

Interim Report for Nilörngruppen AB (publ) Q3, January - September 2018



Period July - September

- Order bookings increased by 11 percent to MSEK 191 (172).
- Order bookings adjusted for currency effects amounted to MSEK 189 (172), equivalent to underlying organic order bookings growth of 10 percent.
- Revenue increased by 19 percent to MSEK 177 (149).
- Revenue adjusted for currency effects amounted to MSEK 173 (149), equivalent to underlying organic growth of 16 percent.
- Operating profit amounted to MSEK 19.1 (15.3).
- Profit for the period amounted to MSEK 13.8 (11.3).
- Earnings per share amounted to SEK 1.21 (0.99).
- Cash flow from operating activities amounted to MSEK 14.4 (11.2).

Period January - September

- Order bookings increased by 5 percent amounting to MSEK 556 (529).
- Order bookings adjusted for currency effects amounted to MSEK 565 (529), equivalent to underlying organic order bookings growth of 7 percent.
- Revenue increased by 8 percent to MSEK 541 (501).
- Revenue adjusted for currency effects amounted to MSEK 549 (501), equivalent to underlying organic growth of 10 percent.
- Operating profit amounted to MSEK 59.8 (57.1).
- Profit for the period amounted to MSEK 44.4 (43.0).
- Earnings per share amounted to SEK 3.90 (3.77).
- Cash flow from operating activities amounted to MSEK 33.6 (40.7).
- Net liabilities amounted to MSEK 12 (15).



PRESIDENT'S STATEMENT

Dear Shareholders,

It is gratifying to be able to present a strong quarter with underlying organic growth of 16 percent. We experienced strong demand from existing as well as new customer projects during the period and we see growing volumes in most of the markets where Nilörn is represented.

The gross margin reached 46.9 percent during the quarter and despite some pricing pressure in some markets, we raised the margin by about 1.4 percentage points compared to the second quarter.

We are selling more products to existing customers and we are especially registering increases in Nilörn's unique care-label approach, where we customize the procedure, which makes the production process simpler and more efficient for the customers.

We began deliveries of a major RFID project during the quarter. The project is on track and I am convinced that there will many more projects in this area going forward.

Our efforts in sustainability are continuing and this is now one of our most important competitive advantages, allowing us to offer ever more sustainable labelling to our customers.

Nilörn is growing at a greater rate than the underlying fashion and textile market, where we are continuing to capture market shares. This speaks well for the strength of our offer and the added value we deliver.

The future continues to look exciting and even if certain segments are experiencing a tougher market, there are several European brands that show strength. Brand profiling is becoming increasingly important for the brand owners, which means good prospects for continued growth by helping existing as well as new exciting customers.

Given our strong development over the past several years, and the fact that we continue to generate strong organic growth and enjoy a strong position in the market, I am optimistic about our future opportunities.

My associates and I will be working hard to deliver another good year.

Claes af Wetterstedt
President & CEO

Period July - September

Order bookings

Order bookings increased by 11 percent amounting to MSEK 191 (172). Adjusted for currency effects, order bookings amounted to MSEK 189 (172), equivalent to underlying organic growth of 10 percent.

Net revenue

Revenue in SEK increased by 19 percent to MSEK 177 (149). Adjusted for currency effects, revenue amounted to MSEK 173 (149), equivalent to underlying organic growth of 16 percent.

Gross margin

The gross margin was 46.9 (48.8) percent.

Costs

External costs increased to MSEK 27.4 (24.1) and personnel costs increased to MSEK 35.1 (31.6). The increase in personnel costs is a reflection of an increase in the number of employees to meet growing volumes and for future expansion. Sales resources have been added in Netherlands, Spain, Germany and elsewhere and support staff in the form of a packaging manager at the group level has been hired. There were also investments in sustainability and RIS/Rfid.

Operating profit

Operating profit amounted to MSEK 19.1 (15.3), resulting in an operating margin of 10.8 (10.3) percent.

Net finance items, taxes and profit for the period

The net of finance items of MSEK -1.2 (-0.2) is essentially attributable to a negative exchange rate difference. Taxes amounted to MSEK 4.1 (3.8) and profit after taxes amounted to MSEK 13.8 (11.3).

Cash flow, capital investments, financing and liquidity

Cash flow from operating activities amounted to MSEK 14.4 (11.2).

Cash flow from capital investment activities amounted to MSEK -4.2 (-0.8) MSEK -1.2 thereof is attributable to investment in a new enterprise system. Net liabilities amounted to MSEK 12 (15).

Period January - September

Order bookings

Order bookings increased by 5 percent amounting to MSEK 556 (529). Adjusted for currency effects, order bookings amounted to MSEK 565 (529), equivalent to underlying organic growth of 7 percent.

Net revenue and profit

Revenue increased by 8 percent to MSEK 541 (501). Net revenue adjusted for currency effects amounted to MSEK 549 (501), equivalent to underlying organic growth of 10 percent. The gross margin was 46.0 (46.0) percent.

The average TRY/SEK exchange rate weakened by 21 percent compared to the equivalent year-ago period. The effect thereof on revenue was relatively large as approximately 11 percent of revenue emanates in Turkey. The average HKD/SEK exchange rate has for the period January - September weakened by 1.1 percent after recover in Q3. The Group's revenue and costs in each respective currency are well matched, which reduces the effect on profitability.

External costs increased to MSEK 76.7 (71.7) and personnel costs increased to MSEK 108.5 (98.3).

Operating profit amounted to MSEK 59.8 (57.1), for an operating margin of 11.0 (11.4) percent.

Taxes paid amounted to MSEK 13.4 (13.4), making for a total tax expense of 23.2 (23.7) percent. Profit after taxes amounted to MSEK 44.4 (43.0).

Cash flow, capital investments, financing and liquidity

Cash flow from operating activities amounted to MSEK 33.6 (40.7).

Cash flow from capital investment activities amounted to MSEK -9.1 (-20.1). MSEK 5.0 thereof is attributable to investment in a new enterprise system. Last year intangible non-current assets were acquired for MSEK 11.4 relating to investment in a new enterprise system and the purchase of customer relationships from HC Etiketter in Denmark.

In order to meet demand in the English market it has been decided to construct a new building with more efficient production space, sufficient office space and a facility better suited to our sales and design operations. The investment is estimated to amount to MSEK 24, with occupancy during the second quarter of 2019. A down-payment of 10 percent has been made. The balance falls due for payment upon completion.

Demand in our Portuguese operations has increased as production moves back from Asia to Europe at the same time as new customers have been added in our Portuguese operations. Nilörn has therefore decided to invest in four new looms worth approximately MSEK 8, with estimated delivery during the fourth quarter of 2018.

Equity

Consolidated equity amounts to MSEK 151.7, for a decline by MSEK 2.2 during the period. The decline is attributable to the period's profit during the period in the amount of MSEK 44.4, the period's translation difference of MSEK -1.0 and a dividend paid in the amount of MSEK -45.6. The translation difference is the net effect of restating equity in non-Swedish subsidiaries to SEK affected by a weaker Swedish krona and was negatively affected by the weak Turkish currency.

Personnel

The average number of employees in the Group was 478 (446), 196 (209) of whom were women (compared to the situation at

the beginning of the year). Of the total number of employees, 236 persons, or 49 percent, are engaged in production and storage.

Transactions with closely related parties

Nilörngruppen sold services during the period for TSEK 95 (109) to the principal owner, AB Traction with subsidiaries. No transactions occurred during the period under review that had an effect on The Group's profit and financial position. 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 January – September amounted to MSEK 16.4 (13.4). The operating result was MSEK -0.9 (-7.4) and the result after taxes was MSEK 9.7 (-4.6).

Significant events after the closing date

There are no significant events after the closing date to report.

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 2016 Annual Report,

note 2. The risks reported are deemed to be essentially unchanged.

Election committee

Nilörngruppen does not have an appointed election committee since the ownership structure is clear since Traction AB owns a majority of the votes. However, shareholders are always welcome to submit comments and/or suggestions with respect to the composition of the Board of Directors to the Chairman of the Board of Director, Petter Stillström, telephone +46-8-506 289 00.

Review

This report has been subject to review by the Company's auditors. Refer to the review report on page 5.

Calendar

- 15 February 2019 Year-end Report
- 15 May 2019 Interim Report Q1
- 15 May 2019 Annual General Meeting at 5:00 p.m. in Borås

The information herein is such that Nilörngruppen is under obligation to publish in accordance with the EU Market Abuse Regulation. The information herein was provided by the contact persons named below for publication at 8:00 a.m., 17 October 2018.

The President hereby confirm that this interim 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, 17 October 2018
NILÖRNGRUPPEN AB (PUBL)

Claes af Wetterstedt
President & CEO

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Review Report

Nilörngruppen AB (publ)
Corporate ID number 556322-3782

Introduction

We have reviewed the summary financial interim information (Interim Report) of Nilörngruppen AB (publ) as of 30 September 2018 and the nine-month period ending on that date. The Board of Directors and the President is responsible for the preparation and fair presentation of this Interim Report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this Interim Report based on our review.

Scope of the review

We have conducted our review in accordance with International Standard on Review Engagements ISRE 2410 *Review of Interim Financial Information by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. The conclusion expressed based on our review does therefore not have the certainty that a conclusion expressed based on an audit has.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe the Interim Report in all material respects is not prepared for the group in accordance with IAS 34 and the Swedish Annual Accounts Act and for the parent company in accordance with the Swedish Annual Accounts Act.

Borås, 17 October 2018

KPMG AB

Thomas Bohlin
Authorised Public Accountant

Summary Financial Reports

Consolidated Balance Sheet

Amounts in SEK thousand	3 months		9 months	
	July - September		January - September	
	2018	2017	2018	2017
Net revenue	177,009	149,225	541,246	500,924
Raw materials, supplies and goods for resale	-94,045	-76,407	-292,241	-270,698
Gross profit	82,964	72,818	249,005	230,226
Other operating revenue	1,986	464	5,042	3,812
Other external costs	-27,438	-24,052	-76,677	-71,712
Personnel costs	-35,121	-31,581	-108,528	-98,273
Depreciation, amortisation and impairment charges	-2,076	-1,685	-5,822	-4,503
Other operating costs	-1,221	-642	-3,223	-2,462
Operating profit	19,094	15,322	59,797	57,088
Net finance items	-1,154	-229	-1,923	-750
Profit before taxes	17,940	15,093	57,874	56,338
Taxes	-4,104	-3,835	-13,427	-13,375
Net profit for the period	13,836	11,258	44,447	42,963
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	1.21	0.99	3.90	3.77
Earnings per share, SEK after dilution	1.21	0.99	3.90	3.77

Consolidated Statement of Comprehensive Result

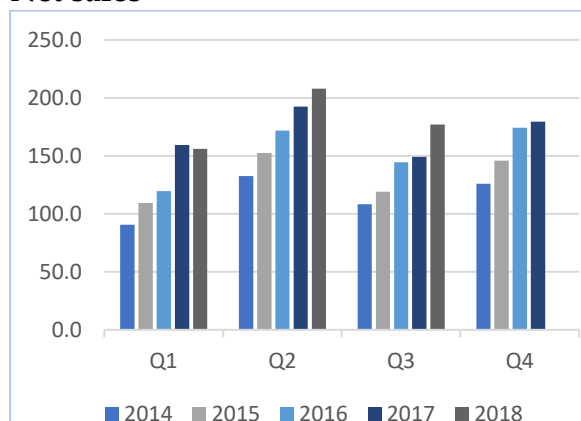
Amounts in SEK thousand	January - March		January - September	
	2018	2017	2018	2017
Net profit for the period	13,836	11,258	44,447	42,963
Other comprehensive result that may be reposted to net profit for the period				
Translation differences	-7,525	-4,478	-1,027	-10,264
Items that cannot be reposted to net profit for the period				
Total profit for the period	6,311	6,780	43,420	32,699
Total profit for the period attributable to:				
The Parent Company's equity holders	6,311	6,780	43,420	32,699

Quarterly Income Statements

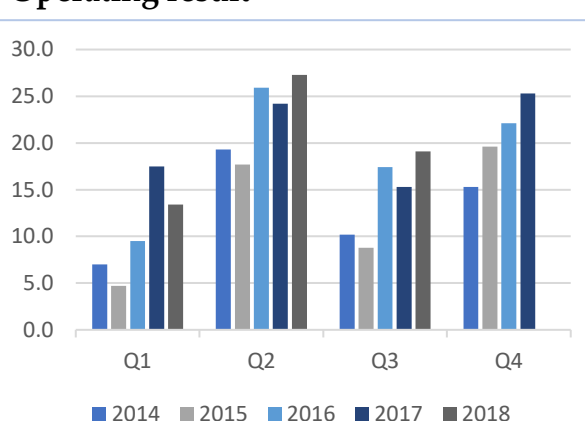
Amount in MSEK)	2018			2017				2016				2015			
	Q1	Q2	Q3	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net revenue	156.1	208.1	177.0	159.3	192.4	149.2	179.5	119.7	171.9	144.6	174.2	109.4	152.6	119.2	145.9
Raw materials, supplies and goods for resale	-84.8	-113.4	-94.0	-85.7	-108.6	-76.4	-93.9	-61.4	-94.5	-77.3	-91.1	-58.2	-81.6	-62.2	-76.8
Gross profit	71.3	94.7	83.0	73.6	83.8	72.8	85.6	58.3	77.4	67.3	83.1	51.2	71.0	57.0	69.1
Gross margin	45.7%	45.5%	46.9%	46.2%	43.6%	48.8%	47.7%	48.7%	45.0%	46.5%	47.7%	46.8%	46.5%	47.8%	47.4%
Other income	1.7	1.4	2.0	1.7	1.6	0.5	2.3	0.9	1.2	1.2	2.3	1.2	1.4	2.6	1.3
Operating costs	-58.4	-66.8	-63.8	-56.6	-59.6	-56.3	-60.8	-48.4	-51.7	-50.1	-62.1	-46.8	-53.7	-49.8	-49.5
Depreciation, amortisation and impairment charges	-1.2	-2.0	-2.1	-1.2	-1.6	-1.7	-1.8	-1.3	-1.0	-1.0	-1.2	-0.9	-1.0	-1.0	-1.3
Operating profit	13.4	27.3	19.1	17.5	24.2	15.3	25.3	9.5	25.9	17.4	22.1	4.7	17.7	8.8	19.6
Operating margin	8.6%	13.1%	10.8%	11.0%	12.6%	10.2%	14.1%	7.9%	15.1%	12.0%	12.7%	4.3%	11.6%	7.4%	13.4%
Operating profit per share	1.2	2.4	1.7	1.5	2.1	1.3	2.2	0.8	2.3	1.5	1.9	0.4	1.6	0.8	1.7

Quarterly development of:

Net sales



Operating result



KEY FINANCIAL INDICATORS	1 January – 30 September		1 January – 31 December				
	2017	2016	2017	2016	2015	2014	2013
Revenue growth, %	8.0	20.6	11.5	15.8	15.2	19.5	15.9
Operating margin, %	11.0	11.4	12.1	12.3	9.6	11.3	11.4
Profit margin, %	10.7	11.2	12.1	12.1	9.5	11.2	11.5
Average equity	152.8	133.6	145.9	125.6	113.8	104.6	90.7
Return on equity, %	29.1	32.2	44.6	44.8	34.3	39.9	38.2
Equity ratio, %	45.1	42.2	49.2	50.8	48.8	53.3	55.5
Interest-bearing net cash (liabilities –), MSEK	-11.7	-14.7	9.2	9.7	5.0	32.1	36.6
Earnings per share, SEK	3.90	3.77	5.70	4.93	3.42	3.66	3.04
Equity per share, SEK	13.31	11.35	13.50	12.08	9.94	10.02	8.33
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	478	436	446	358	335	301	268

Consolidated Balance Sheet

Amounts in SEK thousand	2018-09	2017-09	2017-12	2016-12
Assets				
Intangible non-current assets	16,803	13,758	14,673	2,886
Other non-current assets	48,233	48,526	48,193	46,642
Inventories	104,996	96,672	110,017	88,891
Trade receivables	91,539	74,028	76,238	73,370
Other current assets	27,493	24,244	18,658	24,282
Cash and cash equivalents	47,722	49,796	44,837	35,210
Total assets	336,786	307,024	312,616	271,281
Equity and liabilities				
Equity	151,727	129,443	153,913	137,791
Long-term non-interest-bearing liabilities	997	1,858	1,242	5,035
Current interest-bearing liabilities	59,409	64,456	35,677	25,500
Current non-interest-bearing liabilities	124,653	111,267	121,784	102,955
Total equity and liabilities	336,786	307,024	312,616	271,281

Changes in Consolidated Equity

2018						
Amounts in SEK thousand	Share capital	Other contributed capital	Reserves	Retained earnings including net profit for the period	Total	Total equity
OPENING EQUITY 2018-01-01	2,850	43,231	-5,760	113,592	153,913	153,913
Net profit for the period				44,447	44,447	44,447
Other total profit						
Translation differences during the period			-1,027		-1,027	-1,027
Transactions with shareholders						
Dividend				-45,606	-45,606	-45,606
CLOSING EQUITY 2018-09-30	2,850	43,231	-6,787	112,433	151,727	151,727

2017						
Amounts in SEK thousand	Share capital	Other contributed capital	Reserves	Retained earnings 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				42,963	42,963	42,963
Other total profit						
Translation differences during the period			-10,264		-10,264	-10,264
Transactions with shareholders						
Dividend				-41,047	-41,047	-41,047
CLOSING EQUITY 2017-09-30	2,850	43,231	-8,192	91,554	129,443	129,443

Consolidated Cash Flow Statement

	July – September		January – September	
Amounts in SEK thousand	2018	2017	2018	2017
Operating activities				
Operating profit	19,094	15,322	59,797	57,088
<i>Adjustment for items not included in cash flow</i>				
Depreciation, amortisation and impairment charges	2,076	1,685	5,822	4,503
Profit/loss from sales of fixed assets	-	-	-236	364
Other non-cash generated items	2,977	-	-448	-
	23,911	17,371	64,935	61,955
Interest income	146	31	380	337
Interest expense	-1,300	-260	-2,303	-1,087
Paid taxes	-2,565	-3,677	-8,685	-12,700
Cash flow from operating activities before changes in working capital	20,192	13,465	54,327	48,505
Cash flow from changes in working capital				
Inventories	-2,841	-5,177	4,851	-16,126
Trade receivables	-16,414	757	-14,770	-10,174
Other short-term receivables	3,703	-1,372	-6,537	-553
Trade payables	10,025	4,595	-1,285	6,517
Other liabilities	-233	-1,081	-3,000	12,544
Cash flow from operating activities	14,432	11,187	33,586	40,713
Investment activities				
Acquisition of intangible non-current assets	-1,171	928	-4,979	-11,376
Acquisition of intangible non-current assets	-1,158	-1,984	-1,683	-9,164
Acquisition of financial non-current assets	-	-	-29	-
Sales of fixed assets	-	-	363	-
Change in long-term receivable	-2,246	93	-2,821	-146
Cash flow from investment activities	-4,223	-809	-9,149	-20,140
Financing activities				
Repayment/raising loans	-12,238	-6,214	23,487	38,956
Paid dividend	-	-	-45,606	-41,047
Cash flow from financing activities	-12,238	-6,214	-22,119	-2,091
Cash flow for the year	-2,029	4,164	2,318	18,482
Cash and cash equivalents at beginning of period	51,441	47,211	44,837	35,210
Translation difference in cash and cash equivalents	-1,690	-1,579	567	-3,896
Cash and cash equivalents at end of period	47,722	49,796	47,722	49,796

Parent Company Income Statement

Amounts in SEK thousand	3 months		9 months	
	July - September		January - September	
	2018	2017	2018	2017
Net revenue	5,403	4,227	16,383	13,370
Other operating income	2,051	1,230	6,089	4,486
Total revenue	7,454	5,457	22,472	17,856
Other external costs	-2,467	-3,731	-7,828	-9,605
Personnel costs	-3,939	-4,594	-14,480	-15,161
Depreciation, amortisation and impairment charges	-444	-166	-1,021	-456
Operating profit	604	-3,034	-857	-7,366
Net finance items	8,240	3,391	10,921	2,753
Profit after finance items	8,844	357	10,064	-4,613
Year-end appropriations	-	-	0	0
Taxes	-22	-3	-356	-27
Net profit for the period	8,822	354	9,708	-4,640

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

Parent Company Balance Sheet

Amounts in SEK thousand	2018-09	2017-09	2017-12	2016-12
Assets				
Intangible non-current assets	11,146	7,803	8,857	2,769
Tangible non-current assets	1,632	1856	1,940	1244
Financial non-current assets	119,815	98,710	98,904	99,580
Short-term receivables	86,269	48,947	97,213	56,784
Cash and cash equivalents	-	3	-	186
Total assets	218,862	157,319	206,914	160,563
Equity and liabilities				
Equity	41,093	21,097	76,993	66,784
Untaxed reserves	2,186	5,186	2,186	5,186
Long-term liabilities	-	-	-	2,818
Current liabilities	175,583	131,036	127,735	85,775
Total equity and liabilities	218,862	157,319	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.

IFRS 9 "Financial Instruments" has been applied by the Group since 1 January 2018. The transition to IFRS 9 has not resulted in any differences in the Group's way of classifying financial assets and liabilities, and the hedge accounting method used is compatible with the new hedging rules.

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.

For a more detailed description of the new accounting policies, refer to the 2017 Annual Report, "Note 1 Accounting policies" in section "New introduced and amended IFRS".

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. The effect of implementing IFRS 16 will be a larger balance sheet total with higher tangible non-current assets and a higher financial liability. There will also be a shift in the report on comprehensive profit with a positive effect on operating profit and a negative effect on net finance items. For Nilörn the largest item is attributable to rental for office and warehouse space. The Group will continue to evaluate the full impact of IFRS 16 during the year.

Derivative instruments

The Group is exposed to exchange rate fluctuations since most purchases and sales are made in foreign currency.

Aside from the transaction exposure described above, the Group is affected by foreign exchange rate fluctuations from the receivables and liabilities that arise in foreign currencies. These are largely covered by hedging.

All are officially traded currencies and contracts are typically and the contracts are typically extended for a period of three months on average. The Group has no other derivative instruments. Outstanding forward contracts are valued at market value on the balance sheet date in accordance with IAS 39 Financial instruments: Recognition and Measurement, level 2 has been applied in accordance with IFRS 7.27. The valuation of forward contracts is based on fair value on the balance sheet date and the forward rate for each respective contract. Total net value for derivative instrument in the balance sheet as per 30/9-2018 is 1,0 MSEK.

2. Information by geographic area

Primary segments – geographic areas

Period January - September 2018	Nordic region	Other Europe	Asia	Intra Group	Total
<i>Revenue</i>					
External revenue	52,500	178,461	310,285	-	541,246
Total revenue	52,500	178,461	310,285	0	541,246
<i>Profit</i>					
Operating profit	7,358	24,590	28,707	-857	59,797
Interest income				380	380
Interest expense				-2,303	-2,303
Taxes on the on the period's profit				-13,427	-13,427
Net profit for the period	7,358	24,590	28,707	-16,207	44,447
Period January - September 2017					
<i>Revenue</i>					
External revenue	48,613	160,398	291,913	-	500,924
Total revenue	48,613	160,398	291,913	0	500,924
<i>Profit</i>					
Operating profit	9,919	25,220	29,317	-7,368	57,088
Interest income				337	337
Interest expense				-1,087	-1,087
Taxes on the profit for the year				-13,375	-13,375
Net profit for the year	9,919	25,220	29,317	-21,493	42,963

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.