

New Wave Group AB

**2020**  
*Year-end report*

January - December

# Trademarks

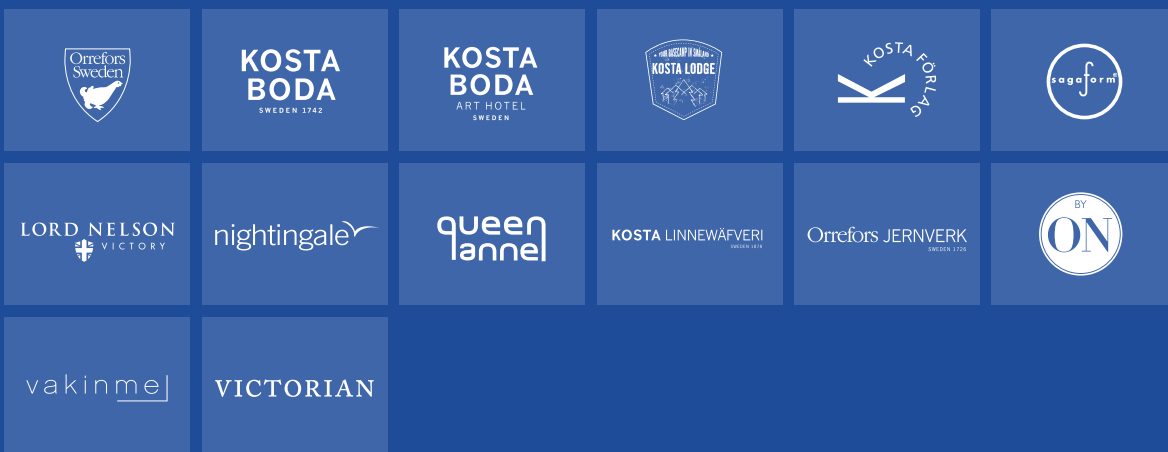
## Corporate



## Sports & Leisure



## Gifts & Home Furnishings



New Wave Group AB

# Year-end report

## PERIOD 1 OCTOBER - 31 DECEMBER 2020

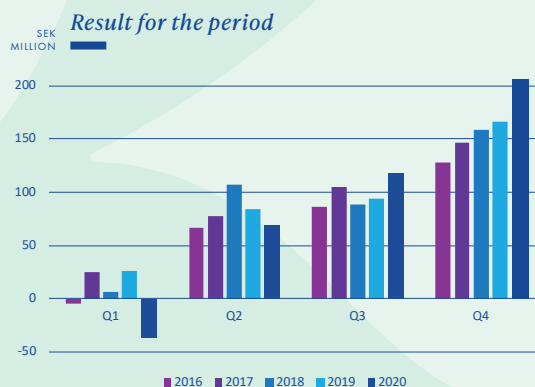
- Net sales amounted to SEK **1,873.2** million, which was **7%** (3% in local currencies) lower than last year (SEK **2,024.1** million).
- Operating result amounted to SEK **283.6** (240.3) million.
- Result for the period amounted to SEK **208.2** (165.9) million.
- Earnings per share amounted to SEK **3.13** (2.53).
- Cash flow from operating activities amounted to SEK **557.5** (286.7) million.

## PERIOD 1 JANUARY - 31 DECEMBER 2020

- Net sales amounted to SEK **6,098.8** million, which was **12%** (10% in local currencies) lower than last year (SEK **6,903.5** million).
- Operating result amounted to SEK **545.9** (535.0) million.
- Result for the period amounted to SEK **363.0** (370.1) million.
- Earnings per share amounted to SEK **5.51** (5.66).
- Cash flow from operating activities amounted to SEK **1,206.6** (99.5) million.
- Equity ratio amounted to **53.4** (44.9) %.
- Net debt to equity ratio amounted to **47.1** (78.6) %.

## 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.



Torsten Jansson

# CEO comments

"Operating result increased from SEK 240.3 million to SEK 283.6 million – the highest result ever in a quarter."



**October - December**

**Record-breaking result**

Despite the continuing COVID-19 pandemic with lock-downs, events without audience, basically no activities for clubs and associations and cancelled or postponed events, we deliver the highest operating result in the history of the Group. Net sales decreased by only a marginal 3% in local currencies and 7% in SEK, which is good given the prevailing conditions. Geographically, we saw a recovery during the quarter in the Nordic countries as well as a slight recovery in the US and Canada. On the positive side, it is also worth mentioning that Sports & Leisure had growth in the Nordic countries and that Gifts & Home Furnishings experienced a growth of 17%.

**Operating result and cash flow**

Operating result increased from SEK 240.3 million to SEK 283.6 million - the highest result ever in a quarter. The operating margin amounted to 15.1%. Cash flow from operating activities amounted to SEK 557.5 million, which further increased our balance sheet.

**Full year 2020**

2020 became an extremely turbulent year and during some periods our companies and businesses have experienced major negative effects for the same reasons as in my comments for the fourth quarter. Net sales for the full year decreased by 12% and in local currencies by 10%. This is a far better outcome than I expected in the spring. Although it is difficult to be happy about a reduction in sales, I still feel satisfied under the circumstances and I think our companies have done a great job. Even more enjoyable is that the operating result - albeit marginally - increased from SEK 535.0 million to SEK 545.9 million, making this the sixth year in a row with improved operating result. Operating margin for the full year increased from 7.7% to 9.0%. That is a result of hard and diligent work in our companies with cost savings and streamlining, but also of the investments we have previously made in our products and brands. Cash flow from operating activities for the full year amounted to SEK 1,206.6 million - a sharp improvement compared to the previous year. In connection with this, I would like to highlight the fantastic work our purchasing organization in Asia has done during the year.

**Balance sheet**

Our balance sheet gives us great freedom for action in the future. The equity ratio amounts to 53.4%, which is the highest in over 20 years. Our net debt to credit institutes is now down to SEK 1,075.9 million, which gives an available credit of SEK 1,769.1 million. A key ratio I do not really think fits in at all with our business, but which many still refer to, is net debt in relation to EBITDA, which is now down to a record low 1.7 times (excluding leasing).

**The future**

In the short term it is incredibly hard to know. 2020 started strongly and it was only in mid-March that we saw the full effects of COVID-19. We already know that many countries currently have restrictions and lock-downs - at least during January and a time into February - and it may be even longer. We therefore believe that the market will continue to be difficult during the first half of the year. In the second half of the year we believe and will plan for a strong growth and we will therefore, mainly during the second quarter, try to build up our stock again in order to meet stronger demand. In the long term, I am now more than ever convinced of good growth in both sales and result. Our brands are stronger than ever, our balance sheet is stronger than ever and our organization has, not least through its fantastic work in 2020, shown that it can tackle most scenarios in a good and flexible way.

I would like to end by thanking all employees for a fantastic job during a difficult year, thanking the Board and shareholders and last but not least all customers and consumers who choose us as supplier and choose our brands and products. Together we stand stronger than ever!

..... Q4 .....

  
**Torsten Jansson**  
 CEO

The period

# Comments on the period

## Summary of the quarter October - December

Net sales for the fourth quarter have been negatively affected by COVID-19. Demand for the Group's products and services is still lower than the previous year, although there has been some recovery. The US, where the Group has large operations, is the region most affected by the pandemic, but also Europe and the region Other countries are areas affected negatively. The regions Sweden and Nordic countries excluding Sweden performed better and had growth in net sales. When it comes to our segments, net sales decreased for Corporate and Sports & Leisure (with large American operations), while Gifts & Home Furnishings experienced growth. Despite the negative effects on net sales, operating result increased compared to the previous year, due to cost savings.



**Informal**  
A series of contemporary functional glasses by Björn Dahlström.

Net sales for the Group decreased by **7%** (3% in local currencies). The Corporate segment decreased by **12%**. Sweden increased its net sales, while all other regions decreased. Sports & Leisure decreased by **11%**. The decrease was mainly related to the US market, while net sales mainly increased in Sweden and the other Nordic countries. Gifts & Home Furnishings increased by **17%**, which was related to Sweden.

The promo sales channel decreased by **6%** and retail sales decreased by **11%**. The lower net sales in promo took place in Corporate and Sports & Leisure, while Gifts & Home Furnishings increased. The retail sales channel mainly decreased in Sports & Leisure.

The gross profit margin decreased slightly compared to the previous year and amounted to **46.2 (46.7) %**. All segments had a slightly lower margin compared to last year.

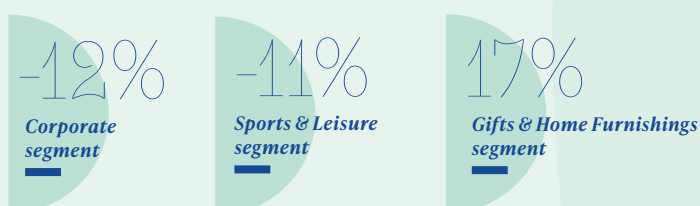
The Group's external costs decreased during the quarter, which is related to savings and volume-related costs. Personnel costs also decreased, which was essentially related to reduced number of employees.

Operating profit improved by **18%** and amounted to SEK **283.6 (240.3)** million.

Result for the period amounted to SEK **208.2 (165.9)** million.

Cash flow from operating activities improved by SEK **270.8** million and amounted to SEK **557.5 (286.7)** million. The higher cash flow is primarily an effect of lower merchandise purchases. Inventory decreased by SEK **674.9** million and amounted to SEK **2,883.0 (3,557.9)** million. Net debt decreased by SEK **1,147.2** million and amounted to SEK **1,817.6 (2,964.8)** million, and the net debt to equity ratio dropped to **47.1 (78.6) %**. The equity ratio improved by **8.5** percentage points and amounted to **53.4 (44.9) %**.

CHANGE IN NET SALES



## October - December

### Net sales

Net sales amounted to SEK **1,873.2** million, which was **7%** lower than last year (SEK **2,024.1** million). Exchange rate effects had a negative impact on sales and net sales in local currencies were **3%** lower than last year.

Net sales in the US decreased by **28%**, which was mainly related to Sports & Leisure. The exchange rate had a negative impact on sales and net sales in local currency decreased by **20%**. In Sweden, net sales increased by **12%** and sales increased in all segments. Sales in Central Europe decreased by **8%**, mainly in the Corporate segment. The Nordic countries excluding Sweden had **3%** higher net sales than last year. The improvement was attributable to the Sports & Leisure segment. Southern Europe decreased by **13%**, which was mainly related to Corporate. Other countries decreased by **10%**, which was related to the trading business in Asia within the Corporate segment. However, Canada improved net sales compared to the previous year.

### Gross profit

The gross profit margin decreased slightly and amounted to **46.2 (46.7) %**. All segments had a slightly lower margin compared to last year.

### Other operating income and other operating costs

Other operating income decreased by SEK **2.7** million to SEK **29.6 (32.3)** million. This quarter's income includes COVID-19-related government support of SEK **12.4** million, while the previous year includes a positive result from business combinations that amounted to SEK **11.4** million. 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 decreased by SEK **1.0** million and amounted to SEK **-11.4 (-12.4)** million. The net of the above mentioned items amounted to SEK **18.2 (19.9)** million.

### Costs and depreciations

External costs decreased by SEK **58.4** million and amounted to SEK **-285.4 (-343.8)** million. The decrease is an effect of cost savings and volume-related costs. Personnel costs decreased by SEK **47.7** million and amounted to SEK **-259.9 (-307.6)** million. The decrease is mainly related to reduced number of employees.

The exchange rate effects for the quarter have decreased the above mentioned costs by SEK **27.6** million.

Amortizations, depreciations and write-downs were lower than the previous year and amounted to SEK **-55.0 (-73.6)** million. The previous year was negatively affected by a write-down of goodwill of SEK **11.4** million.

### Operating result

Operating result was SEK **43.3** million better than last year and amounted to SEK **283.6 (240.3)** million. The higher operating result is mainly related to cost savings. The operating margin also improved and amounted to **15.1%** compared to **11.9%** the previous year.

### Net financial items and tax

Net financial items amounted to SEK **-14.5 (-21.3)** million, which is related to lower net debt and thus lower interest expenses.

Tax on result for the period amounted to SEK **-61.0 (-53.1)** million. The effective tax rate is slightly lower than the previous year and amounted to **22.7 (24.2) %**.

### Result for the period

Result for the period improved by **25%** and amounted to SEK **208.2 (165.9)** million and earnings per share amounted to SEK **3.13 (2.53)**.



#### Château 40 years!

Kosta Boda is celebrating Bertil Vallien's iconic Château series with an exclusive anniversary collection.

## 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 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 our 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.

### Swedish Design Awards

New Wave Group's Sustainability Report 2019 received the silver medal in one of Sweden's most prestigious design awards within graphic design and communication.



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 8. 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 **1,817.6 (2,964.8) million**.



**Craft**

IFK Göteborg's home jerseys designed by Craft (right).

Craft designed a new collection for Cykelvasan 2020, the biggest annual Nordic mountain bike race, which was replaced with a home race instead due to the pandemic.





## January - December

### 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.

### 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 costs

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 8. 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 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 tax

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 receivables. Hence, the effective tax rate increased and amounted to **24.5 (20.7) %**.

### Result for the period

Result for the period 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 fourth quarter decreased by **12%** and amounted to SEK **853.4 (964.7)** million. Sales increased in Sweden, but decreased in all other regions. Both sales channels reduced their net sales. However, operating result improved by SEK **9.2** million and amounted to SEK **139.9 (130.7)** million. The higher result is attributable to cost savings.

Net sales for the year amounted to SEK **3,104.8**, 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 during the period October-December decreased by **11%** to SEK **683.1 (771.7)** million. Sales decreased in both sales channels. The segment had slightly higher sales in several of the regions, but the largest decrease occurred in the segment's largest region; the US. The lower net sales have been compensated by cost savings, which has led to an improved operating result compared to the previous year amounting to SEK **102.8 (97.8)** million.

Net sales for the period January-December 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 fourth quarter increased by **17%** to SEK **336.7 (287.7)** million. The higher net sales are mainly related to Sweden. Sales increased in both sales channels, but mainly in promo. Operating result improved by SEK **29.1** million compared to the previous year and amounted to SEK **40.9 (11.8)** million, which was mainly related to higher net sales but also to savings.

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.



## 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 provision for obsolescence 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 for the quarter improved by SEK 270.8 million and amounted to SEK 557.5 (286.7) million. The improved cash flow is mainly attributable to lower merchandise purchases. Cash flow from investing activities amounted to SEK -7.2 (-42.2) million.

For the year, 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.

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. 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.

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.

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

## ***Personnel and organization***

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.

## ***Intangible assets***

The Group's intangible assets with indefinite useful life consist of goodwill and trademarks. The useful lives are assessed to be indefinite because they are well established strategic brands in respective markets which the Group intends to maintain and develop further. The brands with greater value, listed at their acquisition values, are well-known brands 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 segments. The value of these intangible assets is reviewed annually to ensure that the value does not deviate negatively from book value, but can be tested more frequently if there are indications that the value has decreased. In an impairment test, the recoverable amount needs to be determined by a calculation of the respective cash-generating unit's value in use. The value in use is based on established cash flow forecasts 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 rates, borrowing costs, market risk, beta values and tax rates will be carried out. As the cash-generating units have different characteristics, each unit is assessed after its commercial factors. The

estimated cost of capital (WACC) is considered to be representative of all cash-generating units.

The cash flow forecasts that form the basis for the impairment test are based on the five year forecast adopted by the Board (2021-2025) and thereafter a terminal growth of **2.0 (3.0) %**. In calculating the present value of expected future cash flows, a weighted average cost of capital (WACC) of **10.2 (10.2) %** before tax is used.

Based on the tests and analyzes that have been carried out, there is currently no need for impairment. Last year, a write-down of goodwill of SEK **11.4** million was made in the Gifts & Home Furnishings segment.

## ***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. In addition, there are transactions with related parties at immaterial values. All transactions have been made on market terms.

## ***The Parent company***

Total revenue for the quarter amounted to SEK **23.0 (38.9)** million. Result before appropriations and tax amounted to SEK **110.5 (45.6)** million. The higher result is related to dividends from foreign subsidiaries. Cash flow from investing activities amounted to SEK **-6.2 (0.0)** 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.

Total revenue for the period January-December 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.

## ***Annual General Meeting***

The Annual General Meeting will be held on May 19 (only postal voting). The annual report is scheduled to be available on April 14 at the company's headquarter in Gothenburg, Sweden.

## Dividend

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 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.

## Nomination committee

Composition of the nomination committee for the Board election at the 2021 Annual General Meeting is:

- *Ulf Hedlundh, representative of Svolder and Chairman of the nomination committee*
- *Torsten Jansson, CEO and representative of Torsten Jansson Holding AB*
- *Arne Lööv, representative of the Fourth Swedish National Pension Fund*

For more information on the nomination committee and its work, please refer to [www.nwg.se](http://www.nwg.se).

## Calendar

27 APR	Interim report for the first quarter
19 MAY	Annual General Meeting 2021
17 AUG	Interim report for the second quarter
5 NOV	Interim report for the third quarter

The company's auditors have not conducted any review of the report for the fourth quarter of 2020.

The Board of Directors and CEO declare that the year-end report gives a true and fair overview of the company's and Group's operations, financial position and earnings, and describes the significant risks and uncertainty factors that the company and the companies included in the Group face

..... 2020 .....

## Gothenburg, February 11, 2021

New Wave Group AB (publ)



**Olof Persson**  
Chairman of the Board



**Magdalena Forsberg**  
Member of the Board



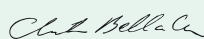
**Jonas Eriksson**  
Member of the Board



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



**Mats Arjes**  
Member of the Board



**Christina Bellander**  
Member of the Board



**Torsten Jansson**  
CEO and Group CEO

### For more information, please contact:

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#### CFO

**Lars Jönsson**

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This information is information that New Wave Group AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons detailed above, at 7:00 a.m. CET on February 11, 2021.

## Consolidated income statement

SEK million	Note	3 months Oct - Dec 2020	3 months Oct - Dec 2019	12 months Jan - Dec 2020	12 months Jan - Dec 2019
Net sales	3, 4, 5	1 873.2	2 024.1	6 098.8	6 903.5
Goods for resale		-1 007.7	-1 079.2	-3 461.5	-3 701.0
<b>Gross profit</b>		<b>865.6</b>	<b>944.9</b>	<b>2 637.3</b>	<b>3 202.4</b>
Other operating income	8	29.6	32.3	146.2	77.9
External costs		-285.4	-343.8	-975.7	-1 312.7
Personnel costs		-259.9	-307.6	-982.6	-1 159.9
Amortizations, depreciations and write-downs of tangible and intangible fixed assets	3	-55.0	-73.6	-229.5	-233.1
Other operating costs		-11.4	-12.4	-48.3	-39.6
Share of associated companies' result		0.1	0.6	-1.4	-0.2
<b>Operating result</b>	3	<b>283.6</b>	<b>240.3</b>	<b>545.9</b>	<b>535.0</b>
Financial income		0.1	2.8	4.1	8.8
Financial expenses		-14.6	-24.1	-69.0	-77.0
<b>Net financial items</b>		<b>-14.5</b>	<b>-21.3</b>	<b>-64.9</b>	<b>-68.2</b>
<b>Result before tax</b>		<b>269.2</b>	<b>219.1</b>	<b>481.0</b>	<b>466.7</b>
Tax expense		-61.0	-53.1	-118.0	-96.7
<b>Result for the period</b>		<b>208.2</b>	<b>165.9</b>	<b>363.0</b>	<b>370.1</b>
<b>Other comprehensive income:</b>					
<b>Items that can be reclassified into profit or loss:</b>					
Translation differences		-212.3	-126.6	-274.5	99.6
Cash flow hedges		-0.9	-6.3	-4.7	-2.2
<b>Sum</b>		<b>-213.2</b>	<b>-132.9</b>	<b>-279.2</b>	<b>97.5</b>
Income tax related to components of other comprehensive income		0.2	1.4	1.0	0.5
<b>Total other comprehensive for the period</b>		<b>-213.0</b>	<b>-131.5</b>	<b>-278.2</b>	<b>97.9</b>
<b>Total comprehensive income for the period</b>		<b>-4.9</b>	<b>34.4</b>	<b>84.8</b>	<b>468.0</b>
<b>Result for the period attributable to:</b>					
Shareholders of the Parent company		207.6	167.7	365.5	375.5
Non-controlling interest		0.6	-1.8	-2.5	-5.5
		<b>208.2</b>	<b>165.9</b>	<b>363.0</b>	<b>370.1</b>
<b>Total comprehensive income attributable to:</b>					
Shareholders of the Parent company		-4.0	35.8	88.9	472.1
Non-controlling interest		-0.8	-1.4	-4.1	-4.1
		<b>-4.9</b>	<b>34.4</b>	<b>84.8</b>	<b>468.0</b>
Earnings per share (SEK)*		3.13	2.53	5.51	5.66
The average number of outstanding shares*		66 343 543	66 343 543	66 343 543	66 343 543

\*Earnings per share and the average number of outstanding shares are the same before and after dilution.



## Consolidated cash flow statement

SEK million	Note	3 months Oct - Dec 2020	3 months Oct - Dec 2019	12 months Jan - Dec 2020	12 months Jan - Dec 2019
<b>Operating activities</b>					
Operating result		283.6	240.3	545.9	535.0
Adjustment for items not included in cash flow		69.7	65.6	264.5	231.9
Received interest		0.0	2.7	0.7	7.9
Paid interest		-14.5	-23.9	-65.7	-76.1
Paid income tax		-38.9	-22.6	-113.7	-93.6
<b>Cash flow from operating activities before changes in working capital</b>		<b>300.0</b>	<b>262.1</b>	<b>631.8</b>	<b>605.0</b>
<b>Changes in working capital</b>					
Increase/decrease of inventories		472.4	180.9	495.8	-241.7
Increase/decrease of current receivables		-87.7	-47.5	106.1	-51.5
Increase/decrease of current liabilities		-127.2	-108.8	-27.1	-212.3
<b>Cash flow from changes in working capital</b>		<b>257.5</b>	<b>24.7</b>	<b>574.8</b>	<b>-505.6</b>
<b>Cash flow from operating activities</b>		<b>557.5</b>	<b>286.7</b>	<b>1 206.6</b>	<b>99.5</b>
<b>INVESTING ACTIVITIES</b>					
Investments in tangible fixed assets		-9.5	-31.3	-44.7	-124.7
Sales of tangible fixed assets		2.9	1.2	6.7	6.9
Investments in intangible fixed assets		-1.2	-5.4	-11.3	-21.7
Investments in associated companies		0.0	-0.3	0.0	-0.8
Business combinations		0.0	-8.5	-8.6	-8.5
Raised long-term receivables		0.0	0.5	0.0	-1.6
Repayment of long-term receivables		0.6	1.6	0.3	1.6
<b>Cash flow from investing activities</b>	3	<b>-7.2</b>	<b>-42.2</b>	<b>-57.5</b>	<b>-148.7</b>
<b>Cash flow after investing activities</b>		<b>550.3</b>	<b>244.6</b>	<b>1 149.1</b>	<b>-49.3</b>
<b>FINANCIAL ACTIVITIES</b>					
Loans raised		0.0	0.0	62.9	386.2
Amortization of loans		-406.0	-115.6	-1 091.8	-71.3
Amortization of lease liabilities		-29.8	-7.0	-126.7	-103.0
New issue of shares in companies with non-controlling interest		0.0	0.0	0.0	1.2
Dividend paid to the shareholders of the Parent company		0.0	0.0	0.0	-132.7
<b>Cash flow from financial activities</b>		<b>-435.9</b>	<b>-122.6</b>	<b>-1 155.6</b>	<b>80.4</b>
<b>Cash flow for the period</b>		<b>114.5</b>	<b>121.9</b>	<b>-6.4</b>	<b>31.2</b>
Liquid assets at the beginning of the period		226.8	238.4	351.3	312.2
Translation differences in liquid assets		-16.2	-9.1	-19.8	7.9
<b>Liquid assets at the end of the period</b>		<b>325.1</b>	<b>351.3</b>	<b>325.1</b>	<b>351.3</b>
<b>Liquid assets</b>					
Cash at bank and in hand		325.1	351.3	325.1	351.3

# Consolidated balance sheet

SEK million	Note	31 Dec 2020	31 Dec 2019
<b>ASSETS</b>			
Intangible fixed assets	3	1 380.9	1 501.0
Tangible fixed assets	3	1 289.5	1 436.5
Shares in associated companies		39.7	39.0
Other long-term receivables		14.0	14.7
Deferred tax assets	3, 5	106.7	112.8
<b>Total non-current assets</b>	5	<b>2 830.8</b>	<b>3 103.9</b>
Inventory		2 883.0	3 557.9
Current tax receivables		13.4	44.8
Accounts receivable		1 059.3	1 192.8
Other receivables		61.7	82.4
Prepaid expenses and accrued income		43.5	61.2
Liquid assets		325.1	351.3
<b>Total current assets</b>		<b>4 385.9</b>	<b>5 290.4</b>
<b>TOTAL ASSETS</b>	3, 6	<b>7 216.7</b>	<b>8 394.3</b>
<b>EQUITY</b>			
Share capital		199.0	199.0
Other capital contributions		219.4	219.4
Reserves		252.2	531.0
Retained earnings including result for the period		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	7, 8	1 933.3	2 818.3
Pension provisions		18.0	19.3
Other provisions		7.6	0.9
Deferred tax liabilities		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	7, 8	209.4	497.8
Accounts payable		543.6	623.2
Current tax liabilities		58.6	94.6
Other liabilities	8	177.9	139.8
Accrued expenses and prepaid income		272.5	285.0
<b>Total current liabilities</b>		<b>1 262.1</b>	<b>1 640.3</b>
<b>Total liabilities</b>	3, 6	<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 period	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 period				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 for the period			-2.2		-2.2		-2.2
Reclassification of previous years' cash flow hedge			-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 period	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 period				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 for the period			-4.7		-4.7		-4.7
Reclassification of previous years' cash flow hedge			-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 2020-09-30</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>

	Jan - Dec 2020	Jan - Dec 2019
<b>Accumulated translation differences in equity</b>		
Accumulated translation differences at the beginning of the period	541.2	441.6
Translation differences in foreign Group companies for the period	-274.5	99.6
<b>Accumulated translation differences at the end of period</b>	<b>266.7</b>	<b>541.2</b>

## Financial key figures

	3 months Oct - Dec 2020	3 months Oct - Dec 2019	12 months Jan - Dec 2020	12 months Jan - Dec 2019
Net sales growth, %	-7.5	4.2	-11.7	9.7
Organic growth, %	-2.7	0.9	-9.9	5.4
Average number of employees	2 064	2 579	2 064	2 579
Gross profit margin, %	46.2	46.7	43.2	46.4
Operating margin before depreciations, %	18.1	15.5	12.7	11.1
Operating margin, %	15.1	11.9	9.0	7.7
Profit margin, %	14.4	10.8	7.9	6.8
Net margin, %	11.1	8.2	6.0	5.4
Return on shareholders' equity, %	9.5	10.3	9.5	10.3
Return on capital employed, %	8.4	8.6	8.4	8.6
Equity ratio, %	53.4	44.9	53.4	44.9
Net debt, SEK million	1 817.6	2 964.8	1 817.6	2 964.8
Net debt to credit institutes, SEK million	1 075.9	2 161.0	1 075.9	2 161.0
Net debt to equity ratio, %	47.1	78.6	47.1	78.6
Net debt in relation to working capital, %	59.5	77.1	59.5	77.1
Interest coverage ratio, times	19.5	10.1	8.0	7.1
Capital turnover, times	0.8	0.9	0.8	0.9
Inventory turnover, times	1.1	1.1	1.1	1.1
Cash flow before investments, SEK million	557.5	286.7	1 206.6	99.5
Net investments, SEK million	-7.2	-42.2	-57.5	-148.7
Cash flow after investments, SEK million	550.3	244.6	1 149.1	-49.3
Shareholders' equity per share, before and after dilution, SEK	57.96	56.59	57.96	56.59
Share price as of the balance sheet date, SEK	54.50	59.80	54.50	59.80
Dividend/share, SEK	-	-	-	2.00
P/E-ratio	9.89	10.56	9.89	10.56
P/S-ratio	0.59	0.57	0.59	0.57
Share price/Shareholders' equity	0.94	1.06	0.94	1.06

For definitions of alternative performance measures, see page 32.

## Income statement

SEK million	3 months Oct - Dec 2020	3 months Oct - Dec 2019	12 months Jan - Dec 2020	12 months Jan - Dec 2019
Net sales	17.4	25.5	90.5	103.7
Other operating income	5.6	13.4	41.1	36.8
<b>Total income</b>	<b>23.0</b>	<b>38.9</b>	<b>131.5</b>	<b>140.4</b>
External costs	-13.2	-17.1	-55.4	-68.0
Personnel costs	-12.1	-11.4	-42.8	-38.7
Amortizations, depreciations and write-downs of tangible and intangible fixed assets	-1.6	-1.5	-6.2	-5.8
Other operating costs	-6.0	-9.9	-35.2	-27.1
<b>Operating result</b>	<b>-9.9</b>	<b>-1.0</b>	<b>-8.0</b>	<b>0.9</b>
Net income from shares in Group companies	110.0	32.7	80.5	172.0
Changes in write-downs of financial assets	7.8	11.3	7.8	24.5
Financial income	11.4	13.9	56.6	55.2
Financial expenses	-8.8	-11.3	-42.4	-38.7
<b>Net financial items</b>	<b>120.4</b>	<b>46.6</b>	<b>102.5</b>	<b>213.0</b>
<b>Result before appropriations and tax</b>	<b>110.5</b>	<b>45.6</b>	<b>94.6</b>	<b>213.9</b>
Appropriations	7.6	55.7	7.6	55.7
Tax expense	0.0	-9.0	0.0	-12.4
<b>Result for the period</b>	<b>118.1</b>	<b>92.3</b>	<b>102.1</b>	<b>257.2</b>

Total comprehensive income for the period corresponds with result for the period.

## Cash flow statement

SEK million	3 months Oct - Dec 2020	3 months Oct - Dec 2019	12 months Jan - Dec 2020	12 months Jan - Dec 2019
<b>Operating activities</b>				
Operating result	-9.9	-1.0	-8.0	0.9
Adjustment for items not included in cash flow	5.3	1.9	17.9	5.3
Received dividends	0.0	0.0	0.0	27.1
Received interest	11.4	13.9	56.6	55.2
Paid interest	-8.8	-11.3	-42.4	-38.7
Paid income tax	-0.3	-4.0	-4.6	-13.4
<b>Cash flow from operating activities before changes in working capital</b>	<b>-2.3</b>	<b>-0.5</b>	<b>19.5</b>	<b>36.4</b>
<b>Changes in working capital</b>				
Increase/decrease in current receivables	369.6	161.3	743.9	-105.2
Increase/decrease in current liabilities	-62.4	-68.1	147.4	-124.8
<b>Cash flow from changes in working capital</b>	<b>307.2</b>	<b>93.2</b>	<b>891.4</b>	<b>-229.9</b>
<b>Cash flow from operating activities</b>	<b>304.9</b>	<b>92.7</b>	<b>910.9</b>	<b>-193.5</b>
<b>Investing activities</b>				
Shareholder contributions to Group companies	-3.0	0.0	-6.5	0.0
Repayment of shareholder contributions from Group companies	0.0	0.0	0.0	0.0
Investments in associated companies	0.0	0.0	0.0	-0.8
Investments in tangible fixed assets	-3.6	0.0	-3.6	-0.7
Investments in intangible fixed assets	0.0	-1.0	-2.5	-2.0
Acquisition of shares	0.0	0.0	0.0	-18.6
Intra-Group sales of Group companies	0.0	0.0	14.5	0.0
Changes in long-term loans to Group companies	0.5	1.0	2.5	13.1
Raised long-term receivables	-0.1	0.0	0.9	-0.9
<b>Cash flow from investing activities</b>	<b>-6.2</b>	<b>0.0</b>	<b>5.3</b>	<b>-9.9</b>
<b>Cash flow after investing activities</b>	<b>298.7</b>	<b>92.6</b>	<b>916.2</b>	<b>-203.4</b>
<b>Financial activities</b>				
Loans raised	0.0	0.0	0.0	416.2
Amortization of loans	-304.9	-75.5	-936.4	-63.9
Dividend paid to shareholders of the Parent company	0.0	0.0	0.0	-132.7
<b>Cash flow from financial activities</b>	<b>-304.9</b>	<b>-75.5</b>	<b>-936.4</b>	<b>219.6</b>
<b>Cash flow for the period</b>	<b>-6.2</b>	<b>17.2</b>	<b>-20.2</b>	<b>16.2</b>
Liquid assets at the beginning of the period	6.6	3.4	20.6	4.5
<b>Liquid assets at the end of the period</b>	<b>0.4</b>	<b>20.6</b>	<b>0.4</b>	<b>20.6</b>
<b>Liquid assets</b>				
Cash at bank and in hand	0.4	20.6	0.4	20.6

## Balance sheet

SEK million	Note	31 Dec 2020	31 Dec 2019
<b>ASSETS</b>			
Intangible fixed assets		6.6	8.7
Tangible fixed assets		4.7	2.6
Shares in Group companies		2 236.1	2 275.7
Shares in associated companies		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		24.5	35.0
Prepaid expenses and accrued income		8.4	9.6
Liquid assets		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>
<b>EQUITY</b>			
Share capital		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 period		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>		<b>57.3</b>	<b>64.9</b>
<b>LIABILITIES</b>			
Long-term interest-bearing liabilities	7	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	7	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		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>

## Statement of changes in equity

SEK million	Share capital	Restricted reserves	Retained earnings	Share premium reserve	Result for the period	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 period					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>

SEK million	Share capital	Restricted reserves	Retained earnings	Share premium reserve	Result for the period	Total equity
<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 period					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>





# The Group and Parent company Notes

## Note 1 - Accounting policies

This report is prepared in accordance with IAS 34 Interim Financial Reporting and the Annual Accounts Act. The interim report for the Parent Company has been prepared according the Annual Accounts Act as well as RFR 2 Reporting for Legal Entities. Applied accounting policies are otherwise consistent with the 2019 annual report.

### New accounting policies for 2020

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

### Accounting for government grants

In the annual report for 2019 the Group has not described the accounting principles related to accounting for government grants due to that the amounts were insignificant. 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.

During 2020 the Group has 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.

## Note 2 - Risks and risk control

New Wave Group's international operations mean that it is continuously exposed to various financial risks. The financial risks are interest rate risks, currency, liquidity and credit risks. In order to minimize the effect these risks may have on earnings, the Group has a financial risk policy. For a more detailed description of the Group's risk management please refer to the Annual Report 2019, note 17, p. 92-98. The Annual Report is available at the Group's headquarters in Gothenburg, Sweden, as well as at [www.nwg.se](http://www.nwg.se).

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.

During the first quarter of 2020, the world was hit by a pandemic caused by COVID-19. New Wave Group has been largely affected by the spread of COVID-19 and the demand for the Group's products and services has been significantly reduced in particular during the second quarter of 2020. Net sales for the Group was negatively affected during the third quarter as well, albeit to a slightly lesser extent than in the second quarter, and during the fourth quarter the negative impact was further diminished. It is still relatively hard to assess the development for the coming quarters. Measures taken during the year include, among other things, that the Annual General Meeting decided that no dividend for the 2019 financial year will be issued and that the Group has applied for and received government grants in several countries. The Group's customers also suffer from the negative effects of the pandemic, which leads 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 provisions.

Besides the above, the Group's reported risks are deemed to be essentially unchanged.

## Note 3 - Reporting of operating segments

### Net sales and operating result per operating segment

SEK million	3 months Oct - Dec 2020	3 months Oct - Dec 2019	12 months Jan - Dec 2020	12 months Jan - Dec 2019
<b>Corporate</b>				
Net sales	853.4	964.7	3 104.8	3 219.6
Operating result	139.9	130.7	349.0	325.4
<b>Sports &amp; Leisure</b>				
Net sales	683.1	771.7	2 168.5	2 887.4
Operating result	102.8	97.8	170.4	235.8
<b>Gifts &amp; Home Furnishings</b>				
Net sales	336.7	287.7	825.5	796.5
Operating result	40.9	11.8	26.5	-26.2
<b>Total net sales</b>	<b>1 873.2</b>	<b>2 024.1</b>	<b>6 098.8</b>	<b>6 903.5</b>
<b>Total operating result</b>	<b>283.6</b>	<b>240.3</b>	<b>545.9</b>	<b>535.0</b>
<b>Total operating result</b>	<b>283.6</b>	<b>240.3</b>	<b>545.9</b>	<b>535.0</b>
Net financial items	-14.5	-21.3	-64.9	-68.2
<b>Result before tax</b>	<b>269.2</b>	<b>219.1</b>	<b>481.0</b>	<b>466.7</b>

### Assets and liabilities per operating segment

SEK million	Total assets	Fixed assets*	Deferred tax assets	Net investments	Amortizations, depreciations and write-downs	Total liabilities
<b>30 Sep 2019</b>						
Corporate	4 225.6	1 105.1	37.1	-29.1	-146.5	2 448.2
Sports & Leisure	2 571.2	1 233.4	44.7	-24.1	-66.4	697.9
Gifts & Home Furnishings	419.9	331.9	24.9	-4.3	-16.6	215.0
<b>Total</b>	<b>7 216.7</b>	<b>2 670.4</b>	<b>106.7</b>	<b>-57.5</b>	<b>-229.5</b>	<b>3 361.1</b>
<b>31 Dec 2019</b>						
Corporate	4 316.6	1 210.2	40.1	-91.2	-142.9	2 896.9
Sports & Leisure	3 290.3	1 392.6	49.5	-33.9	-68.7	1 194.4
Gifts & Home Furnishings	787.4	334.7	23.1	-23.6	-21.5	532.4
<b>Total</b>	<b>8 394.3</b>	<b>2 937.5</b>	<b>112.8</b>	<b>-148.7</b>	<b>-233.1</b>	<b>4 623.6</b>

\* Financial fixed assets are not included

## Note 4 - Net sales per sales channel and operating segment

SEK million	Corporate		Sports & Leisure		Gifts & Home Furnishings		Total	
	3 months	3 months	3 months	3 months	3 months	3 months	3 months	3 months
	Oct - Dec 2020	Oct - Dec 2019	Oct - Dec 2020	Oct - Dec 2019	Oct - Dec 2020	Oct - Dec 2019	Oct - Dec 2020	Oct - Dec 2019
Promo	848.8	945.7	193.7	212.2	150.9	106.2	1 193.4	1 264.1
Retail	4.6	18.9	489.4	559.5	185.9	181.6	679.8	760.0
<b>Total</b>	<b>853.3</b>	<b>964.6</b>	<b>683.1</b>	<b>771.8</b>	<b>336.8</b>	<b>287.8</b>	<b>1 873.2</b>	<b>2 024.1</b>

SEK million	Corporate		Sports & Leisure		Gifts & Home Furnishings		Total	
	12 months	12 months	12 months	12 months	12 months	12 months	12 months	12 months
	Jan - Dec 2020	Jan - Dec 2019	Jan - Dec 2020	Jan - Dec 2019	Jan - Dec 2020	Jan - Dec 2019	Jan - Dec 2020	Jan - Dec 2019
Promo	3 084.6	3 152.7	568.3	762.5	236.7	197.7	3 889.6	4 113.0
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>



## Note 5 - Reporting of geographic areas

### Net sales per geographic area

SEK million	Corporate		Sports & Leisure		Gifts & Home Furnishings			Total	Change %
	3 months Oct - Dec 2020	3 months Oct - Dec 2019	3 months Oct - Dec 2020	3 months Oct - Dec 2019	3 months Oct - Dec 2020	3 months Oct - Dec 2019	3 months Oct - Dec 2020	3 months Oct - Dec 2019	
USA	67.6	96.2	263.7	373.5	19.0	18.3	350.2	488.1	-28%
Sweden	134.7	125.8	153.2	145.1	278.3	233.2	566.3	504.1	12%
Central Europe	201.6	227.6	88.4	92.3	9.6	6.9	299.7	326.9	-8%
Nordic countries excl. Sweden	115.2	117.2	103.1	94.3	24.5	25.0	242.9	236.5	3%
Southern Europe	194.3	228.0	17.1	14.1	0.1	0.1	211.5	242.1	-13%
Other countries	139.9	169.7	57.6	52.3	5.2	4.2	202.7	226.4	-10%
<b>Total</b>	<b>853.4</b>	<b>964.7</b>	<b>683.1</b>	<b>771.7</b>	<b>336.7</b>	<b>287.7</b>	<b>1 873.2</b>	<b>2 024.1</b>	<b>-7%</b>

SEK million	Corporate		Sports & Leisure		Gifts & Home Furnishings			Total	Change %
	12 months Jan - Dec 2020	12 months Jan - Dec 2019	12 months Jan - Dec 2020	12 months Jan - Dec 2019	12 months Jan - Dec 2020	12 months Jan - Dec 2019	12 months Jan - Dec 2020	12 months Jan - Dec 2019	
USA	193.7	260.3	895.2	1 460.6	52.0	53.5	1 140.9	1 774.5	-36%
Sweden	387.8	438.2	480.3	511.2	689.8	661.1	1 558.0	1 610.5	-3%
Central Europe	592.4	742.9	300.8	317.7	20.2	17.5	913.4	1 078.1	-15%
Nordic countries excl. Sweden	358.5	433.2	306.1	375.6	45.7	52.2	710.3	861.0	-17%
Southern Europe	842.0	749.5	58.9	62.8	0.3	0.4	901.2	812.6	11%
Other countries	730.4	595.5	127.1	159.4	17.5	11.9	875.0	766.8	14%
<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>796.5</b>	<b>6 098.8</b>	<b>6 903.5</b>	<b>-12%</b>

### Fixed assets and deferred tax assets per geographic area

SEK million	31 Dec 2020		31 Dec 2019	
	Fixed assets*	Deferred tax assets	Fixed assets*	Deferred tax assets
USA	990.2	43.6	1 138.9	50.8
Sweden	737.9	26.9	716.3	19.7
Central Europe	339.0	5.5	382.1	13.6
Nordic countries excl. Sweden	245.8	3.6	301.6	4.5
Southern Europe	224.4	21.6	275.7	18.1
Other countries	133.0	5.5	123.0	6.1
<b>Total</b>	<b>2 670.4</b>	<b>106.7</b>	<b>2 937.5</b>	<b>112.8</b>

\* Financial fixed assets are not included



## Note 6 - Financial instruments

SEK million	31 Dec 2020	31 Dec 2019
Assets at amortized cost	1 445.6	1 625.8
<b>Total financial assets</b>	<b>1 445.6</b>	<b>1 625.8</b>
Liabilities at fair value through other comprehensive income	4.7	2.2
Liabilities at amortized cost	3 119.5	4 355.9
<b>Total financial liabilities</b>	<b>3 124.2</b>	<b>4 358.1</b>

Financial instruments are measured at fair value or amortized cost according to classification in the consolidated balance sheet.

## Note 7 - Pledged assets and contingent liabilities

### GROUP

Pledged assets SEK million	31 Dec 2020	31 Dec 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
Stock and accounts receivable	321.7	613.5
<b>Total</b>	<b>4 394.1</b>	<b>4 633.9</b>

Contingent liabilities SEK million	31 Dec 2020	31 Dec 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>

### PARENT COMPANY

Pledged assets SEK million	31 Dec 2020	31 Dec 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>

Contingent liabilities SEK million	31 Dec 2020	31 Dec 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>



## Note 8 - 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. Accounting principles related to the grants can be found in note 1. 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.

	3 months Oct - Dec 2020	3 months Oct - Dec 2019	31 Dec 2020
Other operating income	12.4	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.

	31 Dec 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) and in France. 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.

	31 Dec 2020
Long-term interest-bearing liabilities	36.8
Short-term interest-bearing liabilities	12.3
	<b>49.1</b>

# Condensed quarterly consolidated income statements

SEK million

Quarter	2020				2019				2018			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net sales	1 873.2	1 470.1	1 314.5	1 440.9	2 024.1	1 685.5	1 689.0	1 504.9	1 943.4	1 551.2	1 523.2	1 272.8
Goods for resale	-1 007.7	-843.9	-799.7	-810.2	-1 079.2	-923.2	-903.3	-795.3	-1 042.3	-835.3	-804.2	-677.5
<b>Gross profit</b>	<b>865.6</b>	<b>626.2</b>	<b>514.8</b>	<b>630.7</b>	<b>944.9</b>	<b>762.3</b>	<b>785.7</b>	<b>709.6</b>	<b>901.1</b>	<b>715.8</b>	<b>719.0</b>	<b>595.4</b>
<b>Gross profit margin %</b>	<b>46.2</b>	<b>42.6</b>	<b>39.2</b>	<b>43.8</b>	<b>46.7</b>	<b>45.2</b>	<b>46.5</b>	<b>47.1</b>	<b>46.4</b>	<b>46.1</b>	<b>47.2</b>	<b>46.8</b>
Other operating income	29.6	34.7	61.4	20.6	32.3	12.9	15.5	17.2	28.3	19.3	11.3	15.9
External costs	-285.4	-191.6	-187.7	-311.1	-343.8	-300.3	-330.2	-338.4	-390.6	-323.5	-305.1	-317.2
Personnel costs	-259.9	-220.8	-209.1	-292.8	-307.6	-278.7	-290.5	-283.0	-298.0	-257.7	-260.9	-246.4
Depreciations and write-downs	-55.0	-56.6	-57.8	-60.1	-73.6	-55.7	-52.8	-51.0	-21.6	-20.2	-18.5	-17.6
Other operating costs	-11.4	-15.2	-11.4	-10.4	-12.4	-11.3	-7.7	-8.2	-9.8	-15.0	-8.3	-11.8
Share of associated companies' result	0.1	-0.4	-0.1	-0.9	0.6	-0.2	-0.3	-0.2	0.1	-1.3	-0.3	0.4
<b>Operating result</b>	<b>283.6</b>	<b>176.3</b>	<b>110.1</b>	<b>-24.1</b>	<b>240.3</b>	<b>129.1</b>	<b>119.6</b>	<b>46.0</b>	<b>209.4</b>	<b>117.5</b>	<b>137.3</b>	<b>18.6</b>
Financial income	0.1	0.6	2.9	0.5	2.8	2.5	2.2	1.3	1.5	0.7	1.8	1.5
Financial expenses	-14.6	-15.8	-20.2	-18.4	-24.1	-19.5	-18.1	-15.3	-14.2	-12.3	-8.2	-11.7
<b>Result before tax</b>	<b>269.2</b>	<b>161.1</b>	<b>92.8</b>	<b>-42.1</b>	<b>219.1</b>	<b>112.1</b>	<b>103.6</b>	<b>32.0</b>	<b>196.6</b>	<b>105.9</b>	<b>130.9</b>	<b>8.4</b>
Tax expense	-61.0	-42.2	-19.9	5.1	-53.1	-17.6	-19.9	-6.0	-37.7	-17.5	-24.2	-2.4
<b>Result for the period</b>	<b>208.2</b>	<b>118.9</b>	<b>72.9</b>	<b>-36.9</b>	<b>165.9</b>	<b>94.4</b>	<b>83.7</b>	<b>26.0</b>	<b>158.9</b>	<b>88.4</b>	<b>106.8</b>	<b>6.0</b>
Total other comprehensive income for the period	-213.0	-58.3	-212.4	205.5	-131.5	126.9	16.2	86.3	2.7	-37.8	121.1	71.7
<b>Total comprehensive income for the period</b>	<b>-4.9</b>	<b>60.6</b>	<b>-139.5</b>	<b>168.6</b>	<b>34.4</b>	<b>221.4</b>	<b>99.9</b>	<b>112.3</b>	<b>161.6</b>	<b>50.5</b>	<b>227.9</b>	<b>77.7</b>
Earnings per share before and after dilution (SEK)*	3.13	1.81	1.11	-0.54	2.53	1.45	1.28	0.41	2.42	1.36	1.60	0.10
Quarter	2017				2016				2015			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net sales	1 630.3	1 331.1	1 371.7	1 264.2	1 548.6	1 300.4	1 257.3	1 130.8	1 405.3	1 272.0	1 191.3	1 096.1
Goods for resale	-886.8	-692.8	-745.7	-692.8	-832.3	-693.3	-685.0	-616.3	-773.5	-697.8	-659.1	-595.7
<b>Gross profit</b>	<b>743.5</b>	<b>638.2</b>	<b>626.0</b>	<b>571.4</b>	<b>716.3</b>	<b>607.1</b>	<b>572.3</b>	<b>514.5</b>	<b>631.8</b>	<b>574.2</b>	<b>532.2</b>	<b>500.4</b>
<b>Gross profit margin %</b>	<b>45.6</b>	<b>47.9</b>	<b>45.6</b>	<b>45.2</b>	<b>46.3</b>	<b>46.7</b>	<b>45.5</b>	<b>45.5</b>	<b>45.0</b>	<b>45.1</b>	<b>44.7</b>	<b>45.7</b>
Other operating income	22.9	10.4	7.0	10.9	14.9	14.5	12.2	9.4	8.0	22.1	7.8	9.3
External costs	-304.9	-265.4	-270.1	-288.6	-300.1	-268.5	-249.6	-279.8	-284.0	-273.0	-258.9	-270.1
Personnel costs	-262.2	-217.1	-233.0	-228.1	-242.9	-208.3	-213.0	-217.4	-231.5	-202.8	-212.0	-205.3
Depreciations and write-downs	-18.2	-16.4	-15.7	-15.0	-15.2	-14.1	-13.4	-13.2	-14.2	-13.7	-14.3	-14.9
Other operating costs	-6.1	-7.4	-3.9	-7.8	-6.2	-5.8	-8.1	-5.6	-1.7	-9.3	-6.7	-18.5
Share of associated companies' result	-2.5	0.6	0.2	0.4	0.2	0.0	-0.2	0.2	0.0	-1.2	0.6	0.9
<b>Operating result</b>	<b>172.5</b>	<b>143.0</b>	<b>110.5</b>	<b>43.2</b>	<b>167.0</b>	<b>124.9</b>	<b>100.2</b>	<b>8.1</b>	<b>108.4</b>	<b>96.3</b>	<b>48.7</b>	<b>1.8</b>
Financial income	1.3	1.6	1.0	1.3	0.0	1.0	0.9	1.2	0.7	1.4	3.2	1.9
Financial expenses	-14.3	-14.8	-14.1	-13.8	-15.9	-16.4	-15.7	-15.0	-28.6	-19.0	-16.9	-17.0
<b>Result before tax</b>	<b>159.4</b>	<b>129.8</b>	<b>97.4</b>	<b>30.7</b>	<b>151.1</b>	<b>109.5</b>	<b>85.4</b>	<b>-5.7</b>	<b>80.5</b>	<b>78.7</b>	<b>35.0</b>	<b>-13.3</b>
Tax expense	-12.6	-24.5	-20.3	-5.8	-23.3	-23.0	-18.4	1.1	-17.2	-13.6	-7.2	2.4
<b>Result for the period</b>	<b>146.8</b>	<b>105.3</b>	<b>77.0</b>	<b>24.9</b>	<b>127.8</b>	<b>86.5</b>	<b>67.0</b>	<b>-4.6</b>	<b>63.3</b>	<b>65.1</b>	<b>27.8</b>	<b>-10.9</b>
Total other comprehensive income for the period	45.3	-43.3	-42.4	-12.2	35.1	26.4	47.2	-15.5	-36.9	7.1	-43.9	101.7
<b>Total comprehensive income for the period</b>	<b>192.1</b>	<b>62.0</b>	<b>34.7</b>	<b>12.7</b>	<b>162.9</b>	<b>112.9</b>	<b>114.2</b>	<b>-20.1</b>	<b>26.4</b>	<b>72.2</b>	<b>-16.1</b>	<b>90.8</b>
Earnings per share before and after dilution (SEK)*	2.20	1.60	1.16	0.38	1.90	1.31	1.01	-0.06	0.94	0.98	0.41	-0.17

\* The average number of outstanding shares, before and after dilution, has been 66,343,543 in all periods in the table.



# Condensed quarterly consolidated cash flow statements

SEK million

Quarter	2020				2019				2018			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
<b>Cash flow from operating activities before changes in working capital</b>	<b>300.0</b>	<b>218.9</b>	<b>176.0</b>	<b>-63.0</b>	<b>262.1</b>	<b>149.9</b>	<b>143.8</b>	<b>49.3</b>	<b>184.1</b>	<b>116.1</b>	<b>128.3</b>	<b>1.2</b>
Increase/decrease of inventories	472.4	86.9	53.9	-117.4	180.9	-256.4	-108.0	-58.3	44.6	-310.4	-110.8	-117.4
Increase/decrease of current receivables	-87.7	-207.6	87.4	313.9	-47.5	-34.3	-95.9	126.2	-3.6	-128.6	-36.2	140.9
Increase/decrease of current liabilities	-127.2	185.0	-65.9	-19.0	-108.8	9.7	69.1	-182.3	-50.7	239.9	143.2	-18.1
<b>Changes in working capital</b>	<b>257.5</b>	<b>64.3</b>	<b>75.5</b>	<b>177.6</b>	<b>24.7</b>	<b>-281.0</b>	<b>-134.8</b>	<b>-114.4</b>	<b>-9.7</b>	<b>-199.1</b>	<b>-3.7</b>	<b>5.4</b>
<b>Cash flow from operating activities</b>	<b>557.5</b>	<b>283.2</b>	<b>251.4</b>	<b>114.6</b>	<b>286.7</b>	<b>-131.1</b>	<b>9.0</b>	<b>-65.1</b>	<b>174.4</b>	<b>-83.0</b>	<b>124.6</b>	<b>6.6</b>
Investing activities	-7.2	-8.6	-11.1	-30.6	-42.2	-32.6	-35.6	-38.3	-39.7	-42.1	-41.6	-39.8
<b>Cash flow after investing activities</b>	<b>550.3</b>	<b>274.6</b>	<b>240.3</b>	<b>84.0</b>	<b>244.6</b>	<b>-163.8</b>	<b>-26.6</b>	<b>-103.4</b>	<b>134.7</b>	<b>-125.1</b>	<b>83.0</b>	<b>-33.2</b>
Increase/decrease of interest-bearing liabilities	-435.9	-322.9	-201.6	-195.2	-122.6	210.1	75.3	49.2	-15.9	104.9	58.0	5.1
Transactions with owners	0.0	0.0	0.0	0.0	0.0	1.2	-132.7	0.0	0.0	0.0	-112.8	0.0
<b>Cash flow from financial activities</b>	<b>-435.9</b>	<b>-322.9</b>	<b>-201.6</b>	<b>-195.2</b>	<b>-122.6</b>	<b>211.2</b>	<b>-57.4</b>	<b>49.2</b>	<b>-15.9</b>	<b>104.9</b>	<b>-54.8</b>	<b>5.1</b>
<b>Cash flow for the period</b>	<b>114.5</b>	<b>-48.4</b>	<b>38.7</b>	<b>-111.2</b>	<b>121.9</b>	<b>47.4</b>	<b>-84.0</b>	<b>-54.2</b>	<b>118.8</b>	<b>-20.2</b>	<b>28.2</b>	<b>-28.1</b>
Liquid assets at the beginning of the period	226.8	277.8	257.6	351.3	238.4	182.5	265.0	312.2	192.6	215.4	180.5	202.4
Translation differences in liquid assets	-16.2	-2.7	-18.5	17.6	-9.1	8.5	1.5	7.0	0.8	-2.6	6.7	6.2
<b>Liquid assets at the end of the period</b>	<b>325.1</b>	<b>226.8</b>	<b>277.8</b>	<b>257.6</b>	<b>351.3</b>	<b>238.4</b>	<b>182.5</b>	<b>265.0</b>	<b>312.2</b>	<b>192.6</b>	<b>215.4</b>	<b>180.5</b>

Quarter	2017				2016				2015			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
<b>Cash flow from operating activities before changes in working wcapital</b>	<b>154.9</b>	<b>153.3</b>	<b>105.0</b>	<b>37.8</b>	<b>132.0</b>	<b>116.2</b>	<b>89.4</b>	<b>-4.2</b>	<b>90.6</b>	<b>73.8</b>	<b>54.6</b>	<b>-9.2</b>
Increase/decrease of stock	129.5	-200.4	-63.7	-73.9	151.2	-109.6	62.4	-49.7	175.6	-132.1	-88.5	-200.6
Increase/decrease of current receivables	-78.5	-113.8	-40.4	113.0	31.9	-106.8	-76.9	85.3	85.2	-117.2	-23.0	129.5
Increase/decrease of current liabilities	-71.4	150.5	49.2	-43.3	-34.2	115.7	13.7	32.5	24.1	14.3	1.0	51.4
<b>Changes in working capital</b>	<b>-20.4</b>	<b>-163.7</b>	<b>-54.9</b>	<b>-4.2</b>	<b>148.9</b>	<b>-100.7</b>	<b>-0.8</b>	<b>68.1</b>	<b>284.9</b>	<b>-235.0</b>	<b>-110.5</b>	<b>-19.7</b>
<b>Cash flow from operating activities</b>	<b>134.5</b>	<b>-10.4</b>	<b>50.1</b>	<b>33.6</b>	<b>280.9</b>	<b>15.5</b>	<b>88.6</b>	<b>63.9</b>	<b>375.5</b>	<b>-161.2</b>	<b>-55.9</b>	<b>-28.9</b>
Investing activities	-37.7	-36.9	-16.0	-19.9	-26.3	-25.8	-21.2	-16.3	-24.1	-15.0	-40.7	-26.7
<b>Cash flow after investing activities</b>	<b>96.8</b>	<b>-47.3</b>	<b>34.1</b>	<b>13.7</b>	<b>254.6</b>	<b>-10.3</b>	<b>67.4</b>	<b>47.6</b>	<b>351.4</b>	<b>-176.2</b>	<b>-96.6</b>	<b>-55.6</b>
Increase/decrease of interest-bearing liabilities	-54.6	30.2	47.1	-39.4	-211.4	22.9	16.1	-74.6	-349.1	173.9	179.1	-13.9
Transactions with owners	0.0	0.0	-89.6	0.0	0.0	0.0	-66.3	0.0	0.0	-1.0	-66.3	0.0
<b>Cash flow from financial activities</b>	<b>-54.6</b>	<b>30.2</b>	<b>-42.5</b>	<b>-39.4</b>	<b>-211.4</b>	<b>22.9</b>	<b>-50.2</b>	<b>-74.6</b>	<b>-349.1</b>	<b>172.9</b>	<b>112.8</b>	<b>-13.9</b>
<b>Cash flow for the period</b>	<b>42.2</b>	<b>-17.1</b>	<b>-8.4</b>	<b>-25.7</b>	<b>43.2</b>	<b>12.6</b>	<b>17.2</b>	<b>-27.0</b>	<b>2.3</b>	<b>-3.3</b>	<b>16.2</b>	<b>-69.5</b>
Liquid assets at the beginning of the period	155.6	178.9	191.9	218.9	172.9	157.1	136.3	165.5	167.7	169.5	159.0	216.0
Translation differences in liquid assets	4.6	-6.2	-4.6	-1.3	2.8	3.2	3.6	-2.2	-4.5	1.5	-5.7	12.5
<b>Liquid assets at the end of the period</b>	<b>202.4</b>	<b>155.6</b>	<b>178.9</b>	<b>191.9</b>	<b>218.9</b>	<b>172.9</b>	<b>157.1</b>	<b>136.3</b>	<b>165.5</b>	<b>167.7</b>	<b>169.5</b>	<b>159.0</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 Interim Report refers to a number of non-IFRS performance measures used to assist investors and company management to analyze the company's operations. Because not all companies calculate the financial measures in the same way, these are not

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

PERFORMANCE MEASURES	DEFINITION/CALCULATION	PURPOSE
GROSS PROFIT MARGIN	Net sales less goods for resale in percent of net sales.	The measure is used for showing the Group's margins before the effect of costs such as selling and administrative costs.
OPERATING MARGIN	Operating result as a percentage of the period's net sales.	The measure is used to show operating profitability and how the Group meets its targets.
PROFIT MARGIN	Result before tax as a percentage of the period's net sales.	The measure enables the profitability to be compared across locations where corporate taxes differ.
NET MARGIN	Result after tax as a percentage of the period's net sales.	The measure is used to show net earnings in relation to income.
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 targets.
ORGANIC GROWTH	Organic growth refers to sales growth from existing operations cleared from currency effects. The currency effect is calculated by recalculating this year's sales in local currencies to last year's rates and compared to previous year's sales.	The measure is used to show growth in existing business since currency effects are beyond the Group's control and to measure how the Group meets its targets.
OPERATING MARGIN BEFORE DEPRECIATIONS	Operating result before depreciation as a percentage of the period's net sales.	The measure is used to show operating profitability and how the Group meets its targets, regardless of depreciation, amortization and write-downs.
NET FINANCIAL ITEMS	The total of interest income, interest expenses, currency differences on borrowings and cash equivalents in foreign currencies, other financial income and other financial expenses.	The measure reflects the Group's total costs of the external financing.

RETURN MEASURES	DEFINITION/CALCULATION	PURPOSE
RETURN ON CAPITAL EMPLOYED	Rolling 12 month's result before tax plus financial expenses as a percentage of average capital employed. The average capital employed is calculated by taking the capital employed per period end and the capital employed at year-end for the previous year divided by two.	The measure is used to analyze profitability by putting result in relation to the capital needed to operate the business.
RETURN ON EQUITY	Rolling 12 month's result for the period according to the income statement as a percentage of average equity. The average equity is calculated by taking the equity per period end and the equity at year-end for the previous year divided by two. For the Parent company it is calculated as result after tax as a percentage of average adjusted equity. In adjusted equity, the equity part of untaxed reserves is included.	The measure is used to analyze profitability over time, given the resources available to the Parent company's owners.

DATA PER SHARE	DEFINITION/CALCULATION	PURPOSE
EQUITY PER SHARE	Equity at the end of the period divided by number of shares at the end of the period.	Equity per share measures the net asset value per share and determines if a company is increasing shareholder value over time.
CAPITAL MEASURES	DEFINITION/CALCULATION	PURPOSE
EQUITY	The equity reported in the consolidated balance sheet consists of taxed equity increased by the equity portion of the Group's untaxed reserves and non-controlling interests. Deferred tax liability in untaxed reserves has been calculated at the applicable tax rates for the companies in each country, as decided and communicated at the balance sheet date.	The measure is the difference between the Group's assets and liabilities, which corresponds to the Group's equity contributed by owners and the Group's accumulated profits.
CAPITAL EMPLOYED	Total assets less provisions and non-interest bearing liabilities, which consist of accounts payable, current tax liabilities, other liabilities and accrued expenses and prepaid income.	The measure indicates how much capital is needed to run the business, regardless of type of financing (borrowed or equity).
WORKING CAPITAL	Total current assets, excluding liquid assets and current tax receivables, less short-term non-interest bearing liabilities excluding current tax liabilities.	The measure is used to show how much capital is needed to finance operating activities.
NET DEBT	Interest-bearing liabilities (current and non-current) less cash and cash equivalents.	The measure shows financing from borrowings.
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 average total assets is calculated by taking the total assets per period end and the total assets at year-end for the previous year divided by two.	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 average inventory is calculated by taking the inventory per period end and the inventory at year-end for the previous year divided by two.	The measure is used to show the inventory's turnover per year, since the stock is central for the Group to keep a good service level, i.e. to be able to deliver goods fast.
NET DEBT TO EQUITY RATIO	Net debt as a percentage of equity.	The measure helps show financial risk and is useful for management to monitor the level of the indebtedness.
NET DEBT IN RELATION TO WORKING CAPITAL	Net debt divided by working capital.	The measure is used to show how much of the working capital is financed through net debt.
INTEREST COVERAGE RATIO	Result before tax plus financial costs divided by financial costs.	The measure is used to calculate the Group's ability to pay interest costs.
EQUITY RATIO	Total equity as a percentage of total assets.	The measure shows how much of the Group's assets are financed by the shareholders through equity. An equity ratio is a measure of financial strength and how the Group meets its targets.
OTHER MEASURES	DEFINITION/CALCULATION	PURPOSE
EFFECTIVE TAX RATE	Tax on profit for the period as a percentage of result before tax.	This measure enables comparison of income tax across locations where corporate taxes differ.
EFFECTIVE INTEREST RATE	Net financial items in relation to average net debt.	The measure enables comparison of cost for the net debt.
CASH FLOW FROM OPERATIONS	Cash flow from operating activities including changes in working capital and before cash flows from investing and financing activities.	The measure is used to show the cash flow generated by the company's operations.
NET INVESTMENTS	Cash flow from investing activities according to the cash flow analysis which includes investments and divestments of buildings, acquisitions, investments in tangible and intangible assets and raised long-term debt.	The measure is used to regularly estimate how much cash is used for investments in operations and for expansion.

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G R O U P

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 shall achieve synergies by coordinating design, purchasing, marketing, warehousing and distribution of the assortment. The Group shall offer its products to the promo market and the retail market in order to achieve good risk diversification.

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