, 9	-19 106	-13 176
Profit for the year		58 928	39 388
Attributable to:			
The Parent Company's equity holders		58 502	39 345
Minority interest		426	43
Average number of shares outstanding in thousands			
Average number of shares outstanding in thousands after dilution		11 402	11 402
Earnings per share, SEK		5.17	3.45
Earnings per share, SEK after dilution		5.17	3.45
Earnings per share, SEK (for 2024 as proposed by the Board of Directors)		1.50	1.00

Consolidated report on comprehensive result

Amounts in TSEK	2024	2023
Profit of the year	58 928	39 388
Other comprehensive result that can be restated as profit for the year		
Translation differences	6 401	-18 846
Other comprehensive income that cannot be transferred to the year's income		
Revaluation of refined pension plan	1 639	-536
Total comprehensive result for the period	66 968	20 006
Period's comprehensive result attributable to:		
The Parent Company's equity holders	66 542	19 963
Holdings without controlling influence	426	43

Consolidated balance sheet

Amounts in TSEK	Note	2024	2023
	1, 2, 21		
ASSETS			
Non-current assets			
Intangible non-current assets	10,11	53 207	47 989
Tangible non-current assets	12,13	135 522	109 446
Long-term receivables	16	4 042	3 915
Deferred tax assets	9	6 538	7 134
Total non-current assets		199 309	168 484
Current assets			
Inventories	18	170 552	165 813
Trade receivables	19	85 471	106 363
Other receivables	19	24 737	11 969
Current tax assets		3 450	10 162
Prepaid expenses and accrued income	20	13 159	9 591
Derivative instruments	22	0	748
Cash and cash equivalents		100 814	104 719
Total current assets		398 183	409 365
TOTAL ASSETS		597 492	577 849
	1, 2, 21		
EQUITY AND LIABILITIES			
Equity			
Share capital		2 850	2 850
Other contributed capital		43 231	43 231
Reserves		-6 150	-12 551
Retained earnings including the year's profit		309 680	260 940
Equity attributable to the Parent Company's equity holders		349 611	294 470
Minority interest		778	352
Equity		350 389	294 822
Long-term liabilities			
Long-term provisions	23	1 547	806
Deferred tax liabilities	9	5 074	5 541
Interest bearing liabilities to credit institutions		370	0
Interest bearing lease liabilities		22 786	8 706
Non interest bearing liabilities		32	32
Total long-term liabilities		29 809	15 085
Current liabilities			
Interest bearing liabilities to credit institutions		40 427	87 857
Interest bearing lease liabilities		17 981	14 929
Trade payables		81 928	69 482
Current tax liabilities		12 528	17 343
Other non-interest-bearing liabilities		12 416	33 105
Accrued expenses and prepaid income	24	51 772	45 226
Derivative instruments	22	242	0
Total current liabilities		217 294	267 942
TOTAL EQUITY AND LIABILITIES		597 492	577 849

Changes in consolidated equity

Classification of equity

Share capital

Item share capital includes the Parent Company's registered share capital. The share capital consists of 960.000 class A shares (quotient value SEK 0.25) and 10.441.988 class B shares (quotient value SEK 0.25). There was no change in the distribution between class A and class B shares during the year.

Other contributed capital

Transactions that have occurred include issuance of shares at a premium. The amount included in Other contributed capital thus in its entirety equivalent to capital added over and above the nominal amount of the issue.

Reserves

Reserves consist in their entirety of translation differences attributable to the translation of foreign subsidiaries in accordance with IAS 21.

Retained earnings

Retained earnings are equivalent to accumulated profits and losses generated totally in the Group, less dividends paid.

Capital management

The Group's equity amounted to TSEK 350 389 (294 822). Nilörn's financial strategy is to create satisfactory financial conditions for the Group's operations and development. For 2024 the return on equity was 18.3 percent (12.5) and the equity ratio was 58.6 percent (51.0).

The Board of Directors proposes to the Annual General Meeting that a dividend of SEK1.50 (1.00) per share will be paid for the 2024 operating year equivalent to MSEK 17.1 (11.4).

	Share capital	Other contributed capital	Reserves	Retained earnings incl profit for the year	Total	Non controlling interest	Total equity
<i>Amounts in TSEK</i>							
EQUITY 2022-12-31	2 850	43 231	6 311	280 827	333 219	0	333 219
Profit of the year	0	0	0	39 345	39 345	43	39 388
Other comprehensive result							
Period's translation difference	0	0	-18 862	0	-18 862	16	-18 846
Revaluation of defined pension plan	0	0	0	-536	-536	0	-536
Transactions with shareholders							
Transactions with minority	0	0	0	-1 686	-1 686	970	-716
Dividend				-57 010	-57 010	677	-57 687
EQUITY 2023-12-31	2 850	43 231	-12 551	260 940	294 470	352	294 822
Profit of the year	0	0	0	58 502	58 502	426	58 928
Other comprehensive result							
Period's translation differences	0	0	6 401	0	6 401	0	6 401
Revaluation of defined pension plan	0	0	0	1 639	1 639	0	1 639
Transactions with shareholders							
Dividend	0	0	0	-11 401	-11 401	0	-11 401
EQUITY 2024-12-31	2 850	43 231	-6 150	309 680	349 611	778	350 389

Consolidated cash flow statement

Amounts in TSEK	2024	2023
Operating activities		
Operating profit	82 852	62 997
<i>Adjustment for items not included in cash flow</i>		
Depreciation, amortisation and impairment charges	34 566	31 195
Other items not affecting liquidity	-287	-7 006
	117 131	87 186
Interest income	3 834	2 325
Interest paid	-6 288	-6 288
Taxes paid	-17 208	-23 209
Cash flow from operating activities before changes in working capital	97 469	60 014
Cash flow from changes in working capital		
Inventories	3 787	31 694
Trade receivables	-1 723	-18 441
Other short term receivables	-2 984	-4 248
Accounts payable	-3 501	25 368
Other liabilities	1 209	-5 273
Cash flow from operating activities	94 257	89 114
Investment activities		
Acquisition of intangible non current assets	-9 626	-12 113
Acquisition of tangible non current assets	-13 060	-7 050
Change in long term receivable	469	1 421
Cash flow from investment activities	-22 217	-17 742
Financing activities		
Repayment/ raised loans	370	17 824
Amortisation of interest-bearing debts	-46 195	-3 510
Amortisation of leasing debts	-22 401	-19 557
Dividend paid	-11 401	-57 692
Cash flow financing activities	-79 627	-62 935
Cash flow for the year	-7 587	8 437
Cash and cash equivalents at beginning of year	104 719	113 085
Translation difference in cash and cash equivalent	3 682	-16 803
Cash and cash equivalents at year end	100 814	104 719

* Cash means bank balances

** For reconciliation of items attributable to financing activities, see note 27

Parent company income statement

Amounts in TSEK	Note	2024	2023
	1, 2		
Net revenue	4	43 361	35 593
Other operating income	5	3 455	0
Total operating revenue		46 816	35 593
Raw materials and supplies	4	0	0
Other external costs	6	-19 184	-13 416
Personnel costs	8	-29 482	-22 906
Deprecation amortisation and impairment charges ^{11, 12}		-4 313	-3 759
Operating result		-6 163	-4 488
Profit from financial investments			
Result from shares in Group companies	28	42 006	34 238
Interest income and similar items	29	13 234	7 957
Interest expense and similar items	30	-7 448	-11 292
Profit after financial items		41 629	26 415
Year end appropriations	32	4 114	8 118
Taxes on the year's profit	9	-6 404	-1 352
Profit of the year		39 339	33 181

Parent company balance sheet

Amounts in TSEK	Note	2024	2023
ASSETS	1, 2, 21		
Non-current assets			
Intangible non-current assets	11	39 969	34 481
Tangible non-current assets	12	1 069	1 253
Financial non-current assets			
Shares in Group companies	14	135 782	130 926
Shares in associated companies	15	0	0
Due from Group companies	17	1 375	0
Total financial non-current assets		137 157	130 926
Total non-current assets		178 195	166 660
Current assets			
Current receivables			
Accounts receivable	19	20	16
Due from Group companies		98 025	102 587
Other receivables		1 095	970
Prepaid expenses and accrued income	20	1 839	1 380
Derivatinstrument	22	0	748
Cash and bank		17 148	0
Total current assets		118 127	105 701
TOTAL ASSETS		296 322	272 361
EQUITY AND LIABILITIES	1, 2, 21		
Equity			
Share capital (960.000 A shares quotient value SEK 0.25 and 10.441.988 B shares quotient value SEK 0.25)		2 850	2 850
Total restricted equity		2 850	2 850
Unrestricted equity			
Premium reserve		144 743	122 963
Profit for the year		39 340	33 181
Total unrestricted equity		184 083	156 144
Total equity		186 933	158 994
Untaxed reserves	31	11 303	14 353
Current liabilities			
Interest-bearing liabilities to credit institutions		0	29 653
Account payable		1 773	2 981
Due to Group companies		82 050	51 581
Other non-interest-bearing liabilities		5 272	8 086
Accrued expenses and prepaid income	24	8 748	6 713
Derivatinstrument	22	243	0
Total current liabilities		98 086	99 014
TOTAL EQUITY AND LIABILITIES		296 322	272 361

Changes in parent company equity

Amounts in TSEK	Share Capital	Unrestricted equity	Total equity
EQUITY 2022-12-31	2 850	179 972	182 822
Profit of the year	0	33 181	33 181
Dividend	0	-57 010	-57 010
EQUITY 2023-12-31	2 850	156 143	158 993
Profit of the year	0	39 339	39 339
Dividend	0	-11 401	-11 401
EQUITY 2024-12-31	2 850	184 082	186 932

Profit for the year is equivalent to comprehensive result for the year.



George Lerox
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Cash flow statement for the parent company

Amounts in TSEK	2024	2023
Operating activities		
Operating result	-6 163	-4 488
Adjustment for items not included in cash flow		
Depreciation, amortisation and impairment charges	4 313	3 759
	-1 849	-729
Interest income	13 232	7 957
Interest paid	-7 448	-11 292
Taxes paid	-6 404	-1 352
Cash flow from operating activities before changes in working capital	-2 470	-5 416
Cash flow from changes in working capital		
Trade receivables	-4	0
Other short-term receivables	4 728	-1 705
Trade payables	-1 208	2 181
Other current liabilities	29 933	1 561
Cash flow from operating activities	30 979	-3 345
Investment activities		
Acquisition of intangible non-current assets	-9 517	-11 695
Acquisition of tangible non-current assets	-99	-895
Acquisition of and additions to Group companies	-4 856	-2 548
Lending to subsidiaries	-1 375	23 311
Cash flow from investment activities	-15 847	8 173
Financing activities		
Net changes in short-term interest-bearing loans	-29 653	11 843
Dividend income	42 006	34 238
Group contributions, received	1 100	6 155
Group contributions, rendered	-36	-54
Dividend paid	-11 401	-57 010
Cash flow from financing activities	2 016	-4 828
Cash flow for the year	17 148	0
Cash and cash equivalents at beginning of year	0	0
Cash and cash equivalents at year-end	17 148	0

* Cash means bank balances and short-term investments with a maturity of less than three months.

** For reconciliation of items attributable to financing activities, see note 27

Notes

Note 1. Accounting principles	72	Note 13. Leasing	84	Note 25. Pledged assets	88
Note 2. Financial risks and risk management	75	Note 14. Shares in group companies	84	Note 26. Contingent liabilities	89
Note 3. Reporting for segments	77	Note 15. Shares in associated companies	85	Note 27. Reconciliation of posts attributable to the investment activities	89
Note 4. Purchases and sales within the group	77	Note 16. Long-term receivables	85	Note 28. Result from shares in group companies	89
Note 5. Other operating revenue	78	Note 17. Due from group companies.....	85	Note 29. Interest income and similar items	89
Note 6. Audit fees	78	Note 18. Inventories.....	86	Note 30. Interest expense and similar items	89
Note 7. Other operating expenses	78	Note 19. Trade receivables.....	86	Note 31. Untaxed reserves	90
Note 8. Employees, salaries and other compensation ...	79	Note 20. Prepaid expenses and accrued revenue	86	Note 32. Year-end appropriations	90
Note 9. Taxes	81	Note 21. Financial instruments.....	87	Note 33. Transactions with closely related parties	90
Note 10. Goodwill with indefinite useful life.....	82	Note 22. Derivative instruments	88	Note 34. Appropriation of company profit	90
Note 11. Intangible non-current assets	82	Note 23. Long term provisions.....	88	Note 35. Shares in the parent company	90
Note 12. Tangible non-current assets	83	Note 24. Accrued expenses and prepaid income.....	88	Note 36. Events after the balance sheet date	90

1) Accounting principles

The consolidated financial statements for Nilörn Group AB for the financial year ending December 31, 2024, were approved by the Board of Directors and the CEO for publication on April 23, 2025, and will be presented to the Annual General Meeting on May 14, 2025, for approval. The parent company is a Swedish public limited company, headquartered in Borås, Sweden

Applied regulations:

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as adopted by the EU Commission for application within the EU. Additionally, the Swedish Accounting Standards Board (RFR) has been applied, specifically RFR 1 Supplementary Accounting Rules for Groups, which entails providing certain additional disclosures in the consolidated financial statements. The accounting principles described below have been consistently applied for all periods presented in the consolidated financial statements and have further been consistently applied within the corporate Group. The consolidated financial statements are primarily based on historical costs except for certain financial assets and liabilities that are measured at fair values. The financial reports are prepared in Swedish Krona, which is the functional currency of the parent company, coinciding with the reporting currency for the consolidated financial statements.

Preparation of financial reports in accordance with IFRS requires management to make judgments, estimates, and assumptions. Critical judgments and estimates are usually based on historical experience and expected future events. Disclosures regarding areas where applied judgments and estimates include uncertainty are provided in Note 1.

Non-current assets, long-term liabilities, and provisions mainly consist of amounts expected to be recovered or paid after more than twelve months from the balance sheet date. Current assets, short-term liabilities, and provisions mainly consist of amounts expected to be recovered or paid within twelve months after the balance sheet date.

The Group

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS). As Nilörn Group AB is a company within the EU, only EU-approved IFRS are applied. Additional information in accordance with the Swedish Accounting Standards Board RFR 1 has also been considered.

New accounting principles for 2024

No new accounting principles that significantly impacted Nilörn have been implemented for the year 2024.

New accounting principles for 2025

Management assesses that new or amended standards and interpretations, not yet effective, are not expected to have a significant impact on the Group's financial statements when applied for the first time.

The parent company

The parent company's annual report is prepared in accordance with the Swedish Annual Accounts Act and with the application of RFR 2. According to this recommendation, the parent company shall prepare its reports in accordance with IFRS issued by the IASB and interpretations (IFRIC) adopted by the EU to the extent that they do not conflict with the Annual Accounts Act. The accounting principles have been consistently applied to all periods unless otherwise stated.

Contributions from shareholders are directly reported against equity in the recipient and are recognised as shares and holdings in the giver, to the extent that impairment is not required.

In the parent company's financial statements, due to the relationship between accounting and taxation, the deferred tax liability on untaxed reserves is included as part of the untaxed reserves.

The parent company has chosen to apply the exceptions in RFR 2 for IFRS 16, meaning that all lease agreements are recognised as operating leases.

The parent company has chosen, in accordance with RFR 2, not to apply IFRS 9 to legal entities.

Critical judgments and estimates:

Management considers the following areas to include the most critical judgments and estimates made in connection with the preparation of the financial reports, where a different judgment could result in significant changes in the financial reports in the coming year:

- Assessment of the probability of deferred tax assets being realised
- Assessment of impairment risk in inventories and accounts receivable

In the preparation of financial statements in accordance with IFRS, estimates and assumptions have been made in the financial statements. These assessments are based on historical experiences and various assumptions that management and the Board consider reasonable under current circumstances. In cases where it is not possible to determine the reported value of assets and liabilities through information from other sources, such estimates and assumptions form the basis for valuation. If different assumptions are made or other conditions exist, actual outcomes may differ from these assessments.

Valuation of tax losses:

As of December 31, 2024, the Group has tax loss carryforwards totaling 16 993 TSEK. These tax loss carryforwards have been assessed at the balance sheet date, and it has been deemed likely that the tax loss can be offset against surpluses in future taxation. Deferred tax assets related to these tax loss carryforwards amount to 4 248 TSEK and concern loss deductions in Belgium, which can be utilised indefinitely. The business in Belgium is expected to generate future surpluses. Therefore, Nilörn Group AB believes that there are convincing factors indicating that these tax loss carryforwards to which the tax receivables are related will be able to be utilised against future taxable surpluses.

Accounts receivable and inventories

Impairment of accounts receivable and inventories is carried out continuously using an impairment ladder based on an age breakdown of the goods presented in the balance sheet as inventories and the receivables presented as accounts receivable. See further Note 18 and 19 for the size of the impairment reserves. The majority of Nilörn Group's inventories are customer-specific and are therefore guaranteed by contract. These are not covered by the impairment ladder but are assessed individually.

Litigation

Nilörn is not involved in any disputes.

IntraGroup receivables and investments in subsidiaries (Parent Company)

If the financial performance of any subsidiary deteriorates compared to the company's assessments, an impairment on shares and increased provisioning on receivables, with a negative impact on results, may be necessary.

Note 1 continued

Consolidation principles

The consolidated financial statements include Nilörn Group AB and its subsidiaries. The financial statements of the parent company and subsidiaries included in the consolidated financial statements cover the same period and are prepared in accordance with the accounting principles applicable to the Group. All intra-Group transactions, revenues, expenses, gains, or losses arising from transactions between entities within the scope of consolidation are eliminated in full.

A subsidiary is included in the consolidated financial statements from the date of acquisition, which is the date when the parent company obtains control, and is included in the consolidated financial statements until the date when control ceases. Subsidiaries are included in the consolidated financial statements using the acquisition method. This method involves allocating the acquisition cost to the acquired assets, assumed liabilities, and equity at the acquisition date based on their fair values. The Group's equity includes the parent company's equity and the portion of the subsidiary's equity that has accrued after the acquisition date. Foreign subsidiaries report their financial position and results to the parent company in their functional currency. Conversion is then made to SEK using the spot rate method, meaning that the balance sheet is translated at the exchange rate on the balance sheet date and the income statement at the average rate for the financial year.

Transactions in foreign currencies are translated into the functional currency at the transaction date's exchange rate. Exchange gains and losses arising from foreign currency transactions and from translating monetary assets and liabilities denominated in foreign currencies at the balance sheet date are recognised in the income statement.

Results and balance sheets for all Group companies that have a functional currency different from the reporting currency are translated into the Group's currency by translating all balance sheet items except net income at the balance sheet date's exchange rate and net income at the average rate. All exchange differences are recognised in other comprehensive income.

The consolidated financial statements do not include year-end adjustments in the income statement or untaxed reserves in the balance sheet. In the Group, the tax part of year-end adjustments is treated as tax on the year's profit, while the remaining part is included in the year's profit. Similarly, the tax part of untaxed reserves in the balance sheet is treated as deferred tax liability, while the remaining part is included in the Group's equity. Deferred tax liability has been calculated based on current income tax rates in each country.

The Group's accounting principles have been consistently applied to reporting and consolidating subsidiaries.

Fixed assets**Intangible and tangible fixed assets**

Intangible and tangible fixed assets are reported as assets in the balance sheet if it is deemed likely that the company will benefit from future economic benefits from them and if the acquisition cost can be reliably calculated.

These assets are valued at acquisition cost after deduction for scheduled depreciations and any impairments. Scheduled depreciations are calculated individually for each asset based on its acquisition cost and occur over its estimated useful life. Any residual values are considered insignificant and are not taken into account. Depreciation begins from the acquisition date.

The following ranges show the assessments made for each type of asset:

Intangible Assets	10-20%
Buildings	1,25-10%
Machinery and other technical installations	10-20%
Fixtures, tools, and installations	20-33.3%

Profit or loss arising from the disposal or retirement of intangible and tangible fixed assets consists of the difference between the sales price and the carrying amount. This item is reported as other operating income/cost.

Impairment of intangible and tangible fixed assets

The company continuously evaluates the impairment of intangible and tangible fixed assets. If there are indications that the value of an asset may have decreased, its recoverable amount is determined. The recoverable amount is the higher of the asset's net sales value and its utility value. The asset is written down by the amount by which its carrying amount exceeds its recoverable amount, and the cost is charged to the income statement. The utility value of an asset is determined by discounting its future cash flows. To determine the utility value, the assets are Grouped into cash-generating units, which are the smallest Group of assets that generate cash inflows independently of other assets or Groups of assets. The basis for Grouping into cash-generating units is the geographical segments.

Impairment testing and assessment were performed as of December 31, 2023, based on an internal assessment of cash flows for the next five years, with an assumed growth rate of 2 percent. The discount rate before tax was set at 5-31 percent depending on the market.

Financial instruments

The Group classifies its financial instruments and financial liabilities into the following categories:

- Financial assets valued at fair value either through profit or loss or through other comprehensive income
- Financial assets valued at accrued acquisition cost
- Financial liabilities valued at accrued acquisition cost
- Derivative instruments.

See note 21 for the classification of the Company's financial instruments.

Financial assets

Assets held with the purpose of collecting contractual cash flows, where these cash flows consist solely of principal amounts and interest, are valued at accrued acquisition cost. They are included in current assets, except for items with a maturity date of more than 12 months after the balance sheet date, which are classified as non-current assets. Interest income from these financial assets is recognised using the effective interest method and is included in financial income.

Purchases and sales of financial assets are recognised on the trade date, which is the date when the Group commits to buy or sell the asset. Financial assets are removed from the balance sheet when the right to receive cash flows from the instrument has expired or has been transferred, and the Group has transferred substantially all risks and rewards associated with ownership.

Note 1 continued

Financial assets

Financial assets are initially valued at fair value plus, in cases where the asset is not valued at fair value through profit or loss, transaction costs directly attributable to the purchase. After the acquisition date, they are recognised at accrued acquisition cost using the effective interest method.

The Group assesses the future expected credit losses associated with assets recognised at accrued acquisition cost. The Group records a credit reserve for such expected credit losses at each reporting date. The loss reserve regarding financial assets is based on assumptions about the risk of default and expected loss levels. The Group makes its own assessments for assumptions and selection of data for the calculation of impairment. These are based on historical data, known market conditions, and forward-looking calculations at the end of each reporting period. For the assessment of credit provisioning for trade receivables, see note 19.

Financial liabilities

Liabilities are classified as other financial liabilities, meaning that they are initially recognised at the amount received after deduction of transaction costs. After the acquisition date, loans are valued at accrued acquisition cost using the effective interest method. Long-term liabilities have an expected term longer than one year, while short-term liabilities have a term shorter than one year. Financial liabilities are recognised when the counterparty has performed, and a contractual obligation to pay exists, even if an invoice has not yet been received.

Trade payables represent obligations to pay for goods or services acquired in the ordinary course of business from suppliers. Trade payables are classified as short-term liabilities if due within a year or earlier. Otherwise, they are recognised as long-term liabilities.

Derivative instruments

The Group's derivative instruments are valued at fair value through profit or loss. Outstanding forward contracts are valued at market value on the balance sheet date in accordance with IFRS 9. Level 2 accounting and valuation have been applied in accordance with IFRS 13, p.81-85 when the assessment is that there is significant observable data that can be used for fair value valuation. Valuation is done at fair value based on the balance sheet date and the forward rate for each contract.

Associate companies

Investments in associate companies where the parent company, at year-end, directly or indirectly owns between 20 and 50 percent of the voting rights or otherwise has significant influence. Associate companies are accounted for using the equity method. In the consolidated balance sheet, shares in associate companies are included in a separate line item among financial non-current assets.

Revenue recognition

The majority of Nilörn's revenues come from sales of goods. A sale is recognised when substantial risks and rewards have been transferred to the buyer, control over the goods sold is no longer retained, the transaction's value can be reliably measured, and it is probable that the economic benefits associated with the sale will accrue to the company. Nilörn negotiates with clients (brand owners primarily in Europe) for the delivery of customer-specific products, where delivery and invoicing occur to the clients' subcontractors (customers) of the garments (mainly in Asia). This means that all products and inventory are customer-specific, and the customers Nilörn invoices are determined by the client. As Nilörn's revenues are attributable to customer-specific items, there is no fixed price list, and all prices are set individually for each customer. Any discounts are also individual and may be influenced

by factors such as volume, age, and whether the customer guarantees inventory and trade receivables.

Revenue from services rendered is recognised when the services are performed. In the consolidated financial statements, intra-Group sales are eliminated.

Leasing

Under IFRS 16, companies are required to recognise (a) assets and liabilities for all leases with a term of more than twelve months, except for low-value assets, and (b) depreciation of leased assets separately from the interest expense on the lease in the income statement.

Nilörn Group has chosen to apply the simplification rule for defining a lease, meaning that all components of a lease have been considered to be a lease component. Exceptions for not recognising short-term leases and low-value assets have also been applied. Management's assessments and assumptions are required to determine extension options for the right of use and the present value of the lease liability. Such assessments and assumptions include identifying a lease, determining the lease term, and identifying the discount rate. The majority of the lease value pertains to lease agreements for office and warehouse properties. Contracts have been handled based on the actual contract period, and there are no significant extension options considered.

Financial income and expenses

Financial income and expenses consist of interest income on cash and receivables, interest-bearing securities, interest expenses on loans, exchange rate differences, and changes in the value of financial investments. Commissions received or paid on issuance/raising of loans are recognised over the term of the loan. Additionally, payments related to

financial lease contracts are allocated between interest expense and amortisation. Interest expense is recognised as financial expense.

Interest income on receivables and interest expenses on liabilities are calculated using the effective interest method. The effective interest rate is the rate that discounts the estimated future cash inflows and outflows over the expected life of the financial asset or liability to the financial asset's or liability's net carrying amount. Transaction costs, including issuance costs, are expensed immediately when receivables or liabilities are valued at fair value through profit or loss and are recognised over the term when valued at accrued acquisition cost.

Segment reporting

According to IFRS 8, operating segments should be reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The CEO of Nilörn Group AB is considered the chief operating decision-maker regarding decision-making, resource allocation, and performance monitoring. The report presented monthly to the chief operating decision-maker contains financial information per geographic market and thus represents the segments identified. The market segmentation made relates to the natural delineation of markets in the Group:

- Sweden,
- Rest of Europe
- Asia

Operating costs not included in the segments are reported under Group common costs and primarily include costs for Group management, central staff, etc. Sales between segments occur at market terms and at market prices. The CEO primarily uses revenue and operating profit in assessing the results of the operating segments. Information on segment revenues is found in note 3.

Note 1 continued

Inventory

Inventory has been valued according to the lower of cost or net realisable value principle, i.e., at the lower of cost and fair value. In determining the cost, the first-in, first-out method has been applied. Fair value consists of estimated selling price less estimated selling costs.

Taxes

The Group uses the balance sheet method to calculate deferred tax assets and liabilities. The balance sheet method involves calculating based on tax rates as of the balance sheet date applied to temporary differences between the book and tax values of an asset and a liability, as well as tax loss carryforwards. Deferred tax assets are recognised in the balance sheet only to the extent that it is probable that they can be utilised in the foreseeable future. An individual assessment is made for each company. The current nominal tax rate in each country has been used in the calculation of deferred tax.

In the Group's balance sheet, the individual companies' untaxed reserves are divided into equity and deferred tax. In the Group's income statement, deferred tax is recognised as the tax attributable to the year's change in untaxed reserves.

The legislation in some countries allows for provisions to special reserves and funds. Through this, companies can, within certain limits, dispose of and retain reported profits in the business without immediate taxation. The untaxed reserves become subject to taxation only when they are dissolved for purposes other than loss coverage.

The Group's total tax in the income statement consists of current tax on taxable income for the period and deferred tax. Current tax for the period is based on the period's income adjusted for tax-de-

ductible expenses and non-taxable income. Current tax is calculated based on tax rates in effect as of the balance sheet date. Deferred tax mainly consists of changes in deferred tax assets related to tax loss carryforwards and other temporary differences, as well as changes in untaxed reserves.

Contingencies/Liabilities

A contingent liability is recognised when there is a possible obligation arising from past events and whose existence is confirmed only by one or more uncertain future events, or when there is an obligation that is not recognised as a liability or provision because it is not probable that an outflow of resources will be required.

Pensions

Within Nilörn, mainly defined contribution pension plans exist. Defined benefit pension plans are found in Turkey. The current year's pension expense and the present value of defined benefit obligations for employees in Turkey have been calculated according to the Projected Unit Credit Method. See note 23 for further details. The Group's payments related to defined contribution plans are recognised as expense during the period when the employees render the services to which the contribution relates.

2) Financial risks and risk management

Through its operations, the Group is exposed to various types of financial risks. Financial risks refer to fluctuations in the company's income and cash flow due to changes in exchange rates, interest rates, refinancing, and credit risks. The management of the Group's financial risks is concentrated in a cen-

tral finance function. This function operates based on the finance policy established by the Board of Directors.

The Group's finance function is responsible for capital procurement, liquidity management, and currency and interest rate risk management for the entire Group. The overall objective of the finance function is to provide cost-effective financing and minimise negative effects on the Group's results from market fluctuations..

Currency risk**Transaction Exposure**

Commercial flows with inflows and outflows in different currencies give rise to transaction risk.

Commercial flows mainly occur in the respective subsidiary's own currency, and thus the transaction risk is assessed as low and is not hedged against currency movements. However, in companies where purchases and/or sales are made in another currency, there is an opportunity for currency hedging through forward contracts. The majority, about 90 percent, of Nilörn Group's revenue is generated in a currency other than the Group's reporting currency. However, revenue and expenses are matched through local purchases and sales by the subsidiaries in their respective currency areas. This means that the impact of currency on the Group's net result is limited but has a significant effect on individual items in the consolidated income statement such as Net revenue, raw materials, supplies, and merchandise, etc. This means that a 10 percent strengthening of SEK negatively affects the Group's revenue by approximately SEK 85 million and net profit by approximately SEK 7 million. Counterparties in derivative transactions consist solely of creditworthy banks, with a minimum long-term rating of AA- according to S&P. Market valuation according

to IFRS 9 Financial Instruments: Accounting and valuation are performed continuously, meaning that unrealised gains and losses are recognised in the income statement.

In addition to the transaction exposure described above, the Group is affected by currency movements through the receivables and liabilities incurred in foreign currencies. The majority of the risks that arise should be covered either through financing in the respective company's local currency or through forward hedging.

Sensitivity analysis as of the balance sheet date

Nilörn Group's receivables and liabilities are hedged against currency fluctuations, which means that there is no significant risk of currency movements affecting the results.

The currency that is not hedged and could have a significant impact is TRY. With an increase/decrease of 10 percentage points as of the balance sheet date, this has a positive/negative net impact on profit before tax totaling SEK 1.1 million.

Translation exposure

Nilörn reports its income statement and balance sheet in SEK. The majority of the Group's subsidiary companies report in a currency other than SEK, which means that Nilörn's consolidated income statement and equity are exposed to exchange rate movements. This currency risk is referred to as translation exposure.

Expected future results and equity in foreign subsidiary companies are not hedged. Upon the sale of a foreign subsidiary company, the translation difference is transferred to the income statement and thus affects the result.

Not 2 continued

Interest rate risk

Interest rate risk refers to the risk that the Group's exposure to changes in market interest rates may negatively affect net income. Management of the Group's interest rate exposure is centralised, meaning that the central finance function is responsible for identifying and managing this exposure. The maturity and terms of loans taken are determined based on Nilörn's future liquidity needs, prevailing interest rates, and other factors in the loan market, which may be relevant at the time of borrowing. Nilörn has good solvency, and the need for loans primarily relates to working capital financing in countries without overdraft facilities. The interest expense is estimated to increase by approximately 0.1 million SEK with a 1 percentage point increase in the loan interest rate.

Surplus liquidity is primarily used to reduce external debt.

Funding risk

Nilörn has an overdraft facility totaling 76 million SEK, of which 8 million SEK was utilised as of December 31, 2024. The company's need for external financing may increase over time. The company's ability to pay its debts, otherwise meet its obligations, and comply with the terms and conditions regarding the overdraft facility as well as the company's general ability to obtain loans on favorable terms or at all and make payments in accordance with its commitments depend, among other things, on the company's future results. Some aspects of the company's future results depend on economic, financial, competitive, and other factors beyond Nilörn's control. If the company fails to meet its obligations under the overdraft agreement or breaches any of the loan terms in the future, this could have a materially adverse impact on the company's ope-

rations, results, and financial position. Continuous dialogue is maintained with the Group's main bank regarding financing the Group. Covenants exist with the company's lenders.

Credit risk

The risk that the Group's customers do not fulfill their obligations, i.e., that Nilörn does not receive payment for its accounts receivable, constitutes a customer credit risk. Nilörn applies credit checks to its customers, where information on customers' financial positions is obtained from various credit reporting agencies. Monitoring of outstanding receivables is ongoing, and reminders and interest invoices are sent out when necessary. The Group's outstanding accounts receivable are reviewed, and individual risk assessments are made based on client guarantees, maturity, expected credit losses, and history.

Repayment periods for interest-bearing debts

Long-term liabilities to credit institutions as of 2024-12-31

	Reported value	Currency	Maturity	Interest
Lease liabilities	22 786			
Liabilities to credit institutions	370	EUR	30/06/2029	4,5%
Closing balance	23 156			

Long-term liabilities to credit institutions as of 2023-12-31

	Reported value	Currency	Maturity	Interest
Lease liabilities	8 706			
Closing balance	8 706			

Maturity analysis regarding undiscounted liabilities

	Per 31 December 2024		
	0-3 months	4-12 months	1-5 Years
Debts to credit institutions	12 809	27 618	370
Lease liabilities	3 891	14 090	22 786
Accounts payable	81 928	0	0
Other current liabilities	8 339	0	4 077
Closing balance	106 967	41 708	27 233

	Per 31 December 2023		
	0-3 months	4-12 months	1-5 Years
Debts to credit institution	13 309	74 548	0
Lease liabilities	3 732	11 197	8 706
Accounts payable	69 482	0	0
Other current liabilities	28 257	4 848	0
Closing balance	114 780	90 593	8 706

Credit agreements/loans entered into by the Group

	Amount utilised per	Amount utilised per	Amount utilised per	Amount utilised per
	31 December 2024	31 December 2024	31 December 2023	31 December 2023
	(TSEK)	(TSEK)	(TSEK)	(TSEK)
Overdraft facilities	76 312	7 835	125 733	51 891
Loan	34 629	34 629	35 617	35 617
Closing balance	110 941	42 464	161 350	87 508

3) Reporting for segments

Primary segments - geographic areas

	Sweden	Other Europa	Asia	Group activities	Total
2024 Financial Year					
<i>Revenue</i>					
External revenue	38 107	348 857	557 706	0	944 670
Total revenue	38 107	348 857	557 706	0	944 670
<i>Profit</i>					
Depreciation	-4 377	-10 127	-20 062	0	-34 566
Operating profit	4 932	27 055	55 179	-4 314	82 852
Interest income	0	0	0	3 834	3 834
Interest expense	0	0	0	-8 652	-8 652
Taxes on the year's profit	0	0	0	-19 106	-19 106
Profit of the year	4 932	27 055	55 179	-28 238	58 928
Intangible and Tangible fixed assets					
	56 618	73 228	47 139	11 743	188 729
2023 Financial Year					
<i>Revenue</i>					
External revenue	42 534	356 764	470 471	0	869 769
Total revenue	42 534	356 764	470 471	0	869 769
<i>Profit</i>					
Depreciation	-4 441	-8 360	-18 394	0	-31 195
Operating profit	6 086	23 824	35 249	-2 162	62 997
Interest income	0	0	0	2 325	2 325
Interest expense	0	0	0	-12 758	-12 758
Taxes on the year's profit	0	0	0	-13 176	-13 176
Profit of the year	6 086	23 824	35 249	-25 771	39 388
Intangible and Tangible fixed assets					
	51 945	61 028	32 719	11 743	157 435

All turnover refers to the sale of goods and none of the Group's customers account for 10 percent or more of the external turnover.

Information about individually material countries

Revenue by Geographical Region

	2024	2023
Hong Kong	270 308	229 814
Portugal	140 924	128 922
China	149 086	126 265
Germany	159 379	125 488
Other countries	224 973	259 280
	944 670	869 769

Fixed Assets per Geographical Region

	2024	2023
Sweden	56 618	51 945
United Kingdom	31 177	29 600
Portugal	26 199	20 304
Hong Kong	36 560	14 028
Other countries	38 175	41 558
	188 729	157 435

4) Purchases and sales within the group

Apart from dividends to the shareholders, no transactions between Nilörn and related parties that significantly affected the Group's results and financial position took place during the period.

The parent company Nilörngruppen AB does not sell goods, nor does it purchase any goods from subsidiaries.

The parent company's Net revenue refers exclusively to remuneration from subsidiaries in the form of design and IT services and other administrative remuneration. Sales and purchases between Group companies take place at market price.

Regarding salaries and fees for management and the Board, see note 8.

5) Other operating revenue

	Group		Parent Company	
	2024	2023	2024	2023
Gain on sale of non-current assets	509	37	0	0
Exchange rate gains on receivables/liabilities of an operating nature	15 872	17 241	0	0
Re-invoiced costs	0	0	3 455	0
Other	1 813	8 114	0	0
Total other operating income	18 194	25 392	3 455	0

6) Audit fees

	Group		Parent Company	
	2024	2023	2024	2023
Arvode och kostnadsersättning				
PWC				
Audit assignments	1 215	1 315	675	687
Other Statutory Assignments	85	0	85	0
Tax advice	0	0	0	0
Other assignments	0	0	0	0
Other auditors				
Audit assignments	987	845	0	0
Other auditrelated assignments	0	0	0	0
Tax advice	219	143	0	0
Other assignments	157	91	0	0
Total audit fees and cost reimbursement	2 663	2 394	760	687

7) Other operating expenses

	Group		Parent Company	
	2024	2023	2024	2023
Capital losses	0	19	0	0
Exchange rate losses on receivables/liabilities of an operating nature	14 816	15 551	0	0
Summary other operating expenses	14 816	15 570	0	0





Linn Kirkjell
Account Manager, Nilörn AB

8) Employees, salaries and other compensation

Average number of employees (of which women)

	Group		Parent Company	
	2024	2023	2024	2023
Sweden	47 (24)	45 (21)	29 (11)	28 (10)
Denmark	4 (1)	6 (3)		
Switzerland	5 (4)	7 (6)		
Germany	37 (23)	37 (23)		
Belgium	11 (9)	9 (7)		
Turkey	38 (20)	39 (20)		
United Kingdom	27 (16)	28 (16)		
Portugal	94 (62)	86 (55)		
USA	1 (0)	1 (0)		
India	24 (8)	18 (5)		
Bangladesh	202 (5)	162 (5)		
China	33 (18)	30 (19)		
Pakistan	25 (1)	20 (1)		
Hongkong	106 (69)	105 (69)		
Vietnam	7 (3)	0 (0)		
Total average number of employees	661 (265)	593 (250)	29 (11)	28 (10)

Number of directors and senior executives on the balance sheet day
(of which women)

	Group		Parent Company	
	2024	2023	2024	2023
Directors	6 (2)	4 (1)	6 (2)	4 (1)
CEOs and others senior executives	17 (5)	17 (5)	2 (1)	2 (1)
Total number of directors and senior executives	23 (7)	21 (6)	8 (3)	6 (2)

Salaries, other compensation and social benefits

	Group		Parent Company	
	2024	2023	2024	2023
Salaries and other compensation	180 401	170 557	15 359	14 123
Social benefits	24 700	21 977	6 265	5 420
Pension costs	10 132	10 869	2 545	2 826
Totala compensation	215 233	203 403	24 169	22 369

Note 8 continued

Compensation to directors

Directors' fees are paid to the Chairman of the Board of Directors and Directors in accordance with the decision of the Annual General Meeting. Total compensation to the Board of Directors was as follows:

Parent Company

	2024	2023
Chairman of the Board of Directors, Petter Stillström	280	240
Ann-Christine Hvittfeldt	140	120
Magnus Johansson	140	120
Johan Larsson	140	120
Annika Elfström	140	0
Per Wagnås	140	0
Total compensation the Board of Directors	980	600

CEO

Compensation to Nilörngruppen AB's Chief Executive Officer for 2024 has been decided by the Board of Directors and amounted during the financial year to 2 442 TSEK (2 007), of which 306 TSEK (0) was a bonus. The notice period for the CEO is mutual nine months.

Other senior executives

Compensation for other senior executives in the group has been decided by the CEO after discussion in the compensation committee. Salaries and other compensation for other senior executives in the group amounted to 2 197 TSEK (1 913) during the fiscal year 2024. Other senior executives in the group refer to those individuals who, together with the CEO, constitute the Nilörn Group Management. The Group Management during 2024 consisted of four individuals, including the CEO: Krister Magnusson, Anna-Karin Wårfors, Fredrik Clason, and Andrew Hoppe. Anna-Karin Wårfors is employed by Nilörngruppen AB, Fredrik Clason is employed by Nilörn AB, and Andrew Hoppe is employed by Nilörn East Asia Ltd. The variable component for other senior executives in the parent company and for CEOs in subsidiary companies is based on the respective subsidiary companies' performance and is capped at between 0 and 6 monthly salaries, depending on the country and position. There are no agreements regarding severance pay.

Pension commitments

Within the group, there are defined benefit pension obligations in Turkey, which have been calculated according to the Projected Unit Credit Method. See also note 19.

Pension cost

The group's total cost for defined contribution pension plans is 10 132 TSEK (10 869), of which paid premiums in Sweden amount to 3 846 TSEK (4 197).

Compensation and other benefits to other members of senior management

	Basic salary compensation	Variable	Other benefits	Pension cost	Total	Social Benefits Parent Company
2024						
President	2 062	306	74	477	2 919	883
Other members of senior management, Parent Company	1 859	211	127	383	2 580	783
Total	3 921	517	201	860	5 499	1 666
Presidents of subsidiaries in Group management	3 439	0	0	120	3 559	
Presidents, subsidiaries	13 025	1 704	611	890	16 230	
Group total	20 385	2 221	812	1 870	25 288	
2023						
President	1 944	0	63	487	2 494	749
Other members of senior management, Parent Company	1 791	0	122	390	2 303	696
Total	3 735	0	185	877	4 797	1 444
Presidents of subsidiaries in Group management	3 337	0	0	116	3 453	
Presidents, subsidiaries	12 077	762	1 079	1 054	14 972	
Group total	19 149	762	1 264	2 047	23 222	

9) Taxes

Taxes on the year's profit

	Group		Parent Company	
	2024	2023	2024	2023
Current taxes	19 007	12 314	6 404	1 352
Deferred taxes	99	862	0	0
Total taxes on the year's profit	19 106	13 176	6 404	1 352

Reconciliation of reported taxes

	Group		Parent Company	
	2024	2023	2024	2023
Profit before taxes	78 034	52 564	45 745	34 533
Taxes according to current tax rate 20.6%	16 075	10 828	9 423	7 114
Non-deductible expenses	963	2 878	69	4 802
Non-taxable income	-2 402	-3 490	-8 885	-11 916
Gains in Group companies for which tax expenses are not recognised	-1 390	-1 376	0	0
Losses in Group companies for which deferred tax assets are not recognised	3 925	2 362	0	0
Adjustment in previous year's tax assessment	-270	-23	-222	2
Revaluation of deferred tax assets	732	1 204	0	0
Received tax credits	-3 026	-1 244	0	0
Other taxes	4 499	2 037	6 019	1 350
Reported effective taxes	19 106	13 176	6 404	1 352

As of December 31, 2024, the group has tax loss carryforwards amounting to 16 993 TSEK. These tax loss carryforwards have been assessed as likely to be utilised against future taxable surpluses. Deferred tax assets attributable to these tax loss carryforwards amount to 4 248 TSEK and relate to loss carryforwards in Belgium, which can be utilised indefinitely. The operations in Belgium are expected to generate future surpluses. Therefore, Nilörn believes that there are compelling factors indicating that these tax loss carryforwards, to which the deferred tax assets are attributable, will be able to be utilised against future taxable surpluses.

Deferred tax asset

Change	Group	
	2024	2023
Opening balance	7 135	8 439
Revaluation of deferred tax assets	49	-49
Leasing	8 626	5 165
Netting of leasing	-8 398	-4 869
Other temporary differences	-650	-1 380
Effect of exchange rate fluctuations	13	-171
Closing balance	6 538	7 135

Specification

Internal profit	117	117
Tax losses	4 248	5 008
Leasing	277	296
Other temporary differences	1 896	1 714
Closing balance	6 538	7 135

Deferred tax liability

Change	Group	
	2024	2023
Opening balance	5 541	5 922
Other temporary differences	77	15
Leasing	8 398	4 869
Netting of leasing	-8 398	-4 869
Untaxed reserves	-628	-415
Effect of exchange rate fluctuations	84	19
Closing balance	5 074	5 541

Specification

Other temporary differences	2 746	2 584
Untaxed reserves	2 328	2 957
Total deferred tax liability	5 074	5 541

Net change deferred tax

Change	Group	
	2024	2023
Opening balance	1 593	2 517
Tax reported in the profit	-99	-862
Effect of exchange rate fluctuations	-70	-62
Closing balance	1 424	1 593

10) Goodwill with indefinite useful life

	Group	
	2024	2023
Opening cost	11 743	10 485
Acquisitions	0	1 258
Closing cost	11 743	11 743
Carrying value at year-end	11 743	11 743

The recognised goodwill in the Group relates to the acquisition of subsidiary companies in Switzerland and is thus included in the segment of Other Europe.

The Group conducted its annual impairment test as of December 31, 2024, on a cash-generating unit consisting of the acquired company.

The recoverable amount of goodwill as of December 31, 2024, amounted to 29 864 KSEK and is comprised of the present value calculated using cash flow projections from the budget over a 5-year period, where the Group management prepares the budgets. The pre-tax discount rate used to discount the cash flows is 5,2 percent, and cash flows beyond the 5-year period are extrapolated with a 2.0 percent growth rate. Thus, no impairment has been recognised.

Key assumptions used in calculating the recoverable amount and sensitivity analysis:

Discount rate

The discount rate has been determined using the weighted average cost of capital (WACC). Consideration has been given to the company's asset beta, tax rate, and estimated gearing ratio. The company has also assessed its specific risk premium and the long-term borrowing rate for the company (before and after tax). An increase in the discount rate by 1.0 percentage point would result in a decreased recoverable amount of 1 117 kSEK. A decrease in the discount rate by 1.0 percentage point would result in an increased recoverable amount of 1 183 kSEK.

11) Intangible non-current assets

Intangible non-current assets, externally acquired

	Group		Parent Company	
	2024	2023	2024	2023
Opening cost	51 191	47 077	43 108	38 855
Capital expenditures during the year	9 626	12 092	9 517	11 695
Sales and disposals during the year	-103	-7 442	0	-7 442
Effect of exchange rate fluctuations	516	-536	0	0
Closing cost	61 231	51 191	52 625	43 108
Opening accumulated depreciation and amortisation according to plan	14 945	18 943	8 626	12 568
Depreciation and amortisation according to plan during the year	4 494	3 948	4 030	3 500
Depreciation and amortisation according to plan on assets sold and disposed of during the year	-103	-7 442	0	-7 442
Effect of exchange rate changes	431	-504	0	0
Closing accumulated depreciation and amortisation according to plan	19 767	14 945	12 565	8 626
Carrying value at year-end	41 464	36 246	39 969	34 482

Other intangible non-current assets, internally generated

	Group		Parent Company	
	2024	2023	2024	2023
Opening cost	9 064	9 064	9 064	9 064
Closing cost	9 064	9 064	9 064	9 064
Opening accumulated depreciation and amortisation according to plan	9 064	9 064	9 064	9 064
Closing accumulated depreciation and amortisation according to plan	9 064	9 064	9 064	9 064
Carrying value at year-end	0	0	0	0

Reported values of intangible non-current assets

	Group		Parent Company	
	2024	2023	2024	2023
Goodwill	11 743	11 743	0	0
Other intangible non-current assets, externally generated	41 464	36 246	39 969	34 482
Total	53 207	47 989	39 969	34 482

Intangible assets, externally generated, consist of customer relationships, pattern programs and other acquired software. Costs for in-house development of an enterprise system adapted to operations are carried as an internally generated intangible asset.

12) Tangible non-current assets

Buildings and land

	Group	
	2024	2023
Opening cost	57 768	57 094
Investments during the year	1 103	296
Effect of exchange rate fluctuations	2 752	378
Closing cost	61 623	57 768
Opening accumulated depreciation according to plan	9 532	8 448
Depreciation according to plan during the year	1 557	1 423
Depreciation according to plan on sold and discarded assets	0	-388
Effect of exchange rate fluctuations	141	49
Closing accumulated depreciation according to plan	11 230	9 532
Carrying value at year-end	50 393	48 236

Plant and machinery

	Group	
	2024	2023
Opening cost	70 920	71 701
Investments during the year	10 719	3 168
Sales and disposals during the year	-3 195	-1 880
Effect of exchange rate fluctuations	2 145	-2 069
Closing cost	80 589	70 920
Opening accumulated depreciation according to plan	48 670	46 717
Depreciation according to plan during the year	4 955	4 800
Depreciation according to plan on assets sold and disposed of	-3 195	-1 851
Effekt av valutakursförändringar	1 302	-996
Closing accumulated depreciation according to plan	51 732	48 670
Carrying value at year-end	28 857	22 250

Equipment, tools, fixtures and fittings

	Group		Parent Company	
	2024	2023	2024	2023
Opening cost	53 755	52 623	4 368	4 209
Investments during the year	2 592	3 429	99	895
Sales and disposals during the year	-1 101	-522	0	-466
Effect of exchange rate fluctuations	1 959	-1 775	0	0
Closing cost	57 205	53 755	4 737	4 638
Opening accumulated depreciation according to plan	39 245	38 379	3 385	3 592
Depreciation according to plan during the year	2 506	2 743	283	259
Depreciation according to plan on assets sold and disposed of	-672	-522	0	-466
Effect of exchange rate fluctuations	1 727	-1 355	0	0
Closing accumulated depreciation according to plan	42 806	39 245	3 668	3 385
Redovisat värde vid årets slut	14 399	14 510	1 069	1 253

Carrying values of tangible non-current assets

	Group		Parent Company	
	2024	2023	2024	2023
Buildings and land	50 393	48 236	0	0
Plant and machinery	28 857	22 250	0	0
Equipment, tools, fixtures and fittings	14 399	14 510	1 069	1 253
Leasing according to IFRS 16	41 873	24 451	0	0
Total	135 522	109 447	1 069	1 253

13) Leasing

The majority of Nilörn Group's leasing agreements pertain to lease contracts for office and warehouse properties. The table below presents the Group's closing balances concerning right-of-use assets as well as movements during the years.

Rental agreements

	2024	2023
Opening cost	110 831	90 911
Investments during the year	25 649	21 108
Effect of changed conditions	10 784	15 107
Effect of exchange rate changes	2 043	-1 188
Closing cost	149 307	110 831
Opening accumulated depreciation according to plan	86 380	68 342
Depreciation according to plan during the year	21 054	18 233
Effect of exchange rate changes	0	-195
Closing accumulated depreciation and impairment charges	107 434	86 380
Carrying value at year-end	41 873	24 451

Amounts reported in the group's income statement for the financial year attributable to leasing activities.

	2024	2023
Depreciation on right-to-use assets	21 054	18 233
Interest expenses on loan liabilities	863	794
Cost for short-term leasing/assets with low value amounts	6 456	5 630

The group's total cash flow for lease payments amounted to 22 401 (19 557)

14) Shares in group companies

Group companies - Scope of holding

Company	Currency	Nominal value	Number	Capital-share	Carrying value	
					2024	2023
Nilörn AB	TSEK	100	1 000	100	6 400	6 400
Nilörn Denmark A/S	TDKK	1 800	3 600	100	6 119	6 119
Nilörn Belgium N.V.	TEUR	1 583	17 403	100	6 975	6 975
Nilörn Germany GmbH	TEUR	140	140 000	100	20 155	20 155
Nilörn UK Ltd	TGBP	2 176	2 176 000	100	30 200	30 200
Nilörn East Asia Ltd	THKD	0	2	100	0	0
Nilörn Etiket Sa. Ve Tic. Ltd Sti.	TTRY	10	0	100	20 943	16 088
Nilörn India Pvt Ltd	TINR	8 000	10 000	100	1 156	1 156
Nilörn Pakistan Ltd	TPKR	12 761	12 761	100	0	0
Nilörn Bangladesh	BDT	3 400	3 400 000	100	4 904	4 904
Nilörn Distribution Center GmbH	TEUR	25	25 000	100	21 144	21 144
Nilörn Property Development AB	TSEK	100	100 000	100	1 989	1 989
Nilörn Property Development UK	TGBP	0	100	100	0	0
Bally Labels AG	TCHF	100	1 000	90	15 797	15 797
					135 782	130 927

	Parent Company	
	2024	2023
Carrying value at the beginning of the year	130 927	128 378
Acquisition	0	1 977
Regulation purchase price	0	-2 955
Shareholder contribution	28 655	25 742
Write-downs	-23 800	-22 215
Carrying value at year-end	135 782	130 927

Subsidiary information

The following subsidiary company is exempt from the obligation to prepare notes and, if applicable, a management report in accordance with the provisions for companies and to apply the provisions on publication according to § 264 (3) of the German Commercial Code (HGB): Nilörn Distribution Center GmbH

Note 14 continued

Subsidiaries shares in subsidiaries

Company	Currency	Nominal value	Share	Capital-stake	Carrying value	
					2024	2023
Nilörn AB						
Nilorn USA East	TSEK	964	0	100	964	964
					964	964
Nilorn UK Ltd						
Nilorn Portugal Indústria de						
Etiquetas Lda, Portugal	TEUR	50	0	100	400	400
Lee & Ferreira Lda, Portugal	TEUR	2	0	100	24	24
					424	424
Nilorn East Asia Ltd						
Borås Trading	THKD	0	0	0	0	0
Nilorn Shanghai	TCNY	1 336	0	100	1 749	1 749
Nilorn Vietnam	TUSD	280	0	100	3 079	546
					4 828	2 295

15) Shares in associated companies

	Group	
	2024	2023
Opening value	0	0
Carrying value at year-end	0	0

Company	Domicile	Share	Carrying value	Proportion of equity
Calmon Abacus Textiles Private Ltd	India	49	0	1 006
		49	0	1 006

16) Long-term receivables

	Group	
	2024	2023
Opening balance	3 915	4 032
New lending	31	31
Financial leases	6	-5
Repayments	-228	0
Effect of exchange rate changes	349	-143
Closing balance	4 042	3 915

17) Due from group companies

Long-term receivables

	Parent Company	
	2024	2023
Opening balance	0	23 311
New lending	1 375	19 394
Repayments	0	-3 365
Closing balance	1 375	0



Nuchoni
part of the Nilörn design collection

18) Inventories

	Group	
	2024	2023
Raw materials and supplies	19 458	19 266
Work in progress	972	645
Finished products and goods for resale	150 122	145 902
Total Inventories	170 552	165 813

Change in obsolescence reserve

	Group	
	2024	2023
At beginning of year	13 738	14 986
Reserves added during the year	111	1 961
Utilised reserves	-2 495	-3 209
Carrying value at year-end	11 354	13 738



Gustav Karlsson
Account Manager, Nilörn AB

19) Trade receivables

The provision of trade receivables is made after individual assessment. In accordance with IFRS 9. As of 31 December 2024 the carrying value of the reserve for doubtful accounts receivable amounted to 5 780 TSEK (6 474). The carrying value of the reserve has evolved as follows:

Reserve for doubtful accounts receivable

	Group	
	2024	2023
Opening balance	6 474	6 109
Reserves added during the year	316	707
Utilised reserves	-1 246	0
Reversed unutilised reserves	-67	-166
Effect of exchange rate fluctuations	303	-176
Carrying value at year-end	5 780	6 474

The age distribution of the net worth of trade receivables is distributed as follows:

	Group		Parent Company	
	2024	2023	2024	2023
Receivables not past due	34 082	54 045	20	16
Receivables past-due <30 days	31 665	27 210	0	0
Receivables past-due 30-60 days	9 251	11 712	0	0
Receivables past-due 60-90 days	5 823	7 670	0	0
Receivables past-due 90-120 days	987	2 461	0	0
Receivables due in >120 days	3 663	3 265	0	0
Net total value of trade receivables	85 471	106 363	20	16

Other short-term receivables. As of 31 December 2024, the booked reserve for doubtful other receivables amounted to 0 TSEK (0).

20) Prepaid expenses and accrued revenue

	Group		Parent Company	
	2024	2023	2024	2023
Prepaid insurance	1 442	1 343	53	194
Prepaid license fees	928	782	881	672
Prepaid advertising and trade show expenses	435	416	0	0
Prepaid cost of goods sold	2 184	2 296	0	0
Prepaid consulting fees	274	142	0	0
Other prepaid expenses	3 674	1 874	438	234
Accrued income	4 222	2 738	467	280
Total prepaid costs and accrued revenue	13 159	9 591	1 839	1 380

21) Financial instruments

Group	2024-12-31		2023-12-31	
	Reported value	Fair value	Reported value	Fair value
<i>Financial assets valued at accrued acquisition cost</i>				
Other non-current assets	4 042	4 042	3 915	3 915
Trade receivables	85 471	85 471	106 363	106 363
Other current receivables	24 737	24 737	11 969	11 969
Cash and cash equivalents	100 814	100 814	104 719	104 719
<i>Financial assets valued at fair value either through profit or loss</i>				
Derivative instruments	0	0	748	748
Closing balance financial assets	215 064	215 064	227 714	227 714
<i>Financial liabilities valued at accrued acquisition cost</i>				
Interest bearing liabilities to credit institutions	40 797	40 797	87 857	87 857
Leasing liabilities	40 767	40 767	23 635	23 635
Trade payables	81 928	81 928	69 482	69 482
Other current liabilities	12 416	12 416	33 105	33 105
<i>Financial assets valued at fair value either through profit or loss</i>				
Derivative instruments	242	242	0	0
Closing balance financial liabilities	175 908	175 908	214 079	214 079

Parent Company	2024-12-31		2023-12-31	
	Reported value	Fair value	Reported value	Fair value
<i>Financial assets valued at accrued acquisition cost</i>				
Trade payables	20	20	16	16
Receivables with group companies	98 025	98 025	102 587	102 587
Other current receivables	1 095	1 095	970	970
Cash and cash equivalents	17 148	17 148		
<i>Financial assets valued at fair value either through profit or loss</i>				
Derivative instruments	0	0	748	748
Closing balance financial assets	99 140	99 140	104 321	104 321
<i>Financial liabilities valued at accrued acquisition cost</i>				
Interest bearing liabilities to credit institutions	0	0	29 653	29 653
Trade payables	1 773	1 773	2 981	2 981
Receivables with group companies	82 050	82 050	51 581	51 581
Other current liabilities	5 272	5 272	8 086	8 086
<i>Financial liabilities valued at accrued acquisition cost</i>				
Derivative instrument	242	242	0	0
Closing balance financial assets	89 095	89 095	92 301	92 301

22) Derivative instruments

The table below shows the Group's outstanding currency forward contracts as of December 31, 2024. All are officially traded currencies, and the contracts are rolled over on average every three months. At year-end, all outstanding contracts mature on March 17, 2025. The Group has no other derivative instruments.

The gain and loss from valuation of the contracts, as of December 31, 2024, amounted to 8 TSEK (1050) and 250 TSEK (302), respectively.

Outstanding forward exchange contracts as of 31 December 2024

Currency	Hedged volume		Countervalue in SEK	Maturity Date
	in KSEK	Rate on blance sheet date		
HKD	-9 450	1.4170	-13 391	17/03/2025
EUR	1 042	11.4865	11 969	17/03/2025
GBP	-151	13.8475	-2 091	17/03/2025
DKK	950	1.5398	1 463	17/03/2025
USD	-46	10.9982	-506	17/03/2025
CHF	635	12.1744	7 731	17/03/2025
Motvärde SEK	-5 417	1.0000	-5 417	
Fair value as of the balance sheet date			-242	

Outstanding forward exchange contracts as of 31 December 2023

Currency	Hedged volume		Countervalue in SEK	Maturity Date
	in KSEK	Rate on blance sheet date		
HKD	-16 073	1.2855	-20 662	17/03/2024
EUR	424	11.0960	-4 705	17/03/2024
GBP	-894	12.7680	-11 415	17/03/2024
DKK	407	1.4888	606	17/03/2024
USD	12	10.0416	120	17/03/2024
CHF	339	11.9827	4 062	17/03/2024
Motvärde SEK	32 741	1.000	32 741	17/03/2024
Fair value as of the balance sheet date			748	

23) Long-term provisions

	Group	
	2024	2023
Defined benefit pension plans	1 547	806
Total provisions	1 547	806

Defined benefit pension plans

	Group	
	2024	2023
At beginning of year	806	1 096
Benefits earned during the year	1 471	1 168
Benefits paid	-638	-982
Effect of exchange rate changes	-92	-476
Carrying value of provision for pensions at year-end	1 547	806

24) Accrued expenses and prepaid income

	Group		Parent Company	
	2024	2023	2024	2023
Accrued salary and holiday pay liabilities	16 019	11 998	4 017	3 250
Accrued social benefits	6 028	4 871	2 963	2 153
Accrued interest	1 176	370	0	0
Accrued audit expenses	1 608	1 592	375	276
Accrued commission expenses	8 489	12 600	0	0
Accrued freight costs	566	632	0	0
Accrued cost of goods	7 524	6 492	0	0
Other	10 362	6 671	1 393	1 034
Total accrued expenses and prepaid income	51 772	45 226	8 748	6 713

25) Pledged assets

	Group		Parent Company	
	2024	2023	2024	2023
<i>For liabilities to credit institutions</i>				
Shares in Group companies	0	0	6 400	6 400
Corporate mortgages and similar	6 000	6 000	0	0
Total pledged assets	6 000	6 000	6 400	6 400

26) Contingent liabilities

	Group		Parent Company	
	2024	2023	2024	2023
Guarantees for subsidiaries	0	0	14 797	13 941
Other contingent liabilities	1 954	1 814	0	0
Total contingent liabilities	1 954	1 814	14 797	13 941

The parent company has additional non-active guarantee commitments for group companies.

27) Reconciliation of posts attributable to the investment activities

Group	2023-12-31	Cashflow	Non-cash flow impacting items Additional lease agreements	2024-12-31
Liabilities to credit institutions	87 856	-46 099		41 757
Interest bearing lease liabilities	23 635	-22 401	38 573	39 807
Other payables	6 379	274		6 653
Total liabilities related to financing activities	117 870	-68 226	38 573	88 217

Group	2022-12-31	Cashflow	Non-cash flow impacting items Additional lease agreements	2023-12-31
Liabilities to credit institutions	73 804	14 052		87 856
Interest bearing lease liabilities	21 816	-18 657	20 476	23 635
Other payables	7 018	-639		6 379
Total liabilities related to financing activities	102 638	-5 244	20 476	117 870

28) Result from shares in group companies

	Parent Company	
	2024	2023
Dividend	65 806	56 453
Impairment of shares and shares	-23 800	-22 215
Total result from shares in Group companies	42 006	34 238

29) Interest income and similar items

	Group		Parent Company	
	2024	2023	2024	2023
Internal interest income	0	0	13 130	7 957
External interest income	3 834	2 325	104	0
Total interest income and similar items	3 834	2 325	13 234	7 957

30) Interest expense and similar items

	Group		Parent Company	
	2024	2023	2024	2023
Internal interest income	0	0	3 247	2 586
External interest expense	6 296	6 288	2 156	2 734
Exchange rate loss on long-term liabilities	2 356	6 470	2 045	5 972
Total interest expense and similar items	8 652	12 758	7 448	11 292

31) Untaxed reserves

	Moderbolaget	
	2024	2023
Supplementary depreciation	11 303	14 353
Total untaxed reserve	11 303	14 353

Deferred tax in untaxed reserves is calculated at 20.6 percent and amounts to 2 328 TSEK (2 957), which is not reported in the balance sheet.

32) Year-end appropriations

	Moderbolaget	
	2024	2023
Supplementary depreciation	3 050	-3 053
Reversal of accrual reserve	0	5 070
Group contributions received	1 100	6 155
Group contributions rendered	-36	-54
Total year-end appropriations	4 114	8 118

33) Transactions with closely related parties

Apart from dividends to the shareholders, there are no transactions between Nilörn and related parties that are material affected the Group's results and financial position took place during the period.

The parent company Nilörngruppen AB does not sell goods, nor does it purchase any goods from subsidiary. The parent company's net sales refer exclusively to compensation from subsidiaries in the form of design and IT services as well as other administrative compensation. Sales and purchases between Group companies take place to market price.

Regarding salaries and fees for management and the Board, see note 8.

34) Appropriation of company profit

The Board of Directors proposes that unrestricted equity, tkr 184 083 be allocated as follows:

Dividend 11 401 988 shares * 1.50 kr per share	17 103
To be carried forward	166 980
Total	184 083

35) Shares in the parent company

There are 960 000 class A shares with a quotient value of SEK 0.25 and 10 441 988 class B shares with a quotient value of SEK 0.25 in Nilörngruppen AB.

The voting value is ten votes per class A share and one vote per class B share.

36) Events after the balance sheet date

Own production in key markets such as Bangladesh and Portugal has been a key factor in Nilörn's success in recent years, and we now have a significant need for additional capacity. Nilörn has therefore decided to invest in a new factory in Bangladesh, while maintaining the existing facility. The factory in Portugal will be upgraded with increased capacity and the implementation of LEAN principles. The total investments are estimated to amount to approximately USD 11 million, spread over two years, and will further strengthen our presence in these important markets. The majority of the investment is related to Bangladesh, with approximately 50 per cent allocated to land and buildings and the other half to production machinery. Investment in machinery will be made gradually as demand increases



Warehouse Staff, Nilörn Distribution Center GmbH

Definition of alternative key financial indicators

Guidelines regarding alternative key figures for companies with securities listed on a regulated market within the EU have been issued by ESMA (The European Securities and Markets Authority). These guidelines must be applied to alternative key figures that are used as of October 3, 2016. The annual report refers to a number of non-IFRS performance measures that are used to help both investors and management analyse the company's operations. Since not all companies calculate financial measures in the same way, these are not always comparable with measures used by other companies. These financial measures should therefore not be seen as a replacement for measures defined according to IFRS. Below we describe the various non-IFRS performance measures used as a supplement to the financial information reported in accordance with IFRS and how these measures are used.

Definitions of key financial indicators – metrics not defined according to IFRS

Non- IFRS measure	Definition	Reason
Average equity	Equity at the beginning of the year, plus equity at year-end, divided two.	This metric is the difference between the Group's assets and liabilities, which is equivalent to consolidated equity contributed by owners, and the Group's accrued profits. The metric is used to report the capital attributable to the Group's owners.
Average capital employed	Capital employed at the beginning of the year, plus capital employed at the end of the year, divided by two.	Capital employed indicates how much capital is needed to conduct the business irrespective of form of financing (borrowed capital or equity). It is calculated as an average in order to provide a fair picture over the period.
Average number of employees	Average number of yearly employees.	This metric is used to measure how the Group's work force develops.
Revenue growth	Net revenue at the end of the year, less net revenue at the beginning of the year, divided by net revenue at the beginning of the year.	This metric is used to measure how the company's revenue develops over time.
Return on equity	Profit for the year 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	Profit before taxes, plus financial expenses, in percent of average capital employed.	Return on capital employed is a profitability metric used to put the profit in relation to the capital needed to conduct the business.
Interest-bearing net cash and cash equivalents/liability	Interest-bearing receivables, and cash and cash equivalents, reduced by interest-bearing liabilities.	This metric is used to show the total debt financing and is used as a complement to assess the possibility for a dividend, to make strategic investments and to judge the Group's ability to live up to its financial commitments.
Operating margin	Operating profit in percent of net revenue.	This metric is used to measure operative profitability.
Equity ratio	Equity in percent of balance sheet total.	This metric shows how large a proportion of the company's total assets are financed by the shareholders with equity. A high equity ratio is a measure of financial strength.
Capital employed	Balance sheet total, less non-interest-bearing liabilities, including deferred tax liabilities.	Capital employed indicates how much capital is needed to conduct the business irrespective of form of financing (borrowed capital or equity).
Profit margin	Profit before taxes in percent of net revenue.	This metric makes it possible to compare profitability regardless of corporate tax rate.

Clarification of signs
used in the table:

–	=	Minus
No sign before	=	Plus
/	=	Divided by
_____	=	Result line

Calculated as below:

Revenue growth

	2024	2023
	12 months	12 months
	jan - dec	jan - dec
Net revenue period (MSEK)	944.7	869.8
Net revenue for the previous period (MSEK)	869.8	942.8
	/869.8	/942.8
Revenue growth (%)	8.6	-7.7

Operating margin

	2024	2023
	12 months	12 months
	jan - dec	jan - dec
Operating profit (MSEK)	83.0	63
Net revenue (MSEK)	/944.7	/869.8
Operating margin (%)	8.8	7.2

Profit margin

	2024	2023
	12 months	12 months
	jan - dec	jan - dec
Profit before taxes (MSEK)	78.0	52.6
Net revenue (MSEK)	/944.7	/869.8
Profit margin (%)	8.3	6.0

Capital employed

	2024	2023
	12 months	12 months
	jan - dec	jan - dec
Balance sheet total (MSEK)	597.5	577.8
Long-term provisions	-1.5	-0.8
Other long-term non interest-bearing liabilities (långa)	-0.4	0.0
Trade payables	-81.9	-69.5
Current taxes	-12.5	-17.3
Other non interest-bearing liabilities	-12.4	-33.1
Accrued expenses and prepaid income-51.8	-45.2	
Deferred taxes	-5.1	-5.5
Capital employed (MSEK)	431.9	406.4

Average capital employed

	2024	2023
	12 months	12 months
	jan - dec	jan - dec
Capital employed at the beginning of the period (MSEK)	406.4	428.9
Capital employed at the end of the period (MSEK)	431.9	406.4
	/2	/2
Average capital employed (MSEK)	419.2	417.7

Return on capital employed

	2024	2023
	12 months	12 months
	jan - dec	jan - dec
Profit before taxes (MSEK)	78.0	52.6
Financial expense (MSEK)	8.7	12.8
Average capital employed (MSEK)	/419.2	/417.7
Return on capital employed (%)	20.7	15.7

Average equity

	2024	2023
	12 months	12 months
	jan - dec	jan - dec
Equity at the beginning of the period (MSEK)	294.8	333.2
Equity at the end of the period (MSEK)	350.4	294.8
	/2	/2
Average equity (MSEK)	322.6	314.0

Return on equity

	2024	2023
	12 months	12 months
	jan - dec	jan - dec
Profit of the period (MSEK)	58.9	39.4
Average equity (MSEK)	/322.6	/314
Return on equity (%)	18.3	12.5

Equity ratio

	2024	2023
	12 months	12 months
	jan - dec	jan - dec
Equity (MSEK)	350.4	294.8
Total assets (MSEK)	/597.5	/577.8
Equity ratio (%)	58.6	51.0

Interest-bearing net cash/debt

	2024	2023
	12 months	12 months
	jan - dec	jan - dec
Cash and cash equivalents (MSEK)	100.8	104.7
Short term interest-bearing liabilities (MSEK)	-40.7	-87.9
Interest-bearing receivables (MSEK)	0.0	0.0
Interest-bearing net cash (MSEK)	60.1	16.8

Earnings per share

	2024	2023
	12 months	12 months
	jan - dec	jan - dec
Equity (MSEK)	350.4	294.8
Number of shares outstanding	/11 402	/11 402
Equity per share (MSEK)	30.7	25.9



Affirmation by the Board of Directors and the CEO

The undersigned affirms that the annual accounts and the consolidated financial statements have been compiled in accordance with International Financial Reporting Standards (IFRS), as adopted by EU, and generally accepted accounting principles, and provide a true picture of the Group's and the company's financial position and results, and that the consolidated administration report and the administration report provide a true picture of the Group's and the company's business, financial position and results, and describes significant risks and uncertainty factors facing the companies included in the Group.

Borås, 22 april 2025

Petter Stillström

Chairman of the Board Directors

Johan Larsson

Director

Annika Elfström

Director

Ann-Christine Hvittfeldt

Director

Magnus Johansson

Director

Per Wagnås

Director

Krister Magnusson

CEO

Our audit report concerning this annual report and consolidated financial statements was submitted on 23 april 2025.

Öhrlings PricewaterhouseCoopers AB

Nicklas Kullberg

Authorised Public Accountant

Audit in charge

Mattias Palmqvist

Authorised Public Accountant

Board of Directors



Petter Stillström
Chairman Since 2009

Born 1972
Master of Economics
CEO, AB Traction
Director of Nilörngruppen AB since 2007.
Director of OEM International (Chairman), Softronic (Chairman), BE Group AB, Hifab Group and AB Traction. Shareholding: Major shareholder in AB Traction who through subsidiaries owns 960 000 A-shares and 2 040 000 B-shares.



Johan Larsson
Director

Born 1970
Business economist CFO at Grandpa AB, Board member of Nilörn Group AB since 2018. Board member of As good as new AB, Alstermo Bruk since 1804 AB
Shareholding: 1,500



Ann-Christine Hvittfeldt
Director

Born 1966
Economics
Director of Nilörngruppen AB since 2022.
Director of Luftfartsverket, Wikström Installationskonsult AB, NetGroup Engineering AB, Vadsbo Switchtech Group, Skaraborgs Ortopedservice AB, Brålanda Industri AB.
Shareholding: 0

Management



Krister Magnusson
CEO

Born 1966
B.Sc. Economics
Krister Magnusson was employed by Nilörngruppen in 2008, CEO since 2020, prior to that, Krister held the position of CFO.
Director of Drillcon AB and Grimsholm Products AB
Shareholding: 85 000



Andrew Hoppe
Asian Manager

Born 1963
Andrew Hoppe was employed by Nilörn UK Ltd (fd H.H Calmon) 1996, and since 2000 has been CEO of Nilörn East Asia Ltd and Asian Manager
Shareholding: 0



Magnus Johansson
Director

Born 1973
B.Sc. Economics
Director of Nilörngruppen AB since 2022.
Head of Marketing Picadeli AB
Shareholding: 0



Annika Elfström
Director

Born 1975
Master's degree in Computer Science, Director of Nilörngruppen AB since 2024. CDO AB Lindex, Head of Digital Transformation Stena Group, TF CIO Stena Group, Development Manager Stena Line AB.
Shareholding: 0



Per Wagnås
Director

Born 1960
Market economist
Director of Nilörngruppen AB since 2024.
Marketing Manager for Oscar Jacobson and Stenströms, CEO of Newhouse AB, CEO of Puvab AB and Director of Hultafors Group.
Shareholding: 0



Anna-Karin Wärfors
Sustainability Manager

Born 1966
Anna-Karin was employed by Nilörngruppen 2017 and comes most recently from an employment which CSR Manager at Gina Tricot. Before that, Purchasing Manager at Corporate Express Sverige AB.
Shareholding: 0



Fredrik Clason
Sales and Marketing Manager

Born 1973
Fredrik was employed by Nilörngruppen in 2007 as Key Account manager. He is also Group Sales Manager since 2017 and Marketing Manager since 2024.
Aktieinnehav: 9 133

Auditor

PwC
Chief Auditor:

Nicklas Kullberg
Authorised Public Accountant, Partner.

Born 1970
Auditor in Nilörngruppen since 2023. Nickla's other assignments are Softronic, Stillfront Group, Proact Group and Didriksons.

Auditor's report

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Nilörngruppen AB (publ) for the year 2024 except for the corporate governance statement on pages 62-65. The annual accounts and consolidated accounts of the company are included on pages 58-94 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company as of 31 December 2024 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2024 and their financial performance and cash flow for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 62-65. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's board in accordance with the Audit Regulation (537/2014/EU) Article 11.

Basis for opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for

This is a translation of the Swedish language original. In the event of any differences between this translation and the Swedish language original, the latter shall prevail.

To the general meeting of the shareholders of Nilörngruppen AB (publ), corporate identity number 556322-3782

accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014/EU) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Our audit approach

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the group, the accounting processes and controls, and the industry in which the group operates.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Key audit matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Key audit matters

Accounting of income from the sale of goods at the right amount and in the right period

See note 3 and accounting principles on page 74 of the annual report and consolidated accounts for detailed information and description of the group's reporting of income.

The group's net sales per 31 December 2024 amount to SEK 945 million. The group reports income from the sale of goods when risks, benefits and control have been transferred to the buyer and when the value of the transaction can be reliably measured and it is likely that payment will be received.

As a result of the complexity of making the assessment of when risks, benefits and control have been transferred to the buyer for individual sales transactions, and consequently when these transactions are to be reported as income in the consolidated income statement, we have assessed that the accrual of reported income from the sale of goods constitutes a particularly significant area in the audit.

How our audit addressed the Key audit matter

In our audit, we have evaluated the group's applied principles and assumptions which formed the basis for determining the timing of the company's reporting of sales revenue. In our audit, we have, among other things, carried out the following audit measures.

- We have assessed the design of the company's internal control regarding revenue recognition of sales of goods and how these controls have been implemented.
- We have randomly audited sales transactions before and after the balance sheet date to assess whether correct conditions have been applied and whether risks and benefits have been transferred to the customers in the same period as the revenue is reported.
- We have obtained audit evidence, such as shipping documentation and payment documents regarding accounts receivable, to assess whether the revenue has been reported in the correct period and to the correct amount.
- Evaluated the group's adopted principles for revenue recognition.
- Reviewed whether the information provided in the annual report is compatible with IFRS.

Other information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-57, 91-93, 95 and 100-102. The information in "Nilörngruppen's compensation report 2024" which is published on the company's website at the same time as this report also constitutes other information. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS Accounting Standards as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit condu-

cted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisorsansvar. This description is part of the auditor's report.

Report on other legal and regulatory requirements

The auditor's examination of the administration of the company and the proposed appropriations of the company's profit or loss

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Nilörngruppen AB (publ) For the year 2024 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group' equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organisation and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organisation is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

The auditor's examination of the ESEF report

Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4 a of the Swedish Securities Market Act (2007:528) for Nilörngruppen AB (publ) for the financial year 2024.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of Nilörngruppen AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors (and the Managing Director)

The Board of Directors and the Managing Director are responsible for the preparation of the Esef report in accordance with the Chapter 16, Section 4 a of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts [and consolidated accounts]. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design audit procedures that are appropriate in the circumstances, the auditor considers those elements of

internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a validation that the Esef report has been prepared in a valid XHTML format and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts. [Furthermore, the procedures also include an assessment of whether the consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report have been marked with iXBRL in accordance with what follows from the Esef regulation.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 62-65 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevR 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

The auditor's opinion regarding the statutory sustainability report

The Board of Directors is responsible for the statutory sustainability report for the year 2024 on pages 17-57 and that it is prepared in accordance with the Annual Accounts Act according to the prior wording that was in effect before 1 July 2024.

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is substantially different and less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

A statutory sustainability report has been prepared.

Öhrlings PricewaterhouseCoopers AB, 113 97 Stockholm, was appointed auditor of Nilörngruppen ABs (publ) by the general meeting of the shareholders on the 14 May 2025 and has been the company's auditor since the 3 May 2024.

Borås on 23 April 2025

Öhrlings PricewaterhouseCoopers AB

Nicklas Kullberg
Authorised Public Accountant
Chief Auditor

Mattias Palmqvist
Authorised Public Accountant



Annual General Meeting

The Annual General Meeting will be held on
Wednesday 14 May 2025

Registration

Shareholders who wish to participate in the Annual General Meeting must be entered in the share register maintained by Euroclear Sweden AB on Tuesday, May 6, 2025, and must notify the company by mail at the address Nilörngruppen AB, Box 499, 503 13 Borås, by telephone 033-700 88 88 or by e-mail to reception@nilorn.com no later than 4 p.m. on Thursday 8 May 2025. When registering, name, social security number/organisation number, address, telephone number and registered shareholding must be stated. Shareholders who are represented by proxy must issue a power of attorney for the proxy. The power of attorney should be sent well in advance of the meeting to the company at the above address. If the power of attorney was issued by a legal entity, a certified copy of the registration certificate for the legal entity must be attached. Shareholders who have their shares registered as trustees must temporarily have the shares re-registered in their own name in order to have the right to participate in the meeting. Such registration must be executed with Euroclear Sweden AB on Thursday, May 8, 2025. This means that the shareholder must notify the trustee well in advance of this date.

Dividend

The Board of Directors proposes a dividend of 1,50 SEK per share for the 2025 financial year.

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Adding value to your brand