



2020

**New Wave Group  
Annual Report**

*New Wave*  
G R O U P

2020



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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

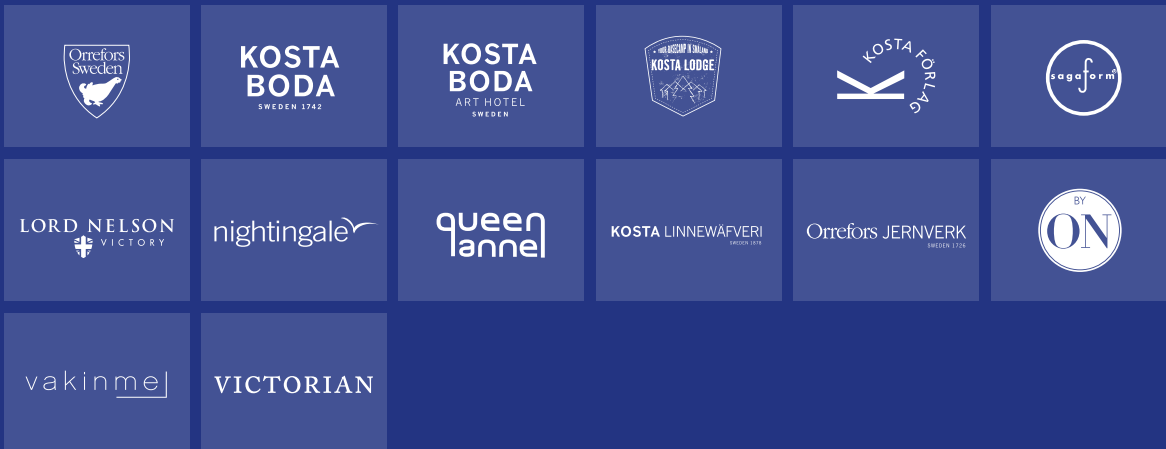
## Corporate

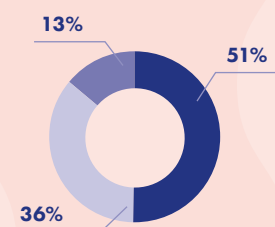


## Sports & Leisure



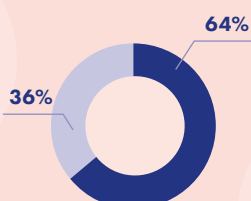
## Gifts & Home Furnishings





**Net sales per operating segment**

- Corporate
- Sports & Leisure
- Gifts & Home Furnishings



**Net sales per sales channel**

- Promo
- Retail

**Dividend**

In light of the ongoing pandemic and its difficult-to-assess consequences in 2021, the Board has decided to propose to the AGM that no dividend shall be paid. The Group has a strong financial position and there are good opportunities for a dividend during the latter part of 2021 and the Board will return at the latest in the interim report for the third quarter, which is scheduled to be published on November 5 2021, with proposal on when a resumption of dividend can take place.

2020

New Wave Group  
**2020**  
*in summary*

Net sales amounted to SEK 6,098.8 million, which was 12% (10% excluding currency change) lower compared to the previous year. The lower net sales were related to the COVID-19 crisis that hit us with full force in March and several of our companies were hit very hard. All regions were negatively affected and several of our companies were closed down in different periods during the spring. Both sales channels decreased in comparison with prior year.

**C** COVID-19 did not only affect through reduced demand due to cancelled events, sport competitions, conferences and other corporate activities as well as problems in the business world generally, but also the fact that we were forced to close down some of our warehouses. The worst hit was initially in Italy, where our company is located in Codogno and also where the COVID-19 outbreak started in the country. Their warehouse was largely closed throughout the month of March but it was very different for different countries and companies. Also our US companies were hit hard and during the second quarter they had a decrease of **62%** and several of our companies in the US were shut down for about a month and a half. However, our trading business reported a very good result during this period and showed good growth. Demand for the Group's products and

services continued to be lower than the previous year also during the following quarters. A slight recovery occurred though and Sweden and Other countries experienced growth in net sales while the US, where the Group has large operations, was still the region most affected by the pandemic.

Corporate decreased net sales by **4%**. In the Corporate segment, sales have been primarily affected by cancelled events, conferences and other corporate activities, reducing the demand for promo products. However, the Group has increased the share of trading orders, which has increased both net sales and operating result during the year. Major cost-cutting measures have been implemented at the same time as capital tied up in stock has been adjusted to the lower sales volume.

<ul style="list-style-type: none"> <li>• Net sales amounted to SEK <b>6,098.8</b> million, which was <b>12%</b> (<b>10%</b> in local currencies) lower than last year (SEK <b>6,903.5</b> million).</li> </ul>	<ul style="list-style-type: none"> <li>• Operating result amounted to SEK <b>545.9</b> (<b>535.0</b>) million.</li> <li>• Result for the period amounted to SEK <b>363.0</b> (<b>370.1</b>) million.</li> </ul>	<ul style="list-style-type: none"> <li>• Earnings per share amounted to SEK <b>5.51</b> (<b>5.66</b>).</li> <li>• Cash flow from operating activities amounted to SEK <b>1,206.6</b> (<b>99.5</b>) million.</li> </ul>	<ul style="list-style-type: none"> <li>• Equity ratio amounted to <b>53.4</b> (<b>44.9</b>) %.</li> <li>• Net debt to equity ratio amounted to <b>47.1</b> (<b>78.6</b>) %</li> </ul>
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**The cost savings resulted in improvements in both operating result and operating margin compared to the previous year.**

2020

Sports & Leisure has been negatively affected by COVID-19 due to cancelled sport events with reduced sales as a result and the sport retailers' high inventory levels have also negatively affected the segment's sales. Despite these negative effects, investments in the Craft brand have continued during the year and a cooperation with the Gothenburg football club IFK Göteborg was announced at the beginning of the year. The US market was hit hard by the pandemic, causing several of our companies in the segment to shut down during a period. The companies have made large cost savings and adjusted their business according to the current volumes. The segment as a whole reduced its net sales by 25% compared to the previous year.

Gifts & Home Furnishings increased net sales by 4%. The segment has had a split development during the year. Due to COVID-19, Destination Kosta has had a lower number of visitors and thus significantly lower net sales. The other brands have had a better development and are on par with or better than the previous year. In this segment, cost savings have also been implemented and together with improved net sales the operating loss last year has been turned to an operating profit this year.

The Group's gross profit margin decreased compared to the previous year and amounted to 43.2 (46.4) %.

The Group quickly took actions and implemented cost savings, as well as adjusted the business to a lower volume. External costs and personnel costs have decreased by SEK 514.3 million or 20.8%. In addition to the measures the companies themselves have implemented, several companies have received government support. Such supports are recorded as other operating income and are reported in note 26. The cost savings resulted in improvements in both operating result and operating margin compared to the previous year.

The capital tied up in stock has been adjusted to the lower sales volume, which has positively affected cash flow during the year. This resulted in a lower net debt and reduced interest expenses. The tax expense for the year increased slightly, mainly related to a negative adjustment of deferred tax. Result for the year amounted to SEK 363.0 (370.1) million.

Cash flow from operating activities amounted to SEK 1,206.6 (99.5) million. The improved cash flow is mainly attributable to lower merchandise purchases. Investing activities decreased and amounted to SEK 57.5 (148.7) million.

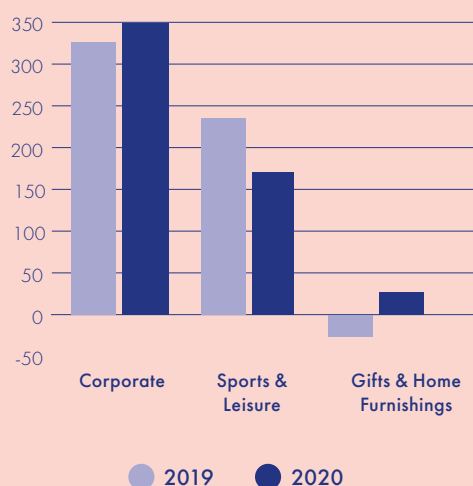
The equity ratio improved and amounted to 53.4 (44.9) %, and the Group's net debt decreased by SEK 1,147.2 million and amounted to SEK 1,817.6 (2,964.8) million.

### Key figures

	2020	2019
Net sales, SEK million	6 098.8	6 903.5
Gross profit margin, %	43.2	46.4
EBITDA, SEK million	775.4	768.1
Operating result, SEK million	545.9	535.0
Result for the year, SEK million	363.0	370.1
Equity, SEK million	3 855.5	3 770.7
Return on equity, %	9.5	10.3
Return on capital employed, %	8.4	8.6
Net debt to equity ratio, %	47.1	78.6
Net debt in relation to working capital, %	59.5	77.1
Equity ratio, %	53.4	44.9
Average number of employees	2 064	2 579
Earnings per share, SEK	5.51	5.66
Equity per share, SEK	57.96	56.59

For definitions of alternative performance measures, see pages 124-125.

### Operating result per operating segment, SEK million





-4%  
Decrease  
in net sales

### Corporate

Net sales for the year amounted to SEK 3,104.8 million, which was a decrease of 4% compared to the previous year (SEK 3,219.6 million). Southern Europe and Other countries experienced growth, while all other regions decreased compared to the previous year. Sales in the promo channel decreased by 2%. Increased sales in the trading business partially offset the negative effects of the reduction of the ordinary promo business due to COVID-19. The retail sales channel decreased compared to the previous year. Operating result increased by SEK 23.6 million and amounted to SEK 349.0 (325.4) million. The improvement is attributable to cost savings.



-25%  
Decrease  
in net sales

### Sports & Leisure

Net sales for the year decreased by 25% and amounted to SEK 2,168.5 (2,887.4) million. Sales decreased in both sales channels. The segment had lower net sales in all regions, but mainly in the US. The Group's American operations were, among other things, shut down for one and a half months during the second quarter. Operating result decreased with SEK 65.4 million and amounted to SEK 170.4 (235.8) million. The lower result is attributable to lower net sales, but has been positively affected by savings.



4%  
Increase  
in net sales

### Gifts & Home Furnishings

Net sales for the year increased by 4% to SEK 825.5 (796.5) million. Sales increased in the promo sales channel, but retail decreased slightly. Operating result improved by SEK 52.7 million compared to the previous year and amounted to SEK 26.5 (-26.2) million, which was attributable to savings but also to higher net sales.

*"We will manage 2021 in as good a way as 2020."*

- Torsten Jansson

Torsten Jansson

# CEO comments

2020 was one of the most turbulent years we have been through and the reason was of course the COVID-19 pandemic. However, I am very proud and happy about how we managed to handle it and actually achieved the best result ever.

**F**or six years in a row, I have been able to begin the CEO comments with that it has been another year of growth - but in 2020 that suite was broken. Sales in local currencies fell 10%, which is good considering how the outside world looked during the year. It shows that we have good products, strong brands and a good sales organization.

### Operating result

Although the increase was marginal, we managed to increase from SEK 535.0 million to SEK 545.9 million and thus we made our highest operating result ever. I wrote in the CEO comments in 2019 that we would focus on the operating margin and despite COVID-19, we managed to increase the operating margin from 7.7% to 9.0%, which is strong under current conditions.

### Cash flow

Cash flow from operating activities amounted to SEK 1,206.6 million, which is very good. Sometimes you hear criticism of our stock, our capital tied up and that we do not generate sufficient cash flow during growth. 2020 was now the second time we created a record cash flow in a short time - the first time was the financial crisis in 2009. As I have often said before; New Wave Group is a relatively simple company that can quickly create large cash flows when required and our inventory is our greatest asset.

### Balance sheet

Our balance sheet and all key figures are very strong. An equity ratio of 53.4% and our indebtedness is at a record low. Net debt in relation to EBITDA, a key figure that I do not really think fits us, amounts to a record low 1.7 times (excluding leasing).

### The future

On the positive side, there is a lot to list. Our strong brands, our good products, our strong balance sheet and last but not least our fantastic organization that has once again shown a strong drive and done a very good job. I am completely convinced that in the long term we will have good growth for both sales and earnings. My only concern is the COVID-19 pandemic and it makes it extremely difficult to assess developments in the short term. At the time of writing, lock-downs are prevailing in many of our markets and all our retailer customers there are simply closed. For sports, competitions, events etc. there are also shut-downs or severe restrictions, which makes it difficult to know in the short term, but we will manage 2021 in as good a way as 2020.

In the long run, I am extremely positive - compared to many competitors, we will emerge stronger from the pandemic.

We are actually stronger than ever!



**Torsten Jansson**  
CEO





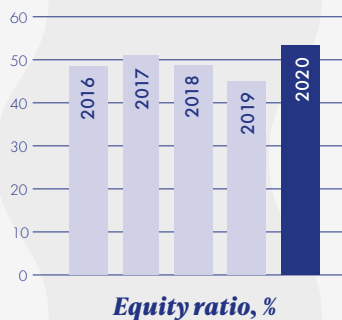
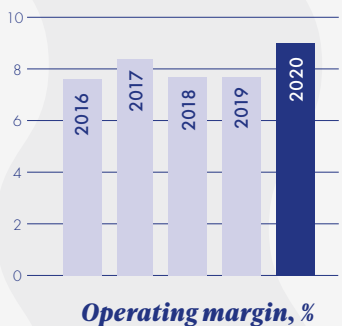
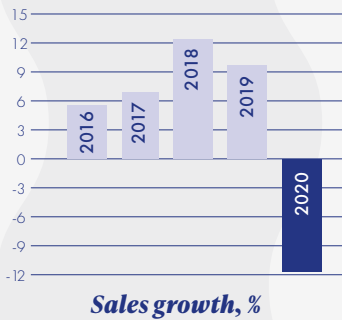


*"We managed to increase from SEK 535.0 million to SEK 545.9 million and thus made our highest operating result ever."*

- Torsten Jansson

About the Group

# This is New Wave Group



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

**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, good expertise and service, and a superior all-inclusive concept.

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.

## Strategy

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

## Vision Sports & Leisure

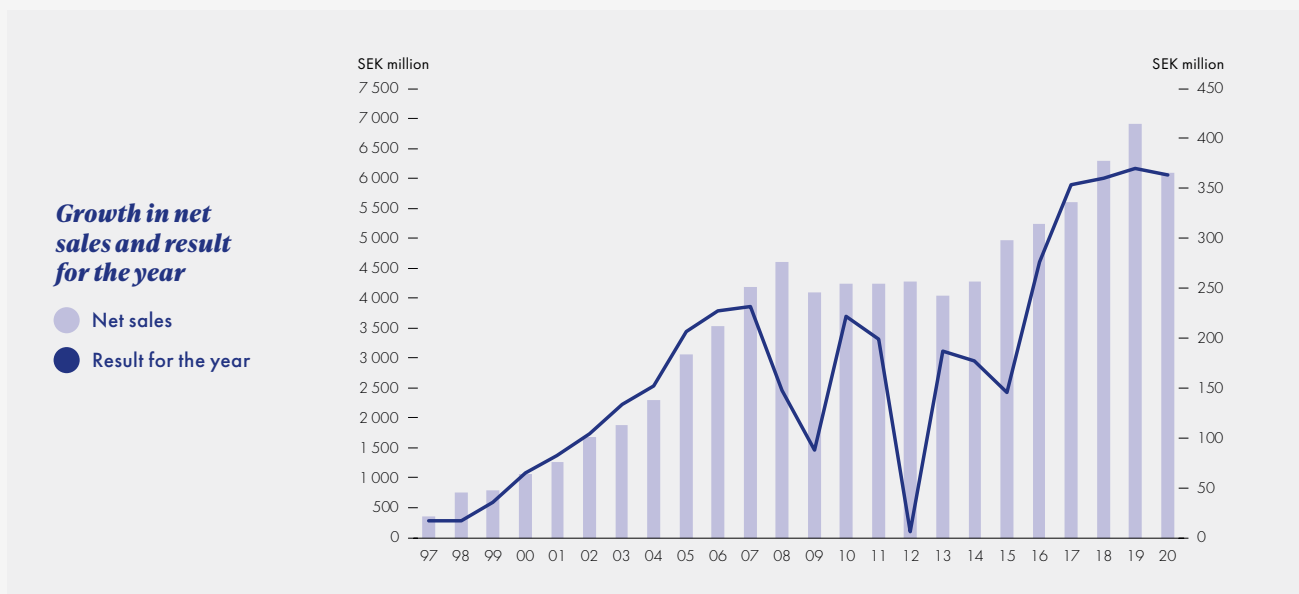
The vision for the Sports & Leisure operating segment involves establishing Craft as a world-leading sportswear brand, and making Cutter & Buck a world-leading golf apparel brand. The brand Auclair should take a leading position on gloves in Europe and we will also use Paris Glove's strong distribution 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 as well as in the United States. All in all, our brands shall give us a position among the largest sport suppliers in the world.

## Growth and profitability targets

New Wave Group strives for a sustainable and 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.

## Vision Gifts & Home Furnishings

The vision for the Gifts & Home Furnishings operating segment is to make Orrefors and Kosta Boda



### New Wave Group's values

New Wave Group is a decentralized organization and the Group's values are its guiding principle. We are dedicated 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". Some of the other key values are;

- *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 1991 in Sweden and Norway and in 1994 in Finland. In these markets, the Group ranks as the market leader in promowear. In 1996 Craft was acquired, which established sales in the retail sales channel. New Wave's share, Series B, was listed on the Stockholm Stock Exchange in 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 was 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 promowear. In recent years, the Group has focused on improving the level of service and expanding the product range within existing brands, including Craft Teamwear.

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 **74%** of the Group's sales and amount to SEK **4,540.8** million. Sweden and the United States are the Group's most important markets and together they constitute **44%** 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 subsidiaries

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

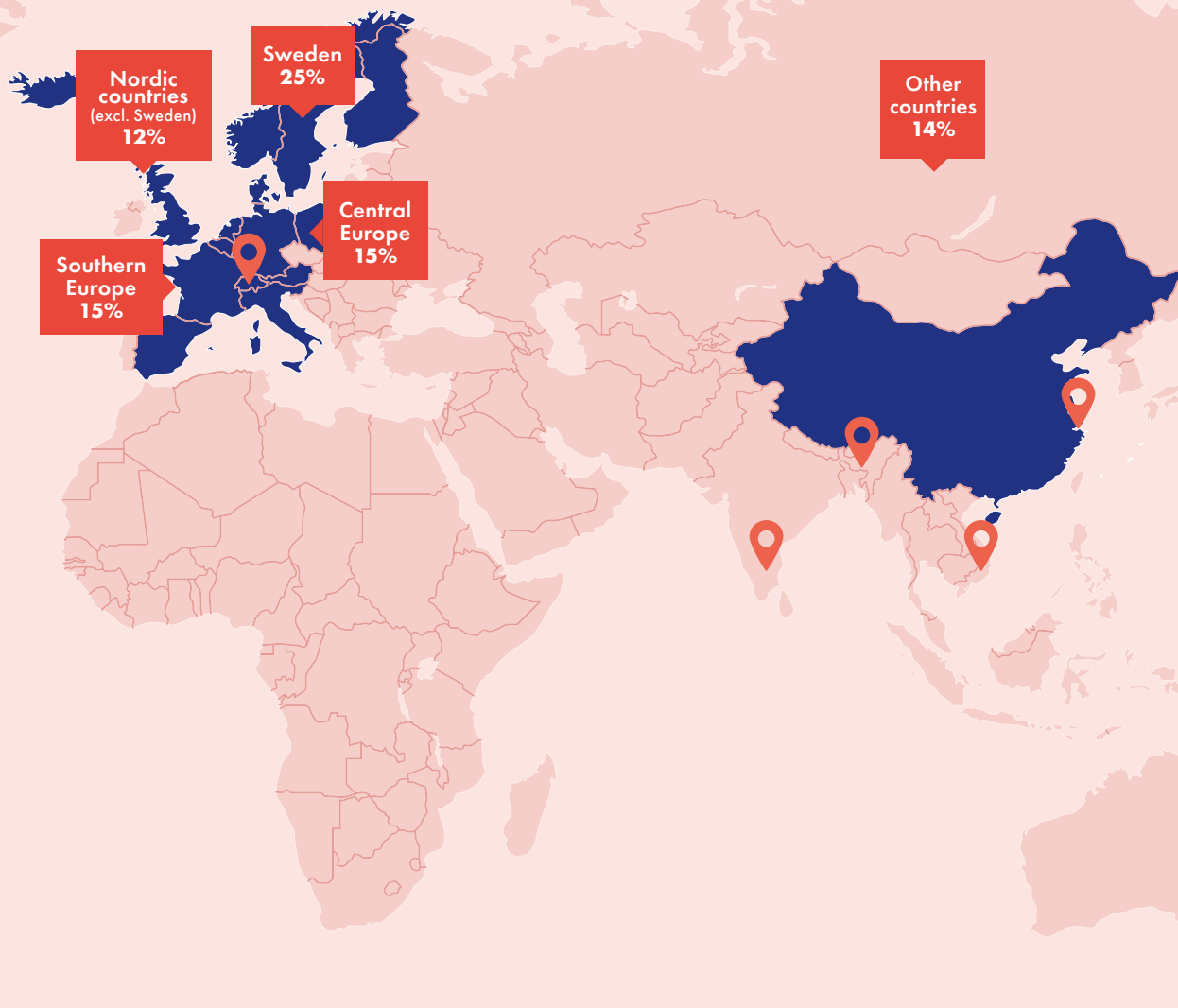


### Own purchasing offices

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



### Share of net sales



### Net sales per geographic area

SEK million	2020	Share of net sales	2019	Share of net sales	Change	Percentage change
USA	1 140.9	19%	1 774.5	26%	-633.6	-36%
Sweden	1 558.0	25%	1 610.5	23%	-52.5	-3%
Central Europe	913.4	15%	1 078.1	16%	-164.7	-15%
Nordic countries excl. Sweden	710.3	12%	861.0	12%	-150.7	-18%
Southern Europe	901.2	15%	812.6	12%	88.6	11%
Other countries	875.0	14%	766.8	11%	108.2	14%
<b>Total</b>	<b>6 098.8</b>	<b>100%</b>	<b>6 903.5</b>	<b>100%</b>	<b>-804.7</b>	<b>-12%</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 logos. 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 collaborate 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 organization. New Wave Group has seven purchasing offices in Asia,

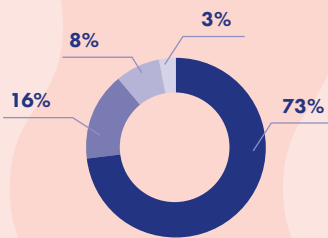
including three satellite offices in China to stay close to the production. Our local presence is of great importance to ensure good control of prices, quality and the flow of goods. The largest purchasing office is located in Shanghai, where New Wave Group has been established since 1992. In addition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

Today, we have a total workforce of more than 190 employees at our purchasing offices. The predominant function is performed by our merchandisers, who work in teams with quality controllers and technicians based on product type 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 major reclaims.

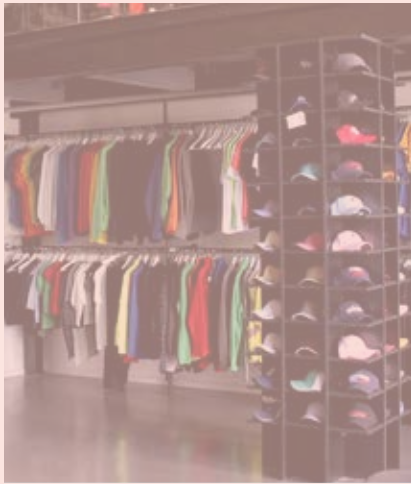
The purchasing offices also play a key role in securing social and environmental responsibility in the supply chain. Being represented on site enables us to have a close partnership with our suppliers



**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 during the years. Today, we have some 110 employees in China. The local presence and ability to control the manufacturing processes are examples of advantages with New Wave Group’s purchasing organization. New Wave Group also has purchasing offices in Bangladesh, Vietnam and India.

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 in social and environmental topics. Through regular visits and good communication, we can detect any shortcomings in time and create long-term relationships that strengthen our collaborations.

**Production**

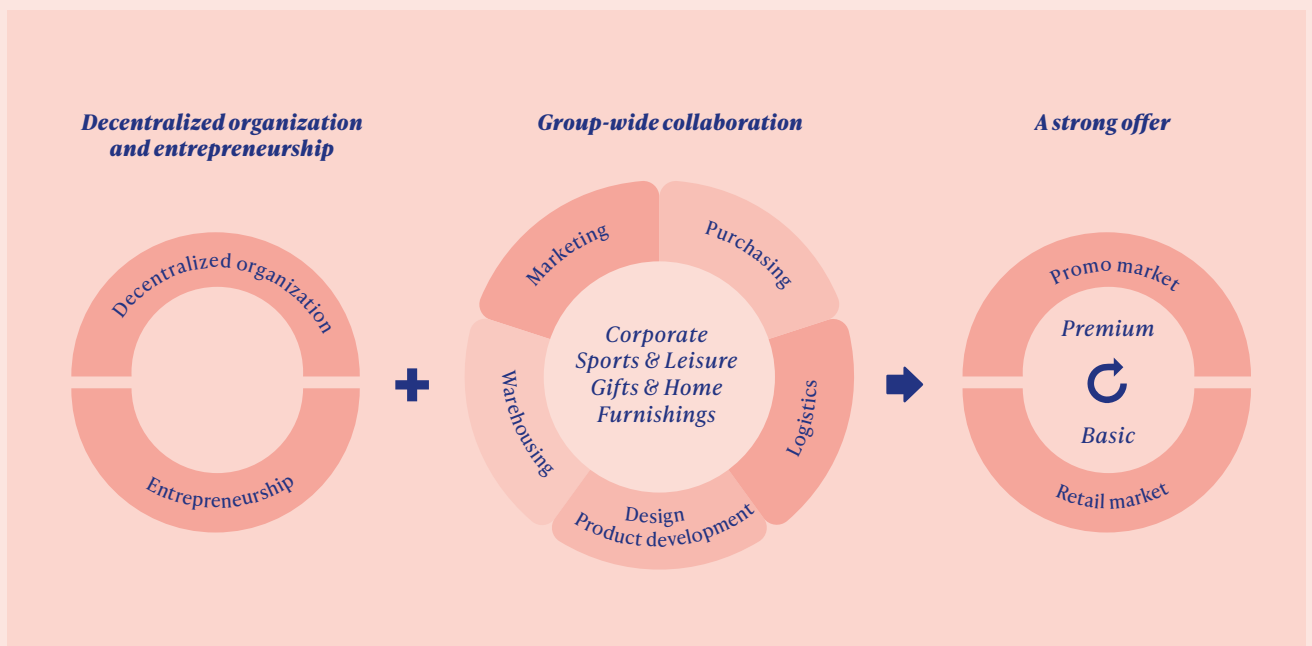
New Wave Group owns a few factories. In Sweden, Seger and Termo have a production unit for knitted items and Orrefors Kosta Boda glass making facilities. In Poland, Toppoint runs printing operations for, among other things, pen and mug prints. In Denmark, Dahetra owns a production facility for embroidery and transfer printing. In the US, 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 transport intensive flow.*
- *In order to maintain a high level of service, deliveries to the market are made from local warehouses which are 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 51% of the Group's sales and SEK 349.0 million of the Group's operating result in 2020. 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

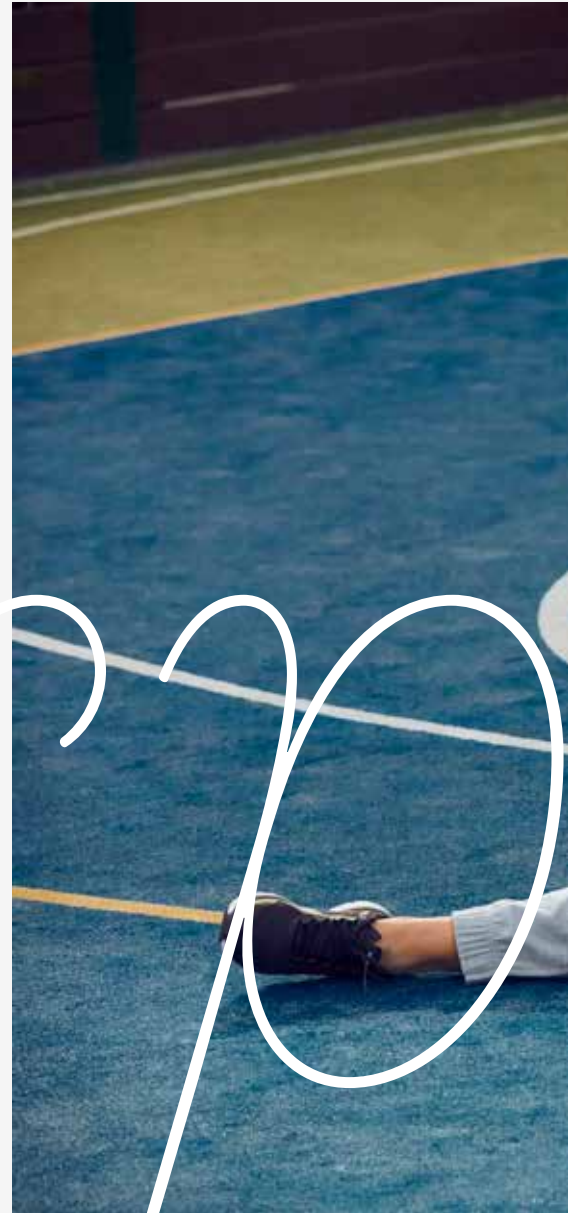
Corporate's subdivisions, promowear, promotional gifts and workwear, consist of products that cover all price levels and qualities. Promowear and promotional gifts have similar application areas (to promote and market brands) and are marketed by the same type of resellers. Workwear is primarily used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

In the subdivision promotional gifts (to an increasing extent by the promo resellers rephrased into Product Media, also by the Swedish trade organization SBPR), which include brands such as d-vice and Toppoint, New Wave Group can offer everything from powerbanks and

pens to handbags and giveaways. 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 promotional gift concept is broad and the subdivision covers a multitude of products and price levels.

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. Through its two brands, Jobman and Projob, New Wave Group can offer workwear for professional categories such as construction and installation workers, painters and plasterers, transport and service workers. The collection is all-inclusive, ranging from underwear to outer garments for all seasons and weather conditions, reflective clothing and accessories. All garments and products are ergonomic, functional and durable and come in sizes for both women and men.



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



**Promo - everything 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, refined in the production stage, is also extensive, especially when order volumes are large.



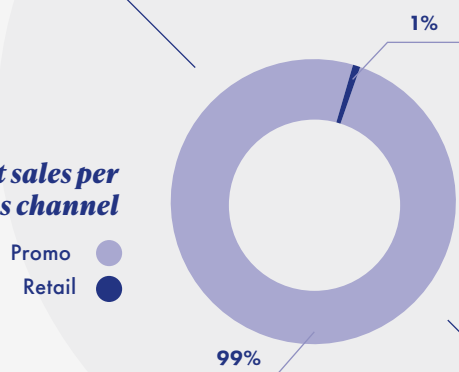
**TOPPOINT**

# Trademarks





### Net sales per sales channel



### Sales channels

The segment's products are primarily intended for the promo sales channel, where the majority of sales are also found (99%). However, the products can also be sold in the retail sector, as many of the products are in common. The promo sales channel demands 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, the company 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 - retailer - 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 American market is more developed and the distribution chain resembles the Nordic market.

In Sweden, there are about 3,000 retailers 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 retailers, ranging from simple sole proprietorships to large companies with high-end displays and travelling sales forces. Some retailers target one of the three subdivisions, while others work all three. Most are pure sales companies, but it is also common that retailers also print, embroider and engrave in order to have a more complete offering.

Workwear has traditionally been sold via specialized 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.

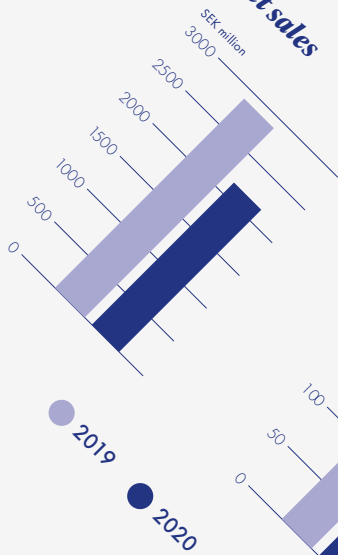
### Capital tied up

The capital tied up in stock 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 significant 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 retailers and credit losses are relatively low. In 2020, the confirmed credit losses within Corporate amounted to **0.12 (0.06)** % of sales.

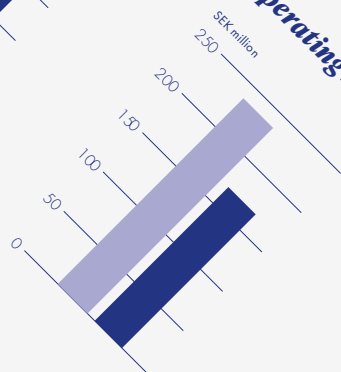
The major investment we have made in Craft for club and teamwear brings with it a new market for many of our brands

- Craft
- Cutter & Buck
- AHEAD

**Net sales**



**Operating result**



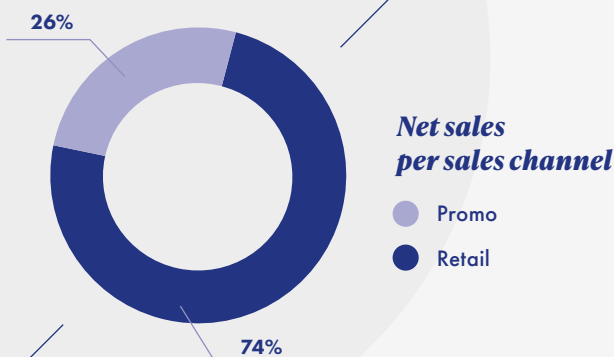


The three operating segments

# Sports & Leisure

Sports & Leisure includes several internationally well-known sports brands like AHEAD, Auclair, Craft and Cutter & Buck. The majority of the sales are made in North America and the Nordic region. In addition to our own brands, the Group also has the distribution right for Speedo in Scandinavia. Sports & Leisure answered for 36% of the Group's sales and SEK 170.4 million of its operating result in 2020. 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 profile retailers.

The segment has most of its sales in the Nordic region and North America, but also Central Europe is 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.

***"The range is adapted to different uses and activities, from basic garments to high-tech products"***

The products are also sold in the promo sales channel, mainly to sports associations. Promo sales are expected to increase as Craft's focus is on new products for associations and clubs.

The promo sales channel demands 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 stock is relatively high, but differs somewhat between the sales channels.

In the retail trade, sales are to some extent made 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 50-55% 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 stock 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 stock 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 significant risk diversification and means that catalogues can also be in common.

In order to limit the currency risk in the retail channel, approximately 50-65% 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 2020, the confirmed credit losses in the operating segment amounted to 0.38 (0.09) % of net sales.

..... 2020 .....

IFK Göteborg's new home jersey was released for the spring of 2020.



## Trademarks

### Craft

*The entrepreneurial culture and the Scandinavian climate combined with close collaborations with the world's best athletes has resulted in innovative Craft garments for over 40 years. Ever since Craft was founded in 1977, the brand has challenged the boundaries of high-tech textiles and materials, always with the goal of optimizing both experience and performance for the user. Today, Craft is active in the categories Baselayer, Run, Nordic Ski, Bike, Sportswear, Trainingwear, Studio, Teamwear and Footwear. In each category, the brand offers a wide range and meets the needs of both Olympic champions and everyday heroes around the world. Sweden is the largest market in terms of turnover. Other defined focus markets with great potential are the Nordic countries, the Benelux, the US, Canada and Germany. Competitors vary slightly depending on segment and market, but some examples are Adidas, Castelli, Nike, Hoka, Altra, Odlo and Swix. Craft's goal is to continue the expansion phase the brand is in and establish a strong international position in the market.*



### AHEAD

*AHEAD designs and markets branded headwear, clothing and accessories, which are customized with AHEAD's high quality graphics for golf shops, tournaments, and resorts worldwide. Founded in New Bedford, Massachusetts, USA in 1995, AHEAD is the recognized leader in the golf headwear market and has under New Wave Group's ownership expanded into the promo market. AHEAD has an extensive presence on the PGA Tour as well as golf's four 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.*

### 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 even in the European market.*



### **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 used extensively. 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.

### **Clique Retail**

Clique Retail is comfortable and appealing affordable garments 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 rights in the Scandinavian markets for Speedo, the world's best-selling swimwear brand. The brand was founded in Bondi Beach outside Sydney in 1914 and has since developed into the leading brand in competitive swimming with more gold medals than any other brand. Speedo's product line has expanded over the years and now the Speedo logotype can be found on everything from swimwear and swimming goggles to watches and exercise apps. The products are available for purchase in more than 170 countries around the world.



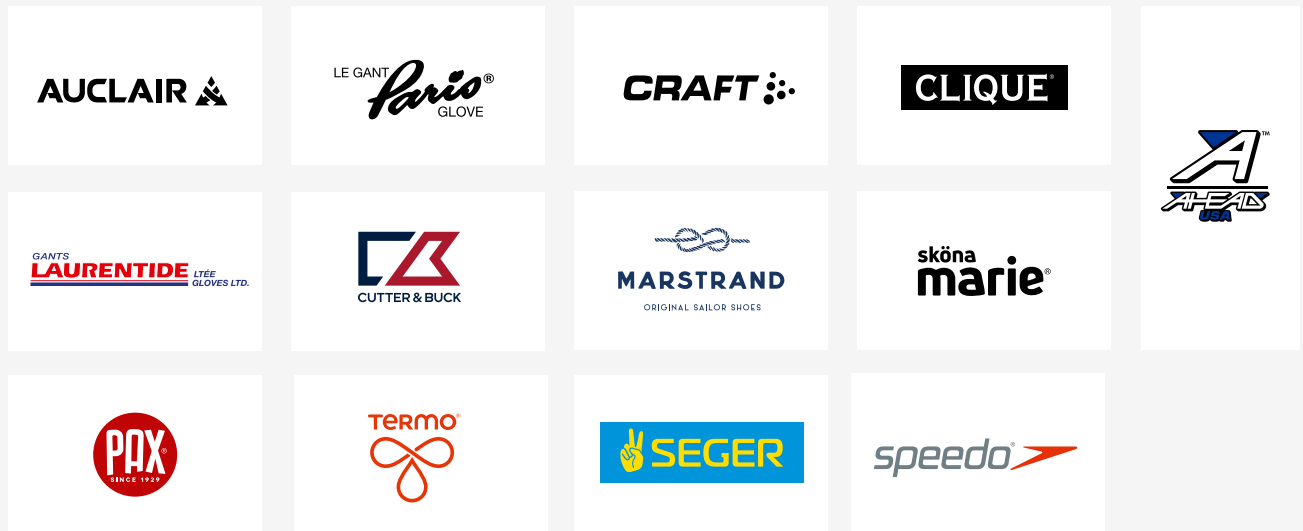
sköna  
**marie**

### **Sköna Marie**

Sköna Marie is a classic Swedish brand that makes high quality women's shoes with top-grade comfort, function and design. 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 extensively. 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

### **Marstrand**

Marstrand is a marine lifestyle brand with the classic sailing shoe as the brand's most visible carrier. The collection breathes craftsmanship with exquisite material 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 retailers and e-commerce. The main competitors are Timberland and Sebago.



### Auclair

Proudly Canadian, Auclair is well prepared for what winter brings and is known to offer a full range of products from high-caliber ski gloves to fashionable on-trend lifestyle and fashion collections with everything in between. The company continues to drive design innovation in order to stay at the forefront of winter accessory trends. Auclair was recognized for their product innovation with winning an ISPO GOLD AWARD for the Race Fusion alpine race glove. Supporting participation in outdoor activities is a key pillar for Auclair. Working from the grassroots level up to world-class athletes and sponsorships of national teams is part of Auclair's DNA. At Auclair we embrace winter.

### Paris Glove

Founded in 1945, Paris Glove of Canada, with roots as a family company from humble beginnings in Montreal, Quebec, Canada, has developed into a market leader focused on the design, development and marketing of gloves and winter accessories.

### Laurentide

Since 1935, Laurentide has delivered high quality work gloves and clothing to the North American industrial and utilities market. Longstanding supply agreements with key distributors and utility companies have kept Laurentide at the forefront of supply and service. Safety and protection of the industrial worker is the priority at Laurentide with focused efforts in product design and development in leather and synthetic materials. Laurentide-branded products cover multiple categories from general utility, welding, heat/flame retardant, electrical grid workers including seasonal products for the cold winter months.



### 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 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.

### 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.

The three operating segments

# Gifts & Home Furnishings

The Gifts & Home Furnishings segment includes several strong brands such as Kosta Boda, Orrefors and Sagaform as well as the company D&I Frantextil that offers several well-known brands. 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 destination also offers shopping in Kosta Outlet, accommodation at Kosta Boda Art Hotel and various forms of wilderness experiences. Gifts & Home Furnishings accounted for 13% of the Group's net sales and had an operating result of SEK 26.5 million. The brands are mainly sold on the retail market, but sales also take place on the promo

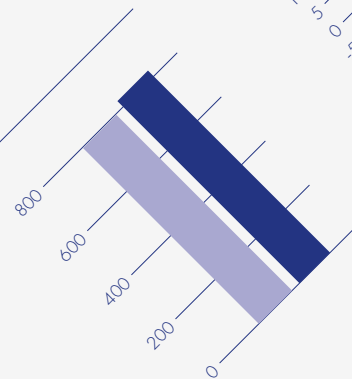
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- Sagaform
- Kosta Boda
- Orrefors
- D&J Frantextil

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

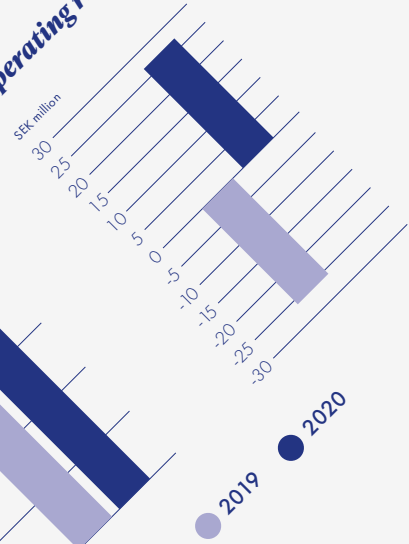
**Net sales**

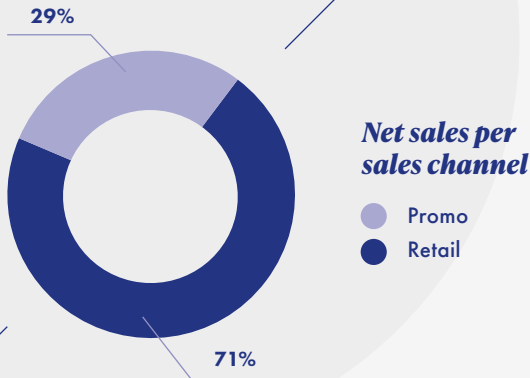
SEK million  
1000



**Operating result**

SEK million





# Gifts & Home Furnishings

## Our offering

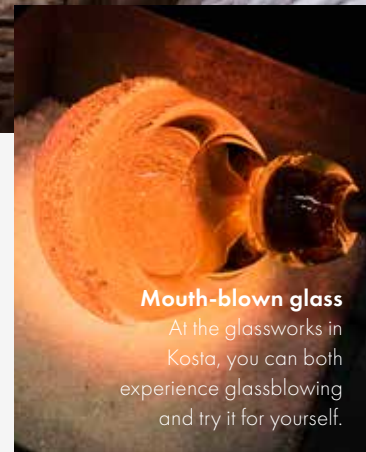
Gifts & Home Furnishings offers products from, among others, the Kosta Boda, Orrefors, Sagaform and D&J Frantextil brands. Common to these is to offer the market well-designed and qualitative products at different price levels to a customer interested in home furnishings. The brands have an offering 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. D&J Frantextil develops and markets several New Wave Group brands, such as Kosta Linnewäfveri, Orrefors Jernverk, Orrefors Hunting/Morberg, Lord Nelson and Queen Anne. Gifts & Home Furnishings' range is sold through traditional specialist retailers, e-commerce, profile retailers and through own stores. In addition to the Swedish home market, the export market is an important part of the segment's operations and the US, Scandinavia and Central Europe are important markets.

In addition to the above mentioned 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, a 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. 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.



**Mouth-blown glass**  
At the glassworks in Kosta, you can both experience glassblowing and try it for yourself.

**“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 (71%). 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 Kosta Boda, Orrefors and Sagaform sales are made in 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 majority of D&J Frantextil's sales are to the promo market, where part of the sales is made via gift cards. The promo sales channel demands 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 so, 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 customers. It normally requires a higher capital tied up in stock 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 2020, the confirmed credit losses in the operating segment amounted to **0.39 (0.48) %** of sales.

# Trademarks



## Sagaform

During the past year, Sagaform AB has taken on a new form and the acquired brands ByOn, Victorian and Vakinme have been integrated into the business. The communication now takes place from a new platform; A Way Of Living.

A Way Of Living is the roof of five strong brands, which will continue to develop individually. The focus is on delivering strong brands, with clear identities. Here you will find products for home decor, the set table, well-chosen gifts, candles and skin care products.

With a strong relationship to the Scandinavian design, the Sagaform brand continues to develop around a sustainable production of gifts and products for the home. Gifts that can be used and appreciated in many homes by many families for a long time to come. The ByOn brand makes houses to homes and creates environments that people enjoy to be in with a wide collection of products for interior design and serving. Playfulness and curiosity are characteristic of these products that challenge both with colour and with form. Victorian is more than just scented candles. With their design and packaging, these candles become part of the interior. Vakinme is a skin care and hygiene brand produced in Sweden. Locally produced, simple, stylish and unisex.

## 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, mouflon 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. The lodge also has access to good fishing activities and plans to establish moose in the safari park. The planning is also to sell game meat and meat products under its own brand.



## D&J Frantextil

D&J Frantextil develops and markets several of New Wave Group's brands such as Kosta Linnewäveri, Orrefors Jernverk, Orrefors Hunting/Morberg, Lord Nelson, and Queen Anne. The products fall into the categories that D&J Frantextil has chosen to call Bath, Cook, Bed, Cozy, Pack and Outdoor. Through successful collaborations with, among others, designer Jon Eliason, the range has become very attractive in both the promo and retail market, where the trend is very strong. In addition, the company was early in establishing gift cards and has established the platforms Joyfulgiftcard.se and Julklappskortet.se which together have a large share of the market in Sweden, which increased sharply in 2020. Through a constantly updated strong range, good stock level and well-developed logistics D&J Frantextil looks to the future with confidence.

## 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 publisher has also published a number of books with designers from Orrefors and Kosta Boda.



## Orrefors

Orrefors products are characterized by contemporary design of the highest quality. Through the clear, almost invisible glass, Orrefors gives each room an obvious elegance that is as relevant today as it is 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, Lena Bergström and Lisa Hilland. During the year, several new and old collaborations were initiated. Among these Claesson Koivisto Rune with the launch of the sculptural vase Ebon. Furthermore, Orrefors has resumed its collaboration with one of Swedish design's most important foreground figures, Ingegerd Råman. Her work Paroll was introduced at Galleri Glas, Stockholm in November 2020. Ingegerd has also developed a collection for Orrefors, which will be launched in the spring of 2021.

## 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 2020, the hotel received the Travelers' Choice award from Tripadvisor. The award means that during the past year, the hotel has received consistently positive and high reviews and ratings from its guests and is ranked in Tripadvisor's top 10% best and most popular accommodation in the world. The hotel is unique in its kind, originating from the glass, designed for the experience.

## 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 everyday articles to unique art glass objects. Kosta Boda works with several of Sweden's leading designers and glass artists. Among others we can name Matti Klenell, Ellen Ehk Åkesson, Åsa Jungnelius, Kjell Engman and Bertil Vallien, who today is one of Sweden's most highly regarded living artists.



### Unique book in three volumes

This spring, a unique book was launched in three volumes about Bertil Vallien and his outstanding 60-year career, written by the form writer and TV producer Staffan Bengtsson. The largest of the three books is *Book of Glass*, which is also available in a signed special edition in 500 copies delivered together with a craft and an original drawing by Bertil Vallien in an exclusive box.

### Ulrica Hydman Vallien - a paradise attack

In the documentary "Ulrica Hydman Vallien - a paradise attack", which was published on SVT Play in April 2020, the TV producer Staffan Bengtsson has tried to capture the beloved, colourful and largely unknown woman behind the great commercial successes. A film about love, grief, the inevitable death and life as a stubborn but impossible attempt to reach paradise.

"Ulrica - a paradise attack" was also the name of this summer's large exhibition at Liljevalchs Konsthall, Stockholm. The exhibition showed how life and art were one for her and how the energy and joy also carried on a darkness. Ulrica was an all-around artist but best known for the stained glass. The exhibition showed a large selection of what Ulrica has created for Kosta Boda through her career. In connection with the inauguration, Kosta Boda released its second tribute collection in memory of Ulrica.



### Let's celebrate Ulrica!

In 2019, the Vallien Family, Orrefors Kosta Boda and the Robert Weil Family Foundation decided to take Ulrica Hydman Vallien's work forward by forming a foundation in her name. Among other things, the foundation's task is to annually award a scholarship to a young, promising and headstrong artist. The scholarship consists of SEK 90,000 and the opportunity for the scholarship recipient to develop their art in collaboration with Orrefors Kosta Boda in the glass cabin in Kosta. The first scholarship was given in the autumn of 2019 to Ellen Ehk Åkesson. Together with the glass workers, she has now developed her own technique where the sculptures are blown into wooden molds that are built up internally from layers of wet clay. Some of these works were presented during the year at the solo exhibition *Geomancy* at Bergh Gallery, Stockholm.

This year's scholarship was awarded to Sissi Westerberg. The hope is that Sissi Westerberg with the scholarship will expand the space for new ideas and stories to create puzzle pieces in the future glass art. Sissi Westerberg graduated from the Department of Metal Design at Konstfack, 2002.

### Circular raw materials

Working with circular raw materials and recovering waste glasses from the mill is a matter of course today. Kosta Boda continues to experiment and develop products with recycled glass. An example of this is the Kosta pot, which is for sale at Kosta Art Gallery and in our own factory shops. Another example is Kappa, design Mimmi Blomqvist, which will be launched in the spring of 2021.

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 greenhouse gases and introducing 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 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, and 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 distribution.

### 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. Like previous year, we report with support from GRI Standards, Global Reporting Initiative's, latest guidelines.

The Sustainability Report is available at [www.nwg.se/en/csr](http://www.nwg.se/en/csr).

### Highlights 2020

The past year was obviously characterized by the pandemic. Our companies and operations have struggled with stunted sales, cost savings and efficiency improvements. Short term, it has also affected our work with sustainability where we have paused some forward-looking projects. But we have not been forced to back down. We have succeeded in maintaining a high minimum level in

line with policies and values. Despite turbulent times and lost sales, we have not deviated from sustainability - rather the opposite.

In the footprints of the pandemic focus on sustainability and the demand for products with sustainability attributes has grown. Instead of a setback in the sustainability work, perhaps we got the breathing break we needed to adjust and meet a greater demand for products where sustainability is built-in. During the year, we saw a large increase in the number of products with sustainability attributes in the companies - and more will come!

However, perhaps the most obvious change was an accelerated digital transformation where physical meetings have been replaced by digital solutions, business trips have been reduced and the printed sales material has been minimized.

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."*



**15,811**  
*shareholders as of 31 December 2020*



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 2020, the company had 15,811 shareholders. The proportion of share capital owned by institutions amounted to **46%** of the capital and **12%** of the votes. Foreign investors owned **13%** of the share capital and **3%** of the votes. The ten largest owners had a total holding corresponding to **67%** of the share capital and **91%** of the votes. For further information on the owners as of 31 December 2020, 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.

## 2020 Annual General Meeting

As a result of the spread of COVID-19, New Wave Group resolved, in accordance with the Act (2020:198), that shareholders

were not allowed to attend the AGM in person or by proxy. Shareholders were able to exercise their voting rights by way of postal voting. The AGM was held on 25 June 2020 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, in which all surplus was carried forward to new account, 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, M. Johan Widerberg, Jonas Eriksson and Magdalena Forsberg are appointed as Board members (all re-elected).*
- *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 2021*
- *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 executive management*
- *to authorise the Board to make decisions regarding share issues*
- *to authorise the Board to raise certain financing*
- *to adopt new articles of association*

Complete information about the 2020 AGM is available on the website, [www.nwg.se/en](http://www.nwg.se/en).

## 2021 Annual General Meeting

The AGM will be held on 19 May 2021 (AGM by postal voting only).

## 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. If any of these shareholder's decline to appoint a member

of the nomination committee, the next shareholder in terms of size shall be 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 2021 AGM, is as follows:

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

According to the Code, the CEO or another person from the company management shall not be a member of the nomination committee. However, given that Torsten Jansson is New Wave Group's largest shareholder, both in terms of capital and voting rights, it is natural that he is a member of the nomination committee. This is the explanation for the deviation from the Code.

The nomination committee represents around 85% of the votes in New Wave Group as of 31 December 2020. All shareholders are able to contact the nomination committee to propose candidates to the Board. The nomination committee holds a number of meetings and in between these meetings contact is maintained by phone and e-mail. Among its many tasks, the nomination committee evaluates the composition of the Board based on the company's future development and challenges with the aim of having a good balance between members' competence, background and experience.

## The Board

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 2020, the Board met on 14 occasions, where the increased number of meetings have been caused by the COVID-19 crisis. Göran Härstedt, deputy Group 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.

### **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 not considered to be independent in relation to the company, the company management and the company's major shareholder. 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, the company management as well as the company's major shareholders. 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 Nasdaq Stockholm Rulebook for issuers. For a detailed presentation of the Board, Board Members assignments and holdings in New Wave Group, please refer to pages 52-53.

### **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 of 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 Chairman of the committee and Christina Bellander is member of the committee. Both are independent in relation to the company and its management. CFO and internal auditor are adjunct to AC. The internal auditor is the committee's secretary.

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 2020, 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, SEK</b>
Olof Persson, chairman	14/14	YES	380 000
Christina Bellander	14/14	YES	235 000
Mats Årjes	14/14	YES	180 000
M. Johan Widerberg	13/14	YES	235 000
Torsten Jansson	14/14	NO	0
Jonas Eriksson	14/14	YES	180 000
Magdalena Forsberg	14/14	YES	180 000
<b>Total</b>			<b>1 390 000</b>

## **Remuneration committee**

New Wave Group has no specially appointed remuneration committee. Remuneration issues are instead dealt with by the Board as a whole, except Board member that is part of the company management. The Board as a whole has the task to follow and review ongoing and during the year terminated programs for variable remunerations to company management, as well as to follow and review the application of the guidelines for executive remuneration, which the AGM by law is required to establish. The Board shall also follow and review current structures and levels of remuneration in the company.

The 2020 Annual General Meeting resolved on new guidelines for remuneration to senior executives. These guidelines can be found in full on pages 80-81.

## **Conditions of employment for the CEO**

Remuneration to the CEO comprises a fixed salary. No Board member's fee or other remuneration 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 elected by the AGM. The division of the fee between the Chairman and other members is set out in note 6 in the notes for the Group financial statements. During the year, the Group has sold goods and services to and purchased goods and consultancy services from related party to Board member. No further remuneration has been paid to any Board member.

## **Group management**

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

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'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 established a number of basic guidelines and policies that are important for ensuring an effective control environment. The basic control documents are annually subject to review and approval by the Board. In addition to these documents, an effective control environment 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.

### **Risk assessment**

New Wave Group has a centralized risk assessment process for both financial and non-financial risks, which occurs in dialogue between the Board and Group management. Risk assessment is also made in all Group companies, in relation to each company's individual operations. The major risks New Wave Group have identified refer to estimates and assumptions related to valuation of intangible fixed assets and inventory, as well as risks for fraud and similar incidents.



### **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 as well as instructions, such as authorization instructions, financial reporting manual and process documentations.

### **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.

### **Finance policy**

The Finance policy stipulates guidance for financial and internal control, with the purpose of establishing a well-functioning and efficient control environment. The policy also includes areas such as financial reporting, tax and related party transactions.

### **Risk policy**

The policy describes the Group's process for risk assessment and risk management, regarding both financial and non-financial risks. The policy also sets out frameworks for how the Group's operations shall be financed and guidance on how risks such as 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 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.

### **Anti-money laundering policy**

Stipulate guidance to reduce the risk for money laundering.

### **Whistleblowing policy**

Contains instructions and rules related to the Group's whistleblowing function.

### **Control activities**

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

The Group performs reviews of the companies' accounting on a monthly basis, which is reported to Group management. CFOs in all Group companies report directly to Group CFO. No CEO for a Group company is permitted to appoint or dismiss a finance manager on their own. The Group's risks related to the financial reporting lay in the risk that material misstatements may occur when reporting

the company's financial position and results. The Group's finance policy and financial reporting manual, together with established follow-up routines, serve to minimize these risks.

### **Follow-up**

The most important control documents in the form of policies and instructions are updated regularly and communicated via relevant channels. Any deviations from Group policies shall be regularly reported to each policy owner, and major deviations shall be communicated to the audit committee and the Board. 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. The controls in respect of the various processes and risk elements are evaluated by means of self-assessment, Board meetings and via the company's external auditors. Several processes are fully or partly centralized at Group level, such as purchasing, 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. Operating segment managers are included in the Group management, 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 audit**

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 management's assessment of the internal control include contact with the company's external auditors and the audit committee, to which the Group internal auditor reports.

### **External audit**

The company's auditor reviews the interim report for the third quarter and audits the annual report and the consolidated accounts. The auditor also reviews the Corporate Governance Report and confirms that the Group has prepared a Sustainability Report. The auditor reports the results of the audit in the Audit Report and in an opinion on the Corporate Governance Report, and provides an opinion on whether the guidelines for executive remuneration have been complied with, which is presented to the AGM.

At the AGM 2020, the audit firm Ernst & Young AB was appointed as auditor. Jonas Svensson is the head auditor.

### **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 number of Board members 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 1 April, 2021*  
*New Wave Group AB (publ)*

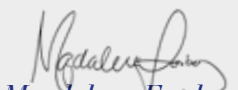
  
**Olof Persson**  
 Chairman of the Board

  
**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 2020 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, 1 April 2021***  
***Ernst & Young AB***

  
**Jonas Svensson**  
 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. The company has 19,707,680 A shares and 46,635,863 B shares.

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



## 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.

**46 (47)%** of the capital and **12 (13)%** of the votes. At the same time the ten largest shareholders held **67 (70)%** of the capital and **91 (92)%** of the votes. Non-Swedish shareholders accounted for **13 (12)%** of the capital and **3 (3)%** of the votes.

### Shareholders

The number of shareholders amount to **15,811 (13,907)** on 31 December 2020. Institutional investors accounted for

2020

15,811

Shareholders as of  
31 December 2020

54.50

Share price as of  
31 December 2020

5.51

Earnings  
per share



### *New Wave Group's ten largest shareholders 31 December 2020*

Shareholder	Number of shares	Number of votes	Capital %	Votes %
Torsten Jansson through companies	22 711 409	200 080 529	34.2%	82.1%
Avanza Pension	4 970 884	4 970 884	7.5%	2.0%
Svolder AB	4 390 000	4 390 000	6.6%	1.8%
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	2 554 559	2 554 559	3.9%	1.0%
Handelsbanken fonder	1 566 049	1 566 049	2.4%	0.6%
SEB fonder	994 890	994 890	1.5%	0.4%
Bank of New York Mellon	951 808	951 808	1.4%	0.4%
State Street Bank	880 266	880 266	1.3%	0.4%
<b>Total</b>	<b>44 385 432</b>	<b>221 754 552</b>	<b>66.9%</b>	<b>91.0%</b>

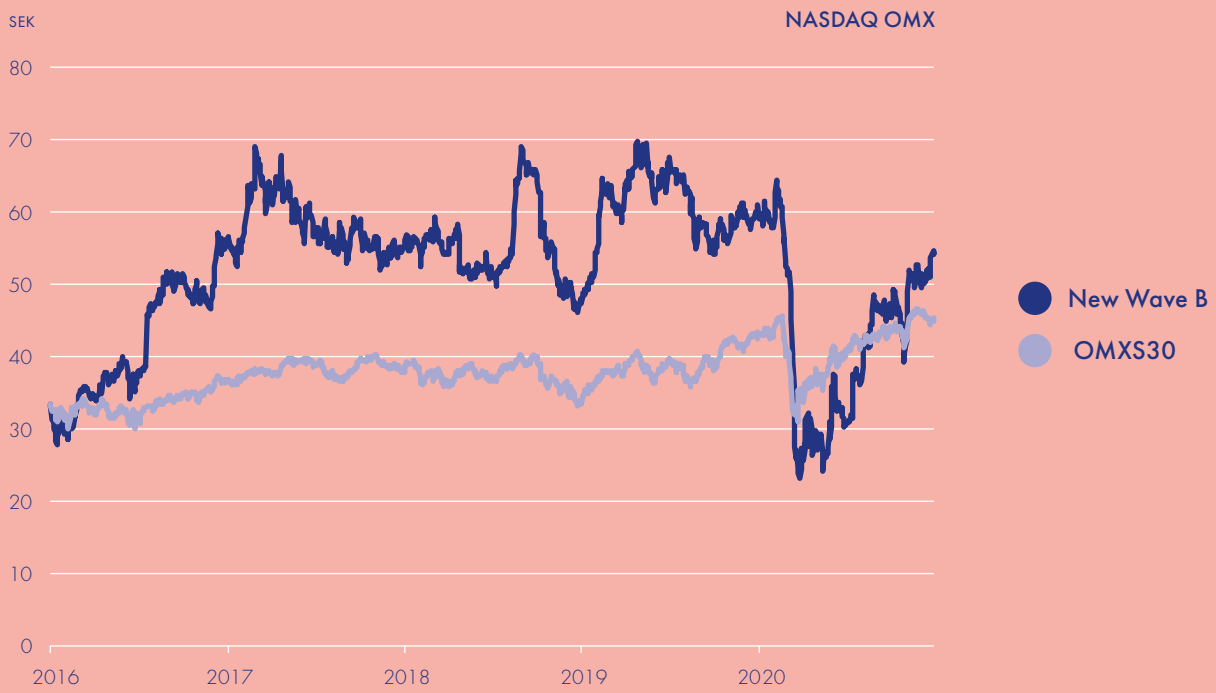
### *Shareholder distribution in New Wave Group 31 December 2020*

	Number of shares	Number of votes	Capital %	Votes %
Sweden	57 859 830	235 228 950	87.2%	96.5%
Shareholders outside Sweden, excluding USA	3 871 487	3 871 487	5.8%	1.6%
USA	4 612 226	4 612 226	7.0%	1.9%
<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 2020*

Number of shares owned	Number of shareholders	Number of shares	Share %	Market value SEK millions
1 - 200	9 385	623 530	0.9%	34.0
201 - 1 000	4 264	2 378 773	3.6%	129.6
1 001 - 2 000	1 004	1 588 274	2.4%	86.6
2 001 - 10 000	890	3 877 140	5.8%	211.3
10 001 -	268	57 875 826	87.2%	2 080.2
<b>Total</b>	<b>15 811</b>	<b>66 343 543</b>	<b>100.0%</b>	<b>2 541.7</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 Hefa 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**

Senior Advisor. 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 3,003,729 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 Kunskapskolan 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 The Swedish School of Sport and Health Sciences, 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. Expert commentator for SVT and Discovery Networks. 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 Träning & Hälsa Holding AB, WE Sigtuna AB and WE Arlandastad AB.

**Holdings in the company, own and related parties:** 20,000 class B shares.



## 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). Chairman of the Board of Nya Siljans Chark AB and member of the Board of Stagnum AB, Stamat Holding AB and Siljans Chark Holding AB.

**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 Sjöräddningssällskapet, Thomas Concrete Group AB and Secretary General in Börssällskapet.

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



## Jonas Svensson

Authorized Public Accountant, Ernst & Young AB. Auditor of the company since 2020.

### Born 1968

**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 3,003,729 class B shares.

1990



**Göran Härstedt**  
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.

2000



**Lars Jönsson**  
CEO

**Born 1964**

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

2007



**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.

2007



**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.

2011



**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: 342,300 class B shares.



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

**Born 1959**

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



**Patric Bronan**  
CIO

**Born 1969**

- Employed since 2021.
- Holdings in the company: own and related parties: Does not hold any securities in the company.



# Financial information

2020

-4%

Decrease in  
net sales  
Corporate

-25%

Decrease in  
net sales  
Sports & Leisure

4%

Increase in  
net sales  
Gifts & Home  
Furnishings

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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 2020 to 31 December 2020.

***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.***

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 2020

The year started well with net sales growth in January and February. The joy of it was short-lived when the COVID-19 crisis hit with full force in March, and several of our companies were hit very hard. It was not only through reduced demand due to cancelled events, sport competitions, conferences and other corporate activities as well as problems in the business world generally, but also the fact that we were forced to close down some of our warehouses. The worst hit

was initially in Italy, where our company is located in Codogno and also where the COVID-19 outbreak started in the country. Their warehouse was largely closed throughout the month of March. The second quarter recovered faster than expected and at the same time our trading business reported a very good result and showed good growth. However, the outcome was very different for different countries and companies. Worst affected were our US companies with a decrease of 62% and several of these companies were shut down for about a month and a half. Net sales for New Wave Group were negatively affected by COVID-19 during the third quarter as well. Demand for the Group's products and services was still lower than the previous year. A slight recovery occurred in this quarter and Sweden and Other countries experienced growth in net sales. The US, where the Group has large operations, was still the region most affected by the pandemic, but also Europe and the Nordic countries excluding Sweden were areas affected negatively. During the fourth quarter the situation in our regions was further improved and Sweden and the Nordic countries excluding Sweden experienced growth. The US was still the region with the largest drop in net sales compared to the previous year, but sales decreased in Europe as well. Net sales amounted to SEK **6,098.8** million, which was a decrease of **12%** (**10%** in local currencies) compared to the previous year. Both sales channels decreased compared to last year.

Corporate decreased net sales by 4%. In the Corporate segment, sales have been primarily affected by cancelled events, conferences and other corporate activities, reducing the demand for promo products. However, the Group has increased the share of trading orders, which has increased both net sales and operating result during the year. Major cost-cutting measures have been implemented at the same time as capital tied up in stock has been adjusted to the lower sales volume.

Sports & Leisure has been negatively affected by COVID-19 due to cancelled sport events with reduced sales as a result and the sport retailers' high inventory

levels have also negatively affected the segment's sales. Despite these negative effects, investments in the Craft brand have continued during the year and a cooperation with the Gothenburg football club IFK Göteborg was announced at the beginning of the year. The US market was hit hard by the pandemic, causing several of our companies in the segment to shut down during a period. The companies have made large cost savings and adjusted their business according to the current volumes. The segment as a whole reduced its net sales by **25%** compared to the previous year.

Gifts & Home Furnishings increased net sales by **4%**. The segment has had a split development during the year. Due to COVID-19, Destination Kosta has had a lower number of visitors and thus significantly lower net sales. The other brands have had a better development and are on par with or better than the previous year. In this segment, cost savings have also been implemented and together with improved net sales the operating loss last year has been turned to an operating profit this year.

The Group's gross profit margin decreased compared to the previous year and amounted to **43.2 (46.4) %**.

The Group quickly took actions and implemented cost savings, as well as adjusted the business to a lower volume. External costs and personnel costs have decreased by SEK **514.3 million** or **20.8%**. In addition to the measures the companies themselves have implemented, several companies have received government support. Such supports are recorded as other operating income and are reported in note **26**. The cost savings resulted in improvements in both operating result and operating margin compared to the previous year.

The capital tied up in stock has been adjusted to the lower sales volume, which has positively affected cash flow during the year. This resulted in a lower net debt and reduced interest expenses. The tax expense for the year increased slightly, mainly related to a

negative adjustment of deferred tax. Result for the year amounted to SEK **363.0 (370.1)** million.

Cash flow from operating activities amounted to SEK **1,206.6 (99.5)** million. The improved cash flow is mainly attributable to lower merchandise purchases. Investing activities decreased and amounted to SEK **57.5 (148.7)** million.

The equity ratio improved and amounted to **53.4 (44.9) %**, and the Group's net debt decreased by SEK **1,147.2 million** and amounted to SEK **1,817.6 (2,964.8)** million.

### Net sales

Net sales amounted to SEK **6,098.8** million, which was **12%** lower than last year (SEK **6,903.5** million). Exchange rate effects had a negative effect on sales, and net sales in local currencies were **10%** lower than the previous year.

Net sales in the US decreased by **36%**, which was related to Sports & Leisure and Corporate. In Sweden, net sales decreased by **3%**, with decreases in Corporate and Sports & Leisure while Gifts & Home Furnishings increased. Sales in Central Europe decreased by **15%**, which was attributable to Corporate and Sports & Leisure. The Nordic countries excluding Sweden had **17%** lower net sales than last year, also related to Corporate and Sports & Leisure. Southern Europe increased by **11%**, attributable to several major trading shipments in the Corporate segment. Other countries increased by **14%**, which was related to the trading business in Asia within the Corporate segment.

The promo sales channel decreased by **5%**. Corporate and Sports & Leisure decreased, while Gifts & Home Furnishings increased. The retail sales channel decreased by **21%**, with lower sales in all segments.

## Net sales

SEK million	2020	Share of net sales	2019	Share of net sales	Change	Percentage change
USA	1 140.9	19%	1 774.5	26%	-633.6	-36%
Sweden	1 558.0	25%	1 610.5	23%	-52.5	-3%
Central Europe	913.4	15%	1 078.1	16%	-164.7	-15%
Nordic countries excl. Sweden	710.3	12%	861.0	12%	-150.7	-18%
Southern Europe	901.2	15%	812.6	12%	88.6	11%
Other countries	875.0	14%	766.8	11%	108.2	14%
<b>Total</b>	<b>6 098.8</b>	<b>100%</b>	<b>6 903.5</b>	<b>100%</b>	<b>-804.7</b>	<b>-12%</b>



## Five Year Summary

SEK million	2020	2019	2018	2017	2016
Net sales	6 098.8	6 903.5	6 290.6	5 597.3	5 237.1
Goods for resale	-3 461.5	-3 701.0	-3 359.4	-3 018.1	-2 826.9
<b>Gross profit</b>	<b>2 637.3</b>	<b>3 202.4</b>	<b>2 931.2</b>	<b>2 579.2</b>	<b>2 410.2</b>
Other operating income	146.2	77.9	74.8	51.2	51.0
External costs	-975.7	-1 312.7	-1 336.4	-1 128.9	-1 098.0
Personnel costs	-982.6	-1 159.9	-1 063.0	-940.3	-881.6
Amortizations, depreciations and write-downs	-229.5	-233.1	-77.9	-65.3	-55.9
Other operating costs	-48.3	-39.6	-44.8	-25.2	-25.7
Share of associated companies' result	-1.4	-0.2	-1.1	-1.6	0.2
<b>Operating result</b>	<b>545.9</b>	<b>535.0</b>	<b>482.8</b>	<b>469.1</b>	<b>400.2</b>
Net financial items	-64.9	-68.2	-40.9	-51.9	-59.9
<b>Result before tax</b>	<b>481.0</b>	<b>466.7</b>	<b>441.8</b>	<b>417.2</b>	<b>340.3</b>
Tax expense	-118.0	-96.7	-81.8	-63.2	-63.6
<b>Result for the year</b>	<b>363.0</b>	<b>370.1</b>	<b>360.0</b>	<b>354.0</b>	<b>276.7</b>
Gross profit margin, %	43.2	46.4	46.6	46.1	46.0
Operating margin, %	9.0	7.7	7.7	8.4	7.6
Equity ratio*, %	53.4	44.9	48.6	50.9	48.4
Net debt to equity ratio*, %	47.1	78.6	53.3	54.1	62.1
Net debt in relation to working capital*, %	59.5	77.1	57.0	57.4	64.7
Average number of employees	2 064	2 579	2 566	2 495	2 396
Total assets*, SEK million	7 216.7	8 394.3	7 061.4	5 953.1	5 824.2

\*The key figures for 2020 and 2019 have been affected by accounting according to IFRS 16.

## Gross profit

The gross profit margin was lower than the previous year and amounted to **43.2 (46.4)%**. The lower margin is mainly related to increased trading business in the Corporate segment. However, Sports & Leisure and Gifts & Home Furnishings also had lower margins than the previous year.

## Other operating income and other operating expenses

Other operating income increased by SEK **68.3** million to SEK **146.2 (77.9)** million. The increase is attributable to government support in connection with COVID-19, see note 26. In addition to these supports, other operating income include the operating currency gains and must be set against the income statement item other operating costs, where primarily operating currency losses are reported. Other operating costs increased by SEK **8.7** million and amounted to SEK **-48.3 (-39.6)** million. The net of the above mentioned items amounted to SEK **97.9 (38.3)** million.

## Costs and depreciations

External costs decreased by SEK **337.0** million and amounted to SEK **-975.7 (-1,312.7)** million. The decrease is related to savings and volume-related costs. Personnel costs decreased by SEK **177.3** million and amounted to SEK **-982.6 (-1,159.9)** million, which is attributable to temporary lay-offs and reduced number of employees. Exchange rate effects decreased the above mentioned costs by SEK **31.8** million.

Amortizations, depreciations and write-downs were lower compared to last year and amounted to SEK **-229.5 (-233.1)** million. Depreciations on right-of-use asset for leasing had a negative effect of SEK **8.4** million and the previous year includes a write-down of goodwill of SEK **11.4** million.

## Operating result

Operating result improved and amounted to SEK **545.9 (535.0)** million and the operating margin improved by **1.3** percentage points and amounted to **9.0 (7.7)%**.

## Net financial items and taxes

Net financial items amounted to SEK **-64.9 (-68.2)** million, which is related to the Group's lower net debt and reduced interest expenses.

Tax expense for the year amounted to SEK **-118.0 (-96.7)** million. The increase is mainly related to a negative change in deferred tax assets. Hence, the effective tax rate increased and amounted to **24.5 (20.7)%**.

## Result for the year

Result for the year amounted to SEK **363.0 (370.1)** million and earnings per share amounted to SEK **5.51 (5.66)**.

## 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 operating result. The operating segments are based on the Group's operational management.

## Corporate

In the Corporate segment, sales have been primarily affected by cancelled events, conferences and other corporate activities as well as problems within the business world generally, reducing the demand for promo products.

Net sales for the year amounted to SEK **3,104.8** million, which was a decrease of **4%** compared to the previous year (SEK **3,219.6** million). Southern Europe and Other countries experienced growth, while all other regions decreased compared to the previous year. Sales in the promo channel decreased by **2%**. Increased sales in the trading business partially offset the negative effects of the reduction of the ordinary promo business due to COVID-19. The retail sales channel decreased compared to the previous year. Operating result increased by SEK **23.6** million and amounted to SEK **349.0 (325.4)** million. The improvement is attributable to cost savings.

As of 2020, some trademarks have been reclassified from Corporate to Gifts & Home Furnishings. The comparative figures have been recalculated.

## Sports & Leisure

Cancelled sport events have led to reduced sales and the sport retailers' high inventory levels have negatively affected the segment's sales in combination with the current situation caused by COVID-19.

Net sales for the year decreased by **25%** and amounted to SEK **2,168.5 (2,887.4)** million. Sales decreased in both sales channels. The segment had lower net sales in all regions, but mainly in the US. The Group's American operations were, among other things, shut down for one and a half months during the second quarter. Operating result decreased with SEK **65.4** million and amounted to SEK **170.4 (235.8)** million. The lower result is attributable to lower net sales, but has been positively affected by savings.

## Gifts & Home Furnishings

The majority of the segment's brands have recovered well after being largely affected by COVID-19 in previous quarters. However, Destination Kosta has been negatively affected by COVID-19 also during the fourth quarter. The segment as a whole has seen an improvement and has experienced growth in both net sales and operating result.

Net sales for the year increased by **4%** to SEK **825.5 (796.5)** million. Sales increased in the promo sales channel, but retail decreased slightly. Operating result improved by SEK **52.7** million compared to the previous year and amounted to SEK **26.5 (-26.2)** million, which was attributable to savings but also to higher net sales.

As of 2020, some trademarks have been reclassified from Corporate to Gifts & Home Furnishings. The comparative figures have been recalculated.

### Net sales and operating result per operating segment

SEK million	2020	2019
<b>Corporate</b>		
Net sales	3 104.8	3 219.6
Operating result	349.0	325.4
<b>Sports &amp; Leisure</b>		
Net sales	2 168.5	2 887.4
Operating result	170.4	235.8
<b>Gifts &amp; Home Furnishings</b>		
Net sales	825.5	796.5
Operating result	26.5	-26.2
<b>Total Net sales</b>	<b>6 098.8</b>	<b>6 903.5</b>
<b>Total operating result</b>	<b>545.9</b>	<b>535.0</b>

### Capital tied up

Capital tied up in stock decreased by SEK 674.9 million and amounted to SEK 2,883.0 (3,557.9) million. The decrease is related to lower merchandise purchases and an adjustment to the lower net sales. Exchange rate effects have decreased the stock value by SEK 153.9 million. Inventory turnover rate is in line with the previous year and amounted to 1.1 (1.1) times.

SEK million	31 Dec 2020	31 Dec 2019
Raw materials	36.0	49.3
Work in progress	7.9	12.6
Goods in transit	128.2	195.0
Finished goods	2 710.9	3 301.0
<b>Total</b>	<b>2 883.0</b>	<b>3 557.9</b>

The total obsolescence deductions, as an expression of the difference between the lower of cost and fair value, amounted to SEK 144.2 (136.7) million and the provision in relation to finished goods amounted to 5.0 (4.0) %.

Accounts receivable amounted to SEK 1,059.3 (1,192.8) million, where the decrease is mainly related to the lower net sales.

### Investments, financing and liquidity

Cash flow from operating activities amounted to SEK 1,206.6 million, which was SEK 1,107.1 million better than the previous year (SEK 99.5 million). The higher cash flow is mainly related to

lower merchandise purchases, but also a reduction of current receivables.

Net debt decreased by SEK 1,147.2 million, and amounted to SEK 1,817.6 (2,964.8) million. The Group's net debt to credit institutes decreased by SEK 1,085.1 million and the leasing liabilities by SEK 62.0 million. The net debt to equity ratio and net debt in relation to working capital amounted to 47.1 (78.6) % and 59.5 (77.1) %, respectively.

As of December 31, the Group's total credit limit was SEK 2,845.0 million, of which SEK 2,150 million runs through March 2022, USD 18.3 million through January 2024 and SEK 295.3 million has maturities extending until August 2027. The remaining SEK 250.0 million has a maturity of 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 ratios with a satisfactory margin. Net debt to credit institutes amounted to SEK 1,075.9 (2,161.0) million, which gives an available credit of SEK 1,769.1 million.

The equity ratio improved by 8.5 percentage points compared to the previous year and amounted to 53.4 (44.9) %.

### Intangible assets

The Group's intangible fixed assets consist mainly of goodwill and trademarks. The trademarks with the largest book values 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, or more often if required, to assess whether any need for impairment exists.

The assets' value in use 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 during the year, there is currently no need for impairment. Last year, a write-down of goodwill of SEK 11.4 million was made in the Gifts & Home Furnishings segment. For more information about the Group's intangible fixed assets and impairment testing, see note 8.

### Personnel, organization and remuneration

The average number of employees was 2,064 (2,579), of which 49% were women and 51% were men. Of the total number of employees, 385 (588) work in production. The production within the New Wave Group is attributable to AHEAD (embroidery), Cutter & Buck (embroidery), Dahetra, Kosta Boda, Orrefors, Seger, Termo and Toppoint.

The 2020 Annual General Meeting resolved on new guidelines for remuneration to senior executives. These guidelines can be found in full in note 6.

New Wave Group has no specially appointed remuneration committee. Remuneration issues are instead dealt with by the Board in its entirety, whereby a member who is a member of the company management does not participate in the work. The Board as a whole is thus tasked with monitoring and evaluating the ongoing and completed programs for variable remuneration for company management, as well as following and evaluating the application of the guidelines for remuneration to senior executives that the Annual General Meeting must decide on by law. In addition, the Board shall monitor and evaluate current remuneration structures and remuneration levels in the company.

### **Guidelines for remuneration to senior executives**

Guidelines for senior executives include board members, the CEO and other persons the management of New Wave Group AB ("the Company").

A successful implementation of the Company's business strategy and the safeguarding of the Company's long-term interests, including its sustainability, presupposes that the Company can recruit and retain qualified employees. This requires that the Company can offer competitive remuneration. The guidelines enable senior executives to be offered a competitive total remuneration.

### **The forms of compensation, etc.**

The total remuneration for each senior executive must be market-based and may consist of the following components: fixed cash salary, variable cash remuneration, pension benefits and other benefits. In addition to and independently of these guidelines, the Annual General Meeting may decide on, for example, share and share price-related remuneration. Fixed and variable remuneration shall be related to the senior executive's responsibility and authority.

### **The decision-making process for establishing, reviewing and implementing the guidelines**

The Board shall prepare proposals for new guidelines at least every four years and submit the proposal for resolution at the Annual General Meeting. The guidelines shall apply until new guidelines have been adopted by the Annual General Meeting. The Board shall also monitor and evaluate programs for variable remuneration for company management, the application of guidelines for remuneration to senior executives and applicable remuneration structures and remuneration levels in the Company. The members of the Board, except the CEO, are independent in relation to the Company and the company management. The CEO or other persons in the company management do not attend the Board of Directors' consideration of and decisions on remuneration-related issues, insofar as they are affected by the issues.

### **Deviating from the guidelines**

The Board may decide to temporarily deviate from the guidelines in whole or in part, if in an individual case there are special reasons for this and a deviation is necessary to meet the Company's long-term interests, including its sustainability, or to ensure the Company's financial viability.

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

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

Lease agreements exist with related companies, and goods are also sold to related companies. Associated companies to the CEO have purchased goods and services, as well as received compensation for consultancy services performed and goods sold. In addition, there are transactions with related parties at immaterial values. All transactions have been made on market terms. For further description, see note 17.

### ***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 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 (74%). The Group is exposed to changes in exchange rates in the future flows of payments related to firm commitments and to loans and bank deposits 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 1,448.1 (1,627.6) million.

For a more extensive description of the Group's risk exposures and risk management see note 16.

### ***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 closely related our business operations are 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 Swedish Environmental code.

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

## The Parent company

Total revenue amounted to SEK **131.5 (140.4)** million. Result before appropriations and tax amounted to SEK **94.6 (213.9)** million. The lower result is related to reduced dividends from foreign subsidiaries.

Cash flow from investing activities amounted to SEK **5.3 (-9.9)** million, where the positive amount is related to intra-Group sales of shares in Group companies. Net debt amounted to SEK **1,129.4 (2,074.2)** million. The Parent company's net financing to subsidiaries amounted to SEK **1,241.5 (2,060.9)** million. The total assets amounted to SEK **4,004.6 (4,730.8)** million and equity, including the equity portion of untaxed reserves, amounted to SEK **2,195.8 (2,099.4)** million.

## New Wave Group'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.

As per 31 December, Torsten Jansson through companies owns **34.2 (34.1)**% of the capital and **82.1 (82.1)**% 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 at the time of issue.
- 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.

## Proposed distribution of profit

The following is at the disposal of the Annual General Meeting:

SEK	
Retained earnings	1 552 371 617
Share premium reserve	48 017 672
Result for the year	102 144 636
<b>Total</b>	<b>1 702 533 925</b>

In light of the ongoing pandemic and its difficult-to-assess consequences in 2021, the Board has decided to propose to the Annual General Meeting that no dividend shall be paid and that retained earnings and profit for the year, a total of SEK **1,702,533,925**, is carried forward. With respect to the Group's continued strong financial position, the Board's assessment is that there are good opportunities for a dividend during the latter part of 2021 and the Board will return at the latest in the interim report for the third quarter, which is scheduled to be published on November 5 2021, with proposal on when a resumption of dividend can take place.

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, 1 April 2021*

*New Wave Group AB (publ)*



*Olof Persson*  
Chairman 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 1 April 2021*

*Ernst & Young AB*



*Jonas Svensson*  
Authorized Public Accountant





## Consolidated income statement

SEK million	Note	2020	2019
Net sales	3, 4, 18	6 098.8	6 903.5
Goods for resale		-3 461.5	-3 701.0
<b>Gross profit</b>		<b>2 637.3</b>	<b>3 202.4</b>
Other operating income	4	146.2	77.9
External costs	7, 9, 17	-975.7	-1 312.7
Personnel costs	5, 6	-982.6	-1 159.9
Amortizations, depreciations and write-downs of tangible and intangible fixed assets	8, 9	-229.5	-233.1
Other operating costs		-48.3	-39.6
Share of associated companies' result	13	-1.4	-0.2
<b>Operating result</b>	10	<b>545.9</b>	<b>535.0</b>
Financial income		4.1	8.8
Financial expenses		-69.0	-77.0
<b>Net financial items</b>	11	<b>-64.9</b>	<b>-68.2</b>
<b>Result before tax</b>		<b>481.0</b>	<b>466.7</b>
Tax expense	12	-118.0	-96.7
<b>Result for the year</b>	16	<b>363.0</b>	<b>370.1</b>
<b>Other comprehensive income:</b>			
<b>Items that can be reclassified into profit and loss</b>			
Translation differences		-274.5	99.6
Cash flow hedges		-4.7	-2.2
<b>Sum</b>		<b>-279.2</b>	<b>97.5</b>
Income tax related to components of other comprehensive income		1.0	0.5
<b>Total other comprehensive for the year</b>		<b>-278.2</b>	<b>97.9</b>
<b>Total comprehensive income for the year</b>		<b>84.8</b>	<b>468.0</b>
<b>Result for the year attributable to:</b>			
Shareholders of the Parent company		365.5	375.5
Non-controlling interest		-2.5	-5.5
		<b>363.0</b>	<b>370.1</b>
<b>Total comprehensive income attributable to:</b>			
Shareholders of the Parent company		88.9	472.1
Non-controlling interest		-4.1	-4.1
		<b>84.8</b>	<b>468.0</b>
Earnings per share (SEK)*		5.51	5.66

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

## Consolidated cash flow statement

SEK million	Note	2020	2019
<b>Operating activities</b>			
Operating result		545.9	535.0
Adjustment for items not included in cash flow	24	264.5	231.9
Received interest		0.7	7.9
Paid interest		-65.7	-76.1
Paid income tax		-113.7	-93.6
<b>Cash flow from operating activities before changes in working capital</b>		<b>631.8</b>	<b>605.0</b>
<b>Changes in working capital</b>			
Increase/decrease of inventories		495.8	-241.7
Increase/decrease of current receivables		106.1	-51.5
Increase/decrease of current liabilities		-27.1	-212.3
<b>Cash flow from changes in working capital</b>		<b>574.8</b>	<b>-505.6</b>
<b>Cash flow from operating activities</b>		<b>1 206.6</b>	<b>99.5</b>
<b>Investing activities</b>			
Investments in tangible fixed assets		-44.7	-124.7
Sales of tangible fixed assets		6.7	6.9
Investments in intangible fixed assets		-11.3	-21.7
Investments in associated companies		0.0	-0.8
Business combinations		-8.6	-8.5
Raised long-term receivables		0.0	-1.6
Repayment of long-term receivables		0.3	1.6
<b>Cash flow from investing activities</b>		<b>-57.5</b>	<b>-148.7</b>
<b>Cash flow after investing activities</b>		<b>1 149.1</b>	<b>-49.3</b>
<b>Financial activities</b>			
Loans raised		62.9	386.2
Amortization of loans		-1 091.8	-71.3
Amortization of lease liabilities		-126.7	-103.0
New issue of shares in companies with non-controlling interest		0.0	1.2
Dividend paid to the shareholders of the Parent company		0.0	-132.7
<b>Cash flow from financial activities</b>		<b>-1 155.6</b>	<b>80.4</b>
<b>Cash flow for the year</b>		<b>-6.4</b>	<b>31.2</b>
Liquid assets at the beginning of the year		351.3	312.2
Translation differences in liquid assets		-19.8	7.9
<b>Liquid assets at the end of the year</b>		<b>325.1</b>	<b>351.3</b>
<b>Liquid assets</b>			
Cash at bank and in hand		325.1	351.3

# Consolidated balance sheet

As of 31 December

SEK million	Note	2020	2019
<b>ASSETS</b>			
Intangible fixed assets	8	1 380.9	1 501.0
Tangible fixed assets	9	1 289.5	1 436.5
Shares in associated companies	13	39.7	39.0
Other long-term receivables	14	14.0	14.7
Deferred tax assets	12	106.7	112.8
<b>Total non-current assets</b>		<b>2 830.8</b>	<b>3 103.9</b>
Inventory	15	2 883.0	3 557.9
Current tax receivables		13.4	44.8
Accounts receivable	16, 17	1 059.3	1 192.8
Other receivables	16	61.7	82.4
Prepaid expenses and accrued income	16, 18	43.5	61.2
Liquid assets	19	325.1	351.3
<b>Total current assets</b>		<b>4 385.9</b>	<b>5 290.4</b>
<b>TOTAL ASSETS</b>		<b>7 216.7</b>	<b>8 394.3</b>
<b>EQUITY</b>			
Share capital	20, 25	199.0	199.0
Other capital contributions		219.4	219.4
Reserves		252.2	531.0
Retained earnings including result for the year		3 174.3	2 804.9
<b>Equity attributable to shareholders of the Parent company</b>		<b>3 845.0</b>	<b>3 754.4</b>
Non-controlling interest		10.5	16.3
<b>Total equity</b>		<b>3 855.5</b>	<b>3 770.7</b>
<b>LIABILITIES</b>			
Long-term interest-bearing liabilities	16, 19, 21	1 933.3	2 818.3
Pension provisions		18.0	19.3
Other provisions		7.6	0.9
Deferred tax liabilities	12	140.1	144.8
<b>Total non-current liabilities</b>		<b>2 099.1</b>	<b>2 983.3</b>
Short-term interest-bearing liabilities	16, 19, 21	209.4	497.8
Accounts payable	16, 17	543.6	623.2
Current tax liabilities		58.6	94.6
Other liabilities	16, 22	177.9	139.8
Accrued expenses and prepaid income	16, 23	272.5	285.0
<b>Total current liabilities</b>		<b>1 262.1</b>	<b>1 640.3</b>
<b>Total liabilities</b>		<b>3 361.1</b>	<b>4 623.6</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>7 216.7</b>	<b>8 394.3</b>

## Consolidated statement of changes in equity

SEK million	Share capital	Other capital contributions	Reserves	Retained earnings incl. result for the year	Total	Non-controlling interest	Total equity
<b>Opening balance 2019-01-01</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>
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>

SEK million	Share capital	Other capital contributions	Reserves	Retained earnings incl. result for the year	Total	Non-controlling interest	Total equity
<b>Opening balance 2020-01-01</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>
Result for the year				365.5	365.5	-2.5	363.0
<b>Other comprehensive income</b>							
Translation differences			-272.9		-272.9	-1.6	-274.5
Cash flow hedges			-4.7		-4.7		-4.7
Reclassification of previous years' cash flow hedges			-2.2	2.2	0.0		0.0
Income tax related to components of other comprehensive income			1.0		1.0		1.0
<b>Transactions with shareholders</b>							
Dividends to shareholders of the Parent company				0.0	0.0		0.0
Acquisition of non-controlling interest				1.8	1.8	-1.8	0.0
<b>Closing balance 2020-12-31</b>	<b>199.0</b>	<b>219.4</b>	<b>252.2</b>	<b>3 174.3</b>	<b>3 845.0</b>	<b>10.5</b>	<b>3 855.5</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**

	2020	2019
	541.2	441.6
	-274.5	99.6
	<b>266.7</b>	<b>541.2</b>

## *Note 1 – General accounting policies*

### ***Basis of preparation***

The consolidated financial statements for New Wave Group AB and its subsidiaries 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. This annual report has been prepared in accordance with IAS 1 Key Presentation of Financial Statements and the Swedish Annual Accounts Act. RFR 1 Supplementary Accounting Rules for Corporate Groups, published by the Swedish Financial Reporting Board, has also been applied.

As from this annual report, New Wave Group describes the accounting policies in conjunction with each note in the aim of providing enhanced understanding of each accounting area. In addition, general accounting policies are presented below. All accounting policies have been applied consistently in the entire Group for all periods presented in the consolidated financial statements, unless otherwise stated.

### ***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.

Intra-Group transactions, balance sheet items, revenue and costs regarding transactions between Group companies are eliminated in the Group accounting. Pricing between Group companies is set on a commercial basis and thus constitute market prices. Internal profits and losses arising from sales between Group companies have been fully eliminated.

### ***Business combinations and goodwill***

All business combinations are recorded using the purchase method. The acquisition value is defined as the sum of the fair values of the assets transferred, liabilities incurred to previous owners and equity instruments issued by New Wave Group to acquire the business.

If the transferred consideration for the shares exceeds the fair value of the acquired company's net assets, consolidated goodwill is recognized. If the fair value of acquired net assets exceeds the transferred consideration, the difference is recognized in the Group's consolidated income statement as gain from a bargain purchase. Acquisition-related 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.

The acquisition value of shares in Group companies is eliminated against equity in each subsidiary at the time of acquisition, meaning that 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.

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 later than 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.

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.

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

#### ***Currency translation when consolidating foreign subsidiaries***

Items included in the financial statements of the various entities of the Group are valued in the currency used in the primary economic environment of each company's operations (functional currency). Swedish kronor (SEK), which is the Parent Company's functional currency and presentation currency, is utilized in the consolidated financial statements. In preparing the consolidated financial statements, items in the income statement of foreign subsidiaries are translated to SEK using monthly average exchange rates. Assets and liabilities in foreign subsidiaries are translated to SEK using exchange rates at year-end (closing rate). Exchange rate differences are recognized in other comprehensive income and accumulated in equity.



### Transactions and balance sheet items in foreign currency

Transactions in foreign currency are translated to each company’s functional currency at the exchange rate prevailing at the respective transaction date. Receivables and liabilities in currencies other than the functional currency are translated using the closing rate. Exchange rate differences related to accounts receivable, accounts payable and other operating assets and liabilities are recorded as other operating income and other operating costs. Exchange rate differences related to financial assets and liabilities are recorded as financial income and expenses.

### Classification of balance sheet items

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 2020

During the year, the Group has applied the rent concession practical expedient introduced in IFRS 16 in response to the COVID-19 pandemic. The rent concessions are recorded as variable leasing payments.

No other standards, amendments or interpretations that entered into force in 2020 are deemed to have had any material impact on the Group financial statements.

#### New accounting policies for 2021 and later

A number of amendments of current accounting standards have been published and is effective from 2021 and later. None of these are considered to have a material impact on New Wave Group’s financial statements.

### Note 2 – Key estimates and assumptions

Preparing the consolidated financial statements requires that management and the Board make certain estimates and assumptions. These estimates and assumptions are in all essential based on historical experience and expected future events. These estimates and assumptions affect reported assets and liabilities, as well as revenue and costs. Changes are reported in the period in which the estimates and assumptions are changed and in future periods if these are affected. Estimates and assumptions that may have a significant effect on the Group’s earnings and financial position are presented in each note where appropriate.

## Note 3 - Operating segment reporting

### Accounting policies

Operating segments are reported in a manner consistent with the internal reports presented to the chief operating decision maker. The chief operating decision maker is the function responsible for the allocation of resources to the operating segments and the assessment of the operating segments' financial performance. For the Group, this function has been identified as the Group CEO, who is responsible for and manages the day-to-day administration of the Group in accordance with the Board's guidelines and terms of reference.

The operating segments of the Group are 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 operating result for each segment.

As of 2020, some brands have been reclassified from Corporate to Gifts & Home Furnishings. The comparative figures have been recalculated.

SEK million	Net sales		Operating result		Assets		Fixed assets*		Deferred tax assets	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Corporate	3 104.8	3 219.6	349.0	325.4	4 225.6	4 316.6	1 105.1	1 210.2	37.1	40.1
Sports & Leisure	2 168.5	2 887.4	170.4	235.8	2 571.2	3 290.3	1 233.4	1 392.6	44.7	49.5
Gifts & Home Furnishings	825.5	796.5	26.5	-26.2	419.9	787.4	331.9	334.7	24.9	23.1
<b>Total</b>	<b>6 098.8</b>	<b>6 903.5</b>	<b>545.9</b>	<b>535.0</b>	<b>7 216.7</b>	<b>8 394.3</b>	<b>2 670.4</b>	<b>2 937.5</b>	<b>106.7</b>	<b>112.8</b>
<b>Total operating result</b>			<b>545.9</b>	<b>535.0</b>						
Net financial items			-64.9	-68.2						
<b>Profit before tax</b>			<b>481.0</b>	<b>466.7</b>						

\* Financial fixed assets are not included.

SEK million	Net investments		Amortizations, depreciations and write-downs		Total liabilities	
	2020	2019	2020	2019	2020	2019
Corporate	-29.1	-91.2	-146.5	-142.9	2 448.2	2 896.9
Sports & Leisure	-24.1	-33.9	-66.4	-68.7	697.9	1 194.4
Gifts & Home Furnishings	-4.3	-23.6	-16.6	-21.5	215.0	532.4
<b>Total</b>	<b>-57.5</b>	<b>-148.7</b>	<b>-229.5</b>	<b>-233.1</b>	<b>3 361.1</b>	<b>4 623.6</b>

SEK million	Net sales		Fixed assets*		Deferred tax assets	
	2020	2019	2020	2019	2020	2019
USA	1 140.9	1 774.5	990.2	1 138.9	43.6	50.8
Sweden	1 558.0	1 610.5	737.9	716.3	26.9	19.7
Central Europe	913.4	1 078.1	339.0	382.1	5.5	13.6
Nordic countries excl. Sweden	710.3	861.0	245.8	301.6	3.6	4.5
Southern Europe	901.2	812.6	224.4	275.7	21.6	18.1
Other countries	875.0	766.8	133.0	123.0	5.5	6.1
<b>Total</b>	<b>6 098.8</b>	<b>6 903.5</b>	<b>2 670.4</b>	<b>2 937.5</b>	<b>106.7</b>	<b>112.8</b>

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

\*Financial fixed assets are not included.





Skanska

## Note 4 - Revenue

### Accounting policies

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.

Contractual assets arise when invoicing or a customer's payment is conditional to additional performance obligations such as conditional partial deliveries of goods. If the Group has received payments from customers without any performance obligation being fulfilled, a contractual liability is recognized as accrued expenses and prepaid 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 Group's consolidated income statement.

During 2020 the Group has received grants from governments around the world related to actions that have been introduced due to the outbreak of COVID-19. Government grants are recognized in the Group's consolidated balance sheet and the Group's consolidated income statement when there is reasonable assurance that the entity will comply with the conditions attached to them and the grants will be received. Grants related to expenses are classified as other operating income in the Group's consolidated income statement and is recognized on a systematic basis over the same period in which the Group recognizes the related costs for which the grants are intended to compensate.

### 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 Home Furnishings as well as geographic 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.



### Net sales per sales channel and segment

SEK million	Corporate		Sports & Leisure		Gifts & Home Furnishings		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
	Promo	3 084.6	3 152.7	568.3	762.5	236.7	197.7	3 889.6
Retail	20.2	66.8	1 600.2	2 124.9	588.8	598.8	2 209.2	2 790.6
<b>Total</b>	<b>3 104.8</b>	<b>3 219.6</b>	<b>2 168.5</b>	<b>2 887.4</b>	<b>825.5</b>	<b>796.4</b>	<b>6 098.8</b>	<b>6 903.5</b>

### Net sales per geographic area and segment

SEK million	Corporate		Sports & Leisure		Gifts & Home Furnishings		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
	USA	193.7	260.3	895.2	1 460.6	52.0	53.5	1 140.9
Sweden	387.8	438.2	480.3	511.2	689.8	661.1	1 558.0	1 610.5
Central Europe	592.4	742.9	300.8	317.7	20.2	17.5	913.4	1 078.1
Nordic countries excl. Sweden	358.5	433.2	306.1	375.6	45.7	52.2	710.3	861.0
Southern Europe	842.0	749.5	58.9	62.8	0.3	0.4	901.2	812.6
Other countries	730.4	595.5	127.1	159.4	17.5	11.9	875.0	766.8
<b>Total</b>	<b>3 104.8</b>	<b>3 219.6</b>	<b>2 168.5</b>	<b>2 887.4</b>	<b>825.5</b>	<b>796.4</b>	<b>6 098.8</b>	<b>6 903.5</b>

### Contractual assets and right-of-return assets

SEK million	2020	2019
Contractual assets		
Accrued income with additional performance obligation	2.5	1.8
Right-of-return assets		
Inventory expected in return - finished goods	4.4	6.2
<b>Total</b>	<b>6.9</b>	<b>8.0</b>

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

### Contractual liabilities and repayment liabilities

SEK million	2020	2019
Contractual liabilities		
Prepaid revenue	13.5	6.0
Repayment liabilities		
Repayment liabilities for expected returns	8.6	11.6
Repayment liabilities for accrued bonuses, kick-backs, rebates	53.1	47.9
<b>Total</b>	<b>75.2</b>	<b>65.5</b>

All contractual liabilities and repayment liabilities are due within 12 months.

### Other operating income

SEK million	2020	2019
Exchange rate gains	44.5	38.2
Capital gains	2.6	0.8
Profit from business combinations	0.0	11.4
Government grants	75.7	0.0
Other income	23.4	27.5
<b>Total</b>	<b>146.2</b>	<b>77.9</b>

## Note 5 - Average number of employees

	2020 Number of employees	Of which men	2019 Number of employees	Of which men
<b>Parent company</b>				
Gothenburg	47	31	38	26
<b>Total Parent company</b>	<b>47</b>	<b>31</b>	<b>38</b>	<b>26</b>
<b>Subsidiaries</b>				
<b>Employees in Sweden</b>				
Borås	143	70	138	60
Mark	10	6	13	9
Munkedal	125	68	125	61
Lessebo	292	144	326	150
Stenungsund	21	13	20	13
Stockholm	46	29	50	29
Ulricehamn	20	10	21	12
Örebro	7	3	9	3
<b>Total employees in Sweden</b>	<b>664</b>	<b>343</b>	<b>702</b>	<b>337</b>
<b>Employees abroad</b>				
Bangladesh	42	40	47	45
Belgium	58	34	64	39
Denmark	63	31	73	37
Finland	43	23	52	29
France	17	9	19	11
Hong Kong	3	2	4	3
India	10	9	15	12
Iceland	3	1	1	1
Italy	48	31	48	31
Canada	56	34	89	48
China	135	54	156	68
The Netherlands	110	74	136	88
Norway	51	30	75	43
Poland	153	42	179	49
Switzerland	33	22	36	25
Spain	14	8	21	13
United Kingdom	27	13	30	15
Germany	67	46	71	47
USA	377	157	681	258
Vietnam	26	11	25	11
Austria	17	8	17	8
<b>Total employees abroad</b>	<b>1 353</b>	<b>679</b>	<b>1 839</b>	<b>881</b>
<b>Group total</b>	<b>2 064</b>	<b>1 053</b>	<b>2 579</b>	<b>1 244</b>

Gender distribution within Group management	2020			2019		
	Women	Men	Total	Women	Men	Total
Board of Directors	2	5	7	2	5	7
Group Management	0	8	8	0	8	8

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

### Accounting policies

Remuneration to employees in the form of salaries, paid leave, paid absence due to sickness, pensions etc. are recognized as they are earned. Both defined benefit and defined contribution pension plans are used in New Wave Group. The defined benefit pension plans 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. Since 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.

SEK million	2020			2019		
	Salaries and other remuneration	Social security contributions	Of which pension costs	Salaries and other remuneration	Social security contributions	Of which pension costs
Parent company	28.4	13.0	4.1	23.3	12.1	3.9
Group companies in Sweden	277.0	109.9	17.9	283.5	119.1	19.9
Group companies abroad	586.0	119.0	19.6	780.0	154.2	23.7
<b>Group total</b>	<b>891.4</b>	<b>241.9</b>	<b>41.5</b>	<b>1 086.8</b>	<b>285.4</b>	<b>47.5</b>
Of which purchasing and production personnel	139.3	32.9	3.1	198.6	51.2	4.8

Of the Parent company's pension costs, SEK 0.3 (0.3) million concerns the Group's Board and CEO.  
Of the Group's pension costs, SEK 5.2 (4.6) million concerns the Board and CEOs.



**Salaries and other remuneration distributed by country and divided between Board members, CEOs and other employees**

SEK million	2020 Board and CEO	Of which bonus*	Other employees	2019 Board and CEO	Of which bonus*	Other employees
Parent company	2.1	0.0	26.4	2.1	0.0	21.8
Group companies in Sweden	14.0	0.6	263.0	10.6	0.0	272.9
<b>Group companies abroad</b>						
Belgium	2.5	1.3	28.9	2.4	0.4	28.2
Denmark	1.6	0.0	35.1	1.6	0.0	40.9
Finland	1.9	0.0	18.7	2.0	0.1	23.4
France	1.4	0.0	9.8	2.2	0.5	9.0
Hong Kong	0.0	0.0	0.9	0.0	0.0	1.1
Iceland	0.8	0.0	0.5	0.4	0.0	0.0
Italy	4.6	1.4	12.8	6.4	3.3	17.6
Canada	4.2	0.1	22.1	4.3	0.2	31.7
China	2.1	0.0	27.8	2.6	0.0	33.6
The Netherlands	6.8	0.0	58.5	6.0	0.0	68.9
Norway	1.6	0.0	31.1	1.3	0.0	46.0
Poland	0.6	0.0	16.1	0.7	0.0	20.0
Switzerland	3.9	0.0	24.2	3.8	0.2	25.5
Spain	1.2	0.0	3.9	1.4	0.0	6.0
United Kingdom	1.5	0.1	7.8	1.7	0.0	10.0
Germany	1.2	0.0	28.0	1.2	0.0	33.0
USA	10.7	0.3	207.2	14.5	0.9	325.7
Austria	1.0	0.0	7.5	1.1	0.0	8.2
<b>Total Group companies abroad</b>	<b>47.6</b>	<b>3.2</b>	<b>540.9</b>	<b>53.5</b>	<b>5.7</b>	<b>728.9</b>
<b>Group total</b>	<b>63.6</b>	<b>3.9</b>	<b>830.3</b>	<b>66.2</b>	<b>5.7</b>	<b>1 023.6</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 defined contribution 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 pages 54-55. Remuneration to the other senior executives mainly comprises a fixed salary.

Some of the senior executives are also entitled to bonus, mainly based on result growth for the companies in which they are active. 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.

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.

Board members' fees	2020	2019
External members of the Parent company's Board	1.4	1.2
Of which to the Chairman of the Board	0.4	0.4

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

SEK million	2020 Salaries and other remuneration	Of which bonus	Pension costs	2019 Salaries and other remuneration	Of which bonus	Pension costs
Torsten Jansson, CEO	0.7	0.0	0.3	0.9	0.0	0.3
Olof Persson, Chairman of the Board	0.4	0.0	0.0	0.4	0.0	0.0
Christina Bellander, Board Member	0.2	0.0	0.0	0.2	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	0.2	0.0	0.0	0.1	0.0	0.0
Magdalena Forsberg, Board Member	0.2	0.0	0.0	0.1	0.0	0.0
Other senior executives*	11.4	0.3	2.4	13.9	1.9	2.3
<b>Total</b>	<b>13.5</b>	<b>0.3</b>	<b>2.7</b>	<b>16.1</b>	<b>1.9</b>	<b>2.7</b>

\*See pages 54-55.

## Warrants

The Group has no outstanding warrants.

## Pension obligations

For financial year 2020 the company has not had access to information in order to account for its proportionate share of the Alecta-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 the coming financial year amount to SEK 9.4 (9.5) 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%** (**148%**).

## 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 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 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, except the CEO, 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.

## Note 7 - Remuneration to auditors

SEK million	2020	2019
Audit assignment		
Ernst & Young	5.1	5.3
Other	4.5	5.5
Audit work outside audit assignment	0.8	0.7
Tax consultancy	1.1	1.2
<b>Total</b>	<b>11.5</b>	<b>12.7</b>

## Note 8 - Intangible fixed assets

### Accounting policies

The Group's intangible assets consist of goodwill, trademarks, computer software and other intangible fixed assets. Other intangible fixed assets primarily consist of customer relations. The intangible assets are recognized as cost less accumulated amortization and, where applicable, accumulated impairment losses. Subsequent expenditure for an intangible asset is added to the carrying amount or recognized as a separate asset, depending on which is suitable, only when it is probable that future economic benefits associated with the asset will accrue to the Group and the cost of the asset can be reliably measured. Other expenditure is expensed as incurred.

Goodwill arises in connection with business combinations where the consideration transferred exceeds the fair value of the acquired net assets. Trademarks and customer relations can be identified and arise 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.

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

\* Primarily consist of customer relations

Intangible fixed assets with finite useful lives are amortized on a straight-line basis over that period. For intangible assets with indefinite useful lives, impairment tests are performed annually, as well as if there are any indications of impairment during the year. New Wave Group's assessment is that both goodwill and trademarks have indefinite useful lives. The useful lives for trademarks 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 larger book values value are well-known trademarks, such as Orrefors and Kosta Boda within Gifts & Home Furnishings 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 operating segments. 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. If the carrying amount of the tested cash-generating unit exceeds the calculated recoverable amount, the difference is recognized as an impairment loss.

SEK million	Goodwill		Trademarks		Computer software		Other intangible fixed assets	
	2020	2019	2020	2019	2020	2019	2020	2019
<b>Accumulated acquisition values</b>								
Opening accumulated acquisition values	977.6	954.5	569.5	542.0	193.0	172.7	67.1	63.5
Acquisition through business combinations	5.9	0.0	0.0	5.0	0.0	0.0	8.2	0.0
Acquisitions	0.0	0.0	0.0	4.9	11.3	16.3	0.0	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	2.7	0.0	0.0	0.0
Translation differences	-72.2	23.1	-50.4	17.7	-7.6	4.0	-10.4	3.1
<b>Closing accumulated acquisition values</b>	<b>911.3</b>	<b>977.6</b>	<b>519.0</b>	<b>569.5</b>	<b>199.4</b>	<b>193.0</b>	<b>64.9</b>	<b>67.1</b>
<b>Accumulated amortizations</b>								
Opening accumulated amortizations	-53.6	-53.4	-24.6	-23.8	-157.2	-133.7	-40.9	-34.0
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	-0.6	-0.1	-17.0	-20.6	-6.1	-5.0
Translation differences	0.6	-0.2	2.0	-0.8	7.0	-3.0	6.6	-2.0
<b>Closing accumulated amortizations</b>	<b>-53.0</b>	<b>-53.6</b>	<b>-23.2</b>	<b>-24.6</b>	<b>-167.2</b>	<b>-157.2</b>	<b>-40.4</b>	<b>-40.9</b>
<b>Accumulated write-downs</b>								
Opening accumulated write-downs	-28.4	-17.0	-1.5	-1.5	0.0	0.0	0.0	0.0
Write-downs	0.0	-11.4	0.0	0.0	0.0	0.0	0.0	0.0
<b>Closing accumulated write-downs</b>	<b>-28.4</b>	<b>-28.4</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>829.9</b>	<b>895.6</b>	<b>494.3</b>	<b>543.4</b>	<b>32.2</b>	<b>35.8</b>	<b>24.5</b>	<b>26.2</b>

Goodwill allocated to operating segments	SEK million	
	2020	2019
Corporate	238.4	263.7
Sports & Leisure	530.1	591.0
Gifts & Home Furnishings	61.5	40.9
<b>Total</b>	<b>829.9</b>	<b>895.6</b>

Trademarks allocated to operating segments	SEK million	
	2020	2019
Corporate	20.3	20.3
Sports & Leisure	359.8	408.2
Gifts & Home Furnishings	114.3	114.9
<b>Total</b>	<b>494.3</b>	<b>543.4</b>

## Key estimates and assumptions

Impairment testing of goodwill and trademarks are performed annually and in case of indication of impairment. Intangible fixed assets with finite useful lives are tested in case of indication of impairment. When conducting impairment tests, estimates have to be made to determine the value in use of cash-generating units. The value in use is based on established cash-flow projections for the next five years, and a long-term 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. 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. The cash-flow forecasts that are basis for the impairment test are based on the five year forecast adopted by the Board (2021-2025) and thereafter a terminal growth of **2 (3) %**. Based on the tests and analyzes that have been carried out, there is currently no need for impairment. While management believes that estimates of future cash flows and assumptions are reasonable, there are uncertainties which could affect the valuations. Sensitivity analyzes per operating segment are described below.

## 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 inventory turnover rate are expected to be on current levels. Sales mainly occur in the promo sales channel (99%), 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 annual growth rate decreases by 4 (1) percentage points, the operating margin decreases by 6 (2) percentage points or if the WACC increases by 8 (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 inventory turnover is expected to improve slightly during the forecast period (2021-2025).

A sensitivity analysis shows that the value can be maintained even if the annual growth rate decreases by 1 (1) percentage point, the operating margin decreases by 2 (1) percentage points or if the WACC increases by 2 (1) percentage points.

## Gifts & Home Furnishings

Most of the sales occur on the Swedish market and in the retail sales channel. The assumptions made are that sales are expected to increase on existing markets and that the operating margin will continue to improve. The inventory turnover is expected to increase during the forecast period (2021-2025).

A sensitivity analysis shows that the value can be maintained even if the annual growth rate decreases by half a (half a) 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

### Summary owned and leased assets

SEK million

Buildings and land - owned assets	316.2	349.1
Equipment, tools and installations - owned assets	237.1	281.4
Buildings and land - leased assets	691.4	758.9
Equipment, tools and installations - leased assets	44.9	47.1
<b>Closing book value</b>	<b>1 289.5</b>	<b>1 436.5</b>

## Owned assets

### Accounting policies

Tangible fixed assets are recorded at cost less accumulated depreciation and, where applicable, impairment losses. Depreciation is allocated on a straight-line basis over the asset's expected useful life. Depreciation starts when an asset is made available for use. Land is not depreciated. To the extent assets consist of components that differ significantly in respect of useful life, each component is depreciated separately. In

determining the depreciable amount for an individual asset account is taken of any residual value of the asset. Cost includes expenses directly attributable to the acquisition of the asset. Cost of tangible fixed assets produced by the Group includes direct manufacturing expenses and shares of attributable indirect expenses. 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.

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

A tangible fixed asset is removed from the Group's consolidated balance sheet upon sale or disposal, which occurs 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. Such gains and losses are recognized as other operating income or other operating costs 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.

If there are internal or external indications of a decline in the value of an asset, the asset is to be tested for impairment. An impairment loss is recognized if the recoverable amount of an asset is lower than its 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.

SEK million	Buildings and land		Equipment, tools and installations	
	2020	2019	2020	2019
<b>Accumulated acquisition values</b>				
Opening accumulated acquisition values	514.9	484.9	688.7	639.6
Acquisition through business combinations	0.0	0.0	0.0	0.3
Acquisitions	7.5	22.7	37.1	102.0
Sales/disposals	-3.2	0.0	-71.4	-70.9
Reclassifications	-8.6	-1.1	5.9	1.1
Translation differences	-19.4	8.5	-46.9	16.6
<b>Closing accumulated acquisition values</b>	<b>491.4</b>	<b>514.9</b>	<b>613.5</b>	<b>688.7</b>
<b>Accumulated depreciations</b>				
Opening accumulated depreciations	-145.6	-127.3	-401.8	-384.1
Sales/disposals	0.0	0.0	66.3	64.5
Depreciations as a part of production costs/goods for resale	-0.7	-1.1	-13.2	-15.3
Depreciations	-14.1	-14.0	-56.8	-55.6
Translation differences	5.4	-3.2	32.1	-11.2
<b>Closing accumulated depreciations</b>	<b>-155.0</b>	<b>-145.6</b>	<b>-373.3</b>	<b>-401.8</b>
<b>Accumulated write-downs</b>				
Opening accumulated write-downs	-20.2	-20.2	-5.5	-5.5
Sales/disposals	0.0	0.0	2.4	0.0
<b>Closing accumulated write-downs</b>	<b>-20.2</b>	<b>-20.2</b>	<b>-3.1</b>	<b>-5.5</b>
<b>Closing book value</b>	<b>316.2</b>	<b>349.1</b>	<b>237.1</b>	<b>281.4</b>

## Leased assets

### Accounting policies

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 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, where applicable, impairment losses. 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. During the year, the Group has applied the rent concession practical expedient introduced in IFRS 16 in response to the COVID-19 pandemic. The rent concessions are recorded as variable leasing payments.

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.

### Key estimates and assumptions

Assessments are made to determine 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 lease term is determined 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 that the option to extend will not be exercised. Extension and termination options are mainly related to real estate leases. Assessments are made to evaluate whether it is reasonably certain to exercise the option to extend the lease or to 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.



SEK million	Buildings and land		Equipment, tools and installations	
	2020	2019	2020	2019
<b>Accumulated acquisition values</b>				
Opening accumulated acquisition values	864.3	593.6	66.9	47.4
Acquisitions	116.1	282.3	28.0	19.4
Terminations	-25.8	-31.9	-7.4	-1.2
Translation differences	-68.8	20.3	-6.3	1.2
<b>Closing accumulated acquisition values</b>	<b>885.8</b>	<b>864.3</b>	<b>81.2</b>	<b>66.9</b>
<b>Accumulated depreciations</b>				
Opening accumulated depreciations	-105.4	0.0	-19.8	0.0
Terminations	7.3	3.7	4.1	0.5
Depreciations	-111.3	-106.5	-23.5	-19.9
Translation differences	15.1	-2.6	2.8	-0.4
<b>Closing accumulated depreciations</b>	<b>-194.4</b>	<b>-105.4</b>	<b>-36.3</b>	<b>-19.8</b>
<b>Closing book value</b>	<b>691.4</b>	<b>758.9</b>	<b>44.9</b>	<b>47.1</b>

SEK million	2020	2019
Gain or losses on right-of-use assets	0.3	0.3
Short-term lease expenses	-22.0	-30.6
Low value asset expenses	-5.1	-7.7
Variable lease expenses	-20.9	-29.6
Depreciation of right-of-use assets	-134.8	-126.4
<b>Recognized in operating result</b>	<b>-182.5</b>	<b>-194.1</b>

Refer to note 11 for interest expenses on the lease liabilities and note 16 for maturity analysis of the lease liabilities and note 19 for split between long-term and short-term lease liabilities. During 2020, total cash outflows related to leases amounted to SEK 194.8 million, with a distribution of SEK 68.1 million within cash flow from operating activities and SEK 126.7 million within financing activities.

## Note 10 - Currency exposure in operating result

SEK million	2020	2019
<b>Operating result</b>		
Euro, EUR	171.9	136.0
Canadian dollar, CAD	-5.2	-30.1
Swiss franc, CHF	74.9	147.1
US dollar, USD	28.3	80.0
Norwegian krone, NOK	28.0	17.6
Danish krone, DKK	12.5	15.9
Chinese yuan, CNY	18.3	15.8
Polish zloty, PLN	-1.9	5.9
Hong Kong dollar, HKD	77.9	42.4
British pound, GBP	0.0	3.1
Icelandic krona, ISK	-1.1	-0.5
<b>Total operating result in foreign currencies</b>	<b>403.7</b>	<b>433.2</b>

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

## Note 11 - Financial income and expenses

SEK million	2020	2019
Interest income	2.6	5.8
Interest on overdue accounts receivable	0.8	2.6
Currency gains on financial receivables and liabilities	0.7	0.5
Interest expense on interest-bearing liabilities excl. lease liabilities	-44.7	-55.3
Interest expense on lease liabilities	-20.1	-20.0
Interest expense on overdue accounts payable	-0.3	-0.1
Currency losses on financial receivables and liabilities	-3.4	-0.9
Other financial expenses	-0.6	-0.8
<b>Total</b>	<b>-64.9</b>	<b>-68.2</b>

## Note 12 - Taxes

### Accounting policies

The tax expense for the Group includes current tax and deferred tax. Current tax is tax payable or recoverable for the current year. This also includes adjustment for current tax attributable to prior periods. Current taxes are calculated on the basis of the tax regulations prevailing in the countries where the Group companies have operations. Current tax attributable to items recognized in equity and in other comprehensive income are also recognized in equity and other comprehensive income. Current tax assets and liabilities for current and previous periods are defined as the amount expected to receive from or pay to the tax authority in each country respectively.

Deferred tax is recognized in its entirety and calculated using the balance sheet method on all temporary differences arising between the tax value of assets and liabilities and their carrying amounts in the consolidated financial statements. 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.

Deferred tax assets are recognized for all deductible temporary differences, including loss carry-forwards to the extent that it is likely that future taxable profits will be available against which the temporary differences can be offset.

Deferred tax assets and liabilities are measured at the nominal amount and calculated by applying the tax rates and tax rules enacted or announced at the closing date. Current and deferred tax assets and liabilities are offset if there is a legal right to offset the amounts against each other and if they are attributable to the same tax authority.

### Key estimates and assumptions

Estimates and assumptions are mainly made in relation to deferred tax assets, with respect to the probability that the loss carry-forwards will be utilized for settlement against future taxable profits. In the event that actual outcome differs from the estimates made or if management adjusts these estimates in future, the recorded value of deferred tax assets could change.

#### Tax expense

SEK million	2020	2019
Current tax	-104.8	-103.9
Tax attributable to previous years	-3.5	3.8
<b>Total current tax expense</b>	<b>-108.3</b>	<b>-100.1</b>
Deferred tax relating to temporary differences and loss carry-forwards	-9.7	3.4
<b>Total recorded tax expense on result for the year</b>	<b>-118.0</b>	<b>-96.7</b>

The Group's tax expense for the year amounted to SEK 118.0 (96.7) million or 24.5 (20.7)% on result before tax.

#### Reconciliation of effective tax

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

SEK million	2020	%	2019	%
Result before tax	481.0		466.7	
Tax expense based on respective country's tax rate	-93.8	-19.5	-92.7	-19.9
Tax effects from:				
Non-taxable income	6.8	1.4	4.5	1.0
Non-deductible expenses	-5.8	-1.2	-4.3	-0.9
Tax arrears assessment	-3.5	-0.7	3.8	0.8
Regional and other variations regarding tax rates	-0.6	-0.1	-1.2	-0.3
Reversal of previously recognized loss carry-forwards	-7.9	-1.6	-5.7	-1.2
Utilization of previously non-recognized loss carry-forwards	3.8	0.8	6.8	1.5
Non-recognized loss carry-forwards	-8.3	-1.7	-15.7	-3.4
Temporary differences	-7.0	-1.5	2.8	0.6
Other	-1.7	-0.4	5.0	1.1
<b>Total recorded tax expense on result for the year</b>	<b>-118.0</b>	<b>-24.5</b>	<b>-96.7</b>	<b>-20.7</b>



### Deferred tax assets and liabilities in the Group assigned to:

SEK million	2020		2019	
	Assets	Liabilities	Assets	Liabilities
Loss carry-forwards	45.3	0.0	41.7	0.0
Inventory	48.1	12.8	58.4	13.4
Amortization, depreciation and fixed assets	5.8	7.0	10.3	12.4
Accounts receivable	6.8	0.0	8.9	0.0
Personnel costs	0.7	0.0	1.9	0.0
Prepaid expenses	-1.2	0.1	0.0	1.9
Trademarks	0.0	100.9	0.0	109.2
Tax allocation reserves and accelerated depreciation	0.0	21.8	0.0	17.3
Cash flow hedges	3.2	0.0	0.5	0.0
Other temporary differences	0.4	-0.1	0.8	0.3
Set-off of deferred tax assets and deferred tax liabilities	-2.5	-2.5	-9.8	-9.8
<b>Deferred tax assets and liabilities</b>	<b>106.7</b>	<b>140.0</b>	<b>112.8</b>	<b>144.8</b>

### Loss carry-forwards

At the year-end the Group had total tax loss carry-forwards of SEK **462.5** (**434.6**) million. Deferred tax has been recognized on SEK **195.3** (**169.7**) million of the tax losses which has resulted in a deferred tax asset of SEK **45.3** (**41.7**) 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	2020	2019
2021	0,0	0,0
2022	0,0	0,8
2023	1,5	5,1
2024	2,9	4,9
2025	4,7	4,2
2026	10,5	0,0
Unlimited lifetime	2,3	2,3
<b>Total</b>	<b>21,9</b>	<b>17,3</b>

Total loss carry-forwards expire as follows:

SEK million	2020	2019
2022	7.3	8.3
2023	9.9	11.2
2024	12.6	14.4
2025	7.7	8.2
2026	0.3	0.0
2027	11.8	12.9
2028	15.0	16.5
2029	0.0	0.0
2030-2040	102.6	97.4
Unlimited lifetime	295.2	265.7
<b>Total</b>	<b>462.5</b>	<b>434.6</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 fully recognized loss carry-forwards, group B represents partially recognized loss carry-forwards and group C represents loss carry-forwards that have not been recognized at all. The distribution is shown in the tables below.

2020 SEK million Group	Total loss carry- forwards	Of which recognized tax	Loss carry- forwards with no recorded tax	of which not recognized tax
A	121.7	26.2	0.0	0.0
B	163.8	19.1	90.1	24.0
C	177.0	0.0	177.0	43.9
<b>Total</b>	<b>462.5</b>	<b>45.3</b>	<b>267.1</b>	<b>67.9</b>

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>

## Note 13 - Shares in associated companies

### Accounting policies

Associated companies are those companies in which the Group directly or indirectly has a significant, but not controlling, influence, generally corresponding to between **20** and **50** percent of the voting rights. Shares in associated companies are accounted for using the equity method and are initially recorded at cost. 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. This

item is recognized in operating result, since the associated companies essentially carry out the same operations as the Group's other business activities. 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 dividends received.

SEK million	Corporate identity number	Domicile	Share of capital, %	Share of votes, %	Number of shares	2020 Book value	2019 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	32.0	29.5
Jobman Workwear GmbH	758048	Freiberg	49	49	2	0.6	2.2
Other			-	-	-	0.0	0.1
<b>Total</b>						<b>39.7</b>	<b>39.0</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	
	2020	2019	2020	2019	2020	2019
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	1.2	2.2	-0.5	-0.2	None	None

## Note 14 - Other long-term receivables

SEK million	2020	2019
Deposits	5.3	6.5
Other long-term receivables	8.7	8.1
<b>Total</b>	<b>14.0</b>	<b>14.7</b>

## Note 15 - Inventory

### Accounting policies

Inventory is recognized at the lower of cost, as determined by applying the first-in/first-out principle (FIFO), and net realizable value. The net realizable value is calculated as the estimated selling price less estimated selling expenses. Right-of-return assets are included in the stock value for finished goods and are measured at the value of the costs of goods sold at the point of sale. Deductions are made for internal profits generated through intra-Group sales.

### Key estimates and assumptions

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

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, where the product range mainly comprises basic products with limited fashion risk and thus a lower risk for obsolescence. 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 inventory 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.

SEK million	2020	2019
Raw materials	36.0	49.3
Work in progress	7.9	12.6
Goods in transit	128.2	195.0
Finished goods	2 710.9	3 301.0
<b>Total</b>	<b>2 883.0</b>	<b>3 557.9</b>

Inventory consists of clothes, gift items and accessories for resale as well as raw materials. As of 31 December 2020, the total obsolescence deductions, as an expression of the difference between the lower of cost and fair value, amounted to SEK 144.2 (136.7) million and the provision in relation to finished goods amounted to 5.0% (4.0%). The part of the stock which is recorded to net sales value amounts to SEK 401.3 (340.3) million.



## Note 16 - Financial instruments and financial risk management

### Accounting policies

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 instruments recognized in the Group's consolidated balance sheet include accounts receivable, other receivables, derivatives, liquid assets, long-term and short-term interest-bearing liabilities, accounts payable, other liabilities and accrued expenses. Financial instruments are initially measured at fair value and, subsequently, at fair value or accumulated amortized cost, depending on their classification. Transaction costs are included in the assets' fair values, except in cases in which the change in value is recognized in the Group's consolidated income statement.

A financial asset is derecognized from the Group's consolidated balance sheet when all benefits and risks associated with the ownership have been transferred. A financial liability is derecognized from the Group's consolidated balance sheet when the obligations of the contract have been met, or otherwise extinguished.

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, less provision for expected and occurred credit losses. 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, which is expected to be less than one year, are recognized. Change of provision for expected credit losses on accounts receivable is recognized in the Group's income statement under external expenses.

#### 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 2020 and 2019.

#### 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. Any non-effective part of cash-flow hedges is recorded immediately in the income statement. 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.

#### 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 institutes and lease liabilities. After the initial valuation, to fair value less transaction costs, the interest-bearing liabilities 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

The Group does not have any financial liabilities measured at fair value in the income statement in 2020 and 2019.

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

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

### Key estimates and assumptions

Accounts receivable are short-term by nature and consequently the risk assessment horizon is short. When assessing future expected credit losses, both historical information as well as current and forecasted situations are taken into account. An assessment is made if the total reserve is reasonable in relation to the total outstanding accounts receivable, taking into account past credit losses.

## Financial instruments by category

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.

2020

SEK million

### Financial assets

	Assets at fair value through other comprehensive income	Assets at amortized cost	Total	Fair value
Other long-term receivables	0.0	8.7	8.7	8.7
Accounts receivable	0.0	1 059.3	1 059.3	1 059.3
Other receivables	0.0	61.7	61.7	61.7
Derivatives*	0.0	0.0	0.0	0.0
Cash and cash equivalents	0.0	325.1	325.1	325.1
<b>Total assets</b>	<b>0.0</b>	<b>1 454.7</b>	<b>1 454.7</b>	<b>1 454.7</b>

### Financial liabilities

	Liabilities at fair value through other comprehensive income	Liabilities at amortized cost	Total	Fair value
Interest-bearing liabilities	0.0	2 142.7	2 142.7	2 147.2
Derivatives*	4.7	0.0	4.7	4.7
Accounts payable	0.0	543.6	543.6	543.6
Accrued expenses	0.0	221.8	221.8	221.8
Other liabilities	0.0	43.6	43.6	43.6
<b>Total liabilities</b>	<b>4.7</b>	<b>2 951.7</b>	<b>2 956.4</b>	<b>2 960.9</b>

2019

SEK million

### Financial assets

	Assets at fair value through other comprehensive income	Assets at amortized cost	Total	Fair value
Other long-term receivables	0.0	8.1	8.1	8.1
Accounts receivable	0.0	1 192.8	1 192.8	1 192.8
Other receivables	0.0	82.4	82.4	82.4
Derivatives*	0.0	0.0	0.0	0.0
Cash and cash equivalents	0.0	351.3	351.3	351.3
<b>Total assets</b>	<b>0.0</b>	<b>1 634.6</b>	<b>1 634.6</b>	<b>1 634.6</b>

### Financial liabilities

	Liabilities at fair value through other comprehensive income	Liabilities at amortized cost	Total	Fair value
Interest-bearing liabilities	0.0	3 316.1	3 316.1	3 323.5
Derivatives*	2.2	0.0	2.2	2.2
Accounts payable	0.0	623.2	623.2	623.2
Accrued liabilities	0.0	238.4	238.4	238.4
Other liabilities	0.0	42.2	42.2	42.2
<b>Total liabilities</b>	<b>2.2</b>	<b>4 219.9</b>	<b>4 222.0</b>	<b>4 229.4</b>

\*Derivatives are included in the item other receivables and other liabilities in the Group's consolidated balance sheet.

## Financial risk management

New Wave Group is continuously exposed to various financial risks. Financial risks comprise interest risks, currency risks and liquidity and credit risks. To minimize these risks' impact on the income statement, the Group has a 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. An increase in interest rates by one percentage point would have a negative impact on earnings before tax of SEK **21.4 (33.2)** million, based on the interest-bearing liabilities at year-end. The breakdown by currency of the Group's net debt at year-end is shown in the table below. Net debt breakdown is shown in note **19**.

SEK million	2020	2019
Breakdown by currency	Net debt	Net debt
SEK	-1 149.6	-1 596.0
EUR	-267.4	-587.2
GBP	-9.9	-23.0
USD	-223.4	-434.0
CHF	123.8	97.7
DKK	22.7	-0.2
NOK	-173.6	-273.2
CAD	-166.3	-189.9
CNY	-1.7	8.6
Other	27.6	32.4
<b>Total</b>	<b>-1 817.6</b>	<b>-2 964.8</b>

### Currency risk

A significant portion of New Wave Group's sales are made in foreign currency (**74%**). 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, a part of the sales are made through pre-orders and, at this point, the prices towards the customers are fixed. A pre-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 pre-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, **99 (98)%** of the sales occur in the promo sales channel and adjustments for changes in purchase prices are made continuously. In Sports & Leisure about **74 (74)%** of sales are made through the retail sales channel which means that a part of purchases in the operating segment are hedged against fluctuations in exchange rates. For Gifts & Home Furnishings, **71 (75)%** of the sales are to retail and most of the production takes place in Sweden. Even if sales mainly take place in the retail sales channel, pre-orders do not occur to any great extent. There is thus no large order backlog for future deliveries, but deliveries take place immediately. Consequently, no major currency hedging occurs in this segment and price adjustments to customers

are made continuously in the event of changes in the purchase price. In cases where there is a pre-order, the currency-exposed purchases are hedged.

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 38.3 (35.8) million on the balance sheet date. The corresponding average currency exposure for the year amounted to SEK 37.3 (34.7) million and the below table displays the sensitivity of a reasonable change in the currencies in which the Group has the largest 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.

2020		Change	Impact on result before tax (SEK million)	Impact on equity before tax (SEK million)
Currency	USD	+5%	0.8	1.6
		-5%	-0.8	-1.6
EUR	+5%	1.0	0.1	
	-5%	-1.0	-0.1	
DKK	+5%	0.4	0.0	
	-5%	-0.4	0.0	
HKD	+5%	-0.5	0.0	
	-5%	0.5	0.0	

2019		Change	Impact on result before tax (SEK million)	Impact on equity before tax (SEK million)
Currency	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	

A sensitivity analysis regarding the other currencies does not have a material effect on result before tax for each currency separately. The aggregated effect for other currencies, provided a 5 percent exchange rate increase, would impact result before tax positively by SEK 0.2 (0.6) million.







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## 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 45.3 (52.8) million, calculated on the sales for 2020 where USD and EUR impact the most with SEK 11.4 (17.7) million and SEK 17.8 (18.4) million each. Such an effect on the exchange rates would impact closing equity by SEK 29.1 (30.6) million. The below table displays a sensitivity analysis regarding sales based on the preceding year's currency exchange rates, where a translation of this year's net sales to the exchange rates of the preceding year would have affected net sales by SEK 123.3 (-275.8) million.

SEK million Currency impact per geographic area	2020	2019
USA	43.9	-141.2
Nordic countries	33.7	-17.0
Central Europe	16.3	-34.3
Southern Europe	5.5	-31.9
Other countries	23.9	-51.4
<b>Total</b>	<b>123.3</b>	<b>-275.8</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 continuously 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.

As of 31 December, the Group's total credit limit amounted to SEK 2,845.0 million, of which SEK 2,150.0 million runs until March 2022, USD 18.3 million through January 2024 and SEK 295.3 million has maturity extending until August 2027. The other SEK 250.0 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 key ratios. The covenants are met as of 31 December 2020. Based on the current forecast, management deems that the Group will be able to meet these key ratios 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	2020	2019
2020	0.0	406.3
2021	113.7	153.9
2022	1 035.0	1 813.0
2023	101.5	109.9
2024	64.1	64.6
2025	48.4	47.6
2026 or later	81.5	81.6
<b>Total</b>	<b>1 444.1</b>	<b>2 676.8</b>

SEK million Maturity analysis of New Wave Group's lease liabilities	2020	2019
2020	0.0	132.5
2021	113.0	124.7
2022	126.9	116.6
2023	115.9	103.3
2024	100.9	90.2
2025	80.4	72.1
2026 or later	290.1	262.5
<b>Total</b>	<b>827.3</b>	<b>901.9</b>

Maturity analysis of New Wave Group's other financial liabilities	2020	2019
2020	0.0	905.9
2021	813.7	0.0
<b>Total</b>	<b>813.7</b>	<b>905.9</b>

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 2020 Currency	Hedged volume result, SEK million	Unrealized, SEK million	Number of hedged months
EUR	2.3	-0.6	< 6
USD	31.5	-4.1	< 6
		<b>-4.7</b>	

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
		<b>-2.2</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 at year-end amounted to SEK 1,448.1 (1,627.6) 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 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 also a stage of the process. Furthermore, companies in the Group, based on the 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 2020, confirmed credit losses in Corporate represented **0.12 (0.06)** % 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 2020, confirmed credit losses in these two operating segments represented **0.39 (0.48)** % and **0.38 (0.09)** % of net sales. The Group's customers have been affected by the negative effects of the COVID-19 pandemic, which has led to an increased credit risk. The companies within the Group attach great importance to monitoring the customers' ability to pay and continuously make assessments regarding adequate credit risk reserve.

SEK million	2020	2019
Accounts receivable		
Exposure	1 121.3	1 253.5
Credit risk reserve	-62.0	-60.6
<b>Book value</b>	<b>1 059.3</b>	<b>1 192.8</b>

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

SEK million	2020		2019	
Age analysis	Accounts receivable	Credit risk reserve	Accounts receivable	Credit risk reserve
< 30 days	964.7	-2.5	1 087.9	-2.9
30 - 90 days	52.9	-3.3	94.9	-6.9
> 90 days	103.7	-56.3	70.7	-50.8
<b>Total</b>	<b>1 121.3</b>	<b>-62.0</b>	<b>1 253.5</b>	<b>-60.6</b>

The reserve for expected credit risk in accounts receivable has

SEK million	2020	2019
Credit risk reserve for accounts receivable		
Credit risk reserve at the beginning of the year	-60.6	-53.3
Recovered reserves during the year	3.9	1.9
Reserve for expected credit risks	-12.7	-17.7
Confirmed losses	5.0	9.3
Translation differences	2.4	-1.0
<b>Credit risk reserve at year-end</b>	<b>-62.0</b>	<b>-60.6</b>

been changed as follows:

As of 31 December 2020	Number of customers	Percentage of total customers	Percentage of portfolio
Exposure < 1 SEK million	27 539	99.5%	61.2%
Exposure 1 - 5 SEK million	115	0.4%	20.4%
Exposure > 5 SEK million	19	0.1%	18.4%
<b>Total</b>	<b>27 673</b>	<b>100.0%</b>	<b>100.0%</b>

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>

A description of credit risk exposures is given in the table below:  
**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 risk policy. The Group deals only with well-established financial institutions. Other receivables, which represent **4.2 (5.0)**% of the total credit risk, are managed locally on an ongoing basis in accordance with the Group's 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 statements.

## Note 17 - Related parties

SEK million	The Group's sales to		The Group's purchases from		The Group's receivables on		The Group's liabilities to	
	2020	2019	2020	2019	2020	2019	2020	2019
Jobman Workwear GmbH	5.9	4.5	0.0	0.0	8.5	6.4	0.0	0.0
Dingle Industrilokaler AB	0.2	0.2	4.4	4.3	17.6	23.5	0.4	0.4
Kosta Köpmanshus AB	0.7	3.7	11.6	21.2	0.0	1.9	1.3	0.9
<b>Total</b>	<b>6.9</b>	<b>8.4</b>	<b>16.0</b>	<b>25.5</b>	<b>26.1</b>	<b>31.8</b>	<b>1.8</b>	<b>1.3</b>

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

During the year, companies related to the CEO have purchased goods and services from New Wave Group companies amounting to SEK **0.4 (0.2)** million, and sold goods and services to Group

companies amounting to SEK **0.6 (0.6)** million. All transactions have been carried out under market conditions.



## Note 18 - Prepaid expenses and accrued income

SEK million	2020	2019
Marketing expenses	12.4	13.2
IT expenses	9.0	10.8
Operational costs	7.8	5.5
Insurance costs	3.3	3.6
Accrued income with additional performance obligation	2.5	1.8
Catalogue costs	2.3	4.5
Samples	1.3	4.0
Trade fair costs	1.0	7.0
Wage costs	1.0	0.5
License fees	0.2	4.3
Other prepaid costs	2.5	5.8
<b>Total</b>	<b>43.5</b>	<b>61.2</b>

## Note 19 - Net debt and credit limit

### Net debt

SEK million	2020	2019
Cash and cash equivalents	-325.1	-351.3
Long-term interest-bearing liabilities	1 933.3	2 818.3
Short-term interest-bearing liabilities	209.4	497.8
<b>Total</b>	<b>1 817.6</b>	<b>2 964.8</b>
<i>of which lease liabilities</i>		
Long-term interest-bearing liabilities	635.8	689.9
Short-term interest-bearing liabilities	106.0	113.8
<b>Total</b>	<b>741.8</b>	<b>803.7</b>
Effective interest rate	2.2%	2.3%

### Change in interest-bearing liabilities

SEK million	2020	2019
Liability at the beginning of the year	3 316.1	2 143.2
Opening balance lease liability*	0.0	641.0
Currency effect	-143.4	47.3
New and terminated lease liabilities	119.4	272.7
Borrowing	62.9	386.2
Borrowing through business combinations	6.2	0.0
Amortization	-1 091.8	-71.3
Amortization of lease liabilities	-126.7	-103.0
<b>Liability at year-end</b>	<b>2 142.7</b>	<b>3 316.1</b>

### Credit limit

Interest-bearing liabilities consist of loans and bank overdraft facilities. Amount granted in relation to these liabilities amounts to SEK 2,845.0 (3,211.8) million.

\*Refers to opening balance at transition to IFRS 16.

## Note 20 - Net assets in foreign currencies

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

SEK million	2020	2019
<b>Net assets</b>		
Euro, EUR	947.0	914.2
Canadian dollar, CAD	155.8	156.7
Swiss franc, CHF	206.7	259.4
US dollar, USD	1 311.1	1 456.6
Norwegian krone, NOK	95.8	80.4
Danish krone, DKK	68.3	61.1
Chinese yuan, CNY	30.7	46.4
Polish zloty, PLN	48.8	30.5
Hong Kong dollar, HKD	89.7	85.8
British pound, GBP	55.7	62.0
Icelandic krona, ISK	2.6	4.2
<b>Total net assets in foreign currencies</b>	<b>3 012.3</b>	<b>3 157.4</b>

## Note 21 - Pledged assets and contingent liabilities

### Pledged assets

The Group's pledged assets consist of collateral for the Group's interest-bearing liabilities to credit institutions which amounted to SEK **1,400.9 (2,512.3)** 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 16, section Liquidity risk, for maturity analysis and information regarding the conditions for the Group's financing.

SEK million	2020	2019
Floating charges	690.5	690.5
Property mortgages	172.0	178.0
Net assets in Group companies	3 201.5	3 143.5
Shares in associated companies	8.3	8.3
Inventory and accounts receivable	321.7	613.5
<b>Total</b>	<b>4 394.1</b>	<b>4 633.9</b>

## Contingent liabilities

### Accounting policies

A contingent liability is recognized for a possible obligation, for which it is not yet confirmed that a present obligation exists that could lead to an outflow of resources. Alternatively, there is a present obligation that does not meet the definitions of a provision or a liability as it is not probable that an outflow of resources will be required to settle the obligation or a sufficiently reliable estimate of the amount of the obligation cannot be made.

SEK million	2020	2019
Duty guarantees	12.2	11.4
Rent guarantees	151.5	177.7
Other guarantees	0.0	1.0
Guarantees for associated companies	6.0	6.0
<b>Total</b>	<b>169.7</b>	<b>196.1</b>

## Note 22 - Other current liabilities

SEK million	2020	2019
VAT	109.6	83.9
Employee withholding taxes	20.0	11.5
Liabilities to employees	9.2	8.4
Repayment liabilities, returns	8.6	11.6
Currency futures	4.7	2.2
Social security contributions	3.4	1.7
Other wage deductions	2.4	1.3
Purchase price not paid	0.0	2.3
Other items	19.7	17.0
<b>Total</b>	<b>177.6</b>	<b>139.8</b>

## Note 23 - Accrued expenses and prepaid income

SEK million	2020	2019
Salaries and payroll fees	138.6	149.6
Repayment liabilities for accrued bonuses, kick-backs, rebates	53.1	47.9
Prepaid income	13.5	6.0
Sales commissions	11.4	15.2
Accrued royalty costs	11.2	13.4
Marketing costs	9.9	13.5
Electricity and rental costs	8.0	8.1
Audit fees	5.6	5.5
Consultancy fees	3.9	7.0
Freight costs	2.4	4.6
Interest	0.1	2.1
Other items	14.6	11.9
<b>Total</b>	<b>272.5</b>	<b>285.1</b>

## Note 24 - Adjustment for items not included in cash flow

### Accounting policies

The cash flow statement is prepared in accordance with the indirect method.

SEK million	2020	2019
Amortizations, depreciations and write-downs of tangible and intangible fixed assets	229.5	233.1
Depreciation as a part of production costs/goods for resale	13.9	16.4
Result from business combinations	0.0	-11.4
Currency effects	27.4	-4.0
Other items	-6.2	-2.2
<b>Total</b>	<b>264.5</b>	<b>231.9</b>

## Note 25 - 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 3,855.5 (3,770.7) 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 2020, the return on equity amounted to 9.5 (10.3)% with an equity ratio of 53.4 (44.9)%.

The Group's dividend policy is that 40% of the Group's net result will be distributed over a business cycle, but in light of the ongoing pandemic and its difficult-to-assess consequences in 2021, the Board has decided to propose to the AGM that no dividend shall be paid. With respect to the Group's continued strong financial position, the Board's assessment is that there are good opportunities for a dividend during the latter part of 2021 and the Board will return in the interim report for the third quarter, which is scheduled to be published on November 5 2021, with proposal on when a resumption of dividend can take place.

No dividend was paid during 2020.

## Note 26 - Disclosures related to COVID-19

### Accounting policies

During 2020 the Group has received grants from governments around the world related to actions that have been introduced due to the outbreak of COVID-19. New Wave Group has during 2020 also received government loans related to the actions that have been introduced due to the outbreak of COVID-19. A government loan is initially measured at fair value less transaction costs and after the initial valuation measured at amortized cost by applying the effective interest method. If there is a possibility to receive loan forgiveness, an assessment is performed to determine whether it is reasonable certain that the Group will meet the requirements to receive a loan forgiveness. If the assessment is that there is reasonable assurance that the Group will meet the requirements, the government loan will be recognized as other operating income in the Group's consolidated income statement.

During the year, some Group companies have received rent concessions and in those cases the Group has applied the rent concession practical expedient introduced in IFRS 16 in response to the COVID-19 pandemic. The rent concessions are recorded as variable leasing payments.

### Disclosures related to COVID-19

In connection with the COVID-19 crisis, companies within the Group have taken part of the support packages that governments around the world have issued. This note contains information about the government support that the Group has received and their financial impact. In several countries, the Group has also taken part in support packages where employees reduce their working hours and receive compensation directly from the government. The financial impact from this is reduced personnel costs, but is not defined as a government grant.

### Government grants

During 2020 the Group has received government grants, mainly related to temporary lay-offs, in several countries. Employees reduce their working hours, but can keep main part of their salary and the employer temporary receives government grants to cover main part of the personnel costs for the employees.

The table below contains information on total received grants that are recorded as other operating income and grants that are received, but recorded as other liabilities as they relate to costs that have not yet occurred.

	2020
Other operating income	75.7
Other liabilities	1.3

### Deferment of payment of taxes and social charges

In some countries, the Group has been granted a deferral of payment of taxes and social charges. In Sweden, for example, it is possible to get a deferral for three periods and for a maximum of 12 months. The table below contains information on total liabilities for which the Group has been granted a deferral. All liabilities fall due within 12 months.

	2020
Other liabilities	20.2

### Government loans

The Group has chosen to use the opportunity to obtain government loans in the US (so-called PPP loans), France and the UK. The table below contains information on the government loans received. The loans in the US, which accounts for SEK 44.1 million, can be forgiven if certain conditions are met. The Group's assessment is that it is currently not reasonably certain that the Group will meet the conditions and thus the loans are reported as liabilities.

	2020
Long-term interest-bearing liabilities	36.8
Short-term interest-bearing liabilities	12.9
	<b>49.7</b>

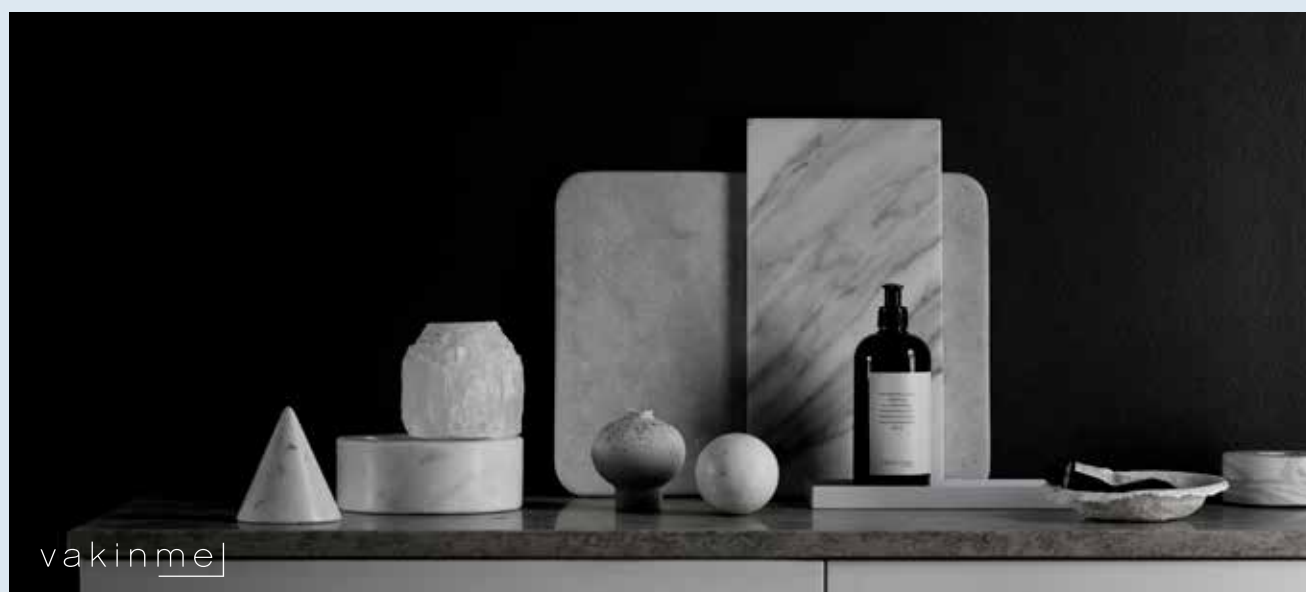




## Income statement

SEK million	Note	2020	2019
Net income	2	90.5	103.7
Other operating income	3	41.1	36.8
<b>Total income</b>		<b>131.5</b>	<b>140.4</b>
<b>Operating costs</b>			
External costs	2, 6, 11	-55.4	-68.0
Personnel costs	4, 5	-42.8	-38.7
Amortizations, depreciations and write-downs of tangible and intangible fixed assets	10, 11	-6.2	-5.8
Other operating costs		-35.2	-27.1
<b>Operating result</b>		<b>-8.0</b>	<b>0.9</b>
Result from shares in Group companies		80.5	172.0
Change in write-downs of financial assets		7.8	24.5
Financial income		56.6	55.2
Financial expenses		-42.4	-38.7
<b>Net financial items</b>	7	<b>102.5</b>	<b>213.0</b>
<b>Result before appropriations and tax</b>		<b>94.6</b>	<b>213.9</b>
Appropriations	8	7.6	55.7
Tax expense	9	0.0	-12.4
<b>Result for the year</b>		<b>102.1</b>	<b>257.2</b>

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



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## Cash flow statement

SEK million	2020	2019
<b>Operating activities</b>		
Operating result	-8.0	0.9
Adjustment for items not included in cash flow	17.9	5.3
Received dividends	0.0	27.1
Received interest	56.6	55.2
Paid interest	-42.4	-38.7
Paid income tax	-4.6	-13.4
<b>Cash flow from operating activities before changes in working capital</b>	<b>19.5</b>	<b>36.4</b>
<b>Changes in working capital</b>		
Increase/decrease in current receivables	743.9	-105.2
Increase/decrease on current liabilities	147.4	-124.8
<b>Cash flow from changes in working capital</b>	<b>891.4</b>	<b>-229.9</b>
<b>Cash flow from operating activities</b>	<b>910.9</b>	<b>-193.5</b>
<b>Investing activities</b>		
Shareholder contributions to Group companies	-6.5	0.0
Repayment of shareholder contributions from Group companies	0.0	0.0
Investments in associated companies	0.0	-0.8
Investments in tangible fixed assets	-3.6	-0.7
Investments in intangible fixed assets	-2.5	-2.0
Acquisition of shares	0.0	-18.6
Intra-Group sales of Group companies	14.5	0.0
Changes in long-term loans to Group companies	2.5	13.1
Raised long-term receivables	0.9	-0.9
<b>Cash flow from investing activities</b>	<b>5.3</b>	<b>-9.9</b>
<b>Cash-flow after investing activities</b>	<b>916.2</b>	<b>-203.4</b>
<b>Financial activities</b>		
Loans raised	0.0	416.2
Amortization of loans	-936.4	-63.9
Dividend paid to shareholders of the Parent company	0.0	-132.7
<b>Cash-flow from financial activities</b>	<b>-936.4</b>	<b>219.6</b>
<b>Cash flow for the year</b>	<b>-20.2</b>	<b>16.2</b>
Liquid assets at the beginning of the year	20.6	4.5
<b>Liquid assets at the end of the year</b>	<b>0.4</b>	<b>20.6</b>
<b>Liquid assets</b>		
Cash and cash equivalents	0.4	20.6



## Balance sheet

As of 31 December

SEK million	Note	2020	2019
<b>ASSETS</b>			
Intangible fixed assets	10	6.6	8.7
Tangible fixed assets	11	4.7	2.6
Shares in Group companies	12	2 236.1	2 275.7
Shares in associated companies	13	38.1	42.8
Receivables on Group companies		326.9	369.7
Other long-term receivables		5.4	6.3
<b>Total non-current assets</b>		<b>2 617.8</b>	<b>2 705.7</b>
Accounts receivable		0.5	0.3
Receivables on Group companies		1 351.8	1 959.5
Current tax receivables		1.2	0.0
Other receivables	14	24.5	35.0
Prepaid expenses and accrued income		8.4	9.6
Cash and cash equivalents		0.4	20.6
<b>Total current assets</b>		<b>1 386.8</b>	<b>2 025.1</b>
<b>TOTAL ASSETS</b>		<b>4 004.6</b>	<b>4 730.8</b>



SEK million	Note	2020	2019
<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		1 552.4	1 295.1
Share premium reserve		48.0	48.0
Result for the year		102.1	257.2
<b>Total unrestricted equity</b>		<b>1 702.5</b>	<b>1 600.4</b>
<b>Total equity</b>		<b>2 151.0</b>	<b>2 048.8</b>
<b>Untaxed reserves</b>	16	<b>57.3</b>	<b>64.9</b>
<b>LIABILITIES</b>			
Long-term interest-bearing liabilities	17, 19	1 040.0	1 748.6
<b>Total non-current liabilities</b>		<b>1 040.0</b>	<b>1 748.6</b>
Short-term interest-bearing liabilities	17, 19	89.8	346.2
Accounts payable		218.0	242.3
Liabilities to Group companies		437.2	268.3
Current tax liabilities		0.0	3.4
Other liabilities		1.3	1.1
Accrued expenses and prepaid income	18	10.1	7.3
<b>Total current liabilities</b>		<b>756.4</b>	<b>868.5</b>
<b>Total liabilities</b>		<b>1 796.3</b>	<b>2 617.1</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>4 004.6</b>	<b>4 730.8</b>

## Changes in equity

SEK million	Share capital	Restricted reserves	Retained earnings	Share premium reserve	Result for the year	Total equity
<b>Opening balance 2019-01-01</b>	<b>199.0</b>	<b>249.4</b>	<b>1 234.5</b>	<b>48.0</b>	<b>193.3</b>	<b>1 924.3</b>
Transfer according to decision at AGM			193.3		-193.3	0.0
Result for the year					257.2	257.2
<b>Total changes, excluding transactions with shareholders</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>257.2</b>	<b>257.2</b>
Dividends			-132.7			-132.7
<b>Closing balance 2019-12-31</b>	<b>199.0</b>	<b>249.4</b>	<b>1 295.1</b>	<b>48.0</b>	<b>257.2</b>	<b>2 048.8</b>
<b>SEK million</b>	<b>Share capital</b>	<b>Restricted reserves</b>	<b>Retained earnings</b>	<b>Share premium reserve</b>	<b>Result for the year</b>	<b>Total equity</b>
<b>Opening balance 2020-01-01</b>	<b>199.0</b>	<b>249.4</b>	<b>1 295.1</b>	<b>48.0</b>	<b>257.2</b>	<b>2 048.8</b>
Transfer according to decision at AGM			257.2		-257.2	0.0
Result for the year					102.1	102.1
<b>Total changes, excluding transactions with shareholders</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>102.1</b>	<b>102.1</b>
Dividends			0.0			0.0
<b>Closing balance 2020-12-31</b>	<b>199.0</b>	<b>249.4</b>	<b>1 552.4</b>	<b>48.0</b>	<b>102.1</b>	<b>2 151.0</b>

## 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 recognised 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 2020

No new accounting policies that entered into force in 2020 are deemed to have had any material impact on the Group financial statements.

## Note 2 - Related parties

### Sales

Of the Parent company's invoiced sales, SEK **90.0 (103.2)** million equivalent to **99.4 (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 2020.

## Note 3 - Other operating income

SEK million	2020	2019
Foreign exchange gains	36.4	31.1
Other contributions and payments	4.6	5.6
<b>Total</b>	<b>41.1</b>	<b>36.8</b>

## Note 4 - Average number of employees

	2020		2019	
	Number of employees	Of which men	Number of employees	Of which men
Gothenburg	47	31	38	26
<b>Total</b>	<b>47</b>	<b>31</b>	<b>38</b>	<b>26</b>

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

SEK million	2020 Salaries and other remuneration	Social security contributions	Of which pension costs	2019 Salaries and other remuneration	Social security contributions	Of which pension costs
	28.4	13.0	4.1	23.9	12.1	3.9
Of the Parent company's pension costs SEK 0.3 (0.3) million concerns the Board and the CEO.						
<b>Salaries and other remuneration divided between Board members, CEO and other employees</b>						
SEK million	2020 Board and CEO	Of which bonus	Other employees	2019 Board and CEO	Of which bonus	Other employees
	2.1	0.0	26.4	2.1	0.0	21.8
<b>Board members' fees</b>	<b>2020</b>	<b>2019</b>				
External members of the Parent company's Board	1.4	1.2				
Of which to the Chairman of the Board	0.4	0.4				

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 four 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. Mutual notice period is between three to six months 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	2020 Salaries and other remuneration	Of which bonus	Pension costs	2019 Salaries and other remuneration	Of which bonus	Pension costs
Torsten Jansson, CEO	0.7	0.0	0.3	0.9	0.0	0.3
Olof Persson, Chairman of the Board	0.4	0.0	0.0	0.4	0.0	0.0
Christina Bellander, Board Member	0.2	0.0	0.0	0.2	0.0	0.0
Mats Árjes, 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	0.2	0.0	0.0	0.1	0.0	0.0
Magdalena Forsberg, Board Member	0.2	0.0	0.0	0.1	0.0	0.0
Other senior executives*	4.0	0.2	1.6	5.0	0.3	1.9
<b>Total</b>	<b>6.1</b>	<b>0.2</b>	<b>1.9</b>	<b>7.1</b>	<b>0.3</b>	<b>2.2</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 2020 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 2021 amount to SEK 2.7 (2.4) 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 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% (148%).

## Note 6 - Remuneration to auditors

SEK million	2020	2019
Audit assignment		
Ernst & Young	1.0	0.9
Audit work outside audit assignment	0.3	0.3
Tax consultancy	0.2	0.1
<b>Total</b>	<b>1.6</b>	<b>1.3</b>

## Note 7 - Financial income and expenses

SEK million	2020	2019
Write-down of financial fixed assets	0.0	-7.5
Reversal write-down of financial fixed assets	7.8	31.9
Write-down of shares in Group companies	-36.2	-26.0
Dividends from Group companies	116.7	198.0
Financial income, Group companies	54.2	55.0
Financial income, other	2.3	0.2
Financial expenses, Group companies	-4.5	-1.7
Financial expenses, other	-37.9	-37.0
<b>Total</b>	<b>102.5</b>	<b>213.0</b>

## Note 8 - Appropriations

SEK million	2020	2019
Group contributions received	0.0	100.0
Group contributions provided	0.0	-27.3
Accelerated depreciation	0.8	2.2
Change in tax allocation reserve	6.8	-19.3
<b>Total</b>	<b>7.6</b>	<b>55.7</b>

## Note 9 - Tax expense

SEK million	2020		2019	
Current tax	0.0		-12.4	
<b>Total</b>	<b>0.0</b>		<b>-12.4</b>	
<b>Reconciliation of effective tax</b>				
Result before tax	102.2		269.6	
Tax expense according to local tax rate	-21.9	-21.4%	-57.7	-21.4%
<b>Tax effects from:</b>				
Non-taxable income	30.1	29.5%	52.7	19.6%
Non-deductible expenses	-8.2	-8.0%	-7.4	-2.7%
Tax attributable to previous years	0.0	0.0%	0.0	0.0%
Other	-0.1	-0.1%	-0.1	0.0%
<b>Tax according to income statement</b>	<b>0.0</b>	<b>0.0%</b>	<b>-12.4</b>	<b>-4.6%</b>

## Note 10 - Intangible fixed assets

SEK million	Trademarks		Computer software	
	2020	2019	2020	2019
<b>Accumulated acquisition values</b>				
Opening accumulated acquisition values	7.0	7.0	46.6	44.6
Acquisitions	0.0	0.0	2.5	2.0
<b>Closing accumulated acquisition values</b>	<b>7.0</b>	<b>7.0</b>	<b>49.1</b>	<b>46.6</b>
<b>Accumulated amortizations</b>				
Opening accumulated amortizations	-7.0	-6.9	-37.9	-33.7
Amortizations	0.0	-0.1	-4.6	-4.3
<b>Closing accumulated amortizations</b>	<b>-7.0</b>	<b>-7.0</b>	<b>-42.6</b>	<b>-37.9</b>
<b>Closing book value</b>	<b>0.0</b>	<b>0.0</b>	<b>6.6</b>	<b>8.7</b>



## Note 11 - Tangible fixed assets

SEK million	Equipment, tools and installations	
	2020	2019
<b>Accumulated acquisition values</b>		
Opening acquisition values	18.6	17.9
Acquisitions	3.6	0.7
<b>Closing accumulated acquisition values</b>	<b>22.3</b>	<b>18.6</b>
<b>Accumulated depreciations</b>		
Opening accumulated depreciations	-16.1	-14.6
Depreciations	-1.5	-1.4
<b>Closing accumulated depreciations</b>	<b>-17.6</b>	<b>-16.1</b>
<b>Closing book value</b>	<b>4.7</b>	<b>2.6</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	2020	SEK million	2019
2021	5.3	2020	3.5
2022	5.2	2021	3.3
2023	5.2	2022	3.2
2024	5.1	2023	1.6
2025 incl. fees through contract period end	2.6	2024 incl. fees through contract period end	3.4
<b>Operational leasing costs for the year</b>	<b>4.1</b>	<b>Operational leasing costs for the year</b>	<b>3.6</b>

## Note 12 - Shares in Group companies

	Share of capital, %	Share of votes, %	Number of shares	Book value, SEK million
Craft of Scandinavia AB <sup>1</sup>	100	100	50 000	64.0
Dahetra A/S	100	100	1 000	28.9
DJ Frantextil AB	100	100	30 000	25.1
EBAS Group BV <sup>2</sup>	100	100	5 100	27.0
8016267 Canada Inc	100	100	10 000	9.4
GC Sportswear OY	100	100	8 000	7.4
Intraco Holding BV <sup>3</sup>	64	64	49 804	33.4
Jobman Workwear AB	100	100	10 000	67.9
New Wave Austria GmbH	100	100	-	30.4
New Wave Danmark A/S	100	100	2	1.2
New Wave France SAS	100	100	100	5.0
New Wave Group International Trading Ltd	100	100	-	0.0
New Wave Group SA <sup>4</sup>	100	100	100	0.5
New Wave Holland BV <sup>5</sup>	100	100	13 616	104.4
New Wave Iceland ehf.	80	80	59 248 000	4.6
New Wave Italia S.r.l	100	100	500 000	6.7
New Wave Mode AB	100	100	100 000	111.0
New Wave Profile Professionals AB	100	100	1 000	0.1
New Wave Norway AS	100	100	9 000	1.0
New Wave Sportswear S.A.	100	100	1 000	2.4
New Wave Trading Shanghai Ltd	100	100	-	0.0
New Wave USA Inc <sup>6</sup>	100	100	-	1 068.5
Orrefors Kosta Boda AB <sup>7</sup>	100	100	100 000	53.7
OY Trexet Finland AB	100	100	600	1.4
New Wave Group Canadian Distribution Inc <sup>8</sup>	100	100	1 000	149.2
Paris Glove of Canada Ltd	27	27	2 903 481	0.0
Pax Scandinavia AB	100	100	2 400	9.1
Projob Workwear AB	100	100	1 015 684	11.8
Sagaform AB <sup>9</sup>	100	100	5 611 223	53.0
Seger Europe AB	100	100	10 000	22.0
Textet AB	100	100	58 500	85.9
Textet Benelux BV	89	89	8 458 627	144.5
Textet France SAS	96	96	47 798	0.0
Textet Poland Sp z o.o.	100	100	15 459	9.8
Textilgrossisten Hefa AB <sup>10</sup>	100	100	18 985	42.0
Tg-H Benelux NV	99	99	100	0.0
United Brands of Scandinavia Ltd	100	100	200	55.0
<b>Total</b>				<b>2 236.1</b>

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

<sup>2</sup> EBAS Group BV owns 11% of Textet Benelux NV, 4 % of Textet France SAS and 100 % of Textet Harvest Spain SL.

<sup>3</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>4</sup> New Wave Group SA owns Multi Sourcing Asia Ltd, New Wave Trading Shanghai Ltd and New Wave Group India Buying Private Ltd.

<sup>5</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>6</sup> New Wave USA Inc owns 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, which in turn owns Tournament Solutions LLC.

<sup>7</sup> Orrefors Kosta Boda AB owns Glasma AB, Lågprisvaruhuset Kosta AB, Smålandsriket Fastigheter AB, Orrefors Kosta Boda AS and Orrefors Kosta Event AB, which in turn owns Kosta Boda Art Hotel AB, Kosta Lodge AB, Kosta Food & Beverage AB, Kosta Outdoor AB, Kosta Fashion AB, Kosta Förlag AB and Kosta Taxi & Limousine AB.

<sup>8</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>9</sup> Sagaform AB owns Sagaform AS and Sagaform GmbH.

<sup>10</sup> Textilgrossisten Hefa AB owns Textet GmbH which in turn owns New Wave GmbH.

## Information regarding corporate identity numbers and domiciles for the Group companies:

	Corporate identity number	Domicile
AHEAD LLC	45-2433808	New Bedford, 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
Desktop Ideas Ltd	3735458	Oxfordshire, UK
DJ Frantextil AB	556190-4086	Munkedal, 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
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 Lodge AB	559043-4857	Lessebo, Sweden
Kosta Outdoor AB	559043-4881	Lessebo, Sweden
Smålandsriktet Fastigheter AB	559140-4107	Lessebo, Sweden
Kosta Taxi & Limousine AB	559086-2289	Lessebo, Sweden
Laurentide Gloves Ltd	1142613307	Montreal, Canada
Toppoint BV	5055988	Bergentheim, The Netherlands
Lågprisvaruhuset 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 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
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

	Corporate identity number	Domicile
New Wave Italia S.r.l	1 057 640 193	Codogno, Italy
New Wave Mode AB	556312-5771	Munkedal, Sweden
New Wave Norway AS	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 Kosta 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 LLC	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	Munkedal, Sweden
Sagaform AB	556402-4064	Borås, Sweden
Sagaform AS	919943033	Skien, Norway
Sagaform GmbH	HRB22459	Oberaudorf, Germany
Sagaform Inc	1000955169	West Berlin, USA
Sejer 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	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
Tournament Solutions LLC	10-0000488	Manchester, USA
United Brands of Scandinavia Ltd	5480650	Hirwaun, UK
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	2020	2019
Dingle Industrilokaler AB	8.3	8.3
Kosta Köpmanshus AB	29.4	29.4
Jobman Workwear GmbH	0.4	5.1
<b>Total</b>	<b>38.1</b>	<b>42.8</b>

	Corporate identity number	Domicile	Share of capital, %	Share of votes, %	Number of shares	2020 (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	1.2	-1.0

## Note 14 - Prepaid expenses and accrued income

SEK million	2020	2019
Prepaid IT and license costs	3.5	6.9
Prepaid marketing expenses	2.6	1.0
Prepaid rents	1.2	0.9
Accrued income	0.9	0.0
Other items	0.3	0.8
<b>Total</b>	<b>8.4</b>	<b>9.6</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 2020 with a quota value of SEK 3.00 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	2020	2019
Accelerated depreciation	2.4	3.1
Tax allocation reserve 2016	0.0	3.5
Tax allocation reserve 2017	0.0	16.5
Tax allocation reserve 2018	13.3	22.4
Tax allocation reserve 2019	22.4	19.3
Tax allocation reserve 2020	19.3	0.0
<b>Total</b>	<b>57.3</b>	<b>64.9</b>

Deferred tax on untaxed reserves amounts to SEK 12.5 (13.9) million.

## Note 17 - Credit limit

Amount granted in relation to loans and bank overdraft facilities amounts to SEK **2,845.0 (3,211.8)** million. The total credit facility amounted to SEK **2,845.0** million as of 31 December 2020. 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 **2,600.5 (2,832.7)** million. Of this amount, USD **18.3** million runs until January 2024 and SEK **295.3** million until August 2027. The remaining part runs until March 2022.

## Note 18 - Accrued expenses and prepaid income

SEK million	2020	2019
Holiday pay liability	5.6	4.1
Special employer's contribution	1.9	1.9
Social security contributions	0.8	0.6
Financial expenses	0.8	0.0
Audit fees	0.4	0.2
Other items	0.6	0.5
<b>Total</b>	<b>10.1</b>	<b>7.3</b>

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

SEK million	2020	2019
Floating charges	30.0	30.0
Shares in Group companies	1 744.3	1 751.4
Shares in associated companies	8.3	8.3
<b>Total</b>	<b>1 782.6</b>	<b>1 789.7</b>

The Parent company's pledged assets consists of collateral for the company's interest bearing liabilities to credit institutions which amounted to SEK **1,129.8 (2,094.8)** million at year-end. See further note 16, 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	2020	2019
2020	0.0	389.3
2021	104.3	136.9
2022	787.3	1 417.6
2023	94.5	102.6
2024	58.2	59.7
2025	45.7	45.8
2026 or later	78.3	78.3

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	2020	2019
Guarantees for Group companies	555.7	820.9
Guarantees for associated companies	6.0	6.0
<b>Total</b>	<b>561.7</b>	<b>826.9</b>





## 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 profitability target.
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.
NET SALES GROWTH	Sales growth including currency effects.	The measure is used to show growth in the Group and to measure how the Group meets its growth target.
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 growth target.
OPERATING MARGIN BEFORE DEPRECIATIONS	Operating result before depreciation as a percentage of the period's net sales.	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.	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.
NET DEBT TO CREDIT INSTITUTES	Interest-bearing liabilities (current and non-current) less lease liabilities and less cash and cash equivalents.	The measure shows financing from borrowings excluding lease liabilities
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 profitability target.
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.

# 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 2020. 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, 2020 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, 2020 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. 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 **6,098.8** million in 2020. On page 74 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. Further, our audit includes detailed analysis of recorded revenue for different agreements based on historical results, budgets, and the follow ups were made to deviations from the expected outcome. We have performed random inspection of contracts and the transfer of risk associated to the period close in order to verify correct revenue accruals. Our audit has also included 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 revenue disclosures.

### Valuation of goodwill and trademarks

The reported value for intangible assets amounted to SEK **1,380.9** million per 31 of December 2020 according to the consolidated statement regarding financial position. That amount represents **19** 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 disclosures related to valuation of goodwill and trademarks in the annual report.

### Valuation of inventory

The reported value of inventory amounted to SEK **2,883.0** million per 31 of December 2020 according to the consolidated statement regarding financial position. That amount represents **40** 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 15 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 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 remuneration report for 2020 is also other information. 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 scepticism 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 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 2020 and the proposed appropriations of the Company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the 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.

**Gothenburg, April 1, 2021**

Ernst & Young AB



Jonas Svensson  
Authorized Public Accountant



# The Group's development

## in summary

SEK million	2020	2019	2018	2017	2016
<b>Income statement in brief</b>					
Net sales	6 098.8	6 903.5	6 290.6	5 597.3	5 237.1
Other operating income	146.2	77.9	74.8	51.2	51.0
Operating costs	-5 469.5	-6 213.4	-5 804.7	-5 114.1	-4 832.0
EBITDA	775.4	768.1	560.7	534.4	456.1
Amortizations, depreciations and write-downs	-229.5	-233.1	-77.9	-65.3	-55.9
Operating result	545.9	535.0	482.8	469.1	400.2
Net financial items	-64.9	-68.2	-40.9	-51.9	-59.9
Result before tax	481.0	466.7	441.8	417.2	340.3
Tax	-118.0	-96.7	-81.8	-63.2	-63.6
<b>Result for the year</b>	<b>363.0</b>	<b>370.1</b>	<b>360.0</b>	<b>354.0</b>	<b>276.7</b>
Total comprehensive income for the year	84.8	468.0	517.6	301.5	369.9
<b>Balance sheet in brief</b>					
Trademarks	494.3	543.4	516.7	487.4	521.6
Other fixed assets	2 336.4	2 560.5	1 703.9	1 477.1	1 526.1
Inventory	2 883.0	3 557.9	3 230.9	2 643.4	2 496.4
Accounts receivable	1 059.3	1 192.8	1 084.1	982.8	906.2
Other current assets	118.5	188.4	213.6	160.0	155.0
Liquid assets	325.1	351.3	312.2	202.4	218.9
<b>Total assets</b>	<b>7 216.7</b>	<b>8 394.3</b>	<b>7 061.4</b>	<b>5 953.1</b>	<b>5 824.2</b>
Equity attributable to the Parent company's shareholders	3 845.0	3 754.4	3 415.0	3 006.6	2 794.6
Equity attributable to non-controlling interest	10.5	16.3	19.2	22.6	22.6
Provisions	165.7	165.0	166.1	148.4	185.3
Interest-bearing liabilities	2 142.7	3 316.1	2 143.2	1 839.7	1 967.8
Non-interest-bearing liabilities	1 052.7	1 142.5	1 317.9	935.8	853.9
<b>Total equity and liabilities</b>	<b>7 216.7</b>	<b>8 394.3</b>	<b>7 061.4</b>	<b>5 953.1</b>	<b>5 824.2</b>
<b>Cash flows</b>					
Cash flow before changes in working capital and investments	631.8	605.0	429.7	451.0	333.4
Changes in working capital	574.8	-505.6	-207.1	-243.2	115.5
Cash flow before investments	1 206.6	99.5	222.6	207.8	448.9
Net investments	-57.5	-148.7	-163.2	-110.6	-89.6
Cash flow after investments	1 149.1	-49.3	59.4	97.2	359.3
Cash flow from financing activities	-1 155.6	80.4	39.3	-106.3	-313.3
<b>Cash flow for the year</b>	<b>-6.4</b>	<b>31.2</b>	<b>98.7</b>	<b>-9.1</b>	<b>46.0</b>

	2020	2019	2018	2017	2016
<b>Key figures</b>					
Gross profit margin, %	43.2	46.4	46.6	46.1	46.0
Operating margin, %	9.0	7.7	7.7	8.4	7.6
Profit margin, %	7.9	6.8	7.0	7.5	6.5
Net margin, %	6.0	5.4	5.7	6.3	5.3
Return on capital employed, %	8.4	8.6	9.4	9.8	8.6
Return on equity, %	9.5	10.3	11.2	12.2	10.4
Equity ratio*, %	53.4	44.9	48.6	50.9	48.4
Net debt to equity ratio*, %	47.1	78.6	53.3	54.1	62.1
Net debt in relation to working capital*, %	59.5	77.1	57.0	54.7	64.7
Interest coverage ratio*, times	8.0	7.1	10.5	8.3	6.5
Inventory turnover, times	1.1	1.1	1.1	1.2	1.1
Average number of employees	2 064	2 579	2 566	2 495	2 396
Sales outside Sweden, %	74.5	76.7	75.7	76.5	76.4
<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
Earnings per share before and after dilution, SEK	5.51	5.66	5.48	5.34	4.16
Equity per share before and after dilution, SEK	57.96	56.59	51.47	45.32	42.12
Share price at 31 December, SEK	54.50	59.80	47.40	54.50	55.25
P/E ratio as of 31 December	9.89	10.56	8.70	10.20	13.30
Dividends per share, SEK	-	2.00	1.70	1.35	1.00
Dividends yield, %	-	3.34	3.59	2.48	1.81
Operating cash flow per share, SEK	18.19	1.50	3.36	3.13	6.77

\*The key figures for 2020 and 2019 have been affected by accounting according to IFRS 16.

\*\*The number of shares are the same before and after dilution.

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19 May 2021

# Annual General Meeting



2021

## Notification

Postal votes and powers of attorney shall be sent by letter to:  
New Wave Group AB (publ)  
"AGM"  
Kungsporsavenyen 10  
SE-411 36, Gothenburg, Sweden

Postal votes and powers of attorney must have been received by the company no later than on 18 May 2021.



The Annual General Meeting (AGM) will take place on Wednesday, 19 May, 2021. As a result of the spread of the coronavirus, New Wave Group has, in accordance with the Act (2020:198), resolved that shareholders will not be allowed to attend the AGM in person or by proxy. A person not being a shareholder will neither be allowed to attend. Shareholders will be able to exercise their voting rights by way of postal voting.

Shareholders, who wish to exercise their voting rights at the Meeting, shall be registered in the register of shareholders on 10 May 2021 and send their postal vote to New Wave Group (see address on the right). Shareholders shall use the form for postal voting, available on the company's website [www.nwg.se/investorrelations/bolagsstamma/](http://www.nwg.se/investorrelations/bolagsstamma/) (the form will only be available in the Swedish language). The postal vote shall have been received by the company no later than on 18 May 2021. Please note that postal voting must be done by sending a physical letter, postal voting by e-mail is not accepted. A shareholder that sends a postal vote to the company in accordance with what is set out above must not give notice of participation, the postal vote form is accepted as notice of participation in the Meeting.

If the shareholder intends to be represented by proxy, a written, dated, power of attorney shall be issued for the proxy. The original power of attorney should be sent to the company (see address on the right) and received by the company no later than on 18 May 2021. 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).

## Trustee-registered shares

Shareholders with trustee-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 12 May 2021 and shall be requested at the trustee holding the shares in good time prior to this date.

## Items

The items prescribed by law and the articles of association, the below proposals for dividends and other items mentioned in the notice to convene the meeting will be addressed at the AGM.

## Dividend

In light of the ongoing pandemic and its difficult-to-assess consequences in 2021, the Board has decided to propose to the AGM that no dividend shall be paid. The Group has a strong financial position and there are good opportunities for a dividend during the latter part of 2021 and the Board will return at the latest in the interim report for the third quarter, which is scheduled to be published on November 5 2021, with proposal on when a resumption of dividend can take place.



***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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