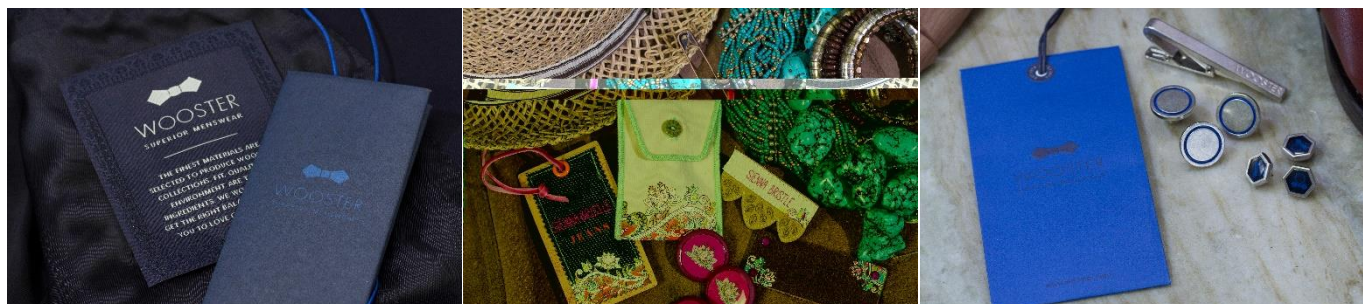


Interim Report for Nilörngruppen AB (publ) Q1, January - March 2018



Period January - March

- Order bookings adjusted for currency effects amounted to MSEK 215 (201), for an underlying organic increase of order bookings of 7 percent.
- Consolidated order bookings increased by 1 percent, amounting to MSEK 202 (201).
- Revenue adjusted for currency effects amounted to MSEK 171 (159), for an underlying organic increase of order bookings of 8 percent.
- Consolidated revenue in SEK declined by 2 percent to MSEK 156 (159).
- Operating profit amounted to MSEK 13.4 (17.5).
- Profit for the period amounted to MSEK 9.3 (13.2).
- Earnings per share amounted to SEK 0.82 (1.16).
- Cash flow from operating activities amounted to MSEK -5.4 (-1.8).
- Net cash and cash equivalents (liability) amounted to MSEK 2.7 (-1.1).

Significant events during the quarter

- Currency effects impacted revenue negatively in an amount of MSEK 15 during the quarter.
- The negative effect is attributable to the Easter holiday and the Chinese New Year (most deliveries are to China) relative to the first quarter which was very strong last year.

Significant events after the end of the period under review

- Nilörngruppen's class B share is traded on NASDAQ Stockholm's main list since 4 April.



PRESIDENT'S STATEMENT

Dear shareholders,

The development during the first quarter of the year was in accordance with my expectations. Order bookings increased by 7 percent and revenue adjusted for currency effects increased by MSEK 20 to MSEK 179, which makes for underlying organic growth of 8 percent.

This year Easter came in March instead of April last year and the Chinese New Year fell later, which had a negative calendar effect with lower sub-orders as a consequence.

We are seeing a slightly lower gross margin during the quarter, which is due to a large order of packaging with lower margin.

We continue to grow on existing markets as more customers buy everything from Nilörn, which creates synergies both in terms of lead times and costs. Aside from focusing on our existing customers, we are also working on attracting new customers and we have several interesting projects under development, even though the decision process in many cases is drawn-out.

Since we sense great opportunities in continued expansion of packaging, we have recruited an experienced product manager to support the sales organisation in Europe.

Our production business in Bangladesh has developed well. Our investment to create factory with focus on sustainability has been very well received and even though it accounts for a small part of Nilörn's total business, we have great faith in Bangladesh as a production country going forward.

Nilörn is sensing growing interest in RFID from customers and we will therefore continue to strengthen our offer further.

Overall, I continue to have a positive view of 2018 and the years to come. We have a strong offer and we are sensing great interest on the part of brands in the European market. I regard Nilörn's prospects for future growth as excellent, despite a somewhat more challenging market climate in certain segments.

Claes af Wetterstedt
President

Period January - March

Order bookings

Order bookings adjusted for currency effects amounted to MSEK 215 (201), for an increase in underlying organic order bookings of 7 percent. Consolidated order bookings in SEK increased by 1 percent, amounting to MSEK 202 (201).

Net revenue

Revenue adjusted for currency effects amounted to MSEK 171 (159), for an increase in underlying organic growth of 8 percent. Consolidated revenue in SEK declined by 2 percent to MSEK 156 (159). HKD was weaker by 13 percent against SEK compared to the equivalent year-ago period. This impacted revenue greatly as a significant portion of Nilörn's revenue is in HKD.

Since the Group is fairly well balanced in currencies overall, this has a marginal effect on earnings.

Gross profit

The gross margin was 45.7 (46.2) percent. The gross profit margin was negatively affected by the product mix as a major packaging order with a slightly lower margin was invoiced in a quarter which normally sees lower revenue.

Costs

External costs declined to MSEK 22.5 (23.3) and personnel costs increased by 34.1 percent (32.1). The increase in personnel costs is a function of more employees to meet the increased volume.

Operating profit

Operating profit amounted to MSEK 13.4 (17, 2), which gives an operating margin of 8.6 (11.0) percent. The lower operating margin for the quarter is attributable to the lower gross margin.

Net finance items, taxes and profit for the period

Net finance items in the amount of MSEK 1.0 is mainly attributable to a negative currency translation difference. Taxes amounted to MSEK 3.0 (4,1) and profit after taxes amounted to MSEK 9.3 (13.2).

Cash flow, capital expenditures, financing and liquidity

Cash flow from operating activities amounted to MSEK 11.0 (18.6).

Cash flow from investment activities amounted to MSEK -1.6 (-8.5) with MSEK -1.5 attributable to investment in a new enterprise system. Net cash and cash equivalents stood at MSEK 2.7 at the end of the period (-1.1).

Equity

Consolidated equity amounts to MSEK 166.6, after an increase during the period in the amount of net profit MSEK 9.3 and a translation difference in the amount of MSEK 3.3. The translation difference is the net effect of converting equity in the foreign subsidiaries into SEK and the positive effect of a weaker Swedish krona.

Personnel

The average number of employees in the Group was 470 (446), 202 (209) of whom were women (relative to the turn of the year). Of the total number of employees 234 persons, or 50 percent were active in production and warehousing.

Transactions with closely related parties

No transactions between the Nilörn Group and closely related parties with significant impact on the Group's profit and financial position have occurred during the period. The Parent Company's transactions with subsidiaries refer to design, product development, IT and other services.

Parent Company

The Parent Company's operations largely consist of handling group-wide functions, such as branding and design, product development, finances, administration, information and IT. The average number of employees was 21 (21).

Net revenue for the period amounted to MSEK 5.4 (4.6). Operating profit amounted to MSEK -0.3 (-0.3) and profit after taxes amounted to MSEK -0.7 (-0.6).

Risks and uncertainty factors

Given its international operations, Nilörngruppen is always subject to a variety of financial risks. The significant risks and uncertainty factors facing Nilörngruppen are currency risks, political risks in individual countries, credit risks and IT security as described in Nilörngruppen's 2017 Annual Report, note 2. The risks reported are deemed to be essentially unchanged.

Review

This report has not been subject to review by the Company's auditors.

Calendar

- 23 August 2018 Interim Report Q2
- 17 October 2018 Interim Report Q3
- 15 February 2019 Year-end Report
- 16 May 2019 Interim Report Q1
- 16 May 2019 Annual General Meeting at 5:00 p.m. in Borås

This information is information that Nilörngruppen is under obligation to publish in accordance with the EU Market Abuse Regulation. The information herein was provided by the contact person named below for publication at 3:00 p.m., 16 May 2018.

The President hereby confirms that this year-end report provides a fair overview of the operations of the Company's and the Group's operations, financial position and results, and describes significant risks and factors of uncertainty facing the Company and the companies in the Group.

BORÅS, 16 May 2018
NILÖRNGRUPPEN AB (PUBL)

Claes af Wetterstedt
President CEO

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Summary Financial Reports

Consolidated Income Statement

Amounts in SEK thousand	3 months		12 months	
	January - March		January - December	
	2018	2017	2017	2016
Net revenue	156 137	159 279	680 388	610 477
Raw materials, supplies and goods for resale	-84 841	-85 713	-364 600	-324 372
Gross profit	71 296	73 566	315 788	286 105
Other operating revenue	1 659	1 746	6 139	5 616
Other external costs	-22 517	-23 333	-96 462	-84 500
Personnel costs	-34 142	-32 096	-133 311	-123 714
Depreciation, amortisation and impairment charges	-1 742	-1 206	-6 287	-4 622
Other operating costs	-1 198	-1 130	-3 458	-3 873
Operating profit	13 356	17 547	82 409	75 012
Net finance items	-995	-180	-167	-1 073
Profit before taxes	12 361	17 367	82 242	73 939
Taxes	-3 037	-4 139	-17 219	-17 717
Net profit for the period	9 324	13 228	65 023	56 222
Average number of shares outstanding (thousands)	11 402	11 402	11 402	11 402
Average number of shares outstanding after dilution (thousands)	11 402	11 402	11 402	11 402
Earnings per share, SEK	0.82	1.16	5.70	4.93
Earnings per share, SEK after dilution	0.82	1.16	5.70	4.93

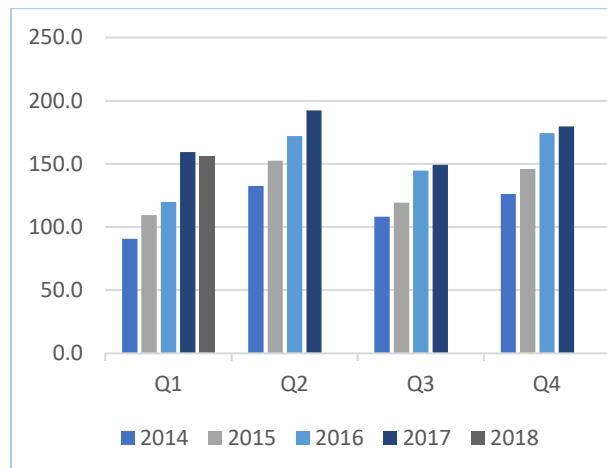
Consolidated Statement of Comprehensive Result

Amounts in SEK thousand	January - March		January - December	
	2018	2017	2017	2016
Net profit for the period	9 324	13 228	65 023	56 222
Other comprehensive result that may be reposted to net profit for the period				
Translation differences	3 332	-1 548	-7 832	2 660
Items that cannot be reposted to net profit for the period				
Revaluation of defined benefit pension scheme	-	-	-22	-222
Total profit for the period	12 656	11 680	57 169	58 660
Total profit for the period attributable to:				
The Parent Company's equity holders	12 656	11 680	57 169	58 660

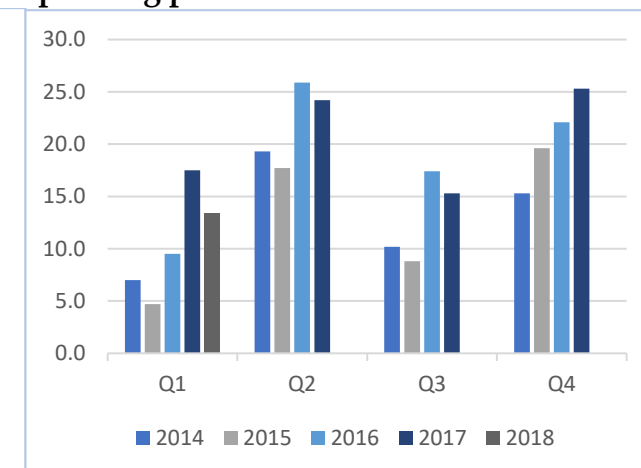
Quarterly Income Statements

Amount in MSEK)	2018	2017				2016				2015				2014			
	Q1	Q1	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Net revenue	156.1	159.3	159.3	192.4	149.2	179.5	119.7	171.9	144.6	174.2	109.4	152.6	119.2	145.9	90.6	132.6	108.2
Raw materials, supplies and goods for resale	-84.8	-85.7	-85.7	-108.6	-76.4	-93.9	-61.4	-94.5	-77.3	-91.1	-58.2	-81.6	-62.2	-76.8	-46.8	-70.6	-55.7
Gross profit	71.3	73.6	73.6	83.8	72.8	85.6	58.3	77.4	67.3	83.1	51.2	71.0	57.0	69.1	43.8	62.0	52.5
Gross margin	45.7%	46.2%	46.2%	43.6%	48.8%	47.7%	48.7%	45.0%	46.5%	47.7%	46.8%	46.5%	47.8%	47.4%	48.3%	46.8%	48.5%
Other income	1.7	1.7	1.7	1.6	0.5	2.3	0.9	1.2	1.2	2.3	1.2	1.4	2.6	1.3	0.5	0.7	0.9
Operating costs	-58.4	-56.6	-56.6	-59.6	-56.3	-60.8	-48.4	-51.7	-50.1	-62.1	-46.8	-53.7	-49.8	-49.5	-36.8	-42.8	-42.5
Depreciation, amortisation and impairment charges	-1.2	-1.2	-1.2	-1.6	-1.7	-1.8	-1.3	-1.0	-1.0	-1.2	-0.9	-1.0	-1.0	-1.3	-0.5	-0.6	-0.7
Operating profit	13.4	17.5	17.5	24.2	15.3	25.3	9.5	25.9	17.4	22.1	4.7	17.7	8.8	19.6	7.0	19.3	10.2
Operating margin	8.6%	11.0%	11.0%	12.6%	10.2%	14.1%	7.9%	15.1%	12.0%	12.7%	4.3%	11.6%	7.4%	13.4%	7.7%	14.6%	9.4%
Operating profit per share	1.2	1.5	1.5	2.1	1.3	2.2	0.8	2.3	1.5	1.9	0.4	1.6	0.8	1.7	0.6	1.7	0.9

Quarterly development of: Net revenue



Operating profit



KEY FINANCIAL INDICATORS	1 January – 31 March		1 January – 31 December				
	2017	2016	2017	2016	2015	2014	2013
Revenue growth, %	-2.0	33.0	11.5	15.8	15.2	19.5	15.9
Operating margin, %	8.6	11.0	12.1	12.3	9.6	11.3	11.4
Profit margin, %	7.9	10.9	12.1	12.1	9.5	11.2	11.5
Average equity	160.2	143.6	145.9	125.6	113.8	104.6	90.7
Return on equity, %	5.8	9.2	44.6	44.8	34.3	39.9	38.2
Equity ratio, %	48.7	47.9	49.2	50.8	48.8	53.3	55.5
Interest-bearing net cash (liabilities -), MSEK	2.7	-1.1	9.2	9.7	5	32.1	36.6
Earnings per share, SEK	0.82	1.16	5.7	4.93	3.42	3.66	3.04
Equity per share, SEK	14.61	13.11	13.5	12.08	9.94	10.0225	8.325
Dividend per share, SEK	-	-	4.00	3.60	3.00	3.50	3.00
Average number of shares outstanding	11 401 988	11 401 988	11 401 988	11 401 988	11 401 988	11 401 988	11 401 988
Number of shares outstanding at end of period	11 401 988	11 401 988	11 401 988	11 401 988	11 401 988	11 401 988	11 401 988
Average number of employees	470	358	446.0	358	335	301	268

*Dividend proposed by the Board of Directors for the 2017 financial year.

Consolidated Balance Sheet

Amounts in SEK thousand	2018-03	2017-03	2017-12	2016-12
Assets				
Intangible non-current assets	15 420	5 815	14 673	2 886
Other non-current assets	47 148	50 439	48 193	46 642
Inventories	111 672	92 989	110 017	88 891
Trade receivables	91 049	89 949	76 238	73 370
Other current assets	21 838	30 051	18 658	24 282
Cash and cash equivalents	54 818	42 828	44 837	35 210
Total assets	341 945	312 071	312 616	271 281
Equity and liabilities				
Equity	166 569	149 471	153 913	137 791
Long-term non-interest-bearing liabilities	1 312	2 150	1 242	5 035
Current interest-bearing liabilities	52 123	43 906	35 677	25 500
Current non-interest-bearing liabilities	121 941	116 544	121 784	102 955
Total equity and liabilities	341 945	312 071	312 616	271 281

Changes in Consolidated Equity

2018	Other			Retained earnings		
Amounts in SEK thousand	Share capital	contributed capital	Reserves	including net profit for the	Total	Total equity
OPENING EQUITY 2018-01-01	2 850	43 231	-46 807	154 639	153 913	153 913
Net profit for the period				9 324	9 324	9 324
Other total profit						
Translation differences during the period			3 332		3 332	3 332
Revaluation of pension scheme						
Transactions with shareholders						
Dividend						
CLOSING EQUITY 2018-03-31	2 850	43 231	-43 475	163 963	166 569	166 569

2017	Other			Retained earnings		
Amounts in SEK thousand	Share capital	contributed capital	Reserves	including net profit for the period	Total	Total equity
OPENING EQUITY 2017-01-01	2 850	43 231	2 072	89 638	137 791	137 791
Net profit for the period			0		13 228	13 228
Other total profit						
Translation differences during the period			-7 832		-1 548	-1 548
Revaluation pension scheme						
Transactions with shareholders						
Dividend						
CLOSING EQUITY 2017-03-31	2 850	43 231	-5 760	89 638	149 471	149 471

Consolidated Cash Flow Statements

Amounts in TSEK	January - March		January - December	
	2018	2017	2017	2016
Operating activities				
Operating profit	13 356	17 547	82 409	75 012
<i>Adjustment for items not included in cash flow</i>				
Depreciation/amortisation/impairment	1 742	1 206	6 287	4 622
Capital gains /losses on non-current assets	-	-	481	-
Other items not affecting liquidity	-921	-	2 566	38
	14 177	18 753	91 743	79 672
Interest income	188	132	1 051	347
Interest expense	-1 183	-312	-1 218	-1 420
Paid taxes	-2 136	-6	-19 831	-17 563
Cash flow from operating activities before changes in working capital	11 046	18 567	71 745	61 036
Cash flow from changes in working capital				
Inventories	121	-5 664	-28 513	-5 529
Trade receivables	-11 919	-18 454	-10 267	-12 136
Other short-term receivables	-3 203	-9 887	6 634	1 253
Trade payables	-12 964	7 435	18 277	3 819
Other liabilities	11 534	6 190	8 352	6 071
Cash flow from operating activities	-5 385	-1 813	66 228	54 514
Investment activities				
Acquisition of intangible non-current assets	-1 467	-2 999	-12 493	-2 526
Acquisition of tangible non-current assets	-29	-5 366	-10 844	-15 264
Acquisition of financial non-current assets	-29	-	13	-
Proceeds of sale of tangible non-current assets	11	-	887	-
Change in long-term receivables	-40	-152	-223	-13
Cash flow from investment activities	-1 554	-8 515	-22 660	-17 397
Financing activities				
Repayment of loans raised	16 446	18 406	10 177	-1 012
Dividend payment	-	-	-41 047	-34 206
Cash flow from financing activities	16 446	18 406	-30 870	-35 218
Cash flow for the period	9 507	8 078	12 698	1 899
Cash and cash equivalents at beginning of period	44 837	35 210	35 210	31 548
Translation difference in cash and cash equivalents	474	-460	-3 071	1 763
Cash and cash equivalents at end of period	54 818	42 828	44 837	35 210

Parent Company Income Statement

Amounts in SEK thousand	3 months		12-mån	
	January - March		January - December	
	2018	2017	2017	2016
Net revenue	5 424	4 570	9 678	16 397
Other operating income	1 780	1 666	17 944	5 854
Total revenue	7 204	6 236	27 622	22 251
Other external costs	-2 367	-1 862	-13 636	-7 492
Personnel costs	-4 910	-4 569	-20 688	-18 512
Depreciation, amortisation and impairment charges	-208	-145	-663	-536
Operating profit	-281	-340	-7 365	-4 289
Net finance items	-371	-223	51 094	25 875
Profit after finance items	-652	-563	43 729	21 586
Year-end appropriations	-	-	7 500	2 384
Taxes	-58	-23	27	302
Net profit for the period	-710	-586	51 256	24 272

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

Parent Company Balance Sheet

Amounts in SEK thousand	2018-03	2017-03	2017-12	2016-12
Assets				
Intangible non-current assets	9 521	5 682	8 857	2 769
Tangible non-current assets	1 879	1283	1 940	1244
Financial non-current assets	98 905	99 673	98 904	99 580
Short-term receivables	119 237	60 389	97 213	56 784
Cash and cash equivalents	-	3	-	186
Total assets	229 542	167 030	206 914	160 563
Equity and liabilities				
Equity	76 234	66 199	76 993	66 784
Untaxed reserves	2 186	5 186	2 186	5 186
Long-term liabilities	-	-	-	2 818
Current liabilities	151 122	95 645	127 735	85 775
Total equity and liabilities	229 542	167 030	206 914	160 563

Notes

1. Accounting policies

As was the case with the Annual Accounts for 2016, the Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by EU, recommendation No 1 (RFR 1) of the Swedish Financial Reporting Board. As was the case with the Annual Accounts for 2016, the Parent Company prepares its financial statements in accordance with the Annual Accounts Act and recommendation No 2 (RFR 2) of the Swedish Financial Reporting Board. The Year-end Report is prepared in accordance with IAS 34 and the Swedish Annual Accounts Act.

New accounting policies for 2018

On January 1 2018 IFRS 15 "Revenue from Contracts with Customers" and IFRS 9 "Financial instruments" entered into force.

The transition to IFRS 9 had no effect on the Group's way of classifying financial assets and liabilities, and hedge accounting is consistent with the new hedge accounting rules. Nilörngruppen applies the simplified model for anticipated credit losses according to which total anticipated credit losses for the remaining tenor of the receivable is recognised. When assessing future expected credit losses due consideration is

given to historical and forward-looking information. The transition has not resulted in any transitional effects that need to be reported.

IFRS 15 "Revenue from Contracts with Customers" has not entailed any changes for the Nilörn Group. Most of the Nilörn Group's revenue comes from the sale of goods, recognised when control over the goods is transferred to the customer. Variable compensation in the form of discounts, bonuses and returns constitute a part of the transaction price.

New accounting policies for 2019

IFRS 16 "Leases" will replace IAS 17 "Leases" on 1 January 2019. This standard requires that assets and liabilities attributable to all leases with a few exceptions are reported in the balance sheet and is applicable for financial years beginning 1 January 2019 or later. For Nilörn the largest items refers to rental of office and warehouse space. However, the term of the contracts in Hong Kong, which accounts for a relatively major part of the Group's rental expenses, is relatively short. The sum total of future lease payments amounts to MSEK 25 (see Note 25 in the Annual Report for 2017), with an estimated present value of MSEK 23 calculated with a 3 percent discount rate.

2. Information by geographic area

Primary segment – Geographic area

Period January - December 2017	Nordic region	Other Europe	Asia	Intra Group	Total
<i>Revenue</i>					
External revenue	16 894	48 963	90 280	-	156 137
Total revenue	16 894	48 963	90 280	0	156 137
<i>Profit</i>					
Operating profit	1 344	4 492	7 800	-280	13 356
Interest income				188	188
Interest expense				-1 183	-1 183
Taxes on the on the period's profit				-3 037	-3 037
Net profit for the period	1 344	4 492	7 800	-4 312	9 324
Period January - December 2016					
<i>Revenue</i>					
External revenue	16 480	46 063	96 736	-	159 279
Total revenue	16 480	46 063	96 736	0	159 279
<i>Profit</i>					
Operating profit	2 929	7 354	7 607	-343	17 547
Interest income				132	132
Interest expense				-312	-312
Taxes on the profit for the year				-4 139	-4 139
Net profit for the year	2 929	7 354	7 607	-4 662	13 228

3. Definitions of alternative key financial indicators

ESMA (The European Securities and Markets Authority) has published guidelines for alternative key financial indicators for companies with securities listed on a regulated market within EU. These guidelines shall be applied to alternative key financial indicators used starting 3 October 2016. Reference is made in the annual accounts to a number of non-IFRS performance metrics used to help investors as well as management to analyse the company's operations. These financial metrics should therefore not be seen as replacements for metrics defined according to IFRS. Since all companies do not calculate financial metrics in the same way, they are not always comparable with metrics used by other companies. These financial metrics should therefore not be seen as replacements for metrics defined according to IFRS. We describe below the various non-IFRS performance metrics used as a complement to the financial information reported in accordance with IFRS and how these metrics have been used.

Definitions of key financial indicators not defined by IFRS

<u>Non-IFRS metrics</u>	<u>Definition</u>	<u>Justification</u>
Average equity	Equity at the beginning of the period, plus equity at the end of the period, divided by two.	The metric is the difference between the Group's assets and liabilities, which is equivalent to consolidated equity contributed by owners and the consolidated aggregated profit. This metric is used to report the capital attributable to the Group's owners.
Average number of employees	Average number of yearly employed	This metric is used to measure the development of the Group's workforce.
Revenue growth	Net revenue at the end of the period, minus net revenue at the beginning of the period, divided by net revenue at the beginning of the period.	This metric is used to measure the development of the Group's revenue over time.
Return on equity	Period's result according to the income statement in percent of average equity.	This metric is used to analyse profitability over time, given the resources attributable to the Parent Company's owners.
Return on capital employed	Result before taxes, plus financial expenses, in percent of average capital employed.	Return on capital employed is a profitability metric used to gauge the result relative to the capital required to run the business.
Interest-bearing net cash and cash equivalents/liabilities	Interest-bearing receivables, cash and cash equivalents, reduced by interest-bearing liabilities.	The metric shows the total debt financing and is used as a complement to judge the feasibility of paying dividends, to implement strategic investments and to gauge the Group's ability to meet its financial obligations.
Operating margin	Operating result in percent of net revenue.	This metric is used to measure operative profitability.
Equity ratio	Equity in percent of balance sheet total.	This measure shows the proportion of the company's total assets financed with equity by its shareholders. A high equity ratio is an indication of financial strength.
Operating margin	Operating result in percent of net revenue.	This metric is used to measure operative profitability.

Nilörngruppen in Brief

Nilörngruppen is a global company founded in the 1970s, with expertise in adding value to trade marks through branding in the form of labels, packaging and accessories, primarily for customers in the fashion and apparel industry. Nilörngruppen offers complete, creative and customised concepts in branding, design, product development and logistic solutions. The Group conducts business via its own subsidiaries in Sweden, Denmark, Great Britain, Germany, Belgium, Portugal, Hong Kong, India, Turkey, China, Bangladesh, Italy and Pakistan. The Group has partner companies in Tunisia and Switzerland.