Nilörngruppen AB

Annual Report and Sustainability Report 2025

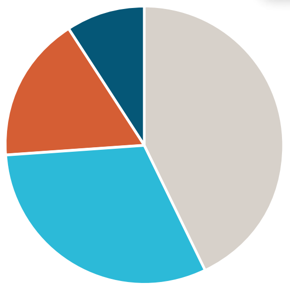
Content

Global brand partner

Nilörngruppen is an international provider of brand and design solutions with the aim of strengthening customers' identity throughout the entire value chain - from product idea to finished product at the end customer. The group offers a wide range of services and products within brand communication, including labels, packaging, accessories and digital solutions such as RFID and traceability. By combining creative design, sustainable production, smart digital solutions and efficient logistics, a comprehensive offering is created that adds value to both customers and their consumers.

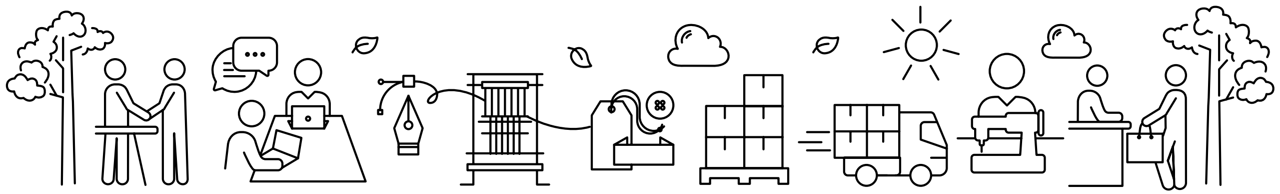
We are head quartered in Borås and operate in 21 countries with sales, design and production units in strategic markets. The business model is based on long-term customer relationships, high design expertise and a well-developed global supply chain. By integrating design, product development, production and logistics into a coherent process, the group can offer comprehensive solutions that strengthen customers' brand profile and streamline their purchasing flows.

Product category distribution 2025



Nilörn's idea to finished product

Meeting → Design → Product development → Production → Logistics → Supplier → Consumer



Value-creating business model

Nilörn's business model is based on long-term customer relationships, high design expertise and an integrated global supply chain that together create value throughout the customer's value chain.

By integrating design, product development, production and logistics into a coherent process, the Group can offer comprehensive solutions that strengthen customers' brand profile and streamline their purchasing flows.

The Group has 687 employees worldwide with expertise in design, technology, production and sales. The organisation is characterized by an entrepreneurial culture with short decision-making paths and local responsibility combined with global collaboration. This contributes to high flexibility, speed in decision-making and a strong customer orientation.

Nilörn is well positioned for the future with a clear strategy, strong market presence and a growing focus on innovation and sustainability. By combining creative design with responsible production and digital solutions, the Group continues to create value for customers, employees and shareholders.

ASH, part of Nilörns' design collection

16 facts about Nilörn

Head office in Sweden

Founded in Borås in 1977 – Sweden's textile centre

Global production with subsidiaries in 19 countries

687 employees

1.7 billion labels delivered in 2025

Operations in 86 countries

More than 1,500 customers

EUR 90 million in revenue

DPP-ready via Nilörn:CONNECT™

Online-based ordering system with more than 8,500 suppliers

Design department with 12 graphic designers

First sustainability-focused collection designed in 2009

The share is listed on NASDAQ OMX Nordic Small Cap

Material specialist with a focus on materials and innovation

100% wholly owned factories in Portugal and Bangladesh

100% renewable electricity in Nilörn's production facilities and offices

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

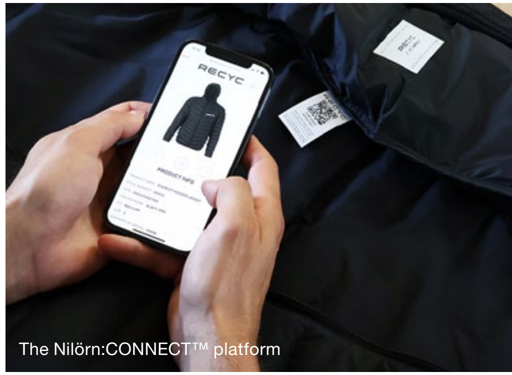
Belgium's largest label manufacturer, Nominette, was acquired in 2001. Nilorn East Asia Ltd in Hong Kong was established in the same year. In 2004, Claes-Göran Nilsson, Nilörn's founder, resigned as Chairman of the Board of Directors and left all his assignments in the Group. Nilörn changed its strategy 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 Nilorn Turkey. In 2008, production at Nilorn 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 de-listed 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, Nilorn 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, Nilörngrupen 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 Nilorn 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, Nilörngruppen 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 Nilörngruppen established in Vietnam. In 2024, Nilorn Vietnam was established, and Nilörn:CONNECT™ (Nilörngruppens' platform to support customers' digital journey) was upgraded.


The Nilörn:CONNECT™ platform

2025 in brief

Order bookings increased by 1 percent to 946 (935) MSEK

Consolidated sales in SEK 945 (945) MSEK

Operating profit amounted to 73.4 (82.9) MSEK

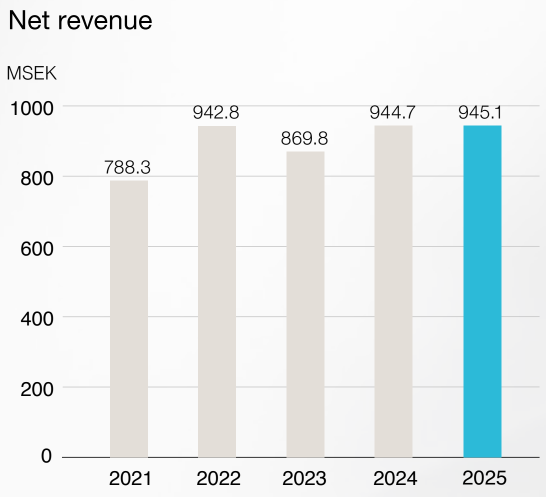
Profit for the year amounted to 50.5 (58.9) MSEK

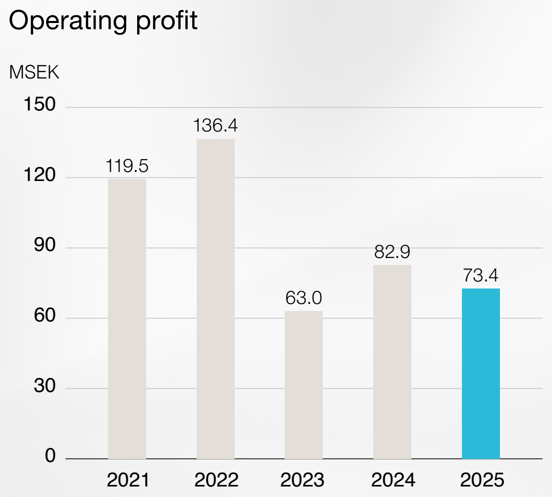
Earnings per share amounted to 4,.3 (5.17) SEK

Cash flow from operating activities amounted to 90.8 (94.2) MSEK

Net cash excluding IFRS16 amounted to 65.5 (60,3) MSEK

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





Nilörngruppen in numbers	2025	2024	2023	2022	2021
Net sales, MSEK	945	944	869	942	788
Operating profit, MSEK	73	82	63	136	119
Profit for the period, MSEK	50	58	39	101	87
Earnings per share, SEK	4.4	5,2	3.5	8.9	7.7
Return on capital employed, %	18.2	20.7	15.6	35.0	37.4
Return on equity, %	14.5	18.3	12.5	33.0	35.8
Equity ratio, %	59.8	58.6	51.0	54.3	50.0
Average number of employees	687	661	593	587	553

Dear shareholders, customers and employees

2025 has been a year in which we have clearly strengthened Nilörngruppen's strategic position. In a market that has been intermittently cautious and volatile, Nilörngruppen has exceeded SEK 1 billion in sales adjusted for currency effects for the first time. This is proof that our business model is robust and that our investments are having an effect.

Our focus has been consistent: to increase control over the value chain, increase efficiency and deepen our integration into our customers' business.

Our focus is long-term. We are building a more cohesive and scalable structure that will carry the company through both cyclical fluctuations and structural change in the industry.

Increased control in the value chain

A central part of our strategy is to move our position forward in the value chain. The investment in a new factory in Bangladesh is a clear step in that direction. Increased in-house production gives us better control over cost, quality and delivery – and reduces our dependence on external links.

The development in Portugal and the introduction of a new PLM system further strengthen our operational structure. The goal is an integrated platform where design, production and follow-up are interconnected. This provides scalability without increasing complexity to a corresponding degree.

This is crucial in an industry where demands for transparency, speed and cost-effectiveness are increasing.

Krister Magnusson
CEO, Nilörngruppen AB

Commercial reinforcement, market and position

We see a clear consolidation in our market. Larger brands are looking for fewer suppliers with global capacity and digital expertise. This benefits players with breadth, structure and financial stability.

> "In a market that has been intermittently cautions and volatile, Nilörngruppen has exceeded SEK 1 billion in sales adjusted for currency effects for the first time."

The luxury segment has continued to act with caution during the year, while the development in sports and outdoor has been more stable. At the same time, we see structural drivers that speak in our favour: increased regulatory requirements, digitalization and continued consolidation in the industry.

During the year, we have strengthened our commercial presence in the US and established ourselves in the Netherlands to take a clearer position in the Benelux and Northern Europe. The recruitment of a Chief Commercial Officer creates better coordination and a more focused marketing effort globally.

A broader and more integrated offering

Digitalization is fundamentally changing our industry. With increased regulatory requirements, not least through the Digital Product Passport within the EU, structured product data and traceability are becoming business-critical factors.

Nilörn:CONNECT™ is part of our strategy to deepen the relationship with customers. By combining physical product with digital function, we are integrated deeper into their processes. This strengthens our relevance and increases the stability of the business.

Fredrik Clason, Group Sales Manager and Marketing Director together with Krister Magnusson, CEO, Nilörngruppen AB

Our ambition is to be a long-term partner that contributes both function, structure and business benefit to the customers' value chain.

A clear direction forward

We enter 2026 with a strong balance sheet and a clear strategic agenda:

- Deepen control over production and value chain
- Strengthen the commercial organisation
- Scale digital solutions and RFID
- Broaden the offering in packaging and heat transfer
- Evaluate selective acquisitions that strengthen our structure and market position

Nilörngruppen operates in an industry that is becoming more regulated, more digital and more consolidated. Our strategy is adapted to this development.

We have strengthened our position. Now it is about executing with discipline and clear focus.

Borås, March 2026

Krister Magnusson
CEO, Nilörngruppen AB

Administration report

The administration report provides a comprehensive account of Nilörngruppen's operations, strategic direction and offering, as well as the financial development during the financial year 2025. The section also describes the group's governance, sustainability work, and the responsibilities and work of the board and management.

Gustav Karlsson, Account Manager, together with Tina Adolfsson, Account Manager, Nilörn AB

Strategy, business model and value chain

Strategy

Nilörngruppens's strategy aims to strengthen the Group's long-term competitiveness by combining sustainable and innovative branding concepts with high operational efficiency and digital value creation. The strategy is based on our business model and value chain, which are presented in detail on pages 12-13, and is based on a close understanding of customer needs, market developments and the sustainability requirements that characterize the industry. The strategy focuses on three overarching priorities:

Innovation and material development

- New material solutions
- Circular concepts
- Design and product innovations

Digitalization and transparency

- Develop Nilörn:CONNECT™
- Strengthen data quality, traceability and customer integration
- Automate internal processes

Customer focus and operational excellence

- Deepen relationships with existing customers
- Differentiate through service, quality and sustainability
- Streamline production, purchasing and supply chain

Nilörngruppen's strategic direction is developed taking into account the expectations and needs of key stakeholders. Key stakeholders include customers, employees, suppliers, investors and business partners, who have different positions in the value chain and are affected in different ways by the Group's operations. Stakeholder views are obtained through customer dialogues, market surveys, employee surveys, investor dialogue and ongoing collaboration with suppliers. These perspectives constitute an important basis for the work on strategy, risk assessment and sustainability priorities. An in-depth account of stakeholders and their impact can be found in SBM-2 in the sustainability section.

Our values – the foundation of our culture

In a decentralized organization with a large degree of freedom under responsibility, the group's values are important and serve as a guideline. We have developed an efficient decentralized organization with a clear mandate and rapid decision-making. This gives the individual employee the opportunity to act for themselves, which our customers experience through fast service. A lot of work is put into spreading Nilörngruppen's values and creating a "we" feeling within the group.

- Innovation: We drive change and work forward-looking.
- Respect: We treat customers, colleagues and partners with integrity and consideration.
- Responsibility: In a decentralized organization, we dare to act and take responsibility.

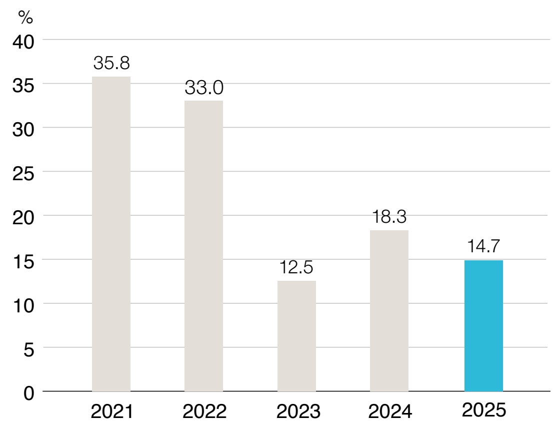
FIORE, part of Nilörn's design collection

Growth and profitability targets

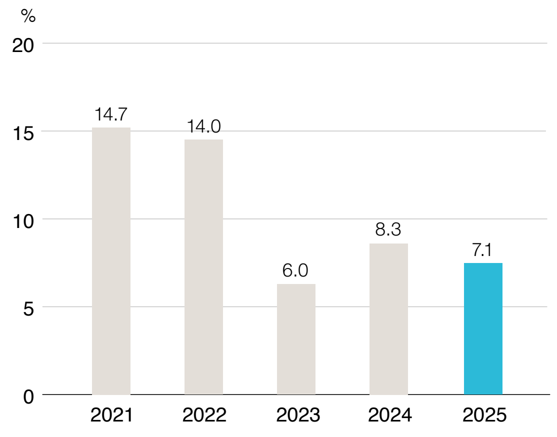
Nilörngruppen strives for sustainable and profitable growth. The target is 7% annual growth, an operating margin of over 10% and a net debt that does not exceed two times EBITDA. Over the past five years, growth has averaged 7% and the operating margin has been 11%.

Sustainability goals that guide the strategy

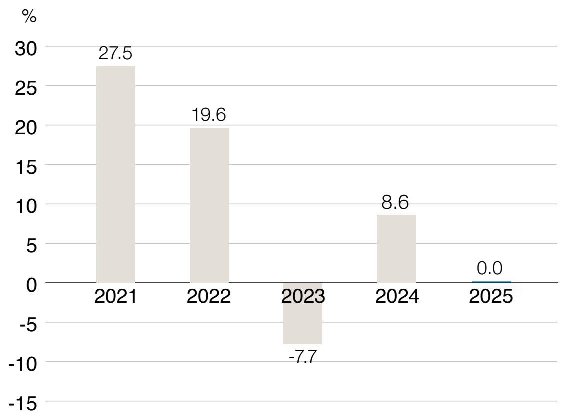
Return on equity



Operating profit margin by year



Growth in percent per year



Sustainability goals guiding the strategy

The following goals are central to guiding Nilörn's strategic sustainability work

- Climate goal: Reduce absolute emissions in scope 1 and 2 by 63% and reduce emissions in scope 3 by 37.7% by 2035.
- Material goal: 90% certified paper (FSC™, PEFC) in basic products, and 90% certified recycled polyester (GRS/RCS) in basic textile products by 2026.
- Supplier goal: Ensure that 100% of strategic suppliers comply with Nilörngruppen's code of conduct and undergo regular audits.

The goals are directly linked to Nilörngruppen's main products and services, i.e. labels, packaging, accessories and digital solutions, as well as to the customer segments where these offerings are used, primarily in the fashion, sports and lifestyle industries.

The goals are particularly relevant for operations in geographies with extensive sourcing and production operations and for markets where customer demands for traceability, material selection and transparency are high. The goals also have a clear link to relationships with key stakeholders such as customers, suppliers and investors, whose expectations are taken into account in the design of the strategy.

Nilörngruppen has carried out a comprehensive assessment of how the Group's current products, services and markets relate to the established sustainability goals. The assessment shows that large parts of the offering are well positioned to meet increased demands for sustainable materials, traceability and responsible supply chains, while certain product categories and markets pose greater challenges, particularly linked to the climate impact of materials and production. These differences are taken into account in the strategic direction and in the prioritization of development efforts. The goals are followed up annually by Group Management and the Board.

Business model

Nilörn develops and delivers concepts that strengthen customers' brands. The offering includes branding and design, product development, integrated logistics solutions, Retail Information Service (RIS) and Nilörn:CONNECT™, our digital platform for traceability and data sharing. By combining design expertise, materials, quality production and digital solutions, value is created for customers. The business idea is summarized in the expression "Adding value to your brand".

The model is based on access to a number of essential resources, including design and material expertise, and functional materials, production capacity at strategic suppliers, digital systems for traceability and data management and qualified employees in design, technology and logistics. These inputs are secured through long-term supplier relationships, structured purchasing and sourcing processes, continuous competence development and investments in digital platforms and systems.

The Group's business areas, product range, customer segments and geographical markets

Nilörngruppen's operations include the development and delivery of branding and design solutions that strengthen customers' brands throughout the entire value chain. The offering includes labels, packaging, accessories and digital solutions for traceability and data sharing, such as Nilörn:CONNECT™. The services combine design, material expertise, production and logistics in an integrated, comprehensive offering.

Customers are primarily brand owners in the fashion, sports and lifestyle segments, where demands for sustainability, transparency and efficient delivery are central.

The business is conducted in a global market, with sales and customer-facing functions primarily in Europe, North America and Asia, as well as sourcing and production-related activities primarily in Asia and Europe.

These product groups, customer categories and geographic markets form the basis of Nilörn's business model and strategic direction.

CASA DE LUMI,
part of Nilörn's design collection

Employees by country (average number of employees)	Number of employees 2025
Bangladesh	220
Belgium	11
Denmark	4
Hong Kong	106
India	27
China	33
Pakistan	26
Portugal	93
Switzerland	5
Sri Lanka	0
Great Brittain	29
Sweden	48
Turkey	26
Germany	33
USA	4
Vietnam	23
Total number of employees	**687**

Value chain

Nilörn's value chain covers the entire product life cycle, from raw material extraction and procurement to production, distribution, use and end-of-life. It includes all steps required to produce the products, deliver them to the customers' suppliers or directly to the customer, and manage the end-of-life of the products.

Material sustainability aspects in the value chain
The business model and the global value chain entail both sustainability-related risks and opportunities.

The most material ones are linked to the climate impact of materials and production, resource use and waste, working conditions and human rights in the supply chain, as well as increased regulatory requirements within sustainability and traceability. These have been identified through the Group's materiality analysis and are taken into account in the formulation of strategy, business model and operational priorities. An in-depth description of the impact, risks and opportunities can be found in the sustainability section.

Nilörn's main outputs consist of customized branding and design solutions, sustainable products and digital services that contribute to increased transparency and efficiency in customers' value chains. For customers, this means a strengthened brand position, improved regulatory compliance and reduced sustainability-related risk. For investors and other financial stakeholders, the business model contributes to long-term value creation through increased resilience to regulatory changes, a strengthened market position and improved conditions for profitable growth.

The Board and Group Management are kept continuously informed about sustainability-related consequences, risks and opportunities, as well as the views and interests of key stakeholders. This is done through regular reporting from the management team and the Group's sustainability function and forms a basis for strategic decisions and follow-up.

Upstream activities	Own operations	Downstream activities
Nilörn's value chain includes multiple levels of suppliers and material flows. The company collaborates with a large number of partners globally, both for material purchasing, purchasing of finished products and for other purchasing related to operations and logistics. Nilörn's direct suppliers are often based in Europe and Asia, and production largely takes place in Bangladesh, Portugal, China and India. The materials purchased vary between different product categories, with a strong focus on responsibly sourced materials. Transports mainly include incoming transport of raw materials to the production units and the finished products produced at our suppliers, transports contribute to greenhouse gas emissions. This global supply chain entails both potential positive and negative impacts on workers.	Nilörn has over 687 employees in 19 countries, which directly impacts people through work environment, skills development and social conditions. The company operates seven production facilities globally, where labels and hang tags are manufactured for the fashion and apparel industry. These units constitute the largest source of Nilörn's direct environmental impact, particularly in terms of energy use, waste generation and emissions linked to material consumption and production. Production is supported by 12 sales offices and distribution centres for warehousing, sales, marketing and general administrative activities.	Nilörn delivers products to over 80 countries, which generates emissions and consumes energy. Our customers are in the fashion and clothing industry, and our products are often part of other products. We work pro-actively with product development and innovation. Outbound transports are mainly to manufacturers and sometimes directly to customers. Nilörn's product portfolio consists mainly of textile and paper labels and packaging. 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.

Our offer

Global presence

To compete for major branding and design assignments, it is necessary to be close to customers, as strategic decisions are made at head office level.

Labels, packaging and accessories have become increasingly important to the brand and are therefore often a matter for top management. At the same time, our customers' manufacturing mainly takes place in low-cost countries in Asia and Eastern Europe. As customer companies have expanded into new geographical markets, both in terms of sales and production, the industry has become increasingly global. This requires that Nilörn is represented close to both brand owners and manufacturers, through its own companies and a network of strategic partners. With Nilorn East Asia in Hong Kong as a hub, together with distribution units in the UK, China, India, Bangladesh, Pakistan, Vietnam, Sri Lanka, Portugal and Turkey, Nilörn can ensure local presence, effective coordination and just-in-time deliveries across large parts of the world.

A central part of the strategy is to develop common system support and product development processes that integrate design, material selection, sustainability data and delivery flows. Through a network of professional partners, efficient logistics and technical compatibility are ensured regardless of where the customer produces.

Technical solutions

In parallel with its global presence, Nilörn develops technical solutions that strengthen customers' competitiveness and meet increased demands for transparency and efficiency.

Through RFID technology, products can be provided with unique digital identities that enable traceability and efficient inventory management throughout the entire value chain. The Nilörn:CONNECT™ platform offers digital services that collect and structure product and sustainability data, creating better control, clearer information flows and support for upcoming transparency requirements in the textile and fashion industry. Together, these solutions contribute to integrating physical products with digital information and creating added value for both brand owners and producers.

Compliance

As legislation on sustainability, product information and traceability has increased, the need for qualified advice has also grown. Nilörn has therefore built up a dedicated compliance department that supports customers in interpreting and implementing new regulations in practice. This can include requirements linked to, for example, digital product passports, extended producer responsibility, chemical legislation, labelling and transparency in the supply chain. Through ongoing monitoring of the environment, training and operational advice, Nilörn helps brand owners ensure that their products and information solutions meet current and future legal requirements in different markets. Compliance work is integrated into the product development and design process, which reduces risks, creates foresight, and strengthens customers' trust in a market with rapidly changing regulatory requirements.

HÜGEL,
part of Nilörn's design collection

> "At Nilörn, the graphic designers compile all the material needed to strengthen the identity of a brand."

Creative design

Nilörn's design departments in Sweden, the UK, Germany and Belgium employ graphic designers and brand consultants who specialise in developing graphic concepts for fashion and fashion-related products. Customers are offered a unique and expressive product appearance supported by labels, packaging and accessories. As with all effective visual communication, it is important to attract, guide and provide information. For producers of functional materials in the sports segment, for example, we have seen an increased need for information about the material content and functional properties of the garments in recent years.

When the customer feels the need for renewed or stronger branding and wants to achieve a change, that is when Nilörn's services are in demand. In today's competitive market, it is more important than ever to be seen and heard. The difference between success and failure can be subtle. Brand branding has a direct connection to the consumer's choice of product and is crucial to how a brand is perceived.

At Nilörn, graphic designers compile all the material needed to strengthen the identity of a brand. Once the image and objectives are identified, Nilörn's design team creates a tailor-made solution for each individual purpose. All signals are coordinated into a whole that focuses on strengthening the customer's brand. The finished result includes everything from packaging, accessories, labels, placement solutions and material selection.

Nilörn's combination of experience and innovative thinking creates new dimensions for brand development.

Nilörn's customers demand high quality, flexibility, extensive branding and design content as well as advanced logistics solutions. To meet these demands, Nilörn focuses on a high level of service and on being the customers' best partner when it comes to branding and design concepts based on labels, packaging and accessories. Nilörn has extensive experience and knows what it takes to build, maintain and further develop strong brands.

ASH, part of Nilörn's design collection

Corporate governance report

Corporate governance

Nilörngruppen 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.

Nilörngruppen 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 Nilörngruppen 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, Nilörngruppen 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 2025.

Swedish corporate governance code

Deviations from the Code
Rule: Nomination Committee
Explanation: Nilörngruppen 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).0).

Articles of association

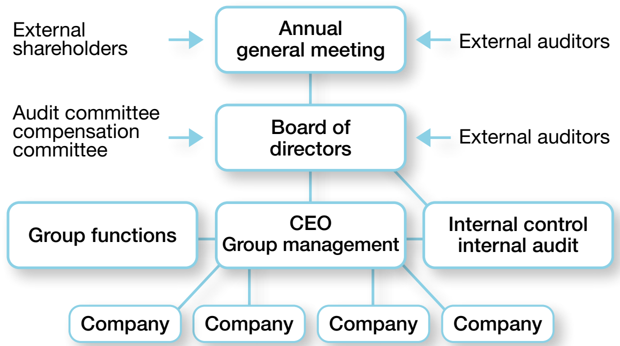
In addition to legislation, rules, and recommendations, the Articles of Association are a central document regarding the governance of the company. The Articles of Association are established by the Annual General Meeting and contain some fundamental information about the company, such as the type of 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.com

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 2025 Nilörngruppen AB had 4 707 shareholders (4 680). 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.

Corporate governance



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 2025

The Annual General Meeting for Nilörngruppen AB shareholders was held on May 14 in Borås. Full information regarding the 2025 Annual General Meeting is available on the website nilorn.com

Annual general meeting 2026

The Annual General Meeting will be held on May 11, 2026, in Borås. See Annual General Meeting on page 120 for further details.

Board of Directors and its independence

The Board of Directors of Nilörngruppen 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 2025 the Board has consisted of four members. At the Annual General Meeting in

2025 Petter Stillström, Johan Larsson, Magnus Johansson, and Ann-Christine Hvittfeldt were re-elected. 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.

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 2025 the Board met on nine 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. 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

Board composition

2025			Presence		Independence	
Director	Elected	Fee SEK	Regularly scheduled Board of Director Meetings	Statutory Board of Director Meetings	Relative to the Company and management	Relative to major shareholders
Stillström Petter (ordf. sedan 2009)	2007	280,000	9/9	1/1	Yes	No
Johan Larsson	2018	140,000	4/4	1/1	Yes	Yes
Magnus Johansson	2022	140,000	8/9	1/1	Yes	Yes
Ann-Christine Hvittfeldt	2022	140,000	3/4	1/1	Yes	Yes
Per Wagnås	2024	140,000	9/9	1/1	Yes	Yes
Annika Elfström	2024	140,000	9/9	1/1	Yes	Yes

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 Per Wagnås. 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 2025 and the same guidelines will be proposed for the Annual General Meeting in 2026.

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 andn 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.

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 2025 the auditing firm PwC was appointed as the company's auditor. In connection with the Annual General Meeting, Nicklas Kullberg was elected as head of the audit.

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.

YOMII,
part of Nilörn's design collection

Report of the Board of Director's 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 CEO's are allowed to appoint or remove CFOs themselves, and the CFO's 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.

Parent company development and profit allocation

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 financial year 2025-01-01 – 2025-12-31.

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 11 2026, 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 2025 are available on the company's website www.nilorn.com

Ownership structure

As of December 31, 2025, 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 4,707 (4,680) shareholders as of December 31, 2025. 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 (945) 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, Sri Lanka, The Netherlands 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 2025

Order intake

Order intake increased by 1 percent to 946 MSEK (935).

Net revenue

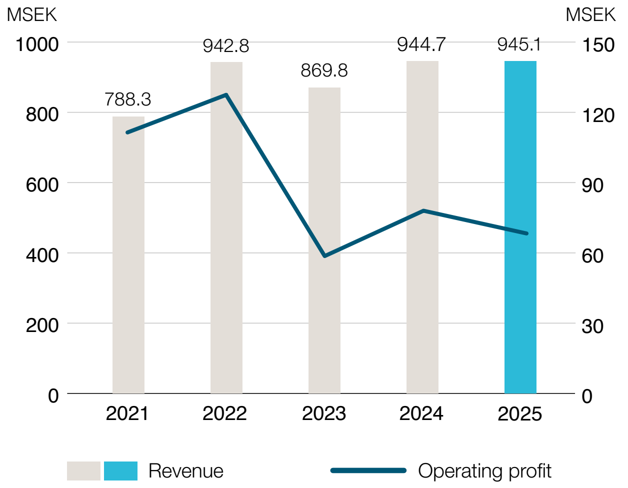
Net revenue remained unchanged atl 945 MSEK (945). Currency had a negative effect on revenue by 67 MSEK meaning the underlying organic growth increased revenue by6 percent. The SEK strengthened against most of Nilörn's related currencies during the year, which had an impact on revenue. However, the group's revenues are matched by costs in respective foreign currencies, which minimises the effect on the result.

Result

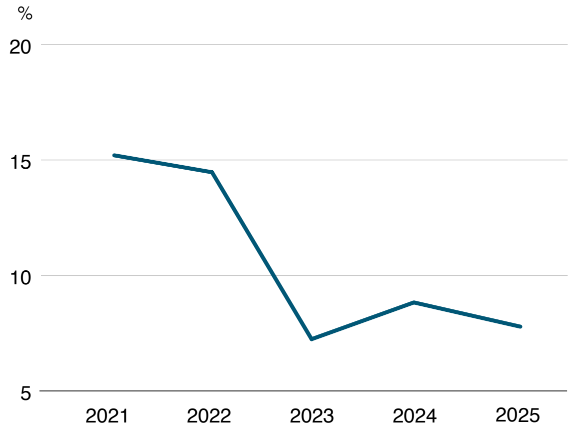
Operating profit amounted to 73.4 (82.9) MSEK, which corresponds to an operating margin of 7.8 (8.8) percent. The ratio of raw materials and trading goods to revenue was 54.0 (54.7) percent. The gross margin is affected by the product and client mix as well as individual larger orders.

Other operating income amounted to 13.3 (18.2) MSEK, primarily due to currency. External costs increased to 91,6 (86,8). Personnel costs increased to 236.9 (226.7) MSEK. Depreciation decreased to 32.1 (34.6) MSEK.

Revenue and operating profit



Operating margin



Taxes amounted to -16.7 (-19.1) MSEK. The result after tax amounted to 50.5 (58.9) 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 decreased by 27 MSEK to 144 (171) MSEK and trade receivables increased 6 MSEK to 91 (85) 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 90.8 (94.3) MSEK. Cash flow from investment activities amounted to-19.4 (-22.2) MSEK.

Net cash (debt) at the end of the period amounted to 37.3 (19.0) MSEK, with the leasing standard, IFRS 16, increasing interest-bearing debt by 28.2 (41.0) MSEK. Comparable figures, excluding reclassification according to IFRS 16, show net cash of 65.5 (60.3) MSEK.

Liquid assets amounted to 101.7 MSEK (100.8). Additionally, unused,approved bank credits amounted to 68 MSEK (69).

The group's equity amounted to 344.2 (350.4) MSEK. The change during the period is attributable to the result for the period of 50.5 MSEK, a dividend of 17.6 MSEK, revaluation of the pension plan by -0.6 MSEK, and exchange rate differences of -38.4 MSEK.

The equity ratio at the end of the year was 59.8 percent (58.6).

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 an incline in Sweden and Asia while revenue in Asia declined. Operating profit, however, decreased in Sweden and Europe but increased in Asia.

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 2025 was 687 (661) oh which 265 (265) were women. Of the total number of employees, 58% 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 during the year

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

Nilörn has started a subsidiary in The Netherlands and recruited a sales person with long and successful experience from the industry, especially within metal and denim.

Significant events after the year

Science Based Targets initiative (SBTi) has accepted Nilörn short-term science-based emission reduction targets. The targets will be reported in next year's sustainability report.

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 2025 (< 1 percent). The development undertaken relates to the creation of new IT systems and is capitalised in the balance sheet.

Risks and uncertainties

Nilörn is exposed to a number of risks and uncertainties through its international operations, global supplier structure and increased focus on digital and production-related investments that could affect the Group's results, financial position and future development. The risks include both operational and financial risks as well as sustainability-related risks identified within the framework of the Group's dual materiality analysis.

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. It is the responsibility of the companies to conduct an annual review and evaluation of the plan.

Risk of market and conjuncture

The demand for Nilörn's products is affected by developments in the fashion and retail industries, which are sensitive to economic conditions. Changing consumption patterns, reduced purchasing power or inventory adjustments among customers can affect order intake and margins. The Group works with geographical spread, a broadened offering and long-term customer relationships to reduce exposure.

Risk of supplier and value chain

Nilörn is dependent on a global supplier network, primarily in Asia. Disruptions in the supply chain, increased costs or lack of compliance with sustainability requirements can affect delivery capacity, brand and profitability. Within the framework of the dual materiality analysis, risks related to environmental impact, working conditions and human rights in the supply chain have been identified as material. The Group works with a code of conduct, supplier monitoring and alternative supplier structures to limit risk exposure. For further information, please refer to the Sustainability Report.

Environmental risk

The textile and fashion industry is associated with significant climate and environmental impacts, primarily in the value chain. Tightened regulatory requirements, such as the introduction of the Digital Product Passport and other EU legislation, may lead to increased demands for transparency, reporting and transformation. These factors may affect the cost structure and business model. At the same time, the transformation is considered to create business opportunities within digital and sustainable solutions. A more in-depth description of identified risks, impacts and management can be found in the Sustainability Report.

IT risk

Nilörn's operations depend on well-functioning IT systems, including business systems and digital customer solutions such as Nilörn:CONNECT™. Operational disruptions, cyberattacks or deficiencies in information security can lead to operational disruptions, financial impact and damage the trust of customers and partners. The Group is continuously working to strengthen IT security, internal controls and continuity planning.

Political risks

Nilörn operates in 26 countries and are affected by changes in trade policy, tariffs, taxes, sanctions and other regulatory conditions. Political instability or changed legislation in individual markets can affect costs, supply chains and the business environment. Nilörn monitors developments in relevant markets and adapts operations as necessary to manage changing conditions.

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.

Group outlook for 2026

Nilörn operates in a market that is gradually changing through increased regulatory requirements, digitalization and ongoing consolidation in the label, packaging and accessories industry. At the same time, the world around us is characterized by geopolitical uncertainty, macroeconomic uncertainty, currency fluctuations and continued caution in parts of the fashion and retail trade. Against this background, the board of directors believes that Nilörn is well positioned to gradually strengthen its market position. The group's strategy to broaden the offering and increase integration with customers' value chains creates the conditions for increased stability and long-term growth. The strengthening of the commercial organization and increased presence in prioritized markets is expected to contribute to improved market penetration and execution power.

The ongoing war in Iran and the increased instability in the Middle East contribute to continued uncertainty in the global economy. The conflict risks affecting energy prices, trade flows and logistics chains, which could indirectly have consequences for cost levels and demand in several of the markets where the Group operates. Nilörn is closely monitoring developments and is working continuously to ensure flexibility in the supplier and production structure to reduce potential disruptions.

The introduction of the Digital Product Passport and increased transparency requirements are expected to drive demand for digital solutions. Through Nilörn:CONNECT™, as well as the continued investment in RFID, the Group is strengthening its offering in traceability and digital consumer interaction. These areas are considered to have good structural growth potential.

Investments in increased in-house production capacity, including the construction of a new factory in Bangladesh, aim to strengthen control over the value chain, improve cost efficiency and create scalability in the business. The investment in heat transfer and the further development of the packaging offering contribute to a broader and more complete customer offering. In parallel, the focus remains on operational efficiency and margin improvement.

The consolidation of the industry, where larger customers demand fewer and more comprehensive suppliers with a global presence and high delivery precision, is considered to benefit players with Nilörn's structure and expertise. The group is also following opportunities for continued organic growth and selective acquisitions. With a strong financial position, Nilörn has room to manoeuvre to implement its strategic priorities.

Overall, the Board of Directors assesses that Nilörn's investments in digitalization, production and offering expansion create the conditions for long-term sustainable and profitable growth, even though short-term development may continue to be affected by economic conditions, geopolitical uncertainty and currency fluctuations.

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 2025 was 30 (29).

Dividend from subsidiaries was received during the year amounting to 66 (56) MSEK. A write-down of shares in subsidiaries amounted to 21.0 MSEK. Group contributions have been net received amounting to 1.3 (1) MSEK.

The net revenue for the period from January to December amounted to 52.4 (43.4) MSEK. The operating result was -5.5 (-6.2) MSEK and the result after financial items was 33.1 (41.6) MSEK.

Proposed allocation of profit (TSEK)

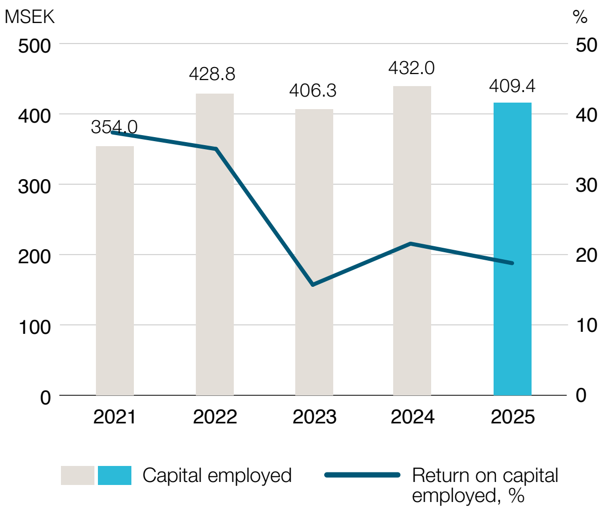
The company's annual report will be presented for approval at the Annual General Meeting on May 12, 2026.

Retained earnings	**166,980**
Net profit for the year	36,895
Total distributable funds	203,875

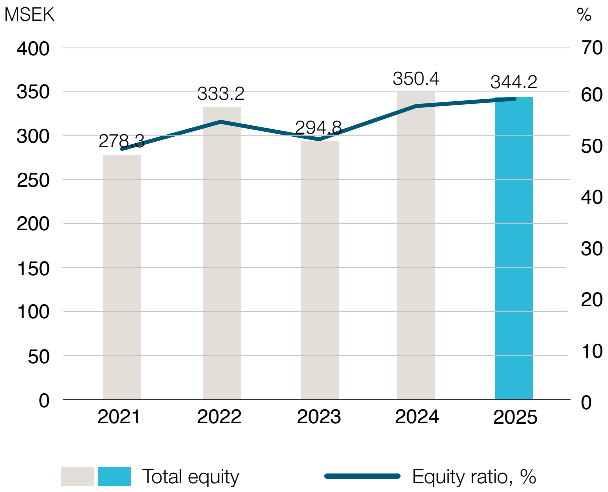
The following earnings in the parent company are available to the Annual General Meeting: The Board of Directors' proposed dividend amounts to SEK 17.1 (17.1) million, corresponding to SEK 1.5 (1.5) per share, and the remaining SEK 186.7 million is proposed to be carried forward. The Group's equity attributable to the Parent Company's shareholders amounted to SEK 343.4 million on 31 December 2025, and unrestricted equity in the Parent Company was SEK 203.9 million. Taking into account the above and what has otherwise come to the attention of the Board of Directors, the Board of Directors' assessment is that the proposed dividend is justifiable, taking into account the requirements that the nature, scope and risks of the business place on the size of the company's and the group's equity, as well as on the company's and the group's consolidation needs, liquidity and position in general.

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



SIERRA CHAMONT,
part of the Nilörn design collection

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 Nilorn East Asia Ltd and Asian Manager
Shareholding: 0

Anna-Karin Wårfors
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
Group 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.
Shareholding: 9,133

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.

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: 1,000

Magnus Johansson
DIrector

Born 1973
B.Sc. Economics
Director of Nilörngruppen AB since 2022.

CMO Picadeli Group, Marketing Director Gina Tricot, Marketing Manager MQ.

Experience through leadership roles where issues of work environment, supplier responsibility and governance have been included in the operational responsibility.
Shareholding: 0

Annika Elfström
DIrector

Born 1975
Master's degree in Computer Science, Director of Nilörngruppen AB since 2024.

Operations & Impact Director AI Sweden, CDO Lindex, Head of Digital Transformation Stena Group

Experience in digitalization with a focus on traceability and transparency in product and supplier flows, as well as work with risks linked to production and supply chains, work environment and circular transformation.
Shareholding: 0

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.

Sustainability statement

Nilörn's sustainability report is prepared annually and includes data and information for the period 1 January–31 December 2025. The report was published on April 2, 2026 and includes all entities under the financial control of Nilörngruppen AB, see Annual Report, page 101. All subsidiaries are included in the reporting of climate data and the EU taxonomy. Any limitations are stated in connection with the respective disclosure.

C.B.A.S, a part of Nilörn's design collection

Contents

General information

ESRS 2 General disclosures

Basis for preparation

BP-1 General basis for preparation of sustainability statements

The sustainability report included in the Management Report constitutes Nilörngruppen's statutory sustainability report in accordance with the Swedish Annual Accounts Act. The report has been prepared in accordance with the European Sustainability Reporting Standards (ESRS) and the EU Taxonomy Regulation. All disclosures included in the sections Environment, Social Responsibility Information and Governance Information have either been assessed as material according to our Double Materiality Assessment (DMA) or are mandatory under the ESRS standards.

Nilörngruppen's sustainability report covers the entire Group and is consolidated at Group level, in line with the scope of the company's financial reporting. The reporting includes both the upstream and downstream parts of our value chain, to the extent that impacts, risks and opportunities have been identified as material in our DMA.

Upstream, the reporting covers our direct suppliers, with a particular focus on suppliers of products such as labels and packaging, as well as strategic raw-material suppliers and transport providers. Downstream, the reporting covers our customers within the fashion and retail sectors, as well as distribution partners who manage deliveries of our products. The end-consumer stage and minor suppliers are not included, as these have not been assessed as material according to the DMA.

No information related to intangible assets, know-how or innovation has been excluded from the sustainability statement. Nilörn has not applied the exemption for withholding information on future developments or ongoing negotiations in accordance with ESRS 1.

BP-2 Disclosures in relation to specific circumstances

Time horizons

The sustainability statement follows the categorisation of time horizons as defined in ESRS 1:

- Short-term horizon – the next reporting period as defined in the Annual Report (calendar year)
- Medium-term horizon – from 1 to 5 years
- Long-term horizon – more than 5 years

Value chain estimation

Estimated value chain information has been used in the GHG Scope 3 reporting for the calculation of end-of-life treatment of sold products and waste management (categories 10 and 12).

Sources of estimation uncertainty

There is a potential risk in the sustainability reporting that certain information may be reported incorrectly or not consolidated in the correct manner. Some data points, particularly those related to Scope 3 emissions, are based on assumptions and estimates, which may affect data reliability. Climate-related information is especially subject to uncertainty due to variations in calculation methods, data availability and data quality.

The result for direct emissions (Scope 1) from fugitive emissions is uncertain because detailed information on cooling systems is partly lacking. The value has been estimated using a generic emissions factor, the most common type of refrigerant and an average weight value based on available data.

For Scope 3 emissions, we have in several categories-such as Category 1: Purchased goods and services and Category 2: Capital goods-used spend-based emissions factors to calculate emissions. For Category 10: Processing of sold products, we have used industry values relating to apparel manufacturing and estimated the number of labels per garment. For Category 12: End-of-life treatment of sold products, we lack detailed information and have therefore used estimated values. In some indirect emissions categories, extrapolation has been applied where data has been missing for parts of the operations.

The reliability of these estimates varies depending on data sources and methodological choices. In some cases, the information is based on data collected through voluntary surveys, such as employee commuting surveys. Participation in these surveys is voluntary, meaning that the collected information may be partial and therefore represent estimates rather than complete primary data. Where primary data is missing, uncertainty is high, and the data is based on industry standards and assumptions.

To increase the reliability of future calculations of value chain emissions, we plan to gradually transition from spend-based emission factors to more material-based information and supplier-specific data. This means that we will prioritise the collection of primary data from our largest suppliers and develop processes to obtain detailed information on material composition and production methods.

Changes in preparation or presentation of sustainability information

The following sustainability matters that were reported in 2024 are not reported for 2025 based on the outcome of the double materiality assessment:

- Pollution
- Water
- Biodiversity and ecosystems
- Affected communities

Where methods have changed, or where new knowledge has been obtained since the previous reporting period, such changes are described in the relevant accounting policy or in the section where the topic is reported.

Disclosures stemming from other legislation

The sustainability statement includes information on the EU Taxonomy Regulation. These disclosures have been included in accordance with the requirements of the ESRS and are clearly identified in the report. Apart from this, the sustainability statement is not based on any other external sustainability reporting frameworks or standards.

Use of phase-in provisions

Nilörn has applied the phase-in provisions in Annex C to ESRS 1 for the 2025 financial year. As the company has fewer than 750 employees, we apply the phase-in provisions in accordance with BP-2 17, which means that during this reporting period we disclose information to a limited extent for ESRS S1 Own Workforce and ESRS S2 Workers in the Value Chain. In addition, we report a limited set of key performance indicators for S1, of which S1-6 and S1-8 are partially phased in. The remaining data points will be included progressively in accordance with the phase-in rules.

Information on where phasing is applied	
SBM-1 40 b,c	Strategy, business model and value chain
SBM-3 48 e	Material impacts, risks and opportunities and their relationship to strategy and business model
E1-9	Expected financial impacts through significant physical and transition risks and potential climate-related opportunities
E5-6	Expected financial impacts of consequences, risks and opportunities related to resource use
S1-6	Company employee data (Does not report total number of employees by number of people and breakdown by gender and country for countries where the company has at least 50 employees, corresponding to at least 10% of the total number of employees)
S1-8	Collective agreement coverage and social dialogue (Reports the proportion of employees with collective agreements)

The sustainability matters covered by ESRS E4 Biodiversity and Ecosystems, ESRS S3 Affected Communities and ESRS S4 Consumers and End-Users have, following the materiality assessment, been assessed as non-material for the business. Consequently, these topics are not included in this sustainability report.

Incorporation by reference

The following disclosures have been incorporated by reference

Disclosure requirements	Disclosure	Section of the report	Page
GOV-1	Role of the administrative, management and supervisory bodies	The Administration Report, Chapter Presentation of the Board of Directors	24
SBM-1	Strategy, business model and value chain	Administration Report, Chapter Strategy, Business Model and Value Chain	10-13

External assurance

See the statutory auditor's assurance report on page 119.

Governance

GOV-1 The role of the administrative, management and supervisory bodies

Nilörngruppen's Board of Directors consists of four members, one woman (25%) and three men (75%). Of the Board members, three are independent (75%). All Board members are non-executive. The company's Board does not include any employee representatives. Information about the Board members' experience in the Group's sector, products and geographic markets is available in the Board presentation in the Corporate Governance Report on page 24. Information about the roles, responsibilities and sustainability-related expertise of Group Management and the Board can be found in the Corporate Governance Report and in the presentations of the Board and management on pages 17 and 24.

Nilörngruppen's Group Management consists of four executive members, one woman (25%) and three men (75%); more information is available on page 24. The allocation of responsibilities for sustainability matters is formalised in Nilörngruppen's internal governing documents. The Board's mandate states that it shall oversee and follow up the company's strategic work on sustainability, including material risks and targets. Group Management has delegated operational responsibility in accordance with the applicable rules of procedure and internal policies, with the Sustainability Manager responsible for coordination, progress and reporting of sustainability work.

The members of the Board and Group Management possess relevant expertise in business ethics, sustainability governance and risk management. Their experience includes areas such as international regulations, supplier responsibility and anti-corruption, ensuring that the company has sufficient knowledge to make well-informed decisions on matters related to business conduct.

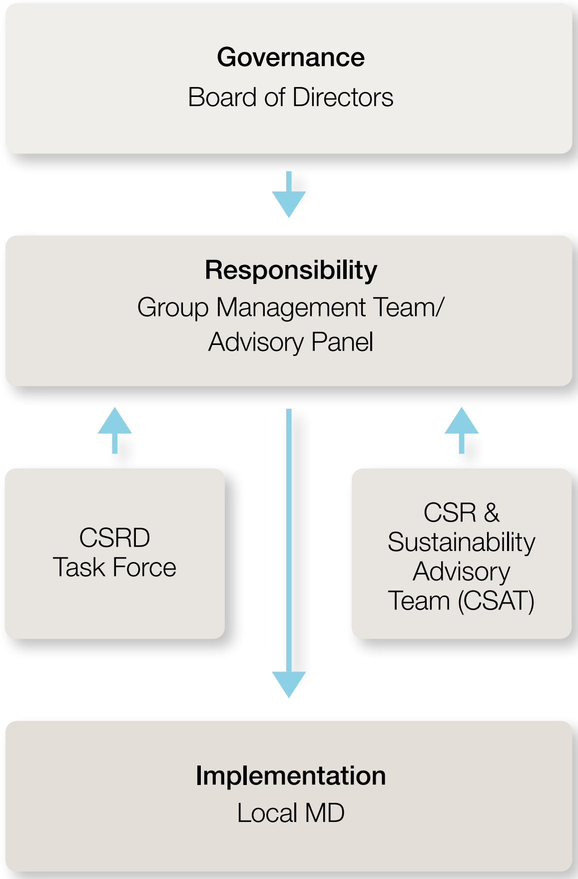
In preparation for CSRD, a cross-functional "CSRD Task Force" was established in 2023. The group includes the CEO, CFO, Group Sourcing Director, Group HR Manager, Group CSR Manager, MD Nilorn UK, ESG Compliance Coordinator and Sustainability Manager — six women (75%) and two men (25%). The working group focuses on the Corporate Sustainability Reporting Directive (CSRD), the materiality assessment, and the management of sustainability-related risks and opportunities. The group meets bi-weekly to follow up ongoing activities and ensure progress according to plan.

Governance at management level is exercised primarily through Group Management and the Advisory Panel. Group Management adopts and follows up Nilörngruppen's sustainability targets, which are established by the Board, while the CSRD Task Force monitors sustainability-related risks. The CEO is responsible for overseeing effective risk management and internal controls relating to financial and sustainability reporting. The Group's internal control function, led by the CFO and Group Controller, is responsible for governance, processes and tools related to internal control.

The establishment of targets related to material impacts, risks and opportunities, and the follow-up of these, is carried out through discussions with the heads of Group-wide functions, Group Management and the Board, and is ultimately decided by the Board.

The Board and Group Management hold clear responsibility for business ethics and sustainable business conduct. This includes ensuring compliance with the company's Code of Conduct, Anti-Corruption Policy and other governing documents that regulate ethical business behaviour. The Board monitors the integration of these principles into strategic decision-making and ensures that risks related to business ethics are managed effectively.

Nilörngruppen's Board and Management ensure access to relevant sustainability expertise through the company's CSR, Sustainability and Compliance organisation, which consists of seven people with experience in environmental matters, supplier monitoring including human rights, and waste management. Nilörn also has a Material and Innovation Specialist with expertise in circularity and materials. This expertise is directly linked to the com-



pany's material impacts, risks and opportunities, particularly in areas such as resource efficiency, circular design and responsible supplier management. The group is structured to reflect the company's organisation and ensure that relevant competence and experience from different parts of the business are represented. This also includes insight into the company's identified impacts, risks and opportunities.

GOV-2 Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies

Nilörn's Sustainability Manager is part of Group Management and reports directly to the CEO, with regular meetings to discuss sustainability matters.

The Board receives updates on sustainability reporting from the CEO or, where relevant, the CFO. In 2025, the Board was informed on three occasions about sustainability-related topics, one of which focused on CSRD and the double materiality assessment, which was subsequently approved by the Board. Within Group Management, the overall responsibility for leading the company's sustainability work lies with the Sustainability Manager. Impacts, risks and opportunities related to sustainability matters are considered in the company's strategic processes, as sustainability is an integrated and prioritised part of Nilörn's overall strategy.

During the reporting period, the Board of Directors and Group Management addressed the following material impacts, risks and opportunities (IROs) identified in the company's materiality assessment.

The Board has addressed:

- Climate change – emissions (Scope 1, 2 and 3), energy consumption, and the decision to apply for Science Based Targets (SBT).
- Resource use and circular economy – strategic decisions regarding design for circularity, digitalisation and product traceability.
- Social matters – overall direction for work on working conditions, equal treatment and supplier responsibility, both within our own operations and across the supply chain.
- Governance matters – policy decisions related to anti-corruption, supplier management and IT security/data management.

Group Management has addressed:

- Operational follow-up of climate data and action plans linked to Scope 1–3, energy efficiency and the SBT process.
- Implementation of circularity and traceability initiatives, including digitalisation projects.
- Supplier audits and monitoring of social risks in the supply chain.
- Operational risk management related to anti-corruption, data protection and information security.

GOV-3 Integration of sustainability-related performance in incentive schemes

The incentive programme includes specific sustainability targets, employee engagement (eNPS) and the use of recycled and traceable polyester. Performance is evaluated annually against defined targets. The sustainability target represents a smaller share (10–15%) of the total possible variable remuneration, and the programme is approved and updated by the CEO and approved by the Remuneration Committee.

GOV-4 Statement on due diligence

Nilörn integrates risk-based sustainability due diligence into its policies and risk management systems, covering both its own operations and the value chain. Nilörn's due diligence system for human rights follows the process outlined in the OECD Guidelines for Responsible Business Conduct. Available grievance mechanisms, including the whistleblowing channel, provide all external stakeholders with the opportunity to report suspected violations. In the company's own production units, established health and safety management systems are in place, and SMETA audits are carried out to review social issues and working conditions both internally and within the supply chain. Nilörn uses certified materials such as GRS and OEKO-TEX®, and selects FSC™-certified paper. The Group also has a structured due diligence process for the responsible and legal sourcing of wood-based products. This process describes how we identify, assess and mitigate risks in our supply chain, in accordance with the EU Timber Regulation.

The table provides information included in this sustainability report relating to due diligence.

Key elements of due diligence	Points in the sustainability report	Page
Building due diligence into governance, strategy and business model	GOV-2	4, 10-13, 19, 21-22, 30
	GOV-3	21, 30
	SBM-3	35-39
Collaborating with affected stakeholders in all key steps of due diligence	GOV-2	30
	SBM-2	34
	IRO-1	40-43
	E1-1	52, 54, 57
	E5-1	62-64
	S1	67-68
	S2	74
	G1-1	79-81
Identifying and assessing negative consequences	SBM-3	35-39, 53-54, 61, 66, 73, 78
	IRO-1	40-43
Taking steps to address these negative consequences	E1-3	55-56
	E5-2	62
	S1	67-68
	S2	74-75
	G1-3	80
To follow up on the effectiveness of these efforts and communicate it	E1-4	56-57
	E5-3	63
	S1	68
	S2	76
	G1-4	80

Policies

All Group policies apply across the entire Nilörn Group. Policies directed at suppliers-such as the Supplier Code of Conduct, Animal Welfare Requirements and the Homeworkers Policy—apply to those suppliers covered by our supplier agreements. An overview of the Group policies is presented on the following pages:

Policy	ESRS	Adaptation to standards	Owner	Purpose
Environmental policy	E1, E4, S3, E5	Swedish Environmental Base (Svensk Miljöbas)	Sustainability Manager	To systematically prevent and reduce negative environmental impacts in Nilörn's operations and value chain, and ensure sustainability for current and future generations through continuous improvement, collaboration and transparent reporting.
Global HR Policy: Travel	E1, G1	Klimatlöftet 2024	Global HR Manager	The policy aims to ensure that business travel is responsible, cost-effective and environmentally conscious. It balances the need for in-person meetings with remote alternatives, with an emphasis on sustainability and cost management in line with the company's goal of reducing its carbon footprint.
Global HR Policy: Work environment	E2, S1		Global HR Manager	Nilörngruppen's global work environment policy emphasises the importance of creating a safe, healthy and inclusive workplace that promotes employee well-being and the success of the organisation. The policy describes commitments in health, safety, mental well-being, inclusion and continuous improvement.
Design policy	E5		Design, Product Development and Purchase Manager	Design is a central part of Nilörn's operations. The design department is responsible for concept development, sales materials, artwork, customer briefs, trend presentations and product sourcing, supported by the "Nilörn Company Identity Manual" and "The Designers Checklist". The policy emphasises sustainability, resource efficiency and circularity in design.
Packaging Policy (new 2025)	E5	Packaging and Packaging Waste Regulation (PPWR)	Group Logistic Manager	The policy applies to all goods delivered by suppliers or manufacturers to NILÖRN or its facilities. It is intended to form a binding part of the contractual relationship between the supplier and NILÖRN.
Procurement policy	E5, G1	OECD Guidelines for Multinational Enterprises, OEKO-TEX STANDARD 100	Group Sourcing Director	The purpose of this policy is to ensure that Nilörn's procurements are regular, competitive, efficient and support sustainable and ethical purchasing activities.
Global HR Policy: Equal opportunities policy	S1	EU Employment Equality Directive 2000/78/EC	Global HR Manager	Nilörn's Equal Opportunity Policy commits to treating all employees fairly without discrimination based on protected characteristics, and covers all aspects of employment from recruitment to termination. The policy applies generally to employees, applicants, customers and others in work-related contexts, and is overseen by the Global Head of Human Resources.
Global HR Policy: Gender equality	S1	EU Equal Treatment Directive 2006/54/EC	Global HR Manager	The policy ensures equal opportunities for women, men and non-binary people in all roles and at all levels within the organisation, with the goal of improving both the work environment and the organisation's performance.
Human rights policy	S1, S2	UN Guiding Principles on Businesses and Human Rights, UN Global Compact, OECD Due Diligence Guidance for Responsible Business Conduct	CEO	The purpose of this policy is to ensure that Nilörn respects and promotes international human rights standards throughout its operations, supply chain and stakeholder relationships, and actively prevents and addresses any adverse impacts on human rights.
Corporate social responsibility (CSR) policy	S1, S2, G1	UN Global Compact, The International Labour Organisation (ILO) Convention No. 138 on Minimum Age and Convention No. 182 on the Worst Forms of Child Labour	Group CSR Manager	The purpose of this policy is to ensure that Nilörn conducts its operations in a way that has a positive impact on society and the environment, drives sustainable change and holds both the company and its supply chain to high ethical, social and environmental standards.
Homeworkers policy	S2	International Labour Organisation (ILO) Convention 177 on Home Work	Group CSR Manager	To clearly express Nilörn's commitment to recognising, supporting and improving the working conditions of domestic workers in its supply chain, while working with suppliers to ensure that these standards meet international labour guidelines.
Supplier Code of Conduct (included in the Supplier Handbook)	S2	Ethical Trading Initiative (ETI) Base Code, The ETI Base Code is founded on the conventions of the International Labour Organisation (ILO) and is an internationally recognised code of labour practice	Group Sourcing Director	The purpose of this policy is to establish minimum standards for ethics, social responsibility and the environment for all suppliers and business partners to the Nilörngruppen, to ensure responsible business practices, compliance with laws and regulations and respect for human rights throughout the supply chain.
Supplier Handbook	S2	UN Global Compact, ETI Base Code, UN Guiding Principles on Business and Human Rights, ILO Conventions and Recommendations (including core conventions on forced labour, child labour, discrimination, freedom of association, minimum wage, occupational health and safety, etc.)	Group Sourcing Director	Nilörn's Supplier Handbook contains guidelines that help suppliers meet the high standards set by Nilörn. It describes important policies and procedures for doing business with Nilörn and ensures compliance within all operations, factories and subcontractors. Suppliers are responsible for understanding, following and communicating these requirements internally. The handbook is updated regularly.

Policy	ESRS	Adaptation to standards	Owner	Purpose
AI policy	G1		IT Manager	The policy mandates responsible use of AI for all employees and subsidiaries, with an emphasis on human oversight, due diligence, and a prohibition on sharing confidential or personal data with AI tools.
Animal welfare policy	G1	World Organisation by Animal Health	Sustainability Manager	The policy emphasises responsible sourcing and animal welfare in accordance with the Code of Conduct and international law. It follows the Five Freedoms framework and prohibits materials from endangered species or unethical practices.
Backup policy	G1		IT Manager	This policy outlines user responsibilities and detailed backup procedures for databases, user files, shared drives, and cloud services with annual archival backups for compliance.
Car policy	G1	Klimatlöftet 2024	CFO	Nilörn's car policy sets out guidelines for the allocation, use and maintenance of company cars with a focus on fairness, safety and responsibility. The policy includes criteria for eligibility, financial responsibility, environmental aspects and procedures for termination of employment.
Change process Nilörn ERP	G1		IT Manager	The policy ensures a structured handling of system change requests, with clear communication with the IT department via email and systematic tracking.
Code of ethics and business conduct	G1	UN Global Compact, OECD guidelines	CFO	Nilörn's Code of Ethics and Conduct outline the fundamental principles and behaviours expected of all employees globally to ensure integrity, respect and responsibility in the workplace.
Finance policy	G1	OECD Guidelines, IFRS reporting principles	CFO	The policy establishes guidelines for managing and minimising financial risks that affect the Group's consolidated income statement and balance sheet.
Global HR policy	G1		Global HR Manager	The purpose of this policy is to create an efficient and attractive workplace by clearly describing the mutual expectations between Nilörn and its employees, promoting development, engagement and a positive work environment guided by core values and fair procedures.
Global HR Policy: Anti-corruption and bribery policy	G1	United Nations Convention against Corruption, UN Global Compact	CFO	This policy outlines a zero-tolerance policy against bribery and corruption, emphasising ethical business conduct and strict compliance with laws. It applies to all persons working for or on behalf of the organisation, including employees, contractors and third parties, and provides for disciplinary action for violations, including dismissal or termination of contract.
Global HR Policy: Anti-harassment and bullying policy	G1	ILO Core Conventions	Global HR Manager	The policy aims to ensure a respectful, fair and inclusive workplace by preventing harassment and bullying, clearly defining procedures for handling complaints and promoting a culture of accountability and transparency within the organisation.
Global HR Policy: Benefits	G1		Global HR Manager	This policy helps create a structured yet flexible compensation and benefits strategy, which promotes both employee satisfaction and organisational goals.
Global HR Policy: General policy	G1		Global HR Manager	To define the mutual expectations between Nilörn and its employees, with the goal of creating an efficient, inclusive and dynamic workplace.
Global HR Policy: Management	G1		Global HR Manager	The policy aims to create a positive, inclusive and collaborative workplace where both managers and employees are empowered, communication is open and professional development is actively supported.
Global HR Policy: Nilörn core values	G1		Global HR Manager	Defining the fundamental principles that shape the company's identity, guide employee behaviour, and drive the organisation's success.
Global HR Policy: Public interest disclosure whistleblowing policy	G1	EU Whistleblowing Directive (2019/1937)	CFO	Nilörn's whistleblowing policy ensures a safe and transparent environment for all employees and associates to anonymously report suspected wrongdoing via an online system called Whistlelink. This policy emphasises confidentiality, protection from retaliation, and thorough investigations to uphold ethical standards throughout the organisation.
Global HR Policy: The employment	G1		Global HR Manager	To foster a workplace culture characterised by growth, respect and professionalism – supporting employees from induction, through career development, to termination, and ensuring that all transitions are handled with care and integrity.
Identity and access management	G1		IT Manager	Describes Nilörn's structured approach to identity and access management to prevent unauthorised access to data on company servers and networks.
Information and media policy	G1		CFO	The policy emphasises clear, transparent and customer-oriented communication to build knowledge and trust among stakeholders. The policy requires all employees to adhere to these standards and that contacts with the media are coordinated through official spokespersons, ensuring consistent and accurate information dissemination.
IT policy	G1		IT Manager	The policy establishes comprehensive guidelines to ensure a secure and efficient IT environment, protect corporate data, and regulate employee behaviour regarding IT resources and data integrity.
Late payments to SME	G1	EU Directive 2011/7/EU, UN Global Compact, OECD Guidelines	CFO	The policy establishes procedures to ensure timely payments to small and medium-sized enterprises (SMEs) in accordance with local legislation and contractual terms.
Nilörn's remote working policy	G1		Global HR Manager	The policy outlines the framework that enables employees to work remotely while maintaining operational efficiency and compliance with laws and regulations. The policy emphasises flexibility, task suitability, and security to promote a productive environment across all global offices.
Privacy policy	G1	GDPR, Swiss revDSG, China's PIPL, OECD privacy management principles	CFO	The purpose of this policy is to inform users about how Nilörngruppen AB collects, uses and protects personal data (GDPR).
Sales policy	G1	N/A	Group Sales Manager	The policy sets out rules and responsibilities to govern sales operations and mitigate risks within the Group. It covers proper order management, customer discounts, stock requisitions and detailed reporting for consistent operations and financial accuracy.

GOV-5 Risk management and internal controls over sustainability reporting

Nilörn's internal control system consists of specific control procedures designed to ensure that the information in the sustainability report is relevant, accurately presented, comparable, verifiable and easy to understand. The CFO and Sustainability Manager are responsible for coordinating and following up the work on the materiality assessment and the sustainability reporting process. To ensure high quality in the reported information, all employees involved in the reporting work have received relevant training and clear instructions.

As part of the preparations for CSRD, we developed a sustainability reporting manual in 2025 that defines processes, roles and responsibilities. Information reported by subsidiaries is reviewed and verified by designated individuals at headquarters. Data collected and reported centrally, as well as the content of the sustainability report, undergoes a review by the manager responsible for each respective area. Roles and responsibilities are clearly separated between those who report and those who approve, in order to ensure objectivity and quality in the process.

Nilörn uses a digital sustainability reporting tool that supports both GHG calculations and ESRS reporting. Each subsidiary has an appointed reporting responsible. The tool facilitates review and quality assurance by enabling a structured control process, including the application of the dual-control principle.

The risk management and internal control routines cover the entire Group and are integrated into the governance structure. The process includes identification, assessment, management and follow-up of sustainability-related risks. The control environment is based on documented routines, clear roles and responsibilities, and digital tools that ensure traceability.

The risk assessment follows the principles of our double materiality analysis (DMA) and is based on a combination of impact, likelihood and financial materiality. The methodology includes threshold values for prioritising risks and an annual update of assessment criteria. Risks are categorised according to time horizon (short, medium and long-term) and where in the value chain they arise.

The most significant risks relate to data quality, inadequate reporting routines and regulatory changes. To mitigate these risks, we have implemented the dual-control principle in the reporting tool, training for all reporting-responsible employees, internal audits and sample checks, as well as continuous updates to the sustainability reporting manual.

The results of the risk assessment are integrated into Group governance and business planning. Sustainability risks are considered in strategic decisions, procurement processes and IT security routines.

The internal control process is linked to the CFO's responsibility for financial reporting. Sustainability-related risks are included in the internal control process and are reported annually to the Board, which follows up and monitors our sustainability reporting processes, including improvement plans, identified risks and internal control routines.

More information on risk management is available in the section on pages 21–22.

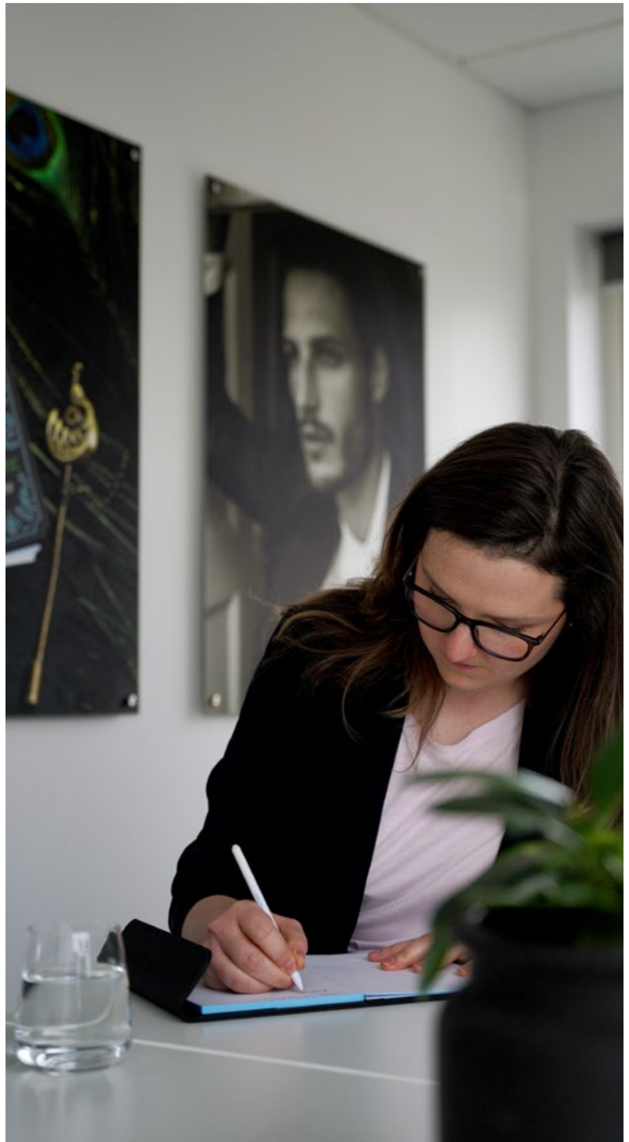
Strategy

SBM-1 Strategy, business model and value chain

Nilörn's overall strategy, business model and value chain are presented on pages 10–13.

Business areas, product portfolio, customer segments and markets, including any changes during the reporting period, are described in the section Our Offering of the Management Report on pages 12 and 14–15.

Information about key stakeholders and their position in the value chain is provided in SBM-2 on page 34.


Jennifer Elze,
Global Compliance Specialist Labeling, Nilörngruppen AB

SBM-2 Interests and views of stakeholders

We maintain an ongoing dialogue with our key stakeholders. The insights gained help strengthen our understanding of sustainability impacts, support the development of our customer offering and form an important input to our double materiality assessment.

In 2025, Nilörn identified its key stakeholders as: employees, investors, customers, suppliers, affected communities, nature and industry experts. The stakeholder dialogue was designed to ensure broad representation. Customers and experts were selected based on their relevance to the business, all employees were invited to participate via an internal survey, and suppliers were informed via the purchasing department and the supplier portal. Affected communities were identified based on their proximity to Nilörn's facilities in Bangladesh and Portugal.

As a complement to the 2025 stakeholder dialogue, a qualitative study was conducted in 2024 with in-depth interviews with eight key customers. The results highlighted the importance of sustainability in the textile industry and the need for suppliers who can offer guidance, transparency and innovative solutions. Respondents specifically requested support in interpreting and implementing sustainability legislation, including upcoming requirements such as the Digital Product Passport (DPP), as well as assistance in ensuring that materials and processes meet high sustainability standards.

In 2025, Nilörngruppen updated its sustainability strategy to strengthen its work on circularity and resource efficiency. As part of the update, we introduced annual targets to increase the share of recyclable materials and reduce environmental impacts in the value chain. In addition, we initiated work to set Science Based Targets (SBTi) to ensure that our climate targets are aligned with scientific recommendations. The strategy update is a response to increasing expectations from customers, regulators and the financial market.

We assess that sustainability aspects such as material choices, circularity and traceability will become an increasingly important factor in customers' purchasing decisions. Nilörngruppen is therefore developing offerings that help customers achieve their own sustainability targets.

The table below describes how we engage with stakeholders who are affected by and/or have influence over our operations, and the topics they have identified as important for Nilörn's work:

Stakeholders	Position in the value chain	Dialogue/Channel	Priority/ Material issues	Purpose of the commitment
Employees	Own operations	Employee Interview Employee Survey Sales and Sourcing Conference Internal Training Intranet	Resource and waste management Energy and climate action Safe and fair working conditions Strong IT security, anti-corruption Development opportunities	To promote open dialogue on HR issues and ensure that employee views are taken into account. Multiple communication channels are used to collect feedback, manage issues and develop. The employee survey provides ongoing insights, and the whistleblower function offers a safe way to report discrepancies or concerns anonymously.
Customers	Downstream	Meetings and Conferences Trade Shows Social Media Newsletter Knowledge Hub	Responsible sourcing and supplier verification Product development, recycled materials Knowledge exchange Transparency and ESG reporting	Ensuring that customer perspectives are considered and that their needs are integrated into the strategy and business model. Provides valuable input into the development of a product offering that is both sustainable and commercially relevant.
Investors and lenders	Own operations	Financial Reports and Reviews Board Meetings Annual General Meeting Website	Ethical business practices and anti-corruption Legal compliance	Ensuring that the company's sustainability strategy and goals are relevant and up to date, and meeting financial stakeholders' needs for reliable sustainability data. This also includes fulfilling the requirement that investors are kept informed about ESG-related information in accordance with applicable reporting requirements.
Suppliers/ workers in the value chain	Upstream and downstream	Dialogue Supplier package Supplier evaluations Supplier portal	Resource efficiency Health and safety Knowledge exchange and support Collaboration on product development	Ensure responsible purchasing, include suppliers in traceability work and ESG data collection. Ensure that human rights are respected.
Affected communities	Downstream	Materials Circular economy	Working conditions Quality of life Environmental impact	Gaining insights into how our operations impact the local community helps us identify relevant risks and opportunities.
Nature	Overall	Tools such as WWF's water risk filter and WWF's biodiversity filter	Resource efficiency Biodiversity and ecosystems	That the environmental impact of the business is identified, evaluated, and managed in a responsible manner.
Industry experts	Overall	Dialogue Industry organisations	Product development, Ecodesign Circular economy Regulatory preparedness	Gain industry perspectives and concrete insights into the entire value chain, as well as ideas that can help validate and further develop the company's goals, working methods, and action plans.

SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model

As a result of Nilörn's double materiality assessment (DMA) for the 2025 financial year, conducted in accordance with ESRS 2, a number of material impacts, risks and opportunities (IROs) have been identified. The IROs presented below are limited to those aspects which, based on the double materiality assessment, have been assessed as having a significant actual or potential impact on people or the environment, or which may give rise to material financial risks or opportunities for the Group.

For each material IRO, it is indicated whether it arises in Nilörn's own operations or in any other part of the value chain, as well as Nilörn's relationship to the impact - that is, whether the company causes, contributes to or is directly linked to the impact through its business relationships. This information is presented in the table below.

				Upstream			Own operations				Downstream				Time horizon		
	ESRS - Topic/Subtopic	Description	IRO Type	Raw material	Production	Transport	Product development & innovation	Own production	Warehouse	Sales & marketing	Transport	Manufac-turing	Customers	End of Life	Short-term	Medium-term	Long-term
E	E1 Climate change adaptation	Physical damage to buildings and surroundings as a result of climate-related physical events.	Risk	●	●	●	●	●	●	●	○	○	○	○	●	●	○
	E1 Climate change mitigation	Scope 1 and Scope 2 emissions arising from Nilörn's own energy use and operations, including fuel consumption and purchased energy.	Negative impact/actual	○	○	○	●	●	●	●	○	○	○	○	●	●	○
	E1 Climate change mitigation	Measures to reduce Scope 1 and Scope 2 emissions may entail increased costs linked to investments in energy efficiency, technology change, and the purchase of energy with a lower climate impact.	Risk	○	○	○	●	●	●	●	○	○	○	○	●	●	○
	E1 Climate change mitigation	Scope 3 greenhouse gas emissions from the value chain, in particular from the purchase of materials, products, and transportation.	Negative impact/actual	●	●	●	○	○	○	○	●	●	●	●	●	●	○
	E1 Climate change mitigation	Measures to reduce scope 3 emissions may entail increased costs, for example, when switching to more sustainable materials, imposing stricter requirements on suppliers, and improving logistics solutions.	Risk	●	●	●	●	●	○	●	●	●	●	●	●	●	○
	E1 Energy	Energy consumption causes actual emissions and environmental impact linked to the use of electricity, heat, and fuels.	Negative impact/actual	●	●	●	●	●	●	●	●	●	●	●	●	●	○
	E1 Energy	Energy and resource efficiency, along with a higher share of renewable energy, can lead to cost savings.	Opportunity	●	●	●	●	●	●	●	○	○	○	○	●	●	○
	E5 Resource flows linked to products and services	Product design and material selection that follow circular principles can help reduce resource outflows through longer product life, enable reuse or recycling, and support more sustainable material use.	Positive impact/ potential	○	○	○	●	●	○	●	○	○	○	○	●	○	○
	E5 Resource flows linked to products and services	Supporting digitisation and product traceability through product development contributes to the goals of the circular economy by improving transparency in resource flows, enabling better tracking of materials, and strengthening accountability in the value chain.	Positive impact/ potential	○	○	○	●	●	○	●	○	●	●	●	●	●	○
	E5 Resource flows linked to products and services	Digital product development and the use of innovative digital solutions for traceability and supplier management can streamline operations, reduce waste, and lower costs.	Opportunity	●	●	○	●	●	○	●	○	●	●	●	●	●	○
	E5 Waste	Material waste and inadequate waste management lead to increased resource consumption and a negative environmental impact.	Negative impact/ actual	○	●	○	○	●	●	○	○	○	○	○	●	○	○
	E5 Waste	Overproduction and inefficient use of resources can increase waste management costs, reduce resource efficiency, and lead to missed opportunities for value recovery.	Risk	○	●	○	○	●	○	●	○	○	○		●	○	○

	ESRS - Topic/Subtopic	Description	IRO Type	Upstream			Own operations				Downstream				Time horizon		
				Raw material	Production	Transport	Product development & innovation	Own production	Warehouse	Sales & marketing	Transport	Manufac-turing	Customers	End of Life	Short-term	Medium-term	Long-term
S	S1 Working conditions	Work-related injuries, illnesses, and accidents can occur when workplace standards are inadequate or safety procedures are insufficient, which can negatively impact the health and well-being of employees.	Negative impact/ potential				●	●	●	●					●	●	
	S1 Equal treatment and equal opportunities for all	Discrimination or unequal treatment can occur and negatively affect fair working conditions, development opportunities, and equal rights for employees.	Negative impact/ potential				●	●	●	●					●	●	
	S1 Equal treatment and equal opportunities for all	Opportunity to strengthen competitiveness and skills supply by attracting, developing, and retaining qualified employees.	Opportunity				●	●	●	●					●	●	
	S2 Working conditions	Lack of freedom of association and access to trade unions can occur at suppliers and negatively affect employees' opportunities for representation and collective bargaining.	Negative impact/ potential	●	●	●					●	●			●		
	S2 Working conditions	Forced labour at the supplier carries the risk of fines, legal action and damage to reputation.	Risk	●	●	●									●		
	S2 Equal treatment and equal opportunities	Discrimination or unequal treatment may occur at suppliers and negatively affect employees' fair working conditions, development opportunities and equal rights.	Negative impact/ potential	●	●	●									●		
	S2 Equal treatment and equal opportunities	Reputational risk linked to violations of principles of equal treatment and equal opportunities can lead to significant reputational damage and affect the trust of customers and other stakeholders.	Risk	●	●	●									●		
	S2 Other work-related rights	The occurrence of child labour among suppliers can constitute serious violations of children's rights and create significant negative impacts both for children and the company's responsibility.	Negative impact/ potential	●	●							●			●		
	S2 Other work-related rights	Risk of occurrence of forced labour in the supply chain, which can lead to damaged reputation and reduced trust among stakeholders.	Risk	●	●	●					●	●			●		
	S2 Other work-related rights	Supplier mismanagement related to forced labour can have significant negative impacts on workers' rights and well-being.	Negative impact/ potential	●	●										●		
G	G1 Corruption and bribery	Corruption or irregularities can occur in the value chain and lead to negative impacts on business ethics, compliance and stakeholder trust.	Negative impact/ potential	●	●	●	●	●	●	●	●	●	●	●	●		
	G1 Corruption and bribery	Corruption incidents within the business or value chain can lead to sanctions, legal consequences and significant damage to the company's reputation.	Risk	●	●	●	●	●	●	●	●	●	●	●	●		
	G1 Supplier relationship management including payment practices	Structured and transparent collaboration with suppliers can strengthen relationships, improve quality and create long-term value.	Opportunity		●		●	●	●						●	●	●
	Entity-specific disclosure																
	G1 Other governance / IT security and data management	Cyberattacks can impact operations through operational disruptions, loss or exposure of sensitive information, and reduced trust from stakeholders.	Risk				●	●	●	●					●	●	●

Identified material impacts, risks and opportunities

E1 Climate change adaptation

Physical damage to facilities

- Climate-related physical risks refer to the potential damage our global operations may experience from acute events such as floods, storms, and heatwaves, as well as from long-term changes including rising sea levels and shifting temperature patterns. For our operations, these risks may disrupt production, damage infrastructure, affect material quality, and place pressure on supply chains, which in turn can impact delivery times and the overall resilience of the business. The CSRD working group has identified and analysed these impacts.

E1 Climate change mitigation

Scope 1 and Scope 2 emissions from own production and operations

- Scope 1 and Scope 2 emissions refer to the greenhouse gases released directly from our own operations (for example through on-site fuel combustion or the use of company vehicles), as well as indirectly from the electricity we purchase and consume. These emissions constitute a central part of our operational carbon footprint and represent critical areas for emission reduction within our climate strategy.

Costs related to measures to reduce Scope 1 and Scope 2 emissions

- Measures to reduce Scope 1 and Scope 2 emissions—such as upgrading equipment, transitioning to renewable energy, or improving energy efficiency—may lead to increased operational costs in the short term. These investments are necessary for long-term sustainability and regulatory compliance, but may impact financial performance if not carefully managed and integrated into strategic planning.

Scope 3 greenhouse gas emissions from the value chain

- Scope 3 emissions refer to indirect greenhouse gas emissions generated across our value chain, outside our direct operations. This includes emissions from the purchase of raw materials used in our products as well as emissions generated during upstream and downstream transportation. These emissions often represent the largest share of our carbon footprint and are essential to address through supplier engagement, material choices, and logistics optimisation.

Costs related to measures to reduce Scope 3 emissions

- Measures to reduce Scope 3 emissions—such as those arising from purchased goods, transportation, and other value-chain activities—may lead to increased costs due to the need for supplier engagement, sustainable material sourcing, and investments in low-emission logistics solutions. These efforts are necessary to achieve long-term climate targets but may result in higher costs in the short to medium term and require careful coordination across the entire value chain.

E1 Energy

Environmental impacts resulting from energy consumption

- Energy use in our operations contributes to greenhouse gas emissions and environmental degradation, particularly when the energy is sourced from fossil fuels. High energy consumpion in production facilities and offices increases our carbon footprint and operational costs, making energy a central area for efficiency measures and sustainability initiatives.

Energy and resource efficiency and an increased share of renewable energy

- Improved energy and resource efficiency can lead to significant cost savings through reduced energy use, minimised material waste, and optimised operational processes. These efficiency gains not only reduce our environmental impact but also strengthen long-term financial performance and the resilience of the business.

E5 Resource outflows related to products and services

Support for digital solutions and product traceability

- Supporting digitalisation and product traceability through product development contributes to a circular economy by improving visibility into resource flows, enabling better tracking of materials, and strengthening accountability along the entire value chain. This enhances our ability to manage resource inflows and outflows in a more sustainable way, while also meeting increasing expectations for transparency and responsible production.

Digital product development and innovation

- Digitalisation, including product traceability, represents a financial opportunity by enabling more efficient operational processes, increasing transparency, and creating added value for customers. These capabilities can strengthen our market position, support compliance with evolving regulations, and open new revenue streams through innovative, data-driven services.

Product design and material choices based on circular principles

- Designing products and materials in line with circular ecnomy principles helps reduce resource outflows by extendin product lifetimes, enabling reuse or recycling, and minimising negative environmental impacts. This approach supports more sustainable consumption patterns and aligns with growing expectations for responsible product design and end-of-life management.

E5 Waste

Material waste and inadequate waste management

- Material lost in operational processes, as well as waste that is handled or disposed of improperly, represents a significant negative environmental impact by disrupting circular resource flows and contributing to unnecessary environmental burden. This inefficiency undermines the ambition to keep materials in use for as long as possible and highlights the need for improved product design, more efficient handling, and better systems for recycling and resource recovery in line with circular-economy principles.

Overproduction and inefficient resource use
- Overproduction of waste and inefficient use of resources represent a financial risk due to increased waste-management costs, reduced material efficiency, and missed opportunities for value recovery. These inefficiencies conflict with circular economy principles—where maximised resource use and minimised waste are central—and may lead to higher operational costs and loss of competitiveness if not managed strategically.

S1 Working conditions

Work-related injuries, illnesses, and accidents resulting from inadequate occupational health and safety standards
- Work-related injuries, illnesses, and accidents resulting from inadequate health and safety standards represent a significant negative impact on both employees well-being and operational sustainability. Poor working conditions can lead to resource inefficiency, increased absenteeism, and reputational risks, undermining efforts to build a responsible and resilient organisation in line with circular-economy values of care, accountability, and long-term value creation.

Discrimination or unequal treatment
- Discrimination based on gender, sexual orientation, ethnicity, disability, political opinions, or health status represents a significant potential negative impact that our operations may have on the workforce. Ensuring equal treatment and equal opportunities for all employees is essential to creating a safe, inclusive, and respectful working environment.

Growth and development through recruitment and retention of highly skilled employees
- Attracting and retaining highly skilled and diverse employees creates a strong financial opportunity for our organisation. By fostering an inclusive work environment where all individuals, regardless of background, have equal access to development and career opportunities, we not only strengthen employee engagement and loyalty but also drive innovation and performance. This inclusive approach contributes to building a relient workforce that supports long-term business growth and competitiveness.

S2 Other work-related rights

Lack of freedom of association
- There is a potential negative impact linked to our business model, as our operations rely on external suppliers and production in multiple countries where working conditions may vary. Such impacts may include limited freedom of association and lack of trade-union rights within the supply chain.

Forced labour among suppliers
- The potential presence of forced labour within the company's operations or value chain represents a financial risk due to possible non-compliance with applicable laws and regulations. Even indirect links to such practices may trigger regulatory investigations, fines, legal proceedings, or other enforcement actions by authorities. These consequences can result in direct financial costs and require mandatory corrective measures. In turn, this may affect investor confidence, market access, and the company's long-term financial performance.

Discrimination
- If discrimination occurs within our value chain-such as discrimination based on gender, sexual orientation, ethnicity, disability, political opinions, or health status-this constitutes a potential negative impact arising from our business model, as we rely on external suppliers and production environments where working conditions may vary. Even when such incidents do not take place within our own operations, our purchasing decisions, business relationships, and requirements can indirectly influence working conditions at suppliers and thereby contribute to the persistence of discriminatory practices.

Reputational risk
- Violations of principles of equal treatment and equal opportunities-such as discrimination based on gender, ethnicity, sexual orientation, disability, political opinions, or health status-within our value chain represent a potential financial risk. Even if such incidents do not occur in our own operations, any connection to them may cause reputational damage, weakened stakeholder trust, reduced brand value, and a negative impact on relationships with customers and investors.

Supplier misconduct related to child labour
- There is a potential risk that supplier misconduct linked to child labour may occur in our value chain. Although we do not tolerate such practices, limited visibility or weak compliance in parts of the supply chain may create challenges. Should such conditions occur, they would constitute a breach of fundamental labour-rights principles and expose our operations to reputational, legal, and ethical risks. Proactive due diligence is essential to mitigate this risk and uphold our commitment to responsible sourcing.

Risk of forced labour
- The potential presence of forced labour in the supply chain represents a financial risk by undermining the confidence of key stakeholders. Even indirect links to forced labour can diminish trust among customers, business partners, investors, and civil-society actors, leading to reputational damage, strained business relationships, and reduced attractiveness as a partner. This loss of confidence may, in turn, affect long-term customer loyalty, access to capital, and the company's market positioning, thereby negatively impacting future revenues and business continuity.

Supplier misconduct related to forced labour
- If supplier misconduct related to forced labour occurs within our value chain, this represents a potential negative impact. Such situations may arise in parts of the supply chain where oversight, transparency, or compliance mechanisms are limited. Although we do not tolerate forced labour, indirect links can result in significant ethical, legal, and reputational consequences. This impact can harm workers' rights and well-being and simultaneously create risks for the company due to mandatory corrective measures, loss of trust within the value chain, and reputational damage.

G1 Management of relationships with suppliers including payment practices

Supplier engagement

- Proactive engagement with suppliers represents a financial opportunity by strengthening collaboration, increasing the resilience of the supply chain, and promoting shared commitments to ethical and sustainable business practices. Strong supplier relationships can result in better pricing, improved quality, reduced delivery disruptions, and long-term cost efficiencies, all of which contribute to enhanced business performance and value creation.

G1 Corruption and bribery

Corruption and misconduct in the value chain

- There is a potential risk that corruption or other forms of misconduct may occur in our value chain, particularly in regions or contexts where governance and oversight may be limited. Even if such actions do not originate in our own operations, they can undermine ethical principles, distort fair competition, and expose our organisation to reputational, legal, and financial consequences. Promoting transparency and integrity through supplier engagement and due diligence is essential to mitigating this risk.

Corruption incidents within Nilörn's operations and value chain can lead to sanctions, legal action, and reputational damage

- The potential occurrence of corruption—whether within our own operations, among upstream suppliers, or among downstream business partners—represents a significant financial risk. Such incidents may result in regulatory sanctions, legal action, and reputational harm, which in turn can affect stakeholder confidence, investor trust, and business continuity. Strengthening anti-corruption measures and promoting transparency throughout the value chain are essential to mitigating this risk.

G1 Other governance / IT security and data management

Cyberattacks can disrupt operations, compromise sensitive information, and damage stakeholder trust

- A cyberattack represents a significant financial risk by potentially disrupting operations, compromising sensitive information, and damaging stakeholder trust. Such incidents can result in direct costs, including system restoration, legal obligations, regulatory penalties, and expenses related to incident management, as well as indirect costs such as reputational damage, loss of customers, and increased insurance premiums. As digital infrastructure becomes increasingly central for managing and reporting ESG data, the financial exposure to cyber threats continues to grow.

Methodology and results of the materiality assessment

Compared with the previous reporting period, Nilörn has updated its double materiality assessment and adjusted the thresholds and methodology. This has led to some sustainability matters—such as pollution, water, biodiversity, and affected communities—no longer being assessed as material for 2025. At the same time, areas such as climate impact, circularity, working conditions, other work-related rights, corruption, and IT security and data management continue to be assessed as material.

Our material impacts originate in the core of Nilörn's business model: the development and design of labels, packaging, and branding solutions, as well as our close cooperation with global suppliers and production partners. Through our choices of materials, product design, requirements, purchasing decisions, production processes, and international logistics flows, we cause impacts directly through our own decisions and activities. We contribute to impacts through shared processes and collaboration with suppliers and customers, where our specifications and quality requirements steer their production. At the same time, we have indirect impacts that arise upstream in the supply chain—for example in the production of fibres, paper, and chemicals—and downstream in how our products are used and managed at end-of-life.

The identified material impacts include both actual and potential impacts on the environment and people. Our Scope 1, 2 and 3 emissions contribute to climate change through increased greenhouse gases, leading to rising temperatures, extreme weather events, and deteriorating air quality. These environmental changes affect people through increased health risks, heat stress, and disruptions to societal functions. Resource use, waste, and issues related to working conditions and human rights constitute further material impacts through their effects on ecosystems, health, safety, and well-being across the value chain.

All material impacts, risks, and opportunities are covered by the relevant topical ESRS standards (ESRS E1, E5, S1, S2 and G1), with the exception of IT security and data management, which is not covered by any topical ESRS standard. This area is therefore disclosed as an entity-specific disclosure within the scope of G1.

Nilörn has assessed how the company's strategy and business model perform in relation to the material impacts, risks, and opportunities identified through the updated double materiality assessment. The resilience assessment shows that the strategy is robust in the short and medium term, particularly through our focus on reducing emissions in the value chain, increasing material and resource efficiency, and strengthening our work on supplier responsibility and respect for human rights. In the long term, our ability to remain competitive is assessed as depending on continued development of circular design, digital product traceability, and the transition towards supplier-specific climate data. The assessment has been carried out qualitatively and is based on the time horizons defined in ESRS 1.

Actual financial effects

Nilörn's financial reporting is not currently structured in a way that allows for the isolation of the effects that sustainability aspects have on the Group's financial position, results, or cash flows. None of the identified material risks or opportunities are expected to result in material adjustments to reported assets or liabilities within the coming year.

Expected financial effects

Nilörn has applied the transition provision (phase-in) and therefore does not disclose expected financial effects in this report.

Impact, risk and opportunity management

IRO-1 – Description of the process to identify and assess material impacts, risks and opportunities

The process

Nilörngruppen has carried out a double materiality assessment (DMA) in accordance with the ESRS requirements, with the aim of identifying and assessing the most relevant sustainability-related impacts, risks and opportunities (IROs) for the business. The analysis has covered the entire Group and was conducted in several stages over the period 2023–2025.

In 2023, the materiality assessment work was initiated through a preliminary mapping of Nilörn's sustainability context in line with GRI 2021. A gross list of potential impacts and risks was developed, based on previous reporting, internal priorities and input from stakeholders. Stakeholder dialogues were conducted to capture relevant perspectives for the subsequent analysis. In 2024, the analysis was supplemented with an assessment of risks and opportunities from a financial materiality perspective.

The DMA process was updated in 2025. The methodology for assessing the severity and likelihood of impacts was refined, and thresholds were established for impacts as well as for financial risks and opportunities.

The work was led by the Sustainability Manager and the ESG Compliance Coordinator and included a broad stakeholder survey to capture relevant perspectives from stakeholders. The results were reviewed by the CSRD Task Force and presented to the Board of Directors in July 2025. They were then integrated into Nilörn's business plan and future sustainability strategy. In total, 26 impacts, risks and opportunities (IROs) were assessed as material, of which two are potential positive impacts, seven potential negative impacts, four actual negative impacts, nine risks and four opportunities. One entity-specific risk was identified.

Methodology and assessment criteria

We mapped our activities and business relationships to understand our impacts on the environment and people. This included an analysis of the industry, the value chain, and the geographical areas in which Nilörn operates. An overview of Nilörn's value chain is provided on page 13.

Topic-specific disclosures on identified impacts, risks and opportunities

E1 Climate change

Nilörn has established a structured process to identify and assess climate-related impacts, risks and opportunities in accordance with ESRS E1. The process covers both physical risks and transition risks, as well as opportunities in the company's own operations and across the value chain, upstream and downstream. The identification of climate impacts is carried out through mapping Nilörn's greenhouse gas emissions (Scope 1, 2 and 3) in line with ESRS E1-6. This includes analysing emission sources in production, energy use and the supply chain. The results are used to prioritise measures that reduce emissions and strengthen resilience to climate change.

Nilörn identifies climate-related physical risks such as flooding, wildfires and extreme weather events. The assessment takes into account high-emission climate scenarios (Business-as-Usual, 3–4°C) and includes an analysis of how the company's assets and business activities may be exposed to these risks. For example, production facilities located in areas prone to flooding or fire may face significant operational and financial risk. The resilience analysis is used to classify risks according to impact (low, medium, high) and time horizons: short term (1–3 years), medium term (3–10 years) and long term (more than 10 years).

Nilörn identifies transition-related events that may arise in connection with a global transition towards a 1.5°C scenario with limited overshoot. This includes tightened climate policies, increased costs for emissions reduction, changes in customer requirements and technological developments. The assessment considers how the company's assets and business activities may be exposed to these developments, which can give rise to both risks (e.g. increased costs for Scope 3 emissions reduction) and opportunities (e.g. growing demand for circular solutions).

Transition-related risks and opportunities have been identified and assessed across the short, medium and long term. In the short term, these primarily relate to regulatory changes and initial emissions-reduction costs; in the medium term, increased transition costs linked to operations and the supply chain; and in the long term, potential consequences arising from changing market conditions, technological development and more extensive requirements to adapt the business model and value chain.

To identify and assess physical risks as well as transition risks and opportunities, Nilörn uses climate-related scenario analysis. The analysis includes a Paris-aligned scenario (1.5°C) and a high-emission scenario (BAU 3–4°C) to assess potential effects over the short, medium and long term (see E1-1 for scenario descriptions). The scenario analysis therefore forms the basis for identifying and assessing transition-related risks and opportunities across these time horizons. The analysis provides input for strategic decision-making, investment planning and prioritisation of actions. Nilörngruppen's financial statements are prepared based on current operating conditions. At present, we do not see an immediate need for additional financing to implement the measures identified to reduce climate-related risks. However, should additional financing be required to implement the actions in our future climate transition plan, this will be incorporated into our financial planning. During 2026, we also plan to assess whether any inconsistencies exist between transition planning and the financial statements and, if so, will report this information in accordance with the requirements of our Annual Report. The transition plan will be integrated into Nilörn's business strategy and financial planning in 2026 (see E1-1 Transition Plan, page 52), ensuring that future actions align with our long-term plan to reduce GHG emissions and strengthen resilience.

Nilörn has not yet conducted an assessment of the extent to which our assets and business activities may be exposed and sensitive to identified climate-related risks, taking into account likelihood, magnitude, duration, and the geographical coordinates of our operational sites and supply-chain locations.

Transition risks are assessed at Group level. The measures and targets required to achieve the Paris Agreement emission-reduction trajectory for Scope 1, Scope 2 and Scope 3 will be further analysed, and any effects will be evaluated and quantified during the coming year in accordance with applicable accounting principles and standards. This work will be carried out in alignment with our forthcoming targets under the Science Based Targets initiative.

Mitigation measures include energy-efficiency improvements, the Supplier Code of Conduct, Higg FEM tracking and ESG governance (as described in E1-1 Transition plan). Planned actions include refrigerant management, increased use of recycled materials and market assessments.

In the BAU scenario, transition risks are lower and more long-term. The measures focus on cost control, monitoring and maintaining efficiency. Our risk-mitigation strategy combines contingency planning with long-term monitoring. Physical-risk measures include preparedness teams and backup power; transition-risk measures include supplier engagement and investments in energy efficiency.

E5 Resource use and circular economy

Nilörn's materiality assessment for ESRS E5 covered impacts related to resource use across the entire value chain, including inflows of materials, outflows in the form of products, and generated waste. These impacts are closely linked to the company's business model, where the production and sale of labels and packaging solutions require material resources and where waste arises in our own operations, at suppliers, and at the products' end of life. Resource inflows were assessed as falling below the materiality thresholds and were therefore not included as a material topic under E5.

Circularity was identified as a key area in the materiality assessment, as Nilörn and the company's customers operate in an industry where the transition towards more circular business models is becoming increasingly important, not least driven by regulatory developments. The assessment showed that Nilörn can influence and contribute positively through ongoing activities and innovations related to design, material choices and traceability. At the same time, negative impacts were identified in relation to waste generation, as well as risks of overproduction or inefficient resource management in manufacturing processes. Resource outflows and waste were therefore assessed as material.

Stakeholder perspectives were integrated through surveys with employees and suppliers, as well as a workshop with employees to deepen the understanding of the company's impacts, risks and opportunities related to resource use and circularity.

G1 Business conduct

Nilörn identified material impacts, risks and opportunities related to business ethics through a structured process involving internal experts from relevant functions. The assessment was based on an analysis of where in the value chain risks of misconduct may arise, with particular focus on the location of transactions, the global structure of the business, and the risks inherent in Nilörn's operating model. Risk levels were assessed based on geography, type of business activity and information from supplier audits. Business ethics emerged as a priority area in the assessment. Corruption and bribery were identified both as a potential negative impact and as a key risk in the value chain, supplier relationship management was highlighted as an opportunity to create long-term value, and IT security and data management emerged as an additional priority risk area outside the ESRS standards and is therefore included as an entity-specific datapoint in the sustainability report.

Impact materiality

For a negative impact, materiality is determined based on its scale, scope and irremediability to assess severity. For potential negative impacts, likelihood is also included. In the case of potential negative impacts on human rights, the severity of the impact takes precedence over its likelihood.

For positive impacts, materiality is based on scale and scope, and for potential positive impacts on scale, scope and likelihood.

- Scale (1–5) – the severity of the impact
  1 = Minimal consequences on people or the environment
  5 = Very severe consequences leading to significant and long term harm
- Scope (1–5) – how widespread the impact is
  1 = Few individuals / Very low – isolated location
  5 = Global / Entire population / All customers/end users
- Irremediability (1–5) – the degree to which the impact can be reversed or restored
  1= Easily reversible
  5= Irreversible or permanent
- Likelihood (1–5) – the probability that the impact will occur
  1= Rare
  5= Almost certain

Threshold values are reviewed annually. Measures taken to reduce negative impacts are not treated as positive impacts.

Financial materiality

Risks and opportunities are assessed by combining their potential financial impact with the likelihood of their occurrence. A 1–5 scale is used for both financial impact (aligned with an established monetary threshold) and likelihood, ranging from rare to almost certain. For a risk or opportunity to be classified as material, the calculated impact must exceed a defined threshold. Threshold values are reviewed annually.

Where impacts occur

For each identified impact, risk and opportunity (IRO), we analysed where in the value chain it is concentrated. The assessment covers three main areas: upstream, which includes the supplier stage such as raw materials and production; own operations, which include Nilörn's internal processes and facilities; and downstream, referring to distribution, use and impacts occurring with end users. Mapping has been carried out to determine whether a given IRO originates from Nilörn's own activities or, for example, through business relationships with suppliers.

Time horizon

Potential impacts, risks and opportunities have been assessed across three-time horizons: short term (covering the current reporting year and the following year), medium term (from the end of the short-term period up to five years), and long term (more than five years).

Stakeholder dialogue

Stakeholders participated in the process through surveys, interviews and workshops. Experts contributed to the workshops. Their perspectives were used to support the validation and prioritisation of the sustainability matters identified as most relevant.

Integration into governance and strategy

In connection with the double materiality assessment, we actively considered the links between identified impacts and dependencies in the value chain and the risks and opportunities to which these may give rise. For example, reliance on certified materials and traceability solutions was linked to strategic opportunities within the circular economy and customer transparency, while impacts from emissions in the supply chain were linked to risks related to increased costs, regulatory requirements and potential disruptions in the supply chain. These interdependencies were considered when prioritising actions and have been integrated into the business strategy.

The IRO process is integrated into Nilörn's overall risk management and business planning. Sustainability-related risks are prioritised by being incorporated into the company's broader risk-management process and are assessed using the same methodology as financial and operational risks. Nilörn uses risk-assessment tools, including a risk matrix, to ensure a comparable and structured evaluation. An annual follow-up and revision of the assessment is planned, and the results of the process form the basis for the sustainability reporting as well as for setting future goals and actions.

The parameters used for the assessment were drawn from multiple sources, including the BHR Navigator (UN Global Compact), A New Textiles Economy (Ellen MacArthur Foundation), The impacts of textile production and waste on the environment (European Parliament), and relevant news articles, such as those published by Aktuell Hållbarhet.

Material sustainability matters identified in the materiality assessment

Environmental | Social | Governance

Impact

- Working conditions (own workforce)

Not material

- Other work-related rights (Own workforce)
- Marine resources
- Pollution of air
- Pollution of water
- Microplastics
- Resource inflows, including resource use
- Substances of very high concern
- Substances of concern
- Water
- Direct impact drivers of biodiversity loss
- Impacts and dependencies on ecosystem services
- Impacts on the extent and condition of ecosystems
- Social inclusion of consumers and end users
- Particular rights of indigenous communities
- Information related impacts for consumers and /or end users
- Communities' civil and political rights
- Personal safety of consumers and or end users
- Communities' economic, social and cultural rights
- Other workrelated rights (Own workforce)
- Political engagement and lobbying activities
- Corporate culture
- Protection of whistleblowers
- Animal welfare

Double

- Climate change mitigation
- Resource outflows related to products and services
- Energy
- Waste
- Equal treatment and opportunities for all (Own workforce)
- Equal treatment and opportunities (Workers in the value chain)
- Working conditions (Workers in the value chain)
- Corruption and bribery

Financial

- Climate change adaptation
- IT security and Data management-cyber attack
- Management of relationships with suppliers payment practices

Excluded ESRS standards

As part of Nilörn's 2025 double materiality assessment, all ESRS topics were evaluated. To assess potential impacts, risks and opportunities related to air and water pollution and biodiversity, we used a combination of established tools and risk indicators. Higg FEM (Facility Environmental Module) was used to evaluate environmental performance in production facilities, including emissions to air, water and soil. For water-related risks, we applied the Aqueduct Water Risk Atlas, a global tool that identifies areas with high water stress and potential risks to water supply. For biodiversity, we used the WWF Biodiversity Risk Filter, which assesses risks of biodiversity loss and ecosystem impacts based on geographic and activity-related factors.

A limited survey was conducted with relevant stakeholders located near our production facilities in Portugal and Bangladesh. Stakeholders were selected by Nilörn's local staff in each country based on their proximity to our facilities and potential exposure to impacts from operations. The survey included questions about observed changes in biodiversity and air and water quality, disturbances such as noise, positive or negative effects on the local community and economy, and stakeholders' key concerns and additional comments. As the survey did not cover other areas beyond these, such areas were not included in the consultation, and no additional consultation was conducted beyond this activity. The results showed that impacts from our own operations are limited, that upstream follow-up is challenging, and that these topics were not prioritised by stakeholders in the dialogue.

The following topics were not identified as material: E2 Pollution was not considered material as our production primarily consists of woven labels and printed care labels, which do not generate significant air or soil pollution. Chemical use is limited and managed through our Restricted Substances List and supplier programmes such as Higg FEM.

E3 Water and marine resources fell below the materiality thresholds because our direct water consumption is low and water-intensive processes occur at the supplier level, where we impose requirements on wastewater management and conduct audits.

E4 Biodiversity and ecosystems had previously been assessed as material, but in the 2025 update it fell below the thresholds. Our own production does not significantly impact biodiversity, but we recognise indirect impacts through the procurement of paper-based packaging. No separate analysis or stakeholder dialogue has been conducted regarding raw-material sourcing.

Our indirect impacts are managed through responsible sourcing policies, supplier engagement, and the prioritisation of certified materials such as FSC™. FSC certification is a well-established standard ensuring that forestry is conducted responsibly, with consideration for biodiversity and ecosystem services. All of Nilörn's production and distribution centres are FSC™ certified. Nilörn has conducted a risk assessment using the WWF Biodiversity Risk Filter for all production and distribution sites. The analysis shows that none of our facilities are located in or near areas classified as biodiversity-sensitive, including protected areas, key biodiversity areas or other important natural habitats. As none of our facilities are located in or near biodiversity-sensitive areas, and no negative impacts were identified through the analysis, it was not deemed necessary to implement specific mitigation measures. However, we continue to monitor risks through our procurement procedures and tools such as the Biodiversity Risk Filter, and we ensure that raw materials, such as paper, originate from certified and responsible sources (FSC™).

S3 Affected communities and S4 Consumers and end-users were assessed as non-material due to our limited direct interaction with local communities and our B2B business model, which does not involve health or safety risks for end users.

Based on these factors, E2, E3, E4, S3 and S4 did not meet the thresholds required to be classified as material and are therefore not included in this sustainability report.

IRO-2 Disclosure requirements in ESRS covered by the undertaking's sustainability statement

As part of Nilörn's 2025 double materiality assessment, all ESRS topics were evaluated. The following ESRS topics were identified as material. This summary represents the outcome of the assessment and shows the 13 impact areas assessed as having the greatest impact and/or being most relevant from a financial perspective. These topics therefore constitute our material sustainability matters and form the basis for the subsequent reporting in accordance with the ESRS.

Area	ESRS	Topic	Subtopic
Environmental	ESRS E1	Climate change	Climate change adaptation Climate change mitigation Energy
	ESRS E5	Resource use and circular economy	Resource outflows related to products and services Waste
Social	ESRS S1	Our own workforce	Working conditions Equal treatment and equal opportunities for all
	ESRS S2	Workers in the value chain	Working conditions Equal treatment and equal opportunities for all Other workrelated rights
Governance	ESRS G1	Responsible business	Management of relationships with suppliers, including payment procedures Corruption and bribery
	Entity-specific	IT security and data management	Cyber attack

List of disclosures with page references

List of datapoints in the sector-agnostic and topical standards derived from other EU legislation

Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Mat-erial	Page number
ESRS 2 GOV-1 Board's gender diversity paragraph 21 (d)	Indicator no. 13 of Table #1 of Annex 1		Commission Delegated Regulation (EU) 2020/1816 (27) , Annex II		Yes	29
ESRS 2 GOV-1 Percentage of board members who are independent paragraph 21 (e)			Delegated Regulation (EU) 2020/1816, Annex II		Yes	29
ESRS 2 GOV-4 Statement on due diligence paragraph 30	Indicator no. 10 Table #3 of Annex 1				Yes	30
ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities paragraph 40 (d) i	Indicators no. 4 Table #1 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 (28) Table 1: Qualitative information on Environmental risk and Table 2: Qualitative information on Social risk	Delegated Regulation (EU) 2020/1816, Annex II		No	
ESRS 2 SBM-1 Involvement in activities related to chemical production paragraph 40 (d) ii	Indicator no. 9 Table #2 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II		No	
ESRS 2 SBM-1 Involvement in activities related to controversial weapons paragraph 40 (d) iii	Indicator no. 14 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1818 (29) , Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II		No	
ESRS 2 SBM-1 Involvement in activities related to cultivation and production of tobacco paragraph 40 (d) iv			Delegated Regulation (EU) 2020/1818, Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II		No	
ESRS E1-1 Transition plan to reach climate neutrality by 2050 paragraph 14				Regulation (EU) 2021/1119, Article 2(1)	Yes	52
ESRS E1-1 Undertakings excluded from Paris-aligned Benchmarks paragraph 16 (g)		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book-Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article12.1 (d) to (g), and Article 12.2		No	
ESRS E1-4 GHG emission reduction targets paragraph 34	Indicator no. 4 Table #2 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 6		Yes	56
ESRS E1-5 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors) paragraph 38	Indicator no. 5 Table #1 and Indicator no. 5 Table #2 of Annex 1				Yes	58
ESRS E1-5 Energy consumption and mix paragraph 37	Indicator no. 5 Table #1 of Annex 1				Yes	58
ESRS E1-5 Energy intensity associated with activities in high climate impact sectors paragraphs 40 to 43	Indicator no. 6 Table #1 of Annex 1				Yes	58
ESRS E1-6 Gross Scope 1, 2, 3 and Total GHG emissions paragraph 44	Indicators no. 1 and 2 Table #1 of Annex 1	Article 449a; Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book – Climate change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article 5(1), 6 and 8(1)		Yes	59

List of datapoints in the sector-agnostic and topical standards derived from other EU legislation

Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Mat-erial	Page number
ESRS E1-6 Gross GHG emissions intensity paragraphs 53 to 55	Indicators no. 3 Table #1 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 8(1)		Yes	59
ESRS E1-7 GHG removals and carbon credits paragraph 56					No	
ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks paragraph 66			Delegated Regulation (EU) 2020/1818, Annex II Delegated Regulation (EU) 2020/1816, Annex II		Yes	Due to phasing in, not reported
ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk paragraph 66 (a) ESRS E1-9 Location of significant assets at material physical risk paragraph 66 (c)		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraphs 46 and 47; Template 5: Banking book - Climate change physical risk: Exposures subject to physical risk.			Yes	Due to phasing in, not reported
ESRS E1-9 Breakdown of the carrying value of its real estate assets by energy-efficiency classes paragraph 67 (c)		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraph 34;Template 2:Banking book -Climate change transition risk: Loans collateralised by immovable property - Energy efficiency of the collateral			Yes	Due to phasing in, not reported
ESRS E1-9 Degree of exposure of the portfolio to climate- related opportunities paragraph 69			Delegated Regulation (EU) 2020/1818, Annex II		Yes	Due to phasing in, not reported
ESRS E2-4 Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil, paragraph 28	Indicator no. 8 Table #1 of Annex 1 Indicator no. 2 Table #2 of Annex 1 Indicator no. 1 Table #2 of Annex 1 Indicator no. 3 Table #2 of Annex 11				No	
ESRS E3-1 Water and marine resources paragraph 9	Indicator no. 7 Table #2 of Annex 1				No	
ESRS E3-1 Dedicated policy paragraph 13	Indicator no. 8 Table 2 of Annex 1				No	
ESRS E3-1 Sustainable oceans and seas paragraph 14	Indicator no. 12 Table #2 of Annex 1				No	
ESRS E3-4 Total water recycled and reused paragraph 28 (c)	Indicator no. 6.2 Table #2 of Annex 1				No	
ESRS E3-4 Total water consumption in m 3 per net revenue on own operations paragraph 29	Indicator no. 6.1 Table #2 of Annex 1				No	
ESRS 2- SBM 3 - E4 paragraph 16 (a) i	Indicator no. 7 Table #1 of Annex 1				No	
ESRS 2- SBM 3 - E4 paragraph 16 (b)	Indicator no. 10 Table #2 of Annex 1				No	
ESRS 2- SBM 3 - E4 paragraph 16 (c)	Indicator no. 14 Table #2 of Annex 1				No	
ESRS E4-2 Sustainable land / agriculture practices or policies paragraph 24 (b)	Indicator no. 11 Table #2 of Annex 1				No	

List of datapoints in the sector-agnostic and topical standards derived from other EU legislation

Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Mat-erial	Page number
ESRS E4-2 Sustainable oceans / seas practices or policies paragraph 24 (c)	Indicator no. 12 Table #2 of Annex 1				No	
ESRS E4-2 Policies to address deforestation paragraph 24 (d)	Indicator no. 15 Table #2 of Annex 1				No	
ESRS E5-5 Non-recycled waste paragraph 37 (d)	Indicator no. 13 Table #2 of Annex 1				Yes	64
ESRS E5-5 Hazardous waste and radioactive waste paragraph 39	Indicator no. 9 Table #1 of Annex 1				Yes	64
ESRS 2- SBM3 - S1 Risk of incidents of forced labour paragraph 14 (f)	Indicator no. 13 Table #3 of Annex I				No	
ESRS 2- SBM3 - S1 Risk of incidents of child labour paragraph 14 (g)	Indicator no. 12 Table #3 of Annex I				No	
ESRS S1-1 Human rights policy commitments paragraph 20	Indicator no. 9 Table #3 and Indicator no. 11 Table #1 of Annex I				Yes	67
ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labour Organisation Conventions 1 to 8, paragraph 21			Delegated Regulation (EU) 2020/1816, Annex II		Yes	67
ESRS S1-1 processes and measures for preventing trafficking in human beings paragraph 22	Indicator no. 11 Table #3 of Annex I				No	
ESRS S1-1 workplace accident prevention policy or management system paragraph 23	Indicator no. 1 Table #3 of Annex I				Yes	67
ESRS S1-3 grievance/complaints handling mechanisms paragraph 32 (c)	Indicator no. 5 Table #3 of Annex I				Yes	67
ESRS S1-14 Number of fatalities and number and rate of work-related accidents paragraph 88 (b) and (c)	Indicator no. 2 Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		Yes	71
ESRS S1-14 Number of days lost to injuries, accidents, fatalities or illness paragraph 88 (e)	Indicator no. 3 Table #3 of Annex I				No	
ESRS S1-16 Unadjusted gender pay gap paragraph 97 (a)	Indicator no. 12 Table #1 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		No	
ESRS S1-17 Incidents of discrimination paragraph 103 (a)	Indicator no. 7 Table #3 of Annex I				Yes	71
ESRS S1-17 Non-respect of UNGPs on Business and Human Rights and OECD Guidelines paragraph 104 (a)	Indicator no. 10 Table #1 and Indicator no. 14 Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818 Art 12 (1)		Yes	71
ESRS 2- SBM3 – S2 Significant risk of child labour or forced labour in the value chain paragraph 11 (b)	Indicators no. 12 and no. 13 Table #3 of Annex I				Yes	73
ESRS S2-1 Human rights policy commitments paragraph 17	Indicator no. 9 Table #3 and Indicator no. 11 Table #1 of Annex 1				Yes	74

List of datapoints in the sector-agnostic and topical standards derived from other EU legislation

Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Mat-erial	Page number
ESRS S2-1 Policies related to value chain work-ers paragraph 18	Indicator no. 11 and no. 4 Table #3 of Annex 1				Yes	74
ESRS S2-1Non-respect of UNGPs on Business and Human Rights principles and OECD guide-lines paragraph 19	Indicator no. 10 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		Yes	Due to phasing in, not reported
ESRS S2-1 Due diligence policies on issues ad-dressed by the fundamental International Labour Organisation Conventions 1 to 8, paragraph 19			Delegated Regulation (EU) 2020/1816, Annex II		Yes	Due to phasing in, not reported
ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain paragraph 36	Indicator no. 14 Table #3 of Annex 1				Yes	Due to phasing in, not reported
ESRS S3-1 Human rights policy commitments paragraph 16	Indicator no. 9 Table #3 of Annex 1 and Indicator no. 11 Table #1 of Annex 1				No	
ESRS S3-1 non-respect of UNGPs on Business and Human Rights, ILO principles or OECD guidelines paragraph 17	Indicator no. 10 Table #1 Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		No	
ESRS S3-4 Human rights issues and incidents paragraph 36	Indicator no. 14 Table #3 of Annex 1				No	
ESRS S4-1 Policies related to consumers and end-users paragraph 16	Indicator no. 9 Table #3 and Indicator no. 11 Table #1 of Annex 1				No	
ESRS S4-1 Non-respect of UNGPs on Business and Human Rights and OECD guidelines para-graph 17	Indicator no. 10 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		No	
ESRS S4-4 Human rights issues and incidents paragraph 35	Indicator no. 14 Table #3 of Annex 1				No	
ESRS G1-1 United Nations Convention against Corruption paragraph 10 (b)	Indicator no. 15 Table #3 of Annex 1				Yes	79
ESRS G1-1 Protection of whistle- blowers paragraph 10 (d)	Indicator no. 6 Table #3 of Annex 1				No	
ESRS G1-4 Fines for violation of anti-corruption and anti-bribery laws paragraph 24 (a)	Indicator no. 17 Table #3 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II)		Yes	80
ESRS G1-4 Standards of anti- corruption and anti- bribery paragraph 24 (b)	Indicator no. 16 Table #3 of Annex 1				Yes	80

NILÖRN

Environmental information

EU Taxonomy

E1 Climate change

E5 Resource use and circular economy

Publication of the EU Taxonomy

Nilörn has chosen to apply in advance the simplified taxonomy reporting introduced by Commission Delegated Act (EU) 2026/73, which enters into force on January 1, 2026. Simplified reporting means that companies may apply materiality exemptions for certain items in taxonomy reporting.

Activities covered by the taxonomy

Nilörn's core business-the design, development, and delivery of branding and labelling solutions for the fashion and textile industries-is not currently included among the economic activities defined in the taxonomy. For the 2025 fiscal year, 0 percent of applicable revenue is therefore reported. However, the company continues to strengthen its sustainability efforts and invest in initiatives that can contribute to a more transparent and responsible value chain.

During the year, investments were made in digital solutions through Nilörn:CONNECT™. Capitalised development costs amounted to SEK 1,965,000. Total CapEx for 2025 amounted to SEK 33,351,000, meaning that investments related to CONNECT account for approximately 5.9% of total CapEx. Since this proportion is less than 10% of total CapEx, Nilörn applies the materiality exemption under the EU Taxonomy. No more detailed assessment of whether the investments are applicable or compatible has therefore been conducted. Nilörn:CONNECT™ has the potential to contribute to increased traceability and transparency in the value chain, but it has not been evaluated in detail against the taxonomy's technical screening criteria.

In addition, additional right-of-use assets have been identified, primarily related to renegotiated leases in Hong Kong, attributable to economic activity CCM 7.7 Acquisition and ownership of buildings. These investments are therefore considered applicable; however, since the Group's premises are primarily located outside Europe, the taxonomy compliance of the property owners could not be verified. A review of energy classifications was conducted as part of the assessment.

The Group has assessed OpEx in accordance with the taxonomy's definition, which includes, among other things, research and development, short-term leases, and the maintenance and repair of property, plant, and equipment. Given the asset-light structure of the business, no material taxonomy-compliant OpEx has been identified. This year's OpEx of SEK 8,214,000 is therefore classified in its entirety as immaterial, and the materiality exemption applies here as well.

Accounting Principles

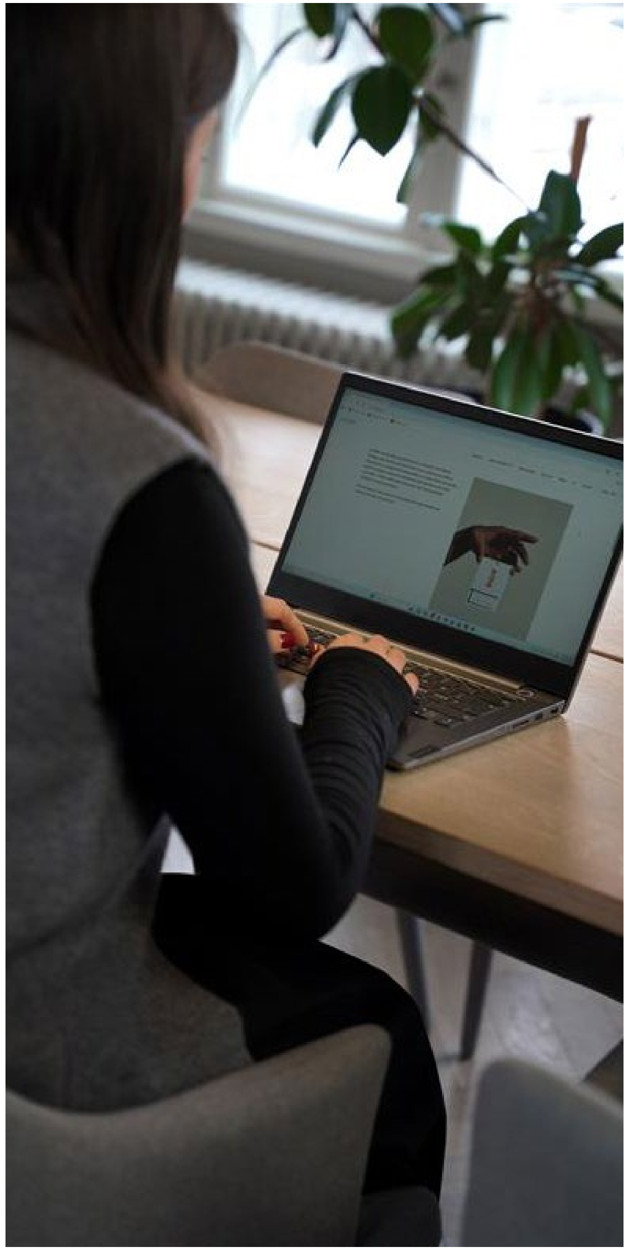
Total revenue for 2025 is shown in the 'Net Revenue' line of the income statement on page 83.

Total capital expenditures consist of acquisitions of property, plant, and equipment, intangible assets, and new right-of-use assets for the year. These are listed under "Investments during the year" in Notes 11, 12, and 13 on pages 99, 100, and 101. Applicable capital expenditures consist of new right-of-use assets in the form of leased premises.

Total operating expenses consist of direct costs related to research and development that are not capitalised, building renovations, short-term leases, maintenance and repairs, as well as all other direct expenses related to the day-to-day maintenance of property, plant, and equipment necessary to ensure the continuous and proper functioning of these assets.

Total operating expenses for the Nilörngruppen consist of short-term leases and repairs and maintenance.

For the 2024 fiscal year, no revenue was identified from activities covered by the EU Taxonomy. The investments identified at that time as applicable related to additional right-of-use assets linked to leased premises (CCM 7.7 Acquisition and ownership of buildings). In 2025, investments related to the development of Nilörn:CONNECT™ were also identified, but these amount to less than 10 percent of total CapEx and are therefore subject to the materiality exemption. OpEx is assessed, as in the previous year, to be material in relation to the taxonomy.



EU Taxonomy

Financial Year (2025)

KPI	Total	Proportion of Taxonomy eligible activities	Taxonomy aligned activities	Breakdown by environmental objectives of Taxonomy aligned activities						Proportion of enabling activities	Proportion of transitional activities	Not assessed activities considered non-material	Taxonomy-aligned activities in previous financial year (2024)	Proportion of Taxonomy-aligned activities in previous financial year (2024)
				Climate Change Mitigation	Climate Change Adaptation	Water	Circular Economy	Pollution	Biodiversity					
	kSEK	%	kSEK	%	%	%	%	%	%	%	%	%	Currency	%
Turnover	945,114	0	0	0	0	0	0	0	0	0	0	0	0	0
CapEx	33,351	47%	0	0	0	0	0	0	0	0	0	6%	0	0
Opex	8,214	0	0	0	0	0	0	0	0	0	0	100%	0	0

Reported KPI (Turnover/ Capex/Opex)	CapEx
Financial Year (2025)	

Economic Activities	Code	Taxonomy eligible KPI (Proportion of Taxonomy eligible activities / CapEx / OpEx)	Taxonomy aligned KPI (Proportion of Taxonomy aligned Turnover, CapEx, OpEx)	Taxonomy aligned KPI (monetary value of Turnover / CapEx / OpEx)	Environmental objectives for activities that are aligned with the taxonomy						Enabling activity	Transitional activity	Proportion of Taxonomy-eligible activities that are Taxonomy-aligned
					Climate Change Mitigation	Climate Change Adaptation	Water	Circular Economy	Pollution	Biodiversity			
		%	kSEK	%	%	%	%	%	%	%			%
Lease Agreements	CCM 7.7	47	0	0	0	0	0	0	0	0	0	0	0
Sum of Alignment per Objective													
Total KPI (Turnover / CapEx / Opex)		47	0	0	0	0	0	0	0	0	0	0	0

E1 Climate change

Nilörn understands the importance of mitigating climate change, and we recognise that our operations and value chain have a significant impact on the climate, and that climate-related risks and opportunities are becoming increasingly important to our stakeholders, our financial performance, and our ability to create value over time. Nilörn's strategy reflects both our responsibility for our climate footprint and the opportunities to support customers in their efforts to reduce their own emissions. Climate adaptation, climate mitigation, and energy management are all considered key themes.

E1-1 Transition plan for mitigating climate change

Climate change is a key issue for Nilörn. Our transition plan will be designed to be consistent with the Paris Agreement and to limit global warming to 1.5 °C. We use scenario analysis to anticipate changes in regulations, carbon pricing, and market conditions.

Our short-term greenhouse gas emission reduction targets were submitted to the SBTi for review in 2025 (see E1-4). We are currently focusing on energy efficiency, the use of renewable energy, and engagement in the supply chain (see E1-3) with the aim of aligning future targets with the 1.5°C goal. The plan is driven by our commitment to reduce emissions from our operations and value chain, comply with legal requirements, and meet customer demand for low-carbon products.

Scenario analysis

We systematically identify and assess climate-related physical risks on an annual basis as part of our business continuity plans. This year's analysis covers Nilörn's own production and distribution units in Bangladesh, Hong Kong, India, China, Pakistan, Portugal, the United Kingdom, Turkey, Germany, and Vietnam, and in principle also applies to our suppliers, since most of them operate in the same countries and face similar conditions, risks, and regulatory frameworks.

Two scenarios are used:

- Paris-aligned transition (1.5 °C, IPCC SSP1-2.6): Rapid global action, acute transition risks, less severe physical risks.

- BAU (Business As Usual) (3–4 °C, IPCC SSP3-7.0): Limited measures, serious physical risks, less pronounced transition risks.

We focus on floods, fires, and extreme weather as key physical risks and use a three-tier scale (low/medium/high) for impact and resilience, based on site-specific exposure, scientific projections, and preparedness. For example, the risk of flooding is high in India, Bangladesh, Shanghai, and Germany under a business-as-usual (BAU) scenario. Preparedness measures include fire alarms, drainage, contingency plans, and remote work policies. Planned measures under the 1.5°C scenario focus on emergency measures and backup systems; under BAU, measures include infrastructure upgrades and the establishment of production alternatives outside the main facility.

Transition risks are assessed at the Group level. The measures and targets required to achieve the Paris Agreement's emission reduction goals for Scope 1, Scope 2, and Scope 3 will be further analysed, and any potential impacts will be evaluated and quantified over the coming year in accordance with applicable accounting principles and standards. This work will be carried out in line with our imminent targets under the Science Based Targets initiative.

Measures to mitigate these impacts include energy efficiency improvements, a Code of Conduct for suppliers, monitoring through Higg FEM, and ESG governance. Nilörn uses the Higg Facility Environmental Module (Higg FEM), provided by Worldly, as a key tool for managing climate-related impacts in our operations and supply chain. Higg FEM offers a structured assessment of performance in areas such as energy use and greenhouse gas emissions and identifies opportunities for improvement. Planned measures include refrigerant management, increased use of recycled materials, and market research.

In BAU, transition risks are lower and more long-term. Measures focus on cost control, monitoring, and maintaining efficiency. Our strategy for managing risks encompasses both contingency planning and continuous monitoring. Physical measures include emergency response teams and backup power; transition risk measures include supplier engagement and investments in energy efficiency.

The resilience analysis is integrated into the scenario assessment, where resilience is highest where preparedness and planned measures are strong. The analysis is updated as new data becomes available. We have not identified any assets or activities that are incompatible with the transition to a climate-neutral economy. Nilörn's transition plan to mitigate climate change will be formally adopted and fully integrated into our business strategy and financial planning for 2026, under the oversight of the Board and management. In the next step, we plan to set a long-term goal of net-zero emissions by 2050, in line with the Paris Agreement and the SBTi's Net-Zero Standard.

Nilörn has no significant investments in coal, oil, or gas-related activities and is not exempt from the EU's Paris Agreement-aligned benchmarks. Climate-related considerations are taken into account in the compensation paid to Nilörn's administrative, management, and supervisory bodies through an incentive programme that includes sustainability targets. For more information, see GOV-3, page 30.

SBM-3 Material impacts, risks, and opportunities, as well as their interaction with strategy and the business model

The identification and assessment of Nilörn's material climate-related impacts, risks, and opportunities (IRO) are based on our two-step materiality assessment process, which includes stakeholder surveys, management workshops, and value chain analysis, as described in ESRS 2 IRO-1. The results are summarized in our ESRS 2 SBM-3 table.

				Upstream			Own operations				Downstream				Time horizon		
	ESRS Topic/Subtopic	Description	IRO Type	Raw material	Production	Transport	Product development & Innovation	Own production	Warehouse	Sales & marketing	Transport	Manufac-turing	Customers	End of Life	Short	Medium-term	Long-term
E	E1 Climate change adaptation	Physical damage to buildings and surroundings as a result of climate-related physical events.	Risk	●	●	●	●	●	●	●					●	●	
	E1 Climate change mitigation	Scope 1 and Scope 2 emissions arising from Nilörn's own energy use and operations, including fuel consumption and purchased energy.	Negative impact/ actual				●	●	●	●					●	●	
	E1 Climate change mitigation	Measures to reduce Scope 1 and Scope 2 emissions may entail increased costs linked to investments in energy efficiency, technology change, and the purchase of energy with a lower climate impact.	Risk				●	●	●	●					●	●	
	E1 Climate change mitigation	Scope 3 greenhouse gas emissions from the value chain, in particular from the purchase of materials, products, and transportation.	Negative impact/ actual	●	●	●					●	●	●	●	●	●	
	E1 Climate change mitigation	Measures to reduce scope 3 emissions may entail increased costs, for example, when switching to more sustainable materials, imposing stricter requirements on suppliers, and improving logistics solutions.	Risk	●	●	●	●	●		●	●	●	●	●	●	●	
	E1 Energy	Energy consumption causes actual emissions and environmental impact linked to the use of electricity, heat, and fuels.	Negative impact/ actual	●	●	●	●	●	●	●	●	●	●	●	●	●	
	E1 Energy	Energy and resource efficiency, along with a higher share of renewable energy, can lead to cost savings.	Opportunity	●	●	●	●	●	●	●					●	●	

Climate change mitigation and energy are two critical issues for Nilörn. Our negative impacts stem from emissions across all areas (Scope 1, 2, and 3), while positive impacts result from reduced greenhouse gas emissions through material selection, transportation choices, and resource efficiency.

Adapting to climate change is a key financial issue for us. Our financial risk stems from climate-related physical risks, including potential damage to our global operations resulting from acute events such as floods, fires, and extreme weather events, as well as long-term changes such as rising sea levels and shifting temperature patterns. This poses a physical risk to the company.

In addition, climate change measures involve costs associated with initiatives to reduce Scope 1 and Scope 2 emissions. These measures include energy efficiency and the transition to renewable energy, which is classified as a transition risk. Efforts to reduce Scope 3 emissions also entail costs, primarily through supplier engagement, data collection via Higg FEM, and the use of alternative materials with a lower climate impact. In addition, we incur costs for regulatory compliance and costs resulting from changes in market demand. All of these are considered transition risks.

The identified risks have been analysed using a climate-related scenario analysis based on a Paris Agreement-aligned transition scenario (1.5°C) and a business-as-usual scenario (3–4°C). The analysis shows that physical risks, such as floods, fires, and extreme weather events, are more prominent and potentially more severe in a business-as-usual scenario, while transition risks linked to regulation, emissions reductions, and changing market conditions are more significant in a Paris-aligned scenario. The assessment of the company's resilience takes into account both current preparedness and identified planned measures, where measures for physical risks are largely based on established processes within the business, while the management of transition risks to a greater extent requires strategic decisions, coordination across the value chain, and adaptation to external conditions. See also disclosure E1-4 for a more detailed description of preparedness and planned measures.

For the climate risk and resilience analysis, we have applied three time frames to assess potential risks and opportunities (as described in E1-1 Transition plan). The short-term horizon covers 1–3 years and refers to the immediate period during which measures and adaptations can be implemented quickly. The medium-term horizon spans 3–10 years and includes strategic changes that require more extensive planning and investments. The long-term horizon refers to a period longer than 10 years and focuses on structural changes and long-term goals, such as climate adaptation and net-zero emissions.

Current preparedness is generally moderate for physical risks and low for transition risks. This assessment is based on the results of our climate scenario analysis. 'Moderate' preparedness for physical risks means that existing measures and processes are largely in place and effective in managing identified physical climate risks, although some vulnerabilities may remain in more severe scenarios. 'Medium-low' preparedness for transition risks means that certain mitigating measures and governance elements are in place, but that further measures and strategic development are required to adequately manage potential regulatory, market, and cost-related transition effects.

Based on the resilience analysis, Nilörn has the ability to adjust or adapt its strategy to address climate change in the short, medium, and long term. Nilörn's operations and value chain benefit from its presence in multiple markets, which reduces the risk that all units will be affected simultaneously by climate-related events.

In addition, the assessment takes into account the feasibility of identified preventive and adaptive measures. Measures addressing physical risks are largely based on existing operational procedures, business continuity planning, and standardised security protocols, which facilitates relatively straightforward implementation across different locations. Measures addressing transition risks are more complex to implement, as they may depend on external factors such as regulatory developments, supplier commitment, available technology, and capital allocation decisions, and may therefore require longer lead times and stronger coordination across the entire value chain.

E1-2 Policies for mitigating and adapting to climate change

Nilörn has adopted several policies to address material climate-related impacts, risks, and opportunities. These policies are group-wide and apply to the entire Nilörngruppen, including all subsidiaries, unless otherwise specified. These policies are reviewed annually and updated based on changes in regulations, a double materiality analysis (DMA), and feedback from stakeholders. Updates are communicated via our intranet and in the sustainability report. Policies concerning our suppliers are available via Nilörn's Supplier Portal. Internal policies, such as the Car Policy and Travel Policy, are published on Nilörn's intranet. Both the Environmental Policy and the Supplier Code of Conduct are also available on the company's website.

The Environmental Policy, which is based on Svensk Miljöbas, outlines Nilörn's commitments regarding climate change mitigation, adaptation, energy efficiency, and renewable energy, and the Sustainability Manager is responsible for its implementation and communication. It provides a framework for integrating climate considerations into decision-making, resource use, and value chain management, and ensures regular review in light of stakeholder feedback and changes in regulations. The Sustainability Manager is responsible for the implementation, monitoring, and communication of the Environmental Policy.

The Car Policy, which was developed in connection with our participation in the Climate Pledge 2024 and is overseen by the CFO, supports efforts to mitigate climate change by encouraging the use of low-emission vehicles, including electric and hybrid cars. The Travel Policy, which was also updated in connection with the Climate Pledge 2024 and is overseen by the Global HR Manager, ensures that business travel is responsible and environmentally conscious by promoting alternative solutions and modes of travel with a lower environmental impact to reduce Scope 3 emissions.

Other policies, such as the Supplier Code of Conduct, the Supplier Handbook, and the Procurement Policy, support Nilörn's climate goals by requiring suppliers to meet environmental standards and promoting sustainable procurement. The Global Sourcing Director is responsible for implementing and monitoring these policies with regard to suppliers. Together, these policies address all material climate-related impacts, risks, and opportunities identified in Nilörn's double materiality analysis.

Policies

- Environmental Policy
- Travel Policy
- Car Policy
- Supplier Code of Conduct
- Supplier Handbook
- Procurement Policy

E1-3 Measures and resources related to climate change policies

Nilörn reports on its measures to mitigate and adapt to climate change, as well as the resources allocated to implement these measures. Measures to mitigate climate change apply to all subsidiaries and business operations that impact Scope 1, 2, and 3 emissions. The measures described below are the first steps toward mitigating climate change. Current measures have primarily focused on reducing emissions from business travel, increasing the use of renewable energy, optimizing transportation, and reducing the proportion of new fossil-based materials in our products.

As a result of the measures implemented, Nilörn has achieved emission reductions in several areas. A reduction in business travel has contributed to a decrease in related emissions of approximately 40 percent since the base year of 2018, from 494 tons to 290 tons in 2025. We are reducing our Scope 2 emissions by using renewable electricity, either through green power agreements or by purchasing energy certificates where green agreements are not possible. Certificates have been purchased since 2021. Due to changes in calculation and monitoring methods between 2021 and 2025, the results are not comparable. Optimisation of transportation has led to an estimated reduction in transportation-related emissions; however, due to changes in our monitoring methods during the year, we cannot precisely quantify the extent of the reduction.

We submitted our Science Based Targets for 2025, and once they are formally approved and the transition plan is further developed, this will have a significant impact on and expand our planned actions (see also E1-4 for targets and details).

In 2025, we conducted a climate scenario analysis and a resilience analysis, and have integrated climate-related physical risks into our business continuity planning in the countries where we have our production facilities. In risk management, we combine short-term contingency planning with long-term monitoring. Measures to mitigate physical risks include emergency response teams, backup power supplies, and infrastructure reinforcement. Transition risk measures include supplier engagement, investments in energy efficiency, and preparedness for regulatory changes. Opportunities include climate leadership and sustainable product offerings. Nature-based solutions are not currently included in our strategy but will be evaluated in future updates.

In 2025, our own units Nilorn Bangladesh, Nilorn East Asia, Nilorn Portugal, Nilorn Turkey, and Nilorn UK conducted verified Higg FEM assessments.

To strengthen our ability to act on these insights, Nilörn began using Worldly's Insight Hub in 2025. Insight Hub enables facilities and suppliers with verified Higg FEM assessments to analyse performance scores, prioritise areas for improvement, and track progress over time. Nilörn's facilities in Bangladesh, Hong Kong, and Turkey have developed implementation plans to improve energy efficiency and reduce greenhouse gas emissions. In 2026, we plan to expand these measures to all of Nilörn's production and distribution facilities and align them with our transition plan and climate goals under the SBTi. We expect that the planned measures, including refrigerant management, increased use of recycled materials, and further market research, will lead to additional emission reductions. Expected emission reductions from these measures will be quantified in connection with the further development of Nilörn's transition plan during the 2026 fiscal year, including the determination of the scope, timeline, and calculation methods of the measures in line with our climate targets and the Science Based Targets process. The Group's follow-up procedures will be implemented in 2026.

Nilörn has conducted a screening life cycle assessment (LCA) for the care label product group to identify key climate-impact hotspots in our products. The study, which is in line with the ISO 14040 series, showed that energy sources and the choice of raw materials are the most significant factors contributing to climate impact. We have developed a SimaPro-based tool to model different scenarios for care labels produced in different countries and from different materials, with a focus on their impact on climate change. This work supports our efforts to understand and reduce emissions throughout our value chain.

In 2026, we plan to finalise short-term emission targets for Scope 1, 2, and 3 and develop a carbon reduction strategy aligned with these targets, including improvements in energy efficiency, the adoption of renewable energy, low-emission logistics, and supplier engagement. We also continue to improve the quality of our emissions data, particularly for Scope 3, through increased transparency in the supply chain.

In 2025, Nilorn Portugal installed two new looms, which are expected to reduce energy consumption by 5–10 percent compared to previous models. Two more will be installed in 2026. Where no renewable energy alternative is available, we use international renewable energy certificates. We plan to increase the share of renewable energy by installing solar panels at the new factory. Investments made during the year have had access to the necessary resources, which has enabled the implementation of energy efficiency measures and improved processes.

The increased use of recycled and traceable polyester is also a key driver for reducing carbon dioxide emissions, as it cuts emissions associated with the extraction of new raw materials and energy-intensive production processes.

We plan to further integrate climate risks (physical and transition risks) into our risk management and incorporate our transition plan into the business continuity planning and strategy of all our subsidiaries. We also plan to conduct on-site vulnerability assessments to identify the facilities most vulnerable to climate-related extreme weather events by 2026.

A new role of ESG Compliance Coordinator was created in 2024 to strengthen expertise and capacity in environmental matters at the Group level. Additional resources include internal sustainability teams and investments in renewable energy infrastructure.

The implementation of planned measures depends to varying degrees on the availability and allocation of financial and human resources. As the transition plan is further developed in 2026, resource requirements, priorities, and any investment decisions will be specified and integrated into regular financial planning. This primarily applies to measures that have not yet been implemented and that depend on future decisions regarding resource allocation.

At present, we see limited need for additional funding to implement the transition plan. Should additional resources or investments be required, this will be addressed within the framework of financial planning. Any material effects on financial statements shall be identified and, where applicable, reported in accordance with applicable accounting principles and standards.

Nilörn has not quantified capital expenditures (CapEx) or operating expenses (OpEx) related to implemented or planned climate measures. As a result, no direct links have yet been identified between climate-related CapEx and OpEx and relevant items or notes in financial reports and key performance indicators. These relationships will be analysed and reported as the transition plan is further developed and resource requirements can be determined.

Targets and metrics

E1-4 Goals for mitigating and adapting to climate change

Nilörn submitted short-term science-based targets for emissions under Scope 1, Scope 2, Scope 3, and FLAG (Forest, Land, and Agriculture) to the Science Based Targets initiative (SBTi), with a base year of 2024 and a target year of 2035 (see also E1-1 for a reference to the SBTi submission). The targets will be reported in next year's sustainability report. The base year serves as a reference point for tracking and comparing progress toward established targets over time. The targets are designed in line with Nilörn's climate-related policies, including the Environmental Policy and Travel Policy, which aim to reduce greenhouse gas emissions and support the transition to a more climate-neutral operation. The targets are in line with the 1.5°C pathway, and we will publish the absolute target values, specify which greenhouse gas emissions are covered, and provide detailed information on the proportion linked to each area and the greenhouse gases included.

Nilörn has an operational climate-related goal to reduce emissions from business travel by 50 percent (base year 2018, 494 tons) and aims to achieve 100 percent renewable energy in its own operations by 2025, including the purchase of renewable energy certificates. The business travel target covers the same scope as the reporting for Scope 3 Category 6 and is based on emissions from business travel by air, train, car, and hotels, in accordance with the methodology used for emissions calculation. In 2024, the target of a 50 percent reduction in business travel was achieved. The goal of maintaining this level in 2025 was not achieved. The main

Type of activities	Main measures	Status
Product changes	Develop product and service offerings to meet customer demand for low-carbon and/or circular products and services.	Work is ongoing, the Circularity Roadmap was initiated in 2025 and the use of recycled materials continues to increase.
Process transition	Reduce refrigerant leakage, evaluate refrigerant replacement. Prioritise energy-efficient alternatives when investing in machinery.	The largest consumption of refrigerants has been identified, follow-up of possible replacements will take place in 2026. Two new and more energy-efficient looms were installed in 2025.
Renewable electricity	Nilörn shall choose renewable energy alternatives for our own units and, where this is not possible, purchase guarantees of origin to ensure that the electricity used is produced from renewable sources.	In 2025, certificates were purchased for those units where renewable electricity could not be obtained through agreements, a total of 1568 MWh.
Electrification	Continued electrification of the vehicle fleet.	Of a total of 50 leased or owned cars, 15% (14%) are fully electric and 26% (22%) are hybrid cars.
Energy	Reduce the use of non-renewable energy, such as alternatives to heating that currently use natural gas.	We will compile a list of units where oil and/or gas are used for heating, with the aim of identifying possible alternatives with lower climate impact.
Reducing emissions in the supply chain	Encourage priority suppliers to set science-based climate targets, increase the use of recycled materials.	During the year, we have started to follow up on whether suppliers have established climate goals through Higg FEM and have conducted ESG training for suppliers.

Previous year in brackets.

reason for the increase in emissions from business travel in 2025 is the inclusion of the offices in Sri Lanka and the United States, as well as an increase in travel within Nilorn East Asia, where the central procurement and CSR organisation is based and conducts travel to Group companies.

We achieved our goal of sourcing 100% renewable electricity for our own offices and production facilities by 2025 as early as 2024, and maintained that level in 2025 (including renewable energy certificates and guarantees of origin). Nilörn's goals are not based on comprehensive scientific evidence. Internal stakeholders, including employees from relevant functions, participated in setting the goals, while external stakeholders did not participate in the process.

No changes have been made to the targets, associated metrics, or underlying methodology during the reporting period. Nilörn will also specify the framework and methodology used to set these targets, including the roadmap for phasing out carbon dioxide and the underlying climate scenarios. Key drivers for reducing emissions, such as energy efficiency, the use of renewable energy, and engagement in the supply chain, will be quantified in terms of their contribution to achieving the targets as soon as data becomes available.

Climate-related considerations are taken into account in executive compensation through our goals to increase the use of recycled materials. Performance against these targets is evaluated annually and is included in variable compensation, as described in GOV-3 in the General Information section. The climate-related metrics reported in this section have not been validated by an external body other than the audit firm.

C.B.A.S,
part of Nilörn's design collection

E1-5 Energy consumption and energy mix

The table below summarises Nilörn's energy consumption and energy mix for the reporting period.

Energy consumption and mix	Comparative	2025
(1) Fuel consumption from coal and coal products (MWh)	-	0
(2) Fuel consumption from crude oil and petroleum products (MWh)	-	593
(3) Fuel consumption from natural gas (MWh)	-	193
(4) Fuel consumption from other fossil sources (MWh)	-	0
(5) Consumption of purchased or acquired electricity, heat, steam and cooling from fossil sources (MWh)	-	1,787
(6) Total fossil energy consumption (MWh) (calculated as the sum of rows 1–5)	-	2,573
Share of fossil energy sources in total energy consumption (%)	-	65.5
(7) Consumption from nuclear sources (MWh)	-	189
Share of consumption from nuclear sources in total energy consumption (%)	-	4.8
(8) Fuel consumption for renewable sources, including biomass (also comprising industrial and municipal waste of biological origin, biogas, renewable hydrogen, etc.) (MWh)	-	0
(9) Consumption of purchased or acquired electricity, heat, steam and cooling from renewable sources (MWh)	-	1,043
(10) Consumption of self-generated non-fuel renewable energy (MWh)	-	125
(11) Total renewable energy consumption (MWh) (calculated as the sum of rows 8-10)	-	1,168
Share of renewable energy sources in total energy consumption (%)	-	29.7
Total energy consumption (MWh) (calculated as the sum of rows 6 and 11)	-	3,929

Energy intensity per net revenue	Comparative	2025	%N/N-1
Total energy consumption from activities in high climate impact sectors per net revenue from activities in high climate impact sectors (MWh/monetary unit)	-	4.2	-

No comparable data are available for E1-5, as this is the first year of reporting under the ESRS.

In 2025, Nilörn generated 125 MWh of renewable energy via solar panels at its facility in Portugal and 0 MWh of energy from non-renewable sources. Part of the consumption is estimated and based on values from 2024. Nilörn operates under NACE codes 46.41 and 46.49, which belong to NACE Section G. Since the ESRS classifies NACE Sections A–H and L as sectors with high climate impact, our operations fall under this categorisation.

CASA DE LUMI,
part of Nilörn's design collection

E1-6 Gross Scopes 1, 2, 3, and total GHG emissions

The table below summarises Nilörn's greenhouse gas emissions for the reporting period.

	Retrospective				Milestones and target years[1]			
	Base year 2024	Compa-rative	2025	% Change	2025	2030	(2050)	Annual target % / Base year
Scope 1 GHG emissions								
Gross scope 1 GHG emissions (tCO2e)	-	-	351	-	-	-	-	-
Percentage of scope 1 greenhouse gas emissions from regulated emissions trading systems (%)	-	-	n/a	-	-	-	-	-
Scope 2 GHG emissions								
Gross location-based Scope 2 GHG emissions (tCO2e)	-	-	925	-	-	-	-	-
Gross location-based Scope 2 GHG emissions (tCO2e)	-	-	20	-	-	-	-	-
Significant scope 3 GHG emissions								
Total Gross indirect (Scope 3) GHG emissions (tCO2e)	-	-	31,605	-	-	-	-	-
1 Purchased goods and services	-	-	24,051	-	-	-	-	-
2 Capital goods	-	-	505	-	-	-	-	-
3 Fuel and energy-related activities (not included in Scope 1 or Scope 2)	-	-	340	-	-	-	-	-
4 Upstream transportation and distribution	-	-	1,604	-	-	-	-	-
5 Waste generated in operations	-	-	41	-	-	-	-	-
6 Business travelling	-	-	142	-	-	-	-	-
7 Employee commuting	-	-	203	-	-	-	-	-
9 Downstream transportation	-	-	1,781	-	-	-	-	-
10 Processing of sold products	-	-	2,182	-	-	-	-	-
12 End-of-life treatment of sold products	-	-	757	-	-	-	-	-
Total GHG emissions								
Total GHG emissions (location-based) (tCO2e)	-	-	32,881	-	-	-	-	-
Total GHG emissions (market-based) (tCO2e)	-	-	31,977	-	-	-	-	-

1. Nilörn's science-based targets will follow a different consolidation principle (GHG Protocol) and target year, and are therefore reported as not applicable in this table.

Nilörn collects emissions data annually from each subsidiary in the Carbon Management module of the Position Green platform, with trained reporters responsible for Scope 1, 2, and 3 data. Key changes compared to 2024 include the addition of three subsidiaries: Sri Lanka, Vietnam, and the United States. No restatement or adjustment of historical emissions (base year) has been performed, as these new entities included in 2025 are collectively assessed to have a limited impact on Nilörn's total greenhouse gas emissions. Two of the entities serve as home offices for sales operations with very low energy consumption and emissions, while the third is a small-scale production and warehouse startup. The new units are estimated to collectively account for a marginal share of the Group's total greenhouse gas emissions during the reporting period, and the year-over-year comparability of reported emissions is therefore not considered to be materially affected.

Nilörn reports its Scope 1 and Scope 2 emissions and related calculations annually in accordance with the Greenhouse Gas Protocol. Nilörn uses a combination of calculation methods, with the primary sources for emission factors being the Swedish Environmental Protection Agency (2021), the IEA (2024), and DEFRA (2024).

The Scope 1 calculations include emissions from company-owned facilities and vehicles. For fugitive emissions, assumptions have been made for those units where detailed information is lacking. These assumptions are based on the most common type of refrigerant and an average refrigerant weight, calculated using available data from those parts of the organisation where such information is available.

Nilörn does not operate any facilities of its own for the combustion or biological degradation of biomass. Some use of fossil fuels, such as diesel in company vehicles, may contain a small proportion of bio-components in accordance with applicable fuel standards. However, these biogenic emissions are not considered significant and are therefore not reported separately. Biogenic CO_2e emissions in Scope 1 are reported as zero.

Nilörn uses Guarantees of Origin as contractual instruments for purchased electricity. These are either part of instrument packages or stand-alone instruments, depending on the country. In Scope 2 market-based accounting, 100 percent of the purchased electricity is covered by contractual instruments, of which 43 percent are part of instrument packages and 57 percent are stand-alone instruments. For both categories, the contractual instruments consist primarily of Guarantees of Origin (GO) for electricity or Renewable Energy Certificates. For the location-based method, national or regional average emission factors for electricity are used, based on available official sources.

Nilörn does not use any contractual instruments for the sale of energy, neither packages of instruments for energy production nor standalone instruments. The proportion of contractual instruments used for the sale of energy in relation to Scope 2 emissions is therefore zero.

Nilörn has no biogenic CO_2e emissions from the combustion or biological decomposition of biomass associated with purchased energy in Scope 2. Biogenic emissions in Scope 2 are therefore reported as zero.

For Scope 3, calculations have been performed for 10 of the 15 categories.

Category 1: Categorised expenditure data multiplied by emission factors specific to each expenditure category.

Category 2: Categorised expenditure data multiplied by emission factors specific to each expenditure category.

Category 3: Emissions from purchased energy not covered by Scope 1 and 2, using distance- and fuel-based methods.

Categories 4 and 9: Transportation is calculated based on tonne-kilometers for transported products, and emission factors are assigned according to the type of transportation used. Calculations are performed using Climate Partner.

Category 5: Calculated using actual waste data multiplied by emission factors per waste type.

Category 6: Calculated based on mileage reimbursement for employees' travel in their own cars as well as travel by air and train, using emission factors per mode of transport.

Category 7: Distance-based method based on an employee survey, by mode of transport and respective emission factor. The commuter survey was distributed via email, and participation was voluntary. Therefore, the reported emissions do not cover all employee commuting.

Category 10: Data on any further processing of our products by third parties prior to final use is missing. Examples of such processing include sewing labels into a garment. An estimate has therefore been made based on an estimated proportion of labels per garment and available industry data for the label's share of a garment's emissions.

Category 12: Data is missing; an estimate has been used for average weight, end-of-life options based on available industry data and assumptions, emission factors for paper-based and plastic-based products and packaging, and textile labels in clothing and other accessories.

The calculations of Scope 3 emissions are based on the Greenhouse Gas Protocol and apply activity-based, distance-based, and expenditure-based methods depending on the category. Emission factors are primarily sourced from the Swedish Environmental Protection Agency (2021), DEFRA (2024), and the IEA (2024), as well as supplementary industry data where relevant.

Waste data in Category 5 is based on reported quantities by waste type from each subsidiary. Where actual data is unavailable, estimates are used based on available operational data and relevant emission factors for each waste type. The Sustainability Manager, ESG Compliance Coordinator, and CFO review and validate the data, which is automatically consolidated and calculated within the platform.

Nilörn does not report under E1-7 on greenhouse gas removals and greenhouse gas mitigation projects financed through carbon credits. The company does not currently use carbon credits or other climate offset measures as part of its climate strategy or to meet its emission reduction targets. Therefore, this disclosure is not considered applicable.

Our company does not use carbon pricing as part of our strategy. Therefore, E1-8 Internal carbon pricing is not material to us. We are not reporting on E1-9 Expected financial impacts of material physical and transition risks and potential climate-related opportunities this year, as this is a phased-in requirement.

E5 Resource use and circular economy

Our work with raw materials focuses on limiting our climate impact, reducing resource consumption, and preventing waste by increasing the proportion of sustainable materials in our products. We strive to increase the content of recycled and traceable materials wherever possible. Traceability and responsible sourcing are central to this work and are guided by recognised certifications such as OEKO-TEX®, FSC™, GRS, Cradle to Cradle®, Blue Angel, and bluesign®.

SBM-3 Material impacts, risks, and opportunities, and their relationship to strategy and business model

Nilörn integrates circular design into its product development to reduce its environmental impact through material selection, recyclability, and traceability. Digitalisation is a central part of the strategy, with the Nilörn:CONNECT™ platform providing product information and preparing for upcoming requirements for digital product passports. Nilörn primarily offers two types of packaging. The first product group is used to protect garments during transport, with the aim of ensuring product protection and reducing waste. The second product group primarily serves as a communication tool aimed at the end customer, where the packaging is used to convey information on care and recycling in accordance with legal requirements, as well as other relevant product or brand information that the company wishes to communicate.

Unnecessary material waste and improper waste management have a significant negative impact by disrupting circular resource flows and increasing the environmental burden. This highlights the need for better design, management, and recycling processes to keep materials in the cycle longer. Overproduction and inefficient resource use also entail financial risks due to higher waste disposal costs, lower resource efficiency, and missed opportunities for recycling, which can lead to increased costs and reduced competitiveness.

			Upstream			Own operations				Downstream				Time horizon		
ESRS Topic/Subtopic	Description	IRO Type	Rawmaterial	Production	Transport	Product development & Innovation	Own production	Warehouse	Sales & Marketing	Transport	Manufac-turing	Customers	End of Life	Short-term	Medium-term	Long-term
E5 Resource outflows linked to products and services	Product design and material selection that follow circular principles can help reduce resource outflows through longer product life, enable reuse or recycling, and support more sustainable material use.	Positive impact/ potential				●	●		●					●		
E5 Resource outflows linked to products and services	Supporting digitisation and product traceability through product development contributes to the goals of the circular economy by improving transparency in resource flows, enabling better tracking of materials, and strengthening accountability in the value chain.	Positive impact/ potential				●	●		●		●	●	●	●	●	
E5 Resource outflows linked to products and services	Digital product development and the use of innovative digital solutions for traceability and supplier management can streamline operations, reduce waste, and lower costs.	Opportunity	●	●		●	●		●		●	●	●	●	●	
E5 Waste	Material waste and inadequate waste management lead to increased resource consumption and a negative environmental impact.	Negative impact/ actual		●			●	●						●		
E5 Waste	Overproduction and inefficient use of resources can increase waste management costs, reduce resource efficiency, and lead to missed opportunities for value recovery.	Risk		●			●		●					●		

E5-1: Policies on resource use and circular economy

Nilörn's Environmental Policy addresses the significant impacts, risks, and opportunities associated with resource use and the circular economy. Nilörn strives to integrate circular principles into design, production, and logistics, and to promote the use of recyclable and reusable materials throughout the value chain. In developing these policies, we have taken stakeholders into account, such as customer feedback regarding an increased proportion of recycled materials. Our checklist for designers guides them to think circularly and design products with optimal resource use in mind.

In 2025, Nilörn developed a new Packaging Policy that applies to both its own operations and its suppliers. The policy is based on the requirements of the EU's proposed Packaging and Packaging Waste Regulation (PPWR) and aims to reduce the environmental impact of packaging materials, increase the proportion of recyclable and reusable solutions, and ensure that design and labelling meet regulatory requirements and facilitate proper post-use handling. The policy includes guidelines for material selection, traceability, information requirements, and collaboration with suppliers to promote more resource-efficient packaging solutions. Policy implementation involves multiple departments and is overseen by the Group Sourcing Director, Head of Design, Logistics Manager, and Sustainability Manager.

The Packaging Policy, Supplier Handbook, and Design Policy are based on the principles of "Prevent, Reuse, Recycle, and, as a last resort, Dispose" in our own operations, in guidelines for suppliers, and in product development. Nilörn's Procurement Policy contributes to the goals for resource use and the circular economy by prioritising materials and solutions that support circularity, such as certified, recycled, and recyclable materials. The policy applies to all employees involved in the procurement process at all of Nilörn's units. Our Supplier Handbook includes guidelines for certified and recycled materials, such as GRS for polyester, requirements for traceability and transparency, as well as procedures for reuse and proper waste management. The Supplier Handbook and Packaging Policy are available to suppliers via our Supplier Portal, while internal policies for the environment, design, and procurement (Environmental Policy, Design Policy, and Procurement Policy) are published on the company's intranet.

Policies

- Environmental Policy
- Design Policy
- Packaging Policy
- Procurement Policy
- Supplier Handbook

E5-2: Measures to achieve circular economy

In 2025, Nilörn has continued to develop circular business models through investments in traceability systems, continued partnership with Worldfavor for handling ESG data for our customers, and product development around QR codes to support our customers' work on reuse and transparency, among other things. With our inspiration collections, we focus more on recycled materials and products in mono-materials.

Nilörn applies sustainability certifications such as FSC™, OEKO-TEX®, GRS and Bluesign® to support more resource-efficient and sustainable material choices. The certifications cover different product groups and material types, and vary in scope depending on the application area. The certification work is ongoing and involves both Nilörn's own production units and the supply chain. More information about current certificates is available on Nilörn's website. In Nilörn's factories in Portugal and Hong Kong, case studies have been conducted to increase knowledge about overproduction, improve waste management and reduce waste in production.

During the year, Nilörn's Material and Innovation Specialist and Product Developer from Nilorn Portugal participated in the Nordic Circular Design Programme (NCDP), an eight-month development initiative that aims to prepare Nordic companies for the circular transition. With lessons learned from NCDP, we have conducted workshops internally to increase understanding of circular principles in design, purchasing, production and logistics and have begun work on the Nilörn Circular Roadmap. By integrating insights from the Nordic Circular Design Programme into our internal processes and developing the Nilörn Circular Roadmap, we strive to offer products and solutions that strengthen our customers' work with circularity. The roadmap is a strategic plan to increase circularity in our operations and our offerings. It covers four main areas: Design, Raw Materials and Sourcing, Manufacturing and Distribution. Within each area, we work to identify concrete actions and set measurable goals that support circular product design, increased use of recycled and certified materials, waste minimisation and sustainable logistics. The work includes both short-term initiatives and long-term goals. In 2026, Nilörn will further develop the definition of products that contribute to increased circularity, set goals at department level and evaluate the Environmental Policy to assess the need for updating in order to better encompass the circular economy.

With our platform Nilörn:CONNECT™, we help customers prepare for the Digital Product Passport (DPP). Digital labelling enables traceability and sharing of product information, such as materials, origin, recycling options, and instructions for repair and resale. This creates transparency in the value chain and lays the foundation for circular solutions. In 2025, customers have chosen to use Nilörn:CONNECT™ to digitise product-specific characteristics and thereby replace traditional hang tags. Others have implemented digital labelling to meet the regulations in the French AGEC Decree 2022-748.

Target and metrics

E5-3: Resource use and circular economy targets

Nilörn aims to increase the proportion of recyclable and reusable materials in the products we deliver. The targets set for 2025 were ambitious and the company did not fully achieve the intended levels:

Material targets 2025	Status*
90% certified paper (FSC™, PEFC) in core products	90% (78)
90% certified recycled polyester (GRS/RCS) in core textile products	71% (59)
100% of Nilörn's internal design collection in prioritised materials	99% (99)
100% certified recycled material in LDPE polybags	94% (93)

*Previous year in brackets

Our goals are directly linked to our strategy to reduce dependence on virgin raw materials and ensure sustainable use of renewable resources in accordance with the cascade principle. The target of 90 percent certified paper (FSC™, PEFC) and 90 percent certified recycled polyester (GRS/RCS) contributes to sustainable procurement and increased circular material use. The requirement for 100 percent certified recycled material in LDPE polybags and that our entire internal design collection uses prioritised materials promotes circular product design and minimises resource outflows through increased recyclability. For our paper-based materials, the impact on biodiversity is also taken into account, including through our focus on FSC-certified products. To promote sustainable resource use, we follow the cascade principle, which means that materials can be used in several stages before final energy recovery.

We focus on offering recycled material in polyester labels, where the majority are recyclable and can be used in simpler products such as filling materials. Chemical recycling is still limited. At end-use, the material can be used for energy recovery. Paper packaging can be recycled into new products and at the end composted or used as biofuel. The targets aim to minimise waste going to energy recovery and landfill in the EU waste hierarchy. The monitoring of the targets is based on data from our article register and does not require any significant assumptions. The methodology and data sources used are stable over time, which means that comparability between
years is not affected.

§ Accounting principles E5-3:

The percentage of recycled content in the products is calculated based on material composition information in Microsoft NAV and the delivered volume in kilograms. The figures are based on actual weight or estimates based on weight when actual weight is missing. Performance against the set targets is followed up through regular monitoring of key performance indicators. The follow-up takes place quarterly, is compared with the original plan and is communicated via quarterly meetings. Nilörn's targets are not based on comprehensive scientific evidence. Internal stakeholders, including employees from relevant functions, participated in setting the targets, while external stakeholders did not participate in the process.

YOMII,
part of Nilörn's design collection

E5-5: Resource outflows

Nilörn strives to follow the waste hierarchy by prioritising reuse and recycling. Nilörn reports waste volumes from production and offices, including hazardous waste, paper, plastic, textiles and metal. The majority of products from Nilörn's own production units consist of textile labels and packaging made of paper and plastic. In 2025, the proportion of recycled material in products was 62 percent and their packaging contained around 38 percent recycled material.

The work to achieve 0 percent waste to landfill by 2025 began in 2018. In the base year 2018, landfill accounted for 46 percent of the total reported 49 tonnes. However, the target to achieve 0 percent waste to landfill by 2025 has not been achieved, but the work continues with the ambition to reach the target within five years. Each unit is responsible for its own waste management in accordance with relevant permits and is working to minimise waste and improve sorting methods. The majority of the waste consists of paper and textile waste, mainly polyester yarn and fabric, as well as transport packaging. Recycling of textile waste is particularly challenging, and currently only Nilörn Portugal has implemented a solution.

The company currently has no established metrics or industry standards for expected product lifespan and repairability. These aspects are therefore not systematically measured or reported at this time. The company does not generate radioactive waste in its own operations. In connection with the implementation of Nilörn's Packaging Policy, the company will be able to track the percentage of recycled material in packaging. This is expected to be operational from 2026.

Waste generated in the Group's own operations	2025
Total amount of waste generated (tonnes)	152.09
Total amount of waste diverted from disposal (tonnes)	131.26
Non-hazardous waste (tonnes)	121.49
- Preparation for reuse (tonnes)	35.42
- Recycling (tonnes)	82.54
- Other recycling (tonnes)	3.53
Hazardous waste (tonnes)	9.77
- Preparation for reuse (tonnes)	0.95
- Recycling (tonnes)	8.54
- Other recovery operations (tonnes)	0.28
Total amount of waste directed for disposal (tonnes)	20.84
Non-hazardous waste (tonnes)	14.57
- Incineration (tonnes)	12.45
- Landfill (tonnes)	1.73
- Other disposal operations (tonnes)	0.38
Hazardous waste (tonnes)	6.27
- Incineration (tonnes)	6.25
- Landfill (tonnes)	0
- Other disposal (tonnes)	0.02
Total non-recycled waste (tonnes)	20.84
Total non-recycled waste (%)	14%
Total amount of hazardous waste (tonnes)	16.04
Total amount of radioactive waste (tonnes)	0

§ Accounting principles E5-5:

The amount and composition of waste generated in the Group's own operations is reported by the subsidiaries based on internal monitoring or from third parties, for example from invoices. The figures are based on actual weight or estimates based on weight when actual weight is missing. The figures include process-related residues and waste from all Nilörn units. Data is collected and followed up in the Position Green platform and for Nilörn's production and distribution facilities in Higg FEM. Performance against the set targets is followed up through regular monitoring of key indicators. No comparison with previous years due to change to ESRS reporting categorization. Nilörn's targets are not based on comprehensive scientific evidence. Internal stakeholders, including employees from relevant functions, participated in setting the targets, while external stakeholders did not participate in the process.

NILÖRN

Social information

S1 Own workforce
S2 Workers in the value chain

Martin Arvidsson, Business Area Manager - Retail Information Service, Annika Mathiesen, Helpdesk RIS, together with Jennifer Elze, Global Compliance Specialist Labelling.

S1 Own workforce

This chapter presents Nilörn's disclosures regarding its own workforce. The company has fewer than 750 employees and therefore applies the phase-in provisions in accordance with BP-2 17, which means that during this reporting period we provide disclosures on a limited basis. For the areas within S1 that have been assessed as material, we report which sub-topics are material and how our business model and strategy take these into account; our time-bound targets and progress; applicable policies; actions taken to manage actual and potential negative impacts; and relevant key performance indicators. Nilörn works systematically to further develop processes and procedures to ensure complete and reliable reporting in the coming years. We report the following key performance indicators in accordance with the disclosure requirements in S1: S1-6 (excluding the table with the total number of employees by headcount and a breakdown by gender and country for countries where the company has at least 50 employees, corresponding to at least 10 % of the total workforce), S1-8 (we report the proportion of employees covered by collective bargaining agreements and are phasing in the remaining information), S1-9, S1-13, S1-14, and S1-17.

Nilörngruppen is an international group with 678 employees across 19 countries. Our workforce is global and diverse, reflecting our international presence and contributing to the company's success.

We strive to create a sustainable, safe and inclusive working environment where employee safety, wellbeing and development are central. In our double materiality assessment, workforce-related topics emerge as a key aspect of our social impacts.

Material impacts, risks and opportunities and their interaction with strategy and business model

We have identified work-related injuries as an area of double materiality. Despite our systematic work with preventive safety measures, incidents do occur, particularly at our production sites. Work-related injuries can have negative consequences for employees' health, safety and overall wellbeing, and therefore represent a key issue within our occupational health and safety work. Work-related injuries may negatively affect the health, safety and wellbeing of our employees. Shortcomings in the working environment can lead to physical injuries as well as mental strain. Discrimination can also negatively affect employees' wellbeing, sense of security and working environment. This may result in feelings of exclusion, reduced satisfaction and impaired health, which in turn affect their opportunities to thrive and develop in the workplace. We assess that the negative consequences described primarily occur as isolated incidents, for example workplace accidents. However, we also monitor developments across our operations to identify whether these risks are frequent or systemic.

Growth and development through the recruitment and retention of highly qualified employees have been assessed as a strategic opportunity for the organisation. This opportunity creates positive outcomes by offering skills development, career opportunities and long-term employment security for all employees within our organisation. Improved working conditions, access to training programmes and initiatives that strengthen engagement and wellbeing contribute to better conditions for all employees across all regions. We have not identified any significant risks or incidents related to forced labour or child labour in our own operations. In the analysis of impacts, risks and opportunities related to our own workforce, the company has included all operational units. Employees affected by Nilörn's material impacts, risks and opportunities include permanent employees, part-time employees and consultants. According to Nilörn's risk assessment, no material impacts on personnel have been identified in connection with the company's transition plans to reduce negative environmental impacts.

				Upstream			Own operations				Downstream				Time horizon		
	ESRS Topic/Subtopic	Description	IRO Type	Raw material	Production	Transport	Product development & innovation	Own production	Warehouse	Sales & marketing	Transport	Manufacturing	Customers	End of Life	Short-term	Medium-term	Long-term
S	S1 Working conditions	Work-related injuries, illnesses, and accidents can occur when workplace standards are inadequate or safety procedures are insufficient, which can negatively impact the health and well-being of employees.	Negative impact/ potential				●	●	●	●					●	●	
	S1 Equal treatment and equal opportunities for all	Discrimination or unequal treatment can occur and negatively affect fair working conditions, development opportunities, and equal rights for employees.	Negative impact/ potential				●	●	●	●					●	●	
	S1 Equal treatment and equal opportunities for all	Opportunity to strengthen competitiveness and skills supply by attracting, developing, and retaining qualified employees.	Opportunity				●	●	●	●					●	●	

Policies

Nilörn's policies cover several key areas to ensure responsible and sustainable business practices. The Global HR Policy focuses on creating a safe, healthy and inclusive working environment for all employees. The Work Environment Policy covers measures to prevent workplace accidents and includes proactive actions to reduce risks and prevent injuries and work-related illnesses. The Equal Opportunities Policy and Gender Equality Policy aim to promote equal opportunities and gender equality throughout the organisation, from recruitment to career development. The Human Rights Policy ensures that fundamental human rights are respected and protected both within the company and throughout the supply chain.

Finally, the CSR and Environmental Policy set out guidelines for how Nilörn takes responsibility for environmental, social and ethical issues within its operations. The policy also clearly states the company's zero-tolerance approach to forced labour and child labour. Nilörn has established processes and mechanisms to ensure compliance with the Group's policies related to working conditions, equal treatment and human rights. This includes systematic risk assessments covering occupational health and safety and human rights, internal controls, and follow-up of incidents and non-conformities. The Group also has a whistleblowing function and structured procedures for grievance handling, enabling reporting and corrective action in the event of potential violations. Our processes are designed in accordance with recognised international frameworks, including the UN Guiding Principles on Business and Human Rights, the ILO's fundamental principles and rights at work, and the OECD Guidelines for Multinational Enterprises. Our policies are also aligned with key global frameworks, such as ILO Conventions and the UN Guiding Principles on Business and Human Rights. The policy framework constitutes a common global standard for all Nilörn employees, unless the nature of the policy requires a more limited scope. In some cases, specific local regulations or jurisdictions require additional adaptations or supplements. One example is our Privacy Policy, where we explicitly take into account data-protection regulations in China and Switzerland. The full set of policies is available on our intranet and is communicated continuously to all employees.

Policies

- Global HR Policy: Work Environment
- Equal Opportunities Policy
- Human Rights Policy
- Gender Equality Policy
- Whistleblowing Policy
- Corporate Social Responsibility (CSR) Policy
- Environmental Policy

Nilörn's Group Management and Board of Directors hold overall responsibility for approving policies. Implementation is led by the Group HR Manager together with the CFO to ensure that requirements and guidelines are followed. Compliance and the effectiveness of the policies is monitored through internal control processes and ongoing follow-up of incidents, non-conformities and identified risks.

Actions

Nilörn engages its employees through structured dialogue formats, such as employee surveys, focus discussions and annual performance reviews. Every employee is entitled to a development review with their manager, and during 2025 performance reviews were conducted with a total of 506 employees (50 % women and 50 % men), which also includes employees who left the company during the year. These forums allow employees to provide feedback that contributes to shaping organisational decisions and development, and ensure that their perspectives are integrated into the company's strategic work.

Each Nilörn unit has a process for consulting with employees, for example through a worker committee, a suggestion box or an employee representative. In Nilorn Belgium, Nilorn Denmark and Nilorn Vietnam, employees are covered by collective bargaining agreements (6 %). Nilörn has not entered into any global framework agreement. Nilörn Bangladesh has, since 2024, participated in Better Work, an ILO and IFC initiative that improves working conditions and strengthens dialogue between employers and employees. The programme involves regular meetings between management and worker representatives to discuss changes and their implications, giving employees the opportunity to influence decision-making processes. In addition to Better Work, Nilörn Bangladesh has an internal employee committee made up of elected employee representatives and management. The committee meets regularly to address workplace matters, communicate upcoming changes and provide employees with a structured channel for feedback. This strengthens engagement and promotes constructive social dialogue.

The employee engagement routines create a structured channel for raising issues and challenges. Insights from these dialogues are used as a basis for decisions and actions aimed at preventing or mitigating negative impacts.

Nilörn provides a whistleblowing function operated by an independent external party. Through this channel, employees can report suspected misconduct, such as deficiencies in the working environment, discrimination or harassment. The whistleblowing channel is available on the company website and reports can be submitted anonymously. Information and links to the whistleblowing service are available on the intranet and accessible in all languages used within the Group. Employees are informed about our anonymous whistleblowing mechanism.

Employees can raise concerns or suspicions through several channels: their immediate manager, the HR department in the country where they are employed, or the management team. Contact details are available on the intranet. For sensitive matters, a whistleblowing service is available, operated by an independent external party, offering anonymous reporting via a web form, telephone or in-person meeting. Nilörn follows up on all submitted cases through documented procedures for registration, investigation and corrective action. The effectiveness of the whistleblowing system is reviewed annually. Employees are informed about the anonymous whistleblowing function during onboarding and in the anti-corruption training. Nilörn has not systematically assessed the extent to which employees are aware of or have confidence in the mechanism. We note, however, that it has been used by several different categories of stakeholders. For more information, see page 79 under G1 on how cases are handled.

Employee surveys, conducted twice per year, provide opportunities for staff to submit comments to management and receive feedback from their managers. The survey consists of ten multiple-choice questions and one open question, and is anonymous, with only the country of the respondent identified. The survey is sent by email to employees who have an email address, while others access it through a link and a personal code. We are aware that the survey does not reach everyone, and we are continuously working to improve this.

In 2025, the results from the employee survey were used as the basis for local action plans in each country, with a particular focus on leadership in countries where employee engagement had decreased. Responsibility for implementation rested with each national organisation, and follow-up is carried out on an ongoing basis in relation to employee engagement. In parallel, the HR Forum prepared for the 2026 cycle by reviewing a common structure for routines and follow-up, enabling more consistent monitoring across the Group.

Nilörn is a decentralised Group where each subsidiary is responsible for its own HR-related matters. In 2025, a Group-wide HR Forum was established, led by the Group HR Manager, with the purpose of creating a structured dialogue with local HR managers and promoting shared development through knowledge exchange and coordinated initiatives. The Forum has a strategic role in harmonising HR policies, driving Group-wide guidelines and ensuring consistent processes in areas such as skills development, occupational health and safety, and employee engagement. The work is linked to the identified risk of work-related injuries, illnesses and accidents that may arise in the organisation due to insufficient workplace health and safety standards.

In the event of workplace injuries or illnesses, we follow clear procedures:

- Immediate first aid is provided by trained personnel.
- Medical assistance is arranged where necessary.
- The accident site is secured to prevent further incidents.
- A thorough investigation is conducted after the incident to identify root causes and to review and implement preventive measures. These procedures apply across the entire Group.

In 2025, a Group-wide occupational health and safety training programme based on ISO 45001 was carried out for HR and/or CSR representatives at Nilörn's production and distribution facilities. The aim of the training was to strengthen knowledge of systematic health and safety management and thereby improve safety and wellbeing for employees. The training covered core ISO 45001 principles, risk identification, preventive measures, and routines for continuous monitoring and improvement. This initiative forms part of our efforts to reduce the identified risk of work-related injuries, illnesses and accidents within the organisation.

Nilörn has introduced a digital system for nanolearning, enabling training and follow-up within prioritised areas. The system is used, among other things, in onboarding programmes for new employees and for the Group's Human Rights Due Diligence training, which was updated in 2025. The onboarding training aims to increase awareness and promote an inclusive working environment. The system will also be used to conduct targeted nanolearning sessions on Nilörn's policy addressing the risk of discrimination identified in the materiality assessment.

In 2026, the Group intends to further develop the employee survey to give employees greater opportunities to express their views on working environment and social issues. This work includes assessing how questions on discrimination, harassment and inclusion can be integrated. The purpose is to strengthen our ability to identify risks, improvement areas and levels of employee engagement.

Targets

Nilörn has two overarching targets related to its own employees:

- Employee Net Promoter Score (eNPS): Nilörn aims to achieve an eNPS of 65 by 2030. The outcome for 2025 amounted to 10.5, based on the recurring employee survey conducted twice per year. The eNPS serves as a central indicator of engagement, satisfaction and employer attractiveness. An improved eNPS strengthens Nilörn's ability to recruit and retain highly qualified employees, which represents a strategically important opportunity according to the materiality assessment.

- Onboarding: Nilörn has introduced a Group-wide onboarding training programme with the target that all new employees shall complete the training within two months of their employment start date. In 2025, 71 employees started the training and 23 completed it. Going forward, the completion rate will be monitored through the Group's shared learning platform. A strengthened onboarding process is an important support mechanism for realising the opportunity linked to growth and development, by ensuring a strong start, higher retention and faster competency establishment among new employees.

Follow-up of completion rates is planned to begin in 2026 and will take place continuously via the Group's shared learning platform, where participation and completion rates can be monitored by subsidiary and by country. The results will be reported regularly to Group management and used to identify any deviations from the two-month target and, where necessary, implement supporting measures. Responsibility for ensuring that the training is completed within the first two months lies with each country organisation, which follows up on new employees locally and ensures that the training is scheduled and completed in line with the established target. These measures have not been validated by an external body other than Nilörn's auditors.

Key indicators

S1-6 Characteristics of the undertaking's employees

Gender	Number of employees 2025
Male	411
Female	267
Other	-
Total employees	678

Country	Number of employees 2025
Bangladesh	208
Belgium	12
Denmark	5
Hongkong	105
India	25
China	33
Pakistan	26
Portugal	97
Switzerland	4
Sri Lanka	1
Great Britain	29
Sweden	47
Turkey	26
Germany	34
USA	4
Vietnam	22
Total employees	678

Employees by contract type and gender (HC)	Female	Male	Other	Total
Number of employees	267	411	-	678
Number of permanent employees	252	399	-	651
Number of temporary employees	15	12	-	27
Number of non-guaranteed hours employees	0	0	-	0
Number of full time employees	251	409	-	660
Number of part-time employees	16	2	-	18

Employees by contract type, broken down by region (HC)	Europe	Asia	North America	Total
Number of employees	254	420	4	678
Number of permanent employees	228	419	4	651
Number of temporary employees	26	1	0	27
Number of non-guaranteed hours employees	0	0	0	0
Number of full time employees	236	420	4	660
Number of part-time employees	18	0	0	18

Employee turnover	2025
Employees who left the company during the reporting period	106
Employee turnover %	16%

§ **Accounting principles S1-6:**
We are partially phasing in S1-6 and therefore do not report the total number of employees by headcount broken down by gender and by country for countries where the company has at least 50 employees, corresponding to at least 10 % of the total workforce.

Employee statistics are provided by each subsidiary, and the information is consolidated by Group HR together with the CFO. A review is carried out to identify material deviations compared with the previous year.

Data on the number of employees is based on headcount (HC) as of the last day of December, with the exception of Average number of employees per country, which is based on the average over the past 12 months up to and including December of the reporting year. Employment type refers to all employees, divided into those working full-time (100 percent) and those working part-time (less than 100 percent). This definition applies to all companies in the Group. Permanent employees include those with permanent or probationary employment contracts, regardless of working hours. Temporary employment covers employees with a fixed-term contract who have worked for more than 30 consecutive days. On-call employees refer to individuals without guaranteed working hours. Age distribution refers to the age distribution of all employees (HC). Only individuals with a valid employment contract are included in the calculation; agency workers and consultants are excluded.

Employee turnover is calculated by dividing the number of employees who left the company for any reason during the year by the number of employees at year-end.

S1-8 Collective bargaining coverage and social dialogue

The proportion of employees covered by collective agreements	2025
Coverage Rate	6%

§ Accounting principles S1-8:

We are phasing in S1-8, with the exception that we report the proportion of employees covered by collective bargaining agreements.

For employees who are not covered by collective agreements, the determination of working and employment conditions varies between units. In these units, conditions are based on Nilörn's internal policies, industry standards and applicable local labour legislation.

S1-9 Diversity metrics

	2025	
Board	Female	Male
Under 30 years	0	0
30-50 years	0	0
Over 50 years	1	3
Total	1	3
Distribution (%)	25%	75%

	2025	
Management Team	Female	Male
Under 30 years	0	0
30-50 years	0	0
Over 50 years	1	3
Total	1	3
Distribution (%)	25%	75%

	2025	
Managers in the group's subsidiaries	Number	%
Female Managers	3	19%
Male managers	13	81%

	2025	
Number of employees by age	Number	%
Under 30 years	192	28%
30-50 years	355	52%
Over 50 years	131	19%
Total	678	100%

§ Accounting principles S1-9

Management refers to the Board of Directors, the Group Management Team and managers in the subsidiaries. The calculation method for the proportion of female managers is the number of female managers divided by the total number of managers.

S1-13 Training and skills development metrics

	Female	Male	Other	Total
Percentage of employees who participated in regular performance and career development reviews presented by gender	94%	62%	-	75%

	Female	Male	Other	Total
Average number of training hours	8	7	-	7

Calculated the percentage of women and men in relation to the total number of employees.

§ Accounting principles S1-13:

There is no system support in place for monitoring training activities at Group or subsidiary level. This means that the reporting of training hours relies on manual routines, which may result in variations between different units. The number of training hours and the number of employees who have completed formal performance and career development reviews during the reporting period are followed up by Group HR in cooperation with the HR managers in the subsidiaries. The follow-up includes all employees who have completed at least one formal performance or career development review during the period.

The average number of training hours is calculated by dividing the total number of recorded training hours by the number of employees by gender in accordance with S1-6.

S1-14 Health and safety metrics

Health and safety metrics - own workforce	2025
Percentage of own workers in headcount who are covered by the company's health and safety management system based on legal requirements and/or recognised standards or guidelines	100%
Percentage of own workers who are covered by a health and safety management system which is based on legal requirements and/or recognised standards or guidelines and which has been internally audited and/or audited or certified by an external party	0
Number of fatalities as a result of work-related injuries and work-related ill health	14
Number of recordable work-related accidents (excluding fatalities)	0
Number of cases of recordable work-related ill health	1
Number of days lost to work-related injuries and fatalities from work-related accidents, work-related ill health and fatalities from ill health	0

§ Accounting principles S1-14:

All employees are included in the statistics. An accident is defined as a work-related and recordable incident that causes injury as a result of a hazard at work. The accident frequency rate is reported as the number of work-related injuries resulting in absence per theoretical one million hours worked.

To calculate the number of recorded work-related accidents, data on total hours worked has been collected in two different ways, depending on the availability of data in the subsidiaries. Most production facilities use electronic time-tracking systems, while other subsidiaries have used payroll data or estimates based on days worked during 2025. When estimating the number of hours worked, assumptions regarding holidays and sick leave have been taken into account.

All production facilities have established health and safety management systems. These systems are included in external audits such as SMETA, GRS and FSC™. SMETA, a social audit based on SEDEX methodology, was conducted in 2025 at Nilörn's own production and distribution units in Bangladesh, China, India, Pakistan, Turkey, the UK and Vietnam. Nilorn East Asia, Germany and Portugal have their next audit scheduled for early 2026.

S1-17 Incidents, complaints and severe human rights impacts

Severe human rights impacts and incidents	2025
Number of reported incidents of discrimination (including harassment)	0
Number of complaints filed through employee channels (including grievance mechanisms)	4
Total amount of fines, penalties and damages resulting from incidents and complaints [SEK]	0
Number of incidents of discrimination/harassment investigated	0
Number of incidents no longer subject to action	0

§ Accounting principles S1-17:

Of the four cases, three were submitted through the whistleblowing system. During 2025, no severe incidents related to human rights within the company's workforce were reported. Severe incidents refer, for example, to child labour, forced labour or legal proceedings related to human rights violations.

S2 Workers in the value chain

This chapter presents Nilörn's disclosures regarding workers in Nilörn's value chain. The company has fewer than 750 employees and therefore applies the phase-in provisions in accordance with BP-2 17, which means that during this reporting period we provide disclosures on a limited basis. For the areas within S2 that have been assessed as material, we report which sub-topics are material and how our business model and strategy take these into account; our time-bound targets and progress; applicable policies; actions taken to manage actual and potential negative impacts; and relevant key performance indicators. Nilörn works systematically to further develop processes and routines to ensure complete and reliable reporting in the coming years.

At Nilörn we operate our own production facilities, but we also rely on external suppliers to manufacture goods for our customers. Both we and our customers expect products to be manufactured under fair and humane conditions. We take our responsibility to identify, prevent and address adverse conditions for workers in our value chain extremely seriously.

Material impacts, risks and opportunities and their interaction with strategy and business model

Workers in the value chain who may be affected by Nilörn's operations are primarily those directly employed by our tier-1 suppliers globally, as well as by subcontractors (tier-2). These workers are covered by the Supplier Code of Conduct. Based on our IRO analysis, we have identified several potential negative impacts and risks in the supply chain related to working conditions, equal treatment and other labour-related rights. Risks related to forced labour among suppliers may lead to severe human rights violations and can also result in fines, legal action and significant reputational damage, as well as a loss of trust among customers, investors and other stakeholders.

Supplier misconduct related to child labour or forced labour represents a potential negative impact and is in breach of fundamental labour rights. Restricted freedom of association and inadequate access to trade unions, as well as discrimination or unequal treatment among suppliers, represent additional potential negative impacts that may adversely affect workers' rights and conditions. Breaches of principles relating to equal treatment and equal opportunities may also entail significant reputational risks and undermine trust among customers and other stakeholders.

To address these potential negative impacts and risks, we prioritise proactive due diligence and systematic monitoring of our suppliers. The impacts mainly arise from the Group's business model and strategy, particularly our reliance on materials and labour for external production in high-risk areas. These risks are not considered to be limited to any specific group of workers.

			Upstream			Own operations				Downstream				Time horizon		
ESRS Topic/Subtopic	Description	IRO Type	Raw material	Production	Transport	Product development & Innovation	Own production	Warehouse	Sales & marketing	Transport	Manufacturing	Customers	End of Life	Short-term	Medium-term	Long-term
S2 Working conditions	Lack of freedom of association and access to trade unions can occur at suppliers and negatively affect employees' opportunities for representation and collective bargaining.	Negative impact/ potential	●	●	●					●	●			●		
S2 Working conditions	Forced labour at the supplier carries the risk of fines, legal action and damage to reputation.	Risk	●	●	●									●		
S2 Equal treatment and equal opportunities	Discrimination or unequal treatment may occur at suppliers and negatively affect employees' fair working conditions, development opportunities and equal rights.	Negative impact/ potential	●	●	●									●		
S2 Equal treatment and equal opportunities	Reputational risk linked to violations of principles of equal treatment and equal opportunities can lead to significant reputational damage and affect the trust of customers and other stakeholders.	Risk	●	●	●									●		
S2 Other work-related rights	The occurrence of child labour among suppliers can constitute serious violations of children's rights and create significant negative impacts both for children and the company's responsibility.	Negative impact/ potential	●	●							●			●		
S2 Other work-related rights	Risk of occurrence of forced labour in the supply chain, which can lead to damaged reputation and reduced trust among stakeholders.	Risk	●	●	●					●	●			●		
S2 Other work-related rights	Supplier mismanagement related to forced labour can have significant negative impacts on workers' rights and well-being.	Negative impact/ potential	●	●										●		

Policies

Nilörn is committed to respecting and promoting human rights for all individuals affected by the company's operations, including the communities in which we operate and the workers within our value chain. This commitment is embedded in Nilörn's policies and governance documents and forms a fundamental part of the company's sustainability strategy.

Policies

- Supplier Handbook
- Code of Conduct
- Homeworkers' Policy
- Human Rights Policy
- Whistleblowing Policy
- Corporate Social Responsibility (CSR) Policy
- Environmental Policy

Nilörn's Human Rights Policy aims to proactively influence business partners, suppliers and other stakeholders to uphold high standards of working conditions, social responsibility and ethical conduct. Through dialogue, requirements and follow-up processes, Nilörn works to ensure that these principles are respected throughout the value chain. Dialogue with workers in the value chain takes place primarily through worker interviews conducted as part of SMETA audits. In addition, workers can report suspected misconduct or risks related to human rights via the whistleblowing mechanism.

Nilörn's Code of Conduct is a central tool in this work and forms an integral part of the contracting process. When signing a master agreement, the supplier commits to adhering to the Code of Conduct, as stipulated in the contractual terms. The Code covers human rights, labour rights, environmental responsibility and business ethics, and is based on international frameworks such as ILO Conventions and the UN Guiding Principles on Business and Human Rights. It is a fundamental component of Nilörn's responsible sourcing practices. Nilörn's Code of Conduct is based on the ETI Base Code, developed through collaboration among companies, trade unions and civil society organisations. It builds on international conventions and is designed to reflect the interests of workers, employers and other relevant parties.

The Homeworkers Policy complements the Code of Conduct by explicitly recognising homeworking as part of the supply chain and its importance for flexibility and specialised production. The policy defines homeworking in accordance with ILO Convention C177. Suppliers are expected to communicate the policy throughout their supply chain and develop action plans to improve working conditions where current practices do not meet established requirements.

Nilörn does not tolerate any form of slavery, forced labour or human trafficking, and this is clearly set out in the company's Code of Conduct. The Supplier Handbook outlines requirements for all suppliers and aims to ensure safe, fair and healthy working conditions. It includes a strict zero-tolerance approach to child labour, forced labour, inhumane treatment, serious health and safety breaches and corruption.

The CSR and Environmental Policy describe the company's commitment to conducting its operations in a manner that protects people and the environment, in line with international guidelines such as the UN Global Compact.

The Code of Conduct and the Human Rights, CSR and Environmental Policies are available on Nilörn's website and on the supplier portal, ensuring transparency and accessibility for both existing and potential suppliers. Nilörn also has a due diligence framework that is used to assess and monitor risks in the supply chain. The policies apply to upstream suppliers, tier 1. Nilörn's Group Management and Board of Directors hold ultimate responsibility for approving policies. Implementation is led by the Group Sourcing Director and Group CSR Manager, who are jointly responsible for the policies and for ensuring full compliance with their requirements.

Actions

Nilörn has, for several years, established a number of key measures to ensure that working conditions and human rights are respected in the supply chain. These measures form an integral part of the company's responsible sourcing strategy and are continuously developed.

At Nilörn, we operate our own production facilities, but we also rely on external suppliers to manufacture goods for our customers. Nilörn conducts risk-based assessments of new and existing suppliers using information from SEDEX and the OECD Country Risk Classification.

Nilörn is a member of SEDEX and uses SMETA audits as part of the company's efforts to ensure responsible working conditions in the supply chain. The audits cover several areas identified as potential negative impacts in the double materiality assessment. For example, they assess whether workers have the right to freedom of association and collective bargaining without risk of retaliation. The audit verifies that suppliers comply with international conventions and local laws prohibiting child labour, and that age-verification procedures are in place.
Furthermore, the audits examine whether forced labour is present, including slavery or restrictions on freedom of movement, and whether suppliers have policies in place to prevent such practices. The audits also assess whether working conditions are fair and equal, without discrimination based on gender, ethnicity, religion or other characteristics.
The programme focuses on tier-1 suppliers. If deficiencies are identified, suppliers are required to develop a corrective action plan with defined timelines. Implementation of these measures is followed up through desktop reviews or on-site audits, depending on the severity of the non-compliance. In cases where suppliers do not demonstrate willingness to address identified issues despite repeated dialogue, phasing out the business relationship may be considered.

Responsibility for this work lies with the Group CSR Manager together with the Purchasing Department. Audits are carried out by third parties and normally include employee interviews without management present. Nilörn also performs its own site visits. Nilörn's Code of Conduct and Supplier Handbook stipulate that suppliers must ensure that all workers have the right to report any breaches of the Code of Conduct. Reporting must be possible through appropriate and accessible channels, without risk of retaliation or negative consequences for the reporting individual. This right is an integral part of Nilörn's Code of Conduct and constitutes a key tool in the company's due diligence efforts. At present, reporting takes place mainly through worker interviews conducted during supplier audits, as well as via Nilörn's whistleblowing channel. Read more about the whistleblowing procedure on page 79.

There is a potential risk of discrimination in the value chain, for example based on gender, ethnicity, disability or health status. Although these risks do not originate within Nilörn's own operations, business relationships and purchasing decisions may influence working conditions at supplier facilities. To mitigate this, Nilörn works with supplier assessments, contractual requirements and continuous dialogue.

In 2025, Nilörn carried out targeted human rights training for employees responsible for supplier relationships. The training provides employees with increased knowledge of international conventions, relevant legislation and Nilörn's own requirements, as well as how these should be applied in practice. The purpose is to strengthen the ability to identify and manage risks related to potential negative impacts in the supply chain.

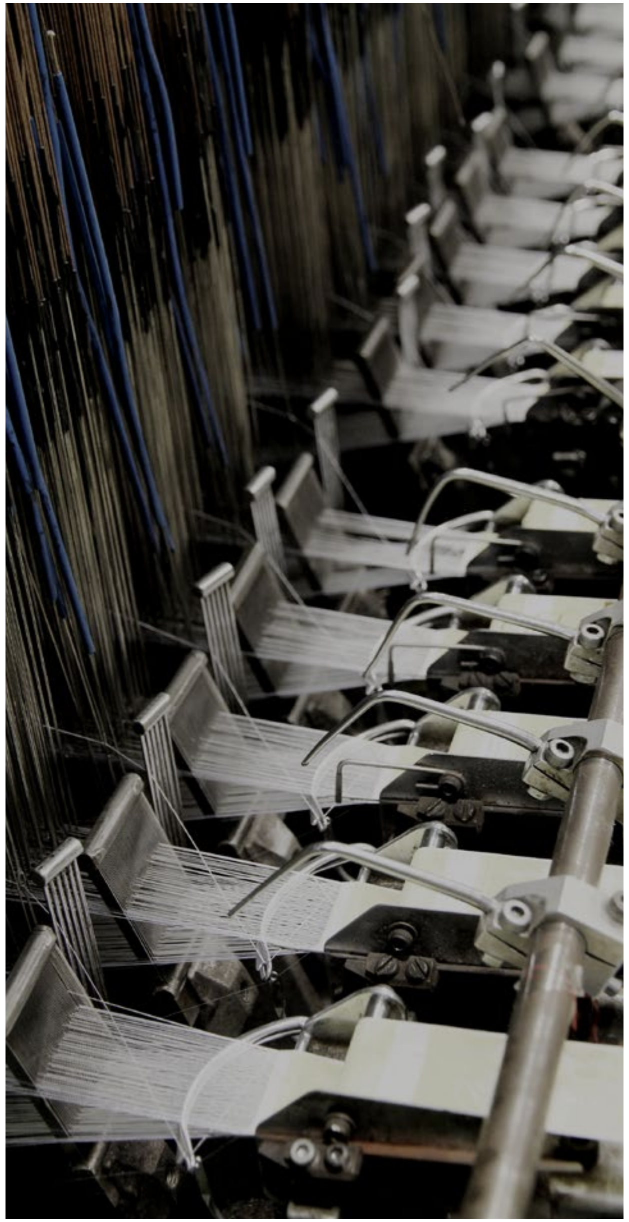
In parallel, Nilörn offered suppliers a three-part digital training programme covering environmental, social and governance (ESG) topics. The training includes human rights and labour rights, health and safety, diversity, local communities, skills development and grievance mechanisms, and aims to support suppliers' sustainability efforts and increase awareness of Nilörn's requirements. The training has been available to all suppliers and is also published on the company's supplier portal for continued access and further learning.

The results of SMETA audits are also used as input to Nilörn's human rights risk assessment, in line with the UN Guiding Principles on Business and Human Rights. The Retraced digital system supports our supplier assessment processes by increasing transparency and improving risk identification related to workers in the value chain.

To further strengthen follow-up, Nilörn has developed an internal tool for systematic supplier assessment. The tool enables structured collection and analysis of data from audits and risk assessments. It supports efforts to improve suppliers' sustainability performance by identifying strengths and weaknesses and monitoring corrective actions over time. Through clear visualisation of areas where deficiencies exist, Nilörn can prioritise interventions and dialogue with suppliers. In cases where serious deficiencies persist despite corrective action plans, the tool provides a basis for decisions on phasing out suppliers, ensuring that the supply chain meets our ethical and sustainability requirements.

In 2025, we initiated work to follow up on our service providers, including logistics partners and testing laboratories. The purpose of this initial step was to gain a better understanding of these suppliers' sustainability practices and risks, and to develop routines and processes for systematic follow-up going forward. This marks the beginning of a long-term effort to ensure that our service providers meet our expectations on responsibility and sustainability.

Together with an external consultant, we have produced a report that compiles supplier data from internal systems, Worldly and SEDEX, with the aim of strengthening risk identification, follow-up and the evidence base for decision-making. The measures primarily target workers in the value chain who are directly employed by tier-1 suppliers and tier-2 subcontractors in high-risk countries. We are aware of potential risks and negative impacts further down the chain, for example in our customers' supplier factories, but currently have no established actions or follow-up processes for these. Nilörn plans to continue these efforts in the short to medium term. During the reporting period, no actual material negative impacts were identified that required remediation.



Targets

Reviewed Purchase Volume: The target for 2025 was that at least 95 percent of the procurement volume from risk-classified countries should be reviewed by an independent third party. In 2025, the share reached 96 percent, meaning that the target was achieved. The corresponding share amounted to 95 percent in 2024. Work on continuous improvements will continue with the aim of further increasing the share going forward.

Audits/Visits: In 2025, 92 third-party inspections were carried out (123 in 2024) and 74 internal inspections (107 in 2024). The number of visits conducted is lower this year because two planned trips were cancelled due to safety- and environmental-related circumstances.

YOMII,
part of Nilörn's design collection

Share of A–C Rated Suppliers: In 2025, the share amounted to 79 percent (66 percent in 2024), meaning that the 2025 target of 95 percent was not achieved. A contributing factor is that more raw-material suppliers (tier 3) have gradually been included in the scope, while third-party assessments for this supplier level are not yet as established. We are progressively working to ensure that these suppliers introduce relevant audits, but the process is time-consuming, which is one reason why the target was not reached in 2025. In addition, the implementation of audit programmes such as SMETA requires financial investment from suppliers, which further affects the speed of implementation. Nilörn has 51 D-rated suppliers currently under evaluation or potential phase-out, which also impacts the 2025 outcome.

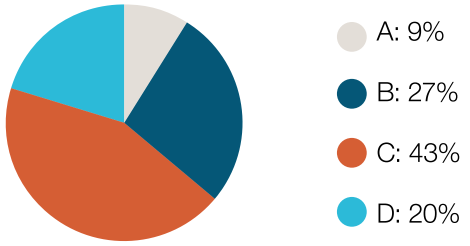
Child Labour and Forced Labour: Ensure that no confirmed cases occur in the supply chain. During 2025, no such cases were reported.

All targets are directly linked to the company's supplier responsibility policies, which aim to ensure respect for human rights, prevent child labour and forced labour, and promote sustainable working conditions in the supply chain. The targets apply to tier-1 suppliers. Workers in the value chain have not been directly involved in the process of establishing the targets. Results are monitored through quarterly updates of supplier rankings (vendor ratings) and annual third-party audits. The targets are monitored continuously through these processes, and progress is assessed in relation to the original plan. Follow-up is conducted using supplier assessment tools, internal visits and third-party audits. During the year, no significant deviations or negative trends were identified.

§ Accounting principles:

The calculation is based on a register indicating whether suppliers have accepted the Group's Supplier Code of Conduct or not. The share of purchases from suppliers who have accepted the Code is calculated by dividing the Group's total purchase value from suppliers who have accepted the Code by the total purchase value from all suppliers. The reviewed procurement volume is based on supplier data from our purchasing system and risk classification according to our internal model, which is based on the SEDEX risk tool and AMFORI's risk classification. On-site audits are defined as physical visits carried out by internal teams or independent auditors. Supplier ratings (A–D) are derived from an internal scoring model that covers environmental, social and governance criteria. Some suppliers have internal policies that prevent them from signing external Codes of Conduct. In such cases, their own codes have been reviewed, and where they align with Nilörn's requirements, they have been approved. There are certain limitations in the methodologies, as supplier data may contain uncertainties and third-party reviews do not cover all suppliers at the same time, affecting comparability between years. The metrics have not undergone external validation.

Supplier Assessment 2025, score A-D



Governance information

G1 Business conduct

G1 Entity specific disclosure IT security and data management

Krister Magnusson, CEO, together with
Fredrik Clason, Global Sales and Marketing Manager, Nilörngruppen AB

G1 Business conduct

Nilörn conducts its business in a transparent, responsible and ethical manner in accordance with applicable laws, regulations and internal guidelines. Such an approach is essential for building and maintaining trust among employees, customers, suppliers and other stakeholders. As a global company, we operate in diverse cultural and social contexts. To ensure consistent and ethical behaviour across the organisation, we have established governing documents that clearly define our expectations regarding integrity and good business practice. These guidelines provide direction in situations where local norms may differ and ensure consistent and responsible conduct regardless of market.

SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model

Through our double materiality assessment, we have identified corruption and bribery as a material topic with potential negative impacts and risks across the entire value chain. Misconduct can harm stakeholders, lead to legal action, sanctions and damage our reputation. To prevent this, we have implemented guidelines, controls and training with a strong focus on transparency and integrity. We also view supplier relationships and payment practices as an opportunity. Proactive collaboration with suppliers strengthens relationships, increases supply chain resilience and promotes sustainable business practices.

Entity specific topic

In addition to the ESRS requirements, IT security and data management have been identified as a Nilörn-specific risk area. Cyber attacks can compromise sensitive information and undermine the trust of our stakeholders.

				Upstream			Own operations				Downstream				Time horizon		
	ESRS Topic/Subtopic	Description	IRO Type	Raw material	Production	Transport	Product development & innovation	Own production	Warehouse	Sales & marketing	Transport	Manufac-turing	Customers	End of Life	Short-term	Medium-term	Long-term
G	G1 Corruption and bribery	Corruption or irregularities can occur in the value chain and lead to negative impacts on business ethics, compliance and stakeholder trust.	Negative impact/ potential	●	●	●	●	●	●	●	●	●	●	●	●		
	G1 Corruption and bribery	Corruption incidents within the business or value chain can lead to sanctions, legal consequences and significant damage to the company's reputation.	Risk	●	●	●	●	●	●	●	●	●	●	●	●		
	G1 Supplier relationship management including payment practices	Structured and transparent collaboration with suppliers can strengthen relationships, improve quality and create long-term value.	Opportunity		●		●	●	●						●	●	●
	Entity-specific disclosure																
	G1 Other governance / IT security and data management	Cyber attacks can impact operations through operational disruptions, loss or exposure of sensitive information, and reduced trust from stakeholders.	Risk				●	●	●	●					●	●	●

G1-1 Business conduct policies and corporate culture

Nilörn's framework for business ethics governs how we conduct our operations and interact with our stakeholders. Our policy is based on the principles of integrity, transparency and accountability and applies across the entire value chain. We have zero tolerance for corruption and bribery and work actively to prevent misconduct through clear guidelines, internal controls and training.

Our Code of Conduct, Code of Ethics and Business Conduct, and Anti-Corruption and Bribery Policy define acceptable behaviour and outline how we manage risks related to corruption. During the year, Nilörn has taken several measures to ensure compliance with our business ethics principles and to prevent corruption-related risks. All employees with an email address are invited to complete mandatory anti-corruption training, supplemented by more advanced training for high-risk functions such as purchasing, sales and finance. Our Anti-Corruption and Bribery Policy has been updated and communicated via the intranet, with mandatory sign-off for all employees. The policy is developed in line with international guidelines and is aligned with the principles of the UN Convention against Corruption (UNCAC). Nilörn has established procedures for prompt, independent and objective investigation of incidents related to business ethics, including corruption and bribery. These investigations are handled by the same team responsible for whistleblowing cases.

To ensure that Nilörn's guidelines for business ethics and anti-corruption are followed throughout the organisation, it is essential to have a clear policy and a secure whistleblowing channel where employees and other stakeholders can report suspected violations anonymously and without risk of retaliation. The channel is accessible via the intranet, the supplier portal and Nilörn's website. It is administered by an external, independent party to safeguard integrity and confidentiality. All submitted cases are managed according to established procedures, with a focus on objectivity and protection of the reporting individual. Responsibility lies with two Board members together with the CFO and CEO. The effectiveness of the whistleblowing system is reviewed annually and communicated internally through the annual anti-corruption training. We have established procedures for rapid, independent and objective investigation of reported incidents, with follow-up conducted through documented action plans. Nilörn's corporate culture is built on our core values and guiding policies, which together foster a working environment characterised by respect and accountability. Nilörn Core Values define the fundamental principles—innovation, respect and responsibility—aimed at guiding employee behaviour and decision-making in daily operations.

Our Code of Ethics and Business Conduct reinforces these values by clearly outlining norms for professionalism, legal compliance and ethical conduct. The policy is part of Nilörn's training programmes and forms an integral component of onboarding for new employees as well as targeted training for high-risk functions, such as Nilörn Onboarding, anti-corruption training and Human Rights Due Diligence training. It is complemented by the General Policy and Management Approach, which describe the mutual expectations between the company and employees, and the role of leadership in creating an inclusive and engaging work environment.

To support responsible sourcing and supplier relationships, Nilörn has established several governing policies: Supplier Code of Conduct, Procurement Policy, Animal Welfare Policy and Late Payments to SME Policy. These policies aim to ensure ethical conduct, sustainable material choices, respect for animal welfare and fair, transparent payment terms for suppliers. To ensure responsible business relationships and transparency in the sales process, Nilörn has a Sales Policy that governs order management, customer contracts and reporting. The policy aims to minimise risks, ensure correct handling of discounts and inventory, and maintain clear payment terms.

Through the CSR and Environmental Policy, our corporate culture is linked to our responsibility for society and the environment, reinforcing employees' understanding of sustainability as an integral part of operations.

Together, these policies form a framework that promotes open communication, collaboration and continuous improvement. All policies are communicated to employees via the intranet and, where relevant, on the website, and regular training is conducted to ensure compliance. Follow-up is carried out through internal controls, incident reporting and annual policy reviews. Responsibility for business ethics is allocated to Group Management, supported by local managers and sourcing functions. When designing the Group's policies, we have considered relevant stakeholders and their perspectives to ensure that the guidelines are well-anchored and support sustainable and responsible business practices. For information on stakeholder dialogue, see page 34.

Functions assessed as having the highest risk of corruption and bribery are primarily those with direct business contact, financial transactions or supplier relationships. This includes Commercial Managers and Executives, Customer Service, Finance (including Financial Managers and Accountants), and roles within sales, product development/purchasing and production planning. Senior positions such as Managing Directors and project managers have also been identified as risk functions, as well as certain roles within IT and logistics. The risks relate to activities such as payment handling, customs clearance, supplier negotiations, customer relationships and project management, where exposure to undue advantages or conflicts of interest is greatest. Where these functions are located in medium- or high-risk countries, they are subject to enhanced controls, training and monitoring in accordance with Nilörn's Anti-Corruption Policy.

G1-2 Management of relationships with suppliers

Nilörn's Procurement Policy emphasises fairness, ethics and sustainability. Detailed procedures for the selection and evaluation of suppliers ensure high-quality partnerships. The Supplier Handbook outlines our requirements in areas such as ethics, chemical management, product safety, quality testing and production. Suppliers are selected based on ethical practices, capacity, price, delivery performance and sustainability, and those who align with our values are prioritised. By offering training opportunities for suppliers and implementing a secure whistleblowing programme, we ensure that guidelines are followed and that potential issues are prevented. All suppliers used for the purchase of goods must be approved by the Group Sourcing Director before being registered in the business system, a process handled by the IT Department.

Audited suppliers of merchandise (based on purchase value)	2025
Not audited	4%
Audited	96%

New suppliers of goods evaluated	2025
New suppliers evaluated with regard to environmental criteria	100%
New suppliers evaluated for social aspects	100%

Nilörn has a policy to prevent late payments to small and medium-sized suppliers (SMEs). The policy sets out clear procedures for invoice handling, payment monitoring and annual review to ensure that payments are made on time in accordance with contractual and legal requirements.

To address risks related to sustainability issues, we conduct supplier audits and follow-ups based on our Supplier Code of Conduct, primarily using the SMETA methodology. For more information, see page 74.

Code of Conduct Revisions, Commodity Suppliers 2025	Approved (A-C)	Not approved/ under observation (D)
Asia	81%	19%
Europe	77%	23%

Internal stakeholders, including employees from relevant functions, were involved in establishing the targets. No external stakeholders were involved in this process.

G1-3 Prevention and detection of corruption and bribery

Nilörn has a zero-tolerance policy towards corruption and bribery. The policy applies to all employees within Nilörngruppen and is also incorporated into our supplier agreements, meaning that the requirements also apply to all contracted suppliers. Suppliers are expected to apply these requirements throughout their supply chain. Preventive measures include employee training, supplier due diligence and strict approval procedures for financial transactions. Nilörn uses a digital nano-learning system, which was used to deliver the mandatory anti-corruption training during 2025. The training covers topics such as the definition of corruption, how corruption may manifest, and the measures Nilörn has implemented to prevent it. All employees with an email address were invited to complete the mandatory anti-corruption training, and 311 individuals completed it.

In addition, more advanced training is offered to selected employees based on a risk assessment of their function and country, with certain roles-such as purchasing, sales and finance-assessed as higher risk, as well as specific countries. The mandatory training is also completed by all Board members.

Functions at risk	2025
Percentage of risk-exposed functions that have received training [%]	94%

A whistleblowing channel is available for reporting suspected violations. Cases submitted through the channel are initially reviewed by two external Board members. Case handling is carried out by the CEO, CFO and the external Board members in consultation with the relevant company within the Group. The Board is informed about ongoing cases at the next meeting, and once a case is closed, the content and outcome of the investigation are reported. Disciplinary actions are taken when necessary, and the findings are used to strengthen internal controls and update policies. The anti-corruption and bribery policy must be signed by all employees, and the information is included in supplier agreements.

Metrics and targets

G1-4 Incidents of corruption or bribery

No incidents related to fraud, corruption, bribery or breaches of antitrust or competition laws were reported in the value chain during 2025. The company has not been convicted of, or fined for, violations of anti-corruption or bribery legislation during the year, nor has it been subject to any legal proceedings related to corruption or bribery. Measurement under this indicator has not been validated by any external body apart from the statutory review conducted by the insurer. No additional external verification has been performed.

Entity specific topic - other governance / IT security and data management

A cyber attack represents a significant financial risk as it may disrupt operations, compromise sensitive data and damage stakeholder trust. Such incidents can lead to direct costs, including system restoration, legal liabilities, regulatory fines and ransom payments, as well as indirect costs such as reputational damage, loss of customers and increased insurance premiums.

IT security and data protection are governed by established policies that ensure the integrity, confidentiality and availability of all data processed within the organisation. The policies cover preventive measures against unauthorised access, breaches and cyber attacks, and define procedures for incident management and business continuity planning. The Group IT Manager is responsible for these policies. Nilörn's cybersecurity policies are developed with reference to recognised international standards and frameworks, including ISO/IEC 27001 and 27002 as well as the NIST Cybersecurity Framework. These standards serve as guiding frameworks in the design, implementation and continuous improvement of policies, controls and risk management practices. Nilörn is not certified against these standards. When establishing and updating cybersecurity policies, the interests of key stakeholders-including employees, customers and end users-are considered. Employee interests are addressed through proportionate security requirements, clear communication and regular awareness training.

Cyber security	2025	2024
Total number of confirmed complaints regarding breaches of customer privacy, categorised by:	0	0
a) Complaints received from external parties and confirmed by the organisation.	0	0
b) Complaints from regulatory authorities.	0	0
Total number of identified leaks, thefts, or losses of customer data.	0	1

IT security is integrated into the organisation's overall risk management process, which means that cyber risks are identified, assessed and managed systematically. This includes regular risk analyses, vulnerability monitoring and implementation of measures to reduce potential financial and operational consequences of security incidents. In 2025, Nilörn carried out several key initiatives to strengthen information and cybersecurity. All employees participated in ongoing cybersecurity training, and the organisation intensified its work with risk analyses and continuous maintenance of critical systems in collaboration with an external specialist. This included penetration testing and sensitivity analyses of Nilörn's most critical system environments.

Measures to maintain and strengthen Nilörn's cybersecurity level—including ongoing risk assessments, employee training and technical security controls—are implemented continuously and are expected to continue into 2026. In addition, Nilörn plans to further formalise governance, targets and performance indicators for cybersecurity during 2026, with timelines reviewed regularly as part of the company's risk management and internal control processes.

Furthermore, Nilörn has established a structured annual cycle with quarterly activities, targeted interventions and controls. These include, for example, reviews of user access rights (User Access Reviews), restore testing of critical systems, and regular updating and review of document classification. Operational responsibility for these processes lies with the Group IT Manager, in close cooperation with Nilörn's Information Security Group, consisting of the IT Manager, CFO and the responsible System Administrator.

During the reporting period, Nilörn did not identify any actual material negative impacts from cybersecurity incidents affecting customers, end users or employees, and therefore no corrective actions were required or implemented.

Nilörn has established incident-management processes designed to provide, coordinate or support measures to remedy the situation should a material cybersecurity incident occur. These include incident containment and damage mitigation, communication with relevant stakeholders in accordance with legal and contractual requirements, cooperation with relevant parties, support for system or data restoration where applicable, and implementation of corrective and preventive measures. These processes aim to limit harm and support responsible remediation where relevant.

The cybersecurity landscape is developing rapidly, and Nilörn therefore works with continuous evaluation and adaptation of its procedures, risk management and technical safeguards. Nilörn currently has no formally defined or time-bound cybersecurity targets, but the development of such targets is planned for 2026 as part of ongoing improvement efforts.

Financial reports and notes

The financial statements and accompanying notes provide an in-depth account of the financial position, results and cash flows of the Nilörn group and the parent company. The section supplements the administration report and is prepared in accordance with applicable accounting principles.

Consolidated income statement

Amount in TSEK	Note	2025	2024
	1, 2		
Net revenue	3	945,114	944,670
Other operating income	5	13,314	18,194
Total operating revenue		**958,428**	**962,864**
Raw materials and supplies		-510,777	-517,152
Other external costs	6	-91,620	-86,759
Personnel costs	8	-236,860	-226,719
Deprecation amortisation and impairment charges	3, 11, 12, 13	-32,061	-34,566
Other operating expanses	7	-13,684	-14,816
Operating result	**3**	**73,426**	**82,852**
Financial income	3, 29	2,962	3,834
Financial expenses	3, 30	-9,183	-8,652
Net finance items		**-6,221**	**-4,818**
Profit before taxes		**67,205**	**78,034**
Taxes	3, 9	**-16,719**	-19,106
Profit for the year		**50,486**	**58,928**
Attributable to:			
The Parent Company's equity holders		49,942	58,502
Minority interest		544	426
Average number of shares outstanding in thousands		11,402	11,402
Average number of shares outstanding in thousands after dilution		11,402	11,402
Earnings per share, SEK		4.43	5.17
Earnings per share, SEK after dilution		4.43	5.17
Earnings per share, SEK (for 2024 as proposed by the Board of Director		1.50	1.50

Consolidated report on comprehensive result

Amount in TSEK	2025	2024
Profit of the year	50,486	58,928
Other comprehensive result that can be restated as profit for the year		
Translation differences	-38,455	6,401
Other comprehensive income that cannot be transferred to the year's income		
Revaluation of refined pension plan	-581	1 639
Total comprehensive result for the period	**11,450**	66,968
Periods comprehensive result attributed to:		
The Parent Company's equity holders	10,906	66,542
Non-controlling interests	544	426

Consolidated balance sheet

Amount in TSEK	Note	2025	2024
ASSETS	**1, 2, 21**		
Non-current assets			
Intangible non-current assets	3,10,11	54,305	53,207
Tangible non-current assets	3,12,13	127,851	135,522
Long-term receivables	16	3,251	4,042
Deferred tax assets	9	7,815	6,538
Total non-current assets		**193,222**	**199,309**
Current assets			
Inventories	18	143,971	170,552
Trade receivables	19	91,710	85,471
Other receivables	19	22,897	24,737
Current tax assets		7,786	3,450
Prepaid expenses and accrued income	20	14,483	13,159
Derivative instruments	22	0	0
Cash and cash equivalents		101,682	100,814
Total current assets		**382,529**	**398,183**
TOTAL ASSETS		**575,751**	**597,492**
EQUITY AND LIABILITIES	**1, 2, 21**		
Equity			
Share capital		2,850	2,850
Other contributed capital		43,231	43,231
Reserves		-44,605	-6,150
Retained earnings including the year's profit		341,938	309,680
Equity attributable to the Parent Company's equity holders		**343,414**	**349,611**
Minority interest		826	778
Equity		**344,240**	**350,389**
Long-term liabilities			
Long-term provisions	23	926	1,547
Deferred tax liabilities	9	3,741	5,074
Interest-bearing liabilities to credit institutions		276	370
Interest bearing lease liabilities		13,380	22,786
Non interest bearing liabilities		27	32
Total long-term liabilities		**18,350**	**29,809**
Current liabilities			
Interest-bearing liabilities to credit institutions		35,862	40,427
Interest bearing lease liabilities		14,854	17,981
Trade payables		73,412	81,928
Current tax liabilities		12,050	12,528
Other non-interest-bearing liabilities		22,970	12,416
Accrued expenses and prepaid income	24	53,999	51,772
Derivative instruments	22	14	242
Total current liabilities		**213,161**	**217,294**
TOTAL EQUITY AND LIABILITIES		**575,751**	**597,492**

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 344,240 TSEK (350,389). Nilörn's financial strategy is to create satisfactory financial conditions for the Group's operations and development. For 2025 the return on equity was 14.5 percent (18.3) and the equity ratio was 59.8 percent (58.6).

The Board of Directors proposes to the Annual General Meeting that a dividend of SEK1.50 (1.50) per share will be paid for the 2025 operating year equivalent to MSEK 17.1 (17.1) MSEK.

Amounts in TSEK	Share capital	Other contributed capital	Reserves	Retained earnings incl profit for the year	Total	Non controlling interest	Total equity
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 difference	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				-11,401	-11,401	0	-11,401
EQUITY 2024-12-31	**2,850**	**43,231**	**-6,150**	**309,680**	**349,611**	**778**	**350,389**
Profit of the year	0	0	0	49,942	49,942	544	50,486
Other comprehensive result							
Period's translation difference	0	0	-38,455	0	-38,455	0	-38,455
Revaluation of defined pension plan	0	0	0	-581	-581	0	-581
Transactions with shareholders							
Dividend	0	0	0	-17,103	-17,103	-496	-17,599
EQUITY 2025-12-31	**2 850**	**43 231**	**-44 605**	**341 938**	**343 414**	**826**	**344 240**

Consolidated cash flow statement

Amount in TSEK	2025	2024
Operating activities		
Operating profit	73,426	82,852
Adjustments for items not included in cash flow		
Depreciation, amortization and impairment charges	32,061	34,566
Other items not affecting liquidity	-5,511	-287
	99,976	**117,131**
Interest income	2,962	3,834
Interest paid	-4,252	-6,288
Taxes paid	-17,423	-17,208
Cash flow from operating activities before	**81,263**	**97,469**
Cash flow from changes in working capital		
Inventories	-342	3,787
Trade receivables	-29,929	-1,723
Other short term receivables	-3,821	-2,984
Accounts payable	29,973	-3,501
Other liabilities	13,621	1,209
Cash flow from operating activities	**90,765**	**94,257**
Investment activities		
Acquisition of intangible non current assets	-5,975	-9,626
Acquisition of tangible non current assets	-12,953	-13,060
Change in long term receivable	-486	469
Cash flow from investment activities	**-19,414**	**-22,217**
Financing activities		
Repayment/raised loans	0	370
Amortization of interest-bearing debts	-16,225	-46,195
Amortization of leasing debts	-18,965	-22,401
Dividend paid	-17,589	-11,401
Cash flow financing activities**	**-52,779**	**-79,627**
Cash flow for the year	**18,572**	**-7,587**
Cash and cash equivalents at beginning of year*	**100,814**	**104,719**
Translation difference in cash and cash equivalent	-17,704	3,682
Cash and cash equivalents at year end*	**101,682**	**100,814**

* Cash means bank balances

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

Parent company income statement

Amounts in TSEK	Note	2025	2024
	1, 2		
Net revenue	4	52,399	43,361
Other operating income	5	2,055	3,455
Total operating revenue		**54,454**	**46,816**
Raw materials and supplies	4	0	0
Other external costs	6	-22,702	-19,184
Personnel costs	8	-32,829	-29,482
Depreciation amortization and impairment charges	11, 12	-4,399	-4,313
Operating results		**-5,476**	**-6,163**
Profit from financial investments			
Result from shares in Group companies	28	38,085	42,006
Interest income and similar items	29	8,888	13,234
Interest expense and similar items	30	-8,408	-7,448
Profit after financial items		**33,089**	**41,629**
Year end appropriations	32	7,578	4,114
Taxes on the year's profit	9	-3,772	-6,404
Profit of the year		**36,895**	**39,339**

Parent company balance sheet

Amounts in TSEK	Note	2025	2024
ASSETS	**1, 2, 21**		
Non-current assets			
Intangible non-current assets	11	41,238	39,969
Tangible non-current assets	12	881	1,069
Financial non-current assets			
Shares in Group companies	14	131,343	135,782
Shares in associated companies	15	0	0
Due from Group companies	17	2,990	1,375
Total financial non-current assets		134,333	137,157
Total non-current assets		**176,452**	**178,195**
Current assets			
Current receivables			
Accounts receivable	19	702	20
Due from Group companies		93,509	98,025
Other receivables		1,280	1,095
Prepaid expenses and accrued income	20	2,059	1,839
Cash and bank		19,345	17,148
Total current assets		**116,895**	**118,127**
TOTAL ASSETS		**293,347**	**296,322**
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		166,980	144,743
Profit for the year		36,895	39,340
Total unrestricted equity		**203,875**	**184,083**
Total equity		**206,725**	**186,933**
Untaxed reserves	**31**	**5,003**	**11,303**
Current liabilities			
Account payable		1,793	1,773
Due to Group companies		68,659	82,050
Other non-interest-bearing liabilities		2,840	5,272
Accrued expenses and prepaid income	24	8,314	8,748
Derivative instruments	22	13	243
Total current liabilities		**81,619**	**98,086**
TOTAL EQUITY AND LIABILITIES		**293,347**	**296,322**

Changes in parent company equity

Amounts in TSEK	Share capital	Retained earnings	Total equity
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 of the year	0	36,895	36,895
Dividend	0	-17,103	-17,103
EQUITY 2025-12-31	**2,850**	**203,875**	**206,725**

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

Cash flow statement for the parent company

Amounts in TSEK	2025	2024
Operating activities		
Operating result	-5,476	-6,163
Adjustment for items not included in cash flow		
Depreciation, amortisation and impairment charges	4,399	4,313
	-1,077	**-1,849**
Interest income	8,888	13,232
Interest paid	-8,408	-7,448
Taxes paid	-3,772	-6,404
Cash flow from operating activities before changes in working capital	**-4,369**	**-2,470**
Cash flow from changes in working capital		
Trade receivables	-682	-4
Other short-term receivables	4,113	4,728
Trade payables	20	-1,208
Other current liabilities	-16,491	29,933
Cash flow from operating activities	**-17,409**	**30,979**
Investment activities		
Acquisition of intangible non-current assets	-5,443	-9,517
Acquisition of tangible non-current assets	-35	-99
Acquisition of and additions to Group companies	4,439	-4,856
Lending to subsidiaries	-1,615	-1,375
Cash flow from investment activities	**-2,654**	**-15,847**
Financing activities		
Net changes in short-term interest-bearing loans	0	-29,653
Dividend income	38,085	42,006
Group contributions, received	1,450	1,100
Group contributions, rendered	-172	-36
Dividend paid	-17,103	-11,401
Cash flow from financing activities**	**22,260**	**2,016**
Cash flow for the year	**2,197**	**17,148**
Cash and cash equivalents at the beginning of year*	17,148	0
Cash and cash equivalents at year-end*	**19,345**	**17,148**

* 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

1) Accounting principles

The consolidated financial statements for Nilörngruppen AB for the financial year ending December 31 2025 were approved by the Board of Directors and the CEO for publication on April 2, 2026 and will be presented to the Annual General Meeting on May 11, 2026 for approval. The parent company is a Swedish public limited company, head quartered 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 Nilörngruppen 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 2025

No new accounting principles that significantly impacted Nilörn have been implemented for the year 2025.

New accounting principles for 2026

Management does not believe that new or amended standards and new interpretations, which have not yet entered into force, are expected to have any material impact on the Group's financial statements. IFRS 18 Presentation and Disclosures in Financial Statements was presented in 2024 and will be applied for financial years beginning on 1 January 2027, the standard has not yet been adopted by the EU. The standard does not affect the recognition or measurement of items in the financial statements without presentation and disclosures. An analysis of the effects of the standard on the Group is ongoing.

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, 2025, the Group has tax loss carry forwards totalling 18,568 TSEK. These tax loss carry forwards 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 carry forwards amount to 4,736 TSEK and concern loss deductions in Belgium and USA, which can be utilised indefinitely. The business in Belgium and USA is expected to generate future surpluses. Therefore, Nilörngruppen AB believes that there are convincing factors indicating that these tax loss carry forwards 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 Nilörngruppen'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.

Note 1 continued

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.

Consolidation principles

The consolidated financial statements include Nilörngruppen 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 2025 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 5-32 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 counterpart 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.

Nilörngruppen 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 Nilörngruppen 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 carry forwards. 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-deductible 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 carry forwards 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 central 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 fluctuation.

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. Counter-parties 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 MSEK 0,8.

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.

Note 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 totalling 75.0 MSEK of which 7.4 MSEK was utilised as of December 31 2025. 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 favourable 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 operations, 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 fulfil 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 2025-12-31

	Reported value	Currency	Maturity	Interest
Lease liabilities	13,380			
Liabilities to credit institutions	276	EUR	30/06/2029	4,5%
Closing balance	**13 656**			

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**			

Maturity analysis regarding un-discounted liabilities

	0-3 months	Per 31 December 2025 4-12 months	1-5 year
Debt to credit institutions	12,309	23,553	276
Lease liabilities	3,901	10,953	13,380
Accounts payable	73,412	0	0
Other current liabilities	22,970	0	0
Closing balance	**112,593**	**34,506**	**13,656**

	0-3 months	Per 31 December 2024 4-12 months	1-5 year
Debt 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	4,077	0
Closing balance	**106,967**	**45,785**	**23,156**

Credit agreements/loans entered into by the Group

	Amount utilised per 31 December 2025 (TSEK)	Amount utilised per 31 December 2025 (TSEK)	Amount utilised per 31 December 2024 (TSEK)	Amount utilised per 31 December 2024 (TSEK)
Overdraft facilities	74,977	7,423	76,312	7,835
Loan	30,839	30,839	34,629	34,629
Closing balance	**105,816**	**38,262**	**110,941**	**42,464**

3) Reporting for segments

Primary segments - geographic areas

	Sweden	Other Europe	Asia	Group activities	Total
Financial Year 2025					
Revenue					
External revenue	47,982	319,610	557,522	0	945,114
Total revenue	**47,982**	**319,610**	**557,552**	**0**	**945,114**
Profit					
Depreciation	-4,539	-10,702	-16,820	0	-32,061
Operating profit	3,229	15,894	58,223	-3,920	73,426
Interest income	0	0	0	2,962	2,962
Interest expense	0	0	0	-9,183	-9,183
Taxes on the year's profit	0	0	0	-16,719	-16,719
Profit of the year	**3,229**	**15,894**	**58,223**	**-26,860**	**50,486**
Intangible and Tangible fixed assets	**57,849**	**69,097**	**43,466**	**11,744**	**182,156**
Financial Year 2024					
Revenue					
External revenue	38,107	348,857	557,706	0	944,670
Total revenue	**38,107**	**348,857**	**557,706**	**0**	**944,670**
Profit					
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**

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

	2025	2024
Hong Kong	263,860	270,308
Portugal	111,921	140,924
China	159,314	149,086
Germany	126,472	159,379
Other countries	283,547	224,973
	945 114	**944 670**

Fixed Assets per Geographical Region

	2025	2024
Sweden	57,849	56,618
United Kingdom	27,777	31,177
Portugal	29,499	26,199
Hong Kong	23,066	36,560
Other countries	43,965	38,175
	182,156	**188,729**

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	
	2025	2024	2025	2024
Gain on sale of non-current assets	0	509	0	0
Exchange rate gains on receivables/liabilities of an operating nature	10,694	15,872	0	0
Re-invoiced costs	0	0	2,055	3,455
Other	2,620	1,813	0	0
Total other operating income	**13 314**	**18 194**	**2 055**	**3 455**

6) Audit fees

	Group		Parent company	
Audit fees and cost reimbursement	**2025**	**2024**	**2025**	**2024**
PwC				
Audit assignments	1,114	1,215	675	675
Other Statutory Assignments	916	85	916	85
Tax advice	0	0	0	0
Other assignments	0	0	0	0
Other auditors				
Audit assignments	991	987	0	0
Other Statutory Assignments	0	0	0	0
Tax advice	106	219	0	0
Other assignments	172	157	0	0
Total audit fees and cost reimbursement	**3,299**	**2,663**	**1,591**	**760**

7) Other operating expenses

	Group		Parent company	
	2025	2024	2025	2024
Capital losses	104	0	0	0
Exchange rate losses on receivables/liabilities of an operating nature	13,580	14,816	0	0
Summary other operating expenses	**13,684**	**14,816**	**0**	**0**

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8) Employees, salaries and other compensation

Average number of employees (of which women)

	Group				Parent company			
	2025		2024		2025		2024	
Sweden	48	(26)	47	(24)	30	(13)	29	(11)
Denmark	4	(1)	4	(1)				
Switzerland	5	(4)	5	(4)				
Germany	33	(20)	37	(23)				
Belgium	11	(9)	11	(9)				
Turkey	26	(15)	38	(20)				
United Kingdom	29	(16)	27	(16)				
Portugal	93	(60)	94	(62)				
USA	3	(1)	1	(0)				
India	27	(9)	24	(8)				
Bangladesh	220	(6)	202	(5)				
China	33	(17)	33	(18)				
Pakistan	26	(2)	25	(1)				
Hong Kong	106	(67)	106	(69)				
Vietnam	23	(13)	7	(3)				
Total average number of employees	687	(266)	661	(265)				

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

	Group				Parent company			
	2025		2024		2025		2024	
Directors	4	(1)	6	(2)	4	(1)	6	(2)
CEO and others senior executives	17	(5)	17	(5)	2	(1)	2	(1)
Total number of directors and senior executives	**21**	**(6)**	**23**	**(7)**	**6**	**(2)**	**8**	**(3)**

Salaries, other compensation and social benefits

	Group		Parent company	
	2025	2024	2025	2024
Salaries and other compensation	187,837	180,401	16,387	15,359
Social benefits	26,363	24,700	6,592	6,265
Pension costs	10,091	10,132	2,352	2,545
Total compensation	**224,291**	**215,233**	**25,331**	**26,169**

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

	2025	2024
Chairman of the Board of Directors Petter Stillström	280	240
Per Wagnås	140	140
Annika Elfström	140	140
Magnus Johansson	140	140
Johan Larsson	0	140
Ann-Christine Hvittfeldt	0	140
Total compensation the Board of Directors	**700**	**980**

CEO

Compensation to Nilörngruppen AB's Chief Executive Officer for 2025 has been decided by the Board of Directors and amounted during the financial year to 2,256 TSEK (2,442), of which 0 TSEK (306) 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 2,137 TSEK (2,197). 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 Nilorn 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 10,091 TSEK (10,132), of which paid premiums in Sweden amount to 3,667 TSEK (3,846).

Compensation and other benefits to other members of senior management

	Basic salary	Variable compen-sation	Other benefits	Pension cost	Total	Social benefits Parent company
2025						
President	2,183	0	73	624	2,880	860
Other members of senior management, Parent Company	2,014	0	123	416	2,553	772
Total	**4,197**	**0**	**196**	**1,040**	**5,433**	**1,633**
President of subsidiaries in Group management	3,360	0	0	114	3,474	
President, subsidiaries	16,007	1,927	646	1,318	19,898	
Total	**23,564**	**1,927**	**842**	**2,472**	**28,805**	
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**
President of subsidiaries in Group management	3,439	0	0	120	3,559	
President, subsidiaries	13,025	1,704	611	890	16,230	
Total	**20,385**	**2,221**	**812**	**1,870**	**25,288**	

9) Taxes

Taxes on the year's profit

	Group		Parent Company	
	2025	2024	2025	2024
Current taxes	19,898	19,007	3,772	6,404
Deferred taxes	-3,179	99	0	0
Total taxes on the year's profit	**16,719**	**19,106**	**3,772**	**6,404**

Reconciliation of reported taxes

	Group		Parent Company	
	2025	2024	2025	2024
Profit before taxes	67,205	78,034	40,667	45,745
Taxes according to current tax rate 20.6%	13,844	16,075	8,377	9,423
Non-deductible expenses	2,569	963	593	69
Non-taxable income	-2,445	-2,402	-8,130	-8,885
Gains in Group companies for which tax expenses are not recognised	-3,119	-1,390	0	0
Losses in Group companies for which deferred tax assets are not recognised	0	3,925	0	0
Adjustment in previous year's tax assessment	668	-270	71	-222
Revaluation of deferred tax assets	-1,881	732	0	0
Received tax credits	-3,712	-3,026	0	0
Other taxes	4,557	4,499	2,861	6,019
Reported effective taxes	**16,719**	**19,106**	**3,772**	**6,404**

As of December 31, 2025, the group has tax loss carry-forwards amounting to 18,568 TSEK. These tax loss carry-forwards have been assessed as likely to be utilised against future taxable surpluses. Deferred tax assets attributable to these tax loss carry-forwards amount to 4,736 TSEK and relate to loss carry-forwards in Belgium and USA, which can be utilised indefinitely. The operations in Belgium and USA are expected to generate future surpluses. Therefore, Nilörn believes that there are compelling factors indicating that these tax loss carry-forwards, to which the deferred tax assets are attributable, will be able to be utilised against future taxable surpluses.

Deferred tax asset

	Group	
Change	**2025**	**2024**
Opening balance	6,538	7,135
Revaluation of deferred tax assets	0	49
Leasing	6 ,42	8,626
Netting of leasing	-5,816	-8,398
Other temporary differences	1,534	-887
Effect of exchange rate fluctuations	-483	13
Closing balance	**7,815**	**6,538**
Specification		
Internal profit	117	117
Tax losses	4,736	4,248
Leasing	226	277
Other temporary differences	2,736	1,896
Closing balance	**7,815**	**6,538**

Deferred tax liability

	Group	
Change	**2025**	**2024**
Opening balance	5,074	5,541
Other temporary differences	-113	77
Leasing	5,816	8,398
Netting of leasing	-5,816	-8,398
Untaxed reserves	-1,267	-628
Effect of exchange rate fluctuations	47	84
Closing balance	**3,741**	**5,074**
Specification		
Other taxes	2,710	2,746
Untaxed reserves	1,062	2,328
Total deferred tax liability	**3,772**	**5,074**

Net change deferred tax

	Group	
Change	**2025**	**2024**
Opening balance	1,424	1,593
Tax reported in the profit	3,179	-99
Effect of exchange rate fluctuations	-529	-70
Closing balance	**4,074**	**1,424**

10) Goodwill with indefinite useful life

	Group	
	2025	2024
Opening cost	11,743	11,743
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, 2025, on a cash-generating unit consisting of the acquired company. The recoverable amount of goodwill as of December 31, 2025, amounted to 26,522 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 5,0 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 1,006 kSEK. A decrease in the discount rate by 1.0 percentage point would result in an increased recoverable amount of 1,097 kSEK.

11) Intangible non-current assets

Intangible non-current assets, externally acquired

	Group		Parent company	
	2025	2024	2025	2024
Opening cost	61,231	51.191	52,625	43,108
Capital expenditures during the year	5,974	9,626	5,443	9,517
Sales and disposals during the year	0	-103	0	0
Effect of exchange rate fluctuations	-976	516	0	0
Closing cost	**66,229**	**61,231**	**58,068**	**52,625**
Opening accumulated depreciation and amortisation according to plan	19,767	14,945	12,656	8,626
Depreciation and amortisation according to plan during the year	4,762	4,494	4,176	4,030
Depreciation and amortisation according to plan on assets sold and disposed of during the year	0	-103	0	0
Effect of exchange rate changes	-862	431	0	0
Closing accumulated depreciation and amortisation according to plan	**23,667**	**19,767**	**16,832**	**12,656**
Carrying value at year-end	**42 562**	**41 464**	**41 236**	**39 969**

Other intangible non-current assets, internally generated

	Group		Parent company	
	2025	2024	2025	2024
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	
	2025	2024	2025	2024
Goodwill	11,743	11,743	0	0
Other intangible non-current assets, externally generated	42,562	41,464	41,238	39,969
Total	**54,305**	**53,207**	**41,238**	**39,969**

Intangible assets, externally generated, consist of customer relationships, pattern programs and other acquiredsoftware. 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	
	2025	2024
Opening cost	61,623	57,768
Investments during the year	1,562	1,103
Re-classifications	-207	0
Effect of exchange rate fluctuations	-3,681	2,752
Closing cost	2,752	2,752
Closing residual value according to plan	**59,297**	**61,623**
Opening accumulated depreciation according to plan	11,230	9,532
Depreciation according to plan during the year	1,816	1,557
Depreciation according to plan on sold and discarded assets	-165	0
Effect of exchange rate fluctuations	-463	141
Closing accumulated depreciation according to plan	**12,418**	**11,230**
Carrying value at year-end	**46 879**	**50 393**

Plant and machinery

	Group	
	2025	2024
Opening cost	80,589	70,920
Investments during the year	6,961	10,719
Sales and disposals during the year	-298	-3,195
Effect of exchange rate fluctuations	-8,396	2,145
Closing cost	**78,856**	**80,589**
Opening accumulated depreciation according to plan	51,732	48,670
Depreciation according to plan during the year	5,053	4,955
Depreciation according to plan on sold and discarded assets	-174	-3,195
Effect of exchange rate fluctuations	-4,606	1 302
Closing accumulated depreciation according to plan	**52,005**	**51,732**
Carrying value at year-end	**26,851**	**28,857**

Equipment, tools, fixtures and fittings

	Group		Parent company	
	2025	2024	2025	2024
Opening cost	57,205	53,755	4,737	4,638
Investments during the year	3,038	2,592	35	99
Sales and disposals during the year	-645	-1,101	0	0
Re-classifications	69	0	0	0
Effect of exchange rate fluctuations	-5,164	1,959	0	0
Closing cost	**54,503**	**57,205**	**4,772**	**4,737**
Opening accumulated depreciation according to plan	42,806	39,245	3,668	3,385
Depreciation according to plan during the year	2,566	2,506	223	283
Depreciation according to plan on sold and discarded assets	-480	-672	0	0
Effect of exchange rate fluctuations	-4,454	1,727	0	0
Closing accumulated depreciation according to plan	**40,438**	**42,806**	**3,891**	**3,668**
Carrying value at year-end	**14 065**	**14 399**	**881**	**1 069**

Carrying values of tangible non-current assets

	Group		Parent company	
	2025	2024	2025	2024
Buildings and land	46,879	50,393	0	0
Plant and machinery	26,851	28,857	0	0
Equipment, tools, fixtures and fittings	14,065	14,399	881	1,069
Leasing according to IFRS 16	40,056	41,873	0	0
Total	**127,851**	**135,522**	**881**	**1,069**

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

	2025	2024
Opening cost	149,307	110,831
Investments during the year	15,872	25,649
Effect of changed conditions	6,453	10,784
Effect of exchange rate changes	-6,278	2,043
Closing cost	**165,354**	**149,307**
Opening accumulated depreciation according to plan	107,434	86,380
Depreciation according to plan during the year	17,864	21,054
Closing accumulated depreciation and impairment charges	**125,298**	**107,434**
Carrying value at year-end	**40,056**	**41,873**

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

	2025	2024
Depreciation on right-to-use assets	17,808	21,054
Interest expenses on loan liabilities	1,071	863
Cost for short-term leasing/assets with low value amounts	7,070	6,456

The group's total cash flow for lease payments amounted to 18,965 (22,401)

14) Shares in group companies

Group companies - Scope of holding

Company	Curren-cy	Nominal value	Number	Capital share	Carrying value 2025	Carrying value 2024
Nilörn AB	kSEK	100	1,000	100	6,400	6,400
Nilörn Denmark A/S	kDKK	1,800	3,600	100	6,119	6,119
Nilorn Belgium N.V.	kEUR	1,583	17,403	100	6,975	6,975
Nilorn Germany GmbH	kEUR	540	0	100	20,155	20,155
Nilorn UK Ltd	kGBP	2,176	2,176,000	100	30,200	30,200
Nilorn East Asia Ltd	kHKD	0	2	100	0	0
Nilorn Etiket Sa. Ve Tic. Ltd Sti.	kTRY	10	0	100	2,943	20,943
Nilorn India Pvt Ltd	kINR	8,000	10,000	100	1,156	1,156
Nilorn Pakistan Ltd	kPKR	1,000	2,468	100	0	0
Nilörn Bangladesh	kBDT	3,400	3,400,000	100	4,904	4,904
Nilorn Distribution Center Gmbh	kEUR	1	25,000	100	21,144	21,144
Nilörn Property Development AB	kSEK	100	100,000	100	1,989	1,989
Nilorn Property Development UK	kGBP	0	100	100	0	0
Bally Labels AG	kCHF	100	1000	90	15,797	15,797
Nilorn The Netherlands	kEUR	1	1000	100	11	0
Nilörn Bangladesh	kBDT	170,943	1,396,000	100	13,549	0
					131,342	**135,782**

	Parent company 2025	Parent company 2024
Carrying value at the beginning of the year	135,782	130,927
Acquisition	13,560	0
Shareholder contribution	3,044	28,655
Write-downs	-21,044	-23,800
Carrying value at year-end	**131,342**	**135,782**

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): Nilorn Distribution Center GmbH.

Note 14 continued

Subsidiaries shares in subsidiaries

Company	Currency	Nominal value	Share	Capital stake	Carrying value 2025	Carrying value 2024
Nilörn AB						
Nilörn USA East	kSEK	964	0	100	964	964
					964	**964**
Nilorn UK Ltd						
Nilorn Portugal Indústria de Etiquetas Lda, Portugal	kEUR	50	0	100	400	400
Lee & Ferreira Lda, Portugal.	kEUR	2	0	100	24	24
					424	**424**
Nilorn East Asia Ltd						
Borås Trading	kHKD	0	0	0	0	0
Nilorn Shanghai	kCNY	1,336	0	100	1,749	1,749
Nilorn Vietnam	kUSD	280	0	100	3,079	3,079
					4,828	**4,828**

15) Shares in associated companies

	Group 2025	Group 2024
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**

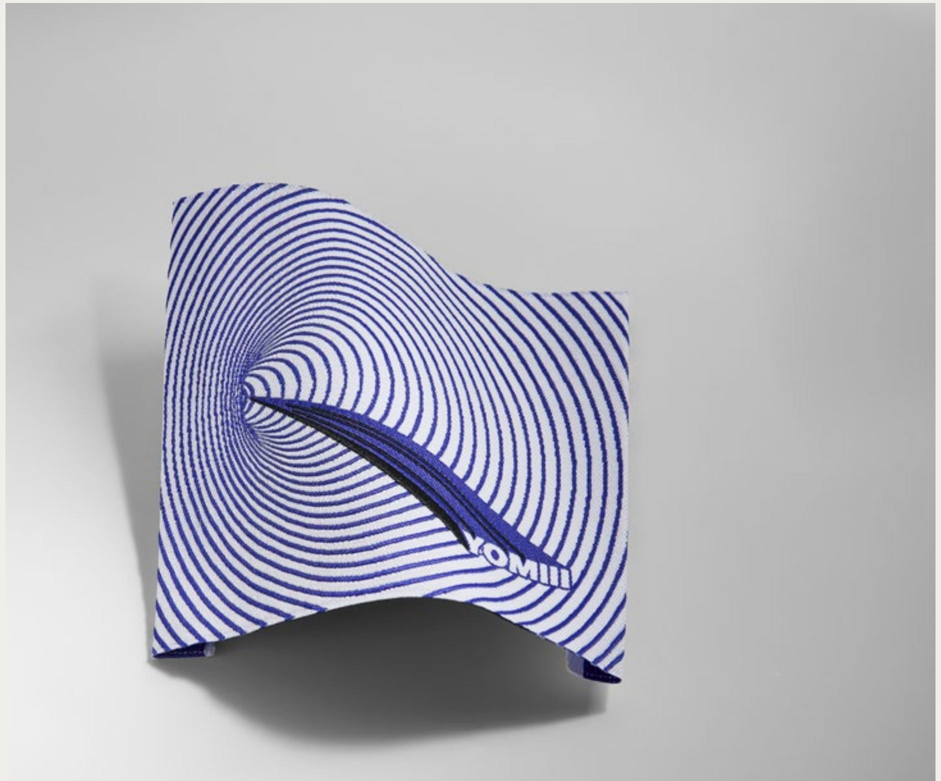
16) Long-term receivables

	Group 2025	Group 2024
Opening balance	4,042	3,915
Financial leasing agreements	-21	6
Repayments	-79	-228
Reclassifications	-108	0
Effect of exchange rate changes	-583	349
Closing balance	**3,251**	**4,042**

17) Due from group companies

Long-term receivables

	Parent company 2025	Parent company 2024
Opening balance	1,375	0
New lending	19,809	1,375
Repayments	-17,969	0
Effect of exchange rate changes	-255	0
Closing balance	**2,990**	**1,375**



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18) Inventories

	Group	
	2025	2024
Raw materials and supplies	15,810	19,458
Work in progress	508	972
Finished products and goods for resale	127,653	150,122
Total Inventories	**143,971**	**170,552**

Change in obsolescence reserve

	Group	
	2025	2024
At beginning of year	11,354	13,738
Reserves added during the year	259	111
Utilised reserves	-2,614	-2,495
Carrying value at year-end	**8,999**	**11,354**

ASH,
part of the Nilörn design collection

19) Trade receivables

The provision of trade receivables is made after individual assessment. In accordance with IFRS 9. As of 31 December 2025 the carrying value of the reserve for doubtful accounts receivable amounted to 5,802 TSEK (5,780). The carrying value of the reserve has evolved as follows:

Reserve for doubtful accounts receivable

	Group	
	2025	2024
Opening balance	5,780	6,474
Reserves added during the year	1,958	316
Utilised reserves	-1,343	-1,246
Reversed utilised reserves	-1,084	-67
Effect of exchange rate fluctuations	-1,677	303
Carrying value at year-end	**5,802**	**5,780**

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

	Group		Parent company	
	2025	2024	2025	2024
Receivables not past due	46,466	34,082	218	20
Receivables past-due <30 days	26,954	31,665	0	0
Receivables past-due 30-60 days	13,525	9,251	0	0
Receivables past-due 60-90 days	3,464	5,823	0	0
Receivables past-due 90-120 days	838	987	0	0
Receivables due in <120 days	463	3,663	484	0
Net total value of trade receivables	**91,710**	**85,471**	**702**	**20**

Other short-term receivables. As of 31 December 2025 the booked reserve for doubtful other receivables amounted to 1,000 kSEK (1,000).

20) Prepaid expenses and accrued revenue

	Group		Parent company	
	2025	2024	2025	2024
Prepaid insurance	1,414	1,442	163	53
Prepaid license fees	1,305	928	1,170	881
Prepaid advertising and trade show expenses	993	435	125	0
Prepaid cost of goods sold	2,815	2,184	0	0
Prepaid consulting fees	362	274	0	0
Other prepaid expenses	4,280	3,674	140	438
Accrued income	3,314	4,222	461	467
Total prepaid costs and accrued revenue	**14,483**	**13,159**	**2,059**	**1,839**

21) Financial instruments

	2025-12-31		2024-12-31	
Group	**Reported value**	**Fair value**	**Reported value**	**Fair value**
Financial assets valued at accrued acquisition cost				
Other non-current assets	3,251	3,251	4,042	4,042
Trade receivables	91,710	91,710	85,471	85,471
Other current receivables	22,897	22,897	24,737	24,737
Cash and cash equivalents	101,682	101,682	100,814	100,814
Financial assets valued at fair value either through profit or loss				
Derivative instruments	0	0	0	0
Closing balance financial assets	**219,540**	**219,540**	**215,064**	**215,064**
Financial liabilities valued at accrued acquisition cost				
Interest bearing liabilities to credit institutions	36,138	36,138	40,797	40,797
Leasing liabilities	28,234	28,234	40,767	40,767
Trade payables	73,412	73,412	81,928	81,928
Other current liabilities	22,970	22,970	12,416	12,416
Financial assets valued at fair value either through profit or loss				
Derivative instruments	14	14	242	242
Closing balance financial liabilities	**160,754**	**160,754**	**175,908**	**175,908**

	2025-12-31		2024-12-31	
Parent Company	**Reported value**	**Fair value**	**Reported value**	**Fair value**
Financial assets valued at accrued acquisition cost				
Other non-current assets	702	702	20	20
Trade receivables	93,509	93,509	98,025	98,025
Other current receivables	1,280	1,280	1,095	1,095
Cash and cash equivalents	19,345	19,345	17,148	17,148
Financial assets valued at fair value either through profit or loss				
Derivative instruments	0	0	0	0
Closing balance financial assets	**114,836**	**114,836**	**116,288**	**116,288**
Financial liabilities valued at accrued acquisition cost				
Interest bearing liabilities to credit institutions	0	0	0	0
Leasing liabilities	1,793	1,793	1,773	1,773
Trade payables	68,659	68,659	82,050	82,050
Other current liabilities	2,840	2,840	5,272	5,272
Financial assets valued at fair value either through profit or loss				
Derivative instruments	13	13	242	242
Closing balance financial liabilities	**73,292**	**73,292**	**89,095**	**89,095**

22) Derivative instruments

The table below shows the Group's outstanding currency forward contracts as of December 31 2025. 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, 2026. The Group has no other derivative instrumentst.

The gain and loss from valuation of the contracts, as of December 31 2025, amounted to 52 kSEK (8) and 66 kSEK (250) respectively.

Outstanding forward exchange contracts as of 31 December 2025

Currency	Hedged volume in kSEK	Rate on balance sheet date	Counter value in SEK	Maturity Date
HKD	-9,005	1.1822	-10,646	17/03/2026
EUR	1,291	10.8180	13,966	17/03/2026
GBP	-202	12.4174	-2,508	17/03/2026
DKK	1,336	1.4484	1,935	17/03/2026
USD	-431	9.2013	-3,966	17/03/2026
CHF	802	11.6410	9,336	17/03/2026
Counter value SEK	-8,131	1.0000	-8,131	
Fair value as of the balance sheet date			**-14**	

Outstanding forward exchange contracts as of 31 December 2024

Currency	Hedged volume in kSEK	Rate on balance sheet date	Counter value in SEK	Maturity 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
Counter value SEK	-5,417	1.0000	-5,417	
Fair value as of the balance sheet date			**-242**	

23) Long-term provisions

	Group	
	2025	**2024**
Defined benefit pension plans	926	1,547
Total provisions	**926**	**1,547**

Defined benefit pension plans	Group	
	2025	**2024**
At beginning of year	1,547	806
Benefits earned during the year	393	1,471
Benefits paid	-533	-638
Effect of exchange rate changes	-481	-92
Carrying value of provision for pensions at year-end	**926**	**1 547**

24) Accrued expenses and prepaid income

	Group		Parent company	
	2025	**2024**	**2025**	**2024**
Accrued salary and holiday pay liabilities	17,546	16,019	3,708	4,017
Accrued social benefits	5,146	6,028	2,798	2,963
Accrued interest	101	1,176	0	0
Accrued audit expenses	1,679	1,608	925	375
Accrued commission expenses	7,909	8,489	0	0
Accrued freight costs	411	566	0	0
Accrued cost of goods	13,186	7,524	0	0
Other	8,021	10,362	883	1,393
Total accrued expenses and prepaid income	**53,999**	**51,772**	**8,314**	**8,748**

25) Pledged assets

	Group		Parent company	
	2025	**2024**	**2025**	**2024**
For liabilities to credit institutions				
Shares in Group companies	0	0	6,400	6,400
Corporate mortgages and similar	0	0	0	0
Total pledged assets	**0**	**0**	**6,400**	**6,400**

26) Contingent liabilities

	Group		Parent company	
	2025	2024	2025	2024
Guarantees for subsidiaries	0	0	14,396	14,797
Other contingent liabilities	1,841	1,954	0	0
Total contingent liabilities	**1,841**	**1,954**	**14,396**	**14,797**

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

27) Reconciliation of posts attributable to the investment activities

			Non-cash flow impacting items	
Group	2024-12-31	Cash flow	Additional lease agreements	2025-12-31
Liabilities to credit institutions	41,757	-5,619	0	36,138
Interest bearing lease liabilities	39,807	-17,006	5,433	28,234
Other payables	6,653	-1,959	0	4,694
Total liabilities related to financing activities	**88,217**	**-24,584**	**5,433**	**69,066**

			Non-cash flow impacting items	
Group	2023-12-31	Cash flow	Additional lease agreements	2024-12-31
Liabilities to credit institutions	87,856	-46,099	0	41,757
Interest bearing lease liabilities	23,635	-22,401	38,573	39,807
Other payables	6,379	274	0	6,653
Total liabilities related to financing activities	**117,870**	**-68,226**	**38,573**	**88,217**

28) Result from shares in group companies

	Parent company	
	2025	2024
Dividend	59,129	65,806
Impairment of shares and shares	-21,044	-23,800
Total result from shares in Group companies	**38,085**	**42,006**

29) Interest income and similar items

	Group		Parent company	
	2025	2024	2025	2024
Internal interest income	0	0	8,888	13,130
External interest income	2,962	3,834	0	104
Total interest income and similar items	**2,962**	**3,834**	**8,888**	**13,234**

30) Interest expense and similar items

	Group		Parent company	
	2025	2024	2025	2024
Internal interest expense	0	0	2,657	3,247
External interest expense	4,252	6,296	935	2,156
Exchange rate loss on long-term liabilities	4,931	2,356	4,816	2,045
Total interest expense and similar items	**9,183**	**8,652**	**8,408**	**7,448**

31) Untaxed reserves

	Parent company	
	2025	2024
Supplementary depreciation	5,003	11,303
Total untaxed reserve	**5,003**	**11,303**

Deferred tax in untaxed reserves is calculated at 20.6 percent and amounts to 1,031 kSEK (2,328), which is not reported in the balance sheet.

32) Year-end appropriations

	Parent company	
	2025	2024
Supplementary depreciation	6,300	3,050
Group contributions received	1,450	1,100
Group contributions rendered	-172	-36
Total year-end appropriations	**7,578**	**4,114**

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, kSEK 203 875 be allocated as follows:

Dividend 11,401,988 shares * 1.50 SEK per share	17,103
To be carried forward	186,772
Total	**203,875**

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

No significant events have occurred after the balance sheet date.

ASH,
part of the Nilörn design collection

Other

This section presents supplementary information and formal disclosures that provide depth and context to the annual report.

Charlotte Johanson, Designer, Nilörngruppen AB toghether with Jasper Van Den Ham, Designer, Nilorn Belgium

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.
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

	2025 12 months Jan - Dec	2024 12 months Jan - Dec
Net revenue period (MSEK)	945.1	944.7
Net revenue for the previous period (MSEK)	944.7	869.8
	/944.7	/869.8
Revenue growth (%)	**0.0**	**8.6**

Operating margin

	2025 12 months Jan - Dec	2024 12 months Jan - Dec
Operating profit (MSEK)	73.4	83.0
Net revenue (MSEK)	/945.1	/944.7
Operating margin (%)	**7.8**	**8.8**

Profit margin

	2025 12 months Jan - Dec	2024 12 months Jan - Dec
Profit before taxes (MSEK)	67.2	78.0
Net revenue (MSEK)	/945.1	/944.7
Profit margin (%)	**7.1**	**8.3**

Capital employed

	2025 12 months Jan - Dec	2024 12 months Jan - Dec
Balance sheet total (MSEK)	575.8	597.5
Long-term provisions	-0.9	-1.5
Other long-term non interest-bearing liabilities (long)	-0.3	-0.4
Trade payables	-73.4	-81.9
Current taxes	-12.0	-12.5
Other non interest-bearing liabilities	-23.0	-12.4
Accrued expenses and prepaid income	-54.0	-51.8
Deferred taxes	-3.7	-5.1
Capital employed (MSEK)	**408.5**	**431.9**

Average capital employed

	2025 12 months Jan - Dec	2024 12 months Jan - Dec
Capital employed at the beginning of the period (MSEK)	431.9	406.4
Capital employed at the end of the period (MSEK)	408.5	431.9
	/2	/2
Operating margin (%)	**420.2**	**419.2**

Return on capital employed

	2025 12 months Jan - Dec	2024 12 months Jan -Dec
Profit before taxes (MSEK)	67.2	78.0
Financial expense (MSEK)	9.2	8.7
Average capital employed (MSEK)	/420.2	/419.2
Return on capital employed (%)	**18.2**	**20.7**

Average equity

	2025 12 months Jan - Dec	2024 12 months Jan - Dec
Equity at the beginning of the period (MSEK)	350.4	294.8
Equity at the end of the period (MSEK)	344.2	350.4
	/2	/2
Average equity (MSEK)	**347.3**	**322.6**

Return on equity

	2025 12 months Jan - Dec	2024 12 months Jan - Dec
Profit of the period(MSEK)	50.5	58.9
Average equity (MSEK)	/347.3	/322.6
Return on equity (%)	**14.5**	**18.3**

Equity ratio

	2025 12 months Jan - Dec	2024 12 months Jan - Dec
Equity (MSEK)	344.2	350.4
Total assets (MSEK)	/575.8	/597.5
Equity ratio (%)	**59.8**	**58.6**

Interest-bearing net cash/debt

	2025 12 months Jan - Dec	2024 12 months Jan - Dec
Cash and cash equivalents (MSEK)	101.7	100.8
Short term interest-bearing liabilities (MSEK)	-36,2	-40.7
Interest-bearing receivables (MSEK)	0,0	0.0
Interest-bearing net cash (MSEK)	**65.5**	**60.1**

Equity per share

	2025 12 months Jan - Dec	2024 12 months Jan - Dec
Equity (MSEK)	344.2	350.4
Number of shares outstanding	/11,402	/11,402
Equity per share (MSEK)	**30.2**	**30.7**

Multi-year overview

Nilörn's Development Summary 2021-2025

Amount in MSEK	2025	2024	2023	2022	2021
Income statement					
Net turnover	945.1	944.7	869.8	942.8	788.3
Operation profit	73.4	82.9	63.0	136.4	119.5
Net financial items	-6.2	-4.8	-10.4	-4.7	-4.0
Profit before tax	67.2	78.0	52.6	132.4	116.2
Tax	-16.7	-19.1	-13.2	-31.4	-28.8
Profit for the year	50.5	58.9	39.4	101.0	87.4
Profit/loss attributable to equity holders of the Parent Company	49.9	58.5	39.3	101.0	87.4
Balance sheet					
Non-current assets	193.2	199.3	168.5	161.5	158.9
Inventories	144.0	170.6	165.8	212.1	145.9
Trade receivables	91.7	85.5	106.4	99.0	114.2
Other current assets	45.2	41.3	32.5	28.2	20.6
Cash and cash equivalents	101.7	100.8	104.7	113.1	116.4
Total assets	575.8	597.5	577.8	614.0	556.1
Equity attributable to the Parent Company's equity holders	343.4	349.6	294.5	333.2	278.3
Minority interest	0.8	0.8	0.4	-	-
Total equity	344.2	350.4	294.8	333.2	278.3
Non-current liabilities	18.4	29.8	15.1	37.8	51.8
Trade payables	73.4	81.9	69.5	62.4	98.5
Other current liabilities	139.7	135.4	198.5	180.6	127.5
Total liabilities and equity	575.8	597.5	577.8	614.0	556.1
Key ratios and other information					
Net turnover increase, %	0,0	8.6	-7.7	19.6	27.5
Operating margin, %	7.8	8.8	7.2	14.5	15.2
Profit margin, %	7.1	8.3	6.0	14.0	14.7
Capital employed	408.6	431.9	406.3	428.8	354.0
Average capital employed	420.3	419.2	417.6	391.4	321.6
Return on capital employed, %	18.2	20.7	15.6	35.0	37.4
Average equity	347.3	322.6	314.0	305.8	244.0
Return on equity, %	14.5	18.3	12.5	33.0	35.8
Equity/assets ratio, %	59.8	58.6	51.0	54.3	50.0
interest-bearing net cash excl. IFRS 16	66.1	60.1	16.9	39.3	75.1
Number of employees	687	661	593	587	553

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

SIERRA CHAMONT,
Part of Nilörn's design collection

Nilörngruppens share 2025

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 2025, Nilörngruppen AB had 4,697 (4,680) shareholders. The ten largest shareholders at the end of the year owned 55.9 percent of the capital and 74.9 percent of the votes.

Dividend

The Board of Directors has proposed a dividend of 1.50 SEK per share (1.50) corresponding to 17.1 million SEK (17.1) MSEK. 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	**2025**	**2024**	**2023**	**2022**	**2021**
Numbers of shares outstanding, thousands	11,402	11,402	11,402	11,402	11,402
Profit**	4.43	5.17	3.45	8.86	7.67
Dividend	1.50*	1.50	1.00	5.00	5.00
Equity	30.12	30.73	25.85	29.22	24.41

* 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 2025

Owner	**Number of shares**		**Share, %**	
	A-shares	B-shares	Votes	Capital
AB Traction	960,000	2,040,000	58.1	26.3
Försäkringsaktiebolaget Avanza Pension	-	760,221	3.8	6.7
Fondsfinans	-	742,187	3.7	6.5
Protector Forsikring ASA	-	502,640	2.5	4.4
CACEIS BANK LUXEMBOURG BRANCH	-	330,110	1.7	2.9
IBKR FINANCIAL SERVICES AG, W8IMY	-	320,631	1.6	2.8
Nordnet Pensionsförsäkring AB	-	248,924	1.2	2.1
Swedbank Försäkring AB	-	175,054	0.9	1.5
Ribbing, Bengt	-	159,141	0.8	1.4
Gunnarsson, Mikael	-	135,000	0.7	1.1
Total	**960,000**	**6,373,908**	**74.9**	**55.9**
Other (4 697 st)	**-**	**5,028,080**	**25.1**	**44.1**
Total	**960,000**	**10,441,988**	**100.0**	**100.0**

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.

The undersigned further certify that the sustainability report for the Group has been prepared in accordance with the European standards for sustainability reporting referred to in the EU Commission Regulation (ESRS)

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

The annual report and consolidated financial statements are dated and have been approved for issue by the Board of Directors on xx April 2026. The consolidated statement of comprehensive income and statement of financial position and the parent company's income statement and balance sheet will be subject to adoption at the Annual General Meeting on 11 May 2026.

Petter Stillström
Chairman of the Board Directors

Annika Elfström
Director

Per Wagnås
Director

Magnus Johansson
Director

Krister Magnusson
CEO

Our audit report concerning this annual report and consolidated financial statements and our review report on the statutory sustainability report were issued on 2 April 2026.

Öhrlings PricewaterhouseCoopers AB

Nicklas Kullberg
Authorised Public Accountant
Audit in charge

Mattias Palmqvist
Authorised Public Accountant

Auditor's report

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

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 2025 except for the corporate governance statement on pages 16-18 and 25-81. The annual accounts and consolidated accounts of the company are included on pages 9-114 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 2025 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 2025and 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 and the statutory sustainability report on pages 16-18 and 25-81, respectively. 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 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 the Board of Directors and the Managing Director 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 Matter

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 91 of the annual report and consolidated accounts for detailed information and description of the group's reporting of income.

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 91 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 2025 amount to SEK 945 (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 1-8, 108-113, and 121-123 and the statutory sustainability report on pages 25-81. The other information also consist of the compensation report which is published on the company's website at the same time as this report. 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 conducted 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 Swedish Inspectorate of Auditors' website: www.revisorsinspektionen.se/revisornsansvar. 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 2025 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 organization 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 organization 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 fulfil 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 Swedish Inspectorate of Auditors' 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 2025.

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 XHMTL 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 16-18 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.

Öhrlings PricewaterhouseCoopers AB, 113 97 Stockholm, was appointed auditor of Nilörngruppen AB (publ) by the general meeting of the shareholders on the 14 May 2025 and has been the company's auditor since the 3 May 2023.

Borås on 2 April 2025

Öhrlings PricewaterhouseCoopers AB

Nicklas Kullberg
Authorized Public Accountant
Lead auditor

Mattias Palmqvist
Authorized Public Accountant

Auditor's limited assurance report of Nilörngruppen AB (publ):s statutory sustainability statement

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

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.

Conclusion

We have conducted a limited assurance engagement of the sustainability statement for Nilörngruppen AB (publ) for the financial year 2025. The sustainability statement is included 25-81 in this document.

Based on our limited assurance engagement as described in the section Auditor's responsibility, nothing has come to our attention that causes us to believe that the sustainability statement does not, in all material respects, meet the requirements of the Swedish Annual Accounts Act which includes,

- whether the sustainability statement meets the requirements of ESRS,
- whether the process the company has carried out to identify reported sustainability information has been conducted as described on page 40-43 of the sustainability statement,
- compliance with the reporting requirements of the EU's Green Taxonomy Regulation Article 8.

Basis for conclusion

We have conducted the limited assurance engagement in accordance with FAR's recommendation RevR 19 Revisorns översiktliga granskning av den lagstadgade hållbarhetsrapporten. Our responsibility according to this recommendation is further described in the section Auditor's responsibility.

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

Other matter

The sustainability statement for the previous financial year has not been subject to a limited assurance engagement and no review of the comparative figures in the sustainability statement for the year 2024 (the financial year) has therefore been performed.

Other information than the sustainability statement

This document also contains other information than the sustainability statement and is found on pages 1-24, 82-113 and 121-123. The Board of Directors and the Managing Director are responsible for this other information.

Our conclusion on the sustainability statement does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our limited assurance engagement on the sustainability statement, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the sustainability statement. In this procedure we also take into account our knowledge otherwise obtained in the limited assurance engagement 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 sustainability statement in accordance with Chapter 6, Sections 12–12f of the Swedish Annual Accounts Act, and for such internal control as the Board of Directors and the Managing Director determines necessary to enable the preparation of the sustainability statement that is free from material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on whether the sustainability report has been prepared in accordance with Chapter 6, Sections 12–12f of the Swedish Annual Accounts Act based on our review. The limited assurance engagement has been conducted in accordance with FAR's recommendation RevR 19 Revisorns översiktliga granskning av den lagstadgade hållbarhetsrapporten. This recommendation requires that we plan and perform our procedures to obtain limited assurance that the sustainability statement is prepared in accordance with these requirements.

The procedures in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. This means that it is not possible for us to obtain such assurance that we become aware of all significant matters that could have been identified if a reasonable assurance engagement had been performed.

Our firm applies ISQM 1 (International Standard on Quality Management), which requires the firm to design, implement and operate a system of quality management, including policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

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.

A limited assurance engagement involves performing procedures to obtain evidence about the sustainability statement. The auditor selects the procedures to be performed, including assessing the risks of material misstatements in the sustainability statement, whether due to fraud or error. In this risk assessment, the auditor considers the parts of the internal control that are relevant to how the Board of Directors and the Managing Director prepares the sustainability statement, in order to design procedures that are appropriate under the circumstances, but not for the purpose of providing a conclusion on the effectiveness of the company's internal control. The review consists of making inquiries, primarily of persons responsible for the preparation of the sustainability statement, performing analytical review, and conducting other limited review procedures.

The review procedures primarily include:

Summary of the work performed.
Our procedures regarding the process that the company has implemented to identify sustainability information to be reported included, but were not limited to, the following:

- Obtaining an understanding of the process by:
  – Making inquiries to understand the sources of information used by management (e.g., stakeholder dialogues, business plans, and strategy documents); and
  – Reviewing the company's internal documentation of its process; and
- Evaluating whether the information obtained from our actions regarding the process implemented by the company is consistent with the description of the process on page 40-43 of the sustainability statement.

Our procedures regarding the sustainability report included, but were not limited to, the following:

- Through inquiries, obtain a general understanding of the internal control environment, reporting processes, and information systems relevant to the preparation of the information in the sustainability statement.
- Evaluate whether the information identified by the Process is included in the sustainability statement;
- Evaluate whether the structure and the presentation of the sustainability statement is in accordance with the ESRS;
- Perform inquires of relevant personnel and analytical procedures on selected information in the sustainability statement;
- Perform substantive assurance procedures on selected information in the sustainability statement;
- Through inquiries and analytical procedures, evaluate supporting evidence to the methods for developing significant estimatesand forward-looking information;
- Obtain an understanding of the process to identify taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the sustainability statement.
- The review of taxonomy disclosures included, but was not limited to, the following review procedures:
  – Making inquiries to understand the sources of information used by management, and
- Reviewing the company's internal documentation of its process.

Inherent limitations in preparing the sustainability statement

In reporting forward-looking information in accordance with ESRS, the Board of Directors and the Managing Director of Nilörngruppen AB (publ) are required to prepare the forward-looking information on the basis of disclosed assumptions about events that may occur in the future and possible future actions by Nilörngruppen AB (publ). Actual outcomes are likely to be different since anticipated events frequently do not occur as expected.

Borås on 2 March 2026
Öhrlings PricewaterhouseCoopers AB

Nicklas Kullberg
Authorized Public Accountant
Lead auditor

Mattias Palmqvist
Authorized Public Accountant

Annual General Meeting

The Annual General Meeting will be held on May 11 2026

Registration

Shareholders who wish to participate in the Annual General Meeting must be entered in the share register maintained by Euroclear Sweden AB on Thursday, April 30, 2026, 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 Tuesday, May 5, 2026. 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 Tuesday, May 5, 2026. 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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