

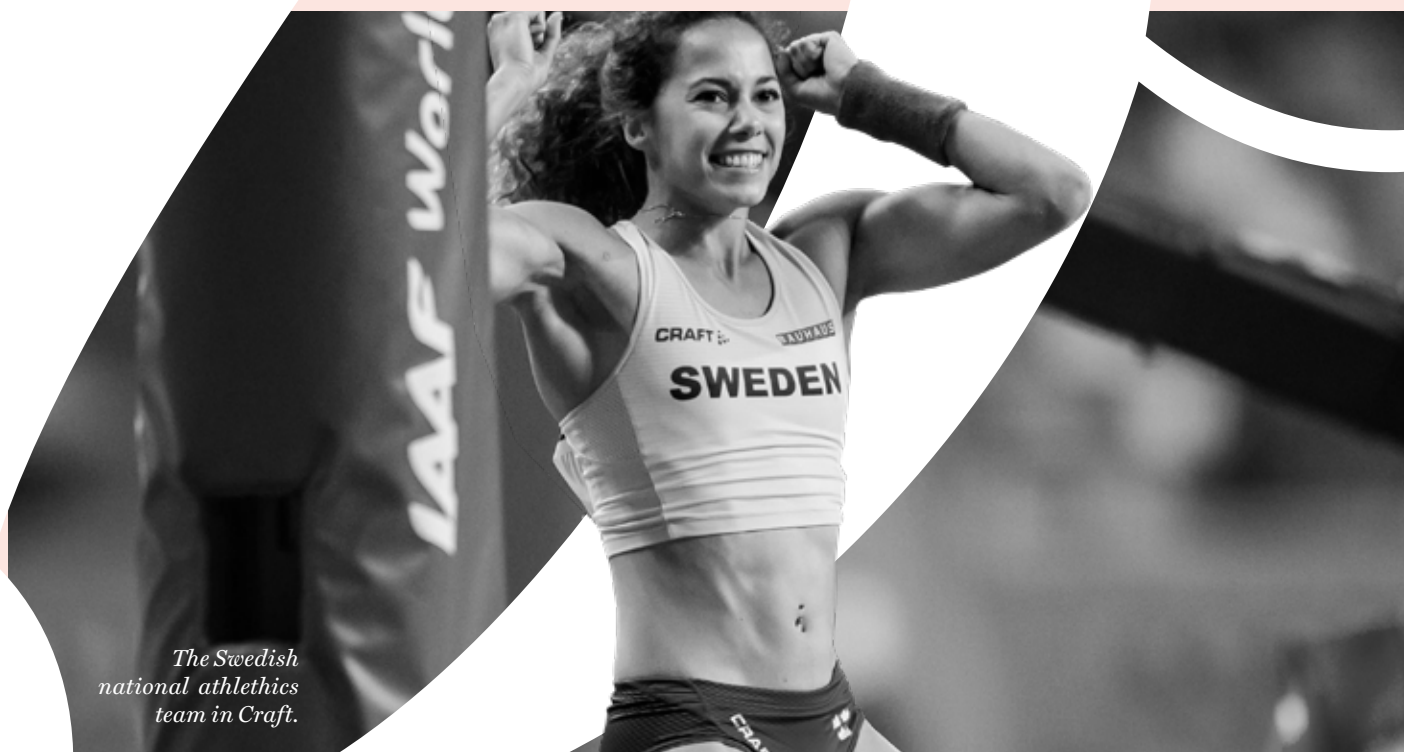


2019

*New Wave Group  
Annual Report*

2019

*NewWave*  
G R O U P



*The Swedish national athletics team in Craft.*

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# 010

## ***This is New Wave Group***

*New Wave Group is a growth group that designs, acquires and develops brands and products in the corporate-, sports-, gifts- and home furnishings sectors. The Group will achieve synergies by coordinating design, purchasing, marketing, warehousing and distribution of its product range. To ensure good risk diversification, the Group will market its products in the promo market and the retail market.*

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# Trademarks in focus

## Corporate



## Sports & Leisure

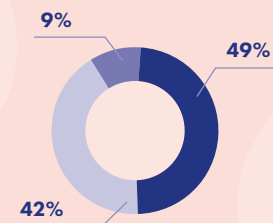


## Gifts & Home Furnishings



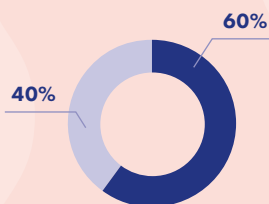


# 2019 in summary



## Net sales per operating segment

- Corporate
- Sports & Leisure
- Gifts & Home Furnishings



## Net sales per sales channel

- Promo
- Retail

2019

Net sales amounted to SEK 6,903.5 million, which was an improvement of 10% (5% in local currencies) compared to the previous year. The Group has seen growth during all quarters and has also increased sales in all regions and in both sales channels.

**C**orporate increased their net sales by **9%**. During the year, the Group continued its efforts to improve its service level and made further investments in new distribution centers. This work includes larger warehouses as well as improvements in IT systems. In addition, the segment has continued its efforts on the sales side, such as an increase in the number sales staff and a high level of marketing activities.

Sports & Leisure's investments in the Craft brand and their teamwear collection have intensified in 2019. In addition to agreements with smaller clubs and associations that form our base, Craft signed new agreements with Hammarby Fotboll, Swedish National Team in Handball and extended the agreement with the Swedish Athletics Association. For the second year in a row, the brand was named best supplier in the "Team Sports" category by the German magazine SAZ sport. Cutter & Buck is also developing well and has good growth in Europe and Canada.

The segment as a whole increased its net sales by **12%** compared to last year. In addition to more marketing activities (mainly related to teamwear), the segment expanded its warehouses and made improvements in IT systems.

Gifts & Home Furnishings increased its net sales by **2%**. However, the improvement in sales was not sufficient to cover the higher cost structure established in the segment. EBITDA became negative and measures have been taken to improve earnings. In addition, a business combination has been made. This is expected to complement existing brands.

Both sales channels improved their net sales. Promo increased by **9%** and retail by **10%**. The efforts made in the form of expanded warehouses and improved IT systems are related to both sales channels.

The Group's gross profit margin is at the same level as last year and amounted to **46.4 (46.6)%**.

- Net sales amounted to SEK **6,903.5** million, which was **10 %** higher than last year (SEK **6,290.6** million).
- Operating result amounted to SEK **535.0 (482.8)** million.

- Result for the year amounted to SEK **370.1 (360.0)** million.
- Earnings per share amounted to SEK **5.66 (5.48)**.

- Cash flow from operating activities amounted to SEK **99.5 (222.6)** million.
- Equity ratio amounted to **44.9 (48.6) %**.

- Net debt to equity ratio amounted to **78.6 (53.3) %**.
- The Board of Directors has decided to propose the Annual General Meeting a dividend of SEK **0 (2.00)** per share.

*During the year, the Group continued its efforts to improve its service level and made further investments in new distribution centers.*

2019

The new accounting standard IFRS 16 has had a positive impact of SEK 135.6 million on the Group's external costs compared with the previous year. Excluding IFRS 16, the Group increased its expenses during the first half of the year, which was related to an increase in marketing activities and new recruitments within sales, warehousing and customer service. The rate of increase decreased during the second half of the year and the fourth quarter was on par with last year. In addition to these activities, volume-related costs have also contributed to an increase in total costs for the full year compared with the previous year.

Our expanded product range and establishments in new markets have contributed to a higher capital tied up in inventories with subsequent higher net debt and interest expenses. This year's tax expense increased slightly, which is mainly related to the fact that last year includes a positive change in deferred tax. Result for the year improved to SEK 370.1 (360.0) million.

Cash flow from operating activities amounted to SEK 99.5 (222.6) million. The lower cash flow is largely due to the timing of payment of accounts payable related to our increased merchandise purchases. Investment activities decreased slightly and amounted to SEK 148.7 (163.2) million.

In September, the Group signed a supplement to the existing financing agreement and increased its total credit limit by an additional SEK 500 million.

The equity ratio decreased and amounted to 44.9 (48.6) %, which is related to the introduction of the new accounting standard IFRS 16. Excluding the effects from this standard, the equity ratio improved by 1.1 percentage point to 49.7%. Net debt increased by SEK 1,133.8 million, of which SEK 803.8 million is related to IFRS 16, and amounted to SEK 2,964.8 (1,831.0) million. The remainder of the increase is mainly due to financing of our expanded product range and thus higher inventories. The net debt to equity ratio and net debt in relation to working capital amounted to 78.6 (53.3) % and 78.1 (57.0)% respectively, see also note 30 regarding the effect of IFRS 16.

During the autumn, the Group arranged a capital market day where the theme was brands and CSR. The Group's three largest brands - Clique, Cutter & Buck and Craft - were presented, as well as a review of the Group's CSR work.

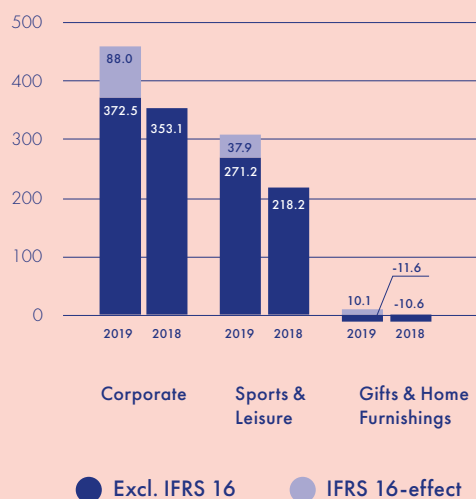
New Wave Group was one of eight companies that received full marks - 6 points out of 6 possible - when Dagens Industri, Aktuell Hållbarhet and the School of economics and management at Lund University ranked how over 170 listed companies relate to Agenda 2030 and the UN's global sustainability goals. The ranking analyzed how the companies have adapted their sustainability work to the UN's global sustainability goals. Companies must demonstrate that they work systematically to identify their impact and how they should work strategically to best contribute to the achievement of Agenda 2030.

### Key Figures

	2019	2018
Net sales, SEK million	6 903.5	6 290.6
Gross profit margin, %	46.4	46.6
EBITDA, SEK million	768.1	560.7
Operating result, SEK million	535.0	482.8
Result for the year, SEK million	370.1	360.0
Equity, SEK million	3 770.7	3 434.2
Return on equity, %	10.3	11.2
Return on capital employed, %	8.6	9.4
Net debt to equity ratio, %	78.6	53.3
Net debt in relation to working capital, %	77.1	57.0
Equity ratio, %	44.9	48.6
Number of employees	2 579	2 566
Profit per share, SEK	5.66	5.48
Equity per share, SEK	56.59	51.47

For the effect of IFRS 16 on each key figure, see note 30.

### EBITDA per operating segment, SEK million





9%

Increase  
in net sales

CLIQUE  
BY HUGOBOS

### Corporate

Net sales for the year increased by **9%** to SEK **3,356.0 (3,069.0)** million. All regions increased their net sales except Sweden, which decreased slightly compared to last year. It was mainly within the promo sales channel that sales increased. EBITDA increased by SEK **107.4** million and amounted to SEK **460.5 (353.1)** million. The improved result is related to the increased net sales, but the segment also had higher costs. The higher costs were in the form of more sales and marketing activities and higher costs for distribution units. The cost increase for the distribution units was related to larger premises as well as other improvement measures to increase the service level. IFRS 16 had a positive impact on EBITDA of SEK **88.0** million.



12%

Increase  
in net sales

CB  
CUTTER & BUCK

### Sports & Leisure

Net sales for the full year increased by **12%** to SEK **2,887.4 (2,573.7)** million. Sales increased in both sales channels, with promo increasing by **10%** and retail by **13%**. The segment experienced growth in all regions. EBITDA increased by SEK **90.9** million and amounted to SEK **309.1 (218.2)** million. The improvement in result is related to higher net sales, but the segment also had higher costs for sales, marketing and distribution units. IFRS 16 had a positive impact on EBITDA of SEK **37.9** million.



2%

Increase  
in net sales

esigeform

### Gifts & Home Furnishings

Net sales for the year increased by **2%** to SEK **660.0 (647.8)** million. Sales increased in Sweden, Central Europe and Asia, while the Nordic countries (excluding Sweden) declined. Both sales channels increased their net sales. EBITDA improved compared to last year and amounted to SEK **-1.5 (-10.6)** million, which is attributable to a positive result from a business combination and that the new accounting standard IFRS 16 had a positive impact on EBITDA with SEK **10.1** million. Excluding these items, EBITDA decreased, which is related to lower gross profit margin and higher costs in the form of more market activities.

*"Today we have a strong balance sheet and good finances."*

- Torsten Jansson

Torsten Jansson

# CEO comments

2019 is the third year in a row that I start by saying that I am fantastically satisfied with the year. Or at least almost, something can always be better.



**I**t was another year of growth, sales increased by **10%** (5% in local currencies) and amounted to **SEK 6,903.5** million. It was the sixth year in a row with growth and during these years we have grown organically by **SEK 2.9** billion, which shows the strength of our company.

### Result

Operating result was **SEK 535.0** million, which is a new all-time high and even the result for the year of **SEK 370.1** million is as well. I am pleased with the increase in earnings, but I am not satisfied with the operating margin, which we will focus on increasing.

### Balance sheet

Today we have a strong balance sheet and good finances. With an equity of **SEK 3,770.7** million, we have a strong position going forward.

### The future

While writing this, we are in the major Corona turmoil. I don't think anyone can say with certainty how much this will affect all of us or how long it lasts. What I can see, however, is that we are entering into this with a strong balance sheet.

We have fantastic products and brands, knowledgeable and competent employees and a strong and experienced management, who, while never having dealt with a similar epidemic, have had several other crises including the latest financial crisis.

In the short term, it is difficult to feel any optimism, but I still feel great confidence in the future in a slightly longer perspective.

**Torsten Jansson**  
CEO



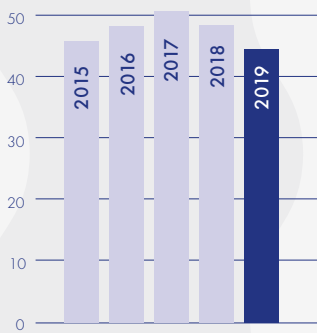
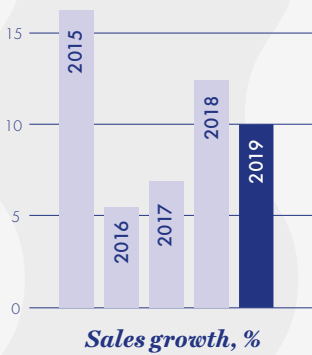


*"It was the sixth year in a row  
with growth"*

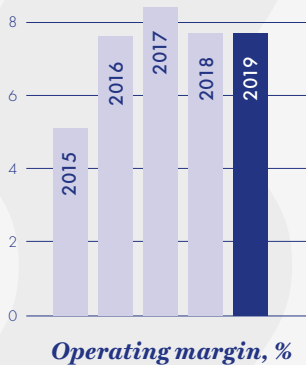
- Torsten Jansson

About the Group

# This is New Wave Group



For the effect of IFRS 16, see note 30, page 103.



**Business concept** - New Wave Group is a growth group that designs, acquires and develops brands and products in the corporate-, sports-, gifts- and home furnishings sectors. The Group will achieve synergies by coordinating design, purchasing, marketing, warehousing and distribution of its product range. To ensure good risk diversification, the Group will market its products in the promo market and the retail market.

### Vision Corporate

The vision for the Corporate operating segment is to become the leading supplier of promotional products to corporations in Europe and one of the leading suppliers in the United States by offering companies a broad product range, strong brands, advanced expertise and service, and a superior all-inclusive concept.

brands shall give us a position among the largest sport suppliers in the world.

### Vision Gifts & Home Furnishings

The vision for the Gifts & Home Furnishings operating segment is to make Orrefors and Kosta Boda world leading glass and crystal suppliers. Part of the vision also involves utilizing innovative and playful design to make Sagaform a prominent player in Northern Europe in both the promo and retail markets.

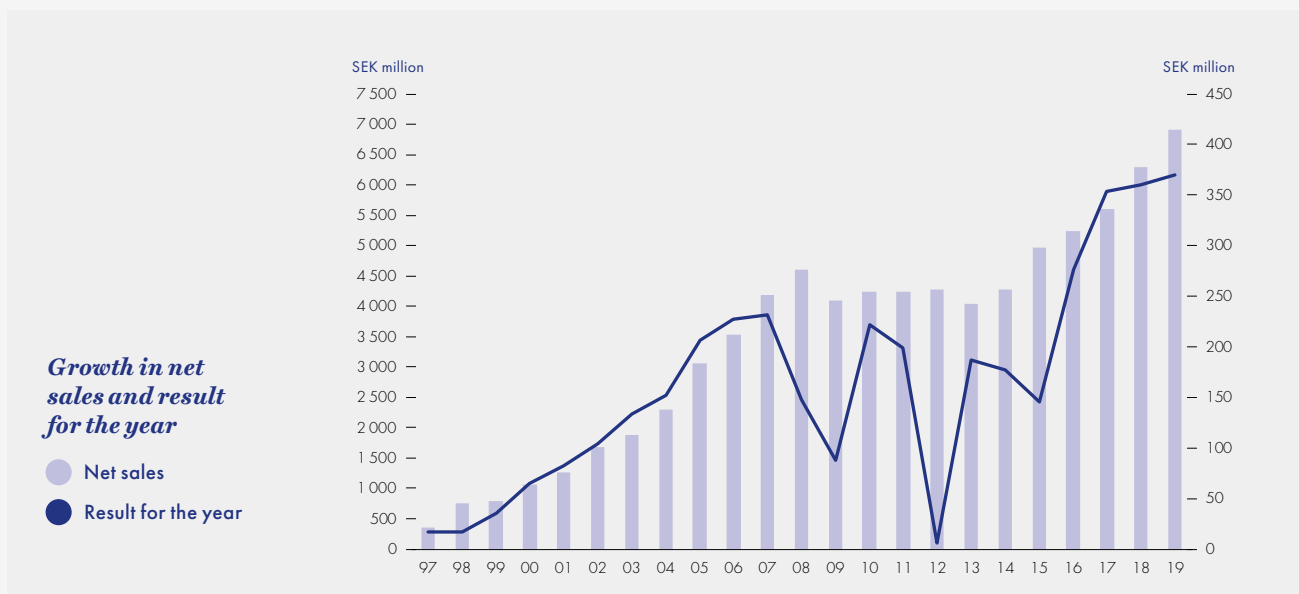
### Vision Sports & Leisure

The vision for the Sports & Leisure operating segment involves establishing Craft as a world-leading sportswear brand, and making Cutter & Buck a world-leading golf apparel brand. The brand Auclair shall take a leading position on gloves in Europe and we will also use Paris Glove's strong distribution platform to launch the Group's other brands in Canada. Overall, we want to be one of the leading sports suppliers, both in Sweden and in other European countries and in the United States. All in all, our

### Strategy

To realize its targets, New Wave Group's strategy involves acquiring, launching and developing brands and products in the corporate-, sports-, gifts- and home furnishings sectors, establishing brands and organizations in new geographic markets and spreading the Group's values to new and acquired companies.

*"The Group will market its products in the promo market and the retail market, to ensure good risk diversification."*



### Growth and profitability targets

New Wave Group strives for sustainable, profitable sales growth through expansion in its three operating segments: Corporate, Sports & Leisure and Gifts & Home Furnishings. Over a period of one business cycle, the Group’s growth target is between **10** and **20%** per year, of which between **5** and **10%** is organic growth, and a **15%** operating margin. In addition, New Wave Group aims for at least **30%** equity ratio over one business cycle.

### New Wave Group's values

New Wave Group is a decentralized organization and the Group’s values are central for future growth. Great work is being done to uphold and spread New Wave Group’s values within the Group and particularly when acquiring new companies. New Wave Group does its utmost to find inexpensive, simple solutions and adheres to the motto “a penny saved is a penny earned”.

- *It takes hard work to outperform competitors*
- *Employees must have the conviction to take initiative and to learn from their mistakes in a decentralized organization*
- *Customer focus is a central principle for the organization as a whole and imperative to doing our utmost*

### History

New Wave Group was established in 1990 in Sweden and Norway and in 1994 in Finland. In these markets, the Group ranks as the market leader in promo clothing. In 1996 Craft was acquired, which established sales in the retail sales channel. New Wave’s share, class B, was listed on the Stockholm Stock Exchange 1997. With its 2001 acquisition of Sagaform, New Wave

Group moved into promotional gifts, which generated substantial synergies with the Group’s other promo activities. In 2003, New Wave Group developed its own workwear concept under the Projob brand and sealed the venture with the acquisition of Jobman. Following its launch in workwear, New Wave Group is currently the only supplier to cover all three segments (promowear, promotional gifts and workwear) in the promo sector. To further strengthen the Group’s promotional gifts and giveaways assortment the Orrefors Kosta Boda Group was acquired in late 2005. Cutter & Buck was acquired in 2007 and secured a sound foothold in the North American market. The Group’s presence in North America was further strengthened during 2011 when AHEAD and Paris Glove were acquired, and 2013 when the distributor of Craft’s products were acquired. CSR and sustainability have always been and remain an important part of our business. In 2015, Cottover was launched, which is eco-labeled and sustainability-produced promo clothing. The recent years’ efforts to improve the service level and expand the product range, among them Craft Teamwear, have resulted in the Group achieving SEK **6,903.5** million in sales in 2019.

The Group has gradually expanded and set up organizations in Europe, North America and Asia. New Wave Group has established sales organizations and its own subsidiaries in 18 countries. Sales in non-Swedish markets make up about **77 %** of the Group’s sales and amount to SEK **5,293.5** million. Sweden and the United States are the Group’s most important markets. Together they have **49 %** of the Group’s turnover.

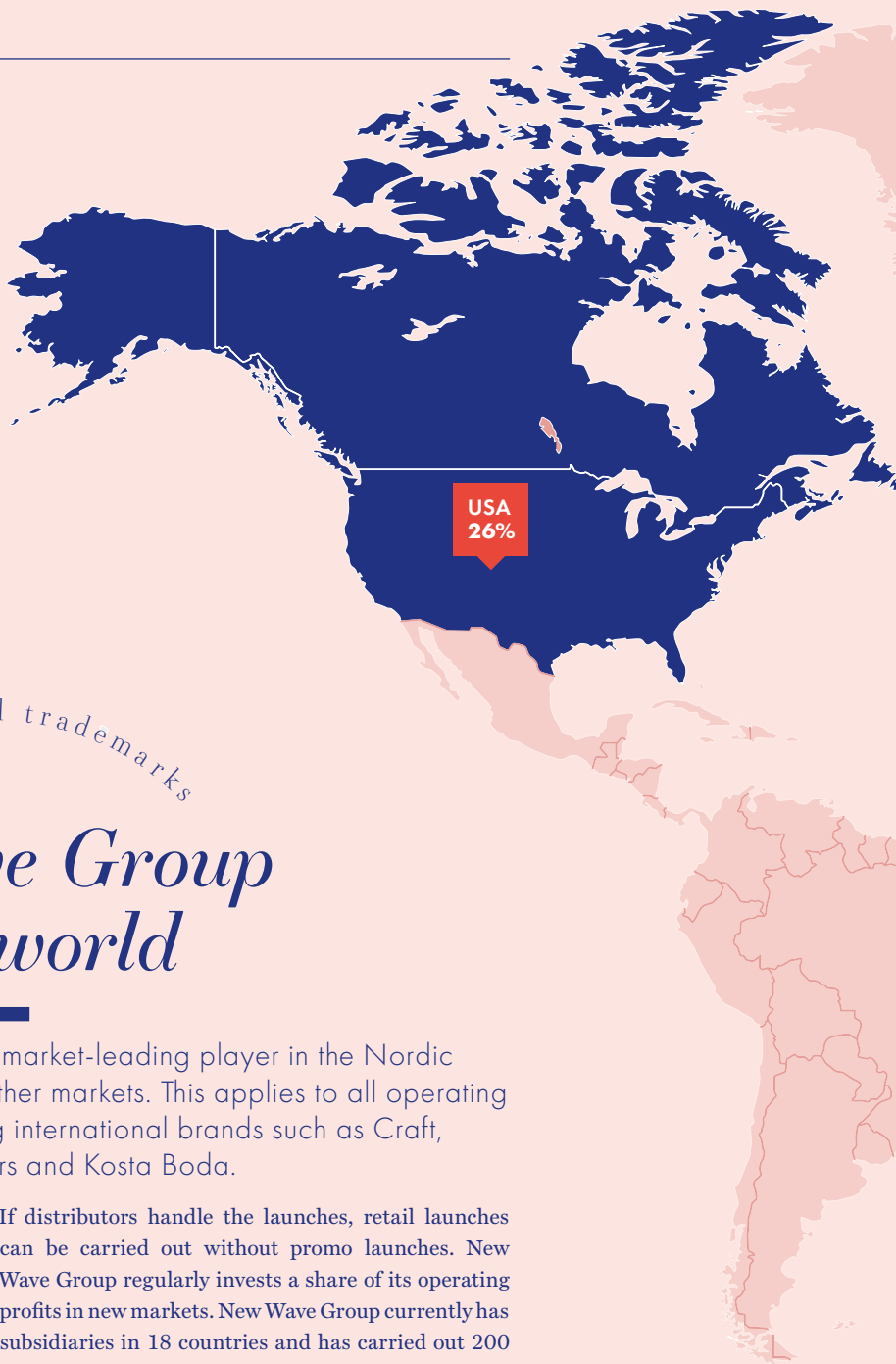


# *New Wave Group*

*is a growth group that designs, acquires and develops brands and products in the corporate-, sports-, gifts- and home furnishings sectors.*







International trademarks

## New Wave Group in the world

New Wave Group has evolved from a market-leading player in the Nordic countries to a prominent player in several other markets. This applies to all operating segments. The Group works with strong international brands such as Craft, Cutter & Buck, Orrefors and Kosta Boda.

**T**he Group's business strategy entails launching brands and developing concepts on new markets. In connection with international establishments, the company's tactics are initially only to process the promo market with one or a few of the Group's brands. Business must be conducted with low costs to limit the financial risks. When satisfactory profitability and good growth have been achieved, more promo brands can be launched and the retail market targeted.

If distributors handle the launches, retail launches can be carried out without promo launches. New Wave Group regularly invests a share of its operating profits in new markets. New Wave Group currently has subsidiaries in 18 countries and has carried out 200 launches under its existing brands.

### ● Sales activity in own subsidiary

Sweden, Belgium, Denmark, Finland, France, Iceland, Italy, Canada, China, The Netherlands, Norway, Poland, Switzerland, Spain, Great Britain, Germany, USA and Austria

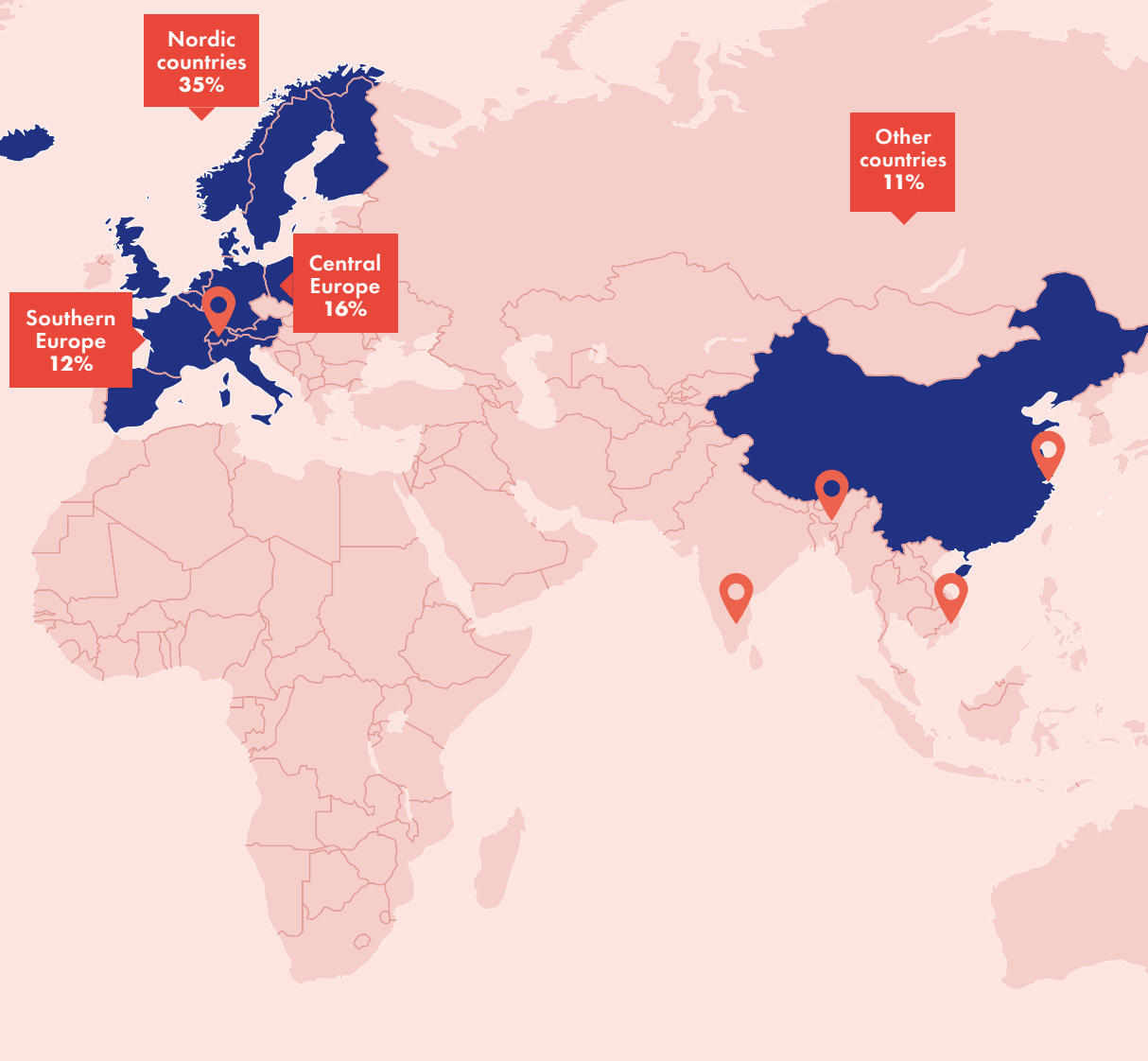


### Own purchasing offices

Switzerland (Cortailod), China (Shanghai), Bangladesh (Dhaka), Vietnam (Ho Chi Minh City) and India (Bangalore)



### Share of net sales



### Net sales per geographical area

SEK million	2019	Share of net sales	2018	Share of net sales	Change	Percentage change
USA	1 774.5	26%	1 579.7	25%	194.8	12%
Sweden	1 610.0	23%	1 529.9	24%	80.1	5%
Central Europe	1 078.1	16%	986.4	16%	91.7	9%
Nordic countries excl. Sweden	861.0	12%	807.1	13%	53.9	7%
Southern Europe	812.2	12%	716.5	11%	95.7	13%
Other countries	767.7	11%	670.9	11%	96.8	14%
<b>Total</b>	<b>6 903.5</b>	<b>100%</b>	<b>6 290.6</b>	<b>100%</b>	<b>612.9</b>	<b>10%</b>

# Small company flexibility with large company synergies

New Wave Group markets products under several different brands. The company strives for complete integration from the beginning of the chain in order to attain competitive advantages. The synergies are evident for operational segments Corporate, Sports & Leisure as well as Gifts & Home Furnishings within several areas.

## Design

The company has extensive experience in design and product development. Elaborate strategies are applied to each brand regardless of product category. The various concepts within the operating segments Sports & Leisure and Gifts & Home Furnishings have their own product development activities. Corporate's product development activities are coordinated since the design is less fashion sensitive.

The Group's products can be sold in both sales channels, promo and retail. Well-designed promowear suits both men and women of working age and allow ample room for profiling, such as logotypes. In addition to being a well-designed promo garment, a large part of the design, primarily in the Sports & Leisure and the Gifts & Home Furnishings segments, builds on form and function to also fit directly with the retail trade. The Group has several close partnerships with athletes at both elite and amateur level in a variety of sports. Kosta Boda and Orrefors teams with several famous artists.

## Purchasing organization

New Wave Group's purchasing strategy is based on direct purchases from the manufacturer via the Group's purchasing offices. Within the Group, New Wave Group SA in Switzerland is responsible for the purchasing business. New Wave Group has

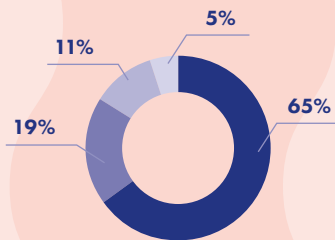
seven purchasing offices in Asia, including three satellite offices in China to stay close to the production. Our local presence is of great importance to ensure good control of prices, quality and the flow of goods. The largest purchasing office is located in Shanghai, where New Wave Group has been established since 1992. In addition to China, we have purchasing offices in Bangladesh, Vietnam and India.

Today, we have a total workforce of more than 210 employees at our purchasing offices. The predominant function is performed by our merchandisers, quality controllers and technicians working in teams based on product category and brand.

All teams have a continuous and close cooperation with the brand offices and product development departments. Therefore, each purchasing team is well informed and familiar with the specific features and requirements of each brand.

Each office has a quality laboratory where we are conducting regular quality testing of our products. We have professional equipment to conduct a number of different tests such as colour fastness, rubbing and dimensional changes. This enables us to secure product quality before shipment and prevent issues and reclaims.

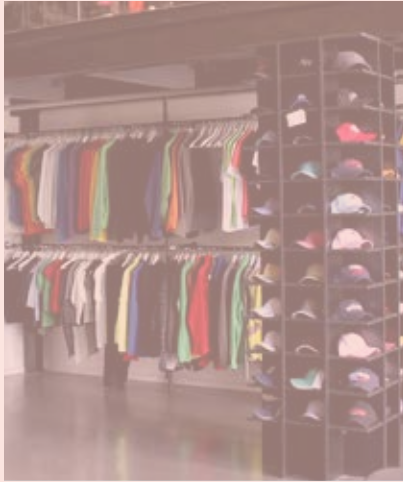
The purchasing offices also play a key role in securing social and environmental responsibility in the supply chain. Being represented on site enables us to have



*Purchase volume percentage distributed per purchase office*

- China
- Bangladesh
- Vietnam
- India





**The Shanghai office**

New Wave Group’s largest purchasing office is located in Shanghai, where we have been established since 1992. The early establishment of the office has given us competitive advantages throughout the years. Today, we have more than 120 employees in China. The local presence and ability to control the manufacturing processes are examples of benefits with the New Wave Group purchasing organization. New Wave Group also has purchasing offices in Bangladesh, Vietnam and India.

a close partnership with our suppliers and to actively monitor and check that the producers take their social responsibility. We have our own CSR personnel working full-time visiting, monitoring and training suppliers. Through regular visits and good communication, we can detect any shortcomings in time and create long-term relationships that strengthen our collaborations.

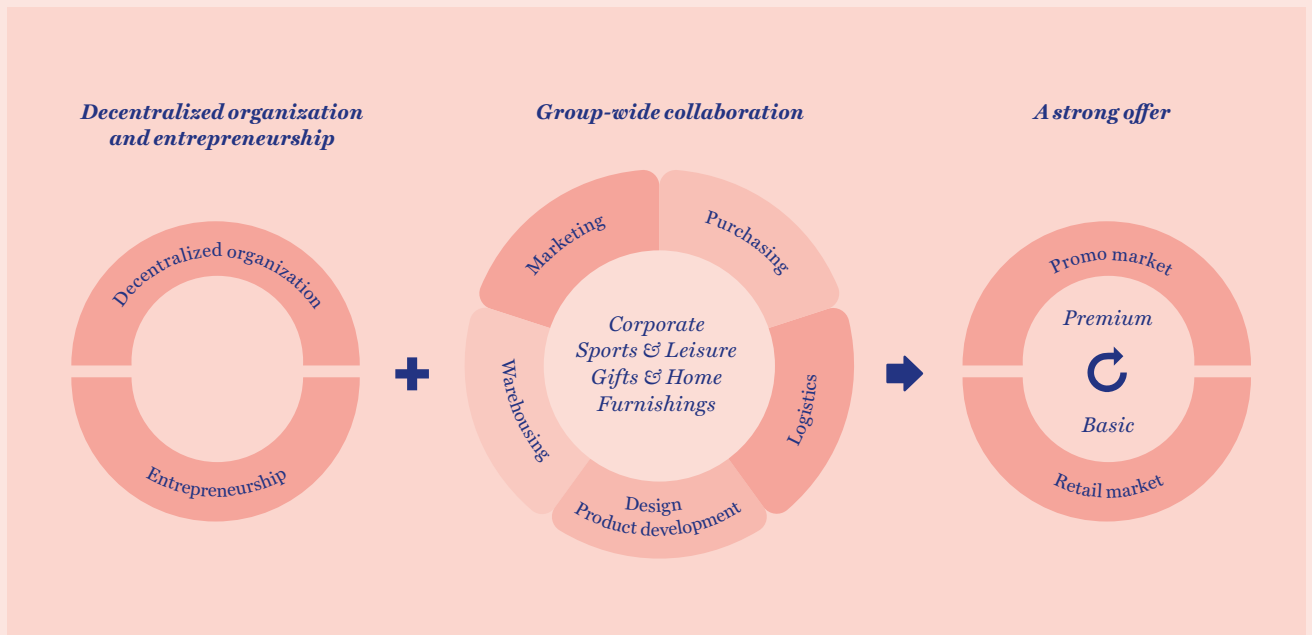
**Production**

New Wave Group owns a few factories. In Sweden, Seger and Termo have production units for knitted items and Orrefors Kosta Boda glass making facilities. In Poland, Toppoint runs printing operations for, among other things, pen and mug prints. In Denmark, Dahetra owns a production facility for embroidery and transfer printing. In the United States, AHEAD and Cutter & Buck have some embroidery production.

**Logistics and warehousing**

To ensure that quality, long-term sustainability, and economies of scale are achieved at all stages, we are working with the coordination of our flows:

- *Most of our products are manufactured in Asia and are controlled via our established purchasing offices.*
- *Sea transport is procured and managed centrally. Through consolidated transports between our suppliers and our receiving companies we maintain high precision and good economy in our transportintensive flow.*
- *In order to maintain a high level of service, deliveries to the market are made from local warehouses and supported by central warehouses. The number of warehouse points is reduced in order to reduce capital tied up where at the same time delivery capacity is increased.*
- *By coordinating sales and distribution channels for both promo and retail we obtain additional synergies and reduce seasonal variations.*



The three operating segments

# Corporate

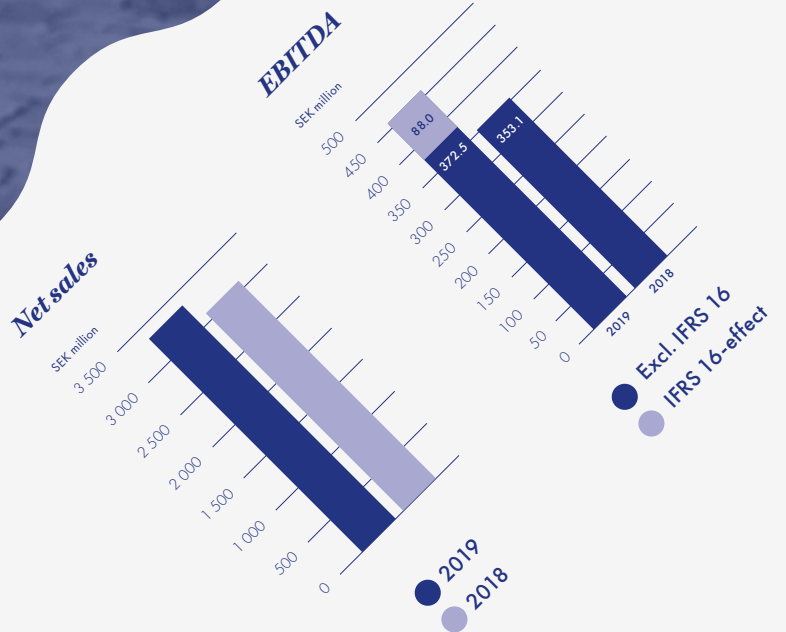
The segment has its home market in the Nordic countries, but sales are made in all regions. Corporate answered for 49 % of the Group's sales and SEK 460.5 million of the Group's EBITDA in 2019. The products are primarily sold in the promo sales channel.

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- Clique
- James Harvest Sportswear
- Cottover

Corporate's subdivisions, promowear, promotional gifts and workwear, consist of products that cover all price levels and qualities



# Corporate

## Our offering

Corporate's subdivisions, promowear, promotional gifts and workwear, consist of products that cover all price levels and qualities. Promowear and promotional gifts have similar application areas (to promote and market brands) and are marketed by the same type of resellers. Workwear is primarily used when functional, durable work clothes are needed in many professions.

Within the promowear division, New Wave Group offers clothes adapted for printing and embroidery. In addition to price and quality, the assortment is adapted for different application areas and sizes, from favorably priced basic garments to detailed garments in exclusive materials, eco-certified products, leisure, work and sports clothes, clothes in classic and trend colours, in sizes from XS to 6XL. New Wave Group's promowear brands are divided into different concepts that include brands such as Clique, James Harvest Sportswear, Cottover and D.A.D Sportswear.

New Wave Group can in the subdivision promotional gifts, which include brands as d-vice, Queen Anne and Toppoint, offer everything from pens, powerbanks and gift cards, to bags, bed linens and towels.

***”The promotional gift concept is broad and the subdivision covers a multitude of products and price classes.”***

Since many companies are giving seasonal gifts, especially at Christmas, the fourth quarter is a key sales period for promotional gifts and corporate gifts.

The final piece of the Corporate puzzle is workwear. In Sweden and the Nordic countries, there is a vast need for, and expertise in, personal protection and the issue is intensely promoted by trade unions and employers. This means that Swedish professional clothing brands

have a high reputation in Europe and the rest of the world. Belonging to a company or profession and being identified by the same has become an important way of communicating through professional workwear. New Wave Group can through its two brands, Jobman and Projob, offer workwear for professional categories such as construction and installation workers, painters and plasterers, transport and service workers, as well as hotel and restaurant workers. The collection is all-inclusive, ranging from underwear to outer garments for all seasons and weather conditions, reflective clothing, flame protective workwear and accessories. All garments and products are ergonomic, functional and durable and come in sizes for both women and men.





**Promo - all that can be branded**

The operating segment Corporate sells primarily promo products. These are articles intended to be refined through various techniques of marking, in order to become a part of companies' and organizations' internal or external marketing. There are few limits to what can be done in terms of marking and the technical development is at a very high pace. The large share of promo sales comes from neutral products on stock, whereas the marking service is supplied by the next level in distribution, the promo resellers. Yet the sale of trading products, pre-refined in the production stage, is also extensive, especially when order volumes are large.



# Trademarks

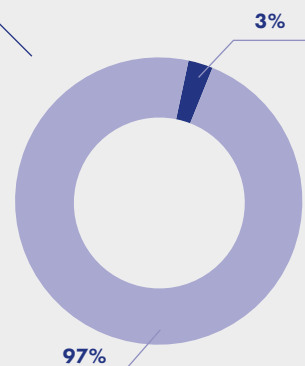






**Net sales per sales channel**

Promo ●  
Retail ●



**Sales channels**

The segment's products are primarily intended for the promo sales channel, where the majority of sales are also found (97%). However, the products can also be sold in the retail sector, as many of the products are in common. The promo sales channel places demands on high service level and availability. For example, a company that orders promowear in their company's colour to its employees or customers, depends on the supplier being able to deliver a full size sorting and the right colours. For example, if New Wave Group cannot deliver products in the size medium or the end customer's corporate colour, it will choose another supplier. The Group's objective within promo is to deliver 98% of its products within 24 hours.

The Nordic promowear and promotional gifts market is distinguished by a clear distribution chain: manufacturer – wholesaler – reseller – end customer. The distribution is not as well organized in Southern and Central Europe. Distributors who market brands that they do not themselves own often have substantial influence in the market.

The North American market is more developed and the distribution chain resembles the Nordic market.

In Sweden, there are about 3,000 resellers of promowear and promotional gifts, a high figure per capita compared with the rest of Europe and the United States. There is a wide variety of resellers, ranging from simple sole proprietorships to large companies with high-end displays and travelling sales forces. Some resellers target one of the three subdivisions, while others work all three. Most are pure sales companies, but it is also common that resellers also print, embroider and engrave in order to have a more complete offering.

Workwear has traditionally been sold via specialised outlets for example construction, industry and paint shops, but today workwear is sold through many other channels such as pure workwear and protective clothing stores as well as promo dealers. Those who sell workwear operate together with the already established brands or by developing their own brands and collections. The market for workwear for the public has also

increased, which has led to an increase in the range of workwear at specialist retailers that target private individuals.

**Capital tied up**

The capital tied up in inventories is relatively high, but is a prerequisite for success in the promo sales channel. The customer is dependent on the supplier being able to deliver full size sorting and in the right colours, otherwise another supplier is chosen. However, the risk of obsolescence is low because a larger part of the range is timeless basic products that there is a need for, season after season. Many of the products are common to both the promo and retail channels, which offers risk diversification, and means that catalogues can also be common. Adjustment for changed purchase prices is made continuously as it is about immediate sales and the currency risk can thus be limited. When it comes to capital tied up in accounts receivable, sales are made to selected resellers and credit losses are relatively low. In 2019, the confirmed credit losses within Corporate amounted to 0.06 (0.09) % of sales.

The major investment we have made in Craft for club and teamwear brings with it a new market for many of our brands

- Craft
- Cutter & Buck
- AHEAD



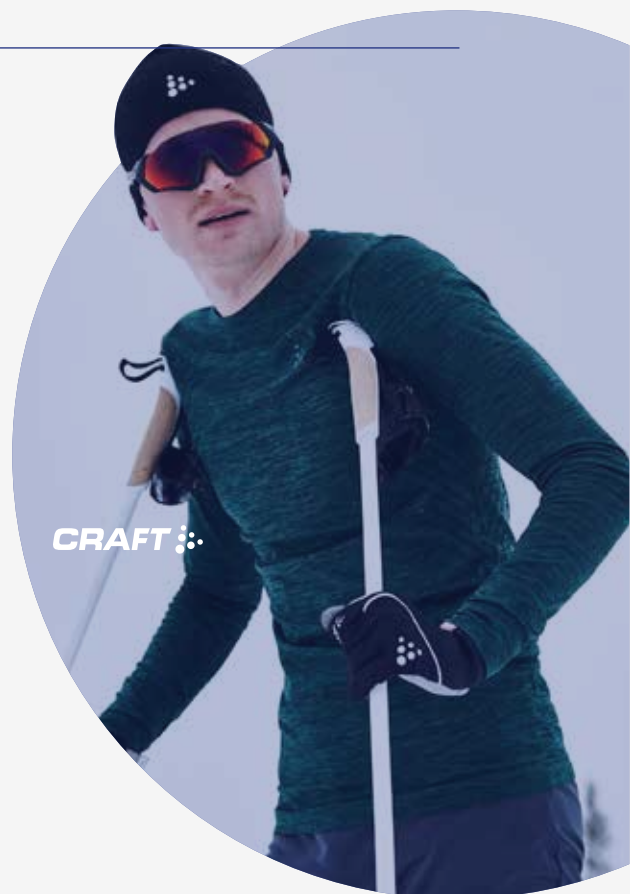
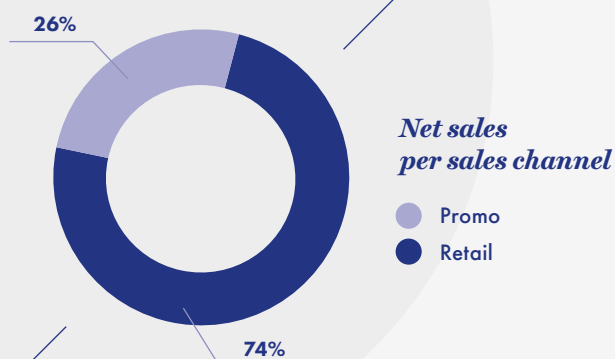


The three operating segments

# Sports & Leisure

*Sports & Leisure includes several internationally well-known sports brands like AHEAD, Auclair, Craft and Cutter & Buck. The majority of the sales are done in North America and the Nordic region. In addition to our own brands, we also have the distribution right for Speedo in Scandinavia. Sports & Leisure answered for 42 % of the Group's sales and SEK 309.1 million of its EBITDA in 2019. Most of the sales relate to the retail market, but sales also take place in the promo market.*

*P. 024 - 029*



# Sports & Leisure

## Our offering

In the Sports & Leisure segment, New Wave Group offers clothes and shoes for the active consumer from several fully-owned brands. The range is adapted to different uses and activities, from basic garments to high-tech products for extreme exercising. Most of the segment's sales are to the retail trade, such as sports, golf, hunting, fishing, shoe and fashion trade, but sales are also made to promo resellers.

The segment has most of its sales in the Nordic region and North America, but Central Europe is also an important market and then mainly Germany and the Benelux area.

New Wave Group has a portfolio of strong sports brands within different areas. The Group's main strategy is to own and hence develop brands, which is why licensing and distribution rights have not been part of the core business historically. However, the Group has the distribution right for the brand Speedo on the Scandinavian markets.

## Sales channels

All brands in the operating segment have the retail trade as their natural channel to meet the market.

It is also here that the segment has most of its net sales (74 %). Trademarks such as Craft, Seger, Clique Retail and Speedo have an established position within the sports trade and Cutter & Buck and AHEAD in the golf sector.

***"In the Sports & Leisure segment, New Wave Group offers clothes and shoes for the active consumer from several fully-owned brands."***

The products are also sold in the promo sales channel and mainly to sports associations. Promo sales are expected to increase as Craft's focus on new products for associations and clubs has developed well. The promo sales channel places demands on high service level and availability. A company or association that, for example,

orders promowear is dependent on the supplier being able to deliver a full size sorting and the right colour. For example, if New Wave Group cannot deliver medium or the end customer's colour choice, then they will choose another supplier. The Group's objective within promo is to deliver 98 % of its products within 24 hours.

## Capital tied up

New Wave Group's objective is to keep the stock of fashion items low since the lifespan for these items is short. The segment's capital tied up in inventories is relatively high, but differs somewhat between the sales channels.

In the retail trade, sales are largely done through pre-orders compared with the promo market where delivery is made directly to orders. This means, for instance, that the retail customer places orders in the spring for goods to be delivered in the autumn. Approximately 65-70 % of sales in the retail trade take place through pre-orders. In connection with orders

from customers, the Group places orders at the factory, which significantly limits the obsolescence risk. The remaining sales in the retail sector, so-called complementary sales, are mainly basic goods with a limited fashion risk.

The bulk of the inventory relating to the retail trade has less fashion sensitive areas such as Craft's functional underwear and club collections as well as Clique's basic garments.

The capital tied up in inventories for promo is higher but is a prerequisite for success in the promo sales channel. A company or association that, for example, orders promowear is dependent on the supplier being able to deliver a full size

sorting and the right colours. However, the risk of obsolescence is low because a larger part of the range is timeless basic products that there is a need for season after season. Many of the products are common to both the promo and retail channels, which offers risk diversification, and means that catalogues can also be in common.

In order to limit the currency risk in the retail channel, approximately 50-75 % of the currency-exposed purchasing costs are hedged. Within the promo sales channel, adjustment for changed purchasing prices is made continuously as it is about immediate sales. The currency risk can thus be limited.

Regarding the capital tied up in accounts receivable, sales are made to selected retailers and the credit losses are low. However, there is a higher concentration to a fewer number of retail customers compared to the promo market. In 2019, the confirmed credit losses in the operating segment amounted to **0.09 (0.09) %** of net sales.

2019

# Trademarks



## Sköna Marie

*Sköna Marie is a classic Swedish brand that makes high quality women's shoes with top-grade comfort and function. Sköna Marie uses the best raw materials and most shoe models are made of natural materials such as leather, cork and rubber. Recycled material is also used to an increasing extent. The shoes are sold through a nationwide network of retailers in shoe and health stores and e-commerce. All shoes from Sköna Marie are free from PVC, Teflon, hexavalent chromium, PTFE and other fluorocarbons. The main competitors are Ecco, Rieker and the shoe retailers' own brands.*

## Termo

*Termo is one of our oldest brands as the products have their roots since their beginning in 1921. Termo has a complete collection of underwear and functional garments of knitted wear for different professional groups, but is also used extensively by hunters, adventurers and athletes. The materials are developed and produced in their own knitting factory in Sweden and the garments are designed and constructed in the company's own design and sewing department. Termo has its largest sales in Europe, where for many years it has been a leading supplier of functional underwear to police and military authorities.*

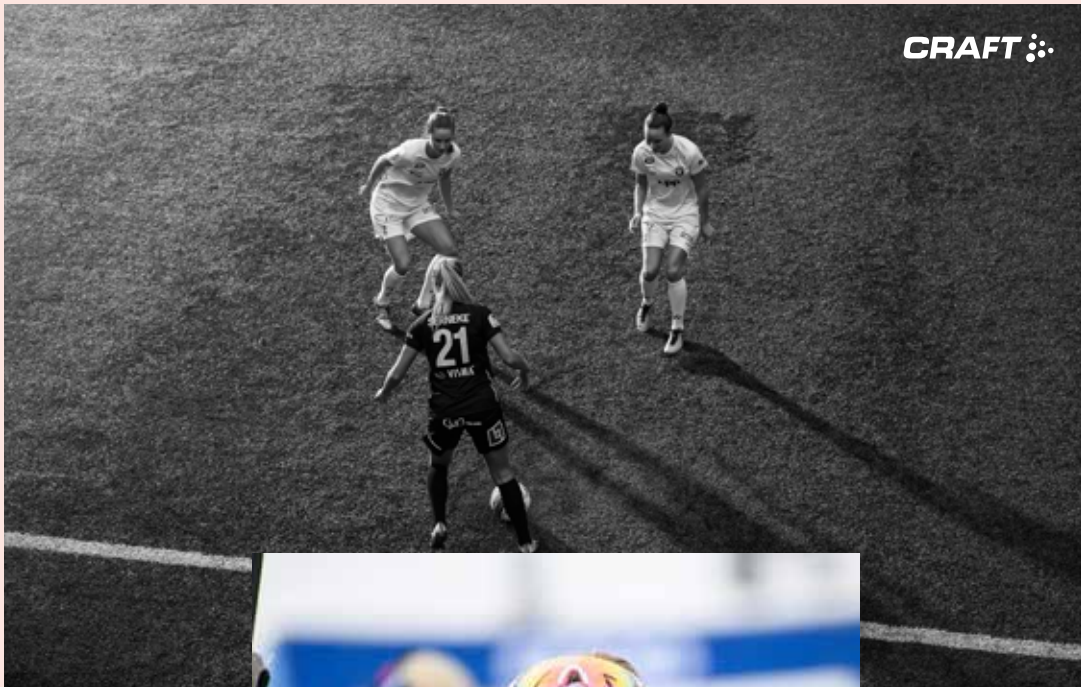
## PAX

*For more than 90 years, PAX has been working to produce high quality shoes for children and is today one of Sweden's leading shoe manufacturers. High function, careful material selection and well thought out design with technical solutions to work in all weather has become PAX hallmark, simply a good start. Recycled material is increasingly used. The shoes are sold through a nationwide network of retailers in footwear, sports and e-commerce. All PAX shoes are free of PVC, Teflon, hexavalent chromium, PTFE and other fluorocarbons. The main competitors are the shoe retailers' own brands and Ecco, Kavat and Viking.*

## Paris Glove

*Paris Glove was founded in 1945 and has a long experience of producing fashionable gloves and winter accessories. Paris Glove grew from a small domestic manufacturing company in the fashion capital of Canada, Montreal, and became a leading company with global sourcing. The company continues to drive new Canadian concepts and collections in order to stay at the forefront of winter accessory trends. Products made from leather, suede and shearling as well as knitted mittens make up the annual offering that customers enjoy during the cold winter months in North America.*





**Teamwear**  
 Craft cooperates with all kinds of teams from small associations to top teams in Sweden and Europe.

Pictured right: The Swedish cross-country skiing team dresses in Craft. Photo by Mathias Bergeld, Bildbyrå.



**Craft**  
 Craft's innovative products are designed for passionate athletes all over the world. By combining modern design with superb functionality and exceptional ergonomics, enables optimal sporting performance for both world champions and everyday heroes. With its heritage in Scandinavian nature and passion for endurance and fitness sports, the brand appears in the categories Baselayer, Run, Nordic Ski, Bike, Sportswear, Trainingwear, Studio, Teamwear and Footwear.

Since 1977, Craft has delivered optimal performance through innovative functional clothing. For almost as long, the brand has been a part of the professional sports world. The company's knowledge of how a training and competitive garment should be designed to offer optimum function comes largely from a long and rewarding collaboration with elite athletes throughout the world.

Sweden is the brand's home market and the largest market for sales. Defined focus markets with great potential are the other Nordic countries, the Benelux countries, the United States, Canada and Germany.

Competitors vary slightly depending on the segment and market, but some examples are Adidas, Castelli, Nike, North Face, Odlo and Swix. Craft's goal is to continue its expansion phase and establish a strong international market position.



**AUCLAIR**

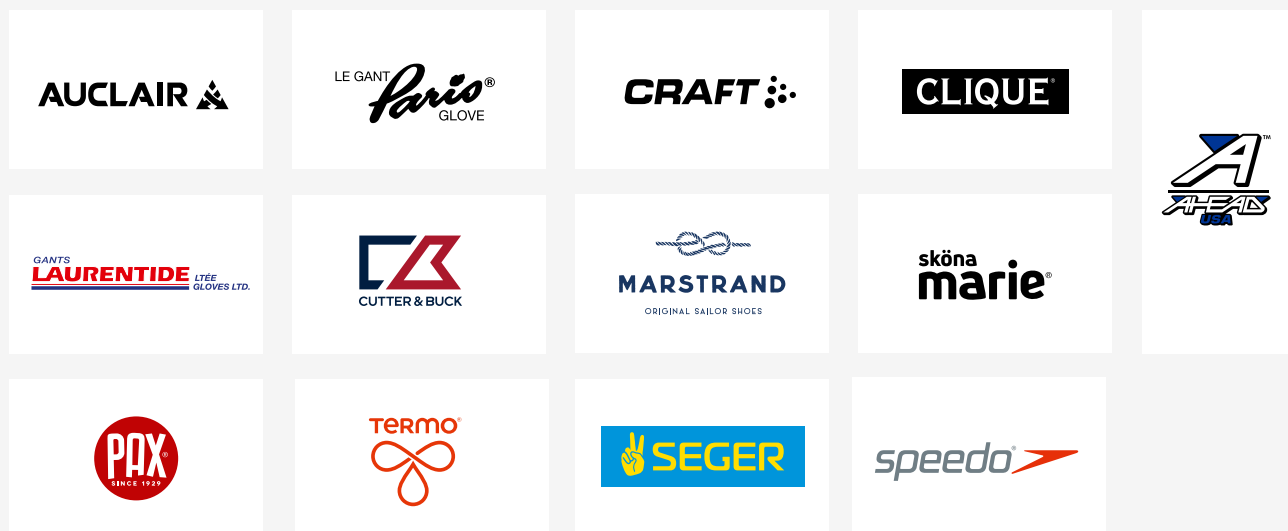
**Laurentide**

For over 70 years Laurentide has delivered high quality work gloves and clothing to the North American industrial and utilities market. Longstanding supply agreements with the companies have kept Laurentide at the forefront of supply and service.

**AHEAD**

AHEAD designs and markets headwear, clothing, and accessories, which are customized with AHEAD's high quality graphics for golf shops, tournaments and resorts worldwide. Founded in New Bedford, MA, USA in 1995, AHEAD is the recognized leader in the golf headwear market and under New Wave Group's ownership has expanded into the promo market. AHEAD has an extensive presence on the PGA Tour as well as the golf's Majors, including the U.S. Open, British Open, and PGA Championship. AHEAD enjoys exclusive partnerships with Jack Nicklaus, Annika Sörenstam, and with the Arnold Palmer Enterprises.





### Seger

At Seger, tradition and craftsmanship meet modern technology and innovation. With more than 70 years of history, Seger creates high-tech knitted sport garments with sustainability, function, quality and design as key principles. The majority of the production is still carried out at Seger's own factory in Röshult, Sweden. The entire factory is powered by certified wind power. The production chain is defined by active environmental work, from the choices of raw materials, transport and waste management. The largest market is the Nordic countries, with plans of increased internationalization.

### Cutter & Buck

Cutter & Buck is a world-leading golf inspired American clothing brand for men and women who appreciate groundbreaking, exclusive sports and leisure wear. Cutter & Buck's extensive collaboration with golf legend Annika Sörenstam has resulted in the ANNIKA collection, inspired by Sörenstam's passion for golf and strive for perfection. Cutter & Buck is sold via several different distribution channels, including the golf retail sector, the promo market, the fashion retail sector and directly to consumers via e-commerce. The American company Cutter & Buck is also a strong platform in the North American market for the establishment of other New Wave concepts. The long term objective is to build up a strong position within the golf and fashion sectors as well as the promo market in the European market.

### Marstrand

Marstrand is a marine lifestyle brand with the classic sailing shoe as the brand's most visible carrier. The collection breathes craftsmanship and has a relaxed feel and style which is available for a wide target group to identify with. All Marstrand shoes are free of PVC, Teflon, hexavalent chromium, PTFE and other fluorocarbons. The shoes are sold through a nationwide network of local retailers and e-commerce. The main competitors are Timberland and Sebago.

### Auclair

With roots as a family company from humble beginnings in Quebec, Canada 1945, Auclair has grown to become one of the most trusted brands during the winter months and known for delivering high quality performance products. Auclair is well prepared for what winter brings, and offers a full range of products from high caliber ski gloves to fashionable on-trend lifestyle collections with everything in between. Working with world-class athletes and sponsorship of national teams is part of Auclair's DNA. These sponsorships play a key role in the product development process, which includes product validation and testing of new concepts. The end results deliver new innovative products that ensure world-class athletes and active consumers around the world can outperform every winter.

### Clique Retail

Clique Retail is comfortable and appealing affordable garments, products that stand for good quality in terms of price. The products are primarily basic ready-to-wear, i. e. products with high turnover rate and great profitability for the store. Our biggest challenge is to explain the brand's simple but profitable concept: We hold inventory and thus take the greatest risks for loss of profitability. Sweden is Clique Retail's largest market at the moment and its customers are mainly sports chains, the everyday commodity sector and other retail stores. Clique Retail's biggest competitors are the sports chains' own brands.

### Speedo

New Wave Group has the distribution right for the brand Speedo in the Scandinavian markets. Speedo was founded as far back as 1914 in Bondi Beach, Sydney, Australia and is the most sold swimwear brand in the world. Speedo has been a world leading racing brand for a long time and more Olympic gold medals have been won in a Speedo swimsuit than in any other brand. Speedo's product line has broadened over the years and the Speedo logotype can now be found on everything from swimwear and swimming goggles, to watches and exercise apps. Speedo's products are available in more than 170 countries across the world.

The three operating segments

# Gifts & Home Furnishings

The Gifts & Home Furnishings segment includes several strong brands such as Kosta Boda, Orrefors and Sagaform. The segment has most of its sales in Sweden and it also includes Destination Kosta, which offers a variety of experiences. In addition to seeing the glass being manufactured close up, the Boda Art Hotel and various forms of wilderness experiences. Gifts & Home Furnishings accounted for 9 % of the Group's net sales and had an EBITDA of SEK -1.5 million. The brands are mainly sold on the retail market, but sales also take place on the promo market.

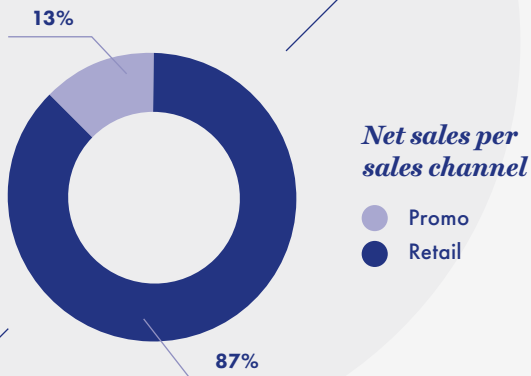
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- Sagaform
- Kosta Boda
- Orrefors

The segment offers the market well-designed and qualitative products at different price levels to a customer interested in home furnishings







# Gifts & Home Furnishings

## Our offering

Gifts & Home Furnishings offers products from, among others, the Kosta Boda, Orrefors and Sagaform brands. Common to these is to offer the market well-designed and qualitative products at different price levels to a customer interested in home furnishings. The brands have an offering that will help to create a more beautiful everyday life and that can serve as a gift to yourself or to someone else. Kosta Boda and Orrefors, as leading brands in the category of glass, offer self-produced exclusive glass of the highest quality and with high design factor while Sagaform stands for products in various materials intended for the kitchen and table setting. Gifts & Home Furnishings' range is sold through traditional specialist retailers, e-commerce, promo resellers or through own stores. In addition to the Swedish home market, the export market is an important part of the segment's operations and the United States, Scandinavia and Central Europe are important markets.

In addition to the above brands, Destination Kosta is also included in the segment. Destination Kosta works to promote tourism to Kosta. By being the unifying link for New Wave Group's represented activities in the area, they try to

create collaborations and synergy effects across the various areas of activity.

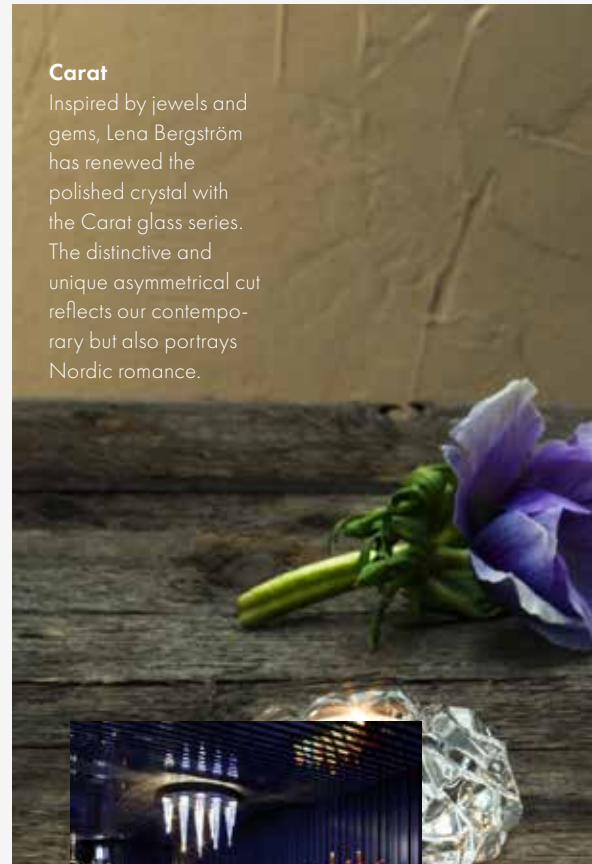
At Kosta glassworks you can see how the glowing glass takes shape. The glass experience then continues at Kosta Boda Art Hotel, with its unique spa and design hotel with a first-class restaurant.

Kosta is also a destination for nature experiences. Kosta Lodge offers affordable accommodation nestled in the Småland nature and at Kosta Safari Park you can meet European bison, fallow deer and mouflon sheep among others. At Kosta Wilderness Camp, friends or conference groups can challenge themselves or each other in a multi-match. It also offers fishing, crayfish fishing and hunting. Those who want to experience nature on their own can rent a bicycle, canoe or fishing equipment via Kosta Rental Center.

At Kosta Outlet, brand shopping is offered, with everything from clothes to hunting accessories, books, toys, flowers and decor. Here you can also eat or drink something good at one of the various restaurants. In connection with the outlet, the factory stores for Orrefors and Kosta Boda can be found and you can buy the glass you had the opportunity to see being manufactured in the factory.

### Carat

Inspired by jewels and gems, Lena Bergström has renewed the polished crystal with the Carat glass series. The distinctive and unique asymmetrical cut reflects our contemporary but also portrays Nordic romance.



*“The brands have an offering that will help to create a more beautiful everyday life and that can serve as a gift to yourself or to someone else”*





### Sales channels

Most of the segment's sales are in the sales channel retail (87 %). Swedish retail has for some time undergone and undergoes a major restructuring in which the consumer's interest in the traditional glass and porcelain trade is diminishing in favor of design and interior stores. The development of e-commerce is another strategically important part where the customer's changed trading patterns require a completely different accessibility than before. Brands such as Kosta Boda, Orrefors and Sagaform have an established position in the retail sector and have the opportunity to make sales both in the traditional way and through e-commerce. A growing part of the segment is Destination Kosta, where all sales belong to the retail sales channel. Part of the sales for the Kosta Boda, Orrefors and Sagaform brands are made to the promo market, where the products are used as everything from simple gifts to exclusive gifts for jubilee or memorable occasions. Kosta Boda and Orrefors retain their position as interesting brands on occasions when you want to show appreciation with

objects of more high-quality character. Sagaform's products are in demand as Christmas and summer gifts for employees and customers. The sales channel places demands on high service level and availability. For example, a company that orders Christmas gifts for its employees or customers depends on the supplier being able to deliver on time. If New Wave Group fails to do this, then the customer will choose another supplier. The Group's objective within promo is to deliver 98 % of its products within 24 hours.

### Capital tied up

Production for Orrefors and Kosta Boda takes place throughout the year, while sales mainly take place during the second half of the year. Capital tied up is thus greatest during the first part of the year. Most of the production is classic and great-selling product series such as Château, Intermezzo, Line, Mine and others, which in many cases has a product cycle of more than 20 years, which limits the risk of obsolescence. For the part that is not self-produced, most of the purchases

are made against stock for resale to the customer. It normally requires a higher capital tied up in inventories for promo, as this is a prerequisite for success within this sales channel. However, the risk of obsolescence is low, as a larger part of this range is timeless basic products where there is a demand season after season. Most of the products are also common to the sales channels promo and retail, which contributes to a risk spread. Price adjustments for changed purchasing prices are made continuously and the currency risk can thus be limited.

Sales are made to selected retailers and credit losses are low. However, there is a higher concentration to a fewer number of retail customers compared to the promo market. In 2019, the confirmed credit losses in the operating segment amounted to 0.48 (0.31) % of sales.

# Trademarks



## Final Peace

The mouth-blown dishes in Ulrica Hydman Vallien's Final Peace series combine strong colours and handpainted motifs.

KOSTA  
BODA  
SWEDEN 1944

## Sagaform

For over 20 years, Sagaform has been delivering carefully selected, affordable and well-designed products in stylish packaging. These are products that are fun to give as gifts, as well as to buy for yourself. Eating together, just like giving each other gifts and presents, has been a way of building strong relationships since the beginning of time. Sagaform has since the beginning combined these two traditions by offering an assortment of gifts for the kitchen and table. The collaboration with renowned designers means that a gift from Sagaform suits everyone and adds a little extra to every kitchen and table. Sagaform works with a wide distribution both in the retail and promo markets.

At the end of 2019, Sagaform made an acquisition of the ByON, Victorian and Vakinme brands. ByOn makes houses a home and creates environments in which people thrive in a wide collection of products for decor and serving. Victorian offers a variety of scented candles made from 100% soy wax. Vakinme is a skin care and hygiene brand that is produced in Sweden. Locally produced, simple, stylish and unisex.

## Kosta Förlag

Kosta Förlag runs a publishing house and the shop Books & Toys in Kosta. The publishing house publishes books that in various ways highlight the Group's other brands such as Craft, Kosta Boda Art Hotel and Brasserie 1742. The publishing house has also published a number of books with designers from Orrefors and Kosta Boda.





## Kosta Boda

*Kosta Boda is one of the world's leading brands in glass and glass art. Kosta Boda creates boundless glass with high artistic height. The conscious design-interested consumer is offered an assortment that ranges from beautiful objects to unique art glass objects. Kosta Boda works with several of Sweden's leading glass artists. Among others we can name Bertil Vallien, who is today one of Sweden's most highly regarded living artists.*

*The brand's high ambition and good quality are confirmed by Kosta Boda, this time together with Asa Jungnelius, receiving the prestigious Elle Decoration Swedish Design Award "Product of the year for the table setting" with the series Crystal Magic.*



### Let's celebrate Ulrica!

*Ulrica Hydman Vallien was a colourful icon in Swedish art. She combined superb craftsmanship with boundless playfulness. She left nothing untouched and is invaluable to Kosta Boda. In her memory, Kosta Boda, the Vallien Family and the Robert Weil Foundation established a scholarship, which is awarded annually to a young, promising and willful artist. During the autumn, the first tribute collection was launched to Ulrica's memory. The first person was Ellen Ehk Åkesson, who was also invited to experiment in the hot shop in Kosta. The result of this work will be part of a solo exhibition in Stockholm, spring 2020.*

### Kosta Boda Artist Collection – made in Kosta!

*During the year the Kosta Boda Artist Collection was created. The collection unites the love of glass and the curiosity of the almost endless possibilities that glass offers. Timeless classics, elegant objects, stories and political commentary gather decades of artistry. Our best known and recognized artists work side by side with new designers and young artists. In collaboration with the glass workers at the Kosta mill, a colourful, initiated and sometimes even limitless collection has emerged. The items in Kosta Boda Artist Collection are signed and produced in limited series.*



Bertil Vallien

## Kosta Lodge and Safaripark

*The lodge has 212 beds, restaurant, pool area with tempered pools, jacuzzi, wood-fired hot tubs, sauna and a large sun deck as well as a rental center. In the safari park there are wild animals such as deer, fallow deer, mullion sheep, wild boars and European bison. Kosta Lodge can offer fantastic experiences and create an attractive place for the active family as well as for couples or friends who want to experience everything the Kingdom of Crystal has to offer. In 2019, work has begun to establish good fishing activities and to establish moose in the safari park. The planning is also to sell game meat and meat products under its own brand.*

## Kosta Boda Art Hotel

*Kosta Boda Art Hotel in Kosta is the world's first art glass hotel. The hotel is a living showroom for the glass and manages a heritage since 1742. With its 102 rooms, conference facilities, indoor and outdoor pools as well as a large spa and relaxation area, the hotel has provided Kosta, as a tourist destination, a fantastic boost and the number of visitors throughout the region has increased. Two restaurants and a bar, with different food concepts, create the prerequisite for providing guests with the desired dining experience. In 2019 the hotel received fine awards from White Guide, Guide Michelin (both the hotel and Brasserie 1742) and the wine magazine Livets Goda. Livets Goda ranked Brasserie 1742 as one of Sweden's 14 best restaurants. The hotel is unique in its kind, originating from the glass, designed for the experience. On June 27, 2019, the hotel celebrated its 10th anniversary.*

## Orrefors

*Orrefors products are characterized by contemporary timeless design of the highest quality. Through the clear, almost invisible glass, Orrefors gives each room an obvious elegance that is as relevant today as tomorrow. The combination of craftsmanship and innovative technology has made Orrefors one of the world's most respected glass manufacturers. Orrefors works with several award-winning designers such as Erika Lagerbielke, Ingegerd Råman and Lena Bergström. In 2019, together with Martti Rytönen, Orrefors resumed the Graal technology and created several new objects. The Graal technology was first developed by master glassblower Knut Bergqvist in 1916 and came to make the Orrefors brand known worldwide.*

### Prestigious special production for Operakällaren

*In collaboration with Operakällaren, one of Stockholm's most classic restaurants, Orrefors designer Erika Lagerbielke has developed a stemware range that breathes both present and future. A burgundy glass, a champagne glass, a white wine glass and a water glass. Erika is a professor of glass design and one of Sweden's most well-known designers. She has spent many years studying the importance of design for the taste experience based on the nature of the wine.*

### Orrefors continues to create Scandinavian luxury together with Volvo

*During the year, Orrefors launched the third gear knob in glass for Volvo. A collaboration where two of Sweden's strongest brands meet in an exciting concept. The exclusive gear lever is hand-made by our skilled craftsmen at Orrefors.*



Towards a sustainable growth

# CSR and Sustainability

New Wave Group believes in sustainable growth. Our business is defined by long-term approach and it is important for us to adapt business solutions that are financially profitable, but also sustainable from a social and environmental perspective.

The objectives are to maximize our contribution to globally agreed goals for sustainable development, create long-term value for the company and at the same time take stakeholders' expectations into account. The work includes, amongst several things, to improve working conditions in the supply chain, cutting emissions of green-house gases and to use organic and eco-friendly materials. Another important aspect is also to actively spread knowledge and raise awareness about sustainable consumption and sustainability aspects in the production of textiles and other goods. In this way, the Group can contribute to the Global Goals for sustainable development while ensuring a good dialogue with customers and other stakeholders.

Risks are an inescapable part of New Wave Group's business. Constant adjustments are required to meet the customers' growing demands for transparency and sustainability, as well as changes in legislation. Our ambition is to constantly be at the forefront and what makes the biggest difference is how we operate our daily business. Therefore, we have identified three focus areas, which we believe are the most important in order for New Wave

Group to integrate sustainability with our core business: sustainable products, sustainable production and sustainable transports.

### Sustainability report

In our separate Sustainability Report, we have put New Wave Group's sustainability efforts in a broader context within the framework of the 17 global sustainability goals. Here we provide a comprehensive picture of the work and highlight our accomplishments – but also reflect on how we can improve. As in previous year, we report with support from GRI Standards, Global Reporting Initiative's latest guidelines.

### Highlights 2019

New Wave Group was one of eight companies that received full marks when Dagens Industri, the largest business newspaper in the Nordic countries, ranked how over 170 listed companies relate to Agenda 2030 and the UN Global Goals for Sustainable Development.

Our eco-labeled brand Cottover has continued to show a good sales trend. In addition, we continue to increase the

amount of products coming from sustainable sources. Several of the subsidiaries are actively working to develop new collections of products with sustainability attributes, several of which will be launched in 2020.

The share of suppliers in risk countries evaluated by independent third party against our Code of Conduct continued to increase. For 2019, as much as 96 % of the total purchasing volumes through our buying offices have valid audit reports from amfori BSCI or equal third party monitoring system.

### Read



Read more about how New Wave Group works with CSR and sustainability in the separate Sustainability Report, available on [www.nwg.se/csr/en](http://www.nwg.se/csr/en)

*"The objectives are to maximize our contribution to globally agreed goals for sustainable development"*





**13,907**  
*shareholders as of 31 December 2019*





New Wave Group AB (publ)

# Corporate governance

New Wave Group applies the relevant rules laid down in the Swedish Code of Corporate Governance ("the Code") and the Swedish Annual Accounts Act. The company's Board of Directors has thus drawn up this corporate governance report. More information about the Code may be found at [www.bolagsstyrning.se](http://www.bolagsstyrning.se), where there is also a description for foreign investors.

**R**esponsibility for management and supervision of the Group is delegated between the shareholders at the Annual General Meeting, the Board and the CEO, which is done in accordance with the Swedish Companies Act, other legislation and regulations, applicable rules for listed companies, the company's articles of association, the Board's internal rules of procedure and other internal control instruments.

## Shareholders

As of 31 December 2019, the company had 13,907 shareholders. The proportion of share capital owned by institutions amounted to **47 %** of the capital and **13 %** of the votes. Foreign investors owned **12 %** of the share capital and **3 %** of the votes. The 10 largest owners had a total holding corresponding to **70 %** of the share capital

and **92 %** of the votes. For further information on the owners as of 31 December 2019, please see pages **48 – 49**.

## Annual General Meeting

The highest decision-making body is the Annual General Meeting (AGM), at which all shareholders are entitled to participate. The AGM is entitled to make decisions on all matters that are not in breach of Swedish law. At the AGM the shareholders exercise their voting rights to make decisions on the composition of the Board of Directors, the auditors and other important matters such as adoption of the company's balance sheet and income statement, appropriation of profits as well as deciding to grant the Board of Directors and the CEO discharge from liability. This is in accordance with New Wave Group's articles of association and Swedish legislation.

## 2019 Annual General Meeting

The AGM for shareholders of New Wave Group was held on 17 May 2019 in Kosta. Olof Persson was elected chairman of the meeting.

### The following resolutions were passed:

The AGM adopted the income statement and balance sheet, as well as the consolidated income statement and balance sheet, resolved to appropriate profits in accordance with the proposed appropriation of profits including a dividend of SEK **2.00** per share to take place for the 2018 financial year, and discharged the Board members and CEO from liability.



In accordance with the Nomination Committee's proposals, the AGM resolved:

- *that there shall be seven Board members elected by the AGM, and no deputies will be appointed*
- *that remuneration to the Board amount to SEK 380,000 to the Chairman of the Board, and SEK 180,000 to each of the other Board members — who are not employed in the Group — and additional SEK 110,000 to the audit committee to distribute within the committee.*
- *that remuneration to auditors shall be paid according to approved calculations and agreements*
- *that Olof Persson, Torsten Jansson, Mats Årjes, Christina Bellander, and M. Johan Widerberg are appointed as Board members (all re-elected) and also appointed Jonas Eriksson and Magdalena Forsberg as new Board Members.*
- *that Olof Persson is appointed as Chairman of the Board (re-elected)*
- *to re-elect Ernst & Young AB as auditors until the close of the Annual General Meeting 2020*
- *on the principles for the appointment of a new Nomination Committee*

In accordance with the Board of Directors' proposals, the AGM resolved:

- *on guidelines for remuneration to senior executives*
- *to authorise the Board to make decisions regarding share issues*
- *to authorise the Board to raise financing*

Complete information about the 2019 AGM is available on the website, [www.nwg.se/en](http://www.nwg.se/en).

## 2020 Annual General Meeting

The Annual General Meeting will be held on Thursday 25 June 2020 at 1:00 p.m. in Kosta, Sweden.

### Nomination committee

The nomination committee represents the company's shareholders. It has the task of submitting proposals to the AGM in regards to decisions on, among other things, the appointment of the Board of Directors and the auditor, and remuneration to them. The nomination committee consists of one representative for

each of the company's three biggest shareholders, chosen on the basis of personal qualities. If any of these shareholders decline to appoint a member of the nomination committee, the next shareholder in terms of size is given the opportunity to appoint a member. Information regarding the composition of the nomination committee is normally published in the interim report for the third quarter.

The nomination committee's evaluation of the Board's work is primarily conducted through personal interviews with all Board members. In connection with this, the Chairman of the Board comments in particular on issues related to the Board's functioning that have occurred within the framework of the Board's work during the past financial year.

### The composition of the nomination committee, before the election of Board members at the 2020 AGM, is as follows:

- *Ulf Hedlundh, representative of Svolder and the committee's chairman*
- *Torsten Jansson, CEO and representative of Torsten Jansson Förvaltnings AB*
- *Arne Lööw, representative of Fjärde AP-fonden*

As per the Code, the CEO or other company executive cannot be a member of the nomination committee. Torsten Jansson is a member, as well as principal owner and a deviation from the Code has thus been made, and is explained by the high ownership.

The nomination committee represents around 85% of the votes in New Wave Group as of 31 December 2019. All shareholders are able to contact the nomination committee to propose candidates to the Board. The nomination committee has held a number of meetings and in between these meetings maintained contact by phone and e-mail. Among its many tasks, the nomination committee has evaluated the Board of Directors on the basis of the company's future development and challenges in order to achieve a good combination of expertise and experience.

### Independence of the Board

The New Wave Group Board is subject to the requirements for independence described in the Code. The requirements mainly involve that only one person from the company's management may be a member of the Board, that a majority of the elected members of the Board shall be independent in relation to the company and its management, and that at least



two of the elected members who are independent in relation to the company and its management should also be independent in relation to the company's major shareholders.

As CEO and majority shareholder of New Wave Group, Torsten Jansson is considered to be dependent in relation to the company and the company management. Olof Persson, Christina Bellander, Mats Årjes, M. Johan Widerberg, Jonas Eriksson and Magdalena Forsberg are considered to be independent in relation to both the company and the company's major shareholder. It is thus the opinion of the nomination committee that the current composition of the New Wave Group Board satisfies the requirements for independence laid down in both the Code and in the rules and regulations of NASDAQ OMX Stockholm for issuers. For a detailed presentation of the Board, Board Members other assignments and holdings in New Wave Group, please refer to pages 52-53.

### ***The Board and its work***

The Board of New Wave Group consists of seven members elected by the AGM. The Board's working procedures are defined in the rules of procedure, which regulate the delegation of responsibility between the Board and the CEO, the CEO's authority, the meeting schedule and reporting routine. The Board meetings deal with forecasts, interim reports, year-end accounts, state of business, investments and new launches. They also deal with general issues relating to the long-term business strategy as well as structural and organizational issues.

The working language of the Board's meetings and documentation is Swedish. As a rule, between seven and twelve Board meetings are held each year. During 2019, the Board met on ten occasions. Göran Härstedt, deputy CEO, is the Board's secretary.

The Chairman organizes and leads the Board's work so that this is carried out in accordance with the Swedish Companies Act, other legislation and

regulations, applicable rules for listed companies, including the Code, and the Board's other internal control instruments. The Chairman follows operations in dialogue with the CEO and is responsible for other Board members receiving the information required to complete the Board's tasks.

### ***Audit committee***

Audit committee (AC) is a Committee to the Board of Directors and members are appointed by the Board of Directors. The Committee shall consist of at least two members of the Board. The majority of the AC's members shall be independent in relation to the company and its management. Members of the Board who are part of company management cannot be a member of the AC. M. Johan Widerberg is President and Christina Bellander is member of the Committee. Both are independent in relation to the company and its management. CFO is adjunct to AC and the committee's secretary. The Group internal auditor also participates on the committee's meetings.

The Board assigns to the AC to prepare and decide on audit issues and report discrepancies to the Board. The external auditor reports directly to the Board. AC shall on the Board's instructions be responsible for the work to ensure the quality of the company's internal management and control in regards to:

- *financial reporting*
- *risk management and risk control*
- *compliance*
- *other internal management and control*
- *matters which the Board refers to AC*

AC shall meet on a regular basis four times per annum and its protocols shall be communicated to the Board of Directors. During 2019, AC met on five occasions and all members participated in these meetings.

<b>The Board of Directors</b>	<b>Presence</b>	<b>Independent</b>	<b>Remuneration</b>
Olof Persson, chairman	10/10	YES	370 004
Christina Bellander	10/10	YES	229 996
Mats Årjes	10/10	YES	175 000
M. Johan Widerberg	10/10	YES	229 996
Torsten Jansson	10/10	NO	0
Jonas Eriksson (new election)	5/5	YES	120 000
Magdalena Forsberg (new election)	4/5	YES	120 000
<b>Total</b>			<b>1 244 996</b>



## Remuneration committee

There is no specially appointed remuneration committee to deal with wages, pension benefits, incentives and other employment related conditions for the CEO. These issues are dealt with by the Board as a whole. The employment conditions of other members of Group management are determined by the CEO and the Chairman of the Board.

New Wave Group's compensation policy for senior executives:

- *Remuneration to the Group CEO and other members of Group management comprises fixed salaries at competitive market rates*
- *There shall be no special fee for Board work in Group companies for senior executives*
- *Variable remunerations such as bonuses may be paid when this is justified in order to be able to recruit and maintain key staff so as to stimulate improvements in sales and profits as well as the work involved in achieving specific key figures set by the Board. Variable remunerations shall be based on predetermined, measurable criteria such as performance of New Wave Group or return on equity compared to fixed targets. The variable remuneration shall not exceed 50 % of the fixed remuneration. Total yearly cost for the performance based remuneration cannot exceed SEK 10 million*
- *The Board shall in respect of each financial year consider whether a share or share price related incentive program which covers the year in question shall be proposed to the AGM or not. The AGM makes the final decision regarding such incentive programs*
- *Pension benefits shall be equivalent to an ITP plan or, for senior executives outside Sweden, pension benefits which are standard in the relevant country*
- *A mutual notice period of no more than six months and no severance pay shall apply for all senior executives*

The Board of Directors has the opportunity to deviate from the above proposed guidelines if there are individual cases special reasons for this.

## Conditions of employment for the CEO

Remuneration to the CEO comprises a fixed salary. No Board member's fee or other remuneration (bonuses) is paid to the CEO. Pension benefits are paid in accordance with the ITP plan. A mutual notice period of six months applies for the CEO, without severance pay.

## Remuneration to the Board

The AGM decides on the fee for the Board members who are elected by the AGM. The division of the fee between the Chairman and other members is set out in note 6 for the Group in the annual report. The Group has purchased consultancy services from related parties, see note 18. No further remuneration has been paid to any Board member.

## Group management

The Group's Board appoints the CEO of the Parent company, who is also the Group CEO. The CEO is responsible for the running business of the Group and other members of the Group management report directly to him. The Group management consists of: CEO, Deputy CEO, CFO, Chief Buying Officer, Area Manager North America, Segment Manager Corporate, Segment Manager Sports & Leisure and Segment Manager Gifts & Home Furnishings.

Group management is responsible for formulating the Group's overall strategy, corporate governance, policies, the Group's financing, capital structure and risk management. They also deal with matters relating to company acquisitions and projects involving the Group as a whole.

For a more detailed presentation of management's assignments and holdings in New Wave Group refer to pages 54-55.

## Internal control and risk management relating to the financial reporting

### General

According to the Swedish Companies Act, the Board is responsible for internal control. The aim of internal control is to create a clear structure of responsibility and an effective decision-making process. The Board

has defined a number of basic documents of importance for financial reporting in order to guarantee an effective control environment. The Board's rules of procedure and the instructions for the CEO serve to guarantee a clear allocation of roles and responsibilities, with the aim of operational risks being managed effectively. The Board has also drawn up a number of basic guidelines and policies that are important for internal control, such as a Corporate Governance policy, Financial risk policy, Anti-corruption policy and Information policy. The basic control documents are subject to review on an ongoing basis. An effective control environment also requires an adequate organizational structure and ongoing reviews of this. Company management reports to the Board on a regular basis following defined routines. Company management is responsible for the system of internal controls that is required to deal with significant risks in operating activities. Managers at various levels within the Group have clearly defined authority and responsibilities with regard to internal control.

- *Intangible assets (mainly goodwill and trademarks), which account for 18 % of the value of the Group's assets*
- *Accounts receivable, which account for around 14 % of the value of the Group's assets*
- *Interest-bearing liabilities, which account for around 40 % of the Group's balance sheet total*

### Control environment

The foundations of the internal control in relation to the financial reporting consist of the general control environment with organization, decision-making paths, authority and responsibilities that have been documented and communicated. Within New Wave Group some of the most important constituent parts of the control environment are documented in the form of policies, e.g. Corporate Governance policy, IT policy, Financial risk policy, Environmental policy as well as instructions, such as authorization instructions, manuals and financial reporting manual.



### Financial risk assessment

The material risks New Wave Group have identified in connection with the financial reporting are inaccuracies in the reporting and valuation of stock, intangible assets, accounts receivable, interest-bearing liabilities, tax, currencies and the risk of fraud, loss or embezzlement of assets. The greatest financial risks in terms of value in the balance sheet are:

- *Stock, which accounts for around 42 % of the value of the Group's assets*

### Corporate Governance policy

The different corporate governance aspects of the Group are summarized in the Corporate Governance policy, which is also a governing document for other Group policies.

### Financial risk policy

The Group's finance function works according to a policy established by the Board that sets out frameworks for how the Group's operations shall be financed and how, for example, currency risks and interest rate risks shall be dealt with.

### **IT policy**

The Group's IT policy describes the Group's principles for application and safety within IT.

### **Information policy**

The Group's Information policy is a document that describes the Group's rules for handling and communication of information, both internally within the Group as well as externally.

### **Insider policy**

The Group's Insider policy sets out rules for handling and communication of insider information.

### **Environmental policy**

The Group's environmental policy sets out guidelines for the environmental work within the Group.

### **Anti-corruption policy**

The Group's anti-corruption policy describes the Group's principles for work against corruption.

### **Control activities**

In order to ensure the internal control, there are both automatic controls in IT systems, which handle authority and authorization rights, as well as manual controls in the form of reconciliations and physical counts. Detailed economic analyses of the result plus follow-up of plans and forecasts supplement the controls and provide a general confirmation of the quality of the reporting.

The Group performs reviews of the companies' accounting, which are reported to Group management. No CEO is permitted to appoint or dismiss a finance manager, and finance managers' report directly to the Group's CFO. The Group's risks with regard to financial reporting lay in the risk that material misstatements may occur when reporting the company's financial position and results. The company's accounting instructions and manuals, together with established follow up routines, serve to minimize these risks.

### **Information and communication**

The most important control documents in the form of policies and instructions are updated regularly and communicated via relevant channels electronically and/or in printed form. For communication with external parties, there is an Information policy which specifies guidelines for how this communication should take place. The purpose of the policy is to ensure that all information obligations are fulfilled correctly and in full.

### **Follow-up**

Finance personnel and management at company and Group level analyze the financial reporting in detail every month. New Wave Group's decentralized corporate structure means that each company's financial department is responsible for ensuring that the financial reporting from each unit is correct, complete and on time. Processes and risk elements are evaluated by means of self-assessment, internal Board meetings and via the company's external auditors. Several processes are fully or partly centralized at Group level, such as purchasing, logistics, payments, financing, IT, consolidation and reporting. The Group's central finance organization is responsible for implementing, further developing and maintaining the Group's control routines, and for performing internal controls of business critical matters. The Board receives financial reports on an ongoing basis, and at each Board meeting the financial situation facing the Group and the various companies is discussed. During the year the Board also receives reports from the company's auditors detailing their observations.

### **The companies**

New Wave Group's organization is decentralized, with a high degree of independence and self-determination being delegated to company management. The objective is for the companies to be run in an entrepreneurial spirit, while at the same time enjoying the benefits of belonging to a large group of companies. The Group therefore consists of a large number of operational companies, approximately 70 in total. Board meetings are normally held three times a year in each company or sub-group. The composition of the Boards depends on the company's direction and its stage of development. In addition to Group management, the expertise of CEOs in "mature" companies are utilized in the Boards of local subsidiaries. The organizational model chosen by New Wave Group provides for effective benchmarking of profitability, capital tied up and growth between companies, brands and markets.

### **Operating segments**

The Group divides its operations into three operating segments: Corporate, Sports & Leisure, and Gifts & Home Furnishings. Within Group management there are managers with responsibility for each operating segment in order to coordinate operations. The products for each brand follow the operating segments, but have separate sales teams for the different sales channels, promo and retail.





### **Sales channels**

The Group's products are sold via two sales channels, promo and retail.

### **Concept groups**

Within each operating segment there are a number of concept groups responsible for strategic direction, product development and marketing strategy for one or more brands.

### ***Internal auditing***

The Group has developed control and internal control systems whose compliance is followed up by the respective company management as well as by the Group's central finance department. The Board's methods of monitoring the Group's assessment of the internal control include contact with the company's auditors and the Audit Committee, to which the Group internal auditor reports.

### ***Auditor***

At the AGM, the accounting firm Ernst & Young AB was appointed as auditor. Nina Bergman is the head auditor and among her other engagements are Semcon, Precomp and Zenuity. Nina Bergman owns no shares in New Wave Group.

### ***Audit work***

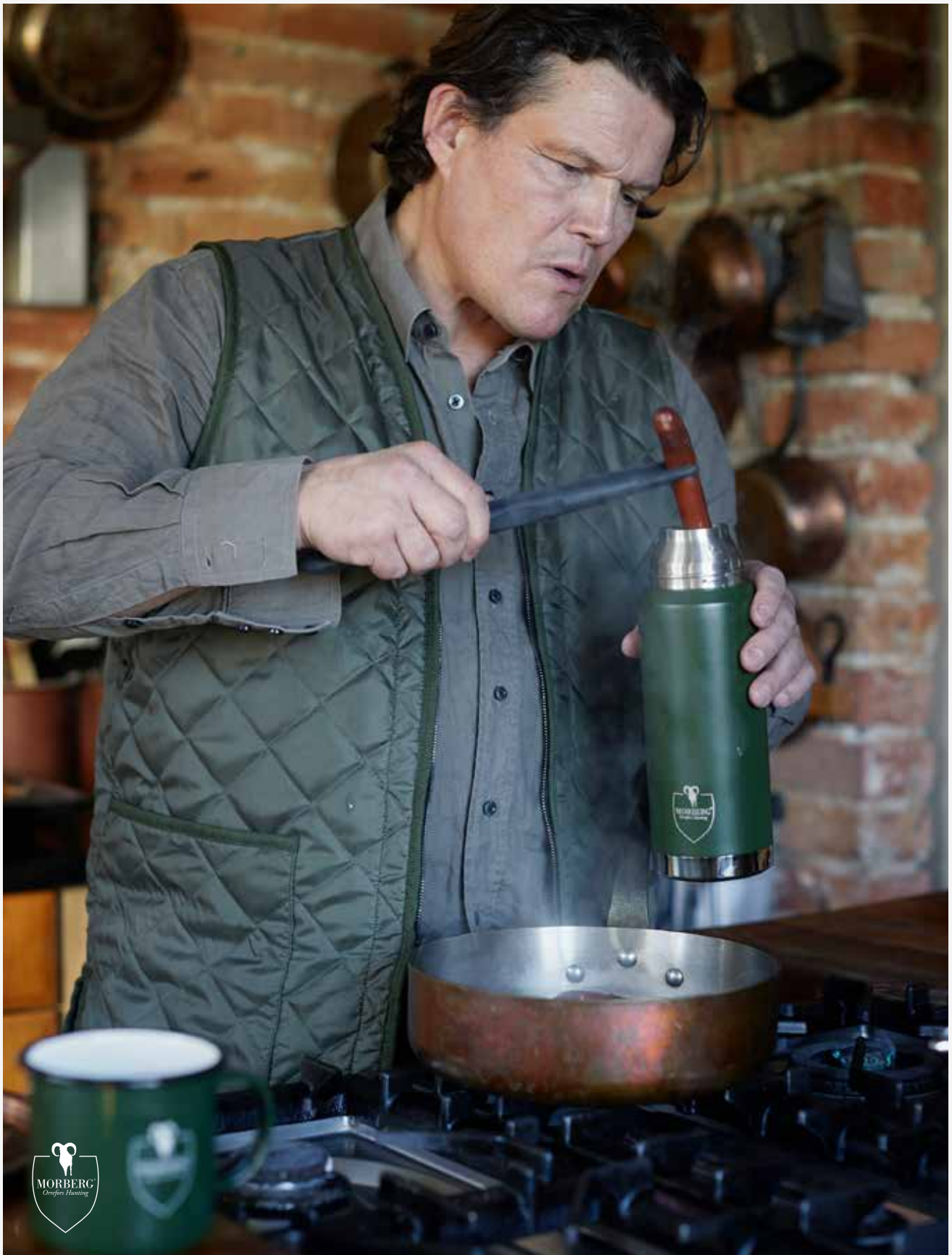
The Group applies International Financial Reporting Standards (IFRS) when preparing the Group's reports. The Group's interim report for the third quarter is the subject of a general review by the company's auditor.

This review follows the recommendations issued by FAR SRS, the organization for authorized public accountants. The audit of the annual report, consolidated financial statements, the accounts and the administration of the Board and CEO is conducted in accordance with generally accepted auditing standards in Sweden.

After the auditors' review in October and January, they prepare audit memos to the Board containing comments about individual companies and the Group as a whole. The auditors also present in person, a report of their observations from the audit, their appraisal of the Group's internal control and the application of accounting policies at one of the autumn Board meetings. The Board thereby receives information about internal control and compliance with rules, control of financial reporting, estimates, assessments and other matters that might influence the quality of the financial reports.

### ***Articles of association***

The articles of association are adopted by the AGM and contain fundamental facts about the company, e.g. what kind of business the company will run, the size of the share capital, the number of shares issued, the size of the Board of Directors and the procedure for convening the AGM. The company's articles of association state, among other things, that the Board of Directors shall consist of at least three and no more than seven members, that the Board has its registered office in Gothenburg, and that a class A share shall carry ten votes and a class B one vote. The complete articles of association are available at the New Wave Group website, [www.nwg.se](http://www.nwg.se).



Gothenburg 2 April, 2020  
New Wave Group AB (publ)

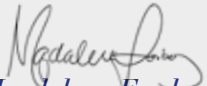
  
**Olof Persson**  
Member of the Board

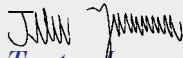
  
**Christina Bellander**  
Member of the Board

  
**Jonas Eriksson**  
Member of the Board

  
**Mats Ånges**  
Member of the Board

  
**M. Johan Widerberg**  
Member of the Board

  
**Magdalena Forsberg**  
Member of the Board

  
**Torsten Jansson**  
CEO and Group CEO

## Auditor's report on the corporate governance statement

To the general meeting of the shareholders of New Wave Group AB (publ), corporate identity number 556350 - 0916.

### Engagement and responsibility

It is the Board of Directors who is responsible for the corporate governance statement for the year 2019 on pages 39 – 47 and that it has been prepared in accordance with the Annual Accounts Act.

### The scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevU 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.

### Opinions

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act.

Gothenburg, 2 April 2020  
Ernst & Young AB

  
**Nina Bergman**  
Authorized Public Accountant



New Wave Group's share

# The Share

The share capital in New Wave Group amounted to SEK 199,030,629 distributed among a total of 66,343,543 shares. Each with a quota value of SEK 3.00. The shares carry identical rights to the Company's assets and profits. Each class A share is entitled to ten votes and each class B share is entitled to one vote.

New Wave Group's class B shares are listed at OMX Stockholm Mid Cap.



The head office in Gothenburg.

## New Wave B

Listed on OMX Stockholm Mid Cap

### Dividend policy

The Board's objective is that distribution to shareholders should be the equivalent of **40 %** of the Group's result after taxes over one business cycle.

**47 (46) %** of the capital and **13 (13) %** of the votes. At the same time the ten largest shareholders held **70 (68) %** of the capital and **92 (91) %** of the votes. Non-Swedish shareholders accounted for **12 (14) %** of the capital and **3 (4) %** of the votes.

### Shareholders

The number of shareholders amount to 13,907 (13,780) on 31 December 2019. Institutional investors accounted for

2019

13,907

Shareholders as of 31 December 2019

59.80

Share price as of 31 December 2019

66,343,543

Total number of shares

### *New Wave Group's ten largest shareholders 31 December 2019*

Shareholder	Number of shares	Number of votes	Capital %	Votes %
Torsten Jansson through companies	22 609 881	199 979 001	34.1%	82.1%
Avanza Pension	5 487 294	5 487 294	8.3%	2.3%
Svolder AB	4 114 000	4 114 000	6.2%	1.7%
Fjärde AP-Fonden	2 712 567	2 712 567	4.1%	1.1%
Unionen	2 653 000	2 653 000	4.0%	1.1%
City Bank New York	2 549 586	2 549 586	3.8%	1.0%
Handelsbanken fonder	1 777 096	1 777 096	2.7%	0.7%
Spiltan Aktiefonder	1 656 633	1 656 633	2.5%	0.7%
State Street Bank	1 572 356	1 572 356	2.4%	0.6%
Hans Diding	1 399 956	1 399 956	2.1%	0.6%
<b>Total</b>	<b>46 532 369</b>	<b>223 901 489</b>	<b>70.1%</b>	<b>91.9%</b>

### *Shareholder distribution in New Wave Group 31 December 2019*

	Number of shares	Number of votes	Capital %	Votes %
Sweden	58 221 563	235 590 683	87.8%	96.7%
Shareholders outside Sweden, excluding USA	3 061 937	3 061 937	4.6%	1.3%
USA	5 060 043	5 060 043	7.6%	2.1%
<b>Total</b>	<b>66 343 543</b>	<b>243 712 663</b>	<b>100.0%</b>	<b>100.0%</b>

### *New Wave Group's shareholder structure 31 December 2019*

Number of shares owned	Number of shareholders	Number of shares	Share %	Market value SEK thousands
1 - 200	8 351	549 053	0.8%	32 833
201 - 1 000	3 646	2 053 116	3.1%	122 776
1 001 - 2 000	872	1 396 197	2.1%	83 493
2 001 - 10 000	784	3 501 367	5.3%	209 382
10 001 -	254	58 843 810	88.7%	2 340 385
<b>Total</b>	<b>13 907</b>	<b>66 343 543</b>	<b>100.0%</b>	<b>2 788 869</b>

### *Share development in reference to index*





### Share capital development

Year	Transaction	Increase number of shares	Issue price	Increase share capital	Total number of shares	Total share capital, SEK	Quota value
1991	The company was founded	500	100.00		500	50 000	100.00
1995	Directed new issue 1:20 <sup>1</sup>	25	35 524.00	2 500	525	52 500	100.00
1996	Bonus issue 37:1	194 750		1 947 500	200 000	2 000 000	
1997	Directed new issue 1:17 <sup>2</sup>	11 448	600.00	114 480	211 448	2 114 480	10.00
	Bonus issue	0		2 114 480	211 448	4 228 960	
	Split 10:1	1 903 032			2 114 480	4 228 960	
	Directed new issue <sup>3</sup>	681 818	110.00	1 363 636	2 796 298	5 592 596	2.00
1998	Directed new issue	201 106	114.40	402 212	2 997 404	5 994 808	2.00
2000	Directed new issue	552 648	171.45	1 105 296	3 550 052	7 100 104	2.00
	Split 2:1	3 550 052			7 100 104	7 100 104	
2001	Directed new issue	150 000	160.00	150 000	7 250 104	7 250 104	1.00
2002	Split 2:1	7 250 104			14 500 208	7 250 104	
2004	Bonus issue			166 752 392	14 500 208	174 002 496	12.00
	Directed new issue	1 160 016	130.00	13 920 192	15 660 224	187 922 688	12.00
	Split 2:1	15 660 224			31 320 448	187 922 688	6.00
	Directed new issue	226 886	88.15	1 361 316	31 547 334	189 284 004	6.00
2005	Directed new issue	96 822	125.00	580 932	31 644 156	189 864 936	6.00
	Directed new issue <sup>4</sup>	614 732	52.00	3 688 392	32 258 888	193 553 328	6.00
	Split 2:1	32 258 888			64 517 776	193 553 328	3.00
2006	Directed new issue <sup>5</sup>	1 825 767	29.30	5 477 301	66 343 543	199 030 629	3.00

<sup>1</sup> New issue addressed to the owners of Licensprint i Orsa AB connected to the purchase of the company. The share premium reserve increased by SEK 886,000.

<sup>2</sup> New issue addressed to Group personnel. Subscription price SEK 600 per share. The share premium reserve increased by SEK 6,754,000.

<sup>3</sup> New issue connected to introduction on the Swedish Stock Exchange. Subscription price SEK 110 per share. The share premium reserve increased by SEK 69,089,000.

<sup>4</sup> Non-cash issue connected to the purchase of the Hefra Group. Price of issue SEK 114.40 per share. The share premium reserve increased by SEK 22,604,000.

<sup>5</sup> New issue addressed to the owners of Textet AB connected to the purchase of the company. The share premium reserve increased by SEK 94,242,000.

<sup>6</sup> New issue addressed to the owners of Segerkoncernen AB connected to the purchase of the company. The share premium reserve increased by SEK 23,850,000.

<sup>7</sup> New issue addressed to the owners of New Wave Group. The share premium reserve increased by SEK 135,794,410.

<sup>8</sup> New issue addressed to the owners of Jobman AB connected to the purchase of the company. The share premium reserve increased by SEK 16,638,684.

<sup>9</sup> New issue addressed to the owners of the Dahetra Group connected to the purchase of the Group. The share premium reserve increased by SEK 11,521,818.

<sup>10</sup> New issue connected to exercise of option rights. The share premium reserve increased by SEK 28,221,388.

<sup>11</sup> New issue connected to exercise of option rights. The share premium reserve increased by SEK 48,017,672.

# Board of Directors



## Olof Persson

*Chairman of the Board since 2016.*

**Born 1964**

*Managing Director Cerberus Operations and Advisory Company UK, Ltd. Former CEO and Group CEO of AB Volvo (2011-2015), CEO of Volvo Construction Equipment (2008-2011) and CEO of Volvo Aero (2006-2008).*

**Other Board memberships:**  
*Chairman of the Board of Staples Solutions B.V. and member of the Board of World Flight Services.*

**Holdings in the company, own and related parties:**  
*35,000 class B shares.*



## Torsten Jansson

*Member of the Board since 1991. CEO and Group CEO.*

**Born 1962**

*Founder and majority shareholder in New Wave Group AB.*

**Other Board memberships:**  
*Chairman of the Board of Porthouse Interior AB.*

**Holdings in the company, own and related parties:**  
*19,707,680 class A shares and 2,902,201 class B shares.*



## Christina Bellander

*Member of the Board since 2009.*

**Born 1955**

*Has held various positions within MTG and TV4.*

**Other Board memberships:**  
*Chairman of the Board of Dalarna University, Marginalen AB and Slitevind AB. Member of the Board of Kunskapsskolan i Sverige AB and Sveriges Utbildningsradio (UR) AB.*

**Holdings in the company, own and related parties:**  
*2,000 class B shares.*



## Magdalena Forsberg

*Member of the Board since 2019.*

**Born 1967**

*Active in Hello Sweden, a network to bring Swedish business and sport together, as well as speaker within goals and motivation. Previously active as tax consultant and expert commentator as well as a long career in the absolute elite of biathlon.*

**Other Board memberships:**  
*Member of the Board of Årehyddan AB, Hans Henrik Sportservice Aktiebolag, Henrik & Magdalena Forsberg Förvaltning AB and Maria Magdalena Förvaltning AB.*

**Holdings in the company, own and related parties:**  
*Does not hold any securities in the company.*



## Jonas Eriksson

Member of the Board since 2019.

**Born 1974**

Entrepreneur and speaker within sport, health and motivation. Former professional football referee (FIFA).

**Other Board memberships:** Member of the Board of EToM AB, HJE Holding AB, Spotin AB, Sentag AB, Melilla Holding 1 AB, Melilla Holding 2 AB, WE Holding Sigtuna AB, WE Sigtuna AB and WE Knivsta AB.

**Holdings in the company, own and related parties:** Does not hold any securities in the company.



## Mats Årjes

Member of the Board since 2007.

**Born 1967**

Former CEO of SkiStar (2002-2019).

**Other Board memberships:** Chairman of the Swedish Olympic Committee and Vice President of International Ski Federation (FIS).

**Holdings in the company, own and related parties:** 10,000 class B shares.



## M. Johan Widerberg

Member of the Board since 2014.

**Born 1949**

Has previously held a number of positions within a major European bank.

**Other Board memberships:** Member of the Board of Stabelo Asset Management AB, Stena Finans AB, Stena Metall AB, Stena Trade and Industry AB, Chalmers University of Technology Foundation, SSRS Sjärrådningssällskapet, Thomas Concrete Group AB and Secretary General in Börssällskapet.

**Holdings in the company, own and related parties:** 10,000 class B shares.



## Nina Bergman

Authorized Public Accountant, Ernst & Young AB. Auditor of the company since 2018.

**Born 1979**

**Holdings in the company, own and related parties:** Does not hold any securities in the company.



# Group Management



**Torsten Jansson**  
CEO and Group CEO. Founder of and majority shareholder in New Wave Group AB.

**Born 1962**

- Holdings in the company, own and related parties: 19,707,680 class A shares and 2,902,201 class B shares.



**Göran Härstedt**  
Deputy CEO and Deputy Group CEO.

**Born 1965**

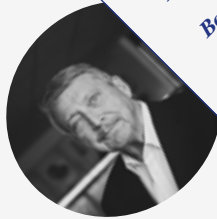
- Various positions in New Wave Group AB since 2000.
- Holdings in the company, own and related parties: 114,136 class B shares.



**Lars Jönsson**  
CEO

**Born 1964**

- Employed since 2007.
- Holdings in the company, own and related parties: Does not hold any securities in the company.



**Ernest Johnson**  
Area Manager North America.

**Born 1951**

- CEO of New Wave Group USA Inc.
- Employed since 2007.
- Holdings in the company, own and related parties: Does not hold any securities in the company.



**Mark Cao**  
Chief Buying Officer.

**Born 1963**

- Employed since 2011.
- Holdings in the company, own and related parties: Does not hold any securities in the company.



**Tomas Jansson**  
Segment Manager – Corporate.

**Born 1965**

- CEO of New Wave Mode AB and CEO Dahlin & Johansson Frantextil AB.
- Employed since 1993.
- Holdings in the company: own and related parties: 20,000 class B shares.



**Jens Petersson**  
Segment Manager – Sports & Leisure.

**Born 1963**

- Employed since 1999.
- Holdings in the company: own and related parties: 345,940 class B shares.



**Ulf Kimeson**  
Segment Manager – Gifts & Home Furnishings.

**Born 1959**

- CEO of Orrefors Kosta Boda AB.
- Employed since 2018.
- Holdings in the company: own and related parties: 6,600 class B shares.



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Financial information

# Board of Directors' report

The Board of Directors and CEO of New Wave Group AB (publ), 556350-0916, based in Gothenburg, hereby submit the financial statements and consolidated financial statements for the financial year 1 January 2019 to 31 December 2019.

9%

Increase in net sales Corporate

***New Wave Group is a growth company that creates, acquires and develops brands.***

***Our brands are categorized into three operating segments: Corporate, Sports & Leisure and Gifts & Home Furnishings.***

***The Group will achieve synergies by coordinating the design, purchasing, marketing, warehousing, and distribution of the product range.***

***To ensure good allocation of risks, the Group will offer its products in the promo market and the retail market.***

12%

Increase in net sales Sports & Leisure

New Wave Group's competitiveness lies primarily in its strong brands, considerable expertise, high level of service, and a well-developed overall concept. Products are primarily manufactured in Asia, and to a lesser extent in Europe. Thanks to its relative size, New Wave Group has good purchasing prices and efficient logistics. The Group's most well-known wholly-owned brands include AHEAD, Auclair, Clique, Cottover, Craft, Cutter & Buck, Grizzly, J. Harvest & Frost, James Harvest Sportswear, Jobman, Kosta Boda, Orrefors, PAX, Projob, Sagaform, Seger and Toppoint.

## Summary of 2019

Net sales amounted to SEK **6,903.5** million, which was an improvement of **10%** (5% excluding currency change) compared to the previous year. The Group has seen growth during all quarters and has also increased sales in all regions and in both sales channels.

Corporate increased their net sales by **9%**. During the year, the Group continued its efforts to improve its service level and made further investments in new

distribution centers. This work includes larger warehouses as well as improvements in IT systems. In addition, the segment has continued its efforts on the sales side, such as an increase in the number sales staff and a high level of marketing activities.

Sports & Leisure's investments in the Craft brand and their teamwear collection have intensified in 2019. In addition to agreements with smaller clubs and associations that form our base, Craft signed new agreements with Hammarby Fotboll, Swedish National Team in Handball and extended the agreement with the Swedish Athletics Association. For the second year in a row, the brand was named best supplier in the "Team Sports" category by the German magazine SAZ sport. Cutter & Buck is also developing well and has good growth in Europe and Canada. The segment as a whole increased its net sales by **12%** compared to last year. In addition to more marketing activities (mainly related to teamwear), the segment expanded its warehouse space and made improvements in IT systems.

Gifts & Home Furnishings increased its net sales by **2%**. However, the improvement in sales was not sufficient to cover the higher cost structure established in the segment. EBITDA became negative and measures have been taken to improve earnings. In addition, a business combination has been made. This is expected to complement existing brands.

Both sales channels improved their net sales. Promo increased by **9%** and retail by **10%**. The efforts made in the form of expanded warehouses and improved IT systems are related to both sales channels.

The Group's gross profit margin is at the same level as last year and amounted to **46.4 (46.6)%**.

The new accounting standard IFRS 16 has had a positive impact of SEK **135.6** million on the Group's external costs compared with the previous year. Excluding IFRS 16, the Group increased its expenses during the first half of the year, which was related to an increase in marketing activities and new recruitments within sales, warehousing and customer service.

2%

Increase in net sales Gifts & Home Furnishings

The rate of increase decreased during the second half of the year and the fourth quarter was on par with last year. In addition to these activities, volume-related costs have also contributed to an increase in total costs for the full year compared with the previous year.

Our expanded product range and establishments in new markets have contributed to a higher capital tied up in inventories with subsequent higher net debt and interest expenses. This year's tax expense increased slightly, which is mainly related to the fact that last year includes a positive change in deferred tax. Result for the year improved to SEK 370.1 (360.0) million.

Cash flow from operating activities amounted to SEK 99.5 (222.6) million. The lower cash flow is largely due to the timing of payment of accounts payable related to our increased merchandise purchases. Investment activities decreased slightly and amounted to SEK 148.7 (163.2) million.

In September, the Group signed a supplement to the existing financing agreement and increased its total credit limit by an additional SEK 500 million.

The equity ratio decreased and amounted to 44.9 (48.6)%, which is related to the introduction of the new accounting standard IFRS 16. Excluding the effects from this standard, the equity ratio improved by 1.1 percentage point to 49.7%. Net debt increased by SEK 1,133.8 million, of which SEK 803.8 million is related to IFRS 16, and amounted to SEK 2,964.8 (1,831.0) million. The remainder of the increase is mainly due to financing of our expanded product range and thus higher inventories. The net debt to equity ratio and net debt in relation to working capital amounted to 78.6 (53.3) % and 78.1 (57.0) % respectively, see also note 30 regarding the effect of IFRS 16.

During the autumn, the Group arranged a capital market day where the theme was brands and CSR. The Group's three largest brands - Clique, Cutter & Buck and Craft - were presented, as well as a review of the Group's CSR work.

New Wave Group was one of eight companies that received full marks - 6 points out of 6 possible - when Dagens Industri, Aktuell Hållbarhet and the School of economics and management at Lund University ranked how over 170 listed companies relate to Agenda 2030 and the UN's global sustainability goals. The ranking analyzed how the companies have adapted their sustainability work to the UN's global sustainability goals. Companies must demonstrate that they work systematically to identify their impact and how they should work strategically to best contribute to the achievement of Agenda 2030.

### Net sales

Net sales amounted to SEK 6,903.5 million, which was 10% higher than the previous year (SEK 6,290.6 million). Exchange rate effects had a positive impact on sales of SEK 275.9 million, corresponding to 5%.

Net sales in Sweden increased by 5% and the improvement was achieved in the retail sales channel. The US increased by 12% and the increase occurred in both channels. The exchange rate change when translated to SEK had a positive impact on sales and sales in local currency increased by 3%. The Nordic countries excluding Sweden increased by 7% and both sales channels increased. Net sales in Central Europe improved by 9%, which is related to both promo and retail. Southern Europe increased by 13% which is related to the promo sales channel. Both European regions were positively affected by exchange rate changes when translated to SEK and sales in local currencies improved by 6% and 10% respectively. Other countries increased by 14% which is related to operations in Asia and Canada and the promo sales channel.

### Net sales

SEK million	2019	Share of net sales	2018	Share of net sales	Change	Percentage change
USA	1 774.5	26%	1 579.7	25%	194.8	12%
Sweden	1 610.0	23%	1 529.9	24%	80.1	5%
Central Europe	1 078.1	16%	986.4	16%	91.7	9%
Nordic countries excl. Sweden	861.0	12%	807.1	13%	53.9	7%
Southern Europe	812.2	12%	716.5	11%	95.7	13%
Other countries	767.7	11%	670.9	11%	96.8	14%
<b>Total</b>	<b>6 903.5</b>	<b>100%</b>	<b>6 290.6</b>	<b>100%</b>	<b>612.9</b>	<b>10%</b>



## Five Year Summary

SEK million	2019	2018	2017	2016	2015
Net sales	6 903.5	6 290.6	5 597.3	5 237.1	4 964.7
Goods for resale	-3 701.0	-3 359.4	-3 018.1	-2 826.9	-2 726.1
<b>Gross profit</b>	<b>3 202.4</b>	<b>2 931.2</b>	<b>2 579.2</b>	<b>2 410.2</b>	<b>2 238.6</b>
Other operating income	77.9	74.8	51.2	51.0	47.2
External costs	-1 312.7	-1 336.4	-1 128.9	-1 098.0	-1 086.0
Personnel costs	-1 159.9	-1 063.0	-940.3	-881.6	-851.6
Amortizations, depreciations and write-downs	-233.1	-77.9	-65.3	-55.9	-57.1
Other operating costs	-39.6	-44.8	-25.2	-25.7	-36.2
Share of associated companies' result	-0.2	-1.1	-1.6	0.2	0.3
<b>Operating result</b>	<b>535.0</b>	<b>482.8</b>	<b>469.1</b>	<b>400.2</b>	<b>255.2</b>
Net financial items	-68.2	-40.9	-51.9	-59.9	-74.3
<b>Result before tax</b>	<b>466.7</b>	<b>441.8</b>	<b>417.2</b>	<b>340.3</b>	<b>180.9</b>
Tax expense	-96.7	-81.8	-63.2	-63.6	-35.6
<b>Result for the year</b>	<b>370.1</b>	<b>360.0</b>	<b>354.0</b>	<b>276.7</b>	<b>145.3</b>
Gross profit margin, %	46.4	46.6	46.1	46.0	45.1
Operating margin, %	7.7	7.7	8.4	7.6	5.1
Equity ratio, %	44.9	48.6	50.9	48.4	45.9
Net debt to equity ratio, %	78.6	53.3	54.1	62.1	76.8
Net debt in relation to working capital, %	77.1	57.0	57.4	64.7	71.7
Average number of employees	2 579	2 566	2 495	2 396	2 358
Total assets, SEK million	8 394.3	7 061.4	5 953.1	5 824.2	5 478.7



## Gross profit

The gross profit margin was **46.4 (46.6)%**. Corporate as well as Sports & Leisure were on the same level, while Gifts & Home Furnishings had a slightly lower margin than last year.

## Other operating income and Other operating expenses

Other operating income increased by SEK **3.1** million to SEK **77.9 (74.8)** million. Other operating income is attributable to operating currency gains and other remunerations and should be compared to the result row Other operating expenses, where primarily currency losses are reported. Both years include a positive result from business combinations, which amounted to SEK **11.4 (8.4)** million. Other operating expenses decreased by SEK **5.2** million and amounted to SEK **-39.6 (-44.8)** million. The net of the above items amounted to SEK **38.3 (30.0)** million.

## Costs and depreciations

External expenses decreased by SEK **23.7** million and amounted to SEK **-1,312.7 (-1,336.4)** million. Accounting in accordance with IFRS 16 has reduced external costs by SEK **135.6** million. Excluding IFRS 16, costs have increased, which is mainly related to higher sales and marketing initiatives such as increased inventory capacity, improved service level and marketing. The higher net sales have also increased volume-related costs. Personnel costs increased by SEK **96.9** million and amounted to SEK **-1,159.9 (-1,063.0)** million, which is related to more employees in primarily warehousing and sales, but also in areas such as marketing, product development and customer service. Exchange rate changes have increased the above costs by SEK **100.3** million.

Amortizations, depreciations and write-downs were higher compared to last year and amounted to SEK **-233.1 (-77.9)** million. The increase is primarily a result of IFRS 16, which affected depreciations by SEK **-126.4** million. The higher depreciations are also related to new investments in warehouses and a write-down of goodwill in the Gifts & Home Furnishings segment, which amounted to SEK **-11.4** million.

## Operating margin

Operating result improved by SEK **52.8** million and amounted to SEK **535.0 (482.8)** million. The operating margin is at the same level as the previous year and amounted to **7.7 (7.7) %**.

## Net financial items and taxes

Net financial items amounted to SEK **-68.2 (-40.9)** million. Accounting in accordance with IFRS 16 affected financial expenses by SEK **-20.0** million. The Group has higher interest expenses due to a higher net debt.

The tax expense for the period was SEK **-96.7 (-81.8)** million and the effective tax rate was **20.7 (18.5) %**. The increased tax rate is mainly due to the fact that last year includes a positive change in deferred tax.

## Result for the year

Result for the year amounted to SEK **370.1 (360.0)** million and earnings per share amounted to SEK **5.66 (5.48)**.

## Reporting of operating segments

New Wave Group divides its operations into the segments Corporate, Sports & Leisure and Gifts & Home Furnishings. The Group monitors the segments' and brands' sales as well as EBITDA. The operating segments are based on the Group's operational management.

### Corporate

Net sales for the year increased by **9%** to SEK **3,356.0 (3,069.0)** million. All regions increased their net sales except Sweden, which decreased slightly compared to last year. It was mainly within the promo sales channel that sales increased. EBITDA increased by SEK **107.4** million and amounted to SEK **460.5 (353.1)** million. The improved result is related to the increased net sales, but the segment also had higher costs. The higher costs were in the form of more sales and marketing activities and higher costs for distribution units. The cost increase for the distribution units was related to larger premises as well as other improvement measures to increase the service level. IFRS 16 had a positive impact on EBITDA of SEK **88.0** million.

### Sports & Leisure

Net sales for the year increased by **12%** to SEK **2,887.4 (2,573.7)** million. Sales increased in both sales channels, with promo increasing by **10%** and retail by **13%**. The segment experienced growth in all regions. EBITDA increased by SEK **90.9** million and amounted to SEK **309.1 (218.2)** million. The improvement in result is related to higher net sales, but the segment also had higher costs for sales, marketing and distribution units. IFRS 16 had a positive impact on EBITDA of SEK **37.9** million.

### Gifts & Home Furnishings

Net sales for the year increased by **2%** to SEK **660.0 (647.8)** million. Sales increased in Sweden, Central Europe and Asia, while the Nordic countries (excluding Sweden) declined. Both sales channels increased their net sales. EBITDA improved compared to last year and amounted to SEK **-1.5 (-10.6)** million, which is attributable to a positive result of SEK **11.4** million from a business combination and that the new accounting standard IFRS 16 had a positive impact on EBITDA with SEK **10.1** million. Excluding these items, EBITDA decreased, which is related to lower gross profit margin and higher costs in the form of more market activities.

### Net sales and EBITDA per operating segment

SEK million	2019	2018
<b>Corporate</b>		
Net sales	3 356.0	3 069.0
EBITDA	460.5	353.1
<b>Sports &amp; Leisure</b>		
Net sales	2 887.4	2 573.7
EBITDA	309.1	218.2
<b>Gifts &amp; Home Furnishings</b>		
Net sales	660.0	647.8
EBITDA	-1.5	-10.6
<b>Total Net sales</b>	<b>6 903.5</b>	<b>6 290.6</b>
<b>Total EBITDA</b>	<b>768.0</b>	<b>560.7</b>

### Capital tied up

Capital tied up in stock amounted to SEK 3,557.9 million and increased by SEK 327.0 million compared with the previous year (SEK 3,230.9 million). The increase is mainly related to new product ranges but also to exchange rate changes. When translated to SEK, inventory value increased by SEK 67.8 million. The Group has a well-balanced inventory and the service level is good. Inventory turnover is on par with the previous year and amounted to 1.1 (1.1) times.

SEK million	2019-12-31	2018-12-31
Raw materials	49.3	40.3
Work in progress	12.6	14.0
Goods in transit	195.0	222.6
Finished goods	3 301.0	2 954.0
<b>Total</b>	<b>3 557.9</b>	<b>3 230.9</b>

Accumulated write-downs of inventories amounted to SEK 136.7 (121.5) million and write-downs related to finished goods amounted to 4.0 (4.0)%.

Accounts receivable amounted to SEK 1,192.8 (1,084.1) million, where the increase is related to higher net sales.

### Investments, financing and liquidity

Cash flow from operating activities amounted to SEK 99.5 (222.6) million. The lower cash flow is mainly related to the timing of payments of the Group's merchandise purchases. Cash flow from investing activities was slightly lower than last year and amounted to SEK -148.7 (-163.2) million.

Net debt increased by SEK 1,133.8 million, of which SEK 803.8 million is related to IFRS 16, and amounted to SEK 2,964.8 (1,831.0) million. The remainder of the increase is mainly due to financing of our expanded product range and thus higher inventory. The net debt to equity ratio and net debt in relation to working capital amounted to 78.6 (53.3)% and 77.1 (57.0)% respectively, see also note 30 regarding the effect of IFRS 16.

The equity ratio decreased by 3.7 percentage points compared to the previous year and amounted to 44.9 (48.6)%. The decrease is attributable to IFRS 16, which reduced the equity ratio by 4.8 percentage points.

In September, the Group signed a supplement to the existing financing agreement and increased its total credit limit by an additional SEK 500 million. As of 31 December, the Group's total credit limit thus amounted to SEK 3,212 million, of which SEK 2,150 million runs until March 2022, USD 24 million through January 2024 and SEK 339 million has maturity extending until August 2027. The other SEK 500 million has a term between three months and six years. The credit limit is limited in amount to and dependent on the value of certain underlying assets. The financing agreement means that key ratios (covenants) must be met for maintenance of the credit limit.

Based on the current forecast, management estimates that the Group will be able to meet these key figures with a satisfactory margin.

### Intangible assets

The Group's intangible fixed assets consist mainly of goodwill and trademarks. The trademarks with greater value recorded at cost are well-known trademarks such as Orrefors and Kosta Boda within Gifts & Home Furnishings as well as mainly Cutter & Buck within Sports & Leisure. The Group's book values are tested annually to assess whether any need for impairment exists.

The assets' value is determined by discounting cash flow forecasts for the next five years, including a terminal growth period, using a weighted average cost of capital (WACC). The most important assumptions in determining the value in use include growth rate, operating margin and WACC.

Based on the tests and analyzes that have been carried out, there is currently no need for impairment in the Corporate and Sport & Leisure segments. Gifts & Home Furnishings recorded an impairment of goodwill during the fourth quarter of SEK -11.4 million. For more information about the Group's intangible fixed assets and impairment testing, see note 8.

### Personnel, organization and remuneration

The number of employees as of 31 December was 2,579 (2,566), of which 52% were women and 48% were men. Of the total number of

employees, 588 (604) work in production. The production within the New Wave Group is attributable to AHEAD (embroidery), Cutter & Buck (embroidery), Dahetra, Kosta Boda, Orrefors, Paris Glove, Seger, Termo and Toppoint.

There is no specifically appointed remuneration committee for the management of salary levels, pension benefits, incentive matters, and other terms of employment for the CEO as these issues are addressed by the Board as a whole. The terms of employment for other members of Group Management are decided on by the CEO and Chairman of the Board.

*Shown below are New Wave Group's guidelines for compensation to senior executives. The guidelines have been applied during 2019 and up to the annual general meeting 2020:*

- *Remuneration to the Group CEO and other members of Group management comprises fixed salaries at competitive market rates*
- *There shall be no special fee for Board work in Group companies for senior executives*
- *Variable remunerations such as bonuses may be paid when this is justified in order to be able to recruit and maintain key staff so as to stimulate improvements in sales and profits as well as the work involved in achieving specific key figures set by the Board. Variable remunerations shall be based on predetermined, measureable criteria such as performance of New Wave Group or return on equity compared to fixed targets. The variable remuneration shall not exceed 50 % of the fixed remuneration. Total yearly cost for the performance-based remuneration cannot exceed SEK 10 million*
- *The Board shall in respect of each financial year consider whether a share or share price related incentive program which covers the year in question shall be proposed to the AGM or not. The AGM makes the final decision regarding such incentive programs*

- *Pension benefits shall be equivalent to an ITP plan or, for senior executives outside Sweden, pension benefits which are standard in the relevant country*

- *A mutual notice period of no more than six months and no severance pay shall apply for all senior executives*

The Board may deviate from the proposed guidelines above in individual cases if there are specific reasons to do so.

No deviations have been made from the guidelines during the current year.

For the AGM 2020, the Board has prepared a proposal for new guidelines for compensation to senior executives. These guidelines can be found on pages 124-125.

### ***Related party transactions***

Lease agreements exist with related companies. Associated companies to the CEO have purchased merchandise and received compensation for consultancy services performed. In addition, there are transactions with related parties at immaterial values. All transactions have been made on market terms. For further description, see note 18.

### ***Risks and risk management***

New Wave Group's international operations mean that it is continuously exposed to various financial risks. The financial risks are interest rate risks, currency and liquidity and credit risks. In order to minimize the effect these risks may have on earnings, the Group has a financial risk policy.

The Group's policy is to have short fixed-rate interest periods, which means that fluctuating short-term interest rates have a rapid impact on the Group's net interest income.

A significant portion of New Wave Group's sales are made in foreign currency

(77%). The Group is exposed to changes in exchange rates in the future flows of payments related to firm commitments and to loans and investments in foreign currencies, i.e. transaction exposure. The Group's financial statements are also affected by translating the results and net assets of foreign subsidiaries into SEK, i.e. translation exposure.

Due to the relatively capital-intensive nature of its activities and its expansive growth strategy, New Wave Group has a need to secure its funding. For a growth group like New Wave Group it is essential to ensure that sufficient liquidity is available to fund future expansion and that there is a high degree of flexibility when acquisition opportunities occur. It is also important that a sound balance between equity and financing through debt is kept, as New Wave Group's goal is to achieve an equity ratio in excess of 30 %.

The Group is exposed to credit risk from its operating activities, primarily accounts receivable, and from its financing activities which include deposits at banks and financial institutions, currency futures and other financial instruments. The Group's total exposure to credit risk amounted, at year-end, to SEK 1,625.8 (1,485.2) million.

For a more extensive description of the Group's risk exposures and risk management see note 17.

### ***Environment***

New Wave Group has a responsibility to ensure that our business operations, and the business operations of our suppliers, respect the legal provisions of different countries, as well as basic human rights and working conditions. New Wave Group works systematically with regard to supplier auditing, monitoring, and dialogue in order to ensure that our business operations are conducted in the most responsible manner possible with regard to people and environment.

New Wave Group understands how our business operations are so closely



related to local and global environmental issues. As the Group grows in size, and as more customers buy our products, our environmental impact will increase. For this reason, New Wave Group is striving to develop environmentally sustainable solutions with regard to transport, packaging, and manufacturing.

New Wave Group aims to be the industry leader in CSR (Corporate Social Responsibility) and sustainability.

The Group's subsidiary Orrefors Kosta Boda AB conducts licensed operations under the Environmental code.

For additional information see our Sustainability report and our section CSR and the sustainability on pages 36-37.

### The Parent company

Total income amounted to SEK 140.4 (145.6) million. Result before appropriations and tax amounted to SEK 213.9 (151.1) million. The improved result is attributable to dividends from Group companies.

Cash flow from investing activities amounted to SEK -9.9 (-86.6) million. Last year included a net capital contribution to Group companies of SEK -39.5 million and long-term loans to Group companies of SEK -50.1 million. Net debt amounted to SEK 2,074.2 (1,725.3) million. The Parent Company's net financing for Group companies amounted to SEK 2,060.9 (1,665.6) million. The total assets amounted to SEK 4,730.8 (4,368.0) million and equity, including the equity portion of untaxed reserves, amounted to SEK 2,099.8 (1,961.7) million.

### New Wave's share

The number of shares in New Wave Group AB amounts to 66,343,543 with a quota value of SEK 3.00. The shares have equal rights to the Company's assets and profits. Each class A share carries ten votes and each class B share carries one vote. The offer of first refusal is in place for class A

shareholders in accordance with paragraph 14 of the articles of association.

Through companies, Torsten Jansson owns 34.1 (34.0) % of the capital and 82.1 (82.0)% of the votes.

The following authorization has been given to the Board until the next AGM:

- *to, on one or several occasions, decide on the new issue of a maximum of 4,000,000 class B shares. The authorization includes the right to decide to deviate from the shareholders' preferential rights, unless the decision refers to a new issue in which consideration is comprised only of cash. Through decisions supported by the authorization, share capital will be allowed to increase by a total maximum of SEK 12,000,000. The authorization will also include the right to decide on new issues with a dominance in kind, or that shares shall be subscribed with a right of set-off or otherwise with conditions as stated in chapter 13, section 5, point 6 of the Companies Act. The reason for the deviation from the shareholders' preferential rights is that the new issue of shares shall be used for the acquisition of companies and for financing continued expansion. The basis of the issue price will be the share's market value*

- *to, on one or more occasions, decide to raise financing of a kind that is covered by the provisions in chapter 11, section 11 of the Companies Act. Such financing will take place on market terms. The reason for this authorization is that the Company should have the opportunity to raise financing on attractive terms for the Company in which the interest rate may depend on the Company's result or financial position, for example*

For additional information about the share, see pages 48-51.

### Growth target and dividend policy

The growth target over one business cycle is 10-20 % per year, of which 5-10 % should be organic growth and 15 % operating margin. The dividend policy is that the dividend will account for 40 % of the Group's result after taxes over a business cycle.

### In general

A report on the Group's governance and the work of the Board is presented in the section on Corporate Governance.

### Significant events after the balance sheet date

New Wave Group is largely affected by the spread of the coronavirus. The demand for the Group's products and services is expected to be significantly reduced for all operating segments during the remainder of the first calendar quarter of 2020. The demand thereafter is expected to be affected in particular during the second calendar quarter, but it is currently not possible to give any forecasts for periods beyond that. The Group is currently taking a number of actions to reduce costs and minimize the effects of the virus outbreak. For more information, see note 31.

### Proposed distribution of profit

The following is at the disposal of the annual general meeting:

SEK	
Retained earnings	1 295 126 870
Share premium reserve	48 017 672
Result for the year	257 244 747
<b>Total</b>	<b>1 600 389 289</b>

The Board proposes no dividend for 2019, and that SEK 1,600,389,289 is carried forward.

The undersigned certify that the consolidated and annual accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU, and generally accepted accounting principles, and provide a true and fair view of the Group's financial position and performance, and that the


Group Directors' Report and Board of Directors' Report provide an accurate overview of the development of the Group's and the Company's operations, financial position and performance, and describe the significant risks and uncertainty factors faced by the companies in the Group.

*Gothenburg, 2 April 2020*

*New Wave Group AB (publ)*



*Olof Persson*  
Member of the Board



*Christina Bellander*  
Member of the Board



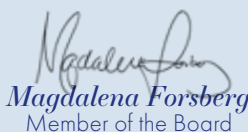
*Jonas Eriksson*  
Member of the Board



*Mats Arjes*  
Member of the Board



*M. Johan Widerberg*  
Member of the Board



*Magdalena Forsberg*  
Member of the Board



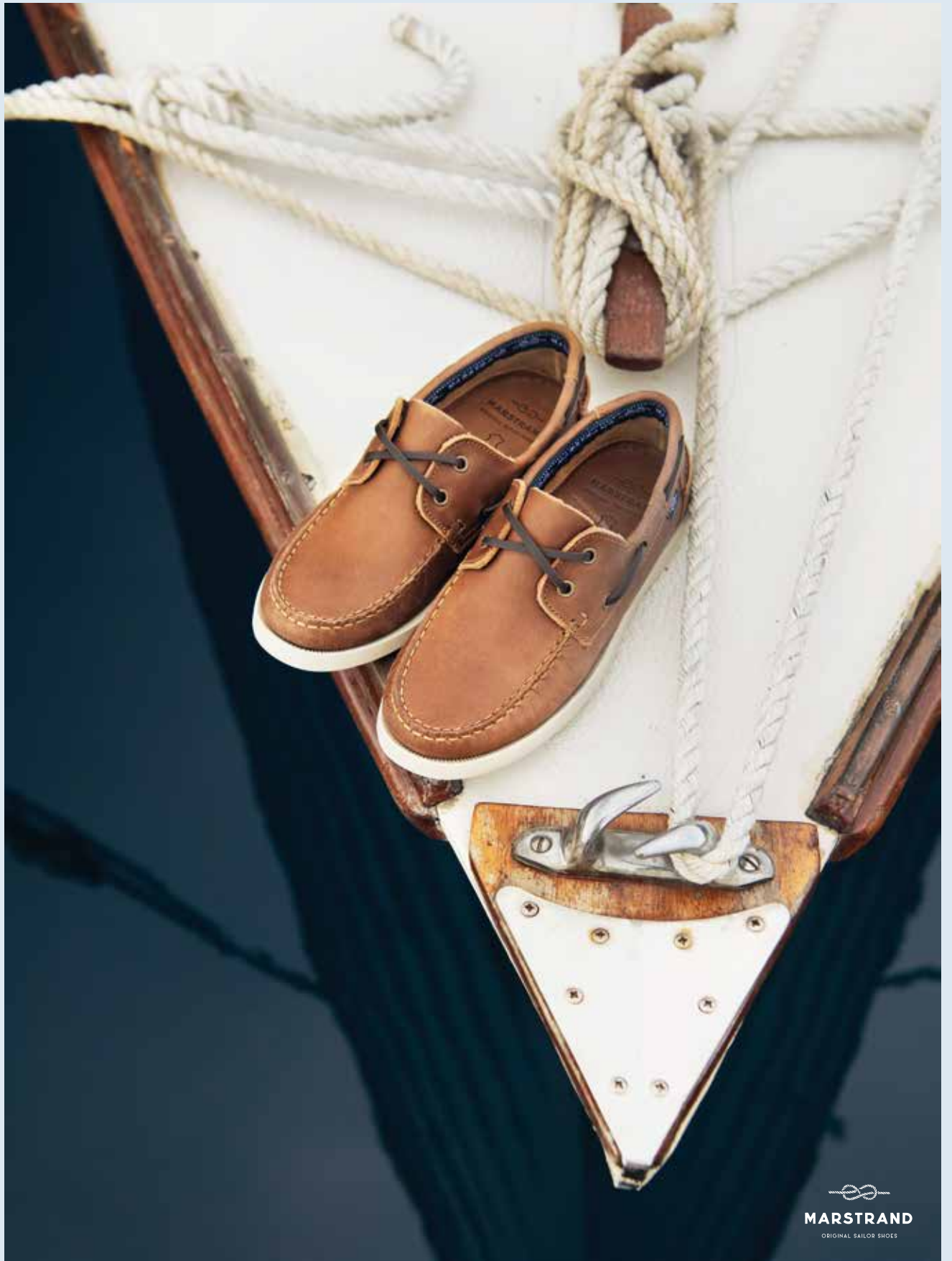
*Torsten Jansson*  
CEO and Group CEO

*Our auditor's report has been given on 2 April 2020*

*Ernst & Young AB*



*Nina Bergman*  
Authorised Public Accountant



  
**MARSTRAND**  
ORIGINAL SAILOR SHOES



# Consolidated income statement

## 1 January - 31 December

SEK million	Note	2019	2018
Net sales	3, 4, 18	6 903.5	6 290.6
Goods for resale		-3 701.0	-3 359.4
<b>Gross profit</b>		<b>3 202.4</b>	<b>2 931.2</b>
Other operating income	4	77.9	74.8
External costs	7, 9, 18	-1 312.7	-1 336.4
Personnel costs	5, 6	-1 159.9	-1 063.0
Amortizations, depreciations and write-downs of tangible and intangible fixed assets	8, 9	-233.1	-77.9
Other operating costs		-39.6	-44.8
Share of associated companies' result	13	-0.2	-1.1
<b>Operating result</b>	10	<b>535.0</b>	<b>482.8</b>
Financial income		8.8	5.5
Financial expenses		-77.0	-46.4
<b>Net financial items</b>	11	<b>-68.2</b>	<b>-40.9</b>
<b>Result before tax</b>		<b>466.7</b>	<b>441.8</b>
Tax expense	12	-96.7	-81.8
<b>Result for the year</b>	17	<b>370.1</b>	<b>360.0</b>
<b>Other comprehensive income:</b>			
<b>Items that can be reclassified into profit and loss</b>			
Translation differences		99.6	157.3
Cash flow hedges		-2.2	0.5
<b>Sum</b>		<b>97.5</b>	<b>157.8</b>
Income tax related to components of other comprehensive income		0.5	-0.1
<b>Total other comprehensive for the year</b>		<b>97.9</b>	<b>157.7</b>
<b>Total comprehensive income for the year</b>		<b>468.0</b>	<b>517.6</b>
<b>Result for the year attributable to:</b>			
Shareholders of the Parent company		375.5	363.4
Non-controlling interest		-5.5	-3.4
		<b>370.1</b>	<b>360.0</b>
<b>Total comprehensive income attributable to:</b>			
Shareholders of the Parent company		472.1	520.2
Non-controlling interest		-4.1	-2.6
		<b>468.0</b>	<b>517.6</b>
Earnings per share (SEK)*		5.66	5.48

\* Earnings per share are the same before and after dilution.

# Consolidated cash flow statement

1 January - 31 December

SEK million	Note	2019	2018
<b>Operating activities</b>			
Operating result		535.0	482.8
Adjustment for items not included in cash flow	28	231.9	74.4
Received interest		7.9	2.2
Paid interest		-76.1	-43.2
Paid income tax		-93.6	-86.5
<b>Cash flow from operating activities before changes in working capital</b>		<b>605.0</b>	<b>429.7</b>
<b>Changes in working capital</b>			
Increase/decrease of inventories		-241.7	-494.0
Increase/decrease of current receivables		-51.5	-27.5
Increase/decrease of current liabilities		-212.3	314.4
<b>Cash flow from changes in working capital</b>		<b>-505.6</b>	<b>-207.1</b>
<b>Cash flow from operating activities</b>		<b>99.5</b>	<b>222.6</b>
<b>Investing activities</b>			
Investments in tangible fixed assets		-124.7	-147.1
Sales of tangible fixed assets		6.9	4.3
Investments in intangible fixed assets		-21.7	-15.4
Investments in associated companies		-0.8	-2.0
Business combinations		-8.5	0.0
Raised long-term receivables		-1.6	-2.9
Repayment of long-term receivables		1.6	0.0
<b>Cash flow from investing activities</b>		<b>-148.7</b>	<b>-163.2</b>
<b>Cash flow after investing activities</b>		<b>-49.3</b>	<b>59.4</b>
<b>Financial activities</b>			
Loan raised		386.2	208.2
Amortization of loan		-71.3	-56.1
Amortization of lease liabilities		-103.0	0.0
New issue of shares in companies with non-controlling interest		1.2	0.0
Dividend paid to the shareholders of the Parent company		-132.7	-112.8
<b>Cash flow from financial activities</b>		<b>80.4</b>	<b>39.3</b>
<b>Cash flow for the year</b>		<b>31.2</b>	<b>98.7</b>
Liquid assets at the beginning of the year		312.2	202.4
Translation differences in liquid assets		7.9	11.1
<b>Liquid assets at the end of the year</b>		<b>351.3</b>	<b>312.2</b>
<b>Liquid assets</b>			
Cash at bank and in hand		351.3	312.2

# Consolidated balance sheet

*As of 31 December*

SEK million	Note	2019	2018
<b>ASSETS</b>			
Intangible fixed assets	8	1 501.0	1 469.4
Tangible fixed assets	9	1 436.5	587.4
Shares in associated companies	13	39.0	39.3
Other long-term receivables	14	14.7	13.5
Deferred tax assets	15	112.8	111.1
<b>Total non-current assets</b>		<b>3 103.9</b>	<b>2 220.6</b>
Inventory	16	3 557.9	3 230.9
Current tax receivables		44.8	38.1
Accounts receivable	17, 18	1 192.8	1 084.1
Other receivables	17	82.4	90.3
Prepaid expenses and accrued income	17, 19	61.2	85.2
Liquid assets	20	351.3	312.2
<b>Total current assets</b>		<b>5 290.4</b>	<b>4 840.8</b>
<b>TOTAL ASSETS</b>		<b>8 394.3</b>	<b>7 061.4</b>
<b>EQUITY</b>			
Share capital	21, 29	199.0	199.0
Other capital contributions		219.4	219.4
Reserves		531.0	434.9
Retained earnings including result for the year		2 804.9	2 561.6
<b>Equity attributable to shareholders of the Parent company</b>		<b>3 754.4</b>	<b>3 415.0</b>
Non-controlling interest		16.3	19.2
<b>Total equity</b>		<b>3 770.7</b>	<b>3 434.2</b>
<b>LIABILITIES</b>			
Long-term interest-bearing liabilities	17, 20, 22, 23	2 818.3	1 795.5
Pension provisions		19.3	18.3
Other provisions	24	0.9	3.1
Deferred tax liabilities	15	144.8	144.6
<b>Total non-current liabilities</b>		<b>2 983.3</b>	<b>1 961.6</b>
Short-term interest-bearing liabilities	17, 20, 22, 23	497.8	347.7
Accounts payable	17, 18	623.2	752.2
Current tax liabilities		94.6	78.0
Other liabilities	17, 25	139.8	172.3
Accrued expenses and prepaid income	17, 26	285.0	315.4
<b>Total current liabilities</b>		<b>1 640.3</b>	<b>1 665.6</b>
<b>Total liabilities</b>		<b>4 623.6</b>	<b>3 627.2</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>8 394.3</b>	<b>7 061.4</b>



# Consolidated statement of changes in equity

## 1 January - 31 December

SEK million	Share capital	Other capital contributions	Reserves	Retained earnings incl. result for the year	Total	Non-controlling interest	Total equity
Opening balance 2018-01-01	199.0	219.4	279.4	2 308.7	3 006.6	22.6	3 029.2
Result for the year				363.4	363.4	-3.4	360.0
<b>Other comprehensive income</b>							
Translation differences			157.3		157.3		157.3
Cash flow hedges			0.5		0.5		0.5
Reclassification of previous years' cash flow hedges			-2.2	2.2	0.0		0.0
Income tax related to components of other comprehensive income			-0.1		-0.1		-0.1
<b>Transactions with shareholders</b>							
Dividends to shareholders of the Parent company				-112.8	-112.8		-112.8
<b>Closing balance 2018-12-31</b>	<b>199.0</b>	<b>219.4</b>	<b>434.9</b>	<b>2 561.6</b>	<b>3 415.0</b>	<b>19.2</b>	<b>3 434.2</b>

SEK million	Share capital	Other capital contributions	Reserves	Retained earnings incl. result for the year	Total	Non-controlling interest	Total equity
Opening balance 2019-01-01	199.0	219.4	434.9	2 561.6	3 415.0	19.2	3 434.2
Result for the year				375.5	375.5	-5.5	370.1
<b>Other comprehensive income</b>							
Translation differences			98.2		98.2	1.4	99.6
Cash flow hedges			-2.2		-2.2		-2.2
Reclassification of previous years' cash flow hedges			-0.5	0.5	0.0		0.0
Income tax related to components of other comprehensive income			0.5		0.5		0.5
<b>Transactions with shareholders</b>							
Dividends to shareholders of the Parent company				-132.7	-132.7		-132.7
Non-controlling interest through new issue of shares						1.2	1.2
<b>Closing balance 2019-12-31</b>	<b>199.0</b>	<b>219.4</b>	<b>531.0</b>	<b>2 804.9</b>	<b>3 754.4</b>	<b>16.3</b>	<b>3 770.7</b>

### Accumulated translation differences in equity

Accumulated translation differences at the beginning of the year  
 Translation difference in foreign Group companies for the year  
**Accumulated translation differences at the end of the year**

Year	Year
2019	2018
441.6	284.3
99.6	157.3
<b>541.2</b>	<b>441.6</b>

## Note 1 - Accounting policies

### Basis of preparation

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. Recommendation RFR 1 Supplementary Accounting Rules for Corporate Groups of the Swedish Financial Reporting Board has also been applied, which means that certain additional disclosures are provided in the consolidated financial statements. The accounting policies presented in the following description have been applied consistently in the entire Group for all periods presented in the consolidated financial statements. The financial statements are prepared in Swedish kronor, which is the reporting currency of New Wave Group.

Preparing financial statements in accordance with IFRS requires that management make certain assessments, estimates and assumptions. Critical estimates and assessments are in all essential based on historical experience and expected future events. Estimates, assessments and assumptions are reviewed on a regular basis. Changes are reported in the period in which the change is implemented and in future periods if these are affected. Information on areas where applied estimates and assessments contain an element of uncertainty is provided in note 2.

Fixed assets, non-current liabilities and provisions consist essentially of amounts that are expected to be recovered or paid later than twelve months from the balance sheet date. Current assets and current liabilities essentially consist of amounts that are expected to be recovered or paid within twelve months of the balance sheet date.

### New and amended accounting policies

#### New accounting policies for 2019

As of January 1, 2019, New Wave Group applies IFRS 16 Leases which have replaced IAS 17 Leases.

#### Reconciliation from IAS 17 to IFRS 16

	SEK million
<b>Commitments for operational leasing agreements as per December 31 2018</b>	<b>764.4</b>
Addition: adjustments related to options to extend or terminate agreements	61.6
Reduction: short-term lease agreements and leasing agreements for low-value assets which are expensed on a straight-line basis	-13.1
Reduction: adjustments related to price changes attributable to variable fees	-7.1
Reduction: adjustments related to agreements for which the commencement date have not been passed at transition to IFRS 16	-85.3
Discount effect	-79.6
<b>Opening balance for right-of-use asset and lease liability as per January 1 2019</b>	<b>641.0</b>

The standard represents a new framework for recognizing leases with additional disclosure requirements. The Group is only a lessee and not a lessor and the impact of implementing the standard is therefore only related to lessee accounting. Implementing the new lease accounting for lessees has resulted in increased assets and interest-bearing liabilities in the consolidated balance sheet. The impact on the Group's consolidated income statement is that lease costs, prior year recorded as external costs, are divided as amortization of lease liability and interest cost. The Group's consolidated income statement is also affected by increased depreciation related to right-of-use assets. The lease liability is measured at the present value of outstanding lease payments. The Group has applied the simplified transition method and has not recalculated the comparative figures. The simplification rule, that the right-of-use asset shall correspond to the leasing liability, has been applied as per transition date January 1, 2019. As a result thereof, no transition effect is recorded in the equity of the Group. The Group has chosen to use the practical expedients and excluded lease agreements with a lease term of less than 12 months (short-term lease agreements) and leasing agreements for assets that have a low value. The Group has also chosen to apply the simplification rule for the definition of lease agreements and include non-leasing components as part of the right-of-use asset and the lease liability.

As per transition date January 1, 2019, the Group recognized right-of-use assets and as well as a leasing liabilities amounting to SEK 641 million. The right-of-use assets have been recorded as tangible assets in the Group's consolidated balance sheet and the lease liabilities as long- and short-term interest-bearing liabilities in the Group's consolidated balance sheet. For a reconciliation from the commitments for operational leasing agreements as per December 31, 2018, according to IAS 17, to the opening balance for the right-of-use asset and leasing liability as at January 1, 2019 see the above table. In connection with the transition, it was assessed as reasonably certain that extension options for a number of agreements would be exercised.

The lease liability was discounted at the Group's incremental borrowing rate as at January 1, 2019. The average incremental borrowing rate was 2.7 % as at January 1, 2019. For disclosure of the impact on 2019 year figures see note 30. Complete accounting policies for leases are presented below in the section Leases. Several other amendments of current accounting standards and interpretations apply for the first time in 2019, but do not have an impact on the consolidated financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

### **New accounting policies for 2020 and later**

A number of amendments of current accounting standards have been published and is effective from 2020 and later. None of these are considered to have a material impact on New Wave Group's financial statements.

### ***Consolidated financial statements and principles of consolidation***

The consolidated financial statements comprise the Parent Company New Wave Group AB and all companies in which New Wave Group AB directly or indirectly holds more than 50 percent of the voting rights or otherwise exercises a controlling influence.

In assessing whether a controlling influence exists, potential shares entitling the holder to vote that can be used or converted without delay are taken into account. Internal profits and losses arising from sales between Group companies have been fully eliminated.

### **Acquisitions and goodwill**

All acquisitions are recorded using the purchase method. The acquisition value is defined as the sum of the fair values of the assets received, liabilities incurred or assumed and equity instruments issued by New Wave Group to acquire the operation.

The acquisition value of shares in Group companies is eliminated against equity in each subsidiary at the time of acquisition. If the transferred consideration for the shares exceeds the fair value of the acquired company's net assets, consolidated goodwill is recognized. Under this method, only the portion of equity in the Group company that has been generated after the acquisition date is included in equity attributable to the shareholders of the Parent company.

If the portion of the fair value of the acquired net assets exceeds the cost of the acquisition, the difference is recognized in the income statement as an acquisition on favorable terms.

Transaction costs are recognized in the income statement when incurred. The Group decides whether the non-controlling interest shall be valued at fair value or at the non-controlling interest's proportionate share of the net assets or at its share of the acquired net assets.

Changes in value relating to contracted supplementary considerations is valued at fair value through the Group's consolidated income statement and are recognized as other operating income or other operating costs in the Group's consolidated income statement if the changes occur within one year after the acquisition date. All changes in the equity stake in a subsidiary, where the controlling influence does not cease, should be accounted for as equity transactions.

Result from operations acquired during the year are recognized in the consolidated income statement from the acquisition date. Any gain or loss from the sale of operations during the year is calculated based on the Group's recognized net assets in such operations, including result up to the date of sale. Intercompany balances and any unrealized income and expenses attributable to intercompany transactions are eliminated.

The non-controlling interest's share of the subsidiaries' net assets is accounted for as a separate item under consolidated equity. In the consolidated income statement, the non-controlling interest's share is included in reported result.

### ***Associated companies***

Associated companies are those companies which are not subsidiaries but where the Parent company directly or indirectly has a significant influence. Shares in associated companies are accounted for using the equity method. In the consolidated income statement on the row shares of associated companies' result, the Group's share of the associated companies' result after tax is recorded. In the Group's consolidated balance sheet the shares in associated companies are recorded at cost and adjusted based on the Group's share

of the result after the acquisition date and any received dividends.

### ***Translation of items denominated in foreign currency***

Transactions in foreign currencies during the year have been translated at the exchange rate prevailing at the respective transaction date. Assets and liabilities denominated in a foreign currency have been translated at the exchange rates prevailing at the closing day. Exchange gains and losses related to accounts receivable, accounts payable and other operating receivables and payables are included in Other operating income and Other operating costs. Exchange gains and losses related to other financial assets and liabilities are included in financial income and financial expenses.

### ***Revenue***

Most of New Wave Group's revenue comes from sales of goods, which are defined as separate performance obligations. Sales are mainly to retailers in promo and retail. New Wave Group's contracts with customers are primarily contracts with no agreed volumes or there is no existing contract and general terms apply. Therefore, a binding contract occurs, in main part of the sales, when a customer order is received and confirmed. Fulfillment of the performance obligations under the contracts are deemed to be achieved when control of the goods is transferred to the customer. New Wave Group assesses that moment with the help of shipping documents and shipping terms, which vary within the Group.

The transaction price primarily consists of a fixed price per sold quantity. Variable parts, such as discounts, bonuses and returns, only occur to a small extent and then reduces the transaction price. At the balance sheet date, a repayment liability for accrued bonuses, kick-backs and rebates are recorded as accrued expenses and prepaid income in the consolidated balance sheet.

Within the Group there are also a few smaller contracts with repurchase commitments where New Wave Group delivers goods to the customer with full return right at the same price as the original sale. The Group recognizes a right-of-return asset as inventory and a repayment liability for expected returns as other liabilities in the Group's consolidated balance sheet. The income and costs related to the expected returns are not recognized in the Group's consolidated income statement until the return period expires.

If the Group has received payments from customers without any performance obligation being fulfilled, a contractual liability is recognized as prepaid expenses and accrued income in the Group's consolidated balance sheet. The Group has a number of sponsorship agreements, which imply an exchange of goods and services between the contractual parties. In the sponsorship agreements where the customer has a distinct obligation, mainly related to marketing activities, and the customer receives free goods as compensation, New Wave Group recognizes a revenue that is valued to the fair value of the transferred goods. The revenue is recognized in connection with delivery of the goods. New Wave Group does not have any significant guarantee commitments. The Group has insignificant revenues from royalty, commission and membership fees for customer clubs, which are recognized as net sales in the consolidated income statement.

### ***Intangible fixed assets***

The Group's intangible assets consists of goodwill, trademarks, computer software and other intangible assets. Other intangible assets primarily consist of customer relations. Goodwill arises in connection with business combinations where the consideration transferred exceeds the fair value of the acquired net assets. Trademarks and customer relations arises in connection with business combinations and are measured at fair value at the time of the acquisition. Computer software consists of acquired assets and internally developed assets.

Product development for the Group mainly comprises design and development of new collections as well as development of new product variants within the existing product range. Such development generally does not meet the criteria for recognition in the balance sheet and is in those cases expensed on a current basis. All other expenditures during the research phase as well as development expenditures not meeting the capitalization criteria are charged to the income statement when incurred.

Expenditures related to internally developed intangible assets, excluding goodwill, which emerge during the development phase are capitalized only when in management's judgement it is probable that they will result in future economic benefits for the Group and the expenditures during the development phase can be reliably measured. The cost of an internally developed asset includes direct manufacturing expenditures and a portion of indirect expenses attributable to the actual asset. Amortization begins when the asset is available for use and is reported on a straight-line basis over the expected useful life of the asset.

Intangible assets are recognized at cost less accumulated depreciation and write-down and are amortized on a straight-line basis over their useful lives. An intangible asset with an indefinite useful life is not amortized but tested for impairment annually or more frequently. New Wave Group recognizes goodwill and trademarks, which are both classified as intangible assets with indefinite useful lives. The following yearly depreciation in % are applied in New Wave Group:

Computer software	15-33 %
Other intangible fixed assets*	5-10 %

\* Primarily consist of customer relations

### ***Tangible fixed assets***

Tangible fixed assets are valued at cost after adjusting for depreciation and any write-downs, and are depreciated on a straight-line basis over their expected useful lives. In determining the depreciable amount for an individual asset account is taken of any residual value of the asset. To the extent that an asset consists of components which differ materially in respect of their useful lives, these are depreciated separately (component depreciation). The acquisition value of a tangible fixed asset that has been manufactured includes direct manufacturing expenses and shares of attributable indirect expenses. Depreciation begins when the asset becomes available for use. Land is not depreciated.

Tangible fixed assets are removed from the Group's consolidated balance sheet upon sale or if the asset is not expected to generate any future economic benefits neither by being used nor being sold. Capital gains and losses are calculated as the difference between the consideration received and the asset's carrying amount. The capital gain or loss is recognized in the





Group’s consolidated income statement in the period in which the asset is removed from the balance sheet. The assets’ residual values, useful lives and methods of depreciation are reviewed at the end of each financial year and adjusted prospectively, if required.

Expenditures on maintenance and repairs are expensed as incurred, but expenditures on significant improvements are added to the cost and depreciated over the remaining useful life of the underlying asset. The following yearly depreciations in % are applied in New Wave Group:

Buildings	2-4 %
Equipment, tools and installations	10-33 %

### *Impairment of tangible and intangible fixed assets*

If there are internal or external indications of a decline in the value of an asset, the asset is to be tested for impairment. For assets with indefinite useful lives, goodwill and trademarks, such tests are performed at least once a year, whether there are any indications of impairment or not. An asset or group of assets, known as a cash-generating unit, should be written down if the recoverable amount is lower than the carrying amount.

The recoverable amount is the higher of value in use and net realizable value. Impairment losses are recognized in the Group’s consolidated income statement in the period during which they occur. If an individual asset cannot be tested separately, as it is not possible to identify the fair value less selling expenses for the asset, the asset is allocated to a group of assets, known as a cash-generating unit, for which it is possible to identify separate future cash flows. To the extent that

the underlying factors behind an impairment loss change in coming periods, the impairment loss will be reversed. Impairment of goodwill is never reversed. Information on the specific assumptions which need to be made to calculate value in use of an asset is provided in note 8.

### *Provisions*

Provisions are recognized in the Group’s consolidated balance sheet when there is a legal or informal obligation arising from events that have occurred and it is probable that payments will be required to settle the obligation. It must also be possible to reliably estimate the amount to be paid. The provision is valued at the present value of the anticipated future expenditure to settle the obligation.

### *Financial instruments*

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instrument recognized in the Group’s consolidated balance sheet includes accounts receivable, other receivables, derivatives, liquid assets, long-term and short-term interest-bearing liabilities, accounts payable, accrued expenses and other liabilities. All financial assets are initially measured at fair value except accounts receivable that are measured at transaction price. Transaction costs are included in the asset’s fair value, except in cases in which the change in value is recognized in the Group’s consolidated income statement. Financial liabilities are initially measured at fair value reduced with transaction costs, except in cases in which the change in value is recognized in the Group’s consolidated income statement.

Financial instruments with a remaining maturity of less than twelve months is normally classified as current assets and liabilities and financial instruments that exceed twelve months is normally classified as non-current assets and liabilities.

A financial asset is derecognized from the Group's consolidated balance sheet when the rights inherent in the agreement are realized or expires or if the Group loses control over them. The same applies to a portion of a financial asset. A financial liability is derecognized from the Group's consolidated balance sheet when the obligation in the agreement is fulfilled or otherwise ceases to apply. The same applies to part of a financial liability.

On the acquisition date, New Wave Group classifies financial instruments into the following categories:

#### **Financial assets measured at amortized cost**

The Group's financial assets measured at amortized cost are essentially accounts receivable, other receivables and liquid assets. Liquid assets comprise liquid bank deposits and available cash. Accounts receivable include invoiced as well as non-invoiced receivables (recognized when the Group's right to payment is assessed as unconditional). The expected maturity of accounts receivable is short, and the value is therefore recognized at nominal amount without discounting.

New Wave Group applies the simplified model for expected credit losses on accounts receivable, at which total expected credit losses for the remaining maturity of the receivable are recognized. When assessing future expected credit losses, both historical and forward-looking information is taken into account. Change of provision for expected credit losses on accounts receivable is recognized in the income statement under external expenses. The change of the year is provided in note 17.

#### **Financial assets measured at fair value through profit and loss**

The Group does not have any financial assets measured at fair value in the income statement in 2019 and 2018.

#### **Financial assets measured at fair value through other comprehensive income**

New Wave Group uses derivatives, essentially currency futures, to manage financial risks. Financial instruments measured at fair value through other comprehensive income consist of hedge instruments which form part of an effective cash-flow hedge. Changes in value for such instruments are recognized in other comprehensive income. Cash-flow hedges are reclassified to the income statement in the period or periods when the hedged flows affect the Group's consolidated income statement. However, if a planned transaction or an assumed obligation is no longer expected to occur, the cumulative gain or loss recognized in other comprehensive income, from the period in which the hedge was applied, is immediately transferred to the Group's consolidated income statement. Disclosures on individual hedges are provided in note 17.

#### **Financial liabilities measured at amortized cost**

The Group's financial liabilities measured at amortized cost are essentially interest-bearing liabilities, accounts payable, other liabilities and accrued expenses. Interest-bearing liabilities consist of liabilities to credit institutions and lease liabilities, see section Leases for measurement and valuation of lease liabilities. After the initial valuation, to fair value less transaction costs, liabilities to credit institutions are measured at amortized cost by applying the effective interest method. The expected maturity of accounts payable is short and the item is therefore recognized at the nominal amount without discounting.

#### **Financial liabilities measured at fair value through profit and loss**

Financial liabilities measured at fair value through the income statement consist of liabilities related to contracted supplementary considerations. Changes in value relating to contracted supplementary considerations is valued at fair value through the Group's consolidated income statement and are recognized as other operating income or other operating costs in the Group's consolidated income statement if the changes occur within one year after the acquisition date.

#### **Financial liabilities measured at fair value through other comprehensive income**

New Wave Group uses derivatives, essentially currency futures, to manage financial risks. See section Financial assets measured at fair value through other comprehensive income for a description on measurement and valuation.

### ***Leases***

The Group assesses at contract inception whether an agreement is, or contains, a lease. That is, if the agreement conveys the right to control the use of an identified asset for a period of time in exchange for considerations. The Group once again assesses if an agreement is or contains a lease if the terms and conditions of the agreement change.

Lease agreements are recognized as right-of-use assets as well as interest-bearing lease liabilities in the Group's balance sheet. Lease liabilities are recognized within long-term interest-bearing liabilities and short-term interest-bearing liabilities in the Group's balance sheet and are measured at the present value of future lease payments. In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date if there does not exist an implicit rate in the agreement. The

lease payments include fixed payments, variable lease payments that depend on an index or a rate and amounts expected to be paid under residual value guarantees.

Right-of-use assets are presented as tangible fixed assets and are measured at cost, less accumulated depreciations and write-downs, if any. The cost of a right-of-use asset contains the initial amount of the lease liability adjusted for any lease payments made before the commencement date, less any lease incentives received. Moreover, any initial direct expenses incurred are included as well. The leased asset is depreciated on a straight-line basis over lease term, or over the estimated useful life if the ownership is transferred to the New Wave Group at the end of the lease term.

The Group applies the short-term lease practical expedient to its short-term leases (i.e., those leases that have a lease term of twelve months or less from the commencement date). It also applies the lease of low-value assets practical expedient to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognized as expenses on a straight-line basis over the lease term. Variable lease payments that do not depend on an index or a rate are recognized as expenses in the period in which they occur.

### **Accounting policies for the comparison year**

Transactions before January 1, 2018, are reported according to previous accounting policies, which are presented in note 1 in the annual report for 2018.

### **Inventory**

Inventory is recognized at the lower of cost, as determined by applying FIFO method (“first in first out”), and net realizable value. The net realizable value is the estimated selling price less estimated selling expenses. Right-of-return assets is included in the stock value

and are measured at the value of the costs of goods sold at the point of sale.

### **Income tax**

#### **Current income tax**

Current tax assets and tax liabilities for current and previous periods are defined as the amount that is expected to be received back from or paid to the tax authority in each country respectively. The tax rates and tax laws applied in calculating the amount are those which have been adopted or announced at the balance sheet date. Current tax attributable to items recognized in equity and in other comprehensive income are recognized in equity and other comprehensive income.

#### **Deferred income tax**

Deferred tax is recognized in accordance with the balance sheet method for all temporary differences that arise between the tax values of assets and liabilities and their carrying amounts in the consolidated accounts. Deferred tax liabilities are accounted for taxable temporary differences. Exempt are temporary differences for consolidated goodwill or when an asset or liability is recognized as part of a transaction which is not a business combination and which, at the time of the transaction, neither affects the reported profit or the taxable profit or loss (i. e. initial recognition exemption).

Deferred tax assets are recognized for all deductible temporary differences, including loss carry-forwards to the extent that it is likely that a taxable profit will be available against which the tax asset can be offset. The valuation of deferred tax assets is reviewed at each balance sheet date and adjusted to the extent that it is no longer probable that sufficient profits will be generated to enable all or part of the loss carry-forwards to be used.

Deferred tax assets and tax liabilities are determined at the tax rates applicable for the period in which the asset is realized or the liability is paid based on tax rates

(and legislation) that have been adopted or announced at the balance sheet date.

Deferred tax assets and tax liabilities are offset if there is a legal right to offset the amounts against each other and the deferred tax is attributable to the same unit in the Group and the same tax authority.

### **Pensions**

Both defined benefit and defined contribution pension plans are used in New Wave Group. The Group has defined benefit pension plans that are managed by Alecta. This is a plan which covers several employers, and, as Alecta does not have sufficient information available for measurement, the Group’s pension obligation with Alecta is accounted for as a defined contribution plan. The Group’s contributions to defined contribution pension plans are charged to the income statement in the period to which they are attributable. For information regarding pension plans, see note 6.

### **Operating segment reporting**

The operating segments Corporate, Sports & Leisure, and Gifts & Home Furnishings comprise the Group’s segments. Under this classification, each trademark is grouped to the various operating segments. See note 3.

## *Note 2 - Key sources of uncertainty in material estimates, assumptions and assessments*

To prepare financial statements in accordance with applied accounting policies, certain estimates and assessments which affect the content of the financial statements, i. e. the carrying amounts of assets, liabilities, income and expenses, have to be made. The areas where estimates and assessments are of material significance for the Group, and which may affect the income statement and balance sheet if they are changed, are described below.

### **Impairment test of intangible fixed assets**

Intangible fixed assets, except those which have indefinite useful lives, are amortized over the periods in which they will generate income, i. e. their useful lives. If there is an indication of impairment of an asset the recoverable amount, which is the higher of the fair value of the asset less selling expenses and its value in use, is determined. An impairment loss is recognized when the asset's recoverable amount is less than the carrying amount. The recoverable amount is determined based on management's estimate of future cash flows or other factors. The assumptions made for the purpose of impairment tests, including the associated sensitivity analysis, are explained in note 8 and affect the estimated present value in all cases.

Goodwill, trademarks and other intangible assets with indefinite useful lives are tested for impairment once a year or if there are indications of impairment. To test these assets for impairment, the assets is allocated to operating segments and their values in use are calculated for each segment. The necessary calculations require that management estimate the expected future cash flow and establish a discount rate, see note 8.

Evaluation of the estimates which, if they were to be changed, could have a significant impact on the fair values of assets and would therefore require recognition of impairment losses, has been performed. The estimates relate to factors such as expected selling prices for the products and discount rate. A description of the assumptions made concerning impairment tests, including sensitivity analysis, is given in note 8.

### **Valuation of inventories**

The value is dependent on management's assessments in respect of the calculation of the net realizable value of the stock. These assessments may lead to impairment losses on the stock.

Inventories comprise clothes, gift products and accessories held for resale, and are measured, by applying the FIFO method, at the lower of cost and net realizable value at the balance sheet date. Internal profits arising from deliveries between companies in the Group are deducted. In the Corporate operating segment, the risk that the net realizable value will be lower than the cost is low, since as a large portion of the collection comprises timeless basic products for which there is a demand season after season.

In the Sports & Leisure operating segment about 26 % of sales are made through the promo sales channel. This product range mainly comprises basic products with limited fashion risk. For sales made through the retail sales channel orders are sent to the factory upon receipt of a purchase order from the customer, which significantly limits the risk that the net realizable value will be lower than the cost.

In the Gifts & Home Furnishings operating segment most of the volume consists of classic and best-selling products, many of which have a product cycle of more than 20 years. This limits the risk that the net realizable value will be lower than the cost.

### **Deferred taxes**

Deferred taxes are recognized for temporary differences arising between the carrying amounts and tax values of assets and liabilities as well as for unused loss carry-forwards. Deferred tax assets are recognized only if it is likely that these can be used to offset future profits. In the event that actual outcome differs from the estimates made or if management adjusts these estimates in future, the value of deferred tax assets could change. See note 15 for detailed information.



**Provisions for expected credit losses on accounts receivable**

Accounts receivable are initially measured at their transaction price and subsequently at the value at which they are expected to be realized. New Wave Group applies the simplified model for expected credit losses on accounts receivable, at which total expected credit losses for the remaining maturity of the receivable are recognized. When assessing future expected credit losses, both historical and forward-looking information is taken into account. Change of provision for expected credit losses on accounts receivable is recognized in the income statement under external costs. See note 17 for detailed information.

**Leases**

The application of IFRS 16 requires the Group to make assessments such as determining the lease term and the interest rate used for discounting of future cash flows which affect the measurement of the lease liability and the right-of-use asset.

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it

is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain to not be exercised. The lease agreements contain a range of different conditions. Extension and termination options are mainly related to real estate leases. The Group applies judgment in evaluating whether it is reasonably certain whether or not to exercise the option to extend or terminate the lease. That is, all relevant factors that create an economic incentive to exercise either the extension or termination are considered. The renewal periods for real estate leases with longer non-cancellable periods (approximately 10 to 15 years) are not included as part of the lease term as these are not reasonably certain to be exercised.

Assessments are also required to determine the interest rate when discounting future lease payments. The lease payments are discounted by using a rate reflecting what New Wave Group would have to pay to borrow funds to acquire a similar asset. The Group has used its incremental borrowing rate when discounting lease payments since the interest rate implicit in the agreements is not known.



## Note 3 - Operating segment reporting

New Wave Group's operating segments constitute Corporate, Sports & Leisure and Gifts & Home Furnishings. The relevant brands are allocated to the operating segment to which they are considered to belong. The Group monitors net sales and EBITDA for each segment. The operating segments are based on the Group's operational management and this is exclusively based on IFRS,

which means that no adjustments need to be made in relation to the consolidated financial statements. Central costs have been distributed to the relevant segment based on use. The Group has a large number of customers of which no one exceeds 10 percent of the Group's net sales.

SEK million	Net sales		EBITDA		Assets		Fixed assets *		Deferred tax assets	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Corporate	3 356.0	3 069.0	460.5	353.1	4 407.8	3 564.8	1 231.1	682.9	40.7	38.4
Sports & Leisure	2 887.4	2 573.7	309.1	218.2	3 289.4	2 757.3	1 392.5	1 087.5	49.5	50.1
Gifts & Home Furnishings	660.0	647.8	-1.5	-10.6	697.2	739.3	313.9	286.4	22.5	22.5
<b>Total</b>	<b>6 903.5</b>	<b>6 290.6</b>	<b>768.0</b>	<b>560.7</b>	<b>8 394.3</b>	<b>7 061.4</b>	<b>2 937.5</b>	<b>2 056.8</b>	<b>112.8</b>	<b>111.1</b>
<b>Total EBITDA</b>			<b>768.0</b>	<b>560.7</b>						
Amortizations and depreciations			-233.1	-77.9						
Net financial items			-68.2	-40.9						
<b>Result before tax</b>			<b>466.7</b>	<b>441.8</b>						

\* Financial fixed assets are not included.

SEK million	Net investments		Depreciations and write-downs		Liabilities	
	2019	2018	2019	2018	2019	2018
Corporate	-91.3	-101.0	-143.2	-40.4	2 949.3	2 274.8
Sports & Leisure	-33.9	-33.9	-68.7	-32.6	1 194.2	860.2
Gifts & Home Furnishings	-23.5	-28.2	-21.1	-4.9	480.1	492.2
<b>Total</b>	<b>-148.7</b>	<b>-163.2</b>	<b>-233.1</b>	<b>-77.9</b>	<b>4 623.6</b>	<b>3 627.2</b>

### Geographic areas

SEK million	Net sales		Fixed assets *		Deferred tax assets	
	2019	2018	2019	2018	2019	2018
USA	1 774.5	1 579.7	1 138.9	988.2	50.8	53.8
Sweden	1 610.0	1 529.9	716.3	593.0	19.7	16.8
Central Europe	1 078.1	986.4	382.1	230.7	13.6	12.9
Nordic countries excl. Sweden	861.0	807.1	301.6	63.1	4.5	4.8
Southern Europe	812.2	716.5	275.7	140.0	18.1	17.1
Other countries	767.7	670.9	123.0	41.9	6.1	5.7
<b>Total</b>	<b>6 903.5</b>	<b>6 290.6</b>	<b>2 937.5</b>	<b>2 056.8</b>	<b>112.8</b>	<b>111.1</b>

Fixed assets and deferred tax assets are based on where the Group's assets are located.

\* Financial fixed assets are not included.

## Note 4 - Revenue

### Disaggregation of revenue

Disaggregation of revenue from agreements with customers has been made based on the Group's two sales channels promo and retail, the Group's three segments Corporate, Sports & Leisure and Gifts and Homefurnishings as well as per geographical areas.

Customers within promo place higher demands on fast deliveries and the order frequency is higher than in retail. In both sales channels, goods are sold to customers, and the timing of revenue recognition is determined in the same way. The uncertainty in revenue and cash flows is somewhat lower within the sales channel promo because the Group's customers have in turn usually already sold the products at the time of the order.

Revenue reported at one time mainly comprise sales of goods, while revenue reported over time mainly comprise royalty and commission income. Revenue recognized over time are of insignificant amounts and are therefore not specified below.

Contractual assets arise when invoicing or a customer's payment is conditional to additional performance obligations such as conditional partial deliveries of goods. Contractual liabilities mainly arise when invoicing has taken place or when payment has been received for goods that have not yet been delivered to the Group's customers.

### Net sales per segment and sales channel

MSEK	Corporate		Sports & Leisure		Gifts & Home Furnishings			Total
	2019	2018	2019	2018	2019	2018	2019	2018
	Promo	3 263.9	2 981.4	762.5	690.7	86.5	85.6	4 113.0
Retail	92.1	87.7	2 124.9	1 883.0	573.5	562.1	2 790.6	2 532.8
<b>Total</b>	<b>3 356.0</b>	<b>3 069.0</b>	<b>2 887.4</b>	<b>2 573.7</b>	<b>660.0</b>	<b>647.8</b>	<b>6 903.5</b>	<b>6 290.6</b>

### Net sales per geographic area and sales channel

MSEK	Corporate		Sports & Leisure		Gifts & Home Furnishings			Total
	2019	2018	2019	2018	2019	2018	2019	2018
	USA	260.3	198.2	1 460.6	1 328.7	53.5	52.9	1 774.5
Sweden	548.7	553.6	511.0	438.6	550.2	537.8	1 610.0	1 529.9
Central Europe	744.6	690.3	317.8	285.4	15.7	10.6	1 078.1	986.4
Nordic countries excl. Sweden	456.6	436.7	375.6	332.4	28.8	38.0	861.0	807.1
Southern Europe	749.5	662.0	62.8	54.5	0.0	0.0	812.2	716.5
Other countries	596.3	528.3	159.6	134.1	11.8	8.5	767.7	670.9
<b>Total</b>	<b>3 356.0</b>	<b>3 069.0</b>	<b>2 887.4</b>	<b>2 573.7</b>	<b>660.0</b>	<b>647.8</b>	<b>6 903.5</b>	<b>6 290.6</b>

### Contractual assets and right of return assets

SEK million	2019	2018
Contractual assets		
Accrued income with additional performance obligation	1.8	8.4
Right of return assets		
Inventory expected in return - finished goods	6.2	5.7
<b>Total</b>	<b>8.0</b>	<b>14.1</b>

All contractual assets and right of return assets are due within 12 months

### Contractual liabilities and repayment liabilities

SEK million	2019	2018
Contractual liabilities		
Prepaid revenue	6.0	1.6
Repayment liabilities		
Repayment liabilities for expected returns	11.6	10.5
Repayment liabilities for accrued bonuses, kick-backs, rebates	47.9	43.4
<b>Total</b>	<b>65.5</b>	<b>55.5</b>

All contractual liabilities and repayment liabilities are due within 12 months

### Other operating income

SEK million	2019	2018
Exchange rate gains	38.2	47.8
Capital gains	0.8	1.0
Result from business combinations	11.4	8.4
Other income	27.5	17.6
<b>Total</b>	<b>77.9</b>	<b>74.8</b>

## Note 5 - Average number of employees

	2019 Number of employees	Of which men	2018 Number of employees	Of which men
<b>Parent company</b>				
Gothenburg	38	26	37	24
<b>Total Parent company</b>	<b>38</b>	<b>26</b>	<b>37</b>	<b>24</b>
<b>Subsidiaries</b>				
<b>Employees in Sweden</b>				
Borås	138	60	128	59
Mark	13	9	13	8
Munkedal	125	61	118	59
Lessebo	326	150	315	156
Stenungsund	20	13	20	14
Stockholm	50	29	54	33
Ulricehamn	21	12	21	12
Örebro	9	3	9	3
<b>Total employees in Sweden</b>	<b>702</b>	<b>337</b>	<b>678</b>	<b>344</b>
<b>Employees abroad</b>				
Bangladesh	47	45	49	47
Belgium	64	39	54	35
Denmark	73	37	73	37
Finland	52	29	47	27
France	19	11	18	11
Hong Kong	4	3	2	2
India	15	12	13	11
Iceland	1	1	0	0
Italy	48	31	50	32
Canada	89	48	93	48
China	156	68	173	75
The Netherlands	136	88	148	87
Norway	75	43	79	44
Poland	179	49	182	52
Switzerland	36	25	35	24
Spain	21	13	24	12
United Kingdom	30	15	33	16
Taiwan	0	0	3	0
Germany	71	47	65	44
USA	681	258	664	252
Vietnam	25	11	27	12
Austria	17	8	19	10
<b>Total employees abroad</b>	<b>1 839</b>	<b>881</b>	<b>1 851</b>	<b>878</b>
<b>Group total</b>	<b>2 579</b>	<b>1 244</b>	<b>2 566</b>	<b>1 246</b>

Gender distribution within Group management	2019			2018		
	Women	Men	Total	Women	Men	Total
Board of Directors	2	5	7	1	4	5
Group Management	0	9	9	0	9	9



## Note 6 - Salaries, other remuneration and social security contributions

SEK million	2019			2018		
	Salaries and other remuneration	Social security contributions	Of which pension costs	Salaries and other remuneration	Social security contributions	Of which pension costs
Parent company	23.3	12.1	3.9	22.0	11.8	3.9
Group companies in Sweden	283.5	119.1	19.9	268.9	113.3	17.6
Group companies abroad	780.0	154.2	23.7	702.8	145.5	21.2
<b>Group total</b>	<b>1 086.8</b>	<b>285.4</b>	<b>47.5</b>	<b>993.7</b>	<b>270.6</b>	<b>42.7</b>
Of which purchasing and production personnel	198.6	51.2	4.8	191.0	49.4	3.8

Of the parent company's pension costs, SEK 0.3 (0.4) million concerns the Group's Board and the CEO of the Group. Of the Group's pension costs, SEK 4.6 (4.4) million concerns the Board and CEOs.

### Salaries and other remuneration distributed by country and divided between board members, CEOs and other employees

SEK million	2019			2018		
	Board and CEO	Of which bonus*	Other employees	Board and CEO	Of which bonus*	Other employees
Parent company	2.1	0.0	21.8	1.9	0.0	20.1
Group companies in Sweden	10.6	0.0	272.9	11.5	0.2	258.0
<b>Group companies abroad</b>						
Belgium	0.0	0.0	28.2	0.0	0.0	21.6
Denmark	1.6	0.0	40.9	1.5	0.0	40.6
Finland	2.0	0.1	23.4	2.1	0.0	20.3
France	2.2	0.5	9.0	2.3	0.2	7.3
Hong Kong	0.0	0.0	1.1	0.0	0.0	1.0
Iceland	0.4	0.0	0.0	0.0	0.0	0.0
Italy	6.4	3.3	17.6	6.8	3.8	17.6
Canada	4.3	0.2	31.7	4.0	0.2	26.1
China	2.6	0.0	33.6	1.5	0.0	35.3
The Netherlands	6.0	0.0	68.9	5.8	0.2	61.7
Norway	1.3	0.0	46.0	1.4	0.0	45.8
Poland	0.7	0.0	20.0	0.7	0.0	17.3
Switzerland	3.8	0.2	25.5	3.5	0.1	22.6
Spain	1.4	0.0	6.0	1.5	0.0	5.9
United Kingdom	1.7	0.0	10.0	0.4	0.0	10.5
Germany	1.2	0.0	33.0	1.2	0.0	27.8
USA	14.5	0.9	325.7	12.0	0.5	286.8
Austria	1.1	0.0	8.2	1.0	0.0	8.3
<b>Total Group companies abroad</b>	<b>51.1</b>	<b>5.3</b>	<b>728.9</b>	<b>45.6</b>	<b>5.0</b>	<b>656.6</b>
<b>Group total</b>	<b>63.9</b>	<b>5.4</b>	<b>1 023.6</b>	<b>59.0</b>	<b>5.2</b>	<b>934.7</b>

\*Bonuses are related to performance and are settled annually with no future commitment.

## Conditions of employment for the CEO

Remuneration to the CEO comprises a fixed salary from New Wave Group AB. No Board member fees or other remuneration such as bonuses are paid to the CEO. As pension insurance for the CEO, a market-adjusted fixed payment plan is in place. A mutual notice period of six months applies for the CEO and no severance pay is awarded.

## The conditions of employment for other senior executives

Other senior executives are the eight persons who make up the Group management together with the CEO. For the structure of the Group Management, see page 54. Remuneration to the other senior executives mainly comprises a fixed salary. No board member fees are paid when senior executives take part of Group companies' boards. Market-adjusted fixed payment pension agreements exist for the other senior executives. A mutual notice period of between three to six months exists for the other senior executives and no severance pay is awarded.

## Decision-making process

There is no specially appointed remuneration committee to deal with salaries, pension benefits, incentives and other employment-related conditions for the CEO and the Group's other senior executives; these matters are dealt with exclusively by the Board. The salaries of the senior executives are decided by the CEO after consultation with the Chairman of the Board. The Board members' fees are decided by the Annual General Meeting.

Board members' fees	2019	2018
External members of the Parent company's Board	1.2	1.0
Of which to the Chairman of the Board	0.4	0.3

A remuneration committee for the Parent company's Board has not been elected. The fees paid to the Chairman of the Board and the Board members are in accordance with the decision of the Annual General Meeting.

## Salaries and other remuneration distributed by Board members and other senior executives

SEK million	2019 Salaries and other remuneration	Of which bonus	Pension costs	2018 Salaries and other remuneration	Of which bonus	Pension costs
Torsten Jansson, CEO	0.9	0.0	0.3	0.9	0.0	0.4
Olof Persson, Chairman of the Board	0.4	0.0	0.0	0.3	0.0	0.0
Christina Bellander, Board Member	0.2	0.0	0.0	0.2	0.0	0.0
Elisabeth Dahlin, resigning Board Member 2018	0.0	0.0	0.0	0.1	0.0	0.0
Mats Årjes, Board Member	0.2	0.0	0.0	0.2	0.0	0.0
M. Johan Widerberg, Board Member	0.2	0.0	0.0	0.2	0.0	0.0
Jonas Eriksson, Board Member (new election)	0.1	0.0	0.0	0.0	0.0	0.0
Magdalena Forsberg, Board Member (new election)	0.1	0.0	0.0	0.0	0.0	0.0
Other senior executives*	15.2	1.9	2.3	14.2	1.4	2.5
<b>Total</b>	<b>17.3</b>	<b>1.9</b>	<b>2.7</b>	<b>16.1</b>	<b>1.4</b>	<b>2.9</b>

\*See pages 54-55.

### Warrants

The Group has no outstanding warrants.

## *Pension obligations*

Defined benefit pension plans exist within the Group. These are only smaller pension plans. For white-collar employees in Sweden ITP 2-plan defined benefit pension obligations for retirement- and family pensions (or family pension) are secured through insurance in Alecta. According to a statement from the Swedish Financial Reporting Board, UFR 10 Accounting for pension plan ITP 2 financed by insurance in Alecta, this is a defined benefit plan that covers several employers. For financial year 2019 the company has not had access to information in order to account for its proportionate share of the plan's obligations, plan assets and costs which meant that the plan has not been possible to account for as a defined benefit plan. The pension plan ITP 2 secured through insurance in Alecta is therefore recognized as a defined contribution plan. The premium for the defined benefit retirement and family pension is individually calculated and is dependent on factors including salary,

previously earned pension and expected remaining period of service. Expected premiums for 2020 amount to SEK **9.5 (9.4)** million.

The collective funding level is the market value of Alecta's assets in percent of the commitments calculated in accordance with Alecta's calculation assumptions for insurance purposes, which do not comply with IAS 19. The collective consolidation level is normally allowed to vary between **125** and **155** %. If Alecta's consolidation level fall below **125** % or exceed **155** %, measures should be taken in order to create conditions to reestablish the consolidation level to the normal range. At low consolidation, a measure can be to raise the agreed price for new agreements. At high consolidation, a measure can be to introduce premium reductions. Alecta's collective funding ratio at the end of the year was **148** % (**142** %).

## *Note 7 - Remuneration to auditors*

### SEK million

	2019	2018
Audit assignment		
Ernst & Young	5.3	5.0
Other	5.5	5.2
Audit work outside audit assignment	0.7	0.6
Tax consultancy	1.2	1.1
<b>Total</b>	<b>12.7</b>	<b>11.9</b>

## Note 8 - Intangible fixed assets

SEK million	Goodwill		Trademarks		Computer software		Other intangible fixed assets	
	2019	2018	2019	2018	2019	2018	2019	2018
<b>Accumulated acquisition values</b>								
Opening accumulated acquisition values	954.5	904.5	542.0	511.6	172.7	151.7	63.5	56.7
Acquisition through business combinations	0.0	0.0	5.0	0.0	0.0	0.0	0.0	0.0
Acquisitions	0.0	0.0	4.9	0.7	16.3	14.2	0.5	0.5
Sales/disposals	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Reclassifications	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Translation differences	23.1	50.1	17.7	29.6	4.0	6.8	3.1	6.3
<b>Closing accumulated acquisition values</b>	<b>977.6</b>	<b>954.5</b>	<b>569.5</b>	<b>542.0</b>	<b>193.0</b>	<b>172.7</b>	<b>67.1</b>	<b>63.5</b>
<b>Accumulated amortizations</b>								
Opening accumulated amortizations	-53.4	-52.7	-23.8	-22.7	-133.7	-110.9	-34.0	-25.7
Sales/disposals	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Reclassifications	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortizations	0.0	0.0	-0.1	0.0	-20.6	-18.3	-5.0	-4.6
Translation differences	-0.2	-0.7	-0.8	-1.1	-3.0	-4.4	-2.0	-3.7
<b>Closing accumulated amortizations</b>	<b>-53.6</b>	<b>-53.4</b>	<b>-24.6</b>	<b>-23.8</b>	<b>-157.2</b>	<b>-133.7</b>	<b>-40.9</b>	<b>-34.0</b>
<b>Accumulated write-downs</b>								
Opening accumulated write-downs	-17.0	-17.0	-1.5	-1.5	0.0	0.0	0.0	0.0
Write-downs	-11.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Closing accumulated write-downs</b>	<b>-28.4</b>	<b>-17.0</b>	<b>-1.5</b>	<b>-1.5</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Closing book value</b>	<b>895.6</b>	<b>884.2</b>	<b>543.4</b>	<b>516.6</b>	<b>35.8</b>	<b>39.0</b>	<b>26.2</b>	<b>29.5</b>

### Goodwill allocated to operating segments

SEK million	2019	2018
Corporate	263.7	261.8
Sports & Leisure	591.0	569.3
Gifts & Home Furnishings	40.9	53.1
<b>Total</b>	<b>895.6</b>	<b>884.2</b>

### Trademarks allocated to operating segments

SEK million	2019	2018
Corporate	20.3	15.8
Sports & Leisure	408.2	390.8
Gifts & Home Furnishings	114.9	110.0
<b>Total</b>	<b>543.4</b>	<b>516.6</b>



## Valuation

The Group's intangible fixed assets with indefinite useful life consist of goodwill and trademarks. The useful lives are assessed to be indefinite because they are well established strategic trademarks in respective markets which the Group intends to maintain and develop further. The trademarks with greater value, recorded at their acquisition values, are well-known trademarks, such as Orrefors and Kosta Boda within Gifts & Home Furnishing as well as mainly Cutter & Buck within Sports & Leisure.

The value of the Group's goodwill and trademarks, which are based on local currency and can give rise to currency translation effects in the consolidated financial statements, have been allocated between the cash-generating units they are considered to belong to. These units are also the Group's segments. The value of these intangible assets is reviewed annually to ensure that the value does not deviate negatively from book value, but can be tested more frequently if there are indications that the value has decreased. In order to assess whether there are indications of impairment, the recoverable amount needs to be determined by a calculation of the respective cash-generating unit's value in use. The value in use is based on established cash flow projections for the next five years, and a long-term terminal growth rate, so-called terminal growth. The most important assumptions in determining the value in use include growth rate, operating margin and discount rate (WACC). When calculating the discount rate, an assessment of financial factors such as interest rate levels, borrowing costs, market risk, beta values and tax rates will be carried out. As the cash-generating units have different characteristics,

each unit is assessed after its commercial factors. The estimated cost of capital (WACC) is considered to be representative of all cash-generating units.

The cash flow forecasts that are basis for the impairment test are based on the five year forecast adopted by the Board (2020-2024) and thereafter a terminal growth of **3.0 (3.0) %**.

In calculating the present value of expected future cash flows, a weighted average cost of capital (WACC) of **10.2 (10.2) %** before tax is used.

Based on the tests and analyzes that have been carried out, there is currently no need for impairment in the Corporate and Sports & Leisure segments. Within the segment Gifts & Home Furnishings goodwill has been impaired with SEK **-11.4** million. In the comparison period no indicators of need for impairment were identified. Sensitivity analyses have been performed for all cash-generating units.

### Corporate

Sales occur in all regions. The assumptions made are that growth will occur on existing markets through an increased market share and also through establishments on new markets. The operating margin and turnover rate in inventory, is expected to be on current level. Sales mainly occurs in the promo sales channel (**97 %**) which means that a properly balanced inventory is an important component for reaching a good service level.

A sensitivity analysis shows that the value can be maintained even if the growth rate decreases by **1 (3) percentage point** annually, the operating margin decreases by **2 (1) percentage points** or if

the WACC increases by **2 (2) percentage points**.

### Sports & Leisure

The operating segment's sales mainly occur in the retail sales channel. All regions have sales of the segment's products. The forecasts include a growth on existing markets through an increased market share. The sales growth is expected to lead to an improved operating margin. The turnover in inventory is expected to be on the same level during the forecast period (2020-2024).

A sensitivity analysis shows that the value can be maintained even if the growth rate decreases annually by **1 (1) percentage point**, the operating margin decreases by **1 (1) percentage point** or if the WACC increases by **1 (1) percentage point**.

### Gifts & Home Furnishings

Most of the sales occur on the Swedish market and in the retail sales channel. The assumptions made is that sales are expected to increase on existing markets and that the operating margin will continue to improve. The turnover in inventory is expected to increase during the forecast period (2020-2024).

A sensitivity analysis shows that the value can be maintained even if the annual growth rate decreases by half a (**1**) percentage point, the operating margin decreases by **1 (1) percentage point** or if the WACC increases by **1 (1) percentage point**.

## Note 9 - Tangible fixed assets

### Owned assets

SEK million

#### Accumulated acquisition values

	Buildings and land		Equipment, tools and installations	
	2019	2018	2019	2018
Opening accumulated acquisition values	484.9	367.4	639.6	498.4
Acquisition through business combinations	0.0	80.0	0.3	0.0
Acquisitions	22.7	21.1	102.0	126.0
Sales/disposals	0.0	0.0	-70.9	-15.2
Reclassification	-1.1	0.0	1.1	0.0
Translation differences	8.5	16.4	16.6	30.4
<b>Closing accumulated acquisition values</b>	<b>514.9</b>	<b>484.9</b>	<b>688.7</b>	<b>639.6</b>

#### Accumulated depreciations

Opening accumulated depreciations	-127.3	-110.1	-384.1	-314.5
Sales/disposals	0.0	0.0	64.5	11.3
Depreciations as a part of production costs/goods for resale	-1.1	-0.6	-15.3	-12.9
Depreciations	-14.0	-10.4	-55.6	-44.5
Translation differences	-3.2	-6.3	-11.2	-23.4
<b>Closing accumulated depreciations</b>	<b>-145.6</b>	<b>-127.3</b>	<b>-401.8</b>	<b>-384.1</b>

#### Accumulated write-downs

Opening write-downs	-20.2	-20.2	-5.5	-5.5
Sales/disposals	0.0	0.0	0.0	0.0
<b>Closing accumulated write-downs</b>	<b>-20.2</b>	<b>-20.2</b>	<b>-5.5</b>	<b>-5.5</b>

Closing book value

**349.1**    **337.4**    **281.4**    **250.0**

### Leased assets

The Group has primarily lease agreements related to office premises, warehouses and cars. The lease period varies depending on type of asset and country. For real estate leases the lease period varies from 3-10 years up to 15 years. For equipment, tools and installations (including cars) the lease period varies between 2-6 years.

Set out below are the carrying amounts of right-of-use assets recognized and the movements during the period.

SEK million	2019		SEK million	2019
	Buildings and land	Equipment, tools and installations		
<b>Accumulated acquisition values</b>				
Opening balance - Jan 1, 2019	593.6	47.4	Gain or losses on right-of-use assets	0.3
Acquisitions	282.3	19.4	Short-term lease expenses	-30.6
Terminations	-31.9	-1.2	Low value asset expenses	-7.7
Translation differences	20.3	1.2	Variable lease expenses	-29.6
<b>Closing accumulated acquisition values</b>	<b>864.3</b>	<b>66.9</b>	Depreciation of right-of-use assets	-126.4
			<b>Recognized in operating result</b>	<b>-194.1</b>
<b>Accumulated depreciations</b>				
Opening depreciations	0.0	0.0		
Terminations	3.7	0.5		
Depreciations	-106.5	-19.9		
Translation differences	-2.6	-0.4		
<b>Closing accumulated depreciations</b>	<b>-105.4</b>	<b>-19.8</b>		
<b>Closing book value</b>	<b>758.9</b>	<b>47.1</b>		

Refer to note 11 for interest expenses on the lease liabilities and note 17 for maturity analysis of the lease liabilities and note 20 for split between long-term and short-term lease liabilities. During 2019, total cash outflows related to leases amounted to SEK 190.9 million, with a distribution of SEK 87.9 million within cash flow from operating activities and SEK 103.0 million within financing activities. In 2018 total leasing costs amounted to SEK 177.1 million.



## Note 10 - Currency exposure in operating result

SEK million	2019	2018
<b>Operating result</b>		
Euro, EUR	132.5	151.4
Canadian dollar, CAD	-30.1	-28.4
Swiss franc, CHF	147.1	136.9
US dollar, USD	80.0	45.0
Norwegian krone, NOK	23.0	24.3
Danish krone, DKK	15.9	14.3
Chinese yuan, CNY	15.8	17.6
Polish zloty, PLN	4.8	3.8
Hong Kong dollar, HKD	50.0	49.9
British pound, GBP	0.6	-3.5
Icelandic krona, ISK	-0.5	0.0
<b>Total operating result in foreign currencies</b>	<b>439.0</b>	<b>411.3</b>

The table shows currency exposed operating result per currency, before Group adjustments.

## Note 11 - Financial income and expenses

SEK million	2019	2018
Interest income	5.8	2.9
Interest on overdue accounts receivable	2.6	2.6
Translation differences on financial receivables	0.5	-1.0
Interest expense on interest-bearing liabilities excl. lease liabilities	-55.3	-42.8
Interest expense on lease liabilities	-20.0	0.0
Interest expense on overdue accounts payable	-0.1	-0.3
Translation differences on financial liabilities	-0.9	-1.3
Other financial expenses	-0.8	-1.1
<b>Total</b>	<b>-68.2</b>	<b>-40.9</b>





## Note 12 - Tax expense

SEK million	2019	2018
Current tax	-103.9	-94.9
Tax attributable to previous years	3.8	-2.2
<b>Total current tax expense</b>	<b>-100.1</b>	<b>-97.1</b>
Deferred tax relating to temporary differences and loss carry-forwards	3.4	15.3
<b>Total recorded tax expense on result for the year</b>	<b>-96.7</b>	<b>-81.8</b>

The Group's tax expense for the year amounted to SEK 96.7 (81.8) million or 20.7 (18.5) % on result before tax.

### Reconciliation of actual tax

Reconciliation between the Group's weighted average tax rate, based on each respective country's tax rate, and the Group's actual tax:

SEK million	2019	%	2018	%
Result before tax	466.7		441.8	
Tax expense based on respective country's tax rate	-92.7	-19.9	-89.3	-20.2
Tax effects from:				
Non-taxable income	4.5	1.0	0.9	0.2
Non-deductible expenses	-4.3	-0.9	-2.5	-0.6
Tax arrears assessment	3.8	0.8	-2.2	-0.5
Regional and other variations regarding tax rates	-1.2	-0.3	-0.1	0.0
Reverse of previously activated loss carry-forwards	-5.7	-1.2	-9.0	-2.0
Taking in use previously not activated loss carry-forwards	6.8	1.5	10.6	2.4
Not activated loss carry-forwards	-15.7	-3.4	-11.8	-2.7
Temporary differences	2.8	0.6	18.6	4.2
Other	5.0	1.1	3.0	0.7
<b>Total recorded tax expense on result for the year</b>	<b>-96.7</b>	<b>-20.7</b>	<b>-81.8</b>	<b>-18.5</b>

## Note 13 - Shares in associated companies

SEK million	Company registration number	Registered office	Share of capital, %	Share of votes, %	Number of shares	2019 Book value	2018 Book value
Dingle Industrilokaler AB	556594-6570	Munkedal	49	49	83 055	7.2	7.2
Kosta Köpmanshus AB	556691-7042	Lessebo	49	49	7 350	29.5	29.5
Jobman Workwear GmbH	758048	Freiberg	49	49	2	2.2	1.4
Other			-	-	-	0.1	1.1
<b>Total</b>						<b>39.0</b>	<b>39.3</b>

Based on IFRS 10 and 11, New Wave Group is not considered to have controlling influence over the above presented companies.

SEK million	Company's equity amounted to		The Group's share of total comprehensive income for the year		The Group's share of contingent liabilities	
	2019	2018	2019	2018	2019	2018
Dingle Industrilokaler AB	14.7	14.7	0.0	0.0	None	None
Kosta Köpmanshus AB	64.1	64.1	0.0	0.0	None	None
Jobman Workwear GmbH	2.2	1.2	-0.2	-1.1	None	None

## Note 14 - Other long-term receivables

SEK million	2019	2018
Loans secured	0.0	0.8
Deposits	6.5	7.9
Other long-term receivables	8.1	4.8
<b>Total</b>	<b>14.7</b>	<b>13.5</b>

## Note 15 - Deferred tax assets and tax liabilities

Deferred tax assets and liabilities in the Group assigned to:

SEK million	2019		2018	
	Assets	Liabilities	Assets	Liabilities
Loss carry-forwards	41.7	0.0	39.4	0.0
Internal profits	29.5	12.6	27.2	10.0
Reserves	0.0	0.0	0.0	1.4
Depreciation and fixed assets	10.3	12.4	3.5	10.8
Inventory	28.9	0.8	26.8	0.8
Accounts receivable	8.9	0.0	8.1	0.0
Personnel costs	1.9	0.0	1.2	0.0
Additional purchase price	0.0	0.0	2.1	0.0
Leasing	0.0	0.0	1.5	0.0
Prepaid costs	0.0	1.9	0.0	1.6
Trademarks	0.0	109.2	0.0	105.9
Tax allocation reserves and accelerated depreciation	0.0	17.3	0.0	13.6
Cash flow hedges	0.5	0.0	0.0	0.1
Other temporary differences	0.8	0.3	1.1	0.4
Set-off of deferred tax assets and deferred tax liabilities	-9.8	-9.8	0.0	0.0
<b>Deferred tax assets and liabilities</b>	<b>112.8</b>	<b>144.8</b>	<b>111.1</b>	<b>144.6</b>

### Loss carry-forwards

At the year-end the Group had total tax loss carry-forwards of SEK 434.6 (373.8) million. Deferred tax has been recognized on SEK 169.7 (153.9) million of the tax losses which has resulted in a deferred tax asset of SEK 41.7 (39.4) million. The maturity for all tax loss carry-forwards is shown in the table below.

Deferred tax liability arising from tax allocation reserves and accelerated depreciation in Sweden are due as follows:

SEK million	2019	2018
2022	0.8	0.8
2023	5.1	5.1
2024	4.9	4.9
2025	4.2	0.0
Unlimited lifetime	2.3	2.6
<b>Total</b>	<b>17.3</b>	<b>13.5</b>

Total loss carry-forwards expire as follows:

SEK million	2019	2018
2020	0.0	0.1
2021	0.0	0.0
2022	8.3	8.0
2023	11.2	10.8
2024	14.4	13.8
2025	8.2	0.0
2026	0.0	0.0
2027	12.9	6.0
2028	16.5	15.9
2029-2036	97.4	61.3
Unlimited lifetime	265.7	257.9
<b>Total</b>	<b>434.6</b>	<b>373.8</b>

In the Group there are tax loss carry-forwards in a number of companies within different tax groups. In each separate case an assessment is made, with reasonable certainty, whether or not the loss carry-forwards will be utilized. The assessment takes into consideration managements forecasts, historical and present performance levels and the expiration date of the loss carry-forwards. Based on the assessments, the loss carry-forwards are divided into three different groups where group A represents in full recorded loss carry-forwards, group B represents partially recorded loss carry-forwards and group C represents loss carry-forwards that have not been recorded at all. The distribution is shown in the tables below.

2019 SEK million Group	Total loss carry- forwards	Of which recognized tax	Loss carry- forwards with no recorded tax	of which not recognized tax
A	100.0	23.4	0.0	0.0
B	153.0	18.3	83.2	22.4
C	181.7	0.0	181.7	43.9
<b>Total</b>	<b>434.6</b>	<b>41.7</b>	<b>264.9</b>	<b>66.3</b>

2018 SEK million Group	Total loss carry- forwards	Of which recognized tax	Loss carry- forwards with no recorded tax	of which not recognized tax
A	108.0	27.1	0.0	0.0
B	127.2	12.3	81.3	21.2
C	138.6	0.0	138.6	34.6
<b>Total</b>	<b>373.8</b>	<b>39.4</b>	<b>219.9</b>	<b>55.9</b>

## Note 16 - Inventory

SEK million	2019	2018
Raw materials	49.3	40.3
Work in progress	12.6	14.0
Goods in transit	195.0	222.6
Finished goods	3 301.0	2 954.0
<b>Total</b>	<b>3 557.9</b>	<b>3 230.9</b>

Stocks consist of clothes, gift items and accessories for resale as well as raw materials. The stock is valued by applying the FIFO principle, at the lowest of the cost and net sales value on the balance sheet date. Deductions are made for internal profit made from deliveries between Group companies. There is a low risk that the net sales value is lower than the cost in the Corporate operating segment since much of the product range consists of timeless basic products which are in demand season after season. For sales within the Sports & Leisure operating segment, orders to the factory are placed once the purchase order has been received from the customer, which considerably reduces the risk that the net sales value is lower than the cost. Remaining sales are mainly made up of basic items with a limited fashion risk. Within the Gifts & Home Furnishings operating segment, most of the volume consists of classic, best-selling products that in many cases have a product cycle of more than 20 years, which limits the risk that the net sales value is lower than the cost. As of 31 December 2019, the Group's stock has been written down with SEK **136.7 (121.5)** million. Impairment related to merchandise on stock amounted to **4.0% (4.0%)**. The part of the stock which is recorded to net sales value amounts to SEK **300.1 (303.9)** million.

## Note 17 - Financial instruments and financial risk management

The fair values of interest-bearing assets and liabilities may differ from their carrying amounts, partly as a result of changes in market interest rates. The fair values of these assets have been determined by discounting future cash flows using current interest rates and exchange rates for equivalent instruments. For financial instruments such as accounts receivable, accounts payable and other non-interest-bearing financial assets and liabilities, which are carried at amortized cost less any impairment losses, the fair value is deemed to agree with the carrying amount. Financial instruments at fair value in the balance sheet belongs to level two and three in IFRS 13 hierarchy. The Group's long-term borrowing is mainly through credit facilities with long maturities but short fixed-rate periods.



## 2019

SEK million

**Financial assets**

	Assets at fair value through other comprehensive income	Assets at fair value through profit and loss	Assets at amortized cost	Total	Fair value
Accounts receivable	0.0	0.0	1 192.8	1 192.8	1 192.8
Other receivables	0.0	0.0	81.7	81.7	81.7
Derivatives *	0.0	0.0	0.0	0.0	0.0
Liquid assets	0.0	0.0	351.3	351.3	351.3
<b>Total assets</b>	<b>0.0</b>	<b>0.0</b>	<b>1 625.8</b>	<b>1 625.8</b>	<b>1 625.8</b>

**Financial liabilities**

	Liabilities at fair value through other comprehensive income	Liabilities at fair value through profit and loss	Liabilities at amortized cost	Total	Fair value
Interest-bearing liabilities	0.0	0.0	3 316.1	3 316.1	3 323.5
Derivatives *	2.2	0.0	0.0	2.2	2.2
Accounts payable	0.0	0.0	623.2	623.2	623.2
Accrued expenses	0.0	0.0	279.0	279.0	279.0
Other liabilities	0.0	0.0	137.6	137.6	137.6
<b>Total liabilities</b>	<b>2.2</b>	<b>0.0</b>	<b>4 355.9</b>	<b>4 358.1</b>	<b>4 365.5</b>

## 2018

SEK million

**Financial assets**

	Assets at fair value through other comprehensive income	Assets at fair value through profit and loss	Assets at amortized cost	Total	Fair value
Accounts receivable	0.0	0.0	1 084.1	1 084.1	1 084.1
Other receivables	0.0	0.0	88.9	88.9	88.9
Derivatives *	0.0	0.0	0.0	0.0	0.0
Liquid assets	0.0	0.0	312.2	312.2	312.2
<b>Total assets</b>	<b>0.0</b>	<b>0.0</b>	<b>1 485.2</b>	<b>1 485.2</b>	<b>1 485.2</b>

**Financial liabilities**

	Liabilities at fair value through other comprehensive income	Liabilities at fair value through profit and loss	Liabilities at amortized cost	Total	Fair value
Interest-bearing liabilities	0.0	0.0	2 143.2	2 143.2	2 150.6
Derivatives *	0.1	0.0	0.0	0.1	0.1
Accounts payable	0.0	0.0	751.5	751.5	751.5
Accrued liabilities	0.0	0.0	313.2	313.2	313.2
Other liabilities	0.0	1.1	166.0	167.1	167.1
<b>Total liabilities</b>	<b>0.1</b>	<b>1.1</b>	<b>3 373.9</b>	<b>3 375.1</b>	<b>3 382.5</b>

\* Derivatives are included in the item other receivables and other liabilities in the Consolidated balance sheet.

## Financial risk management

New Wave Group is continually exposed to various financial risks. Financial risks comprise interest risks, currency risks and liquidity and credit risks. To minimize the impact on the income statement from these risks, the Group has a financial risk policy which describes how the Group seeks to limit the impact of financial risks on the income statement. The goal is to ensure that the central finance function exploits available economies of scale in the Group and assists the subsidiaries by providing professional service in order to minimize the risks.

### Interest risk

New Wave Group believes that the use of short-term fixed interest rates leads to lower borrowing costs over time while short-term interest rates follow the economy cycles and therefore offset fluctuations in the Group's earnings. The breakdown by currency of the Group's net debt at year-end is shown in the table below. An increase in interest rates over the course of the year by one percentage point would have a negative impact on earnings of SEK **16.6 (10.7)** million, based on the reported net debt at 31 December 2019. Net debt breakdown is shown in note **20**.

SEK million	2019	2018
<b>Breakdown by currency</b>	<b>Net debt</b>	<b>Net debt</b>
SEK	-1 596.0	-1 349.4
EUR	-587.2	-309.1
GBP	-23.0	-18.3
USD	-434.0	-197.7
CHF	97.7	79.8
DKK	-0.2	19.4
NOK	-273.2	-120.3
CAD	-189.9	-26.0
CNY	8.6	19.2
Other	32.4	71.3
<b>Total</b>	<b>-2 964.8</b>	<b>-1 831.1</b>

### Currency risk

A significant portion of New Wave Group's sales are made in foreign currency (77 %). The Group is exposed to changes in exchange rates in the future flows of payments related to firm commitments and to loans and investments in foreign currencies, i.e. transaction exposure. The Group's financial statements are also affected by translating the results and net assets of foreign subsidiaries into SEK, i.e. translation exposure.

## Transaction exposure and hedge accounting

Transaction exposure mainly arises as a result of intra-Group transactions between the Group's purchasing companies and sales companies, situated in other countries and selling the products to their customers normally in local currency on their local market. In some countries, transaction exposure may arise from sales to external customers in a currency different from the local currency. The Group's most important purchasing currency is USD. Changes in exchange rates between USD, EUR and SEK constitute the single largest transaction exposures in the Group.

Managing the currency exposure related to purchases differs between the Group's both sales channels. In the promo sales channel, New Wave Group is the stock keeper and orders from resellers are therefore not placed until the reseller has received an order from the end customer. The order backlog for future deliveries is therefore small, as deliveries are made immediately. Currency hedging is not used for this sales channel since price adjustments towards the customer are made continuously as the purchase price changes. In the retail sales channel, sales are mostly made through advance orders and, at this point, the prices towards the customers are fixed. An advance order means, for example, that customers place orders in the spring for delivery in the autumn. In order to limit the currency risk in these advance orders, derivatives are purchased to guarantee that the value of incoming deliveries to the warehouses match the prices towards the customers. In these cases hedge accounting according to IFRS 9 is applied, which means that changes in the value of the derivatives that are part of an effective cash flow hedge are recognized in other comprehensive income.

In the Corporate operating segment, **97 (97)** % of the sales occur in the promo sales channel and adjustments for changes in purchase prices are made continuously. In Sports & Leisure about **74 (73)** % of sales are made through the retail sales channel which means that the majority of purchases in the operating segment are hedged against fluctuations in exchange rates. For Gifts & Home Furnishings, **87 (85)** % of the sales are to retail and most of the production takes place in Sweden. Where purchases are made from another country, **50-80** % of the purchases in a foreign currency are hedged against fluctuations in exchange rates.

The Group's principal commercial flows of foreign currencies mainly pertain to imports from Asia to Europe and intra-Group flows within Europe. Currency rates and payment conditions to be applied to the internal trade between the Group companies are set centrally. Currency exposure and risk is primarily, and to a large extent, reduced by netting internal transactions. Therefore, through netting, the Group's main transaction exposure can be reduced and, together with the use of currency hedges and

financing in each company's functional currency the exposure is further reduced.

The actual currency exposure amounted to SEK 35.8 (26.3) million on the balance sheet date. The corresponding average currency exposure for the year amounted to SEK 34.7 (31.6) million and the below table displays the sensitivity of a reasonable change in the currencies in which the Group has the greatest exposure. Impact on the Group's result before tax refers

to the impact from changes in the fair value of financial assets and liabilities but excluding foreign currency derivatives where hedge accounting is applied. Impact on equity before tax for the Group refers only to the impact from changes in the fair value of the derivatives where hedge accounting is applied.

2019			
Currency	Change	Impact on result before tax (SEK million)	Impact on equity before tax (SEK million)
USD	+5%	-0.1	3.9
	-5%	0.1	-3.9
EUR	+5%	1.2	0.1
	-5%	-1.2	-0.1
DKK	+5%	0.5	0.0
	-5%	-0.5	0.0
CHF	+5%	-0.5	0.0
	-5%	0.5	0.0

2018			
Currency	Change	Impact on result before tax (SEK million)	Impact on equity before tax (SEK million)
USD	+5%	0.4	2.4
	-5%	-0.4	-2.4
EUR	+5%	0.9	0.0
	-5%	-0.9	0.0
DKK	+5%	0.4	0.0
	-5%	-0.4	0.0
CHF	+5%	-0.4	0.0
	-5%	0.4	0.0

A sensitivity analysis regarding the other currencies does not have an material effect on result before tax for each currency separately. The aggregated effect for other currencies, provided a 5 % stronger SEK-rate per currency, would impact result before tax with SEK +0.6 (+0.3) million.

## Translation exposure

The Group accounts are also affected by translating the results and net assets of foreign Group companies into SEK. A change of 1 % of the currency exchange rates would impact sales by SEK 52.8 (47.5) million, calculated on the sales for 2019 where USD and EUR impacts the most with SEK 17.7 (15.8) million, and SEK 18.4 (16.6) million, each. Such an effect on the exchange rates would impact closing equity by SEK 30.6 (28.8) million. The below table displays a sensitivity analysis regarding sales based on the preceding year's currency exchange rates, where a translation of net sales to the exchange rates of the preceding year would have lowered net sales by SEK 275.8 (185.4) million.

SEK million Currency impact per geographic area	2019	2018
USA	141.2	37.2
Nordic countries	17.0	38.4
Central Europe	34.3	58.9
Southern Europe	31.9	37.1
Other countries	51.4	13.9
<b>Total</b>	<b>275.8</b>	<b>185.4</b>

## Liquidity risk

Due to the relatively capital-intensive nature of its activities and its expansive growth strategy, New Wave Group has a need to secure its funding. For a growth group like New Wave Group it is essential to ensure that sufficient liquidity is available to fund future expansion and that there is a high degree of flexibility when acquisition opportunities occur. It is also important that a sound balance between equity and financing through debt is kept which is why New Wave Group's goal is to achieve an equity ratio in excess of 30 %. New Wave Group has a centralized finance function, which means that external borrowing is managed and administered centrally as far as possible. The liquidity generated in the Group is continually transferred to New Wave Group's treasury center through various pooling systems and reduces the total credit volume. New Wave Group has not made any financial investments.

In September, the Group signed a supplement to the existing financing agreement and increased its total credit limit by an additional SEK 500 million. As of 31 December, the Group's total credit limit thus amounted to SEK 3,212 million, of which SEK 2,150 million runs until March 2022, USD 24 million through January 2024 and SEK 339 million has maturity extending until August 2027. The other SEK 500 million has a term between three months and six years. The credit limit is limited in amount to and dependent on the value of certain underlying assets. The financing is based on commitments (covenants) regarding financial ratios. The covenants are met as of 31 December 2019. Based on the current forecast, management deems that the Group

will be able to achieve these key performance indicators by a satisfactory margin going forward.

The tables below display the maturity analysis of the amortization of interest-bearing liabilities including contractual and undiscounted interest payments. Any planned future liabilities have not been included. Interest payments related to financial instruments with floating rate have been calculated based on the interest rate at year-end.

SEK million Maturity analysis of New Wave Group's loans	2019	2018
2019	0.0	350.8
2020	362.6	98.1
2021	110.1	95.3
2022	107.7	1 682.3
2023	1 729.8	60.6
2024	23.9	16.5
2025 or later	361.3	0.0

SEK million Maturity analysis of New Wave Group's lease liabilities	2019	2018
2020	132.5	0.0
2021	124.7	0.0
2022	116.6	0.0
2023	103.3	0.0
2024	90.2	0.0
2025 or later	334.6	0.0

Maturity analysis of New Wave Group's other financial liabilities	2019	2018
2019	0.0	1 231.8
2020	1 042.0	0.0

The table below displays the maturity for the Group's outstanding currency futures and unrealized amounts per year-end, distributed per currency. All contracts mature within twelve months from year-end.

31 Dec 2019 Currency	Hedged volume result, SEK million	Unrealized, SEK million	Number of hedged months
EUR	1.3	-0.1	< 6
USD	77.8	-2.1	< 6
CAD	0.0	0	< 6
		<b>-2.2</b>	

31 Dec 2018 Currency	Hedged volume result, SEK million	Unrealized, SEK million	Number of hedged months
EUR	0.8	0.0	< 6
USD	47.8	0.4	< 6
CAD	1.3	0.1	< 6
		<b>0.5</b>	



## Credit risks

Credit risk is defined as the Group's exposure to losses in the event that one party to a financial instrument fails to discharge an obligation. The Group is exposed to credit risk from its operating activities, primarily from accounts receivable, and from financing activities which includes deposits at banks and financial institutions, currency futures and other financial instruments. The Group's total exposure to credit risk amounted, at year-end, to SEK 1,627.6 (1,493.6) million which was based on the carrying value of all financial assets.

### Accounts receivable

The risk that the Group's customers will fail to meet their obligations, i.e. that New Wave Group's accounts receivable will not be paid, constitutes a credit risk. New Wave Group has centrally adopted a financial risk policy and directives, based on which each company has drawn up a set of written procedures for credit control. Information from external credit reference agencies is one stage of the process. Furthermore, companies in the Group, based on the financial risk policy, have the option, when needed, to insure accounts receivable which means that if the customer fails to meet its payment the company will be reimbursed by the insurance company. The credit risk in the Corporate operating segment is lower, as the resellers, which are New Wave Group's customers, make purchases based on orders that have already been placed by the end customers. The resellers are relatively small and large in number. In 2019 confirmed credit losses in Corporate represented **0.06 (0.09)** % of sales. In the Gifts & Home Furnishings and Sports & Leisure operating segments sales are made to selected resellers, and credit losses are small, although there is a higher concentration to a smaller number of customers compared to the promo market. In 2019 confirmed credit losses in these two operating segments represented **0.48 (0.31)** % and **0.09 (0.09)** % of net sales.

SEK million	2019	2018
<b>Accounts receivable</b>		
Exposure	1 253.5	1 137.4
Credit risk reserve	-60.6	-53.3
<b>Book value</b>	<b>1 192.8</b>	<b>1 084.1</b>

The table below shows the aging distribution of accounts receivable and the credit risk reserve.

SEK million	2019		2018	
	Accounts receivable	Credit risk reserve	Accounts receivable	Credit risk reserve
Age analysis				
< 30 days	1 087.9	-2.9	1 004.5	-2.3
30 - 90 days	94.9	-6.9	69.1	-2.5
> 90 days	70.7	-50.8	63.8	-48.6
<b>Total</b>	<b>1 253.5</b>	<b>-60.6</b>	<b>1 137.4</b>	<b>-53.3</b>

The reserve for expected credit risk in accounts receivable has been changed as follows:

SEK million	2019	2018
<b>Credit risk reserve for accounts receivable</b>		
Credit risk reserve at the beginning of the year	-53.3	-49.4
Recovered reserves during the year	1.9	3.5
Reserve for expected credit risks	-17.7	-14.0
Confirmed losses	9.3	7.9
Translation difference	-1.0	-1.2
<b>Credit risk reserve at year-end</b>	<b>-60.6</b>	<b>-53.3</b>

A description of credit risk exposures is given in the table below:

As of 31 December 2019	Number of customers	Percentage of total customers	Percentage of portfolio
Exposure < 1 SEK million	33 321	99.6	64.3
Exposure 1 - 5 SEK million	117	0.4	21.1
Exposure > 5 SEK million	13	0.0	14.6
<b>Total</b>	<b>33 451</b>	<b>100.0</b>	<b>100.0</b>

As of 31 December 2018	Number of customers	Percentage of total customers	Percentage of portfolio
Exposure < 1 SEK million	31 279	99.6	70.3
Exposure 1 - 5 SEK million	120	0.4	23.5
Exposure > 5 SEK million	7	0.0	6.2
<b>Total</b>	<b>31 406</b>	<b>100.0</b>	<b>100.0</b>

### Other financial assets

Other financial assets include derivatives, other receivables and liquid assets. Credit risk related to balances at banks and other financial institutions is managed by the Group's treasury center in accordance with the Group's financial risk policy. The Group deals only with well-established financial institutions. Other receivables, which represents **5.0 (6.0)** % of the total credit risk, are managed locally on an ongoing basis in accordance with the Group's financial risk policy and with support from the central finance function. No credit risk reserve has been recorded for other financial assets.

## Other risks

### Purchasing market

New Wave Group's purchases are mainly made in China, Bangladesh, India and Vietnam. Political and socioeconomic changes could have an impact on New Wave Group. By maintaining a high level of preparedness and by making purchases in several different countries in Europe as well as Asia, New Wave Group limits the economic risk which would arise if purchases were made from a single country.

### Strong growth

The continued expansion planned by New Wave Group will put strong pressure on management and employees. Wrong recruitments, organizational problems, the departure of key individuals etc. could delay and affect the progress of the expansion. The crucial factor determining the pace of expansion is that results expand at the same pace. New Wave Group is allocating resources to mentorship schemes and annual meetings of management to guarantee strong future leadership and spread New Wave Group's values.

### Fashion trends – changes in economic conditions

New Wave Group devotes significant resources to ensure good design and quality. Still, due to the rapid pace of change in the fashion industry, the Group cannot exclude the possibility of temporary declines in sales for certain collections. However, New Wave Group has a limited risk, as the fashion content is low in the Corporate operating segment and the promo

sales channel. The Sports & Leisure operating segment also focuses on areas that are less sensitive to changes in fashions, even if fashion trends have a somewhat higher impact. New Wave Group's goal is that the promo sales channel shall account for **60–80 %** of total sales.

### Foreign expansion

The Group intends to establish a presence in additional foreign countries only when previous foreign operations are generating satisfactory profits. The Board deems that this strategy represents a good compromise between optimal growth and reduced risk. New Wave Group believes it is very hard to determine the exact timetables and budgets for new foreign ventures, which could entail a risk of initial losses. However, the Board deems that the company is well equipped for the new ventures that are being planned.

### Environment

The Group's operations may involve environmental commitments, but the Board's and the management's assessment is that these, to the extent that they may have an impact on the Group's financial position, have been considered in the present financial statement.

## Note 18 - Related parties

SEK million	The Group's sales to		The Group's purchases from		The Group's receivables on		The Group's liabilities to	
	2019	2018	2019	2018	2019	2018	2019	2018
Jobman Workwear GmbH	4.5	0.0	0.0	0.0	6.4	2.4	0.0	0.0
Dingle Industrilokaler AB	0.2	0.1	4.3	3.5	23.5	23.5	0.4	0.4
Kosta Köpmanshus AB	3.7	2.7	21.2	18.4	1.9	0.5	0.9	2.2
Vist Fastighets AB*	0.0	0.1	0.0	1.3	0.0	0.0	0.0	0.0
<b>Total</b>	<b>8.4</b>	<b>2.9</b>	<b>25.5</b>	<b>23.2</b>	<b>31.8</b>	<b>26.5</b>	<b>1.3</b>	<b>2.6</b>

\* As from 1 December 2018, Vist Fastighets AB is a fully owned subsidiary to New Wave Group AB.

Associated companies are reported in note 13. Information is also submitted in the presentation of the Board and Management and in note 6. Reporting of dividends from, and capital contributions to,

associated companies is covered in note 13. All transactions are carried out under market conditions.

### Transactions related to persons included in management

Ulrica Messing is CEO in one of the Group companies. A company owned by her has purchased goods, amounting to SEK 0.2 (0.2) million, from companies within New Wave Group. During 2018, her company also paid rent for premises, amounting to SEK 0.1 million, to New Wave Group companies.

Her company has sold goods to companies within New Wave Group for SEK 0.0 (0.1) million and compensation for consultancy services rendered amounts of SEK 0.6 (0.6) million. All transactions have been carried out under market conditions.

## Note 19 - Prepaid expenses and accrued income

SEK million	2019	2018
Marketing expenses	13.2	13.7
IT expenses	10.8	7.2
Trade fair costs	7.0	8.0
Other prepaid costs	5.8	5.4
Operational costs	5.5	4.4
Catalogue costs	4.5	4.7
License fees	4.3	4.7
Samples	4.0	3.3
Insurance costs	3.6	3.2
Accrued income with additional performance obligation	1.8	8.4
Rent expenses	0.0	13.7
Wage costs	0.5	0.9
Royalty income	0.0	4.6
Leasing fees	0.0	1.6
Goods deliveries	0.0	1.4
Bank charges	0.0	0.1
<b>Total</b>	<b>61.2</b>	<b>85.2</b>

## Note 20 - Net debt

SEK million	2019	2018
Liquid assets	-351.3	-312.2
Long-term interest-bearing liabilities	2 818.3	1 795.5
Short-term interest-bearing liabilities	497.8	347.7
<b>Total</b>	<b>2 964.8</b>	<b>1 831.0</b>
<i>of which lease liabilities</i>		
Long-term interest-bearing liabilities	689.9	0.0
Short-term interest-bearing liabilities	113.8	0.0
<b>Total</b>	<b>803.7</b>	<b>0.0</b>
Effective interest rate	2.3%	2.0%

### Change in interest-bearing liabilities

SEK million	2019	2018
Liability at the beginning of the year	2 143.2	1 839.7
Opening balance lease liability	641.0	0.0
Currency effect	47.3	101.5
New and terminated lease liabilities	272.7	0.0
Borrowing	386.2	208.2
Borrowing through business combinations	0.0	50.0
Amortization	-71.3	-56.1
Amortization of lease liabilities	-103.0	0.0
<b>Liability at year-end</b>	<b>3 316.1</b>	<b>2 143.2</b>

## Note 21 - Net assets in foreign currencies

The table shows currency exposed equity distributed by each currency before Group adjustments.

SEK million	2019	2018
<b>Net assets</b>		
Euro, EUR	914.2	848.3
Canadian dollar, CAD	156.7	175.3
Swiss franc, CHF	259.4	151.8
US dollar, USD	1 456.6	1 364.0
Norwegian krone, NOK	80.4	63.6
Danish krone, DKK	61.1	64.9
Chinese yuan, CNY	46.4	43.5
Polish zloty, PLN	30.5	25.3
Hong Kong dollar, HKD	85.8	67.6
British pound, GBP	62.0	54.3
Icelandic krona, ISK	4.2	0.0
<b>Total net assets in foreign currencies</b>	<b>3 157.4</b>	<b>2 858.5</b>

## Note 22 - Credit limit

Interest-bearing liabilities consist of loans and bank overdraft facilities. Amount granted in relation to these liabilities amounts to SEK 3,212 (2,765) million.

## Note 23 - Pledged assets

SEK million	2019	2018
Floating charges	690.5	537.5
Property mortgages	178.0	171.8
Net assets in Group companies	3 143.5	3 158.1
Shares in associated companies	8.3	0.0
Inventory and accounts receivable	613.5	521.0
<b>Total</b>	<b>4 633.9</b>	<b>4 388.5</b>

The Group's pledged assets consists of collateral for the Group's interest-bearing liabilities to credit institutions which amounted to SEK 2,512.3 (2,143.2) million at year-end.

Security for the main financing agreement is made up of floating charges, property mortgages, and net assets in Group

companies. Trademarks have been specifically pledged and are included in the net assets of the Group companies. Parts of the Group's inventory and accounts receivable constitute security for Group companies' local funding. See further note 17, section Liquidity risk, for maturity analysis and information regarding the conditions for the Group's financing.

## Note 24 - Other provisions

SEK million	2019	2018
<b>Other provisions</b>		
Other provisions at the beginning of the year	3.1	2.0
Reversed during the year	-2.7	0.0
Provisions during the year	0.4	1.0
Translation differences	0.1	0.1
<b>Other provisions at year-end</b>	<b>0.9</b>	<b>3.1</b>

## Note 25 - Other current liabilities

SEK million	2019	2018
VAT	83.9	82.3
Repayment liabilities, returns	11.6	10.5
Personal income tax	11.5	16.2
Other wage deductions	1.3	0.9
Social security contributions	1.7	5.2
Liabilities to employees	8.4	11.6
Liabilities to customers	0.0	4.5
Currency futures	2.2	0.1
Earn-out	0.0	1.1
Purchase price not paid	2.3	14.0
Giftcards not redeemed	0.0	1.4
Other items	16.9	24.3
<b>Total</b>	<b>139.8</b>	<b>172.3</b>



## Note 26 - Accrued expenses and prepaid income

SEK million	2019	2018
Salaries and payroll fees	149.6	140.3
Repayment liabilities for accrued bonuses, kick-backs, rebates	47.9	43.4
Sales commissions	15.2	14.6
Marketing costs	13.5	23.4
Accrued royalty costs	13.4	10.5
Other items	11.9	16.3
Electricity and rental costs	8.1	6.5
Consultancy fees	7.0	3.0
Prepaid income	6.0	1.6
Audit fees	5.5	4.8
Accrued freight costs	4.6	0.0
Interest	2.1	1.0
Delivery of goods	0.0	50.0
<b>Total</b>	<b>285.0</b>	<b>315.4</b>

## Note 27 - Contingent liabilities

SEK million	2019	2018
Duty guarantees	11.4	10.0
Rent guarantees	177.7	189.1
PRI	0.0	2.0
Other guarantees	1.0	0.4
Guarantees for associated companies	6.0	6.0
<b>Total</b>	<b>196.1</b>	<b>207.5</b>

## Note 28 - Adjustment for items not included in cash flow

SEK million	2019	2018
Amortizations, depreciations and write-downs of tangible and intangible fixed assets	233.1	77.9
Depreciation as a part of production costs/goods for resale	16.4	12.9
Result from business combinations	-11.4	-8.4
Other items	-6.2	-8.0
<b>Total</b>	<b>231.9</b>	<b>74.4</b>

## Note 29 - Classification of equity

### Share capital

Share capital includes the registered share capital for the Parent company. Share capital consists of 19,707,680 (19,707,680) class A shares (quoted value SEK 3.00) and 46,635,863 (46,635,863) class B shares (quoted value SEK 3.00). The total number of outstanding shares amounts to 66,343,543 (66,343,543).

### Other capital contributions

Other capital contributions include the total transactions that New Wave Group AB has had with the shareholders. Transactions that have taken place are premium share issues. The amount that is included in other capital contributions is therefore fully equivalent to capital received in addition to the nominal amount from the share issue.

### Reserves

Reserves consist of translation differences in foreign subsidiaries and fair value changes regarding financial instruments which are a part of cash flow hedge.

### Retained earnings

Retained earnings are equivalent to the accumulated profits and losses generated by the Group in total, after the deduction of paid dividends.

### Capital management

Group equity amounted to SEK 3 770.7 (3 434.2) million at the end of the year. New Wave Group's financial strategy is to create safe financial conditions for the Group's operations and development. The return on equity is highly significant. At the end of 2019, the return on equity amounted to 10.3 (11.2) % with an equity ratio of 44.9 (48.6) %.

New Wave Group's dividend policy means that the dividends to the shareholders will be equivalent to 40 % of the Group's result over an economic cycle. The Board proposes to the Annual General Meeting no dividend. Previous year, the dividend amounted to SEK 2.00 per share, corresponding to SEK 132.7 million or 37 % of the Group's result for the year.

## Note 30 - Impact of implementation of IFRS 16

Presented below is the impact IFRS 16 has had on the financial reports for the period.

Consolidated balance sheet	31 Dec 2019	of which effect from IFRS 16	31 Dec 2019 excl. effect from IFRS 16
Tangible fixed assets*	1 436.5	806.0	630.5
Deferred tax assets	112.8	2.1	110.7
Prepaid expenses and accrued income	61.2	-12.7	73.9
Total equity	3 770.7	-8.4	3 779.1
Long-term interest-bearing liabilities*	2 818.3	689.9	2 128.4
Short-term interest-bearing liabilities*	497.8	113.8	383.9

Consolidated income statements	2019	of which effect from IFRS 16	2019 excl. effect from IFRS 16
Other operating income	77.9	0.3	77.7
External costs	-1 312.7	135.6	-1 448.4
Amortizations, depreciations and write-downs of tangible and intangible fixed assets	-233.1	-126.4	-106.7
Financial expenses	-77.0	-20.0	-57.0
Tax expense	-96.7	2.1	-98.8
<b>Total</b>	<b>-1 641.5</b>	<b>-8.4</b>	<b>-1 633.1</b>

EBITDA per operating segment	2019	of which effect from IFRS 16	2019 excl. effect from IFRS 16
Corporate	460.5	88.0	372.5
Sports & Leisure	309.1	37.9	271.2
Gifts & Home Furnishings	-1.5	10.1	-11.6
<b>Total</b>	<b>768.0</b>	<b>135.9</b>	<b>632.1</b>

Financial key figures	2019	of which effect from IFRS 16	2019 excl. effect from IFRS 16
Operating margin before depreciations, %	11.1	1.9	9.2
Net debt, SEK million	2 964.8	803.8	2 161.1
Net debt to equity ratio, %	78.6	21.4	57.2
Net debt in relation to working capital, %	77.1	21.1	56.0
Interest coverage ratio, times	7.1	-2.3	9.4
Equity ratio, %	44.9	-4.8	49.7

\*The opening balance for the right-of-use assets and lease liabilities respectively was SEK 641 million under IFRS 16 as at January 1, 2019.

## *Note 31 - Significant events after the balance sheet date*



### **Effects on New Wave Group as a result of the spread of the coronavirus**

New Wave Group is largely affected by the spread of the coronavirus. The demand for the Group's products and services is expected to be significantly reduced for all operating segments during the remainder of the first calendar quarter of 2020. The demand thereafter is expected to be affected in particular during the second calendar quarter, but it is currently not possible to give any forecasts for periods beyond that.

In the Corporate segment, sales are expected to decrease primarily due to cancelled events, conferences and corporate activities as well as due to general problems in the economy, resulting in that the demand for promotional products will be significantly reduced.

Sales are expected to decrease also in the Sports & Leisure segment, however not to the same extent as in the Corporate segment. Cancelled sporting events are expected to lead to decreased replica sales, the sports retail's high stock volumes resulting from the warm winter are expected to affect the segment's sales negatively in combination with the current situation caused by the virus outbreak, which is expected to result in less visits to and sales in physical sports retail stores. The risk for increased bad debts expenses is considered significant.

In the Gifts & Home Furnishings segment, the part of the business attributable to the destination Kosta, such as Kosta Boda Art Hotel, Kosta Lodge as well as restaurants and stores, is expected to see significantly reduced sales and an impaired result for the remainder of the year. Remaining businesses in the segment are also expected to decrease sales, however not to the same extent.

The Group is currently taking a number of actions to reduce costs and minimize the effects of the virus outbreak.



# Income statement

## 1 January - 31 December

SEK million	Note	2019	2018
Net income	2	103.7	105.3
Other operating income	3	36.8	40.4
<b>Total income</b>		<b>140.4</b>	<b>145.6</b>
<b>Operating costs</b>			
External costs	2, 6, 11	-68.0	-77.1
Personnel costs	4, 5	-38.7	-35.7
Amortizations, depreciations and write-downs of tangible and intangible fixed assets	10, 11	-5.8	-6.4
Other operating costs		-27.1	-32.6
<b>Operating result</b>		<b>0.9</b>	<b>-6.2</b>
Result from shares in Group companies		172.0	131.4
Change in write-downs of financial assets		24.5	9.9
Financial income		55.2	49.4
Financial expenses		-38.7	-33.5
<b>Net financial items</b>	7	<b>213.0</b>	<b>157.3</b>
<b>Result before appropriations and tax</b>		<b>213.9</b>	<b>151.1</b>
Appropriations	8	55.7	56.9
Tax expense	9	-12.4	-14.6
<b>Result for the year</b>		<b>257.2</b>	<b>193.3</b>

Total comprehensive income for the year corresponds with result for the year





# Cash flow statement

1 January - 31 December

SEK million	2019	2018
<b>Operating activities</b>		
Operating result	0.9	-6.2
Adjustment for items not included in cash flow	5.3	6.4
Received dividends	27.1	0.0
Received interest	55.2	49.4
Paid interest	-38.7	-33.5
Paid income tax	-13.4	-16.0
<b>Cash flow from operating activities before changes in working capital</b>	<b>36.4</b>	<b>0.2</b>
<b>Changes in working capital</b>		
Increase/decrease in current receivables	-105.2	-197.7
Increase/decrease on current liabilities	-124.8	271.8
<b>Cash flow from changes in working capital</b>	<b>-229.9</b>	<b>74.1</b>
<b>Cash flow from operating activities</b>	<b>-193.5</b>	<b>74.3</b>
<b>Investing activities</b>		
Shareholder contributions to Group companies	0.0	-39.5
Repayment of shareholder contributions from Group companies	0.0	9.4
Investments in associated companies	-0.8	-2.0
Investments in tangible fixed assets	-0.7	-0.5
Investments in intangible fixed assets	-2.0	-1.8
Acquisition of shares	-18.6	0.0
Changes in long-term loans to Group companies	13.1	-50.1
Raised long-term receivables	-0.9	-2.0
<b>Cash-flow from investing activities</b>	<b>-9.9</b>	<b>-86.6</b>
<b>Cash-flow after investing activities</b>	<b>-203.4</b>	<b>-12.3</b>
<b>Financial activities</b>		
Loan raised	416.2	177.7
Amortization of loan	-63.9	-49.4
Dividend paid to shareholders of the Parent company	-132.7	-112.8
<b>Cash-flow from financial activities</b>	<b>219.6</b>	<b>15.5</b>
<b>Cash flow for the year</b>	<b>16.2</b>	<b>3.2</b>
Liquid assets at the beginning of the year	4.5	1.3
<b>Liquid assets at the end of the year</b>	<b>20.6</b>	<b>4.5</b>
<b>Liquid assets</b>		
Cash at bank and in hand	20.6	4.5



## Balance sheet

As of 31 December

SEK million	Note	2019	2018
<b>ASSETS</b>			
Intangible fixed assets	10	8.7	11.0
Tangible fixed assets	11	2.6	3.3
Shares in Group companies	12	2 275.7	2 324.6
Shares in associated companies	13	42.8	43.0
Receivables on Group companies		369.7	370.4
Other long-term receivables		6.3	4.5
<b>Total non-current assets</b>		<b>2 705.7</b>	<b>2 756.8</b>
Accounts receivable		0.3	0.0
Receivables on Group companies		1 959.5	1 563.7
Current tax receivables		0.0	4.0
Other receivables	14	35.0	29.7
Prepaid expenses and accrued income		9.6	9.5
Liquid assets		20.6	4.5
<b>Total current assets</b>		<b>2 025.1</b>	<b>1 611.3</b>
<b>TOTAL ASSETS</b>		<b>4 730.8</b>	<b>4 368.0</b>



SEK million	Note	2019	2018
<b>EQUITY</b>			
Share capital	15	199.0	199.0
Restricted reserves		249.4	249.4
<b>Total restricted equity</b>		<b>448.4</b>	<b>448.4</b>
Retained earnings		1 295.1	1 234.5
Share premium reserve		48.0	48.0
Result for the year		257.2	193.3
<b>Total unrestricted equity</b>		<b>1 600.4</b>	<b>1 475.8</b>
<b>Total equity</b>		<b>2 048.8</b>	<b>1 924.3</b>
<b>Untaxed reserves</b>	16	<b>64.9</b>	<b>47.9</b>
<b>LIABILITIES</b>			
Long-term interest-bearing liabilities	17, 19	1 748.6	1 429.3
<b>Total non-current liabilities</b>		<b>1 748.6</b>	<b>1 429.3</b>
Short-term interest-bearing liabilities	17, 19	346.2	300.5
Accounts payable		242.3	366.5
Liabilities to Group companies		268.3	268.5
Current tax liabilities		3.4	8.3
Other liabilities		1.1	16.2
Accrued expenses and prepaid income	18	7.3	6.5
<b>Total current liabilities</b>		<b>868.5</b>	<b>966.6</b>
<b>Total liabilities</b>		<b>2 617.1</b>	<b>2 395.8</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>4 730.8</b>	<b>4 368.0</b>

# Changes in equity

## 1 January - 31 December

SEK million	Share capital	Restricted reserves	Retained earnings	Share premium reserve	Result for the year	Total equity
Opening balance 2018-01-01	199.0	249.4	997.3	48.0	350.0	1 843.8
Transfer according to decision at AGM			350.0		-350.0	0.0
Result for the year					193.3	193.3
Total changes, excluding transactions with shareholders	0.0	0.0	0.0	0.0	193.3	193.3
Dividends			-112.8			-112.8
Closing balance 2018-12-31	199.0	249.4	1 234.5	48.0	193.3	1 924.3

SEK million	Share capital	Restricted reserves	Retained earnings	Share premium reserve	Result for the year	Total equity
Opening balance 2019-01-01	199.0	249.4	1 234.5	48.0	193.3	1 924.3
Transfer according to decision at AGM			193.3		-193.3	0.0
Result for the year					257.2	257.2
Total changes, excluding transactions with shareholders	0.0	0.0	0.0	0.0	257.2	257.2
Dividends			-132.7			-132.7
Closing balance 2019-12-31	199.0	249.4	1 295.1	48.0	257.2	2 048.8



## Note 1 - Accounting policies for the Parent company

The Swedish Financial Reporting Board's Recommendation 2 - Accounting for Legal Entities (RFR 2) and the Swedish Annual Accounts Act have been applied when preparing the Parent company's annual accounts. In accordance with RFR 2, the Parent company shall prepare its reports in accordance with the IASB's International Financial Reporting Standards (IFRS) adopted by the EU, to the extent that these are not contrary to the Swedish Annual Accounts Act. The accounting policies have been applied consistently for all periods, unless otherwise stated. In Sweden, group contributions are tax deductible or taxable, unlike shareholder contributions. Group contributions are reported so that they mainly reflect the transaction's financial consequence. Group contributions, which have the same aim as the shareholder contribution, are added to the acquisition value of shares in Group companies with a reservation for impairment testing. Group contributions, received and provided, and their associated tax effect are recognized in the income statement. The deferred tax liability on untaxed reserves is reported under untaxed reserves in the Parent company's annual accounts due to the connection between accounting and taxation. Shares in Group and associated companies are recognized at cost and subject to impairment testing each year, by comparing discounted expected future cash flows with book value of the shares in each company.

### New accounting policies for 2019

As of January 1 2019, IFRS 16 Leases is applied in the group accounting. The Parent company has chosen to apply the exemption rules in RFR 2, which imply that the lease fees are recognized as a cost on a linear basis over the lease period and that no right-of-use asset or lease liability is reported in the balance sheet.

## Note 2 - Related parties

### Sales

Of the Parent company's invoiced sales, SEK 103.2 (104.8) million equivalent to 99.5 % (99.5 %) were sales to Group companies. All transactions are carried out under market conditions.

### Transactions with related persons

The Parent company did not have any transactions with related persons during 2019.

## Note 3 - Other operating income

SEK million	2019	2018
Foreign exchange gains	31.1	37.7
Other contributions and payments	5.6	2.7
<b>Total</b>	<b>36.8</b>	<b>40.4</b>

## Note 4 - Average number of employees

	2019 Number of employees	Of which men	2018 Number of employees	Of which men
Gothenburg	38	26	37	24
<b>Total</b>	<b>38</b>	<b>26</b>	<b>37</b>	<b>24</b>

## Note 5 - Salaries, other remuneration and social security contributions

SEK million	2019 Salaries and other remuneration	Social security contributions	Of which pension costs	2018 Salaries and other remuneration	Social security contributions	Of which pension costs
	23.9	12.1	3.9	22.0	11.8	3.9
Of the Parent company's pension costs SEK 0.3 (0.4) million concerns the Board and the CEO.						
<b>Salaries and other remuneration divided between Board members, CEO and other employees</b>						
SEK million	2019 Board and CEO	Of which bonus	Other employees	2018 Board and CEO	Of which bonus	Other employees
	2.1	0.0	21.8	1.9	0.0	20.1
<b>Board members' fees</b>						
	<b>2019</b>	<b>2018</b>				
External members of the Parent company's Board	1.2	1.0				
Of which to the Chairman of the Board	0.4	0.3				

Remuneration committee for the Parent company has not been elected. The fees paid to the Chairman of the Board and the Board of Directors are in accordance with the decision of the Annual General Meeting.

### Conditions of employment for the CEO

Remuneration to the CEO comprises a fixed salary from New Wave Group AB. No board member's fees or other remuneration such as bonuses are paid to the CEO. As pension insurance for the CEO, a market-adjusted defined contribution plan is in place. A mutual notice period of six months applies for the CEO and no severance pay is awarded.

### Conditions of employment for other senior executives

Other senior executives refers to the three persons employed by the Parent company whom together with the CEO is a part of the Group management. For the structure of the Group management, see pages 54-55 of this report. Remuneration to the other senior executives comprises a fixed salary and in one case bonus based on development in terms of inventory turnover, operating margin and turnover for applicable segment.

No board member fees are paid when senior executives take part of Group companies' boards. Market-adjusted defined contribution pension plan exist for the other senior executives. A mutual notice period of between three to six months exists for the other senior executives and no severance pay is awarded.

### Decision-making process

There is no specially appointed remuneration committee to deal with wages, pension benefits, incentives and other employment-related conditions for the CEO and the Group's other senior executives; these matters are dealt with by the Board as a whole. The salaries of the senior executives are decided by the CEO after consultation with the Chairman of the Board. The board members' fees are decided by the Annual General Meeting.

SEK million	2019 Salaries and other remuneration	Of which bonus	Pension costs	2018 Salaries and other remuneration	Of which bonus	Pension costs
Torsten Jansson, CEO	0.9	0.0	0.3	0.9	0.0	0.4
Olof Persson, Chairman of the Board	0.4	0.0	0.0	0.3	0.0	0.0
Christina Bellander, Board Member	0.2	0.0	0.0	0.2	0.0	0.0
Elisabeth Dahlin, resigning Board Member 2018	0.0	0.0	0.0	0.1	0.0	0.0
Mats Årjes, Board Member	0.2	0.0	0.0	0.2	0.0	0.0
M. Johan Widerberg, Board Member	0.2	0.0	0.0	0.2	0.0	0.0
Jonas Eriksson, Board Member (new election)	0.1	0.0	0.0	0.0	0.0	0.0
Magdalena Forsberg, Board Member (new election)	0.1	0.0	0.0	0.0	0.0	0.0
Other senior executives *	5.0	0.3	1.9	4.1	0.0	1.6
<b>Total</b>	<b>7.1</b>	<b>0.3</b>	<b>2.2</b>	<b>6.0</b>	<b>0.0</b>	<b>2.0</b>

\* See pages 54-55.

## Warrants

The Parent company has no outstanding warrants.

## Pension obligations

For white-collar employees in Sweden the ITP 2-plan's defined benefit pension obligations for retirement- and family pensions (or family pension) are secured through insurance in Alecta. According to a statement from the Swedish Financial Reporting Board, UFR 10 Accounting for pension plan ITP 2 financed by insurance in Alecta, this is a defined benefit plan that covers several employers. For financial year 2019 the company has not had access to information in order to account for its proportionate share of the plan's obligations, plan assets and costs which meant that the plan has not been possible to account for as a defined benefit plan. The pension plan ITP 2 secured through insurance with Alecta is therefore recognized as a defined contribution plan. The premium for the defined benefit retirement and family pension is individually calculated and is dependent on factors including salary, previously earned pension and expected remaining period of service. Expected premiums for 2020 amount to SEK 2.4 (2.3) million.

The collective funding level is the market value of Alecta's assets in percent of the commitments calculated in accordance with Alecta's calculation assumptions for insurance purposes, which do not comply with IAS19. The collective consolidation level is normally allowed to vary between 125 and 155 %. If Alecta's consolidation level fall below 125 % or exceed 155 % measures should be taken in order to create conditions to reestablish the consolidation level to the normal range. At low consolidation, a measure can be to raise the agreed price for new agreements. At high consolidation, a measure can be to introduce premium reductions. Alecta's collective funding ratio at the end of the year was 148 % (142 %).

## Note 6 - Remuneration to auditors

SEK million	2019	2018
Audit assignment		
Ernst & Young	0.9	0.9
Audit work outside audit assignment	0.3	0.1
Tax consultancy	0.1	0.6
<b>Total</b>	<b>1.3</b>	<b>1.6</b>

## Note 7 - Financial income and expenses

SEK million	2019	2018
Write-down of financial fixed assets	-7.5	-6.0
Reversal write-down of financial fixed assets	31.9	15.9
Write-down of shares in Group companies	-26.0	0.0
Dividends from Group companies	198.0	131.5
Financial income, Group companies	25.5	24.6
Financial income, other	29.7	24.8
Financial expenses, Group companies	-1.7	-1.3
Financial expenses, other	-37.0	-32.3
<b>Total</b>	<b>213.0</b>	<b>157.3</b>

## Note 8 - Appropriations

SEK million	2019	2018
Group contributions received	100.0	110.0
Group contributions provided	-27.3	-30.6
Accelerated depreciation	2.2	-0.3
Change in tax allocation reserve	-19.3	-22.2
<b>Total</b>	<b>55.7</b>	<b>56.9</b>



## Note 9 - Tax expense

SEK million	2019		2018	
Current tax	-12.4		-14.6	
<b>Total</b>	<b>-12.4</b>		<b>-14.6</b>	
<b>Reconciliation of actual tax</b>				
<b>Result before tax</b>	269.6		208.0	
Tax expense according to local tax rate	-57.7	-21.4%	-45.8	-22.0%
<b>Tax effects from:</b>				
Non-taxable income	52.7	19.6%	32.5	15.6%
Non-deductible expenses	-7.4	-2.7%	-1.6	-0.8%
Tax attributable to previous years	0.0	0.0%	0.0	0.0%
Other	-0.1	0.0%	0.2	0.1%
<b>Tax according to income statement</b>	<b>-12.4</b>	<b>-4.6%</b>	<b>-14.6</b>	<b>-7.0%</b>

## Note 10 - Intangible fixed assets

SEK million	Trademarks		Computer software	
	2019	2018	2019	2018
<b>Accumulated acquisition values</b>				
Opening accumulated acquisition values	7.0	7.0	44.5	42.7
Acquisitions	0.0	0.0	2.0	1.8
<b>Closing accumulated acquisition values</b>	<b>7.0</b>	<b>7.0</b>	<b>46.6</b>	<b>44.5</b>
<b>Accumulated amortizations</b>				
Opening accumulated amortizations	-6.9	-6.9	-33.7	-28.6
Amortizations	-0.1	0.0	-4.3	-5.1
<b>Closing accumulated amortizations</b>	<b>-7.0</b>	<b>-6.9</b>	<b>-37.9</b>	<b>-33.7</b>
<b>Closing book value</b>	<b>0.0</b>	<b>0.1</b>	<b>8.7</b>	<b>10.9</b>



**Kosta Lodge**

Kosta Lodge can offer fantastic experiences and in the safari park there are wild animals such as deer, fallow deer, mouflon sheep, wild boars and European bison among others.

## Note 11 - Tangible fixed assets

SEK million	Equipment, tools and installations	
	2019	2018
<b>Accumulated acquisition values</b>		
Opening acquisition values	17.9	17.4
Acquisitions	0.7	0.5
<b>Closing accumulated acquisition values</b>	<b>18.6</b>	<b>17.9</b>
<b>Accumulated depreciations</b>		
Opening accumulated depreciations	-14.6	-13.3
Depreciations	-1.4	-1.3
<b>Closing accumulated depreciations</b>	<b>-16.1</b>	<b>-14.6</b>
<b>Closing book value</b>	<b>2.6</b>	<b>3.3</b>

### Leasing fees for operational leasing

The Parent company has operational lease agreements, primarily related to rental of premises and leasing of cars. The future minimum commitment for these agreements can be seen in the following summary:

SEK million	2019
2020	3.5
2021	3.3
2022	3.2
2023	1.6
2024 incl. fees through contract period end	3.4
<b>Operational leasing costs for the year</b>	<b>3.6</b>

SEK million	2018
2019	4.2
2020	2.4
2021	1.6
2022	1.2
2023 incl. fees through contract period end	4.9
<b>Operational leasing costs for the year</b>	<b>4.0</b>

## Note 12 - Shares in Group companies

	Share of capital, %	Share of votes, %	Number of shares	Book value, SEK thousand
Craft of Scandinavia AB <sup>1</sup>	100	100	50 000	64 000
Dahetra A/S <sup>2</sup>	100	100	1 000	28 850
DJ Frantextil AB	100	100	30 000	25 057
EBAS Group BV <sup>3</sup>	100	100	5 100	27 010
8016267 Canada Inc	100	100	10 000	12 886
GC Sportswear OY	100	100	8 000	7 411
Intraco Holding BV <sup>4</sup>	64	64	49 804	33 362
Jobman Workwear AB	100	100	10 000	67 887
Kosta Boda Art Hotel AB	100	100	10 000	0
Kosta Förlag AB	100	100	500	4 936
New Wave Austria GmbH	100	100	-	30 418
New Wave Danmark A/S	100	100	2	1 180
New Wave France SAS	100	100	100	5 000
New Wave Group International Trading Ltd	100	100	-	0
New Wave Group SA <sup>5</sup>	100	100	100	536
New Wave Holland BV <sup>6</sup>	100	100	13 616	104 351
New Wave Iceland ehf.	80	80	59 248 000	4 590
New Wave Italia S.r.l	100	100	500 000	6 670
New Wave Mode AB	100	100	100 000	111 010
New Wave Profile Professional AB	100	100	1 000	100
New Wave Norway A/S <sup>7</sup>	100	100	9 000	1 022
New Wave Sportswear S.A.	100	100	1 000	2 415
New Wave Trading Shanghai Ltd	100	100	-	0
New Wave USA Inc <sup>8</sup>	100	100	-	1 068 457
Orrefors Event AB	100	100	100	2 100
Orrefors Kosta Boda AB <sup>9</sup>	100	100	100 000	53 731
OY Trexet Finland AB	100	100	600	1 412
New Wave Group Canadian Distribution Inc <sup>10</sup>	100	100	1 000	149 188
Paris Glove of Canada Ltd	27	27	2 903 481	18 842
Pax Scandinavia AB	100	100	2 400	9 065
Projob Workwear AB	100	100	1 015 684	11 812
Sagaform AB <sup>11</sup>	100	100	5 611 223	53 012
Seger Europe AB	100	100	10 000	22 000
Termo Original Sweden AB	75	75	7 500	7 500
Textet AB	100	100	58 500	85 928
Textet Benelux BV	89	89	8 458 627	144 539
Textet France SAS	96	96	47 798	0
Textet Poland Sp z o.o.	100	100	15 459	9 771
Textilgrossisten Hefa AB <sup>12</sup>	100	100	18 985	41 996
Tg-H Benelux NV	99	99	100	2 657
United Brands of Scandinavia Ltd	100	100	200	54 973
<b>Total</b>				<b>2 275 674</b>

<sup>1</sup> Craft of Scandinavia AB owns Vist Fastighets AB.

<sup>2</sup> Dahetra A/S owns Hurricane Purchases A/S.

<sup>3</sup> EBAS Group BV owns 11% of Textet Benelux NV, 4 % of Textet France SAS and 100 % of Textet Harvest Spain SL.

<sup>4</sup> Intraco Holding owns Intraco Hong Kong Ltd, Intraco International Ltd, Intraco Electronics Ltd, Intraco Trading BV, Intraco Deutschland GmbH and 78 % of DeskTop Ideas Ltd.

<sup>5</sup> New Wave Group SA owns New Wave Far East Ltd, Multi Sourcing Asia Ltd, New Trading Shanghai Ltd and New Wave Group India Buying Private Ltd.

<sup>6</sup> New Wave Holland BV owns Toppoint BV, Toppoint Deutschland GmbH, Newpoint Sp z o.o., Toppoint Polska Sp z o.o., GS Plastics GmbH, New Wave Sportswear BV and X-Tend BV.

<sup>7</sup> New Wave Norway A/S owns Safetyhouse A/S.

<sup>8</sup> New Wave USA Inc owns Auclair Sports Inc, Gloves International Inc as well as Cutter & Buck Inc which in turn owns Cutter & Buck Direct LLC, and Orrefors Kosta Boda LLC, which in turn owns Sagaform Inc, Ahead LLC and Craft Sportswear NA, LLC.

<sup>9</sup> Orrefors Kosta Boda AB owns Kosta Glasproduktion AB, Glasma AB, Kosta Lodge AB, Kosta Food & Beverage AB, Kosta Outdoor AB, Kosta Fashion AB, Lågprisvaruhuset Kosta AB, Smålandsriket Fastigheter AB, Kosta Taxi & Limousine AB and Orrefors Kosta Boda A/S.

<sup>10</sup> New Wave Group Canadian Distribution Inc owns Craft Sports Inc as well as 73 % of Paris Glove of Canada Ltd, which in turn owns Laurentide Gloves Ltd.

<sup>11</sup> Sagaform AB owns Sagaform A/S and Sagaform GmbH (Germany).

<sup>12</sup> Textilgrossisten Hefa AB owns Textet GmbH which in turn owns New Wave GmbH.

**Information regarding corporate registration numbers and domiciles for the Group companies:**

	Company registration number	Domicile
Ahead Inc	45-2433808	New Bedford, USA
Auclair Sports Inc	74981	Burlington, USA
Craft of Scandinavia AB	556529-1845	Borås, Sweden
Craft Sports Inc	1173172041	Montreal, Canada
Craft Sportswear NA, LLC	1111205	Beverly, USA
Cutter & Buck Inc	601222729	Seattle, USA
Dahetra A/S	37764728	Skanderborg, Denmark
Desk Top Ideas Ltd	3735458	Oxfordshire, England
DJ Frantextil AB	556190-4086	Borås, Sweden
EBAS Group BV	17078626	Mijdrecht, The Netherlands
GC Sportswear OY	1772317-6	Esbo, Finland
Glasma AB	556085-8671	Emmaboda, Sweden
Gloves International Inc	1998272	Mayfield, USA
GS Plastics GmbH	HRB742160	Gosheim, Germany
Hurricane Purchase A/S	16503770	Skanderborg, Denmark
Intraco Holding BV	34228913	Wormerveer, The Netherlands
Intraco Hong Kong Ltd	33959038-000	Hong Kong
Intraco International Ltd	35134648-000	Hong Kong
Intraco Electronics Ltd	91440300793882727K	Shenzhen, China
Intraco Trading BV	35027019	Wormerveer, The Netherlands
Intraco Deutschland GmbH	HRB207207	Nordhorn, Germany
Jobman Workwear AB	556218-1783	Stockholm, Sweden
Kosta Boda Art Hotel AB	556697-8804	Lessebo, Sweden
Kosta Fashion AB	559043-9799	Lessebo, Sweden
Kosta Food & Beverage AB	559043-4832	Lessebo, Sweden
Kosta Förlag AB	556700-7140	Lessebo, Sweden
Kosta Glasproduktion AB	559099-9404	Lessebo, Sweden
Kosta Lodge	559043-4857	Lessebo, Sweden
Kosta Outdoor AB	559043-4881	Lessebo, Sweden
Smålandsriket Fastigheter AB	559140-4107	Lessebo, Sweden
Kosta Taxi & Limousine AB	559086-2289	Lessebo, Sweden
Laurentide Gloves Ltd	1142613307	Montreal, Canada
Lensen Toppoint BV	5055988	Bergentheim, The Netherlands
Lågprisvaruhuset i Kosta AB	556063-8883	Lessebo, Sweden
Multi Sourcing Asia Ltd	60950530	Hong Kong
New Wave Austria GmbH	FN272531g	Erl, Austria
New Wave Danmark A/S	19950700	Copenhagen, Denmark
New Wave Far East Ltd	20165585	Hong Kong
New Wave France SAS	430 060 624	Dardilly, France
New Wave GmbH	HRB10847	Oberaudorf, Germany
New Wave Group Canadian Distribution Inc	1167232215	Montreal, Canada
New Wave Group International Trading Ltd	9131000074959455X6	Shanghai, China



	Company registration number	Domicile
New Wave Group SA	CHE-105.558.787	Cortailod, Switzerland
New Wave Holland BV	5061847	Hardenberg, The Netherlands
New Wave Iceland ehf.	580219-1790	Reykjavik, Iceland
New Wave Italia S.r.l	1 057 640 193	Cadogno, Italy
New Wave Mode AB	556312-5771	Munkedal, Sweden
New Wave Norway A/S	946506370	Sarpsborg, Norway
New Wave Profile Professionals AB	556765-0782	Gothenburg, Sweden
New Wave Sportswear BV	30159098	Mijdrecht, The Netherlands
New Wave Sportswear S.A.	A61326377	Barcelona, Spain
New Wave Trading Shanghai Ltd	91310000667752841K	Shanghai, China
New Wave USA Inc	26-2841698	Seattle, USA
Newpoint Sp z o.o.	0000270348	Zielona Góra, Poland
Orrefors Event AB	556699-2565	Lessebo, Sweden
Orrefors Kosta Boda AB	556519-1300	Lessebo, Sweden
Orrefors Kosta Boda A/S	946 506 370	Sarpsborg, Norway
Orrefors Kosta Boda Inc	691467	West Berlin, USA
OY Trexet Finland AB	0874124-1	Esbo, Finland
Paris Glove of Canada Ltd	1142613711	Montreal, Canada
Pax Scandinavia AB	556253-8685	Örebro, Sweden
Projob Workwear AB	556560-7180	Borås, Sweden
Safetyhouse A/S	911 689 693	Grålum, Norway
Sagaform AB	556402-4064	Borås, Sweden
Sagaform A/S	919943033	Skien, Norway
Sagaform GmbH	HRB22459	Oberaudorf, Germany
Sagaform Inc	1000955169	West Berlin, USA
Seger Europe AB	556244-8901	Ulricehamn, Sweden
Termo Original Sweden AB	559022-9497	Mark, Sweden
Textet AB	556354-3015	Stockholm, Sweden
Textet Benelux NV	0874124-1	Aarschot, Belgium
Textet France SAS	572175669	Natterre Cedex, France
Textet GmbH	HRB22648	Oberaudorf, Germany
Textet Harvest Spain SL	B80171523	Madrid, Spain
Textet Poland Sp z o.o.	281382	Poznan, Poland
Textilgrossisten Hefa AB	556485-2126	Gothenburg, Sweden
Textilgrossisten Stenungsund AB	556435-2846	Stenungsund, Sweden
Tg-H Benelux NV	0704.662.537	Aarschot, Belgium
Toppoint Deutschland GmbH	HRB130894	Nordhorn, Germany
Toppoint Polska Sp z o.o.	0000220828	Zielona Góra, Poland
United Brands of Scandinavia Ltd	5480650	Hirwaun, South Wales
Vist Fastighets AB	556741-1672	Ulricehamn, Sweden
X-Tend BV	0874.899.418	Zwolle, The Netherlands
8016267 Canada Inc	1170809173	Montreal, Canada

## Note 13 - Shares in associated companies

SEK million	2019	2018
Dingle Industrilokaler AB	8.3	8.3
Glasrikets skatter ekonomisk förening	0.0	1.0
Kosta Köpmanshus AB	29.4	29.4
Jobman Workwear GmbH	5.1	4.3
<b>Total</b>	<b>42.8</b>	<b>43.0</b>

	Company registration number	Registered office	Share of capital, %	Share of votes, %	Number of shares	2019 (SEK million) Equity	Result
Dingle Industrilokaler AB	556594-6570	Munkedal	49	49	83 055	14.7	0.0
Kosta Köpmanshus AB	556691-7042	Lessebo	49	49	7 350	64.1	0.0
Jobman Workwear GmbH	HRB758048	Freiberg	49	49	2	2.2	-0.4

## Note 14 - Prepaid expenses and accrued income

SEK million	2019	2018
Prepaid rents	0.9	1.0
Prepaid marketing expenses	1.0	2.8
Prepaid IT and license costs	6.9	5.0
Other items	0.8	0.7
<b>Total</b>	<b>9.6</b>	<b>9.5</b>

## Note 15 - Equity

### Division of share capital

The Parent company's share capital consisted of the following number of shares as of 31 December 2019 with a quota value of SEK 3.0 per share.

Share class		Number of shares	Number of votes	Share of capital, %	Share of votes, %
A	10 votes	19 707 680	197 076 800	29.7	80.9
B	1 vote	46 635 863	46 635 863	70.3	19.1
<b>Total</b>		<b>66 343 543</b>	<b>243 712 663</b>	<b>100.0</b>	<b>100.0</b>

## Note 16 - Untaxed reserves

SEK million	2019	2018
Accelerated depreciation	3.1	5.4
Tax allocation reserve 2016	3.5	3.5
Tax allocation reserve 2017	16.5	16.5
Tax allocation reserve 2018	22.4	22.4
Tax allocation reserve 2019	19.3	0.0
<b>Total</b>	<b>64.9</b>	<b>47.9</b>

Deferred tax on untaxed reserves amounts to SEK 13.9 (10.5) million.

## Note 17 - Credit limit

Amount granted in relation to loans and bank overdraft facilities amounts to SEK **3,212 (2,765)** million. In September, the Parent company signed a supplement to the existing financing agreement and increased the total credit limit with SEK **500** million. The total credit facility amounted to SEK **3,212** million as of 31 December 2019. The credit facility amount is limited to, and dependent on, the value of some underlying assets.

Within this credit framework, some subsidiaries can also raise their own financing and at that time the Parent company had the opportunity to utilize SEK **2,833 (2,406)** million. Of this amount, USD **30** million runs until January 2024, SEK **339** million until August 2027 and SEK **250** million has a maturity of three months. The remaining part runs until March 2022.

## Note 18 - Accrued expenses and prepaid income

SEK million	2019	2018
Holiday pay liability	4.1	3.2
Social security contributions	0.6	0.5
Special employer's contribution	1.9	1.6
Audit	0.2	0.3
Interest	0.0	0.3
Other items	0.5	0.6
<b>Total</b>	<b>7.3</b>	<b>6.5</b>

## Note 19 - Pledged assets and maturity for interest-bearing liabilities

Pledged assets relates to interest-bearing liabilities to credit institutions.

SEK million	2019	2018
Floating charges	30.0	30.0
Shares in Group companies	1 751.4	1 771.4
Shares in associated companies	8.3	8.3
<b>Total</b>	<b>1 789.7</b>	<b>1 809.7</b>

The Parent company's pledged assets consist of collateral for the company's interest bearing liabilities to credit institutions which amounted to SEK **2,094.8 (1,729.8)** million at year-end. See further note 17, section Liquidity risk, for

information regarding the conditions for the Group's financing which also applies to the Parent company. See below for the maturity analysis of the Parent company's interest-bearing liabilities.

Maturity analysis of the Parent company's loans	2019	2018
2019	0.0	331.3
2020	345.6	78.6
2021	93.2	76.0
2022	1 373.8	1 288.2
2023	61.1	53.8
2024	18.9	13.3
2025 or later	356.3	0.0

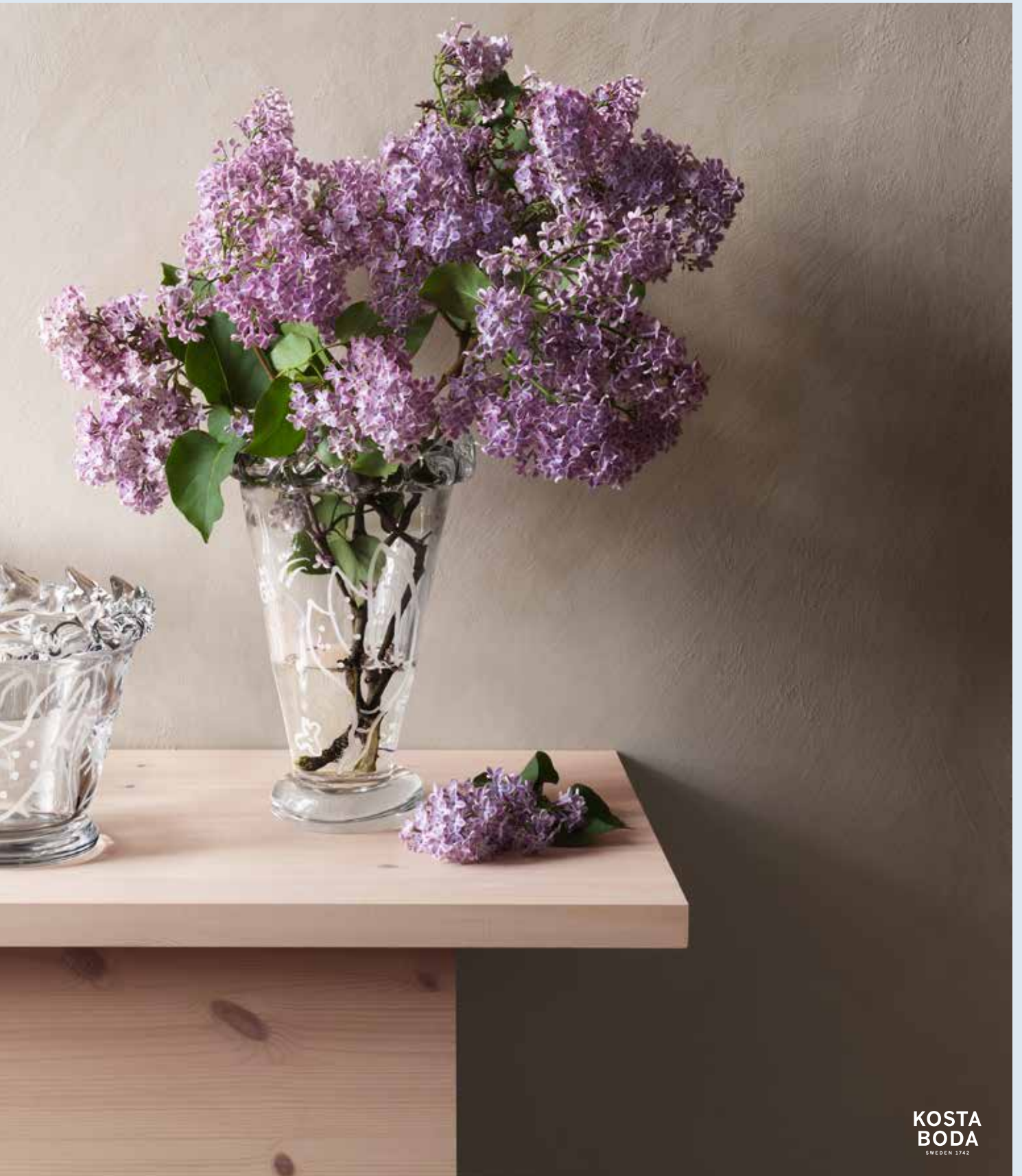
The table above displays the contractual and undiscounted interest payments and amortization of interest-bearing liabilities. Any planned future liabilities have

not been included. Interest payments related to financial instruments with floating rate has been calculated based on the interest rate at year-end.

## Note 20 - Contingent liabilities

SEK million	2019	2018
Guarantees for Group companies	820.9	940.1
Guarantees for associated companies	6.0	0.0
<b>Total</b>	<b>826.9</b>	<b>940.1</b>





**KOSTA  
BODA**  
SWEDEN 1742



# Definitions of alternative performance measures

Guidelines concerning non-IFRS performance measures for companies with securities listed on a regulated market in the EU have been issued by ESMA (The European Securities and Markets Authority). These guidelines are to be applied to alternative performance measures (APM) applied as of July 3, 2016. The Annual Report refers to a number of non-IFRS performance measures used to assist investors and company management to analyze the company's operations. Because not all companies calculate the financial measures in the same way, these are not

always comparable to measures used by other companies. These financial measures should not be seen as a substitute for measures defined under IFRS. A description of the various non-IFRS performance measures used as a complement to the financial information reported according to IFRS and how they are used, is presented below. A reconciliation of alternative performance measures is available on [www.nwg.se/en/investor-relations/financial-reports/key-numbers](http://www.nwg.se/en/investor-relations/financial-reports/key-numbers).

PERFORMANCE MEASURES	DEFINITION/CALCULATION	PURPOSE
GROSS PROFIT MARGIN	Net sales less goods for resale in percent of net sales.	The measure is used for showing the Group's margins before the effect of costs such as selling and administrative costs.
OPERATING MARGIN	Operating result as a percentage of the period's net sales.	The measure is used to show operating profitability and how the Group meets its targets.
PROFIT MARGIN	Result before tax as a percentage of the period's net sales.	The measure enables the profitability to be compared across locations where corporate taxes differ.
NET MARGIN	Result after tax as a percentage of the period's net sales.	The measure is used to show net earnings in relation to income.
ORGANIC GROWTH	Organic growth refers to sales growth from existing operations cleared from currency effects. The currency effect is calculated by recalculating this year's sales in local currencies to last year's rates and compared to previous year's sales.	The measure is used to show growth in existing business since currency effects are beyond the Group's control and to measure how the Group meets its targets.
EBITDA	Operating result before depreciation, amortization and write-downs of tangible and intangible fixed assets.	The measure is used to show result from operating activities, regardless of depreciation, amortization and write-downs.
NET FINANCIAL ITEMS	The total of interest income, interest expenses, currency differences on borrowings and cash equivalents in foreign currencies, other financial income and other financial expenses.	The measure reflects the Group's total costs of the external financing.
RETURN MEASURES	DEFINITION/CALCULATION	PURPOSE
RETURN ON CAPITAL EMPLOYED	Rolling 12 month's result before tax plus financial expenses as a percentage of average capital employed. The average capital employed is calculated by taking the capital employed per period end and the capital employed at year-end for the previous year divided by two.	The measure is used to analyze profitability by putting result in relation to the capital needed to operate the business.
RETURN ON EQUITY	Rolling 12 month's result for the period according to the income statement as a percentage of average equity. The average equity is calculated by taking the equity per period end and the equity at year-end for the previous year divided by two. For the Parent company it is calculated as result after tax as a percentage of average adjusted equity. In adjusted equity, the equity part of untaxed reserves is included.	The measure is used to analyze profitability over time, given the resources available to the Parent company's owners.

DATA PER SHARE	DEFINITION/CALCULATION	PURPOSE
EQUITY PER SHARE	Equity at the end of the period divided by number of shares at the end of the period.	Equity per share measures the net asset value per share and determines if a company is increasing shareholder value over time.

CAPITAL MEASURES	DEFINITION/CALCULATION	PURPOSE
EQUITY	The equity reported in the consolidated balance sheet consists of taxed equity increased by the equity portion of the Group's untaxed reserves and non-controlling interests. Deferred tax liability in untaxed reserves has been calculated at the applicable tax rates for the companies in each country, as decided and communicated at the balance sheet date.	The measure is the difference between the Group's assets and liabilities, which corresponds to the Group's equity contributed by owners and the Group's accumulated profits.
CAPITAL EMPLOYED	Total assets less provisions and non-interest bearing liabilities, which consist of accounts payable, current tax liabilities, other liabilities and accrued expenses and prepaid income.	The measure indicates how much capital is needed to run the business, regardless of type of financing (borrowed or equity).
WORKING CAPITAL	Total current assets, excluding liquid assets and current tax receivables, less short-term non-interest bearing liabilities excluding current tax liabilities.	The measure is used to show how much capital is needed to finance operating activities.
NET DEBT	Interest-bearing liabilities (current and non-current) less cash and cash equivalents.	The measure shows financing from borrowings.
CAPITAL TURNOVER	Rolling 12 month's net sales divided by average total assets.	The measure shows how efficiently the Group uses its total capital.
INVENTORY TURNOVER	Rolling 12 month's goods for resale in the income statement divided by average inventory.	The measure is used to show the inventory's turnover per year, since the stock is central for the Group to keep a good service level, i.e. to be able to deliver goods fast.
NET DEBT TO EQUITY RATIO	Net debt as a percentage of equity.	The measure helps show financial risk and is useful for management to monitor the level of the indebtedness.
NET DEBT IN RELATION TO WORKING CAPITAL	Net debt divided by working capital.	The measure is used to show how much of the working capital is financed through net debt.
INTEREST COVERAGE RATIO	Result before tax plus financial costs divided by financial costs.	The measure is used to calculate the Group's ability to pay interest costs.
EQUITY RATIO	Total equity as a percentage of total assets.	The measure shows how much of the Group's assets are financed by the shareholders through equity. An equity ratio is a measure of financial strength and how the Group meets its targets.

OTHER MEASURES	DEFINITION/CALCULATION	PURPOSE
EFFECTIVE TAX RATE	Tax on profit for the period as a percentage of result before tax.	This measure enables comparison of income tax across locations where corporate taxes differ.
EFFECTIVE INTEREST RATE	Net financial items in relation to average net debt.	The measure enables comparison of cost for the net debt.
CASH FLOW FROM OPERATIONS	Cash flow from operating activities including changes in working capital and before cash flows from investing and financing activities.	The measure is used to show the cash flow generated by the company's operations.
NET INVESTMENTS	Cash flow from investing activities according to the cash flow analysis which includes investments and divestments of buildings, acquisitions, investments in tangible and intangible assets and raised long-term debt.	The measure is used to regularly estimate how much cash is used for investments in operations and for expansion.

# *The board of directors' proposal for guidelines for executive remuneration*

Board members, the CEO and other persons of the executive management (jointly the “executive management”) in New Wave Group AB (the “Company”) fall within the provisions of these guidelines. The guidelines are forward-looking, i.e. they are applicable to remuneration agreed, and amendments to remuneration already agreed, after adoption of the guidelines by the annual general meeting 2020. These guidelines do not apply to any remuneration decided or approved by the general meeting.

## ***The guidelines' promotion of the Company's business strategy, long-term interests and sustainability***

The Company's business strategy is to acquire and develop brands and products in the corporate, sports and gifts and home furnishing sectors. The company group will achieve synergies by coordinating design, purchasing, marketing, warehousing and distribution of its product range. To ensure good risk diversification, the group will market its products in the promo market and the retail market.

For more information regarding the Company's business strategy, please see: [www.nwg.se/en/about-new-wave-group/](http://www.nwg.se/en/about-new-wave-group/).

A prerequisite for the successful implementation of the Company's business strategy and safeguarding of its long-term interests, including its sustainability, is that the Company is able to recruit and retain qualified personnel. To this end, it is necessary that the Company offers competitive remuneration. These guidelines enable the Company to offer the executive management a competitive total remuneration.

Variable cash remuneration covered by these guidelines shall aim at promoting the Company's business strategy and long-term interests, including its sustainability. This is ensured by way of linking the financial and non-financial targets that determine if variable cash remuneration shall be payable to the Company's business strategy and sustainability agenda. The variable cash remuneration is further explained in the section “Variable cash remuneration” below.

## ***Types of remuneration, etc.***

The remuneration shall be on market terms and may consist of the following components: fixed cash salary, variable cash remuneration, pension benefits and other benefits. Additionally, the general meeting may

– irrespective of these guidelines – resolve on, among other things, share-related or share price-related remuneration. Fixed salary and variable remuneration shall be related to the responsibilities and authorities of the executive.

## **Variable cash remuneration**

The satisfaction of criteria for awarding variable cash remuneration shall be measured over a period of one year. The variable cash remuneration may amount to not more than 50 percent of the total fixed cash salary of the fixed annual cash salary.

The variable cash remuneration shall be linked to predetermined and measurable criteria which can be financial or non-financial. They may also be individualized, quantitative or qualitative objectives. The criteria shall be designed so as to contribute to the Company's business strategy and long-term interests, including its sustainability, by for example being clearly linked to the business strategy or promote the executive's long-term development.

To which extent the criteria for awarding variable cash remuneration has been satisfied shall be evaluated/determined when the measurement period has ended. The board of directors is responsible for the evaluation so far as it concerns variable remuneration to the CEO. For variable cash remuneration to other executives, the CEO is responsible for the evaluation. For financial objectives, the evaluation shall be based on the latest financial information made public by the Company.

The criteria for variable cash remuneration shall be designed in a manner to allow the board of directors, in cases of exceptional financial circumstances, to limit or stop payment of variable cash remuneration where such remuneration would be considered unreasonable and incompatible with the Company's responsibilities towards its shareholders, employees and other stakeholders. Further, it shall be possible to limit or stop payment of variable cash remuneration if the board of directors would resolve that it is reasonable for other reasons. The board of directors shall also be entitled to reclaim already paid variable cash remuneration when in cases where it is later discovered that the executive has violated the Company's values, policies, standards or instructions.

## **Pension and insurance**

For the CEO as well as the remaining executive management, pension benefits, including health insurance (Sw: sjukförsäkring), shall correspond to the ITP occupational pension plan. Pension benefits, including

health insurance, shall be premium defined unless the individual concerned is subject to defined benefit pension according to an individual agreement or under mandatory collective agreement provisions. The pension premiums for premium defined pension shall amount to not more than 30 percent of the fixed annual cash salary. The CEO's variable cash remuneration shall not qualify for pension benefits. Any other executive's variable cash remuneration shall qualify for pension benefits to the extent required by mandatory collective agreement provisions. If the variable cash remuneration qualifies for pension benefits, the pension premiums for premium defined pension shall amount to not more than 30 percent of the fixed annual cash salary.

### **Other benefits**

Other benefits may include, for example, life insurance, medical insurance (Sw: sjukvårdsförsäkring) and company cars. Such benefits may amount to not more than ten percent of the fixed annual cash salary.

For employments governed by rules other than Swedish, pension benefits and other benefits may be duly adjusted for compliance with mandatory rules or established local practice, taking into account, to the extent possible, the overall purpose of these guidelines.

Executives who are expatriates to or from Sweden may receive additional remuneration and other benefits to the extent reasonable in light of the special circumstances associated with the expat arrangement, taking into account, to the extent possible, the overall purpose of these guidelines. Such benefits may not in total exceed 20 percent of the fixed annual cash salary.

### **Remuneration to board members in addition to the board fee**

If a board member, who is elected by the annual general meeting and is not employed by the Company, carries out work in addition to his/her duties as board member, the board member may be entitled to consulting fees or other customary remuneration. The board of directors shall decide if consulting fees or other customary remuneration shall be payable.

### **Termination of employment**

Upon termination of an employment, the notice period may not exceed twelve months. Fixed cash salary during the notice period and severance pay may not together exceed an amount corresponding to the fixed cash salary for twelve months. When termination is made by the executive, the notice period may not exceed six months, without any right to severance pay.

Additionally, remuneration may be paid for non-compete undertakings. Such remuneration shall compensate for loss of income and shall only be paid in

so far as the previously employed executive is not entitled to severance pay. The remuneration shall amount to not more than 60 percent of the fixed cash salary at the time of termination of employment, unless otherwise provided by mandatory collective agreement provisions and be paid during the time the non-compete undertaking applies, however not for more than twelve months following termination of employment.

## ***Salary and employment conditions for employees***

In the preparation of the board of directors' proposal for these remuneration guidelines, salary and employment conditions for employees of the Company have been taken into account by including information on the employees' total income, the components of the remuneration and increase and growth rate over time, in the board of directors' basis of decision when evaluating whether the guidelines and the limitations set out herein are reasonable.

### **The decision-making process to determine, review and implement the guidelines**

The board of directors shall prepare a proposal for new guidelines at least every fourth year and submit it to the general meeting. The guidelines shall be in force until new guidelines are adopted by the general meeting. The board of directors shall also monitor and evaluate programs for variable remuneration for the executive management, the application of the guidelines for executive remuneration as well as the current remuneration structures and compensation levels in the Company. The board members are independent of the Company and its executive management. The CEO and other members of the executive management do not participate in the board of directors' processing of and resolutions regarding remuneration-related matters in so far as they are affected by such matters.

### ***Derogation from the guidelines***

The board of directors may temporarily resolve to derogate from the guidelines, in whole or in part, if in a specific case there is special cause for the derogation and a derogation is necessary to serve the Company's long-term interests, including its sustainability, or to ensure the Company's financial viability.

# Auditor's report

*To the general meeting of the shareholders of New Wave Group AB (publ),  
corporate identity number 556350 - 0916*

## *Report on the annual accounts and consolidated accounts*

### Opinions

We have audited the annual accounts and consolidated accounts of New Wave Group AB (publ) for the year 2019. The annual accounts and consolidated accounts of the Company are included on pages 57-125 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 the Parent company as of December 31, 2019 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 December 31, 2019 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages x-y. 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 audit committee in accordance with the Audit Regulation (537/2014) 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) 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.

### 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

### Revenue recognition

Total revenue amounted to SEK 6,903.5 million in 2019. On page 71-72 the Company states the applied accounting principles for revenue recognition. In short they state that revenue related to the sales of goods is recognized when it is likely that payment will be received and when all risks and benefits have been transferred from seller to buyer. The revenue recognition is associated with a certain element of judgement in regards to recognition of discounts for



retailers, risks related to revenue reduction and the transfer of risk to the customer, which is why we have considered the revenue recognition as a key audit matter in our audit.

The audit procedures related to revenue recognition, among other things include:

- *Walkthrough of processes and procedures related to revenue recognition, verification of compliance in regards to IFRS standards*
- *Detailed analysis of recorded revenue for different agreements based on historical results, budgets, and the follow ups where made to deviations from the expected outcome*
- *Random inspection of contracts and the transfer of risk associated to the period close in order to verify correct revenue accruals*
- *Review of the supporting material that judgments, calculations and accruals related to estimates of discounts and bonuses are based on*
- *We have also reviewed the Company's effectiveness regarding the revenue disclosures*

### Valuation of goodwill and trademarks

The reported value for intangible assets amounted to SEK **1,501.0** million per 31 of December 2019 according to the consolidated statement regarding financial position. That amount represents **18** percent of total assets. The Company performs checks of the reported value against the recoverable amount at an annual basis or at signs of impairment. The recoverable amount is determined for each cash generating unit by performing a present value calculation of future cash flows. The calculations are based on the decided business plan for the next five years and an estimate of cash flows at the end of the forecast period. The calculations are also based on a number of assumptions, such as growth, operating margin and discount rate.

Changes in assumptions have a material effect on the calculation of the recoverable amount. Due to this fact we have considered the valuation of goodwill and trademarks as a key audit matter in our audit.

A description of the impairment loss test is presented in note **8** "Intangible fixed assets".

As a part of our audit we have evaluated and tested the Company's process for preparing impairment loss tests. The evaluation and testing has been based on a review of the accuracy of earlier forecasts and assumptions. We performed reasonability assessments of forecasted cash flows and growth assumptions by comparing them to other companies within the same industry. Furthermore we have tested the marketability of the Company's assumptions regarding the discount rate and long term growth rate with support from our valuation experts. We have also reviewed the Company's model and method for conducting impairment loss tests, this includes an evaluation of the Company's sensitivity analysis. We have also reviewed the effectiveness of the disclosures related to valuation of goodwill and trademarks in the annual report.

### Valuation of inventory

The reported value of inventory amounted to SEK **3,557.9** million per 31 of December 2019 according to the consolidated statement regarding financial position. That amount represents **42** percent of total assets. The inventory is valued based on the first in-first out principle at the lowest cost and net realizable value at the balance sheet date. The calculation of the net realizable value is based on the Company's assumptions regarding slow moving and obsolete goods. Due to this fact we have considered the valuation of inventory as a key audit matter in our audit.

The Company's disclosures regarding stock-in-trade is presented in note **16** in the annual report.

We have reviewed the Company's processes and procedures for assessing and following up on slow moving and obsolete goods. We have performed an analytical review based on historical comparisons and data analysis in order to identify slow moving and obsolete goods and assess the need to make provision. Furthermore we have also reviewed the effectiveness of the disclosures related to valuation of inventory in the annual report.

## 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 2-56 and 131-135. The Board of Directors and the CEO 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 CEO

The Board of Directors and the CEO 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 as adopted by the EU. The Board of Directors and the CEO 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 CEO 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 CEO intends to liquidate the Company, to cease operations,

or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the Company's financial reporting process.

## 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.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- *Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control*
- *Obtain an understanding of the Company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.*
- *Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the CEO*

- *Conclude on the appropriateness of the Board of Directors' and the CEO's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern*
- *Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.*
- *Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions*
- *We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified*

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters

that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

## **Report on other legal and regulatory requirements**

### **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 CEO of New Wave Group AB (publ) for the year 2019 and the proposed appropriations of the Company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated (loss be dealt with) in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the CEO 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 CEO**

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's 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 CEO shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the Company's accounting in accordance with law and handle the management of assets in a reassuring manner.

### Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the CEO 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.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the Company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the Company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the Company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

Ernst & Young AB, was appointed auditor of New Wave Group AB by the general meeting of the shareholders on the May 17, 2019 and has been the Company's auditor since May 28, 2007.

### Gothenburg, April 2, 2020

Ernst & Young AB



**Nina Bergman**  
Authorized Public Accountant



**CRAFT** ❖



# The Group

## in summary

SEK million	2019	2018	2017	2016	2015
<b>Income statement in brief</b>					
Net sales	6 903.5	6 290.6	5 597.3	5 237.1	4 964.7
Other operating income	77.9	74.8	51.2	51.0	47.2
Operating costs	-6 213.4	-5 804.7	-5 114.1	-4 832.0	-4 699.6
EBITDA	768.1	560.7	534.4	456.1	312.3
Amortizations, depreciations and write-downs	-233.1	-77.9	-65.3	-55.9	-57.1
Operating result	535.0	482.8	469.1	400.2	255.2
Net financial items	-68.2	-40.9	-51.9	-59.9	-74.3
Result before tax	466.7	441.8	417.2	340.3	180.9
Tax	-96.7	-81.8	-63.2	-63.6	-35.6
<b>Result for the year</b>	<b>370.1</b>	<b>360.0</b>	<b>354.0</b>	<b>276.7</b>	<b>145.3</b>
Total comprehensive income for the year	468.0	517.6	301.5	369.9	173.3
<b>Balance sheet in brief</b>					
Trademarks	543.4	516.7	487.4	521.6	491.0
Other fixed assets	2 560.5	1 703.9	1 477.1	1 526.1	1 431.8
Inventory	3 557.9	3 230.9	2 643.4	2 496.4	2 447.8
Accounts receivable	1 192.8	1 084.1	982.8	906.2	821.5
Other current assets	188.4	213.6	160.0	155.0	121.1
Liquid assets	351.3	312.2	202.4	218.9	165.5
<b>Total assets</b>	<b>8 394.3</b>	<b>7 061.4</b>	<b>5 953.1</b>	<b>5 824.2</b>	<b>5 478.7</b>
Equity attributable to the Parent company's shareholders	3 754.4	3 415.0	3 006.6	2 794.6	2 491.6
Equity attributable to non-controlling interest	16.3	19.2	22.6	22.6	22.0
Provisions	165.0	166.1	148.4	185.3	170.7
Interest-bearing liabilities	3 316.1	2 143.2	1 839.7	1 967.8	2 094.6
Non-interest-bearing liabilities	1 142.5	1 317.9	935.8	853.9	699.8
<b>Total equity and liabilities</b>	<b>8 394.3</b>	<b>7 061.4</b>	<b>5 953.1</b>	<b>5 824.2</b>	<b>5 478.7</b>
<b>Cash flows</b>					
Cash flow before changes in working capital and investments	605.0	429.7	451.0	333.4	209.8
Changes in working capital	-505.6	-207.1	-243.2	115.5	-80.3
Cash flow before investments	99.5	222.6	207.8	448.9	129.5
Net investments	-148.7	-163.2	-110.6	-89.6	-106.5
Cash flow after investments	-49.3	59.4	97.2	359.3	23.0
Cash flow from financing activities	80.4	39.3	-106.3	-313.3	-77.3
<b>Cash flow for the year</b>	<b>31.2</b>	<b>98.7</b>	<b>-9.1</b>	<b>46.0</b>	<b>-54.3</b>

	2019	2018	2017	2016	2015
<b>Key figures</b>					
Gross margin, %	46.4	46.6	46.1	46	45.1
Operating margin, %	7.7	7.7	8.4	7.6	5.1
Profit margin, %	6.8	7.0	7.5	6.5	3.6
Net margin, %	5.4	5.7	6.3	5.3	2.9
Return on capital employed, %	8.6	9.4	9.8	8.6	5.8
Return on equity, %	10.3	11.2	12.2	10.4	6.0
Equity ratio, %	44.9	48.6	50.9	48.4	45.9
Net debt to equity ratio, %	78.6	53.3	54.1	62.1	76.8
Net debt in relation to working capital, %	77.1	57.0	54.7	64.7	71.7
Interest coverage ratio, times	7.1	10.5	8.3	6.5	3.2
Inventory turnover, times	1.1	1.1	1.2	1.1	1.2
Average number of employees	2 579	2 566	2 495	2 396	2 358
Sales outside Sweden, %	76.7	75.7	76.5	76.4	76.9
<b>Data per share</b>					
Number of shares before and after dilution *	66 343 543	66 343 543	66 343 543	66 343 543	66 343 543
Profit per share before and after dilution, SEK	5.66	5.48	5.34	4.16	2.16
Equity per share before and after dilution, SEK	56.59	51.47	45.32	42.12	37.56
Share price at 31 December, SEK	59.80	47.40	54.50	55.25	34.50
P/E ratio as of 31 December	10.56	8.70	10.20	13.30	15.75
Dividends per share, SEK	2.00	1.70	1.35	1.00	1.00
Dividends yield, %	3.34	3.59	2.48	1.81	2.90
Operating cash flow per share, SEK	1.50	3.36	3.13	6.77	1.95

\* The number of shares are the same before and after dilution.

## Contact:

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Phone: +1 978 524 00

### Craft Sports Inc.

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### Cutter & Buck Inc.

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### Kosta Förlag AB

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Phone: +46 478 349 34

### Kosta Lodge AB

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### United Brands of Scandinavia Ltd

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25 June 2020

# Annual General Meeting

25 June

At Kosta Boda Art Hotel

1:00 p.m.

Time for Annual General Meeting

## Notification

Notification of attendance at the AGM shall be made by letter or e-mail to:  
 New Wave Group AB (publ)  
 Kungssportsavenyen 10  
 411 36, Gothenburg  
 bolagsstamma@nwg.se

The notification shall state name, personal identification number/company registration number and daytime phone number. Shareholders who wish to attend the AGM must have notified the company of this before **18 June 2020** when the notification deadline expires.

2020

The Annual General Meeting (AGM) will take place on Thursday June 25 2020 at 1:00 p.m. at Kosta Boda Art Hotel, Stora vägen 75, 365 43 Kosta, Sweden. Shareholders have the right to attend the AGM if they are registered in the copy of the share register made on 18 June 2020 and notify the company of their intention to attend the AGM by 18 June 2020, at the latest.

If the shareholder intends to be represented by proxy, a written, dated, power of attorney shall be issued for the proxy. The power of attorney in the original should be sent to the company at the address provided above no later than on 18 June 2020. If the power of attorney is issued by a legal entity, a certified copy of the corporate registration certificate and other authorization documents should be sent to the company. Please note that shareholders who are represented by proxy must also give notice of participation as stipulated above. A proxy form is available on the company's website [www.nwg.se](http://www.nwg.se).

### Nominee registered shares

Shareholders with nominee-registered shares must register their shares in their own name with Euroclear Sweden AB to be entitled to attend the AGM.

This registration must be completed by 18 June 2020 and an application shall therefore be made to the nominee in good time before this date.

### Issues

The issues prescribed by law and the articles of association, the below proposals for dividends and other issues mentioned in the notice to convene the meeting will be addressed at the AGM.

### Dividend

The Board proposes to the Annual General Meeting no dividend for 2019.



*New Wave Group is a growth group that designs,  
acquires and develops brands and products in the  
corporate, sports, gifts and home furnishings sectors.*

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