

New Wave

A black and white photograph of two men with beards, wearing white shirts and suspenders, standing in a doorway and looking at each other. The man on the left has a large tattoo on his left arm. The background is a doorway with ornate trim.

G R O P

**2017
ANNUAL REPORT**

CONTENTS



5

2017 IN SUMMARY

- Craft has launched a Teamwear collection.
- A new warehouse has been established for Cutter & Buck and Clique in Toronto, Canada.
- Our eco-labeled brand Cottover was launched in France and is now established in seven countries.
- The brand Kosta Boda celebrated its 275th anniversary.
- CSR (Corporate Social Responsibility) and sustainability have long been an important issue for the New Wave Group. This year we make a more comprehensive sustainability report for the first time. The sustainability report gives us an opportunity to talk about what we do well - but also what we can do better.

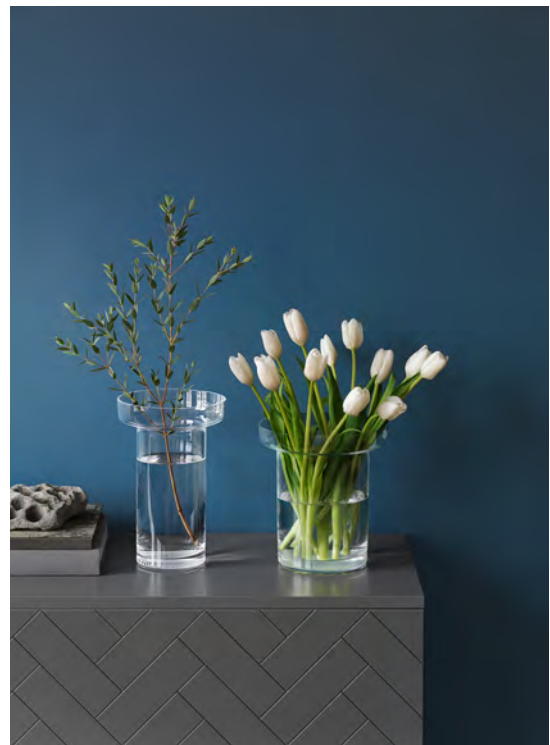
9

ABOUT NEW WAVE GROUP

New Wave Group is a growth company that designs, acquires and develops brands and products in the corporate promo, sport, 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.



48

FINANCIAL INFORMATION

Net sales	+7 %
Result for the year	+28 %
Equity ratio	50.9 %
Net debt to equity ratio	54.1 %



04	Trademarks in focus	22	Sport & Leisure
05	2017 in summary	26	Gifts & Home Furnishings
08	CEO comments	34	CSR & Sustainability
09	About New Wave Group	36	Corporate Governance
12	New Wave Group in the world	44	The Share
14	Flexibility and synergies	46	The Board of Directors and Group Management
16	Corporate Promo	48	Financial Information
		118	Annual General Meeting

TRADEMARKS IN FOCUS

CORPORATE PROMO



SPORT & LEISURE



GIFTS & HOME FURNISHINGS



2017 IN SUMMARY

- Net sales amounted to SEK 5,597.3 million, which was 7 % higher than last year (SEK 5,237.1 million).
- Operating result amounted to SEK 469.1 (400.2) million.
- Operating margin amounted to 8.4 (7.6) %.
- Result for the year amounted to SEK 354.0 (276.7) million.
- Earnings per share amounted to SEK 5.34 (4.16).
- Cash flow from operating activities to SEK 207.8 (448.9) million.
- Equity ratio amounted to 50.9 (48.4) %.
- Net debt to equity ratio amounted to 54.1 (62.1) %.
- The Board of Directors has decided to propose the Annual General Meeting a dividend of SEK 1.70 (1.35) per share.

EVENTS IN BRIEF

The Group has continued its high level of marketing activities whereby we have increased the number of employees in sales, continued high activity in advertising and made a number of new product launches. We had growth of 7 % and sales increases in all operating segments and in all four quarters. Marketing investments are made in all operating segments, but mainly for the promo sales channel.

Our external expenses increased during the year as a result of the marketing investments that have been made. Even staff costs have increased as the number of employees in sales, warehouses and customer service have increased. Total expenses are expected to increase next year as we expand our advertising in North America, hiring more salespeople, as well as the full cost effect occurring on the appointments made during this year.

Result for the year improved by 28%, which is a result of our expanded marketing activities and good delivery reliability.

During the year, the Group made a number of product launches and also established another warehouse in Canada. As a result of these activities, we have increased our working capital and cash flow from operating activities decreased and amounted to SEK 207.8 (448.9) million. The Group's inventories amounted to 2,643.4 (2,496.4) million at 31 December 2017.

Our equity ratio improved by 2.5 percentage points to 50.9 (48.4)% and our net debt to equity ratio decreased with 8 percentage points to 54.1 (62.1)%.

NOTABLE EVENTS IN 2017:

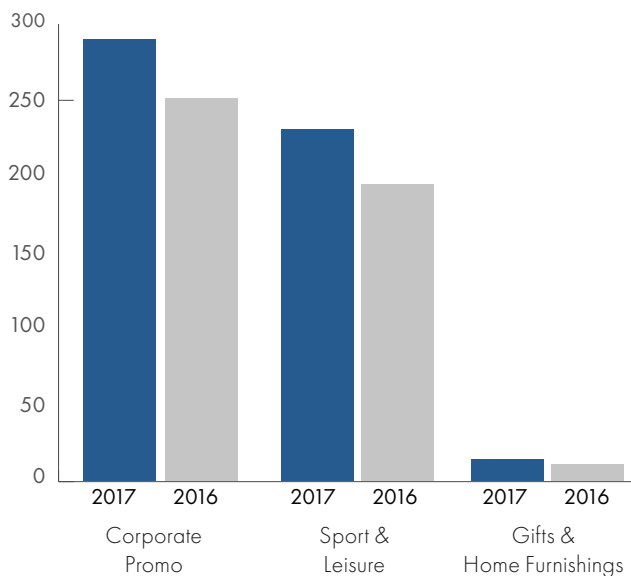
- Craft has launched a Teamwear collection.
- A new warehouse has been established for Cutter & Buck and Clique in Toronto, Canada.
- Our eco-labeled brand Cottover was launched in France and is now established in seven countries.
- The brand Kosta Boda celebrated its 275th anniversary.
- CSR (Corporate Social Responsibility) and sustainability have long been an important issue for the New Wave Group. This year we make a more comprehensive sustainability report for the first time. The sustainability report gives us an opportunity to talk about what we do well - but also what we can do better.

KEY FIGURES

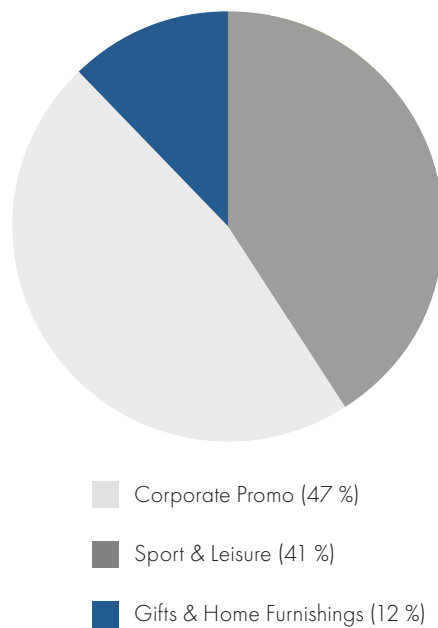
	2017	2016
Net sales, SEK million	5 597.3	5 237.1
Gross profit margin, %	46.1	46.0
EBITDA, SEK million	534.4	456.1
Operating result, SEK million	469.1	400.2
Result for the year, SEK million	354.0	276.7
Equity, SEK million	3 029.2	2 817.2
Return on equity, %	12.2	10.4
Return on capital employed, %	9.8	8.6
Net debt to equity ratio, %	54.1	62.1
Net debt in relation to working capital, %	57.4	64.7
Equity ratio, %	50.9	48.4
Number of employees	2 495	2 396
Profit per share, SEK	5.34	4.16
Equity per share, SEK	45.66	42.46



EBITDA PER OPERATING SEGMENT, SEK MILLION



NET SALES PER OPERATING SEGMENT





CORPORATE PROMO

Net sales increased by 11 % to SEK 2,648.7 (2,388.6) million and EBITDA amounted to SEK 289.7 (250.8) million. The higher turnover was mainly due to increased marketing activities but also a good service level. Growth is occurring in all regions. The improved result is related to the increased turnover.



SPORT & LEISURE

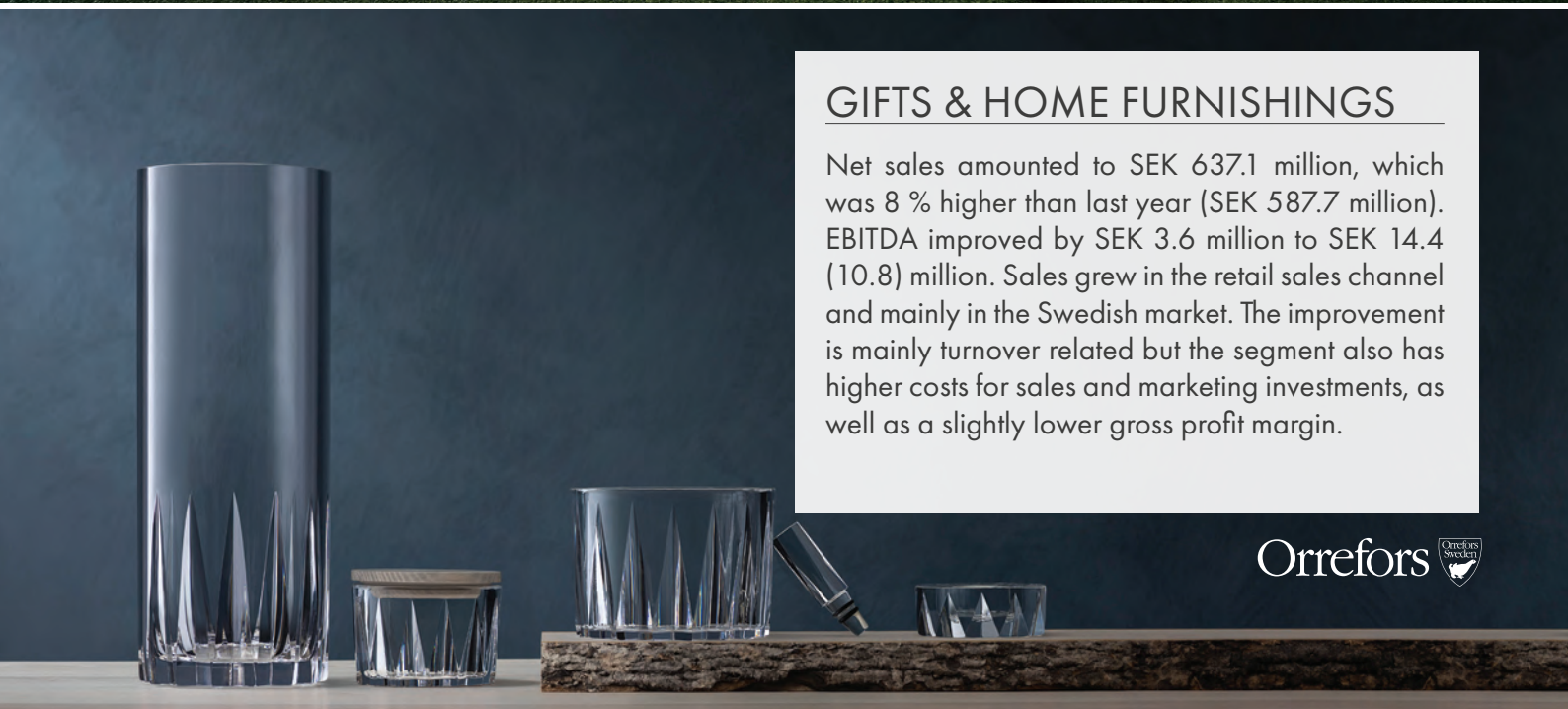
Net sales amounted to SEK 2,311.5 (2,260.8) million, resulting in a growth of 2 %. EBITDA improved by SEK 35.8 million to SEK 230.3 (194.5) million. Sales increased mainly in Sweden and Central Europe as well as the promo sales channel. The higher result is related to higher turnover but also a better gross profit margin contributed.

CRAFT ❖❖❖



GIFTS & HOME FURNISHINGS

Net sales amounted to SEK 637.1 million, which was 8 % higher than last year (SEK 587.7 million). EBITDA improved by SEK 3.6 million to SEK 14.4 (10.8) million. Sales grew in the retail sales channel and mainly in the Swedish market. The improvement is mainly turnover related but the segment also has higher costs for sales and marketing investments, as well as a slightly lower gross profit margin.



Orrefors 



CEO COMMENTS

2017 is the first year in a long time that I look back on and am actually happy with.

Net sales increased once again, this year by 7 % to SEK 5,597 million, which is a new all-time high. Operating result increased by 17 % to SEK 469 million. We have now had good growth for several years. Sales for 2013 were SEK 4,047 million and sales for 2017 ended with SEK 5,597 million, a growth of SEK 1,550 million. Operating profit also developed well and increased from SEK 291 million to SEK 469 million.

THE BALANCE SHEET

The balance sheet as of 31 December 2017 was strong, equity of just over SEK 3 billion and an equity ratio of over 50 % are both record highs for us. At the same time, debt levels are at a record low. This gives good security and freedom of action going forward.

THE FUTURE

I look with great confidence to the future. We are well equipped in all areas and continue to take market shares, gain new customers and grow among existing customers. Today, we have a good level of service, strong brands, great products and we have gained a leading position in CSR. To be a bit more specific, it is among other things, Craft Teamwear, Craft running shoes, our new product lines within ProJob and Jobman, which will provide good growth ahead. We also have continued opportunities for growth in the product range we launched over the past years, such as Cutter & Buck Europe, Cottover and J. Harvest & Frost.

Beyond that, I see continued opportunities for geographic expansion, not least in the United States and Canada.

So even if we had organic growth of SEK 1,550 million between 2013 and 2017, I believe that we shall be able to grow even faster in the coming years. We also have the capacity, both terms of finances and management, for the acquisition of suitable candidates which may appear on the market.

Our ambition for 10-20% growth remains and that operating result will increase more than the sales growth.

Finally, I would like to say a big thank you to our employees, customers, shareholders, Board of Directors and all others who contributed to the development.

I look forward to the coming years and to continue on our growth journey!

TORSTEN JANSSON
CEO

ABOUT NEW WAVE GROUP

BUSINESS CONCEPT

New Wave Group is a growth company that designs, acquires and develops brands and products in the corporate promo, 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

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

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. All in all, we want to become one of the leading sports supplier in both Sweden and the other European countries, as well as in the USA.

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

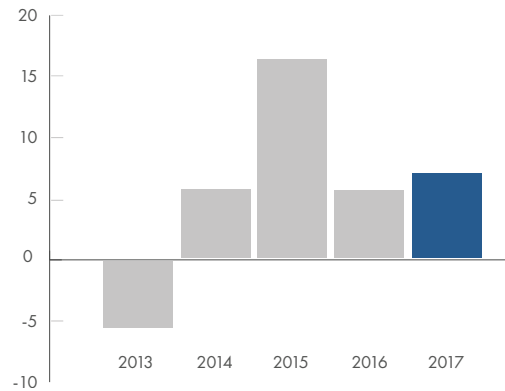
STRATEGY

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

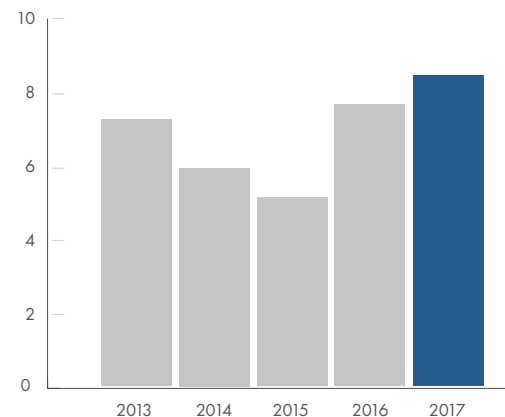
GROWTH & PROFITABILITY TARGETS

New Wave Group strives for sustainable, profitable sales growth through expansion in its three operating segments, Corporate Promo, 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.

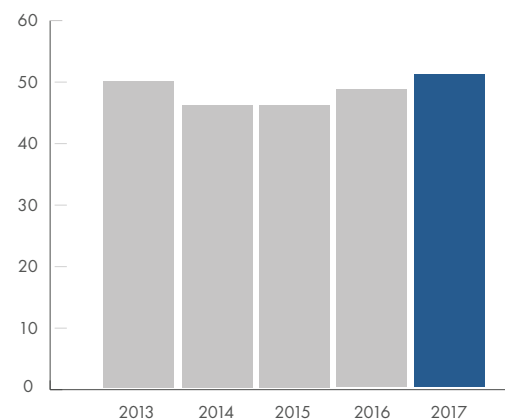
SALES GROWTH, %



OPERATING MARGIN, %



EQUITY RATIO, %



NEW WAVE GROUP'S VALUES

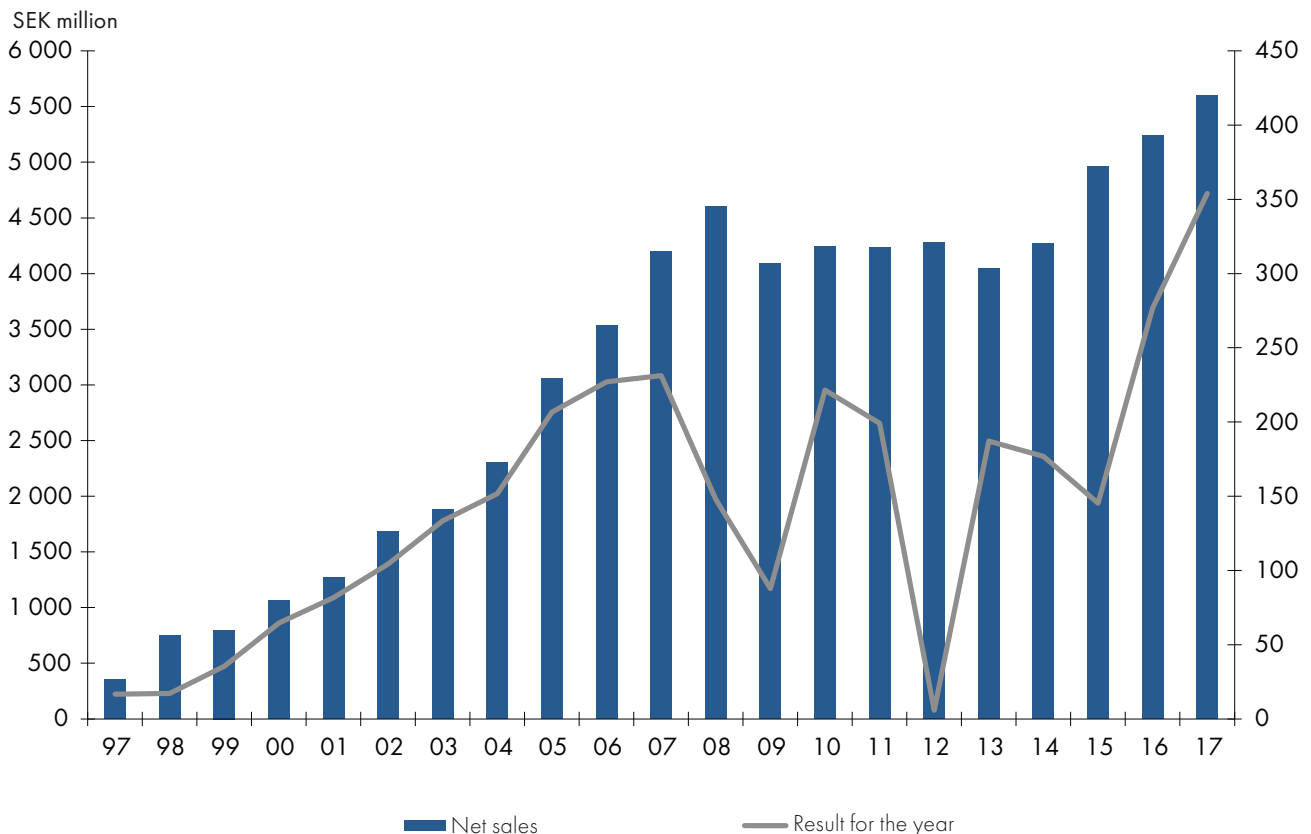
New Wave Group is a decentralised organisation and the Group's values are its guiding principle. We are dedicated to upholding and spreading New Wave Group's values within the Group and particularly when acquiring new companies. New Wave Group does its utmost to find inexpensive, simple solutions and adheres to the motto "a penny saved is a penny earned".

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

HISTORY

New Wave Group was established in 1990 in Sweden and Norway and in 1994 in Finland. The Group ranks as market leader in these markets, with an estimated promowear market share of about 30 %. 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 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 gifts and giveaways segment 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 Inc and Paris Glove of Canada Ltd were acquired, and 2013 when the distribution of Craft's products were acquired.

The Group has gradually expanded and set up organisations in Europe, North America and Asia. New Wave Group has established sales organisations and its own subsidiaries in 17 countries. Sales in non-Swedish markets make up about 76 % of the Group's sales and amount to SEK 4,280 million. Sweden and USA are the Group's most important markets. Together they have 49 % of the Group's turnover.



1990

New Wave Group gets established in Sweden and Norway

1994

Acquisitions in Finland and Italy

1996

Acquisition of Craft

1997

Establishment in Denmark, Spain and Germany. New Wave Group listed on the Stockholm Stock Exchange

1998

Acquisition of Heta AB

1999

Establishment in England and The Netherlands

2004

Acquisition of D.A.D Sportswear, Jobman and Swedish Match Advertising Products division

2003

Establishment in China and Switzerland
Establishing of Projob

2002

Acquisition of DJ Frantextil, Toppoint and X-Tend

2001

Acquisition of Sagaform and Seger

2000

Establishment in France
Acquisition of Texet

2005

Establishment in Wales
Acquisition of Dahetra, Intraco and Orrefors Kosta Boda

2006

Large investments in Orrefors Kosta Boda

2007

Acquisition of Cutter & Buck

2008

Introduction of Clique in the US

2009

Grand opening of Kosta Boda Art Hotel
Introduction of Cutter & Buck in Europe

2013

Acquisition of Craft distribution in North America

2012

Measures taken to convert Orrefors Kosta Boda into a design and market driven company

2011

Acquisition of AHEAD and Paris Glove

2010

Cutter & Buck is establishing a new distribution center in Kentucky

2014

Launching J. Harvest & Frost in nordic countries and Clique Basic in Europe and North America

2015

Launching Coitover, eco-labelled and sustainably produced promowear

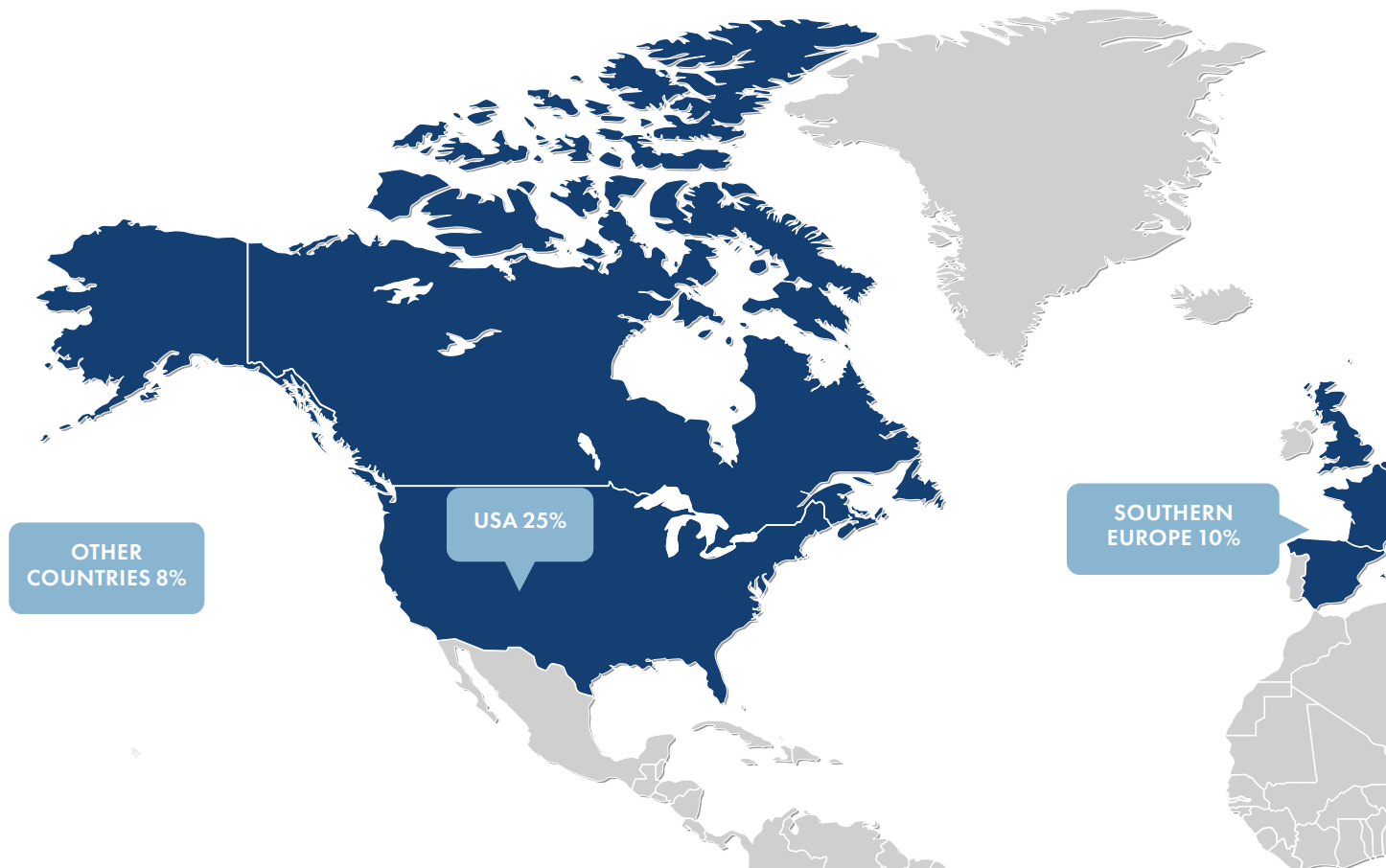
2016

New Wave Group exceeds over SEK 5 000 million in sales

2017

LAUNCHING CRAFT TEAMWEAR AND ESTABLISHING A NEW DISTRIBUTION CENTER IN TORONTO, CANADA





NEW WAVE GROUP IN THE WORLD

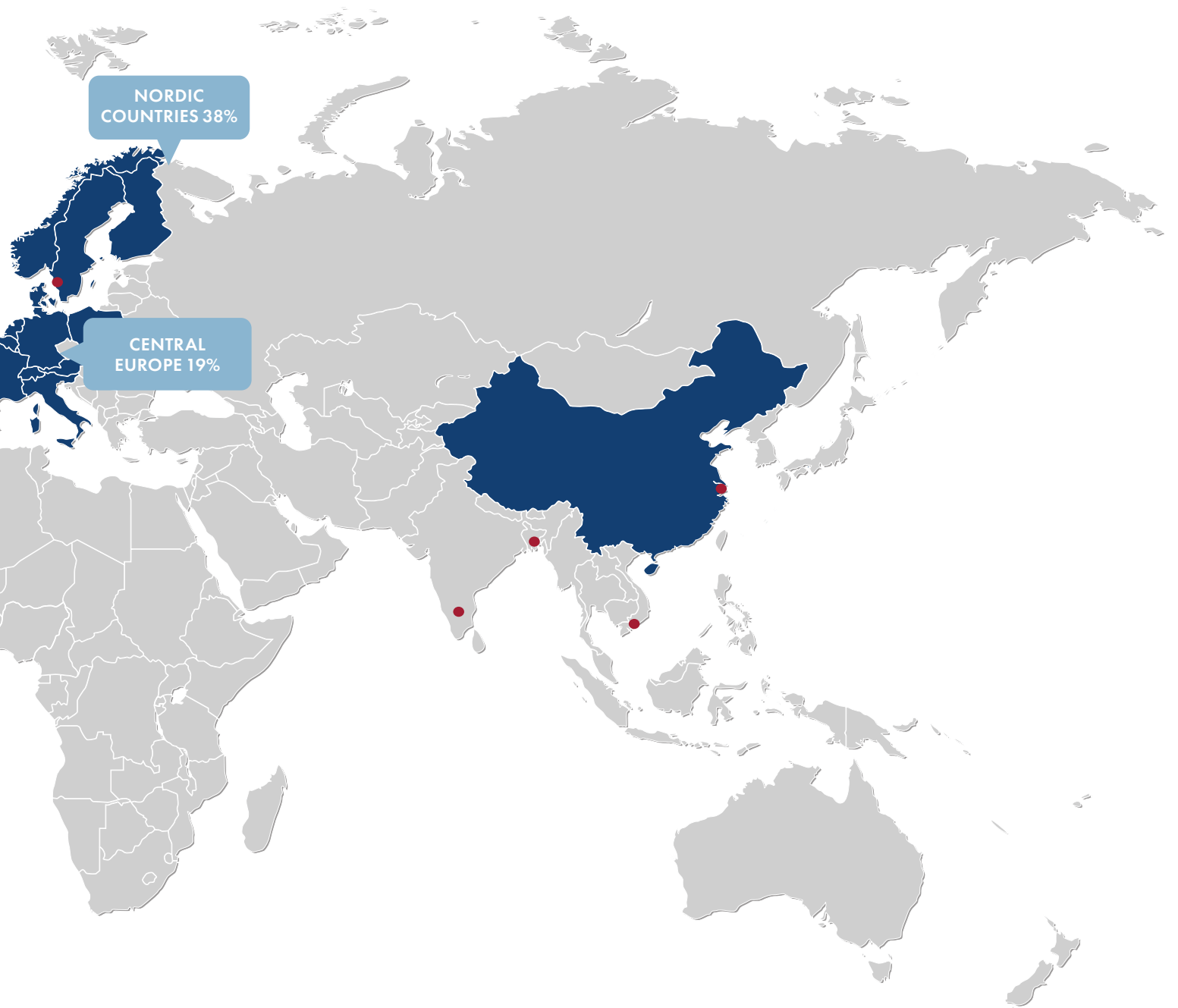
New Wave Group has evolved from a market-leading player in the Nordic countries to a prominent player in several other markets. This applies to all operating segments. The Group works with strong international brands such as Craft, Cutter & Buck, Orrefors and Kosta Boda.

The Group's business strategy entails launching brands and developing concepts on new markets. The company's tactics for foreign launches involves only targeting the corporate promo market to start with one or a couple 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, such as in the case of the Craft launch in the USA. New Wave Group regularly invests a share of its operating profits in new markets. New Wave Group currently has subsidiaries in 17 countries and has carried out 205 launches under its existing brands. By solely introducing the Group's existing concepts in countries where the Group already has its own organisations, at least 220 new launches remain to be carried out.

NET SALES PER GEOGRAPHICAL AREA

SEK million	2017	Share of net sales	2016	Share of net sales	Change, SEK million	Percentage change
Sweden	1 317.0	24%	1 236.4	24%	80.6	7%
USA	1 400.5	25%	1 381.1	26%	19.4	1%
Nordic region excl Sweden	760.5	14%	739.5	14%	21.0	3%
Central Europe	1 062.5	19%	996.8	19%	65.7	7%
Southern Europe	577.6	10%	524.4	10%	53.2	10%
Other Countries	479.1	8%	358.9	7%	120.2	33%
Total	5 597.3	100%	5 237.1	100%	360.2	7%



● SALES ACTIVITIES IN OWN SUBSIDIARY
Sweden, Austria, Belgium, Canada, China, Denmark, Finland, France, Germany, Great Britain, Italy, The Netherlands, Norway, Poland, Spain, Switzerland & USA

● OWN PURCHASING OFFICES
Switzerland, Shanghai (China), Dhaka (Bangladesh), Ho Chi Minh City (Vietnam) & Bengaluru (India)

● PROPORTION OF SALES

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 Promo, 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 operational segments Sports & Leisure and Gifts & Home Furnishings have their own product development activities. Corporate Promo's product development activities are coordinated since the design is less fashion sensitive.

Well designed promowear suits both men and women of working age and allow ample room for profiling (i.e. logotypes) since the clothes target the corporate market. Many of the designs for Sports & Leisure and Gifts & Home Furnishings are based on form and function. The Group has several close partnerships with athletes at both elite and amateur level in a variety of sports. Kosta Boda and Orrefors teams with several famous artists, a collaboration that is also used in the development of the Kosta Linnewärfveri and Orrefors Jernverk brands.

PURCHASING

New Wave Group's purchasing strategy is to buy directly from the manufacturer via our purchasing offices in Asia. New Wave Group has seven purchasing offices, 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 head 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 200 employees at our purchasing offices. The predominant function is performed by our merchandisers, quality controllers and technicians working in teams 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 issues and reclaims.

The purchasing offices also play a key role in securing social and environmental responsibility in the supply chain. Being represented on site enables us to have a close partnership with our suppliers and to actively monitor their operations. 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 strive to discover findings in time and make the necessary improvements. By such means, New Wave Group can achieve the highest compliance level while contributing to social development.

PRODUCTION

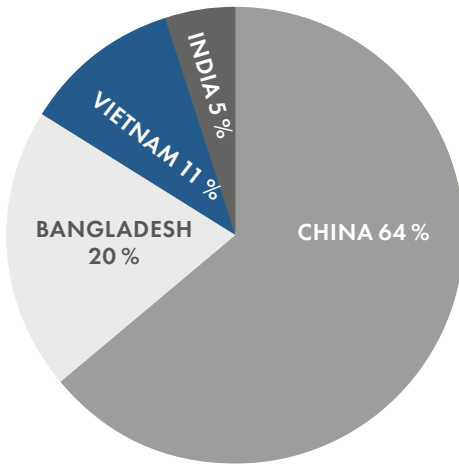
New Wave Group owns a few factories. In Sweden, Seger Europe and Termo have production units for knitted items and Orrefors Kosta Boda glass making facilities. In the Netherlands, Toppoint runs printing operations for, among other things, pen and mug prints. In Denmark, Dahetra owns a production facility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

LOGISTICS & WAREHOUSE

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

- Most of our products are manufactured in Asia and are controlled via our established purchasing Offices.
- Transports are procured and managed centrally. Through consolidated transports between our suppliers and our host 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 from local warehouses which in turn are supported by central warehouses. The number of warehouse points is reduced in order to reduce capital tied-up at the same time delivery capacity is increased.
- By coordinating sales and distribution channels for both retail and promo we obtain additional synergies and reduce seasonal variations.

PURCHASE VOLUME PERCENTAGE
DISTRIBUTED PER PURCHASE
OFFICE HELD IN 2017

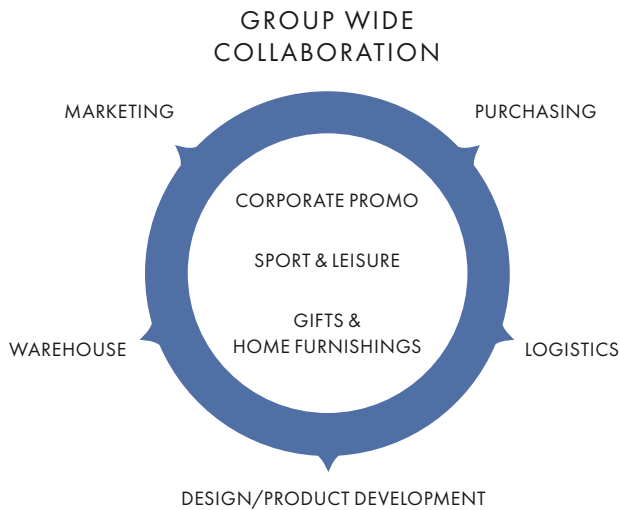


New Wave Group has purchasing offices in four countries. China is the largest production country and this is also the Group's main purchasing office.



THE SHANGHAI OFFICE

New Wave Group's head purchasing office is located in Shanghai, where we have been established since 1992. The early establishment of the office has given us competitive advantages and is a reason for our success during the years. Today, we have 125 employees in China. The local presence and ability to control the manufacturing processes are examples of our strengths. New Wave Group also has purchasing offices in Bangladesh, Vietnam and India.



A STRONG OFFER





CORPORATE PROMO

Corporate Promo is divided into three subdivisions: promowear, promotional gifts and workwear. Business is conducted in a total of 17 countries on three continents. The operating segment's domestic market is the Nordic countries which also answer for most of the sales. Corporate Promo answered for 47 % of the Group's sales and SEK 289.7 million of the Group's EBITDA in 2017. The brands in the Corporate Promo operating segment are sold primarily in the promo sales channel, but some brands are also sold in the retail sales channel.

CORPORATE PROMO

OUR OFFER

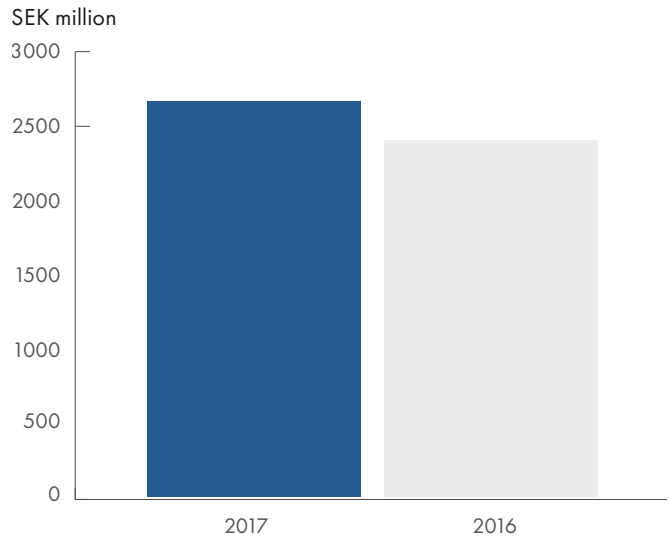
Corporate Promo's subdivisions – promowear, promotional gifts and workwear – consist of products that cover all price levels and qualities. Promowear and promotional gifts have similar application areas (to promote and market brands) and are marketed by the same type of retailers. Workwear is primarily 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 which, in addition to price and quality, also cover all application areas and sizes – from favourably priced basic garments to detailed garments made of exclusive textiles, 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.

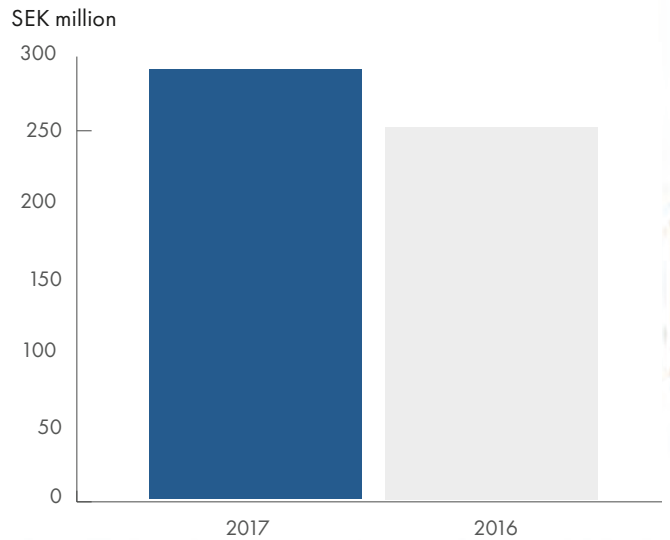
The promotional gift concept is broad and the subdivision covers a multitude of products and price classes. New Wave Group can through its concept, which includes such brands as d-vice, Queen Anne and Toppoint, offer everything from pens, USB flash drives and digital picture frames to handbags, bed linens and towels. Since many companies are giving seasonal gifts, especially at Christmas, the fourth quarter is a key sales period for promotional gifts and business gifts.

The final piece of the Corporate Promo puzzle is workwear. In Sweden, 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 clothes. New Wave Group can through its two brands, Jobman and ProJob, offer work clothes for such professional categories as construction and installation workers, painters and plasterers, transport and service workers, as well as hotel and restaurant workers. The collection is all-inclusive, ranging from underwear to outer garments for all seasons and weather conditions, reflective clothing, shoes, carrying systems and accessories. All garments and products are ergonomic and durable and come in sizes for both women and men.

NET SALES



EBITDA





PROJOB
SWEDISH WORKWEAR

**PROMO:
ALL THAT CAN BE BRANDED**

Promowear and other promo products are articles intended to be refined through various techniques of marking, in order to become a part of companies and organisations' 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 retailers. Yet the sale of trading products, pre-refined in the production stage, is also extensive, especially when order volumes are large.



HARVEST
SPORTSWEAR



TOPPOINT



JOBMAN
WORKWEAR



cottoVer
people & planet



J. HARVEST & FROST
CORPORATE SHIRTMAKER

SALES CHANNELS

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 organised in South and Central Europe. Distributors who market brands that they do not themselves own often have substantial influence in the market. The North American market is much more advanced and the distribution chain resembles the Nordic market.

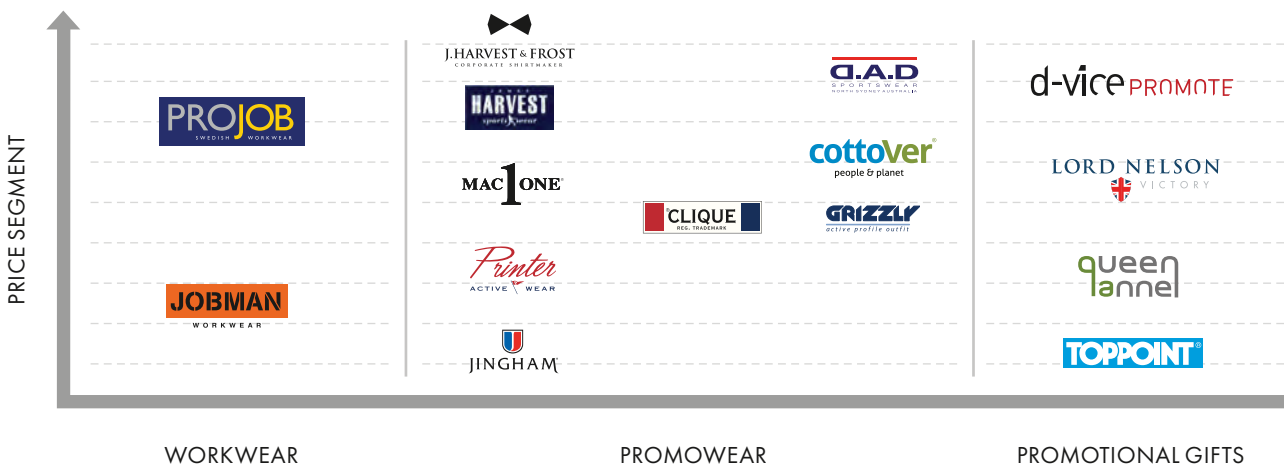
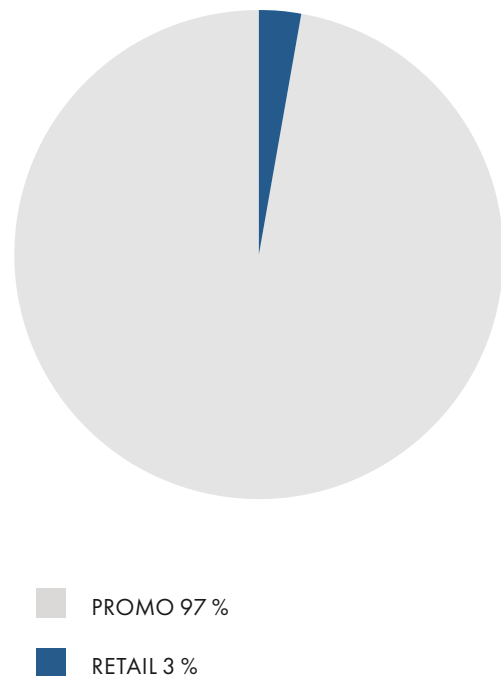
In Sweden, there are about 3 000 retailers of promowear and promotional gifts, a high figure per capita compared with the rest of Europe and the USA. There is a wide variety of retailers, ranging from simple sole proprietorships to large companies with high-end displays and travelling sales forces. Some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

Workwear has traditionally been sold via specialised outlets for example construction, industry and paint shops, but today workwear is sold through many other channels such as pure workwear and protective clothing stores as well as profile dealers. Those who sell workwear, operate together with the already established brands or by developing their own brands and collections. In recent years even the market for workwear to ordinary people has increased, as interior decorating, gardening and DIY programs have become commonplace in TV schedules. Due to this, there has been an increase in the range of workwear within the retail trade towards private people.

CAPITAL TIED UP

A company that orders promowear in its corporate colours for its employees or customers relies on the supplier's ability to deliver a full range of sizes and correct colours. For instance, if New Wave Group cannot deliver products in a medium size or in the end customer's corporate colours, the customer will turn to a different supplier. The Group's ambition is to deliver 98% of its products within 24 hours. The risk of obsolescence is low since most of the collection comprises timeless basic products for which there is a demand season after season. Adjustments for changes in purchasing prices are made continuously since sales are instant which limits the currency risk. Sales are made to selected retailers, which limits bad debts. Confirmed bad debt losses within Corporate Promo amounted to 0.08 (0.36) % of revenues in 2017. Many of the products are common to both the retail and promo sales channels, which offers significant risk diversification. The catalogues may also be common to both sales channels.

NET SALES PER SALES CHANNEL





J. HARVEST & FROST
CORPORATE SHIRTMAKER



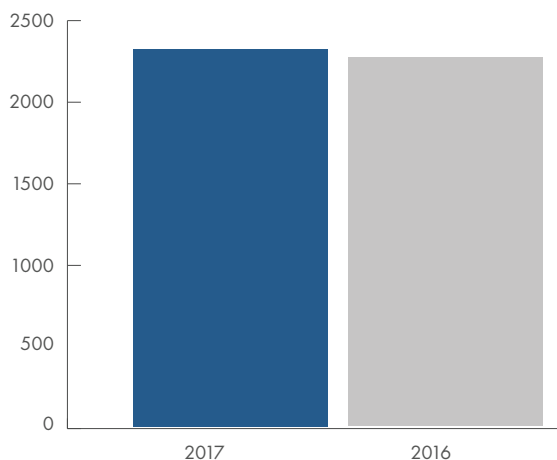
SPORT & LEISURE

Sports & Leisure includes several internationally well-known sports brands like AHEAD, Auclair, Craft and Cutter & Buck. Business is conducted in 14 countries, focusing on the Nordic countries and North America. In addition to our own brands, we also have the distribution right to Speedo. Sports & Leisure answered for 41 % of the Group's sales and SEK 230.3 million of its EBITDA in 2017. Most of the sales relate to the retail market (sports retail sector) but some sales also stem from the promo market.

CRAFT 

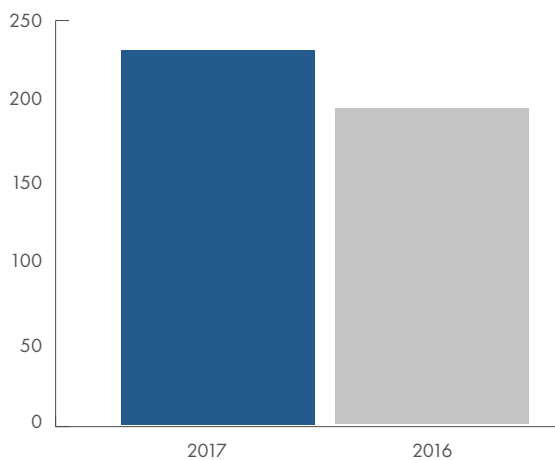
NET SALES

SEK million



EBITDA

SEK million



TRADEMARKS IN SPORTS AND LEISURE



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, MA, USA in 1995, AHEAD is the recognized leader in the golf headwear market and under New Wave has expanded into the collegiate and corporate markets, where AHEAD products can now also be found. AHEAD has an extensive presence on the PGA Tour as well as golf's Majors, including the U.S. Open, British Open, and PGA Championship. AHEAD enjoys exclusive headwear partnerships with Jack Nicklaus, Annika Sorenstam and with the Arnold Palmer Enterprises.

Auclair® AUCLAIR

With roots as a family company from humble beginnings in Quebec, Canada 1945, Auclair has grown to become one of the most trusted brands during the winter months and known for delivering high quality performance products. Auclair is well prepared for what winter brings and offers a full range of products from high caliber ski gloves to fashionable on-trend lifestyle collections with everything in between.

Working with world-class athletes and sponsorship of national team programs is part of Auclair's DNA. These sponsorships play a key role in the product development process, which includes product validation and testing of new concepts. The end results deliver new innovative products that ensure world-class athletes and active consumers around the world can outperform every winter.

GANTS

LAURENTIDE

L'ÉCART LAURENTIDE

For over 70 years Laurentide has delivered high quality work gloves and clothing to the North American industrial and utilities marketplace. Longstanding supply agreements with key distributors and utility companies have kept Laurentide at the forefront of supply and service to the growth of North America's infrastructure.



LE GANT PARIS GLOVE

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

CRAFT CRAFT

Craft designs and develops innovative clothing and products that inspire physical activity and enable optimal sports performance for world champions as well as everyday heroes. With its heritage in Scandinavian nature and passion for fitness sports, the brand appears in the categories Baselayer, Running, Nordic Skiing, Bike, Sportswear and Trainingwear and since 2017 also in Teamwear and Footwear.

For four decades, Craft has delivered optimal performance through innovative functional clothes. For almost as long, the

brand has been a part of the professional sports world. The company's knowledge of how a training and competition item is designed to offer optimum function comes largely from a long and rewarding collaboration with elite athletes throughout the world.

Sweden is Crafts home market and the largest market for sales. Defined focus markets with great potential are the other Nordic countries, the Benelux countries, the United States / Canada and Germany. Competitors vary slightly depending on segment and market, but some examples are Adidas, Castelli, Nike, North Face, Odlo and Swix. Crafts's goal is to continue its expansion phase and establish an international market position.

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 (e-commerce and mail order). The objective is to build up a strong position in the golf and ready-to-wear sectors also in the European market in the long term. Cutter & Buck is also a strong platform in the North American market for introducing New Wave's other concepts.

SEGER

Seger creates functional high-tech knitted garments for a better sporting experience. During the company's 70-year history, Seger has become known for quality and durability in every detail. Seger is constantly working to improve the work for environment and nature. Since January 2017, the entire factory has been powered by wind power from a plant just a few kilometers from Seger's knitting machines. Seger has its largest sales in the Nordic countries, but is now investing in increased exports. New countries that the brand is targeting are France, Canada and the United States.

TERMO ORIGINAL

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

CLIQUE RETAIL

Clique Retail is comfortable and appealing affordable garments, products that stands 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 stand for inventory and thus take the greatest risks of 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.

PAX

PAX has for more than 85 years been dedicated to manufacturing high-quality shoes for children and is nowadays one of Sweden's most prominent shoe manufacturers. Carefully selected materials and innovative design is PAX's insignia. The shoes are sold through a nationwide web of local retailers. Main competitors are the shoe retailers' own brands as well as Ecco, Kavat and Viking.

SKÖNA MARIE

Sköna Marie is a classic Swedish shoes brand that manufactures functional high-quality women's shoes. Sköna Marie always uses the very best raw materials and most models are made of real leather, a breathable, soft and very comfortable material. The shoes are sold through a nation-wide web of local retailers. 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 has a relaxed feel and style which is available for a wide target group to identify with. The shoes are sold through a nationwide network of local dealers. The main competitors are Timberland, Sebago and Rockport.

OTHER SPORT BRANDS

New Wave Group has a portfolio of very strong sports brands in various areas. The Group's main strategy is to own and thereby develop the brands and licensing has therefore historically not been part of our core business. Below is a presentation of the licensed brand that New Wave Group have a distribution right on in the Swedish and Nordic markets.

speedo SPEEDO

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

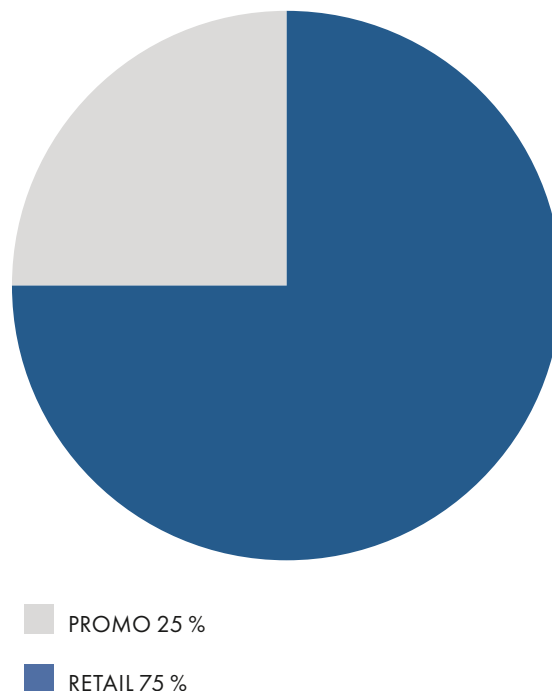
SALES CHANNELS

The retail sector is the natural channel for meeting the market for all the operating segment's brands. Clique Retail, Craft, Seger, Speedo and Umbro all have a verified position in the sports retail sector, but are also sold in the promo market and through athletic clubs.

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 retail sector focuses on less fashion-sensitive areas, such as Craft's function base layers and Clique's base garments. In the retail sector sales consist largely of advanced orders compared with the promo market where deliveries are made directly against order. This means, for instance, that the customer places orders in the spring for goods to be delivered in the autumn. About 70–75% of the sales in the retail sector are advanced orders. In conjunction with orders from customers, the Group places orders with the factory which significantly reduces the risk of obsolescence. The rest of the sales, so called supplementary sales, are primarily base items with limited fashion risks. In order to limit its foreign exchange risk, the company hedges between 50–80% of the purchasing costs. Sales are made to selected retailers, which limits bad debts. However, there is a higher concentration to fewer customers in the retail segment compared with the promo segment. In 2017, confirmed bad debt losses in the Sport & Leisure operating segment made up 0.17 (0.08) % of sales. Many of the products are the same for both the promo and retail sales channels, which provides a significant spread of risk. Moreover, the two sales channels can use the same product catalogues.

NET SALES
PER SALES CHANNEL





GIFTS & HOME FURN



ISHINGS

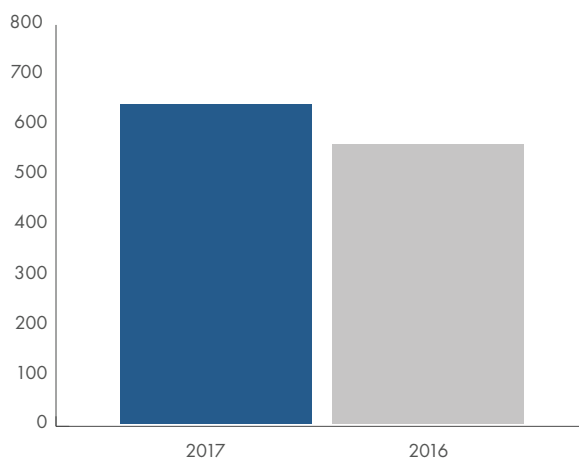
**KOSTA
BODA**
SWEDEN 1742

GIFTS & HOME FURNISHINGS

Several strong brands such as Kosta Boda, Orrefors, and Sagaform comprise part of the Gifts & Home Furnishings operating segment. The brands are established in 15 countries. Sweden is the largest market and also accounts for a large proportion of sales. In 2017, Gifts & Home Furnishings accounted for 12 % of the Group's sales and SEK 14.4 million of the Group's EBITDA. The brands are sold primarily on the retail market, but also within the promo market.

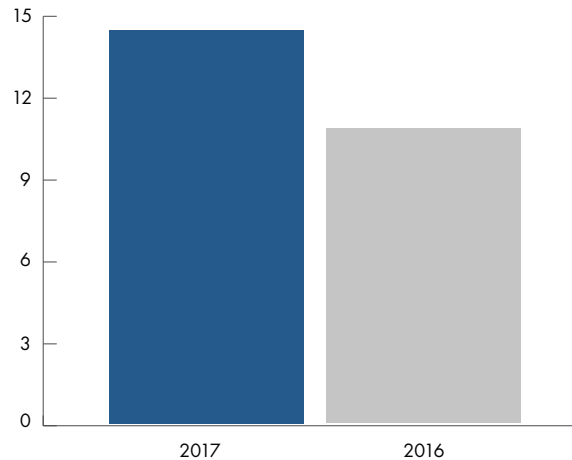
NET SALES

SEK million



EBITDA

SEK million



ORREFORS KOSTA BODA AB

2017 was characterized by the celebration of our 275th anniversary of the Kosta Boda brand. The celebration was crowned by the King and Queen coming to Kosta on the 6th June, and together, the King and our glass artist Bertil Vallien moulded the royal boat. Under the slogan "275 years of history means 275 years of the future" a variety of exhibitions occurred, both in Sweden and internationally, all contributing to strengthening our brand and position as one of Europe's leading glass brands. Several new glass artists became part of the company, among them Hanna Hansdotter, Mattias Stenberg and Frida Fjällman who appeal to a new generation of glass-loving consumers.

KOSTA BODA

Kosta Boda stands for products with a distinct soul, where color, shape and artistry create a personal expression. Everything from the new elegant everyday series Kosta Boda Bruk, to exclusive unique art glass. In 2017, the most expensive art glass product ever sold by Bertil Vallien, Passage, was to an art collector in the United States. During the year, massive marketing aimed at consumers in the Nordic region and the United States was primarily initiated through advertising at airports, airplanes and travel magazines aimed at increasing brand awareness towards a new generation of glass lovers.



**KOSTA
BODA**
SWEDEN 1742



ORREFORS

Orrefors enhances consumer experience and social meetings linked to food and drink by developing beautiful crystal glass. This year, much of our focus has been on different bar concepts where City, designed by Martti Rytönen, has become an international success. In 2017, cooperation with Volvo has also been further developed, partly by expanding the production of products to be installed inside the car, such as gear knobs in crystal, as well as design cooperation with a "lifestyle" collection of various crystal products, dubbed as Sarek. Here, our designer Lena Bergström has worked close to Volvo's design team and developed a product line that takes inspiration from the Lapplandish wilderness.



KOSTA BODA ART HOTEL

KOSTA BODA ART HOTEL SWEDEN 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 visiting place 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 2017, the hotel received Awards "Travelers Choice" and "Certificate of Excellence" by Tripadvisor. The hotel is unique in its kind, sprung out of the glass, designed for the experience.



LODGE KOSTA

The lodge was completed in summer 2016 and has 212 beds, restaurant, pool area with temperate pools, jacuzzi, wood burning hot tubs, sauna and a large sun deck as well as a rental center. During 2017 and spring 2018, remaining rooms will be renovated in the older hotel section. The next major investment in the form of Kosta Safaripark, which opens in late April 2018, began. Kosta Lodge can now offer fantastic experiences and create an attractive place for the active family as well as the couple or friends who want to experience everything Glasriket has to offer.

KOSTA LINNEWÄFVERI KOSTA LINNEWÄFVERI

Kosta Linewäfveri creates textile products based on sustainable ideas from yesterday, but always with one leg in the present and future. Quality is the key word; for the selected materials as well as for the design and functionality. The products are presently sold in the Nordic markets.

Orrefors JERNVERK ORREFORS JERNVERK

Orrefors Jernverk stands for exclusively manufactured metal products with a classic look. The collection includes both appliances for the kitchen as well as decorations for the entire home. For Orrefors Jernverk quality is crucial. All products are to be durable, both in the sense of timeless design and long-lasting thanks to a good choice of materials and proven manufacturing processes. Today Orrefors Jernverk is on the Nordic market for promo and retail.



SAGAFORM

For more than 20 years, Sagaform has helped to create good and loving relationships by offering carefully selected, affordable and well-designed gifts in attractive packaging that are just as much fun to give as to receive, or to buy for yourself. Eating together, just like giving each other gifts and presents, has since the dawn of time been a way of building strong relationships. Sagaform has combined these two traditions by offering an assortment of gifts for the kitchen and laid dinner table. Cooperation with renowned designers means that a gift from Sagaform suits everybody and adds that little extra to every kitchen and table. Sagaform is working with a broad distribution both within the retail sector and profile market with focus on Sweden, where the goal is that for all possible present occasions a Sagaform gift should be the first choice for thoughtful people and companies. On the export side, the other Nordic countries, together with England and Germany have top priority.



KOSTA FÖRLAG

Kosta Förlag was founded in 2006 and runs the publishing house and the store Books & Toys in Kosta. Kosta Förlag publishes books that 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 KostaBoda.





Kosta Boda Art Hotel in Kosta is the world's first art glass hotel. The Hotel first opened its gates in June 2009, but the journey actually started already in 1742. When two of Karl XII generals, Anders Koskull and Georg Bogislaus Staël von Holstein founded Kosta Boda. The Hotel offers holistic experience with elegant and personal service in an environment that doesn't leave anyone untouched. The good of life, wellbeing and beautiful art work in a comfortable symbiosis creates a possibility for both creative encounters, relaxation and memories for life.

**KOSTA
BODA**
ART HOTEL
SWEDEN



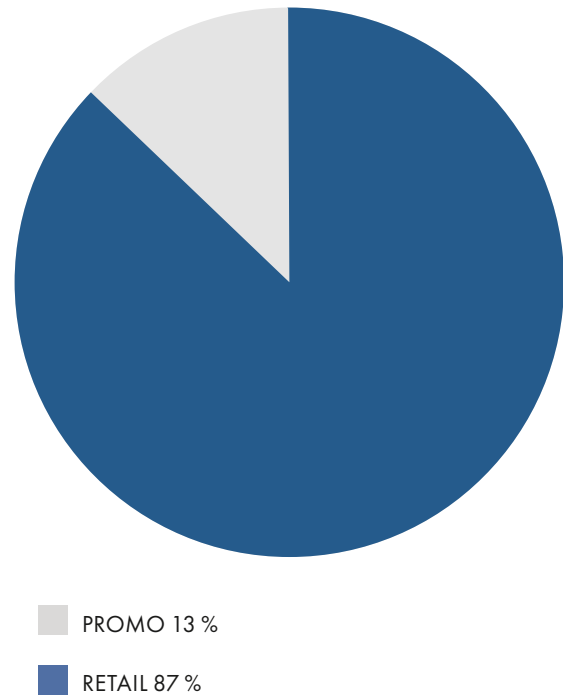
SALES CHANNELS

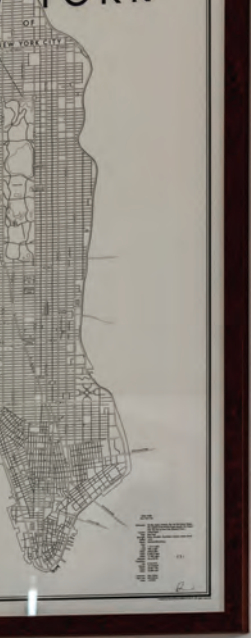
The Swedish retail sector is undergoing a major reconstruction where we see consumer interest in traditional glass and ceramics falling in favour of design and home decorating shops. The expansion of online shopping is another strategically important aspect where the shift in customers' buying patterns demands completely different availability than previously. Some of the Kosta Boda, Orrefors and Sagaform brand's sales activities target the promo markets where the products are used as everything from simple gifts to exclusive anniversary gifts and mementos. Kosta Boda and Orrefors uphold their position as an interesting alternative for occasions warranting high-class objects. Sagaform's products are popular as Christmas and summer gifts to employees and customers.

CAPITAL TIED UP

Production in Orrefors Kosta Boda is conducted throughout the entire year, while sales occur primarily during the second half of the year. Consequently, tied up capital is most considerable the first part of the year. Most of the production involves classic and popular products like Château, Intermezzo, Line, Mine and others with a product cycle in excess of 20 years, which reduces the risk of obsolescence. For the part not in-house manufactured, most purchases are made against stock for later sale to customers. New Wave Group limits its foreign exchange risk by hedging about 50–80% of the purchasing costs. Sales are made to selected retailers, which limits bad debts. However, there is a higher concentration to fewer customers in the retail segment compared with the promo segment. In 2017, confirmed bad debt losses in the Gift & Home Furnishings operating segment made up 0.28 (0.42) % of sales. Many of the products are the same for both the promo and retail sales channels, which provides a significant spread of risk.

NET SALES PER
SALES CHANNEL





CSR & SUSTAINABILITY

New Wave Group believes in sustainable growth. We are convinced that long-term thinking will create long-term value. Therefore, it is important for us to use business solutions which are not only profitable, but also sustainable from a social and environmental perspective.

New Wave Group uses the term CSR (Corporate Social Responsibility) for our work with sustainability, with regard to both social and environmental responsibility. For example, this includes our efforts to improve working conditions in our production countries, streamline transportation and logistics and to use eco-friendly materials.

We strive to minimize any negative impact that could occur from our business and at the same time maximize the positive effects, both globally and locally. We also want to help our customers make conscious purchasing decisions. Therefore, New Wave Group works actively with integrating sustainability with our core business through three focus areas for CSR and sustainability: Design and product development, Sourcing and production and Transportation and logistics.

SUSTAINABILITY REPORT

1 December 2016, the Swedish Government's legislation on mandatory Sustainability Reporting took effect and implies that all large entities should report on their policies and work with social- and environmental compliance, human rights and anti-corruption. Since 2012 New Wave Group has included a section about environment and ethics in our Annual Report, but this is the first time we report according to the new legislation in a more comprehensive Sustainability Report. The Sustainability Report gives us an opportunity to highlight our accomplishments so far – but also reflect on how we can improve.

The Group's structure with a decentralized organization poses a challenge in measurability and to globally accumulate data regarding sustainability issues. Therefore, 2017 can be seen as a year of education on how the report should be designed and what to include. The ambition is to add more sustainability-related goals as we learn more and develop our work with sustainability.

HIGHLIGHTS 2017

Our eco-labeled brand Cottover showed a positive growth development, which indicates an increasing demand for sustainable garments.

We initiated a web-based training tool to raise the knowledge level in CSR and sustainability issues. We also organized several lectures and seminars to empower our customers and distributors on CSR.

New Wave Group signed the transition Accord on Fire and Building Safety in Bangladesh, a new legally binding agreement that takes effect in May 2018 when the current Accord expires.

Suppliers in risk countries evaluated by third party against our Code of Conduct continued to increase. For 2017, factories that stand for approximately 92 % of the total purchasing volume through our buying offices have valid audit reports from amfori BSCI or an equal third party monitoring system.

At the beginning of 2017, the legislated energy audit was carried out for New Wave Group AB and its subsidiaries in Sweden. The result was reported to the Swedish Energy Agency during the first quarter of 2017.

Read more about how New Wave Group works with CSR and sustainability in the separate Sustainability Report on www.nwg.se/en.

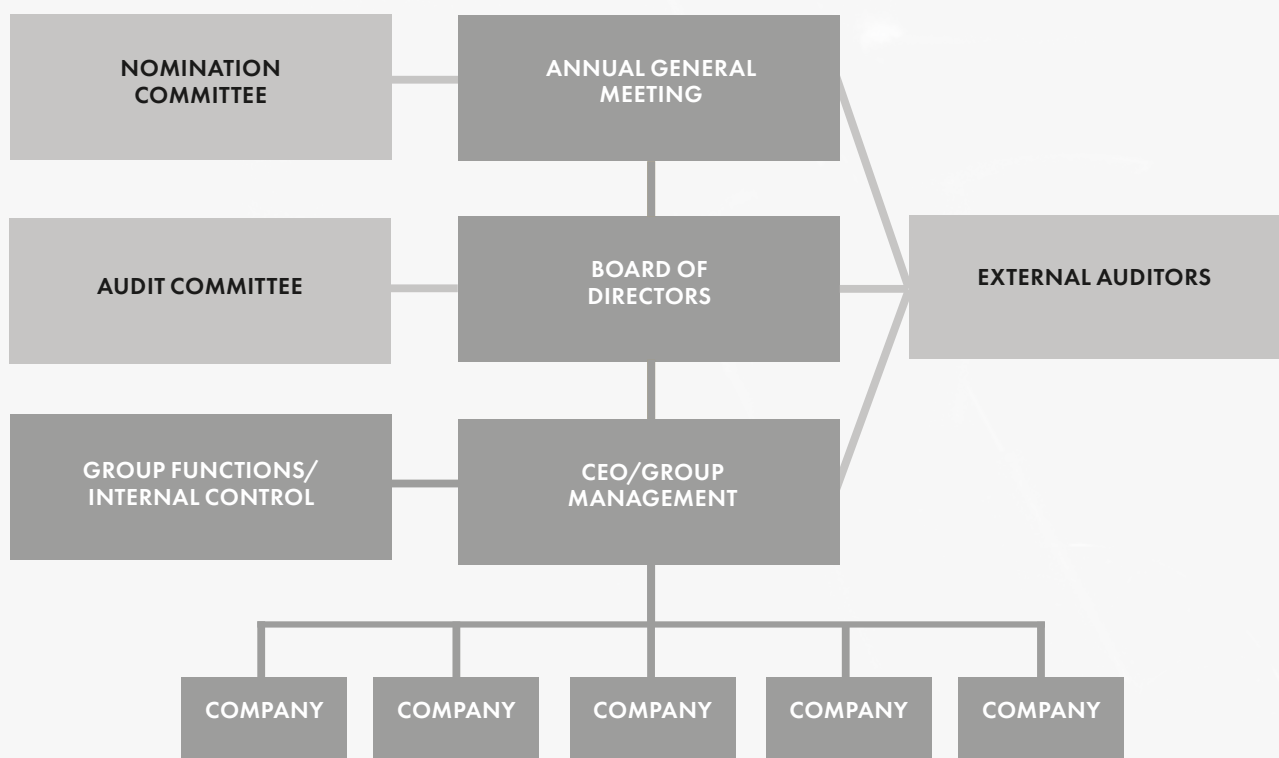


cottover[®]
people & planet



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 in accordance with the legislation. The company's Board of Directors has thus drawn up this corporate governance report. More information about the Code may be found at www.corporategovernanceboard.se, where there is also a description for foreign investors.





J. HARVEST & FROST
CORPORATE SHIRTMAKER



Responsibility 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

At the end of 2017, the company had 14,509 shareholders. The proportion of share capital owned by institutions amounted to approximately 47% of the capital and 13% of the votes. Foreign investors owned approximately 14% of the share capital and 4% of the votes. The 10 largest owners had a total holding corresponding to 63% of the share capital and 90% of the votes. For further information on the owners as at 31 December 2017, please see pages 44–45.

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.

2017 ANNUAL GENERAL MEETING

The AGM for shareholders of New Wave Group was held on 10 May 2017 in Kosta. Olof Persson was elected chairman of the meeting.

THE FOLLOWING RESOLUTIONS WERE PASSED:

The AGM adopted the income statement and balance sheet, as well as the consolidated income statement and balance sheet, resolved to appropriate profits in accordance with the proposed appropriation of profits including a dividend of SEK 1.35 per share to take place for the 2016 financial year, and discharged the Board members and CEO from liability.

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

- that there shall be six (6) Board members elected by the AGM, and no deputies will be appointed
- that remuneration to the Board amount to SEK 330,000 to the Chairman of the Board, and SEK 155,000 to each of the other Board members who are not employed in the Group, and an additional SEK 50,000 to each Board member who is part of the audit committee (SEK 205,000 including the add on for the audit committee).

- that Directors' remuneration may be paid to the Board member's Company provided that it is cost-neutral for the Company, and in accordance with tax legislation
- that Olof Persson, Elisabeth Dahlin, Torsten Jansson, Mats Årjes, Christina Bellander and M.Johan Widerberg are appointed as Board members (all re-elected)
- that Olof Persson is appointed as Chairman of the Board (re-elected)
- that remuneration to auditors shall be paid according to approved calculations and agreements
- to re-elect Ernst & Young AB as auditors until the close of the Annual General Meeting 2018
- on the principles for the appointment of a new Nomination Committee

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

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

Complete information about the 2017 AGM is available on the website, www.nwg.se.

2018 ANNUAL GENERAL MEETING

The annual shareholders meeting will be held on 16 May 2018 at 1 pm in Kosta, Sweden.

NOMINATION COMMITTEE

The nomination committee represents the company's shareholders. Its task is to create as sound basis as possible for decisions at the AGM and to put forward proposals for matters such as the appointment of the Board of Directors and the auditor, and for remuneration to these parties. The nomination committee consists of one representative for each of the company's three biggest shareholders, chosen on the basis of personal qualities. If any of these shareholders decline to appoint a member of the nomination committee, the next shareholder in terms of size is given the opportunity to appoint a member. Information regarding the composition of the nomination committee is normally published in the interim report for the third quarter.

The job of evaluating the Board's working methods and efficiency is carried out in cooperation between the Board of Directors and the nomination committee and is preceded by a questionnaire evaluation of the Board's work and sitting members.

The composition of the nomination committee, before the election of Board members at the 2018 AGM, is as follows:

- Arne Lööw, representative of Fjärde AP-fonden and the committee's chairman
- Torsten Jansson, CEO and representative of Torsten Jansson Förvaltnings AB
- Johan Ståhl, representative of Lannebo fonder

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

The nomination committee represents around 84% of the votes in New Wave Group as at 31 December 2017. All shareholders are able to contact the nomination committee to propose candidates to the Board. The nomination committee has held a number of meetings and in between these meetings maintained contact by phone and e-mail. Among its many tasks, the nomination committee has evaluated the Board of Directors on the basis of the company's future development and challenges in order to achieve a good combination of expertise and experience.

INDEPENDENCE OF THE BOARD

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

As CEO and major shareholder of New Wave Group, Torsten Jansson is considered to be dependent on the company and the company management. Olof Persson, Christina Bellander, Elisabeth Dahlin, Mats Årjes and M.Johan Widerberg are considered to be independent in relation to both the company and the company's major shareholder. It is thus the opinion of the nomination committee that the current composition of the New Wave Board satisfies the requirements for independence laid down in both the Code and in the rules and regulations of NASDAQ OMX Stockholm for issuers. For a detailed presentation of the Board, Board Members assignments and securities holding in New Wave Group, please refer to page 46.

THE BOARD AND ITS WORK

The Board of New Wave Group consists of six 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 budgets, 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 organisational 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 2017, the Board met on ten occasions. Göran Härstedt is the Board's secretary.

The Chairman organises and leads the Board's work so that this is carried out in accordance with the Swedish Companies Act, other legislation and regulations, applicable rules for listed companies, Including the Code, and the Board's other internal control instruments. The Chairman follows operations in dialogue with the CEO and is responsible for other Board members receiving the information required to complete the Board's tasks.

AUDIT COMMITTEE

The Group has an Audit Committee (AC) since February 2017. 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 ACs 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 President and Christina Bellander is a member of the Committee. Both are independent of the company and its management. CFO, is adjunct to AC, as well as takes minutes.

The Board assigns to the AC to prepare and decide on audit issues and report discrepancies to the Board. The Board decides however on the appointment of an internal auditor and 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

The Board	Presence	Independent	Remuneration
Olof Persson, chairman	10/10	Yes	323 333
Christina Bellander	10/10	Yes	186 664
Elisabeth Dahlin	9/10	Yes	153 336
Mats Årjes	10/10	Yes	153 336
M. Johan Widerberg	10/10	Yes	186 664
Torsten Jansson	10/10	No	0
Total			1 003 333

AC shall meet on a regular basis at least four times per annum and its protocols shall be communicated to the Board of Directors. During 2017, AC met on six occasions and all members participated in these meetings.

REMUNERATION COMMITTEE

There is no specially appointed remuneration committee to deal with wages, pension benefits, incentives and other employment related conditions for the CEO. These issues are dealt with by the Board as a whole without the participation of Board member part of company management. The employment conditions of other members of Group management are determined by the CEO and the Chairman of the Board.

New Wave Group's compensation policy for senior executives:

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

CONDITIONS OF EMPLOYMENT FOR THE CEO

Remuneration to the CEO comprises a fixed salary. No Board member's fee or other remuneration (bonuses) is paid to the CEO. Pension benefits are paid in accordance with the ITP plan. A mutual notice period of six months applies for the CEO, with no severance pay.

REMUNERATION TO THE BOARD

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

GROUP MANAGEMENT

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

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

For a more detailed presentation of management's assignments and holdings in New Wave Group refer to page 47.

INTERNAL CONTROL & RISK MANAGEMENT RELATING TO THE FINANCIAL REPORTING FOR THE 2017 FINANCIAL YEAR

GENERAL

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

OPERATING SEGMENTS

The Group divides its operations into three operating segments: Corporate Promo, Sports & Leisure, and Gifts & Home Furnishings. Within Group management there are people with responsibility for each operational segment in order to coordinate operations. The products follow the operational 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 operational segment there are a number of concept groups responsible for strategic direction, product development and marketing strategy for one or more brands.

FINANCIAL RISK ASSESSMENT

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

- Stock, which accounts for around 44% of the value of the Group's assets
- Intangible assets (mainly goodwill & trademarks), which account for 23% of the value of the Group's assets
- Accounts receivable, which account for around 17% of the value of the Group's assets
- Interest-bearing liabilities, which account for around 31% of the Group's balance sheet total

CONTROL ENVIRONMENT

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

CONTROL ACTIVITIES

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

The Group performs reviews of the companies' routines and accounting methods, which are reported to Group management. No CEO is permitted to appoint or dismiss a finance manager, and finance managers' report directly to the Group's CFO. The Group's risks with regard to financial reporting lay in the risk that

material misstatements may occur when reporting the company's status and financial results. The company's accounting instructions and manuals, together with established follow up routines, serve to minimize these risks.

INFORMATION & COMMUNICATION

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

FOLLOW-UP

Finance personnel and management at company and Group level analyze the financial reporting in detail every month. The Group's central support staff is responsible for implementing, further developing and maintaining the Group's control routines, and for performing internal controls of business critical matters. New Wave Group's privatized structure involves a controllerbased organization, which is responsible for ensuring that 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, internal Board meetings and via the company's external auditors. Most processes are fully or partly centralized at Group level, such as purchasing, logistics, payments, financing, IT, the consolidation and compilation of Group reports. The Board receives financial reports on an ongoing basis, and at each Board meeting they discuss the financial situation facing the Group and the various companies. During the year the Board has also received 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 50 in total, some of which belong to sub-groups. Board meetings are held about 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 CEO s in "mature" companies is utilized on the Boards of local subsidiaries. The organizational model chosen by New Wave Group provides for effective benchmarking of profitability, tied-up capital and growth between companies, brands and markets.

INTERNAL AUDITING

In February 2017, an Audit Committee (AC) was formed. The Group has developed control and internal control systems, with business controllers at different levels within the companies, responsible for following up compliance on a regular basis. The Board's methods of monitoring the companies' assessment of the internal control include contact with the companies' auditors and as from February 2017 also the audit committee.

AUDITOR

At the AGM 2017, the audit firm Ernst & Young AB was appointed as auditor. Stefan Kylebäck is the head auditor and among his other public engagements we can mention Arcam AB and Golden Heights AB. Stefan Kylebäck owns no shares in New Wave Group.

AUDIT WORK

The Group applies International Financial Reporting Standards (IFRS) when preparing the Group's reports. The Group's interim report for the third quarter is the subject of a general review by the company's auditor. This review follows the recommendations issued by FAR SRS, the organization for authorized public accountants. The audit of the annual report, consolidated financial statements, the accounting records and the administration of the Board and CEO is conducted in accordance with generally accepted auditing standards in Sweden.

After the auditors' review in October, the company's auditors draw up an audit memo to the Board containing comments about individual companies and the Group as a whole. The auditors also present their observations from the audit, their appraisal of the companies' internal control and the application of accounting policies at one of the autumn Board meetings. The Board receives information about internal control and compliance with rules, control of audited values, estimates, assessments and other matters that might influence the quality of the financial reports. It is the job of the Group's auditor to audit the companies' ability to comply with the overriding rules for internal control within the companies. The auditors also report their observations about internal control.

ARTICLES OF ASSOCIATION

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

POLICY DOCUMENTS

New Wave Group has a number of policies for the Group's operations and its employees. The Group also has a number of recommendations which specify guidelines and supervision for the Group's operations and its employees. Examples of policy content are as follows:

FINANCIAL POLICY

The Group's finance function works according to an instruction given by the Board which sets out frameworks for how the Group's operations shall be financed and how, for example, currency risks and interest rate risks shall be dealt with.

IT POLICY

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

COMMUNICATION POLICY

The Group's communication policy is a document that describes the Group's general principles for providing 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.

GOTHENBURG 28 MARCH 2018
NEW WAVE GROUP AB (PUBL)



OLOF PERSSON
Chairman of the Board



CHRISTINA BELLANDER
Member of the Board



ELISABETH DAHLIN
Member of the Board



M. JOHAN WIDERBERG
Member of the Board



MATS ÅRJES
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 2017 on pages 36 – 43 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, 28 MARCH 2018

ERNST & YOUNG AB



STEFAN KYLEBÄCK
Authorized Public Accountant

THE SHARE

NEW WAVE GROUP SHARE

The share capital in New Wave amounted to SEK 199 030 629 distributed among a total of 66 343 543 shares. Each with a nominal quota value of SEK 3.00. The shares carry identical rights to the Company's assets and profits. Each Series A share is entitled to ten votes and each Series B share is entitled to one vote. New Wave's Series B shares are listed at OMX Stockholm Mid Cap.

DIVIDEND POLICY

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

SHAREHOLDERS

The number of shareholders amount to 14 509 (11 655) on 31 December 2017. Institutional investors accounted for 47 % of the capital and 13 % of the votes. At the same time the ten largest shareholders held 63 % of the capital and 90 % of the votes. Non-Swedish shareholders accounted for 14 % of the capital and 4 % of the votes.

NEW WAVE GROUP'S TEN MAJOR SHAREHOLDERS 2017-12-31

SHAREHOLDER	Number of shares	Number of votes	Capital %	Votes %
Torsten Jansson through companies	21 653 277	199 022 397	32.6	81.7
Avanza Pension	4 698 534	4 698 534	7.1	1.9
Fjärde AP-Fonden	3 842 993	3 842 993	5.8	1.6
Unionen	2 400 000	2 400 000	3.6	1.0
City Bank New York	2 087 911	2 087 911	3.1	0.9
Svolder AB	1 987 997	1 987 997	3.0	0.8
Spiltan Aktiefonder	1 622 463	1 622 463	2.4	0.7
Hans Diding	1 356 300	1 356 300	2.0	0.6
State Street Bank	1 183 866	1 183 866	1.8	0.5
Lannebo fonder	1 138 540	1 138 540	1.7	0.5
Total	41 971 881	219 341 001	63.3	90.0

SHAREHOLDERS DISTRIBUTION IN NEW WAVE GROUP 2017-12-31

	Number of shares	Number of votes	Capital %	Votes %
Sweden	56 950 511	234 319 631	85.8	96.1
Shareholders outside Sweden, excluding USA	4 726 935	4 726 935	7.1	1.9
USA	4 666 097	4 666 097	7.0	1.9
Total	66 343 543	243 712 663	100.0	100.0

SHAREHOLDER STRUCTURE 2017-12-31

In due order	Number of shareholders	Number of shares	Share %	TSEK
1 - 200	8 223	574 190	0,9	31 293
201 - 1000	4 066	2 323 151	3,5	126 612
1001 - 2000	994	1 616 182	2,4	88 082
2001 - 10000	913	4 089 729	6,2	222 890
10001 -	313	57 740 291	87,0	2 072 777
Total	14 509	66 343 543	100,0	2 541 654

NEW WAVE B

Listed on
OMX Stockholm Mid Cap.

SHARE DEVELOPMENT IN REFERENCE TO INDEX AND TURNOVER

SHARE CHART

— New Wave Group share
— OMXS 30

NASDAQ OMX

SEK



Share capital development

Year	Transaction	Increase number of shares	Issue price	Increase share capital	Total number of shares	Total share capital, SEK	Face quota
1991	The company was founded	500	100.00		500	50 000	100.00
1995	Directed new issue 1:20 ¹	25	35 524.00	2 500	525	52 500	100.00
1996	Bonus issue 37:1	19 475		1 947 500	20 000	2 000 000	
1997	Directed new issue 1:17 ²	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 ³	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 ⁴	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 ⁵	1 825 767	29.30	5 477 301	66 343 543	199 030 629	3.00

¹ 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.

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

³ 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.

⁴ 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.

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

⁶ 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.

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

⁸ 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.

⁹ 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.

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

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

BOARD OF DIRECTORS NWG AB



OLOF PERSSON

BORN 1964

Chairman of the Board since 2016. Former CEO and Group CEO of AB Volvo (2011-2015), CEO of Volvo Construction Equipment (2008-2011) and CEO of Volvo Aero (2006-2008).

Active as Senior Operating Executive at Cerberus Operations and Advisory Company UK Ltd.

Other directorships: Chairman of Staples Solutions B.V. member of the Board of The Swedish Exhibition & Congress Center Group.

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



TORSTEN JANSSON

BORN 1962

Member of the Board since 1991. CEO and Group CEO. Founder and majority shareholder in New Wave Group AB.

Other directorships: Chairman of the Board of Porthouse Interior AB.

Holdings in the company, own and related parties: 19 707 680 class A shares and 1 945 597 class B shares.



M. JOHAN WIDERBERG

BORN 1949

Member of the Board since 2014. Has previously held a number of positions within major European bank.

Other directorships: Chairman of the Board of AB Handel och Industri,

Member of the Board of Thomas Concrete Group AB, Handelsbanken, Stena Metall AB, Chalmers University of Technology, Gothenburg Research Institute and SSRS Sjöräddningsällskapet as well as nonprofit / humanitarian missions.

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



ELISABETH DAHLIN

BORN 1957

Member of the Board since 2016. Background as Ambassador at the Ministry of Foreign Affairs (2005-2008) liable for the Government Office's work with companies' social responsibility.

Former Deputy Director General (2001-2005) and substituting DG in National Board of Trade Sweden as well as Chairman in Swedish Trade Procedures Council (SWEPRO).

Other directorships: Member of the Board of Radiohjälpen, Consortium Uppsala University and Save the Children Sweden.

Holdings in the company, own and related parties: 800 class B shares.



CHRISTINA BELLANDER

BORN 1962

Member of the Board since 2009.

Other directorships: Chairman of the Board Dalarna University, Member of the Board MittMedia AB, Novus Group AB, Kunskapsskolan Education Sweden AB and Marginalen AB.

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



MATS ÅRJES

BORN 1967

Member of the Board since 2007. CEO SkiStar AB.

Other directorships: Chairman of the Swedish Ski Association, Member of the Board of SkiStar AB.

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

AUDITOR

STEFAN KYLEBÄCK

BORN 1965

Authorized Public Accountant, Ernst & Young AB. Auditor of the company since 2014.

GROUP MANAGEMENT



TORSTEN JANSSON

BORN 1962

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

Holdings in the company, own and related parties: 19 707 680 class A shares and 1 945 597 class B shares.



GÖRAN HÄRSTEDT

BORN 1965

Deputy CEO and Deputy Group CEO. Various positions in New Wave Group AB since 2000.

Holdings in the company, own and related parties: 114 136 class B-shares



LARS JÖNSSON

BORN 1964

CFO. Employed since 2007.

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



MAGNUS CLAESSON

BORN 1960

Area Manager Asia. Employed since 2010.

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



MARK CAO

BORN 1963

Chief Buying Officer. Employed since 2011.

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



ERNEST JOHNSON

BORN 1951

Area Manager North America. 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.



TOMAS JANSSON

BORN 1965

Manager – Corporate Promo. 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

BORN 1963

Manager – Sports & Leisure. Employed since 1999.

Holdings in the company, own and related parties: 204 300 class B shares.



MAGNUS ANDERSSON

BORN 1966

Manager – Gifts & Home Furnishings. CEO of Orrefors Kosta Boda AB Employed since 2012.

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



FINANCIARIA INFORMA



AL ATION

CONTENT:

50	Board of Directors report
THE GROUP	
58	Consolidated Income Statement
59	Consolidated Cash Flow Statement
60	Consolidated Balance Sheet
61	Consolidated Statement of Changes Equity
62	Notes to Financial Statements
THE PARENT COMPANY	
92	Income Statement
93	Cash Flow Statement
94	Balance Sheet
96	Changes in Equity
97	Notes to Financial Statements
108	Definitions of Alternative Performance Measures
110	Auditors Report
114	The Group in Summary
116	Contact
118	Annual General Meeting

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 2017 to 31 December 2017.

OPERATIONS

New Wave Group is a growth company that creates, acquires and develops brands and products in the corporate promo, sports, gifts and home furnishings sector. The Group will achieve synergies by coordinating the design, purchasing, marketing, warehousing, and distribution of the product range. To ensure the 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, James Harvest Sportswear, Jobman, Kosta Boda, Orrefors, PAX, ProJob, Sagaform, Seger and Toppoint.

SUMMARY OF 2017

The Group has continued its high level of marketing activities whereby we have increased the number of employees in sales, continued high activity in advertising and made a number of new product launches. We had growth of 7 % and sales increases in all quarters. Marketing investments are made in all operating segments, but mainly for the promo sales channel.

Operating segment Corporate Promo increased its sales by 11 %. We have growth in all regions and in both sales channels. Sports & Leisure turnover increased by 2 %, which mainly occurs in the regions of Central Europe and Sweden. It is mainly the promo sales channel that increased. Gifts & Home Furnishings increased its turnover by 8%, which is related to the Swedish market. We see an improvement in both sales channels.

Of the Group's sales channels, promo increased by 10 % and retail by 2 %.

The gross profit margin was on par with last year and amounted to 46.1 (46.0) %.

Our external expenses increased during the year as a result of the marketing investments that have been made. Even staff costs have increased as the number of employees in sales, warehouses and customer service have increased. Total expenses are expected to increase next year as we expand our advertising in North America, hiring more salespeople, as well as the full cost effect occurring on the appointments made during this year.

Result for the period increased by SEK 77.3 million and amounted to SEK 354.0 (276.7) million. The improvement in profit is related to higher turnover.

Cash flow from operating activities decreased and amounted to SEK 207.8 (448.9) million. The lower cash flow is related to increased purchases of goods for product launches of basic collections and a new warehouse in Canada but even increased accounts receivable (turnover related). The Group's inventory as of 31 December 2017 amounted to SEK 2,643.4 (2,496.4) million. The turnover rate has improved slightly and amounted to 1.2 (1.1).

Our equity ratio improved by 2.5 percentage points to 50.9 (48.4) % and our net debt decreased by SEK 111.6 million to SEK 1,637.3 (1,748.9) million. Exchange rate changes have reduced net debt by SEK 88.9 million compared with last year. The net debt to equity ratio decreased and amounted to SEK 54.1 (62.1) %. Even our net debt by working capital decreased and amounted to SEK 57.4 (64.7) %.

FIVE YEAR SUMMARY

SEK million	2017	2016	2015	2014	2013
Net sales	5 597.3	5 237.1	4 964.7	4 273.6	4 047.4
Goods for resale	-3 018.1	-2 826.9	-2 726.1	-2 321.0	-2 177.0
Gross profit	2 579.2	2 410.2	2 238.6	1 952.6	1 870.4
Other operating income	51.2	51.0	47.2	27.7	33.3
External costs	-1 128.9	-1 098.0	-1 086.0	-923.5	-853.3
Personnel costs	-940.3	-881.6	-851.6	-735.7	-697.8
Depreciations	-65.3	-55.9	-57.1	-54.2	-52.1
Other operating costs	-25.2	-25.7	-36.2	-16.5	-10.9
Share of associated companies' result	-1.6	0.2	0.3	-0.4	1.1
Operating result	469.1	400.2	255.2	250.0	290.7
Net financial items	-51.9	-59.9	-74.3	-42.0	-56.2
Result before tax	417.2	340.3	180.9	208.0	234.5
Tax on net profit for the year	-63.2	-63.6	-35.6	-31.1	-47.5
Result for the year	354.0	276.7	145.3	176.9	187.1
Gross profit margin, %	46.1	46.0	45.1	45.7	46.2
Operating margin, %	8.4	7.6	5.1	5.9	7.2
Equity ratio, %	50.9	48.4	45.9	45.9	49.8
Net debt to equity ratio, %	54.1	62.1	76.8	76.0	60.1
Net debt in relation to working capital, %	57.4	64.7	71.7	71.1	67.6
Average number of employees	2 495	2 396	2 358	2 212	2 123
Total assets, SEK million	5 953.1	5 824.2	5 478.7	5 236.6	4 221.5

NET SALES

Turnover amounted to SEK 5,597.3 million, which was 7% higher than last year (SEK 5,237.1 million). Exchange rates have affected positively by SEK 23 million, corresponding to 1%.

The operating segment Corporate Promo increased its sales by 11%. Sport & Leisure's sales increased by 2% while Gifts & Home Furnishings increased 8%.

Sales in Sweden increased by 7% compared with last year and the growth occurred in both sales channels. In the United States, sales increased by 1%. Nordic countries (excl. Sweden) increased by 3% of which the increase occurred in all countries, as well as in the promo sales channel. Central and Southern Europe have increased their sales by 7% and 10%, respectively. The increase is related to the promo sales channel. Other countries increased by 33%, which is related to our operations in Asia and the promo sales channel.

SEK million	2017	Share of net sales	2016	Share of net sales	Change	Percentage change
Sweden	1 317.0	24%	1 236.4	24%	80.6	7%
USA	1 400.5	25%	1 381.1	26%	19.4	1%
Nordic countries excl Sweden	760.5	14%	739.5	14%	21.0	3%
Central Europe	1 062.5	19%	996.8	19%	65.7	7%
Southern Europe	577.6	10%	524.4	10%	53.2	10%
Other countries	479.1	8%	358.9	7%	120.2	33%
Total	5 597.3	100%	5 237.1	100%	360.2	7%

GROSS PROFIT

The gross profit margin was at the same level as last year and amounted to 46.1 (46.0) %.

OTHER OPERATING INCOME AND OTHER OPERATING COSTS

Other operating income increased by SEK 0.2 million to SEK 51.2 (51.0) million. Other operating income is mainly attributable to operating currency gains but also other remunerations and should be compared to the result row "Other operating expenses" where mainly currency losses are reported. Other operating expenses decreased by SEK 0.5 million to SEK -25.2 (-25.7) million. The net total of above items amounted to SEK 26.0 (25.3) million.

COSTS AND DEPRECIATION

External costs have increased by SEK 31.1 million and amounted to SEK -1,128.9 (-1,097.8) million. The cost increase is related to more sales oriented activities. Personnel costs increased by SEK 58.7 million and amounted to SEK -940.3 (-881.6) million. The increase is due to an increase in the number of employees, mostly in sales, warehouses and customer service.

Exchange rates have increased costs SEK 10 million.

Depreciation and write-down losses increased and amounted to SEK -65.3 (-55.9) million. The increase is primarily related to investments in IT systems.

OPERATING MARGIN

The operating margin amounted to 8.4 (7.6) % where improvement was mainly related to the increase in turnover.

NET FINANCIAL ITEMS AND TAXES

Net financial items decreased by SEK 8.0 million and amounted to SEK -51.9 (-59.9) million, which is related to an improved net interest.

Income taxes in absolute terms amounted to SEK -63.2 (-63.6) million and the tax rate amounted to 15.1 (18.7) %. The lower tax rate for the current year is mainly due to a change in deferred tax liabilities, which is related to a lower corporate tax rate in the United States.

RESULT FOR THE YEAR

Result for the year improved by SEK 77.3 million and amounted to SEK 354.0 (276.7) million. Earnings per share amounted to SEK 5.34 (4.16).

REPORTING OF OPERATING SEGMENTS

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

CORPORATE PROMO

Turnover increased by 11 % to SEK 2,648.7 (2,388.6) million and EBITDA amounted to SEK 289.7 (250.8) million. The higher turnover was mainly due to increased marketing activities but also a good service level. Growth is occurring in all regions. The improved result is related to the increased turnover.

SPORTS & LEISURE

Turnover amounted to SEK 2,311.5 (2,260.8) million, resulting in a growth of 2 %. EBITDA improved by SEK 35.8 million to SEK 230.3 (194.5) million. Sales increased mainly in Sweden and Central Europe as well as the promo sales channel. The higher result is related to higher turnover but also a better gross profit margin contributed.

GIFTS & HOME FURNISHINGS

Turnover amounted to SEK 637.1 million, which was 8 % higher than last year (SEK 587.7 million). EBITDA improved by SEK 3.6 million to SEK 14.4 (10.8) million. Sales grew in the retail sales channel and mainly in the Swedish market. The improvement is mainly turnover related but the segment has even higher costs for sales and marketing investments, as well as a slightly lower gross profit margin.

NET SALES AND EBITDA PER OPERATING SEGMENT

SEK million	2017	2016
Corporate Promo		
Net sales	2 648.7	2 388.6
EBITDA	289.7	250.8
Sport & Leisure		
Net sales	2 311.5	2 260.8
EBITDA	230.3	194.5
Gifts & Home Furnishings		
Net sales	637.1	587.7
EBITDA	14.4	10.8
Total net sales	5 597.3	5 237.1
Total EBITDA	534.4	456.1

CAPITAL TIED UP

The Group has during the year increased merchandise on stock in its basic range but also with new basic collections. Inventories are at a good level and we have had a good level of service throughout the year. Capital tied up in goods has increased by SEK 147.0 million and total inventories amounted to SEK 2,643.4 (2,496.4) million. The turnover rate in inventories was slightly higher compared to last year and amounted to 1.2 (1.1). The inventory value is expected to increase in the coming quarters which is primarily related to an extended product range within Craft and a new warehouse in Canada.

SEK million	2017-12	2016-12
Raw materials	34.9	28.9
Work in progress	8.7	9.7
Goods in transit	144.0	126.1
Merchandise on stock	2 455.8	2 331.7
Total	2 643.4	2 496.4

Inventories were written down by SEK 106.0 (115.1) million. Write-down related to merchandise on stock amounted to 4.1 (4.4) %.

Accounts receivable amounted to SEK 982.8 (906.2) million. The increase is turnover related.

INVESTMENTS, FINANCING AND LIQUIDITY

Consolidated cash flow from operating activities amounted to SEK 207.8 (448.9) million. The lower cash flow is related to higher purchases than last year and increased accounts receivable (turnover related). Product purchases are related to new basic collections and new warehouse in Canada. The net cash investments amounted to SEK -110.6 (-89.6) million. During the year, a number of investments were made in tangible fixed assets, among others in new warehouses as well as new facilities in Kosta. We have also made more investments in intangible assets, which are attributable to IT.

Net debt decreased during the year by SEK 111.6 million to 1,637.3 (1,748.9) million. The decrease is primarily related to changes in currency exchange rates, which reduced the debt by SEK 88.9 million. Our net debt in relation to equity and working capital has decreased and amounted to 54.1 (62.1) % and 57.4 (64.7) % respectively.

The equity ratio improved by 2.5 percentage points and amounted to 50.9 (48.4) % as of 31 December.

The Group's total credit facility as of 31 December amounted to SEK 2,539 million of which SEK 2,000 million runs until 10 February 2019, USD 35 million has a term that extends to 10 February 2024 and SEK 250 million has a term of between one and six years. The credit facility amount is limited to and dependent on the value of some underlying assets. The funding agreement means that financial ratios (covenants) must be fulfilled in order to maintain the credit facility.

Based on the present forecast, management estimates that the group will be able to meet these ratios with a satisfactory margin.

Work on a new financial agreement is being finalised and is expected to be completed in the beginning of the second quarter of 2018.

INTANGIBLE ASSETS AND IMPAIRMENT TESTING

The Group's intangible fixed assets consist mainly of goodwill and trademarks. The trademarks with the greater value recorded at cost are well known trademarks, such as Orrefors Kosta Boda in Gifts & Home Furnishings and primarily Cutter & Buck in Sports & Leisure. The Groups goodwill and trademarks are tested annual to assess whether any need for impairment exists. The assets value is determined by discounting values of cash flow forecasts for the next five years, including a terminal growth period, using a weighted cost of capital (WACC). The most significant assumptions when determining the value in use consists of growth rate, operating margin and WACC.

Based on the tests and analyses carried out, there is, in the current situation, no write-down requirement. Nor were there any write-down requirements for the comparison year. For more information about the Groups intangible assets and impairment testing, see note 8.

PERSONNEL, ORGANISATION AND COMPENSATION

The number of employees as of 31 December 2017 amounted to 2,495 (2,396) of whom 52 % were female and 48 % were men. Of the total number of employees 631 (631) work in production. The production contained within New Wave group is attributable to Ahead (embroidery), Cutter & Buck (embroidery), Paris Glove, Orrefors Kosta Boda, Seger, Termo, Dahetra and Toppoint.

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

Shown below are New Wave Group's guidelines for compensation to senior executives. The guidelines have been applied during 2017 and up to the annual general meeting 2018, and is even proposed at the annual general meeting May 16, 2018:

- Remuneration to the Group CEO and senior management shall comprise a fixed salary at market rate.
- No specific Board fees for work within Group companies will be paid to the senior management.
- Variable remuneration, such as bonuses, may be permitted when it can be justified for the recruitment or retention of key employees, and to stimulate improvements in sales and profits, as well as for work to achieve the specific key ratios set by the Board. Variable remuneration shall be based on predetermined and measurable criteria such as the earnings trend for the New Wave Group, or the return on equity compared with fixed targets. Variable remuneration shall not exceed 50% of the fixed remuneration. Total yearly cost cannot exceed SEK 10 million.

- With regard to each financial year, the Board shall evaluate whether a share or share price-related incentive programme which covers the year in question shall be proposed to the AGM or not. The AGM decides on such incentive programmes.
- Pension benefits shall correspond to the ITP plan (supplementary pensions for salaried employees) or, in the case of senior management outside Sweden, pension benefits that are customary in that country.
- A mutual notice period of a maximum of 6 months shall apply to all senior management and no severance pay will be paid.

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

RELATED PARTY TRANSACTIONS

There are lease agreements with related companies. Related companies to the CEO have bought merchandise and received payments for consulting services performed. In addition, there are transactions with related parties to immaterial values. All transactions are on market terms. For further description see Note 18.

RISKS AND RISKMANAGEMENT

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 affect these risks may have on earnings, the Group has established a financial 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 (approximately 76 %). 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 accounts 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 company 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 present themselves. 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 receivables, and from its financing activities which includes deposits at banks and financial institutions, currency futures and other financial instruments. The Group's total exposure to credit risk amounted, at year-end, to SEK 1 257.3 (1 184.9) million.

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

ENVIRONMENT

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

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

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

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

For additional information see our Sustainability report and the section CSR & Sustainability on page 34.

THE PARENT COMPANY

Total income amounted to SEK 92.2 (123.3) million. Result before appropriations and taxes amounted to SEK 298.9 (406.2) million. The result was negatively affected by SEK 76.5 million regarding impairment of financial fixed assets. This is attributable to capital injections in subsidiaries. Net borrowing amounted to SEK 1,566.5 (1,726,0) million. The parent company's financing to subsidiaries amounted to SEK 2,040.2 (1,887.0) million.

Net investments for the year amounted to SEK -63.5 (5.9) million. Last year included a repayment of share capital by subsidiaries of SEK 30.2 million and this year includes capital contributions to subsidiaries of SEK 56.4 million. The balance sheet total amounted to SEK 3,813.5 (3,753.1) million. Shareholders' equity, including 78% of untaxed reserves, amounted to SEK 1,863.6 (1,588.7) million.

NEW WAVE'S SHARE

The number of shares in New Wave Group AB amounts to 66 343 543 with a quotient value of SEK 3.00. The shares have equal rights to the Company's assets and profits. Each Series A share carries ten votes and each Series B share carries one vote. The offer of first refusal is in place for Series A shareholders in accordance with paragraph 14 of the articles of association.

The election of Board members takes place at the AGM.

Through companies, Torsten Jansson owns 32.6% (32.3%) of the capital and 81.7% (81.6%) 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 Series 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 profits or financial position, for example.

For additional share information see pages 44–45.

GROWTH TARGETS 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 profit 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	997 261 063
Share premium reserve	48 017 672
Result for the year	350 034 084
Total	1 395 312 819

The Board proposes a dividend of SEK 1.70 (1.35) per share, corresponding to SEK 112 784 023 (89 563 783), and that SEK 1 282 528 796, is carried forward.

THE BOARD OF DIRECTORS' STATEMENT REGARDING DISTRIBUTION OF PROFITS

JUSTIFICATION

Consolidated equity has been calculated according to the IFRS standards as adopted by the EU, and in accordance with Swedish law through the application of the Swedish Financial Reporting Board's recommendation, RFR 1 (Supplementary Accounting Rules for Corporate Groups). The Parent Company's equity has been calculated according to Swedish law and through the application of the Swedish Financial Reporting Board's recommendation, RFR 2 (Accounting for Legal Entities).

The proposed distribution of profits corresponds to 32 % of the Group's profits for the year, which is in line with the stated objective that dividend should equate to 40 % of the Group's profits for the year over one business cycle. Investment plans, consolidation requirements, liquidity and overall position have been taken into account. The Board finds that there is full coverage of the Company's restricted equity following the proposed distribution of profits.

The Board also finds that the proposed dividend to shareholders is justified with regard to the parameters stated in chapter 17, section 3, paragraphs 2 and 3 of the Companies Act (the nature, scope, and risks of the business, and consolidation requirements, liquidity, and overall position).

In relation to this, the Board would like to stress the following:

THE NATURE, SCOPE & RISKS OF THE BUSINESS

The Board deems that Company equity and consolidated equity following the proposed distribution of profits will be sufficient in relation to the nature, scope, and risks of the business. In relation to this, the Board takes into account the Company's and the Group's historical and budgeted development, investment plans, and the economic situation.

CONSOLIDATION REQUIREMENTS

The Board has undertaken a comprehensive assessment of the Company's financial position and its ability to honour its future commitments. The proposed dividend represents 6.1 % of the Company's equity and 3.7 % of consolidated equity. The objective stated with regard to the Group's capital structure for an equity ratio of at least 30 % is retained following the proposed dividend. The Company's and the Group's equity ratio is good. Against this background, the Board considers that the Company and the Group have the necessary conditions for taking future business risks and to withstand any losses. Planned investments have been taken into account in determining the proposed dividend. The distribution of profits will have no negative effect on the Company's and the Group's ability to make further commercially motivated investments according to the adopted plans.

LIQUIDITY

The proposed distribution of profits will not affect the Company's and the Group's ability to honour its payment obligations on time. The Company and the Group have access to liquid asset reserves in the form of both short and long-term credit. The credit can be obtained at short notice, which means that the Company and the Group are prepared to overcome liquidity variations as well as any unexpected events.

POSITION

The Board has evaluated all other known conditions which may be of significance for the Company's and the Group's financial position and which have not been considered within the framework of that which has been stated above. In relation to this, no circumstance has arisen which makes the proposed dividend seem unjustifiable.

The undersigned certify that the consolidated and annual accounts have been prepared in accordance with the IFRS international financial reporting standards, as adopted by the EU, and generally accepted accounting principles, and provide an accurate account 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 safety factors faced by the companies in the Group.

GOTHENBURG, 28 MARCH 2018



OLOF PERSSON
Chairman of the Board



CHRISTINA BELLANDER
Member of the Board



ELISABETH DAHLIN
Member of the Board



M. JOHAN WIDERBERG
Member of the Board



MATS ÅRJES
Member of the Board



TORSTEN ANSSON
CEO and group CEO

OUR AUDITOR'S REPORT HAS BEEN GIVEN ON 28 MARCH 2018

ERNST & YOUNG AB



STEFAN KYLEBÄCK
Authorised Public Accountant

CONSOLIDATED INCOME STATEMENT

1 JANUARY – 31 DECEMBER

SEK million	Note	2017	2016
Net sales	3, 18	5 597.3	5 237.1
Goods for resale		-3 018.1	-2 826.9
Gross profit		2 579.2	2 410.2
Other operating income	4	51.2	51.0
External costs	7, 9, 18	-1 128.9	-1 097.8
Personnel costs	5, 6	-940.3	-881.6
Depreciation and write downs of tangible and intangible fixed assets	8, 9	-65.3	-55.9
Other operating costs		-25.2	-25.7
Share of associated companies result	13	-1.6	0.0
Operating result	10	469.1	400.2
Financial income		5.1	3.1
Financial expenses		-57.0	-63.0
Net financial items	11	-51.9	-59.9
Result before tax		417.2	340.3
Tax on profit for the year	12	-63.2	-63.6
Result for the year		354.0	276.7
<i>Other comprehensive income</i>			
Items that can be reclassified into profit or loss			
Translation differences		-54.2	88.9
Cash flow hedge		2.2	5.5
Sum		-52.0	94.4
Income tax related to components of other comprehensive income		-0.5	-1.2
<i>Total other comprehensive income net after tax for the period</i>		-52.5	93.2
Total comprehensive income for the year		301.5	369.9
Result attributable to:			
Shareholders of the parent company		354.0	276.1
Non- controlling interest		0.0	0.6
		354.0	276.7
Total comprehensive income attributable to:			
Shareholders of the parent company		301.9	368.6
Non-controlling interest		-0.4	1.3
		301.5	369.9
Earnings per share (SEK)		5.34	4.16
The average number of outstanding shares		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

1 JANUARY – 31 DECEMBER

SEK million	Note	2017	2016
Operating activities			
Operating result		469.1	400.2
Adjustment for items not included in cash flow	28	76.4	56.2
Received interest		3.7	3.1
Paid interest		-55.5	-63.0
Paid income tax		-42.7	-63.1
Cash flow from operating activities before changes in working capital		451.0	333.4
Changes in working capital			
Increase/decrease of stock		-208.5	54.3
Increase/decrease of current receivables		-119.7	-66.5
Increase/decrease of current liabilities		85.0	127.7
Cash flow from changes in working capital		-243.2	115.5
Cash flow from operating activities		207.8	448.9
Investing activities			
Investments in tangible fixed assets		-86.9	-77.1
Sales of tangible fixed assets		5.5	0.9
Investments in intangible fixed assets		-29.4	-9.9
Acquisition of shares in associated companies		0.0	-2.4
Raised long-term receivables		0.0	-1.1
Repayment of long-term receivables		0.2	0.0
Cash flow from investing activities		-110.6	-89.6
Cash flow after investing activities		97.2	359.3
Financial activities			
Amortization of loan		-16.7	-247.0
Dividend paid to the shareholders of the parent company		-89.6	-66.3
Cash flow from financial activities		-106.3	-313.3
Cash flow for the year		-9.1	46.0
Liquid assets at the beginning of the year		218.9	165.5
Translation differences in liquid assets		-7.5	7.4
Liquid assets at year-end		202.4	218.9
Liquid assets			
Cash at bank and in hand		202.4	218.9

CONSOLIDATED BALANCE SHEETS

AS AT 31 DECEMBER

SEK million	Note	2017	2016
ASSETS			
Intangible fixed assets	8	1 393.9	1 469.4
Tangible fixed assets	9	415.5	399.2
Shares in associated companies	13	53.3	55.0
Long-term receivables	14	10.2	10.0
Deferred tax assets	15	91.5	114.1
Total fixed assets		1 964.5	2 047.7
Stock	16	2 643.4	2 496.4
Tax receivables		21.2	27.2
Accounts receivables	17, 18	982.8	906.2
Prepaid expenses and accrued income	19	76.5	81.1
Other receivables		62.3	46.7
Liquid assets	20	202.4	218.9
Total current assets		3 988.6	3 776.5
TOTAL ASSETS		5 953.1	5 824.2
EQUITY			
	21, 30		
Share capital		199.1	199.1
Other capital contributions		219.4	219.4
Reserves		279.4	337.4
Retained earnings including result for the year		2 308.7	2 038.7
Equity attributable to shareholders of the parent company		3 006.6	2 794.6
Non-controlling interest		22.6	22.6
Total equity		3 029.2	2 817.2
LIABILITIES			
Long-term interest-bearing liabilities	17, 20, 22, 23	1 757.5	1 864.5
Pension provisions		16.5	15.1
Other provisions	24	2.0	6.0
Deferred tax liabilities	15	129.9	164.2
Total non-current liabilities		1 905.9	2 049.8
Short-term interest-bearing liabilities	17, 20, 22, 23	82.2	103.3
Accounts payable	17, 18	536.7	492.5
Current tax liabilities		53.3	32.2
Other liabilities	25	108.7	111.8
Accrued expenses and prepaid income	26	237.1	217.4
Total current liabilities		1 018.0	957.2
Total liabilities		2 923.9	3 007.0
TOTAL EQUITY AND LIABILITIES		5 953.1	5 824.2

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
Opening balance 2016-01-01	199.1	219.4	244.1	1 829.0	2 491.6	22.0	2 513.6
Result for the year				276.1	276.1	0.6	276.7
Other comprehensive income							
Translation difference			88.9		88.9		88.9
Cash flow hedge			5.5		5.5		5.5
Reclassification of previous years' cash flow hedge			0.1	-0.1	0.0		0.0
Income tax related to components of other comprehensive income			-1.2		-1.2		-1.2
Transactions with shareholders							
Dividends to shareholders of the parent company				-66.3	-66.3		-66.3
Closing balance 2016-12-31	199.1	219.4	337.4	2 038.7	2 794.6	22.6	2 817.2

SEK million	Share capital	Other capital contributions	Reserves	Retained earnings incl. result for the year	Total	Non-controlling interest	Total equity
Opening balance 2017-01-01	199.1	219.4	337.4	2 038.7	2 794.6	22.6	2 817.2
Result for the year				354.0	354.0	0.0	354.0
Other comprehensive income							
Translation difference			-54.2		-54.2		-54.2
Cash flow hedge			2.2		2.2		2.2
Reclassification of previous years' cash flow hedge			-5.5	5.5	0.0		0.0
Income tax related to components of other comprehensive income			-0.5		-0.5		-0.5
Transactions with shareholders							
Dividends to shareholders of the parent company				-89.6	-89.6		-89.6
Closing balance 2017-12-31	199.1	219.4	279.4	2 308.7	3 006.6	22.6	3 029.2

Accumulated translation differences in equity	Year 2017	Year 2016
Accumulated translation differences at the beginning of the year	338.5	249.6
Translation difference in foreign subsidiaries for the year	-54.2	88.9
Accumulated translation differences at end of year	284.3	338.5

NOTE 1 ACCOUNTING POLICIES

BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as adopted by the European Commission. Recommendation RFR 1 Supplementary Accounting Rules for Corporate Groups of the Swedish Financial Reporting Board has also been applied, which means that certain additional disclosures are provided in the consolidated financial statements. The accounting policies presented in the following description have been applied consistently for all periods presented in the consolidated financial statements. The policies have also been applied consistently within the Group. The consolidated financial statements are based primarily on historical costs, except in respect of certain financial assets and liabilities, which are recognised at fair value. The financial statements are prepared in Swedish kronor, which is the reporting currency of New Wave Group.

Preparing financial statements in accordance with IFRS requires that management make certain assessments, estimates and assumptions. Critical estimates and assessments are often based on historical experience and expected future events. Those which are expected to have the biggest impact on earnings, assets and liabilities relate to how trademarks, goodwill and taxes shall be measured. Estimates, assessments and assumptions are reviewed on a regular basis. Changes are reported in the period in which the change is implemented and in future periods if these are affected. Information on areas where applied estimates and assessments contain an element of uncertainty is provided in Note 2.

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

NEW AND AMENDED IFRS INTRODUCED

NEW ACCOUNTING PRINCIPLES FOR 2017

No new or revised IFRS, which came into force in 2017, have had a significant impact on the Group's or parent company's financial statements.

NEW ACCOUNTING PRINCIPLES FOR 2018 AND LATER

Starting from January 1, 2018, New Wave Group applies IFRS 9 Financial Instruments and IFRS 15 Revenues from agreements with customers.

Below is a description of the impacts the standards will have on the financial statements for the Group or Parent Company. None of the other new or revised standards or IFRIC interpretations published on December 31 2017 have any impact on the Group's or Parent Company's financial reports.

IFRS 9 FINANCIAL INSTRUMENTS

IFRS 9 comprises accounting for financial assets and liabilities and replaces IAS 39 Financial Instruments, Accounting and Valuation

The majority of New Wave Group's financial instruments are classified as loans and trade receivables valued at accrued acquisition value. Derivatives are classified and valued at fair value through profit and loss when hedge accounting is not applied. New hedge accounting rules do not affect New Wave Group since the hedge accounting applied is consistent with the new standard. The new rules regarding classification and valuation have no effect on New Wave Group.

The impacts of IFRS 9 relate to impairment and a new model for expected credit losses. Compared with the Group's previous model, the new model means that the credit losses are reported earlier. The new model takes into account historical and forward-looking information to calculate future expected credit losses. New Wave Group estimates that the current loss reserve is sufficient and necessary according to both the new and old model and that no transition effects need to be presented.

IFRS 15 REVENUE FROM CONTRACTS WITH CUSTOMERS

IFRS 15 replaces all previously published standards and interpretations that handle revenue with a single revenue recognition model.

The standard is implemented with limited retroactivity, which means that only contracts that have not yet been completed as of January 1, 2018 are converted at the transition to the new standard. New Wave Group's contracts with repurchase agreements are expected to be impacted by the implementation of IFRS 15, although the effects will be small. However, the identified contracts have not had any effect on equity at the time of transition.

IFRS 16 LEASES

IFRS 16 Leases enters into force on January 1, 2019. The standard has been adopted by the EU and will be applied by New Wave Group as of January 1, 2019. IFRS 16 will not be applied with full retroactivity but the cumulative transition effect is presented as an adjustment to the opening balance of equity 2019.

During the year, the Group continued to evaluate the effects of the standard that result in leased assets being reported in the balance sheet. The Group currently has operational leases for mainly rental of premises but also company cars and similar contracts. The new standard will reflect the fact that New Wave Group, as a lessee, is entitled to use an asset for a certain period of time together with an obligation to pay for that asset. The right of utilization and the leasing debt will be recognized at the present value of expected future leasing fees. The cost of leased assets shall be allocated between interest payments and depreciation of the asset.

There are some exceptions to the standard to take into account. Low value assets or lease periods less than 12 months will continue to be reported as operating expenses. Also service components in leases will continue to be reported as operating expenses.

The effect of implementing IFRS 16 will be an increased balance sheet total with higher tangible fixed assets and higher financial debt. There will also be a shift in the consolidated income statement, with a positive effect on the operating result compared to now. That will be a result of the fact that parts of the lease payments instead will impact the interest expenses and thus net financial income.

No other new or revised IFRS are expected to have a significant impact on New Wave Group's financial reports.

ACCOUNTING PRINCIPLES FOR LOAN AND CUSTOMER BENEFITS FROM 1 JANUARY 2018

Loans are non-derivative financial assets with fixed or determinable payments not listed on an active market. They are initially reported at fair value and current at amortized cost. The expected maturity of accounts receivable is short, so the value is reported at nominal amount without discounting.

Trade receivables have been recognized to the amounts that they are expected to accrue. New Wave Group applies the simplified model of expected loan losses for accounts receivable under which total expected loan losses for the remaining maturity of the receivable are reported. When assessing future expected credit losses, historical and forward-looking information is taken into account.

Losses attributable to bad debts are recognized in the income statement under external costs. Interest income relating to loan receivables and accounts receivable is reported as a financial income.

ACCOUNTING PRINCIPLES FOR REVENUE FROM 1 JANUARY 2018

Most of New Wave Group's revenue comes from sales of goods. Normally, contracts or customer orders are used as basis for assessing whether an agreement with the customer exists. Fulfillment of the performance commitments under the agreements are deemed to be achieved when the control of the goods is transferred to the customer. New Wave Group assesses that moment with the help of shipping documents and shipping terms.

Variable compensation such as discounts, bonuses and returns is estimated and is part of the transaction price.

Revenue from commission, royalties, licenses and membership fees for customer clubs constitute performance commitments that are met over time as the control is transferred to the customer.

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. Revenue is reported at the end of the return period.

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 % 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.

ACQUISITIONS & GOODWILL

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

The cost of shares in subsidiaries is eliminated against equity in each subsidiary at the time of acquisition. If the transferred consideration for the shares exceeds the value of the acquired Company's net assets consolidated goodwill is recognised. Under this method, only that portion of equity in the subsidiary that has been generated after the acquisition date is included in equity attributable to the shareholders of the parent company. If the portion of the fair value of the acquired net assets exceeds the cost of the acquisition, the difference is recognised in the income statement as an acquisition on favourable terms. Transaction costs are to be recognised in the income statement as incurred. The acquirer can choose to recognise a non-controlling interest either at fair value ("full goodwill") or at its share of the acquired net assets. In the first alternative the non-controlling interest and goodwill will increase in value by the same amount. Changes in value relating to contracted supplementary considerations are accounted for in the income statement. Under IFRS 3, all changes in the equity stake in a subsidiary, where the controlling influence does not cease, should be accounted for as equity transactions.

Earnings from operations acquired during the year are recognised 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 recognised net assets in such operations, including earnings up to the date of sale. Intercompany balances and any unrealised income and expenses attributable to intercompany transactions are eliminated.

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

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

TRANSLATION OF ITEMS DENOMINATED IN FOREIGN CURRENCY

Transactions in foreign currencies during the year have been translated at the exchange rate prevailing at the respective transaction date. Assets and liabilities denominated in a foreign currency, primarily receivables and payables and loans, have been translated at the exchange rates prevailing at the balance sheet date. Exchange gains and losses related to trade receivables and payables and other operating receivables and payables are included in other operating income and other operating expenses. Exchange gains and losses relating to other financial assets and liabilities are included in financial income and financial expenses.

REVENUE

Revenue consists of sales of products or services in the normal course of business and is stated at the fair value of what has been received or will be received after deducting value-added tax, discounts and service returns. Revenue is recognized when it is deemed likely that payment will be received and the revenue can be measured reliably, i.e. when the significant risks and rewards of ownership have been transferred to the buyer. Contracts and customer purchase orders are generally used to determine the existence of such an arrangement. Shipping documents and customer acceptances are used, when applicable, to verify delivery and thus the transfer of the significant risks and rewards which for instance depends on the shipping conditions. Collectibility is assessed based primarily on the creditworthiness of the customer as determined by credit limit control and approval procedures, as well as the customer's payment history. Commission, royalty and license income is accounted for in accordance with the economic significance of the agreement concerned.

INTANGIBLE FIXED ASSETS

An intangible asset is an identifiable, non monetary asset without physical substance. Intangible assets which can be identified and measured separately from goodwill upon acquisition consist, for instance, of customer-, contract- and/or technology-related assets. Typical marketing- and customer-related assets comprise trademarks and customer relationships. Contracts and customer relationships derive from expected customer loyalty and the cash flows that are expected to arise during the remaining useful life of each asset.

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 generated asset includes direct manufacturing expenditures and a portion of indirect expenses attributable to the actual asset. Intangible assets are amortized on a straight-line basis over their expected useful lives. Amortization begins when the asset is available for use. Product development mainly comprises design and development of new collections as well as development of new product variants within the framework of the existing product range. Such development generally does not meet the criteria for recognition in the balance sheet. 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.

Intangible assets are stated at cost and amortised over their useful lives. An intangible asset with an indefinite useful life is not amortised but tested for impairment annually or more frequently. New Wave Group recognises goodwill and trademarks, which are both classified as intangible assets with indefinite useful lives.

TANGIBLE FIXED ASSETS

Property, plant and equipment are valued at cost after adjusting for depreciation and any impairment. Property, plant and equipment are depreciated on a straight-line basis over their expected useful lives. In determining the depreciable amount for an individual item of property, plant and equipment account is taken of any residual value of the asset. To the extent that an asset consists of components which differ materially in respect of their useful lives, these are written off separately (component depreciation). The cost of an item of property, plant and equipment that has been manufactured is included in direct manufacturing expenses and attributable indirect expenses. Depreciation begins when the asset becomes available for use. Land is not depreciated.

An item of property, plant and equipment is removed from the balance sheet upon sale or if the asset is not expected to generate any future economic benefits either by being used or being sold. Capital gains and losses are calculated as the difference between the consideration received and the asset's carrying amount. The capital gain or loss is recognised in the income statement in the year 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.

Normal expenditure on maintenance and repairs is expensed as incurred, but expenditure on significant renewal and improvement works is recognised in the balance sheet and depreciated over the remaining useful life of the underlying asset. The following useful lives are applied in New Wave Group.

Computer and software	15–33 %
Buildings	2–4 %
Other machinery and equipment	10–20 %
Other intangible fixed assets*	5–10 %

* Primarily consists of customer relations

IMPAIRMENT LOSSES

If there are internal or external indications of a decline in the value of an asset, the asset is to be tested for impairment. For assets with indefinite useful lives, goodwill and trademarks, such tests are performed at least once a year, whether there are any indications of impairment or not. An asset or group of assets (cash-generating units) should be written down if the recoverable amount is lower than the carrying amount. The recoverable amount is the higher of value in use and net realisable value. Impairment losses are recognised in the income statement. 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, except in the case of goodwill. Information on the specific assumptions which need to be made to calculate value in use is provided in Note 8 Intangible fixed assets.

PROVISIONS

A provision is recognised when the Group has a legal or constructive obligation arising from previous events and it is probable that an outgoing payment will be required to settle the obligation and the amount can be reliably measured. In cases where the Company expects that an obligation for which a provision has been recognised will be paid by an outside party, for instance under the terms of an insurance contract, the provision is accounted for as a separate asset, but only when it is practically certain that the payment will be received. If the obligation for which a provision has been made is due to be settled after more than twelve months, the future payment should be discounted to present value using a discount rate which reflects short-term market expectations, taking account of transaction-specific risks.

FINANCIAL INSTRUMENTS

All purchases and sales of financial assets are recognised at the transaction date, which is the date on which the Group undertakes to purchase the asset. Such purchases and sales normally require delivery within the period defined by regulations or generally accepted practice in the market. Trade receivables are recognised in the balance sheet when an invoice has been sent. A financial liability is recognised when the counterparty has performed and there is a contractual duty to pay, even if no invoice has been received. Trade payables are recognised when an invoice has been received. A financial asset is removed from the balance sheet when the rights inherent in the agreement are realised or expire or if the Company loses control over them. The same applies to a portion of a financial asset. A financial liability is removed from the balance sheet when the obligation in the agreement is fulfilled or otherwise ceases to apply. The same applies to part of a financial liability. Information on financial position and results is provided in Note 17 Financial instruments and financial risk management.

1. FINANCIAL ASSETS

A financial asset is initially classified as one of the following:

- Financial assets carried at fair value through profit or loss
- Loans and accounts receivables carried at amortised cost
- Financial assets held to maturity carried at amortised cost
- Financial assets available for sale carried at fair value through comprehensive income

New Wave Group has financial assets carried at fair value through profit or loss and loans and accounts receivables. There are no financial assets held to maturity or financial assets available for sale.

FINANCIAL ASSETS CARRIED AT FAIR VALUE THROUGH PROFIT OR LOSS

New Wave Group uses derivatives, such as currency futures, to manage financial risks. The derivatives are carried at fair value through profit/loss for the year as long as hedge accounting is not applied. They are recognized in other comprehensive income if hedge accounting is applied. If the derivatives have a positive value they are accounted for as a derivative in the balance sheet.

LOAN AND TRADE RECEIVABLES

Loan receivables are non-derivative financial assets with specified or specifiable payments that are not listed on an active market. These are initially stated at fair value and subsequently at amortised cost.

Trade receivables are assessed individually and recognised at the amounts at which they are expected to be received. The expected maturity of a trade receivable is short, and the value is therefore recognised at the nominal amount without discounting. A provision is made for doubtful receivables from one time to another if there is objective evidence that the full value of the asset will not be received. Losses attributable to doubtful receivables are recognised in the income statement under external expenses. Information on impairment losses for the year is provided in Note 17, Financial instruments and financial income.

If a loan or trade receivable needs to be written down, the impairment is calculated as the difference between the asset's carrying amount and the present value of estimated future cash flows. Interest income relating to loan receivables and trade receivables is accounted for as financial income.

LIQUID ASSETS

Liquid assets comprise liquid bank deposits and available cash assets.

2. FINANCIAL LIABILITIES

A financial liability is initially classified as:

- Financial liabilities carried at fair value through profit/loss for the year
- Financial liabilities carried at amortised cost

FINANCIAL LIABILITIES CARRIED AT FAIR VALUE THROUGH PROFIT/LOSS FOR THE YEAR

New Wave Group uses derivatives, such as currency futures, to manage financial risks. The derivatives are carried at fair value through profit/loss for the year as long as hedge accounting is not applied. They are recognized in other comprehensive income if hedge accounting is applied. If the derivatives have a negative value they are accounted for as a liability in the balance sheet

FINANCIAL LIABILITIES CARRIED AT AMORTISED COST

These liabilities are initially carried at fair value less transaction costs. In subsequent periods these liabilities are stated at amortised cost by applying the effective interest method.

Loan liabilities comprise liabilities to credit institutions. These are stated at cost in the balance sheet at the settlement date plus accrued interest. Trade payables have a short expected maturity and are stated at their nominal value and are not discounted. A description of risks is provided in Note 17, Financial instruments and financial risk management.

MEASUREMENT OF FINANCIAL INSTRUMENTS AT FAIR VALUE

Financial derivatives are carried at their respective fair values. In cases where no information/ data is available for measuring financial instruments at fair value, generally accepted valuation methods are used. These may be more or less dependent on quoted information data. As New Wave Group only holds financial instruments whose measurement is based on quoted information, a separate calculation is performed by the management based on this information. For financial assets and liabilities with maturities of less than one year, fair value is assumed to be the nominal value. Financial instruments recognized at fair value in the balance sheet belongs to level two in IFRS 13 hierarchy.

FINANCIAL DERIVATIVES AND HEDGE ACCOUNTING

Financial derivatives are initially and subsequently stated at fair value. Changes in value are carried through profit/loss within finance net for the year unless they form part of an effective hedge relationship and hedge accounting is applied. When a derivatives contract is concluded the Group chooses to classify the derivatives as fair value hedges or cash flow hedges. New Wave Group applies cash flow hedging for hedging of future flows. Changes in value for hedge instruments which form part of an effective cash flow hedge are recognised in other comprehensive income.

When a hedge instrument expires or is sold, exercised or withdrawn or otherwise no longer meets the criteria for a hedge transaction, any gain or loss recognised in equity until such date should remain there, after which it is ultimately recognised as an adjustment of expenses or income when the planned transaction or the assumed obligation is realised in the income statement. However, if a planned transaction or an assumed obligation is no longer expected to occur, the cumulative gain or loss recognised in other comprehensive income, from the period in which the hedge is applied, should immediately be transferred to the income statement.

Disclosures on individual hedges are provided in Note 17, Financial instruments and financial risk management.

LEASING

Finance leases, where the Group essentially assumes all risks and benefits associated with ownership of the leased object, are recognised in the balance sheet at the lower of the fair value of the leased property or the present value of the minimum lease payments. Lease payments are allocated between funding costs and repayment of the outstanding liability under the lease. Assets held under a finance lease are written off over the shorter period of the assets useful life and the lease term. Leases in which the lessor essentially retains all risks and benefits associated with ownership are classified as operating leases. Lease payments are expensed in the income statement on a straight-line basis over the term of the lease.

STOCK

Stock is recognised at the lower of cost, as determined by applying the first in first out (FIFO) method, and net realisable value. The net realisable value is the estimated selling price less estimated selling expenses

INCOME TAX

CURRENT INCOME TAX

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

DEFERRED CURRENT INCOME TAX

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

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

Deferred tax assets and tax liabilities are determined at the tax rates applying for the period in which the asset is realised or the liability is paid based on tax rates (and legislation) that have been adopted or announced at the balance sheet date. Deferred tax assets and tax liabilities are offset if there is a legal right to offset the amounts against each other and the deferred tax is attributable to the same unit in the Group and the same tax authority.

PENSIONS

Both defined benefit and defined contribution pension plans are used in New Wave Group. The Group has defined benefit pension plans that are managed by Alecta. This is a plan which covers several employers, and, as Alecta does not have sufficient information available for measurement, the Company'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 year to which they are attributable.

For information regarding defined benefit pension plans, see Note 6 Salaries, other remuneration and social security costs.

OPERATING SEGMENT REPORTING

The Corporate Promo, Sports & Leisure, and Gifts & Home Furnishings operating segments comprise the Group's segments. Under this classification, each trademark is grouped to the various operating segments. Prices charged between Group companies are set on a commercial basis and thus constitute market prices. Internal profits and losses arising from sales between Group companies have been fully eliminated.



NOTE 2 MATERIAL ACCOUNTING ASSESSMENTS, ESTIMATES AND ASSUMPTIONS

In preparing financial statements the Board of Directors and Chief Executive Officer are required to make certain estimates and assessments which affect the content of the financial statements, i. e. the carrying amounts of assets, liabilities, income and expenses. Those areas where estimates and assessments are of material significance for the Group and which may affect the income statement and balance sheet if they are changed are described below.

IMPAIRMENT OF TANGIBLE FIXED ASSETS AND INTANGIBLE FIXED ASSETS

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

Goodwill, trademarks and other intangible assets with indefinite useful lives should be tested for impairment at least once a year or if there are indications of impairment. To test these assets for impairment, the assets need to be allocated to cash-generating units and their values in use need to be calculated. The necessary calculations require that management make an estimate of the expected future cash flow attributable to the defined cash-generating units. A discount rate also needs to be calculated for the purpose of discounting the cash flow, see Note 8.

The Group has reviewed those estimates which, if they were to be changed, could have a significant impact on the fair values of assets and would therefore require recognition of impairment losses. The estimates relate to factors such as expected selling prices for the products, expected inflation levels and discount rates. A description of the assumptions made concerning impairment tests, including sensitivity analyses, is given in Note 8.

MEASUREMENT OF INVENTORIES

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

Inventories comprise clothes, gift products and accessories held for resale, and are stated, by applying the first in, first out principle, at the lower of cost and net realisable value at the balance sheet date. Internal profits arising from deliveries between companies in the Group are deducted. In the Corporate Promo operating segment the risk that the net realisable value will be lower than the cost is low, 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 25 % of sales are made through the promo sales channel. This product range mainly comprises basic products with limited fashion risk. For sales made through the retail sales channel orders are sent to the

factory upon receipt of a purchase order from the customer, which significantly limits the risk that the net realisable value will be lower than the cost.

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

MEASUREMENT OF FINANCIAL INSTRUMENTS

In cases where financial assets and liabilities have no fair values based on quoted prices, other measurement methods are used, such as discounted cash flow models. The main assessments refer to future cash flows, credit risks and volatility. For more information, see Note 16, Financial instrument and financial management.

DEFERRED TAXES

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

PROVISIONS FOR DOUBTFUL RECEIVABLES

Trade receivables are initially carried at fair value and subsequently at the value at which they are expected to be realised. An estimate of doubtful receivables that is based on an objective assessment of all outstanding amounts is made continuously. Losses relating to doubtful receivables are recognised in the income statement under external expenses, see Note 17, Financial instruments and financial risk management.



CRAFT 

NOTE 3 SEGMENT INFORMATION

New Wave Group AB's segments constitute the operating segments Corporate Promo, 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 income and EBITDA for each segment. The operating segments are based on the Group's operational management and this is exclusively based on IFRS, which means that no adjustments need to be made in relation to the consolidated financial statements. Central costs have been distributed to the relevant segment based on use.

The Group has a large number of customers of which no one exceeds 10 percent of the Group's income.

SEK million	Income		EBITDA		Assets		Fixed assets*		Deferred tax assets	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Corporate Promo	2 648.7	2 388.6	289.7	250.8	3 074.0	2 988.7	585.0	629.2	35.2	36.3
Sports & Leisure	2 311.5	2 260.8	230.3	194.5	2 272.0	2 261.9	1 020.0	1 045.9	44.4	62.6
Gifts & Home Furnishings	637.1	587.7	14.4	10.8	619.3	573.6	204.4	193.5	11.9	15.2
Total	5 597.3	5 237.1	534.4	456.1	5 965.3	5 824.2	1 809.5	1 868.6	91.5	114.1

EBITDA	2017	2016
Depreciation	-65.3	-55.9
Net financial items	-51.9	-59.9
Result before tax	417.2	340.3

SEK million	Net investments		Depreciation and write-downs		Liabilities	
	2017	2016	2017	2016	2017	2016
Corporate Promo	-43.8	-16.6	-32.6	-28.5	1 902.3	2 031.7
Sports & Leisure	-42.4	-33.3	-28.0	-23.3	589.5	582.9
Gifts & Home Furnishings	-24.4	-39.7	-4.8	-4.1	444.3	392.4
Total	-110.6	-86.1	-65.3	-55.9	2 936.1	3 007.0

Geographic areas SEK million	Income		Fixed assets*		Deferred tax assets	
	2017	2016	2017	2016	2017	2016
Sweden	1 317.0	1 236.4	496.2	477.9	14.3	15.9
USA	1 400.5	1 381.1	916.0	996.1	39.4	59.2
Nordic countries excl Sweden	760.5	739.5	34.2	27.7	4.1	8.4
Central Europe	1 062.5	996.8	208.5	202.5	23.2	22.7
Southern Europe	577.6	524.4	94.4	158.8	4.9	2.8
Other countries	479.1	358.9	60.1	5.6	5.6	5.1
Total	5 597.3	5 237.1	1 809.4	1 868.6	91.5	114.1

Income is divided based on the geographical location of the subsidiaries. Fixed assets and deferred tax assets are based on where the Group's assets are located.

* Fixed assets classified as financial fixed assets are not included.

NOTE 4 OTHER OPERATING INCOME

SEK million	2017	2016
Exchange rate gains	31.1	36.5
Capital gains	1.2	0.8
Other income	18.9	13.7
Total	51.2	51.0



NOTE 5 AVERAGE NUMBER OF EMPLOYEES

	2017		2016	
	Number of employees	Of which men	Number of employees	Of which men
Parent company				
Gothenburg	35	23	26	16
Total parent company	35	23	26	16
Subsidiaries				
Employees in Sweden				
Borås	119	56	115	57
Gothenburg	0	0	0	0
Mark	11	8	11	8
Munkedal	109	59	104	59
Lessebo	310	160	289	150
Stenungsund	23	16	24	15
Stockholm	52	30	46	31
Ulricehamn	19	11	33	16
Örebro	10	3	10	4
Total employees in Sweden	653	343	632	340
Employees abroad				
Austria	19	4	14	9
Bangladesh	47	44	39	38
Belgium	43	28	40	24
Canada	92	42	79	37
China	172	69	168	67
Danmark	74	36	65	31
England	7	3	7	3
Finland	46	27	45	26
France	16	9	14	8
Germany	50	32	46	30
Hong Kong	4	2	4	2
India	13	11	16	13
Italy	48	31	49	31
The Netherlands	150	100	164	102
Norway	75	45	74	43
Poland	178	50	182	66
Switzerland	32	20	27	17
Spain	21	13	23	15
Taiwan	3	0	3	0
USA	663	248	624	234
Vietnam	27	12	27	12
Wales	27	14	28	13
Total employees abroad	1 807	840	1 738	821
Group total	2 495	1 206	2 396	1 177

Gender distribution within company management

	2017			2016		
	Women	Men	Total	Women	Men	Total
Board of Directors	2	4	6	2	4	6
Group Management	0	9	9	0	9	9
Total	2	13	15	2	13	15

NOTE 6 SALARIES, OTHER REMUNERATION AND SOCIAL SECURITY COSTS

SEK million	2017 Salaries and other remuneration	Social security costs	Of which pension costs	2016 Salaries and other remuneration	Social security costs	Of which pension costs
Parent company	17.8	9.1	2.8	14.3	7.4	2.0
Subsidiaries in Sweden	250.8	106.0	16.7	245.1	96.0	15.8
Subsidiaries abroad	624.7	121.7	17.1	592.9	117.3	17.7
Group total	893.3	236.8	36.5	852.2	220.7	35.5
Of which purchasing and production personnel	163.0	38.6	3.2	172.8	42.7	3.6

Of the parent company's pension costs SEK 0.4 million (SEK 0.4 million) concerns the group's Board and the CEO.

Of the Group's pension costs, SEK 4.3 million (SEK 4.0 million) concerns the group's Board and CEOs.

Salaries and other remuneration divided by country and between board members, CEO and employees

SEK million	2017 Board and CEO	Of which bonus*	Other employees	2016 Board and CEO	Of which bonus*	Other employees
Parent company	2.0	0.0	15.8	1.8	0.0	12.5
Subsidiaries in Sweden	9.8	0.1	241.0	10.8	0.7	234.2
Subsidiaries abroad						
Belgium	1.0	0.0	20.6	0.6	0.0	17.1
Denmark	1.6	0.1	36.9	2.2	0.3	34.5
Finland	1.9	0.1	18.2	1.6	0.0	18.3
France	1.0	0.0	3.0	0.7	0.0	2.6
Italy	3.5	0.0	21.4	3.5	0.0	19.0
Canada	1.1	0.0	30.2	1.2	0.0	29.3
China	7.0	0.1	74.1	6.6	0.0	76.4
The Netherlands	5.5	2.7	17.4	4.9	2.1	17.4
Norway	1.2	0.0	40.7	1.4	0.0	38.2
Poland	0.7	0.0	2.6	0.6	0.0	2.4
Switzerland	2.3	0.0	21.6	2.1	0.0	21.8
Spain	1.3	0.0	5.3	1.0	0.0	4.9
Germany	2.5	2.0	19.5	2.0	1.4	17.6
USA	10.9	0.1	257.3	10.8	0.2	241.0
Wales	0.5	0.0	5.7	0.4	0.0	5.7
Austria	0.0	0.0	8.2	0.0	0.0	6.8
Total subsidiaries abroad	42.1	5.2	582.5	39.9	4.0	553.0
Group total	53.9	5.3	839.3	52.5	4.7	799.7

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

Board members' fees	2017	2016
External members of the parent company's Board	1.1	0.9
Of which to the Chairman of the Board	0.3	0.3

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

CONDITIONS OF EMPLOYMENT FOR THE CEO

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

THE CONDITIONS OF EMPLOYMENT FOR OTHER SENIOR EXECUTIVES

Other senior executives are the eight persons who make up the Group management together with the CEO. For the structure of the Group Management, see page 47. Remuneration to the other senior executives comprises a fixed salary. No board member fees are paid. 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 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.

Wages, salaries and other remuneration distributed by directors and other executives

SEK million	2017			2016		
	Salaries, other remuneration and fees	Of which bonus and similar	Pension costs	Salaries, other remuneration and fees	Of which bonus and similar	Pension costs
Torsten Jansson, CEO	0.9	0.0	0.4	0.9	0.0	0.4
Olof Persson, newly elected Chairman of the Board 2016	0.3	0.0	0.0	0.3	0.0	0.0
Anders Dahlvig, resigning Chairman of the Board 2016	0.0	0.0	0.0	0.1	0.0	0.0
Christina Bellander, Board Member	0.2	0.0	0.0	0.1	0.0	0.0
Elisabeth Dahlin, newly elected Board Member 2016	0.2	0.0	0.0	0.1	0.0	0.0
Helle Kruse Nielsen, resigning Board Member 2016	0.0	0.0	0.0	0.1	0.0	0.0
Mats Årjes, Board Member	0.2	0.0	0.0	0.1	0.0	0.0
M Johan Widerberg, Board Member	0.2	0.0	0.0	0.1	0.0	0.0
Other senior executives*	13.8	1.1	2.1	13.1	0.3	1.1
Total	15.8	1.1	2.5	14.9	0.3	1.5

*Individuals referred to on page 47.

Subscriptions options

The Group has no outstanding share warrants.

PENSION COMMITMENTS

Defined benefit pension plans exist within the Group. These are only smaller pension plans. For white-collar employees in Sweden ITP 2-plan defined benefit pension plans for retirement- and family pensions (or family pension) are secured through insurance with 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 2016 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 2018 amount to SEK 10.0 million (SEK 7.3 million).

The collective funding level is the market value of Alecta's assets in percent of the commitments calculated in accordance with Alecta's calculation assumptions for insurance purposes, which do not comply with IAS 19. The collective consolidation level is normally allowed to vary between 125 and 155 percent. If Alecta's consolidation level fall below 125 percent or exceed 155 percent, 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 154% (149%).

NOTE 7 REMUNERATION TO AUDITORS AND AUDITING COMPANY

SEK million		
Group	2017	2016
Audit assignment		
Ernst & Young	4.7	4.8
Other	3.2	3.4
Audit work outside audit assignment	0.6	0.9
Tax consultancy	1.5	1.1
Total	10.0	10.2

NOTE 8 INTANGIBLE FIXED ASSETS

SEK million	Goodwill		Trademarks		Computer software		Other intangible fixed assets	
	2017	2016	2017	2016	2017	2016	2017	2016
Accumulated acquisition value								
Opening acquisition value	952.1	901.8	546.9	515.5	124.2	144.0	60.8	56.0
Acquisition	0.0	0.0	0.0	0.0	29.4	9.9	0.0	0.0
Sales/disposals	0.0	0.0	0.0	0.0	-0.6	-36.4	0.0	0.0
Reclassification	0.0	0.0	0.0	0.0	0.0	0.5	0.0	0.0
Translation difference	-47.6	50.3	-35.3	31.4	-1.3	6.2	-4.1	4.8
Closing accumulated acquisition value	904.5	952.1	511.6	546.9	151.7	124.2	56.7	60.8
Accumulated depreciation according to plan								
Opening depreciation	-52.3	-51.6	-23.8	-23.0	-98.4	-120.7	-21.6	-16.1
Sales/disposals	0.0	0.0	0.0	0.0	0.6	36.2	0.0	0.0
Reclassification	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Depreciation of the year	0.0	0.0	0.0	0.0	-12.3	-8.1	-4.0	-4.6
Translation difference	-0.4	-0.7	1.1	-0.8	-0.8	-5.8	-0.1	-0.9
Closing accumulated depreciation	-52.7	-52.3	-22.7	-23.8	-110.9	-98.4	-25.7	-21.6
Accumulated write downs								
Opening write-downs	-17.0	-17.0	-1.5	-1.5	0.0	0.0	0.0	0.0
Write-downs of the year	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Closing accumulated write-downs	-17.0	-17.0	-1.5	-1.5	0.0	0.0	0.0	0.0
Closing book value	834.7	882.8	487.4	521.6	40.8	25.8	31.0	39.2

Goodwill allocated to operating segments

SEK million	2017	2016
Corporate Promo	254.7	252.4
Sports & Leisure	526.1	576.5
Gifts & Home Furnishings	53.9	53.9
Total	834.7	882.8

Trademarks allocated to operating segments

SEK million	2017	2016
Corporate Promo	14.8	14.8
Sports & Leisure	362.5	396.8
Gifts & Home Furnishings	110.0	110.0
Total	487.4	521.6

The Group's intangible fixed assets with indefinite useful lives consist of goodwill and trademarks, where the useful lives for the trademarks is considered indefinite due to the fact that they are considered strategic trademarks on each market and the Group's aim is to retain them for further development. The trademarks with the greater value recorded at cost are well known trademarks, such as Orrefors Kosta Boda in Gifts & Home Furnishing and primarily Cutter & Buck in Sports & Leisure.

The value of the Group's goodwill and trademarks, which are based on local currency and may give rise to translation differences in the consolidated financial statements, has been divided between the cash generating units they are considered to belong to, which also constitute the operating segments as shown in the above tables. The value of these intangible assets is tested for impairment annually but may be tested more frequently if there are indications of impairment. In order to assess any possible impairment, the recoverable amount needs to be calculated which is done by calculating each cash generating unit's value in use. The value in use is based on discounted values of cash flow forecasts for the next five years and a long term growth rate, so called terminal growth. The most significant assumptions when determining the value in use consist of growth rate, operating margin and discount rate (WACC). When calculating the discount rate estimations of financial factors such as interest rate levels, borrowing costs, market risk, beta values and tax rates are made. Since the cash generating units have different characteristics, each unit is assessed based on its market conditions. The calculated cost of capital (WACC) is considered representative for all of the cash generating units.

The cash flow forecasts in the impairment test is based on the Board's approved five year forecast (2018-2022) and a terminal growth of 3% (3%).

When discounting estimated future cash flows a pre tax average weighted cost of capital (WACC) of 10.3 (10.3) has been used.

The 2017 impairment test shows no need for impairment. Nor where there any need for impairment in the comparison year. Sensitivity analysis have been completed for all cash generating units.

CORPORATE PROMO

Sales mainly occur in the following regions: Sweden, the Nordic countries (excl. Sweden) and Europe. The assumptions made is that growth will occur on existing markets through an increased market share and also through new market launches. The operating margin is expected to decrease some what and tied-up capital in inventory is expected to increase which is related to expected new market launches. Sales mainly occurs in the promo sales channel (97%) which means that a properly balanced inventory is an important component for reaching a good service level.

A sensitivity analysis shows that the value can be maintained even if the growth rate decreases by 4 (3) percentage points, the operating margin decreases by 2 (2) percentage points or if the WACC increases by 3 (2) percentage points.

SPORTS & LEISURE

The operating segments sales mainly occur in the retail sales channel and on the American and Swedish markets. The forecasts include a growth on existing markets through an increased market share. The sales growth is expected to lead to a improved operating margin. Tied-up capital in inventory is expected to decrease some what during the forecast period (2018-2022).

A sensitivity analysis shows that the value can be maintained even if the growth rate decreases by 4 (6) percentage points, the operating margin decreases by 2 (2) percentage points or if the WACC increases by 2 (2) percentage points.

GIFTS & HOME FURNISHING

Most of the sales occur on the Swedish market and in the retail sales channel. The assumptions made is that sales are expected to increase on existing markets and that the operating margin will continue to improve. Tied-up capital in inventory is expected to increase in relation to sales.

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

NOTE 9 TANGIBLE FIXED ASSETS

SEK million	Buildings and land		Equipment, tools and installations	
	2017	2016	2017	2016
Accumulated acquisition value				
Opening acquisition value	354.8	313.9	459.9	412.0
Acquisitions	18.7	36.4	68.2	40.7
Sales/disposals	0.0	0.0	-16.2	-16.4
Reclassification	0.0	-8.6	0.0	8.6
Translation difference	-6.1	13.1	-13.5	15.1
Closing accumulated acquisition value	367.4	354.8	498.4	459.9
Accumulated depreciation according to plan				
Opening depreciation	-102.1	-90.7	-287.7	-247.6
Sales/disposals	0.0	0.0	11.9	16.6
Depreciation as a part of production costs/goods for resale	-1.0	-1.0	-10.5	-9.3
Reclassification	0.0	0.0	0.0	0.0
Depreciation during the year	-8.6	-7.8	-39.9	-35.4
Translation difference	1.6	-2.6	11.7	-12.1
Closing accumulated depreciation	-110.1	-102.1	-314.5	-287.7
Accumulated write downs				
Opening write downs	-20.2	-20.2	-5.5	-5.5
Sales/disposals	0.0	0.0	0.0	0.0
Write downs of the year	0.0	0.0	0.0	0.0
Closing accumulated write downs	-20.2	-20.2	-5.5	-5.5
Closing book value	237.1	232.5	178.4	166.7

Leasing charges in respect of operational leasing

The group has operational leasing agreements. New leasing agreements for the year primarily relates to rental of premises. The future commitment for these agreements can be seen in the following summary.

2017	2016
2018	2017
136.2	113.8
2019	2018
118.7	90.2
2020	2019
98.8	73.6
2021	2020
82.7	56.8
2022 incl. costs through contract period end	2021 incl. costs through contract period end
214.5	97.5
Cost for the year for operational leasing	
147.2	135.3

NOTE 10 CURRENCY EXPOSURE IN OPERATING RESULT

The table shows currency exposed operating result per currency.

SEK million	2017	2016
Operating result		
Euro, EUR	143.5	119.5
Canadian dollar, CAD	-12.2	1.6
Swiss franc, CHF	80.6	180.1
US dollar, USD	61.3	59.8
Nowegian krone, NOK	26.9	27.7
Danish krone, DKK	19.2	17.1
Chinese yuan, CNY	14.8	12.6
Polish zloty, PLN	4.6	3.0
Hong Kong dollar, HKD	49.9	49.9
British pound, GBP	0.3	-1.5
Total operating result in foreign currencies	389.1	469.9

NOTE 11 FINANCIAL INCOME AND COSTS

SEK million	2017	2016
Interest income	2.9	1.7
Interest on overdue accounts receivable	2.2	1.4
Translation differences on short-term receivables	-0.4	-0.6
Interest expense	-54.2	-61.2
Interest on overdue accounts payable	-0.1	-0.1
Translation differences on liabilities	-1.1	-0.3
Other financial expenses	-1.2	-0.9
Total	-51.9	-59.9

NOTE 12 TAX ON RESULT FOR THE YEAR

SEK million	2017	2016
Current tax	-71.4	-50.6
Tax attributable to previous years	-0.4	-1.7
Total	-71.8	-52.3
Deferred tax relating to temporary differences and and loss carry-forward	8.6	-11.3
Totally recorded tax expense	-63.2	-63.6

The Group's tax expense for the year amounted to SEK 63.2 million (SEK 63.6 million) or 15.2% (18.7%) on result before tax.

Reconciliation of actual tax

Reconciliation between the groups weighted average tax rate, based on each respective countries tax rate, and the groups actual tax:

SEK million	2017	%	2016	%
Result before tax	417.3		340.3	
Tax expense based on respective country's tax rate	-81.0	-18.6	-51.9	-15.3
<i>Tax effects from:</i>				
Non taxable profit	4.4	1.1	2.8	0.8
Non deductible expenses	-5.7	-1.4	-2.5	-0.7
Tax arrears assesment	-0.4	-0.1	-1.7	-0.5
Regional and other variations regarding tax rates	-2.3	-0.6	-3.6	-1.1
Changed tax rate in the USA *	9.3	2.2	0.0	0.0
Reverse of previous activated loss carry-forward	-5.8	-0.8	-5.6	-1.7
Taking in use previously not activated loss carry-forward	15.6	2.3	4.3	1.3
Not activated loss carry-forward	-1.9	-0.5	-4.0	-1.2
Temporary differences	4.8	1.1	1.2	0.4
Other	-0.2	-0.1	-2.5	-0.7
Effective tax rate according to consolidated income statement	-63.2	-15.2	-63.6	-18.7

*The reduced corporate tax rate in the USA has decreased the deferred tax asset on temporary differences with SEK 13.6 million and the deferred tax liability on Group values with SEK 22.9 million.

NOTE 13 FINANCIAL FIXED ASSETS

Shares in associated companies	Company registration number	Registered office	Share of capital,%	Share of votes,%	Number of shares	2017 Book value	2016 Book value
SEK million							
Dingle Industrilokaler AB	556594-6570	Munkedal	49	49	83 055	7.2	7.2
Glasrikets skatter ekonomiska förening	769620-1701	Lessebo	10	10	100	1.0	1.0
Kosta Köpmanshus AB	556691-7042	Lessebo	49	49	7 350	29.5	29.5
Scandinavian Trade Holding AB *	556686-5811	Lessebo	0	0	0	0.0	0.0
Vist Fastighetsbolag AB	556741-1672	Ulricehamn	49	49	49	14.9	14.8
Jobman Workwear GmbH	758048	Freiberg	49	49	2	0.5	2.3
Others			-	-	-	0.2	0.2
Sum						53.3	55.0

* Scandinavian Trade Holding AB has been liquidated. The liquidation was finalised 21 September 2017.

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

SEK million	At year end the company's equity amounted to		The Groups share of total comprehensive income for the year		The Groups share of contingent liabilities	
	2017	2016	2017	2016	2017	2016
Dingle Industrilokaler AB	14.8	14.9	0.0	0.0	None	None
Glasrikets skatter ekonomiska förening	12.6	12.6	0.0	0.0	None	None
Kosta Köpmanshus AB	64.1	64.1	0.0	0.0	None	None
Scandinavian Trade Holding AB	0.0	0.0	0.0	0.0	None	None
Vist Fastighetsbolag AB	20.6	20.5	0.1	0.2	None	None
Jobman Workwear GmbH	1.2	4.8	-1.8	0	None	None

NOTE 14 OTHER LONG-TERM RECEIVABLES

SEK million	2017	2016
Loans secured	0,8	2,2
Deposits	5,8	3,9
Other long-term receivables	3,7	3,9
Total	10,2	10,0

cottoVer[®]
people & planet



NOTE 15 DEFERRED TAX ASSETS

Deferred tax assets and provisions for deferred tax liabilities in the group assigned to:

SEK million	2017		2016	
	Assets	Liabilities	Assets	Liabilities
Loss carry-forwards	26.7	-	29.7	-
Internal gains	22.0	10.2	20.8	13.2
Reserves	0.6	1.4	1.4	1.8
Depreciation and fixed assets	3.5	5.5	3.7	5.1
Stock	24.8	-	39.9	-
Accounts Receivables	9.3	-	11.7	-
Stock	1.3	-	1.4	-
Contingent purchase conditions	1.7	-	2.6	-
Leasing	1.6	-	2.9	-
Prepaid costs	-	2.4	-	3.7
Trademarks	-	100.7	-	136.0
Reserves and accelerated depreciation	-	8.8	-	3.2
Cash flow hedge	-	0.5	-	1.2
Other temporary differences	-	0.4	-	-
Deferred tax assets / liabilities	91.5	129.9	114.1	164.2

Loss carry-forwards

At the year-end the Group had a total tax loss carry-forward of SEK 342.8 million (SEK 390.8 million). Deferred tax has been recognized on SEK 82.1 million (SEK 99.5 million) of the tax deficits. The maturity for all tax loss carry forward is shown in the table below.

Total loss carry forwards expires as follows:

SEK million	2017	2016
2017	-	0.4
2018	3.0	4.8
2019	0.0	0.0
2020	0.1	1.3
2021	0.0	0.8
2022	7.4	7.7
2023	9.9	10.1
2024	12.7	12.9
2025	3.3	0.0
2026	0.4	0.0
2027	5.5	5.5
2028	14.5	14.8
2029-2036	27.2	24.7
Unlimited	258.9	307.8
Total	342.8	390.8

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 carry-forwards will be utilized. The assessment takes into consideration: managements forecasts, historical and present performance levels and the expiration date of the carry-forwards. Based on the assessments, the carry-forwards are divided into three different groups where group A represents in full recorded carry-forwards, group B represents partially recorded carry-forwards and group C represents carry-forwards that have not been recorded at all. The distribution is shown in the tables below.

2017				
SEK million	Total tax loss	of which	not	of
Group	carry-forwards	recorded tax	recorded	which tax
A	20.9	5.7	0.0	0.0
B	82.3	20.1	21.1	6.5
C	239.6	0.0	239.6	57.2
Total	342.8	25.8	260.7	63.7

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

2016				
SEK million	Total tax loss	of which	not	of
Group	carry-forwards	recorded tax	recorded	which tax
2021	0.8	0.8	-	-
2022	5.1	0.0	-	-
Unlimited	2.9	2.4	-	-
Total Sweden	8.8	3.2	291.3	80.9

NOTE 16 STOCK

SEK million	2017	2016
Raw materials	34,9	28,9
Work in progress	8,7	9,7
Goods in transit	144,0	126,1
Good for resale in stock	2 455,8	2 331,7
Total	2 643,4	2 496,4

Stocks consist of clothes, gift items and accessories for resale and raw materials. The stocks are valued by applying the FIFO principle, at the lowest of the cost and net sales value on the balance sheet date. Deductions are made for internal profit made from deliveries between Group companies. There is a low risk that the net sales value is lower than the cost in the Corporate Promo operating segment since much of the product range consists of timeless basic products which are in demand season after season.

For sales within the Sports & Leisure operating segment, orders to the factory are placed once the purchase order has been received from the customer, which considerably reduces the risk that the net sales value is lower than the cost. Remaining sales are mainly made up of basic items with a limited fashion risk. Within the Gifts & Home Furnishings operating segment, most of the volume consists of classic, best-selling products that in many cases have a product cycle of more than 20 years, which limits the risk that the net sales value is lower than the cost. As of 31 December 2017, the Group's stock has been written down with SEK 106.0 million (SEK 115.1 million), of which SEK 0 million (SEK 7.1 million) relates to raw materials. Impairment related to merchandise on stock amounted to 4.1% (4.4%).

JOBMAN

WORKWEAR



NOTE 17

FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

FAIR VALUE OF FINANCIAL INSTRUMENTS

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 trade receivables, trade payables 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 in IFRS 13 hierarchy. The Group's longterm borrowing is mainly through credit facilities with long maturities but short fixed-rate periods.

2017 SEK million	Assets at fair value through profit and loss	Loans and accounts receivables	Total	Fair value
Financial assets				
Accounts receivable		982.8	982.8	982.8
Other receivables	0.3	62.0	62.3	62.3
Accrued income		7.6	7.6	7.6
Derivative	2.2*		2.2	2.2
Liquid assets		202.4	202.4	202.4
Total assets			1 257.3	1 257.3
	Liabilities at fair value through profit and loss	Liabilities at amortized costs	Total	Fair value
Financial liabilities				
Interest-bearing liabilities		1 839.7	1 839.7	1 839.7
Derivative			0.0	0.0
Accounts payable		535.9	535.9	535.9
Accrued liabilities		234.5	234.5	234.5
Other liabilities	1.3	105.0	106.3	106.3
Total liabilities			2 716.4	2 716.4

*Derivative is included in the item Other receivables in the Consolidated balance sheet.

2016 SEK million	Assets at fair value through profit and loss	Loans and accounts receivable	Total	Fair value
Financial assets				
Accounts receivable		906.2	906.2	906.2
Other receivables	0.9	45.8	46.7	46.7
Accrued income		7.6	7.6	7.6
Derivative	5.5*		5.5	5.5
Liquid assets		218.9	218.9	218.9
Total assets			1 184.9	1 184.9
	Liabilities at fair value through profit and loss	Liabilities at amortized costs	Total	Fair value
Financial liabilities				
Interest-bearing liabilities		1 967.8	1 967.8	1 967.8
Derivative			0.0	0.0
Accounts payable		492.5	492.5	492.5
Accrued liabilities		215.0	215.0	215.0
Other liabilities	5.0	105.2	110.2	110.2
Total liabilities			2 785.5	2 785.5

*Derivative is included in the item Other receivables in the Consolidated balance sheet.

FINANCIAL RISK MANAGEMENT

New Wave Group is continually exposed to various financial risks. Financial risks comprise interest risk, currency risks and liquidity and credit risks. To minimize the impact on the income statement from these risks, the Group has adopted a financial policy which describes how the company 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 the use of short fixed-rate periods leads to lower borrowing costs over time while short-term interest rates follow the economy cycles and therefore offset fluctuations in the Group's earnings. The breakdown by currency of the Group's borrowing at year-end is shown in the below table. An increase in interest rates over the course of the year by one percentage point would have a negative impact on earnings of about SEK 9.2 million (SEK 9.8 million), based on the reported net debt at 31 December 2017. Net debt breakdown is shown in Note 20.

Breakdown by currency	2017	2016
	Net debt, SEK million	Net debt, SEK million
SEK	-507.2	-435.7
EUR	-215.2	-279.1
GBP	-16.6	-15.1
USD	-831.2	-948.3
CHF	8.8	15.0
DKK	50.9	23.0
NOK	-113.1	-129.2
CAD	-53.9	-33.8
CNY	23.6	42.8
Other	16.6	11.5
Total	-1 637.3	-1 748.9

CURRENCY EXPOSURE

A significant portion of New Wave Group's sales are made in foreign currency (approx. 76 %). 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 accounts are also affected by translating the results and net assets of foreign subsidiaries into SEK, i.e. translation exposure.

TRANSACTION EXPOSURE – HEDGE ACCOUNTING

Transaction exposure mainly arises as a result of intra-Group transactions between New Wave's purchasing companies and the Group's 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 the US dollar. Changes in exchange rates between the dollar, euro and Swedish krona constitute the single largest transaction exposures in the Group.

Managing the currency exposure 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. Hedging is not used for this sales channel since price adjustments towards the customer are made continuously as the purchase price changes. In the retail sales channel, sales are mostly made through advance orders and, at this point, the prices towards the customers are fixed. An advance order means, for example, that customers place orders in the spring for delivery in autumn. In order to limit the currency risk in these advance orders, derivatives are purchased to guarantee that the value of incoming deliveries to the warehouses match the prices towards the customers. In these cases IAS 39 hedge accounting is applied, which means that changes in the value of the derivatives are recognized in other comprehensive income.

In the Corporate Promo operating segment, 97 (97) % of the sales occur in the promo sales channel and adjustments for changes in purchase prices are made continuously. In Sports & Leisure about 75 (76) % of sales are made through the retail sales channel which means that the majority of purchases in the operating segment are hedged against fluctuations in exchange rates. For Gifts & Home Furnishing, 87 (86) % of the sales are to retail and most of the production takes place in Sweden. Where purchases are made from another country, 50-80% of the purchase in a foreign currency are hedged against fluctuations in exchange rates.

The Group's principal commercial flows of foreign currencies pertain to imports from Asia to Europe and inter-group flows within Europe. Currency rates and payment conditions to be applied to the internal trade between de 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 hedges and financing in each company's functional currency, the actual currency exposure at year end amounted to SEK 13.9 million (SEK 13.8 million).

The corresponding average currency exposure for the year amounted to SEK 26.7 million (SEK 28.4 million) and the below table displays the sensitivity of a reasonable change in those currencies in which the Group has the greatest exposure. Impact on the Group's profit before 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 pre-tax equity refers only to the impact from changes in the fair value of the forward contracts where hedge accounting is applied.

2017 Currency	Change	Impact on result before tax (SEK million)	Impact on pre-tax equity (SEK million)
USD	+5%	0,5	3,0
	-5%	-0,5	-3,0
EUR	+5%	0,7	0,1
	-5%	-0,7	-0,1
DKK	+5%	0,4	-
	-5%	-0,4	-
CHF	+5%	-0,6	-
	-5%	0,6	-
2016 Currency	Change	Impact on result before tax (SEK million)	Impact on pre-tax equity (SEK million)
USD	+5%	0,5	2,6
	-5%	-0,5	-2,6
EUR	+5%	0,4	0,5
	-5%	-0,4	-0,5
DKK	+5%	0,4	-
	-5%	-0,4	-

A sensitivity analysis regarding the other currencies does not have a material effect on earnings before tax for each currency separately. The aggregated effect for all these currencies, provided a 5% stronger SEK-rate per currency, would impact earnings before tax with SEK +0.3 million (SEK +0.1 million).

TRANSLATION EXPOSURE

Translation exposure is defined as the Group's exposure to currency risk arising when translating the results and net assets of foreign subsidiaries SEK. A weakening/strengthening of 1% of currency exchange rates would impact sales by SEK 41.2 million (SEK 38.5 million), calculated on the sales for 2017 where USD and EUR impacts the most with SEK 14.2 million (SEK 14.1 million) and SEK 14.7 million (SEK 12.2 million) each. The below table displays a sensitivity analysis regarding sales based on the preceding year's currency exchange rates.

Area	Currency effect 2017	Currency effect 2016
USA	-4.9	17.1
Nordic countries	10.7	-2.6
Central Europe	8.2	4.1
Southern Europe	10.9	5.5
Other Countries	-2.1	0.5
Total	22.8	24.5

The translation of local currency, based on the preceding year's currency exchange rates, would have lowered the sales by SEK 22.8 million (SEK 24.5 million). The translation effect from translating subsidiaries equity has effected group equity by SEK -54.6 million (SEK 88.9 million).

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 company 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 present themselves. It is also substantial that a sound balance between equity and financing through debt is kept why New Wave Group's goal is to achieve an equity ratio in excess of 30 %. New Wave Group has a centralized finance function, which means that external borrowing is managed and administered centrally as far as possible. The liquidity generated in the Group is continually transferred to New Wave Group's treasury center through various pooling systems and reduces the total credit volume. New Wave Group has not made any financial investments.

The Group's funding agreement as of 31 December 2017 had a total credit facility amounting to SEK 2,539 million of which SEK 2,000 million runs until 10 February 2019, USD 35 million has a term that extends to 10 February 2024 and SEK 250 million has a maturity of one to six years. The credit facility amount is limited to and dependent on the value of some underlying assets. Work on a new financial agreement is being finalised and is expected to be completed in the beginning of the second quarter of 2018.

The principal agreement means that financial ratios (covenants) must be fulfilled in order to maintain the agreement. The covenants are met as of 31 December 2017. Based on the current forecast, management deems that the Group will be able to achieve these key performance indicators by a satisfactory margin.

The below table displays 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 has been calculated based on the interest rate at year end.

Maturity analysis of		
New Wave Group's loans	2017	2016
2017	-	132.1
2018	118.2	123.1
2019	1 619.5	1 634.8
2020	59.5	61.4
2021	57.9	59.7
2022	56.3	57.9
2023	54.4	55.8
2024	14.8	13.4

Maturity analysis of		
New Wave Group's other financial liabilities	2017	2016
2017	-	816.3
2018	876.1	-

The below table 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.

2017-12-31	Hedged volume result SEK million	Unrealized SEK million	Number of hedged months
Currency			
EUR	2.1	-0.4	< 6
EUR	0.3	0.0	6 > 12
USD	37.9	1.5	< 6
USD	21.8	1.1	6 > 12
		2.2	

2016-12-31	Hedged volume result SEK million	Unrealized SEK million	Number of hedged months
Currency			
EUR	7.9	1.9	< 6
EUR	4.8	0.2	6 > 12
USD	39.3	3.1	< 6
USD	14.1	0.3	6 > 12
		5.5	

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 accounts receivables, and from its financing activities which includes deposits at banks and financial institutions, currency futures and other financial instruments. The Group's total exposure to credit risk amounted, at year-end, to SEK 1,257.3 million (SEK 1,184.9 million) which was based on the carrying value of all financial assets.

Credit risk (SEK million)	2017	2016
Accounts receivable	982.8	906.2
Other financial assets	274.5	278.7
Total	1 257.3	1 184.9

ACCOUNTS RECEIVABLES

The risk that the Group's customers will fail to meet their obligations, i.e. that New Wave Group's accounts receivables will not be paid, constitutes a credit risk. New Wave Group has centrally adopted a finance policy and directives, based on which each company has drawn up a set of written procedures for credit checks. Information from external credit reference agencies is one stage of the process. Furthermore, companies in the group, based on the finance policy, have the option, when needed, to insure accounts receivables 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 Promo 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 2017 actual bad debts in Corporate Promo represented 0.08 (0.36) % 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 2017 actual bad debts in these two operating segments represented 0.28 (0.42) % and 0.17 (0.08) % of net sales.

Accounts receivable (SEK million)	2017	2016
Exposure	1 016.0	944.0
Credit risk reserve	33.2	37.8
Carrying amount	982.8	906.2

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

As of 31 December 2017	Number of customers	Percentage of total customers	Percentage of portfolio
Exposure < 1 MSEK	28 996	95.1	68.0
Exposure 1 - 5 MSEK	636	2.1	18.5
Exposure > 5 MSEK	839	2.8	13.5
Total	30 471	100.0	100.0

As of 31 December 2016	Number of customers	Percentage of total customers	Percentage of portfolio
Exposure < 1 MSEK	28 808	93.1	66.2
Exposure 1 - 5 MSEK	763	2.5	22.4
Exposure > 5 MSEK	1 389	4.5	11.5
Total	30 960	100.0	100.0

The provision for doubtful receivables has been changed as follows:

Provision for doubtful receivables (SEK million)	2017	2016
Provision at the beginning of the year	37.8	41.8
Reclassification	0.0	0.0
Additional provision	10.2	15.7
Confirmed losses	-14.1	-20.9
Translation difference	-0.7	1.2
Provision at year-end	33.2	37.8

Apart from the provision for doubtful receivables, there is no impairment of financial instruments.

Age analysis SEK million	2017	2016
< 30 days	912.0	835.3
30–90 days	59.5	48.5
> 90 days	11.3	22.5
Total	982.8	906.2

OTHER ASSETS

Other assets include loan receivables, derivatives and liquid assets. Credit risk related to balances at banks and other financial institutions is managed by the Treasury center in accordance with the Group's finance policy. The Group deals only with established financial institutions. Other receivables and accrued income, which represents 6.6 (4.4) % of the total credit risk, is managed locally on an ongoing basis in accordance with the finance policy and with support from the central finance function.

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 earnings expand at the same pace, which could result in uneven growth rates. New Wave Group is allocating resources to internal management training programs, mentorship schemes and annual meetings of management to guarantee 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 company 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 lower in the Corporate Promo operating segment and the promo sales channel, while the Sports & Leisure operating segment is focused on areas that are less sensitive to changes in fashions, such as Craft functional underwear and Seger socks. New Wave Group's goal is to ensure that the promo sales channel continues to 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 growth and reduced risk. New Wave Group believes it is very hard to determine the exact timetables and budgets for new foreign ventures, which could entail a risk of initial losses. However, the Board deems that the company is well equipped for the new ventures that are being planned.

ENVIRONMENT

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

NOTE 18 RELATED PARTIES

SEK million	The Group's sales to		The Group's purchases from		The Group's receivables on		The Group's liabilities to	
	2017	2016	2017	2016	2017	2016	2017	2016
Glasrikets skatter Ekonomiska förening	0.0	-	0.1	0.1	0.0	-	0.0	-
Dingle Industrilokaler AB	0.1	0.1	1.8	1.7	22.7	4.3	0.2	0.2
Kosta Köpmanshus AB	2.9	2.9	16.7	15.7	1.0	0.2	1.0	2.3
Vist Fastighets AB	0.1	0.1	3.5	2.2	0.0	0.3	1.4	-
Total	3.1	3.1	22.1	19.7	23.7	4.8	2.6	2.5

Reporting of associated companies is done under Note 13 Shares in associated companies. Information is also submitted in the presentation of the Board and Management and under Note 6 Salaries, other remuneration and social security costs. Reporting of dividends from, and capital injections to, associated companies is covered in Note 13. All transactions are carried out under market conditions.

TRANSACTIONS RELATED TO PERSONS INCLUDED IN MANAGEMENT

Ulrica Messing is CEO in one of the Group's companies. A company owned by her has purchased goods, amounting to SEK 0.2 million (SEK 0.4 million), from companies within New Wave Group. Her company has also paid rent for premises, amounting to SEK 0.1 million (SEK 0.0 million), to New Wave Group companies. Compensation for consultancy services rendered amounts of SEK 0.6 million (SEK 1.9 million). Göran Härstedt, has carried out consultancy services amounting to SEK 0.6 million (SEK 1.9 million), which has been invoiced through a company of his own. All transactions are carried out under market conditions.

NOTE 19 PREPAID EXPENSES AND ACCRUED INCOME

SEK million	2017	2016
Rents	13.6	12.8
Trade fair costs	7.2	9.9
Marketing expenses	5.4	7.8
Bank charges	0.0	6.5
Operational expenses	3.5	5.6
Catalogue costs	4.4	4.0
Insurance	3.6	3.5
License fees	0.2	3.5
Computer related costs	8.3	3.3
Samples	2.4	2.6
Good deliveries	4.5	2.2
Leasing fees	1.5	1.6
Wage costs	0.9	0.5
Accrued royalty income	5.1	5.1
Other accrued income	2.5	2.5
Other items	13.3	9.7
Total	76.5	81.1

NOTE 20 NET DEBT

SEK million	2017	2016
Liquid assets*	-202.4	-218.9
Long-term interest-bearing liabilities	1 757.5	1 864.5
Short-term interest-bearing liabilities	82.2	103.3
Total	1 637.3	1 748.9
Effective interest rate based on recognised net interest	3.1%	3.3%

* Liquid assets consists of liquid bank deposits and available cash assets.



NOTE 21 NET ASSETS IN FOREIGN CURRENCIES

The table shows foreign currency exposed equity distributed by each currency before group adjustments

SEK million		
Net assets	2017	2016
Euro, EUR	760.7	670.1
Canadian dollar, CAD	116.2	54.1
Swiss franc, CHF	96.4	335.8
US dollar, USD	621.2	692.0
Nowegian krone, NOK	45.6	28.7
Danish krone, DKK	84.9	67.4
Chinese yuan, CNY	54.4	68.9
Polish zloty, PLN	22.1	16.9
Hong Kong dollar, HKD	26.0	26.1
British pound, GBP	56.7	57.1
Total net assets in foreign currencies	1 884.2	2 017.2

NOTE 22 CREDIT LIMIT

Amount granted in relation to loans and bank overdraft facilities amounts to SEK 2 539 million (SEK 2 621 million).

NOTE 23 PLEDGED ASSETS

SEK million	2017	2016
Floating charges	543.5	663.5
Property mortgages	183.2	147.6
Net assets in group companies	2 152.0	2 323.0
Stocks and accounts receivable	465.9	368.1
Total	3 344.7	3 502.2

The Group's pledged assets at year end amounted to SEK 3 344.7 million (SEK 3 520.2 million) and wholly consists of collateral for the the Groups interest bearing liabilities to credit institutions which amounted to SEK million 1 839.7 (SEK 1 967.8 million) at year end.

Security for the main financing agreement is made up of floating charges, property mortgages, and net assets in subsidiaries. Trademarks have been specifically pledged and are included in the net assets of the subsidiaries. Parts of the Group's inventories and accounts receivable constitute security for group companies' local funding. See further Note 17, section Liquidity risk, for maturity analysis and information regarding the conditions for the Group's financing.

NOTE 24 OTHER PROVISIONS

SEK million	2017	2016
Other provisions		
Opening balance	6.0	6.4
Reversed during the year	-3.6	-0.2
Provision for additional consideration *	0.0	-3.3
Provisions during the year	0.0	2.5
Translation difference	-0.4	0.7
Closing balance at year-end	2.0	6.0

* Provision has been reclassified to short-term liability.

NOTE 25 OTHER CURRENT LIABILITIES

SEK million	2017	2016
VAT	62.3	64.3
Personal income tax	14.6	14.9
Advances from customers	4.6	6.3
Other wage deductions	0.7	0.7
Social security	5.1	2.9
Liabilities to employees	7.1	6.8
Liabilities to customers	0.6	0.6
Currency futures	0.0	1.4
Earn out	1.3	3.6
Giftcards not redeemed	0.9	0.8
Other items	11.5	9.3
Total	108.7	111.8

NOTE 26 ACCRUED EXPENSES AND PREPAID INCOME

SEK million	2017	2016
Salaries and payroll tax	127.2	110.3
Commission	58.4	51.8
Marketing costs	9.6	9.5
Royalties	6.8	8.8
Delivery of goods	13.3	7.2
Audit fees	5.2	4.8
Electricity and rental costs	2.4	4.4
Interest	1.2	1.3
Consultancy fees	0.7	1.3
Claims	1.1	1.1
Prepaid income	0.8	0.2
Other items	10.4	16.8
Total	237.1	217.4



NOTE 27 CONTINGENT LIABILITIES

SEK million	2017	2016
Duty guarantees	16.3	15.6
Rent guarantees	104.8	0.0
PRI	2.0	2.0
Other guarantees	1.9	0.4
Guarantees for associated companies	6.0	6.0
Total	131.0	24.1

NOTE 28 ADJUSTMENT FOR ITEMS NOT INCLUDED IN CASH FLOW

SEK million	2017	2016
Depreciation and write downs of tangible and intangible fixed assets	65.3	55.9
Depreciation as a part of production costs/goods for resale	11.4	10.3
Other items	-0.3	-10.0
Total	76.4	56.2

NOTE 29 CLASSIFICATION OF EQUITY

SHARE CAPITAL

Share capital includes the registered share capital for the parent company. Share capital consists of 19 707 680 class A shares (quoted value SEK 3.00) and 46 635 863 class B shares (quoted value SEK 3.00).

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 INCLUDING NET RESULT FOR THE YEAR

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

CAPITAL MANAGEMENT

Group equity amounted to SEK 3 029.2 million (SEK 2 817.2 million) at the end of the year. New Wave Group's financial strategy is to create safe financial conditions for the Group's operations and development. The return on equity is a highly significant measure. At the end of 2017, the return on equity amounted to 12.2 (10.4) % with an equity ratio of 50.9 (48.4) %.

New Wave Group's dividend policy means that the dividends to the shareholders will be equivalent to 40% of Group profits over an economic cycle. The Board proposes a dividend of SEK 1.70 (1.35) per share, corresponding to SEK 112.8 million (SEK 89.6 million) or 32 (32) % of the Group's result for the year.





INCOME STATEMENT

1 JANUARY – 31 DECEMBER

SEK million	Note	2017	2016
Net sales	2	69.8	101.2
Other operating income	3	22.4	22.1
Total income		92.2	123.3
Operating costs	2, 6, 11		
External costs	4, 5	-65.2	-91.9
Personnel costs	10, 11	-29.3	-23.5
Depreciation of tangible and intangible fixed assets		-5.2	-5.2
Other operating costs		-19.2	-19.5
Operating result		-26.7	-16.8
Net income from shares in Group companies		387.2	420.4
Write-downs of financial fixed assets		-76.5	-2.4
Financial income		66.5	66.6
Financial expenses		-51.7	-61.6
Net financial items	7	325.6	423.0
Result before appropriations and tax		298.9	406.2
Appropriations	8	61.0	33.9
Tax on result for the year	9	-9.9	-5.0
Result for the year		350.0	435.1

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

CASH FLOW STATEMENT

1 JANUARY – 31 DECEMBER

SEK million	Note	2017	2016
Operating activities			
Operating result		-26.7	-16.8
Adjustment for items not included in cash flow		5.2	5.2
Received dividends		42.7	0.0
Received interest		66.5	66.6
Paid interest		-51.7	-61.6
Paid income tax		-5.8	-2.8
Cash flow from operating activities before changes in working capital		30.2	-9.4
Changes in working capital			
Decrease/increase in stock		0.0	0.8
Decrease/increase in current receivables		298.7	458.9
Decrease/increase on short-term liabilities		-116.2	-147.3
Cash flow from changes in working capital		182.5	312.4
Cash flow from operations		212.8	303.0
Investing activities			
Shareholders contribution to subsidiaries		-56.4	-19.0
Investments in tangible fixed assets		-0.7	-2.9
Investments in intangible fixed assets		-6.4	-0.2
Acquisition of shares		0.0	-2.2
Repayment of share capital from subsidiaries		0.0	30.2
Cash-flow from investing activities		-63.5	5.9
Cash-flow after investing activities		149.3	308.9
Financial activities			
Amortization of loan		-62.9	-241.3
Dividend paid to shareholders of the parent company		-89.6	-66.3
Cash-flow from financial activities		-152.5	-307.6
Cash flow for the year		-3.2	1.3
Liquid assets at the beginning of the year		4.5	3.2
Liquid assets at year-end		1.3	4.5
Liquid assets			
Cash at bank and in hand		1.3	4.5

BALANCE SHEET

AS AT 31 DECEMBER

SEK million	Note	2017	2016
ASSETS			
Fixed assets			
Intangible fixed assets	10	14.2	11.7
Tangible fixed assets	11	4.1	4.8
Financial assets			
Shares in Group companies	12	1 517.7	1 510.2
Shares in associated companies	13	54.5	54.6
Receivables on Group companies		903.2	998.0
Other long-term receivables		2.4	2.4
Total financial assets		2 477.8	2 565.2
Total fixed assets		2 496.1	2 581.7
Current assets			
Current receivables			
Stock		0.0	0.0
Accounts receivable		0.0	0.6
Receivables on Group companies		1 283.2	1 145.9
Tax receivables		0.0	0.2
Other receivables		25.2	8.4
Prepaid expenses and accrued income	14	7.6	11.8
Total current receivables		1 316.0	1 166.9
Cash at bank and in hand		1.3	4.5
Total current assets		1 317.3	1 171.4
TOTAL ASSETS		3 813.5	3 753.1



EQUITY AND LIABILITIES	Note	2017	2016
Equity			
<i>Restricted equity</i>			
Share capital	15	199.1	199.1
Restricted reserves		249.4	249.4
		448.5	448.5
<i>Unrestricted equity</i>			
Retained earnings		997.3	651.8
Share premium reserve		48.0	48.0
Result for the year		350.0	435.1
		1 395.3	1 134.9
Total equity		1 843.8	1 583.4
Untaxed reserves	16	25.4	6.8
Non-current liabilities	17, 19		
Overdraft facilities		1 308.9	1 293.3
Bankloan		197.6	371.0
Total non-current liabilities		1 506.5	1 664.3
Current liabilities			
Short-term interest-bearing liabilities	17, 19	61.3	66.2
Accounts payable		217.1	163.9
Liabilities to Group companies		146.1	256.9
Current tax liability		5.7	1.8
Other liabilities		1.1	2.4
Accrued expenses and prepaid income	18	6.4	7.4
Total current liabilities		437.8	498.6
TOTAL EQUITY AND LIABILITIES		3 813.5	3 753.1



CHANGES IN EQUITY

THE PARENT COMPANY

SEK million	Share capital	Restricted reserves	Retained earnings	Share premium reserve	Result for the year	Total equity
Opening balance 2016-01-01	199.1	249.4	748.8	48.0	-30.7	1 214.6
Transfer according to Annual General meeting			-30.7		30.7	0.0
Result for the Year					435.1	435.1
Total change in net assets excluding transactions with shareholders	0.0	0.0	0.0	0.0	435.1	435.1
Dividends			-66.3			-66.3
Closing balance 2016-12-31	199.1	249.4	651.8	48.0	435.1	1 583.4

MSEK	Share capital	Restricted reserves	Retained earnings	Share premium reserve	Result for the year	Total equity
Opening balance 2017-01-01	199.1	249.4	651.8	48.0	435.1	1 583.4
Transfer according to Annual General meeting			435.1		-435.1	0.0
Result for the Year					350.0	350.0
Total change in net assets excluding transactions with shareholders	0.0	0.0	0.0	0.0	350.0	350.0
Dividends			-89.6			-89.6
Closing balance 2017-12-31	199.1	249.4	997.3	48.0	350.0	1 843.8

NOTE 1 ACCOUNTING PRINCIPLES FOR THE PARENT COMPANY

The Swedish Financial Reporting Board's Recommendation 2 – Accounting for Legal Entities and the Swedish Annual Accounts Act have been applied when preparing the parent company's annual accounts. In accordance with this recommendation, 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 accountancy principles have been applied consistently for all periods, unless otherwise stated.

In Sweden, group contributions are deductible, unlike the shareholder contribution. 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 activated as an investment in subsidiaries in the balance sheet with a reservation for impairment testing. The Company has chosen to use the exclusion rule which means that given shareholders contribution are reported as financial expenses. Group contributions received which are comparable with a dividend are reported as a dividend, net income from shares in Group companies. This means that Group contributions received 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.

NOTE 2 RELATED PARTIES

NET SALES

Of the parent company's invoiced sales, SEK 69.3 million (SEK 100.4 million) equivalent to 99.3% (99.9%) were sales to Group companies. All transactions have occurred in accordance with market conditions.

TRANSACTIONS WITH RELATED PERSONS

Göran Härstedt has carried out consulting services amounting to MSEK 0.6 (0.0), which has been debited through his owned company. All transactions have taken place at market terms.

NOTE 3 OTHER INCOME

SEK million	2017	2016
Foreign exchange gains	20.9	22.1
Other contributions and payments	1.5	0.0
Total	22.4	22.1

NOTE 4 AVERAGE NUMBER OF EMPLOYEES

	2017		2016	
	Number of employees	Of which men	Number of employees	Of which men
Gothenburg	35	23	26	16
Total	35	23	26	16

NOTE 5

SALARIES, OTHER REMUNERATION AND SOCIAL SECURITY COSTS

SEK million	2017			2016		
	Salaries and other remuneration	Social security costs	Of which pension costs	Salaries and other remuneration	Social security costs	Of which pension costs
	17.8	9.1	2.8	14.3	7.4	2.0

Of the parent company's pension costs SEK 0.4 million (SEK 0.4 million) concerns the Group's board and the CEO.

Salaries and other remuneration divided between board members, CEO and other employees

SEK million	2017			2016		
	Board and CEO	Of which bonus and similar	Other employees	Board and CEO	Of which bonus and similar	Other employees
	2.0	0.0	15.8	1.8	0.0	12.5

	2017	2016
Board members' fees		
External members of the parent company's Board	1.1	0.9
Of which to the Chairman of the Board	0.3	0.3

No remuneration committee for the parent company has 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.

TERMS 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.

THE CONDITIONS OF EMPLOYMENT FOR OTHER SENIOR EXECUTIVES

Other senior executives refers to the three persons whom together with the CEO is a part of the Group management. For the structure of the Group management, see page 47 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. Market adjusted defined contribution pension plan exist for the other senior executives. A mutual notice period of between three to six months exists for the other senior executives and no severance pay is awarded.

DECISION-MAKING PROCESS

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

SEK million	2017			2016		
	Salaries and other remuneration	Of which bonus and similar	Pension costs	Salaries and other remuneration	Of bonus and similar	Pension costs
Torsten Jansson, CEO	0.9	0.0	0.4	0.9	0.0	0.4
Olof Persson, newly elected Chairman of the Board 2016	0.3	0.0	0.0	0.3	0.0	0.0
Anders Dahlvig, resigning Chairman of the Board 2016	0.0	0.0	0.0	0.1	0.0	0.0
Christina Bellander, Board Member	0.2	0.0	0.0	0.1	0.0	0.0
Elisabeth Dahlin, newly elected Board Member 2016	0.2	0.0	0.0	0.1	0.0	0.0
Helle Kruse Nielsen, resigning Board Member	0.0	0.0	0.0	0.1	0.0	0.0
Mats Årjes, Board Member	0.2	0.0	0.0	0.1	0.0	0.0
M Johan Widerberg, Board Member	0.2	0.0	0.0	0.1	0.0	0.0
Other senior executives*	4.1	0.0	1.4	1.9	0.0	0.6
Total	6.1	0.0	1.8	3.7	0.0	1.0

*Individuals referred to on page 47.

SUBSCRIPTIONS OPTIONS

The parent company has no outstanding share warrants .

PENSION COMMITMENTS

For white-collar employees in Sweden ITP 2-plan defined benefit pensionplans for retirement- and family pensions (or family pension) are secured through insurance with 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 2016 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 2017 amount to SEK 0.8 million (SEK 0.7 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 percent. If Alecta's consolidation level fall below 125 percent or exceed 155 percent, 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 154% (149%).

NOTE 6 REMUNERATION TO AUDITORS AND AUDIT COMPANY

SEK million	2017	2016
Audit assignment		
Ernst & Young	1.0	0.9
Audit work outside audit assignment	0.0	0.3
Tax consultancy	0.8	0.0
Total	1.8	1.2

NOTE 7 FINANCIAL INCOME AND COST

SEK million	2017	2016
Write down of financial fixed assets	-79.1	-2.4
Reversal write-down of financial assets	2.7	0.4
Reduction share capital	0.0	30.2
Dividends from subsidiaries	387.2	389.8
Financial income, Group companies	44.6	44.8
Financial income, other	21.9	21.9
Financial expenses, Group companies	-3.5	-6.9
Financial expenses, other	-48.2	-54.7
Total	325.6	423.0

Income was adversely affected by SEK 79.1 million (SEK 2.4 million) relating to a write down of fixed assets. This is primarily due to capital contributions to subsidiaries to cover losses. The contributions are not expected to convey further value to the subsidiaries and have thus been charged against income.

NOTE 8 APPROPRIATIONS

SEK million	2017	2016
Paid Group contributions	112.2	73.4
Received Group contributions	-32.5	-32.7
Difference between reported depreciation and depreciation according to plan	-1.8	-3.2
Tax allocation reserve	-16.8	-3.6
Total	61.0	33.9

NOTE 9 TAX ON RESULT FOR THE YEAR

SEK million	2017		2016	
Current tax	-11.1		-2.3	
Tax attributable to previous years	1.2		-2.7	
Total	-9.9		-5.0	
Reconciliation of actual tax				
Result before tax	359.9		440.1	
Tax expense according to local tax rate	-79.2	-22.0%	-96.8	-22.0%
Tax effects from:				
Non taxable income	85.2	23.7%	92.0	20.9%
Non deductible expenses	-17.0	-4.7%	-0.7	-0.2%
Taking in use previously not activated loss carry-forward	0.0	0.0%	3.2	0.0%
Tax attributable to previous years	1.2	0.3%	-2.7	-0.6%
Other	-0.1	0.0%	0.0	0.0%
Tax according to income statement	-9.9	-2.7%	-5.0	-1.1%

NOTE 10 INTANGIBLE FIXED ASSETS

SEK million	Trademark		Computer software	
	2017	2016	2017	2016
Accumulated acquisition values				
Opening acquisition value	6.9	6.9	36.4	36.2
Acquisitions	0.1	0.0	6.3	0.2
Closing accumulated acquisition value	7.0	6.9	42.7	36.4
Accumulated depreciation according to plan				
Opening depreciation	-6.9	-6.9	-24.7	-20.5
Depreciation during the year	0.0	0.0	-3.9	-4.2
Closing accumulated depreciation	-6.9	-6.9	-28.6	-24.7
Closing book value	0.1	0.0	14.1	11.7

NOTE 11 TANGIBLE FIXED ASSETS

SEK million	Equipment, tools and installations	
	2017	2016
Accumulated acquisition values		
Opening acquisition value	16.8	13.9
Acquisitions	0.7	2.9
Disposals	0.0	0.0
Closing accumulated acquisition value	17.5	16.8
Accumulated depreciation according to plan		
Opening depreciation	-12.0	-11.0
Depreciation during the year	-1.3	-1.0
Disposals	0.0	0.0
Closing accumulated depreciation	-13.3	-12.0
Closing book value	4.1	4.8

Leasing costs for operational leasing

The Group has operational lease agreements. New leasing agreements for the year primarily relates to rental of premises. The future commitment for these agreements can be seen in the following summary:

	2017		2016
2018	3.2	2017	2.3
2019	3.3	2018	2.8
2020	1.7	2019	2.9
2021	1.1	2020	1.6
2022 incl. costs through contract period end	5.4	2021 incl. costs through contract period end	6.4
Rental costs for the year amounted to	3.0		3.4



NOTE 12 SHARES IN GROUP COMPANIES

	Equity, %	Voting rights, %	Number of shares	Book value, TSEK
Craft of Scandinavia AB	100	100	50 000	24 000
Dahetra A/S ⁹	100	100	1 000	28 850
DJ Frantextil AB	100	100	30 000	25 057
EBAS Group BV ¹	100	100	5 100	27 010
8016267 Canada Inc	100	100	10 000	0
GC Sportswear OY	100	100	8 000	7 411
GRHS Holding in Sweden AB ¹²	100	100	1 000	118
Intraco Holding BV ³	64	64	49 804	33 362
Jobman Workwear AB	100	100	10 000	67 887
Kosta Förlag AB	100	100	500	1 136
New Wave Asia Ltd	100	100	1	9
New Wave Austria GmbH	100	100	-	30 418
New Wave Danmark A/S	100	100	2	1 180
New Wave France SAS	100	100	100	5 000
New Wave Garments Ltd	100	100	-	0
New Wave Group International Trading Ltd	100	100	-	0
New Wave Group SA ⁴	100	100	100	536
New Wave Holland BV ⁸	100	100	13 616	104 351
New Wave Italia S.r.l	100	100	500 000	6 670
New Wave Mode AB	100	100	100 000	111 010
New Wave Profile Professional AB	100	100	1 000	100
New Wave Norway A/S ¹¹	100	100	9 000	1 022
New Wave Sportswear S.A.	100	100	1 000	2 415
New Wave Trading Shanghai Ltd	100	100	-	0
New Wave USA Inc ⁶	100	100	-	462 708
OKB Restaurang AB	100	100	10 000	0
Orrefors Event AB	100	100	100	100
Orrefors Kosta Boda AB ⁵	100	100	100 000	24 481
OY Trexet Finland AB	100	100	600	1 412
New Wave Group Canadian Distribution Inc ¹⁰	100	100	1 000	86 234
Paris Glove of Canada Ltd	27	27	2 903 481	18 842
Pax Scandinavia AB	100	100	2 400	9 065
Projob Workwear AB	100	100	1 015 684	492
Sagaform AB ⁷	100	100	5 611 223	53 012
Seger Europe AB	100	100	10 000	22 000
Termo Original Sweden AB	75	75	7 500	7 500
Textet AB	100	100	58 500	83 000
Textet Benelux BV	89	89	8 458 627	144 539
Textet France SAS	96	96	47 798	0
Textet Poland Sp z o.o.	100	100	15 459	9 771
Textilgrossisten Hefa AB ²	100	100	18 985	61 996
Textilgrossisten i Stenungsund AB	100	100	5 000	0
United Brands of Scandinavia Ltd	100	100	200	54 973
Total				1 517 667

¹ EBAS Group BV owns 11% of Textet Benelux NV, 4 % of Textet France SAS och 100 % of Textet Harvest Spain SL.

² Textilgrossisten Hefa AB owns Textet GmbH which in turn owns New Wave GmbH.

³ Intraco Holding owns Intraco International Ltd, Intraco Trading BV, Intraco Deutschland GmbH, 78 % of DeskTop Ideas Ltd and Intraco Hong Kong Ltd which in turn owns Intraco Electronics Ltd.

⁴ New Wave Group SA owns New Wave Group Licensing SA, New Wave Far East Ltd and Multi Sourcing Asia Ltd.

⁵ Orrefors Kosta Boda AB owns Kosta Glasproduktion AB, Glasma AB, Kosta Lodge AB, Kosta Food & Beverage AB, Kosta Outdoor AB, Kosta Fashion AB, Lågprisvaruhuset Kosta AB, Smålandsriktet Fastigheter AB, Kosta Taxi & Limousine AB and Orrefors Kosta Boda A/S.

⁶ New Wave USA Inc owns Cutter & Buck, Auclair Sports Inc, Gloves International Inc as well as Orrefors Kosta Boda Inc, which in turn owns Sagaform Inc, Ahead LLC and Craft Sportswear NA, LLC.

⁷ Sagaform AB owns Sagaform A/S and Sagaform GmbH.

⁸ New Wave Holland BV owns Lensen 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.

⁹ Dahetra A/S owns Hurricane Purchases A/S.

¹⁰ New Wave Group Canadian Distribution Inc owns Craft Sports Inc and 73 % of Paris Glove of Canada Ltd, which in turn owns Laurentide Gloves Ltd.

¹¹ New Wave Norway A/S owns Safetyhouse A/S.

¹² GRHS Holding in Sweden AB owns GRPS Properties in Sweden AB

INFORMATION REGARDING SUBSIDIARY CORPORATE IDENTITIES DOMICILES:

	Corporate identity number	Domicile
Ahead Inc	45-2433808	New Bedford, USA
Auclair Sports Inc	074981	Burlington, USA
Craft of Scandinavia AB	556529-1845	Borås
Craft Sports Inc	1173172041	Montreal, Kanada
Craft Sportswear NA, LLC	1111205	Beverly, USA
Cutter & Buck Inc	601222729	Seattle, USA
Dahetra A/S	37764728	Skanderborg, Danmark
Desk Top Ideas Ltd	3735458	Oxfordshire, England
DJ Frantextil AB	556190-4086	Borås
EBAS Group BV	17078626	Mijdrecht, Nederländerna
GC Sportswear OY	1772317-6	Esbo, Finland
Glasma AB	556085-8671	Emmaboda
Gloves International Inc	1998272	Mayfield, USA
GRHS Holding in Sweden AB	556544-8833	Göteborg
GRPS Properties in Sweden AB	556037-0461	Borås
GS Plastics GmbH	1772317-6	Gosheim, Tyskland
Hurricane Purchase A/S	16503770	Skanderborg, Danmark
Intraco Holding BV	34228913	Wormerveer, Nederländerna
Intraco Hong Kong Ltd	33959038-000-10-03-3	Hong Kong
Intraco International Ltd	35134648-000-11-04-7	Hong Kong
Intraco Electronics Ltd	- - -	Shenzhen, Kina
Intraco Trading BV	35027019	Wormerveer, Nederländerna
Intraco Deutschland GmbH	HRB207207	Nordhorn, Tyskland
Jobman Workwear AB	556218-1783	Stockholm
Kosta Boda Art Hotel AB	556697-8804	Lessebo
Kosta Fashion AB	559043-9799	Lessebo
Kosta Food & Beverage AB	559043-4832	Lessebo
Kosta Förlag AB	556700-7140	Lessebo
Kosta Glasproduktion AB	559099-9404	Lessebo
Kosta Lodge	559043-4857	Lessebo
Kosta Outdoor AB	559043-4881	Lessebo
Kosta Security AB	559140-4107	Lessebo
Kosta Taxi & Limousine AB	559086-2289	Lessebo
Laurentide Gloves Ltd	1142613307	Montreal, Kanada
Lensen Toppoint BV	5055988	Bergentheim, Nederländerna
Lågprisvaruhuset i Kosta AB	556063-8883	Lessebo
Multi Sourcing Asia Ltd	1859015	Hong Kong
New Wave Asia Ltd	1213487	Hong Kong
New Wave Austria GmbH	FN272531g	Erl, Österrike
New Wave Danmark A/S	19950700	Köpenhamn, Danmark
New Wave Far East Ltd	551901	Hong Kong
New Wave France SAS	430 060 624	Dardilly, Frankrike
New Wave Garments Ltd	755013846	Shanghai, Kina
New Wave GmbH	HRB10847	Oberaudorf, Tyskland
New Wave Group Canadian Distribution Inc	1167232215	Montreal, Kanada
New Wave Group International Trading Ltd	74959455X	Shanghai, Kina
New Wave Group SA	CHE-105.558.787	Cortailod, Schweiz
New Wave Holland BV	5061847	Hardenberg, Nederländerna
New Wave Italia S.r.l	01057640193	Codogno, Italien
New Wave Mode AB	556312-5771	Munkedal
New Wave Norway A/S	946506370	Sarpsborg, Norge
New Wave Profile Professionals AB	556765-0782	Göteborg
New Wave Sportswear BV	30159098	Mijdrecht, Nederländerna
New Wave Sportswear S.A.	A61326377	Barcelona, Spanien
New Wave Trading Shanghai Ltd	310000400561917	Shanghai, Kina
New Wave USA Inc	26-28441698	Seattle, USA
Newpoint Sp z o.o.	270348	Zielona Góra, Polen
Orrefors Event AB	556699-2565	Lessebo

	Corporate identity number	Domicile
Orrefors Kosta Boda AB	556519-1300	Lessebo
Orrefors Kosta Boda A/S	946 506 370	Sarpsborg, Norge
Orrefors Kosta Boda Inc	691467	West Berlin, USA
OY Trexet Finland AB	0874124-1	Esbo, Finland
Paris Glove of Canada Ltd	1142613711	Montreal, Kanada
Pax Scandinavia AB	556253-8685	Örebro
Projob Workwear AB	556560-7180	Borås
Safetyhouse A/S	911 689 693	Grålum, Norge
Sagaform AB	556402-4064	Borås
Sagaform A/S	919943033	Skien, Norge
Sagaform GmbH	47619	Oberaudorf, Tyskland
Sagaform Inc	01000955169	West Berlin, USA
Seger Europe AB	556244-8901	Ulricehamn
Termo Original Sweden AB	559022-9497	Mark
Texet AB	556354-3015	Stockholm
Texet Benelux NV	0874124-1	Aarschoot, Belgien
Texet France SAS	572175669	Natterre Cedex, Frankrike
Texet GmbH	HRB 22648	Oberaudorf, Tyskland
Texet Harvest Spain SL	A 78480696	Madrid, Spanien
Texet Poland Sp z o.o.	0000281382	Poznan, Polen
Textilgrossisten Hefa AB	556485-2126	Göteborg
Textilgrossisten Stenungsund AB	556435-2846	Stenungsund
Toppoint Deutschland GmbH	HR B 1986	Nordhorn, Tyskland
Toppoint Polska Sp z o.o.	220828	Zielona Góra, Polen
United Brands of Scandinavia Ltd	05480650	Hirwaun, South Wales
X-Tend BV	0874.899.418	Zwolle, Nederländerna
8016267 Canada Inc	1170809173	Montreal, Kanada

NOTE 13 FINANCIAL FIXED ASSETS

Reported acquisition costs for the associated companies

SEK million	2017	2016
Dingle Industrilokaler AB	8.3	8.3
Glasrikets skatter Ekonomiska förening	1.0	1.0
Kosta Köpmanshus AB	29.4	29.4
Scandinavian Trade Holding AB*	0.0	0.1
Vist Fastighetsbolag AB	13.5	13.5
Jobman Workwear GmbH	2.3	2.3
Total	54.5	54.6

			Share of capital, %	Share of vove, %	Number of shares	2017 SEK million	
						Equity	Income
Dingle Industrilokaler AB	556594-6570	Munkedal	49	49	83 055	14.8	0.0
Glasrikets skatter Ekonomiska förening	769620-1701	Lessebo	10	10	100	12.6	0.0
Kosta Köpmanshus AB	556691-7042	Lessebo	49	49	7 350	64.1	0.0
Scandinavian Trade Holding AB	556686-5811	Lessebo	0	0	0	0.0	0.0
Vist Fastighetsbolag AB	556741-1672	Ulricehamn	49	49	49	20.6	0.1
Jobman Workwear GmbH	758048	Freiberg	49	49	2	1.2	-3.8

*Scandinavian Trade Holding AB has been liquidated. The liquidation has ended as of September 21, 2017.

NOTE 14 PREPAID EXPENSES AND ACCRUED INCOME

SEK million	2017	2016
Prepaid credit fees	0.0	6.5
Prepaid rents	0.8	0.6
Prepaid marketing expenses	2.4	0.3
Prepaid license costs	3.4	3.4
Other items	1.0	1.0
Total	7.6	11.8

NOTE 15 EQUITY

Division of share capital

The parent company's share capital consisted of the following number of shares as at 31 December 2017 with a quoted value of up to SEK 3.00 per share.

Shares %		Number of shares	Number of votes	Capital	Votes
Share class					
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
Total		66 343 543	243 712 663	100.0	100.0

NOTE 16 UNTAXED RESERVES

SEK million	2017	2016
The difference between reported depreciation and depreciation according to plan	5.1	3.2
Tax allocation reserve 2016	3.5	3.6
Tax allocation reserve 2017	16.8	0.0
Total	25.4	6.8

Deferred tax on untaxed reserves amounts to SEK 5.6 million (SEK 1.5 million).

NOTE 17 CREDIT LIMIT

Amount granted in relation to loans and bank overdraft facilities amount to SEK 2 289 million (SEK 2 371 million).

The company's overdraft facilities with the bank are defined as long-term. The company's total credit facility as of 31 December 2017 amounted to SEK 2,289 (2,371) million of which SEK 2,000 million runs until 10 February 2019 and USD 35 million has a term that extends to 10 February 2024. Work on a new financial agreement is being finalised and is expected to be completed in the beginning of the second quarter of 2018.

NOTE 18 ACCRUED EXPENSES AND PREPAID INCOME

SEK million	2017	2016
Accrued salaries	0.2	0.0
Holiday pay liability	2.6	2.2
Social security charges	0.5	0.4
Special employer's contribution	1.1	1.0
Fee Board members	0.1	0.3
Audit	0.2	0.0
Interest	1.0	1.0
Advertisement	0.7	1.2
IT-costs	0.0	0.6
Other items	0.0	0.7
Total	6.4	7.4

NOTE 19 PLEDGED ASSETS AND TIME OF MATURITY FOR LIABILITIES

Pledged assets in relation to debts to credit institutions and overdraft facilities

SEK million	2017	2016
Company mortgages	30.0	30.0
Shares in subsidiary	1 152.3	1 183.8
Shares in associated companies	8.3	8.3
Total	1 190.6	1 222.1

The parent company's pledged assets at year end amounted to SEK 1 190.6 million (SEK 1 222.1 million) and wholly consists of collateral for the company's interest bearing liabilities to credit institutions which amounted to SEK 1 567.8 million (SEK 1 730.5 million) at year end. See further note 17, section Liquidity risk, for information regarding the conditions for the Group's financing which also applies to the parent company. See below for the maturity analysis of the parent company's interest bearing liabilities.

Maturity analysis of the parent company's loans	2017	2016
2017	-	131.9
2018	103.0	113.7
2019	1 400.0	1 404.4
2020	53.2	58.7
2021	51.5	56.9
2022	49.9	55.1
2023	48.3	53.4
2024	12.0	13.4

The above table 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	2017	2016
Guarantees for subsidiaries	671,5	471,2

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.

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 company'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 estimate operating profitability.
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
EBITDA	Operating result before depreciation/amortization and impairment of non-current assets.	The measure is used to show profit (loss) from operating activities, regardless of depreciation/amortization.
NET FINANCIAL ITEMS	The total of interest incomes, interest expenses, exchange differences on borrowings and cash equivalents in foreign currencies, other financial income and other financial expenses.	The measure reflects the company's total costs of the external financing.
RETURN MEASURES	DEFINITION/CALCULATION	PURPOSE
RETURN ON CAPITAL EMPLOYED	Operating result plus financial income 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 by period end of the Comparative period in 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	Result for the period according to the income statement as a percentage of average equity. For the parent company it is calculated as result after tax as a percentage of average adjusted equity. In adjusted equity, 78 % of untaxed reserves are included.	The measure is used to analyze profitability over time, given the resources available to the parent company's owners.

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 noncontrolling interests. Deferred tax liability in untaxed reserves has been calculated at a 22.0 % rate for Swedish companies and at the applicable tax rate for foreign companies in each country outside Sweden.	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, less shortterm non-interest bearing liabilities.	The measure is used to show how much capital is needed to finance day to day operations.
NET DEBT	Interest-bearing debt (current and non-current) less cash and cash equivalents.	The measure shows financing from borrowings.
STOCK TURNOVER	Goods for resale in the income statement divided by average stock.	The measure is used to show the inventory's turnover per year.
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 company's 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 company's ability to pay interest costs.
EQUITY RATIO	Equity as a percentage of total assets.	The measure shows how much of the company's assets are financed by the shareholders through equity. An equity ratio is a measure of financial strenght.
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 backing up each share of the company's equity and determines if a company is increasing shareholder value over time.
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.
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 to maintain 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 2017. The annual accounts and consolidated accounts of the Company are included on pages 50–109 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 31 December 2017 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 31 December 2017 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.

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.

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.

REVENUE RECOGNITION

Total revenue amounted to 5 597 MSEK in 2017. On page 64 the company states the applied accounting principles for revenue recognition. In short they state that revenue related to the sales of goods is recognized when it is likely that payment will be received and when all risks and benefits have been transferred from seller to buyer. The revenue recognition is associated with a certain element of judgement in regards to recognition of discounts for retailers, risks related to revenue reduction and the transfer of risk to the customer, which is why we have considered the revenue recognition as a key audit matter in our audit.

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

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

We have also reviewed the Company's effectiveness regarding the revenue disclosures.

VALUATION OF GOODWILL AND TRADEMARKS

The reported value for goodwill and trademarks amounted to 1 322 MSEK per 31 of December 2017 according to the consolidated statement regarding financial position. That amount represents 22 percent of total assets. The Company performs checks of the reported value against the recoverable amount at an annual basis or at signs of impairment. The recoverable amount is determined for each cash generating unit by performing a present value calculation of future cash flows. The calculations are based on the decided business plan for the next five years and an estimate of cash flows at the end of the forecast period. The calculations are also based on a number of assumptions, such as growth, operating margin and discount rate.

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

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

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

VALUATION OF INVENTORY

The reported value of inventory amounted to 2 643 MSEK per 31 of December 2017 according to the consolidated statement regarding financial position. That amount represents 44 percent of total assets. The inventory is valued based on the first in-first

out principle at the lowest cost and net realizable value at the balance sheet date. The calculation of the net realizable value is based on the Company's assumptions regarding slow moving and obsolete goods. Due to this fact we have considered the valuation of inventory as a key audit matter in our audit.

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

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

OTHER INFORMATION THAN THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 2–49. The Board of Directors and the CEO are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE CEO

The Board of Directors and the CEO are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the CEO are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the CEO are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the CEO intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

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

AUDITOR'S RESPONSIBILITY

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

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

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the Company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the CEO.
- Conclude on the appropriateness of the Board of Directors' and the CEO's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

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

We must 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 or when, in extremely rare circumstances, we determine that a matter should not be communicated in the auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 2017 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 skepticism 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 the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

Gothenburg, March 28, 2018
Ernst & Young AB



Stefan Kylebäck
Authorized Public Accountant



THE GROUP

IN SUMMARY

SEk million

Income statements in brief

	2017	2016	2015	2014	2013
Net sales	5 597.3	5 237.10	4 964.7	4 273.6	4 047.4
Other operating income	51.2	51	47.2	27.7	33.3
Operating costs	-5 114.1	-4 832.0	-4 699.6	-3 997.1	-3 737.9
EBITDA	534.4	456.1	312.3	304.2	342.8
Depreciation and write-downs	-65.3	-55.9	-57.1	-54.2	-52.1
Operating result	469.1	400.2	255.2	250.0	290.7
Net financial items	-51.9	-59.9	-74.3	-42.0	-56.2
Result before tax	417.2	340.3	180.9	208.0	234.5
Tax	-63.2	-63.6	-35.6	-31.1	-47.4
Result for the year	354.0	276.7	145.3	176.9	187.1
Total comprehensive net sales for the year	301.5	369.9	173.3	376.1	211.1

Balance sheet in brief

Trademarks	487.4	521.6	491	467.7	417.7
Other fixed assets	1 477.1	1 526.10	1 431.8	1 370.1	1 235.0
Stock	2 643.4	2 496.40	2 447.8	2 162.1	1 449.1
Accounts receivable	982.8	906.2	821.5	804.2	734.2
Other current assets	160.0	155	121.1	216.5	200.4
Liquid assets	202.4	218.9	165.5	216.0	185.1
Total assets	5 953.1	5 824.20	5 478.7	5 236.6	4 221.5
Equity attributable to shareholders	3 006.6	2 794.60	2 491.6	2 386.5	2 078.9
Equity attributable to non-controlling (minority) interest	22.6	22.6	22	18.6	23.9
Provisions	148.4	185.3	170.7	174.9	156.0
Interest-bearing liabilities	1 839.7	1 967.80	2 094.6	2 044.8	1 449.1
Non-interest-bearing liabilities	935.8	853.9	699.8	611.8	513.6
Total equity and liabilities	5 953.1	5 824.20	5 478.7	5 236.6	4 221.5

Cash flows

Cash flow before changes in working capital and investments	451.0	333.4	209.8	253.9	226.6
Changes in working capital	-243.2	115.5	-80.3	-537.1	131.9
Cash flow before investments	207.8	448.9	129.5	-284.2	358.5
Net investments	-110.6	-89.6	-106.5	-74.3	-46.8
Cash flow after investments	97.2	359.3	23.0	-358.5	311.7
Cash flow from financing activities	-106.3	-313.3	-77.3	368.3	-357.3
Cash flow for the year	-9.1	46.0	-54.3	9.8	-45.6

Key figures

Gross margin, %	46.1	46	45.1	45.7	46.2
Operating margin, %	8.4	7.6	5.1	5.9	7.2
Profit margin, %	7.5	6.5	3.6	4.9	5.8
Net margin, %	6.3	5.3	2.9	4.1	4.6
Return on capital employed, %	9.8	8.6	5.8	6.4	8.2
Return on equity, %	12.2	10.4	6	7.9	9.3
Equity ratio, %	50.9	48.4	45.9	45.9	49.8
Net debt to equity ratio, %	54.1	62.1	76.8	76	60.1
Net debt in relation to working capital, %	57.4	64.7	71.7	71.1	67.6
Interest coverage ratio, times	8.3	6.5	3.2	5.4	4.7
Rate of stock turnover, times	1.2	1.1	1.2	1.3	1.4
Average number of employees	2 495	2 396	2 358	2 212	2 123
Sales outside Sweden, %	76.5	76.4	76.9	75.1	74.4

Data per share	2017	2016	2015	2014	2013
Number of shares before and after dilution *	66 343 543	66 343 543	66 343 543	66 343 543	66 343 543
Profit per share before dilution, SEK	5.34	4.16	2.16	2.66	2.82
Equity per share before and after dilution	45.66	42.46	37.89	36.25	31.69
Share price at 31 December, SEK	54.50	55.25	34.50	38.30	32.90
P/E ratio as at 31 December, SEK	10.20	13.30	15.75	14.37	11.67
Dividends per share, SEK	1.35	1.00	1.00	1.00	1.00
Dividends yield, %	2.48	1.81	2.90	2.61	3.04
Operating cash flow per share, SEK	3.13	6.77	1.95	-4.28	5.40

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

CONTACTS

AHEAD INC

270 Samuel Barnet Blvd
New Bedford, MA 02745
USA
Telephone: +1 508 985 9898

DJ FRANTEXTIL AB

Åkarevägen 18
450 52 Dingle
SWEDEN
Telephone: +46 524 283 70

KOSTA FÖRLAG AB

380 40 Orrrefors
SWEDEN
Telephone: +46 478 345 20

NEW WAVE GROUP BANGLADESH

House # 10/A. Road # 04
Gulshan - 1, Dhaka 1212
BANGLADESH
Phone: + 88 2 988 8230

CRAFT NORTH AMERICA LLC

200 Cummings Center STE 273-D
Beverly, MA 01915
USA
Telephone: +1 978 524 0096

GC SPORTSWEAR OY

Mikkolantie 1 B-talo
00640 Helsinki
FINLAND
Telephone: +358 9 863 467 00

LENSEN TOPPOINT BV

Stationsweg 14 A
7691 AR Bergentheim
THE NETHERLANDS
Telephone: +31 523 23 82 38

NEW WAVE GROUP CANADIAN DISTRIBUTION INC

255 Montee De Liesse
Montreal, Quebec, H4T 1P5
CANADA
Telephone: +1 514 345 0135

CRAFT OF SCANDINAVIA AB

Box 1774
501 17 Borås
SWEDEN
Telephone: +46 33 722 32 00

GLASMA AB

Långgatan 22
361 31 Emmaboda
SWEDEN
Telephone: +46 471 481 50

NEW WAVE AUSTRIA GMBH

Mühlgraben 43D
6343 Erl
AUSTRIA
Telephone: +43 5373 200 60

NEW WAVE GROUP CHINA

4th Floor, Building E
No. 1978, Lianhua Road
Shanghai 201103
CHINA
Telephone: +86 21 614 588 28

CUTTER & BUCK INC

101 Elliot Avenue West
Suite 100
Seattle, WA 98119
USA
Telephone: +1 206 622 41 91

INTRACO TRADING BV

Noorddijk 88
1521 PD Wormerveer
THE NETHERLANDS
Telephone: +31 756 47 54 20

NEW WAVE DENMARK A/S

Lyskaer 13 A
2730 Herlev
DENMARK
Telephone: +45 43 43 71 00

NEW WAVE GROUP INDIA BUYING PVT LTD

1/32 Ulsoor Road cross
Ulsoor Road
Bangalore-560042
Karnataka, INDIA
Telephone : +91-80-25585838

DAHETRA A/S

Niels Bohrs Vej 21
8660 Skanderborg
DENMARK
Telephone: +45 86 57 28 00

JOBMAN WORKWEAR AB

Box 2044
194 02 Upplands Väsby
SWEDEN
Telephone: +46 8 630 29 00

NEW WAVE FRANCE SAS

Technoland
2, Allée de Toscana - Bat E
69800 Saint Priest
FRANCE
Telephone: +33 4 786 631 58

NEW WAVE GROUP S A

Chemin des Polonais 3
2016 Cortaillod
SWITZERLAND
Telephone: +41 32 843 32 32

DESKTOP IDEAS LTD

Bridge House
Thame
OX9 3UH Oxfordshire
GREAT BRITAIN
Telephone: +44 870 240 76 24

KOSTA BODA ART HOTELAB

Stora vägen 75
365 43 Kosta
SWEDEN
Telephone: +46 478-348 30

NEW WAVE GERMANY GMBH

Geigelsteinstrasse 10
83080 Oberaudorf
GERMANY
Telephone: +49 8033 97 90

NEW WAVE GROUP VIETNAM

97/4 Tran Nao Str, Ward Binh An
Distr 2, Comp ABC
Ho Chi Minh City,
VIETNAM
Telephone: +84-8-36202099

NEW WAVE ITALIA SRL

28 Via Togliatti Palmiro
z.i. Mirandola
26845 Codogno (LO)
ITALY
Telephone: +39 377 43 71 33

ORREFORS KOSTA BODA INC

Plaza 73, 1317 Route 73
Suite 201
Mount Laurell, NJ 08054
USA
Telephone: +1 856 768 54 00

SAGAFORM INC

Plaza 73, 1317 Route 73
Suite 201
Mount Laurell, NJ 08054
USA
Telephone: +1 856 626 13 40

TEXET FRANCE SAS

103 Quai du Président Roosevelt
92130 ISSY-Les-Moulineaux
FRANCE
Telephone: +33 1 4133 03 14

NEW WAVE MODE AB

Åkarevägen 18
455 83 Dingle
SWEDEN
Telephone: +46 524 28 300

OY TREXET FINLAND AB

Juvan Teollisuuskatu 12
02920 Espoo
FINLAND
Telephone: +358 9 525 95 80

SEGER EUROPE AB

Röshult
520 10 Gällstad
SWEDEN
Telephone: +46 321 260 00

TEXET POLAND SP. Z O.O.

ul. Jasielska 10 A
60-476 Poznań
POLAND
Telephone: +48 61 868 56 71

NEW WAVE NORWAY AS

Bjørnstadmyra 4
1712 Grålum
NORWAY
Telephone: +47 69 14 37 00

PARIS GLOVE OF CANADA INC

255 Montee De Liesse
Montreal, Quebec, H4T 1P5
CANADA
Telephone: +1 514 345 0135

TERMO ORIGINAL SWEDEN AB

Glumsevägen 7
511 92 Örby
SWEDEN
Telephone: +46 320 21 05 50

TEXTILGROSSISTEN HEFA AB

Ucklumsvägen 4
444 91 Stenungsund
SWEDEN
Telephone: +46 31 712 56 00

NEW WAVE SPORTSWEAR BV

Reactorweg 201
3542 AD Utrecht
THE NETHERLANDS
Telephone: +31 297 23 16 70

PAX SCANDINAVIA AB

Box 343
701 46 Örebro
SWEDEN
Telephone: +46 19 20 92 00

TEXET AB

Box 5004
194 05 Upplands Väsby
SWEDEN
Telephone: +46 8 587 606 00

TOPPOINT GMBH

Hollandstrasse 7
48527 Nordhorn
GERMANY
Telephone: +49 5921 81 99 30

NEW WAVE SPORTSWEAR S A

Mallorca, S/N
Poligono Industrial Sud-Oest
08192 Sant Quirze del Vallés
Barcelona
SPAIN
Telephone: +34 937 21 95 95

PROJOB WORKWEAR AB

Åkarevägen 18
455 83 Dingle
SWEDEN
Telephone: +46 524 176 90

TEXET BENELUX NV

Nieuwlandlaan 39
IZ Aarschot B 224
3200 Aarschot
BELGIUM
Telephone: +32 16 57 11 57

TOPPOINT POLSKA SP. Z O.O.

ul. Zimna 1
65-707 Zielona Gora
POLAND
Telephone: +48 68 451 83 22

ORREFORS KOSTA BODA AB

380 40 Orrefors
SWEDEN
Telephone: +46 481 340 00

SAGAFORM AB

Trandaredsgatan 200
507 52 Borås
SWEDEN
Telephone: +46 33 23 38 00

TEXET GMBH

Geigelsteinstrasse 10
83080 Oberaudorf
GERMANY
Telephone: +49 8033 97 90

**UNITED BRANDS
OF SCANDINAVIA LTD**

Unit 1, Hirwaun Industrial Estate
CF44 9UP Hirwaun
South Wales
GREAT BRITAIN
Telephone: +44 1685 81 28 11

X-TEND BV

Nipkowstraat 1A
8013 RJ Zwolle
THE NETHERLANDS
Telephone: +31 38 850 91 00

ANNUAL GENERAL MEETING

The Annual General Meeting (AGM) will take place on Wednesday 16 May 2018 at 1 pm at Kosta Glascenter, Stora vägen 96, 360 52 Kosta, Sweden. Shareholders have the right to attend the AGM if they are registered in the copy of the share register made on 9 May 2018 and notify the company of their intention to attend the AGM by 9 May 2018 at the latest.

If the shareholder intends to be represented by proxy, a written, dated, power of attorney shall be issued for the proxy. The power of attorney in the original should be sent to the company at the address provided above no later than on 9 May 2018. 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.

NOMINEE REGISTERED SHARES

Shareholders with nominee-registered shares must register their shares in their own name with Euroclear Sweden AB to be entitled to attend the AGM. This registration must be completed by 9 May 2018 and an application shall therefore be made to the nominee in good time before this date.

NOTIFICATION

Notification of attendance at the AGM shall be made by letter or e-mail to:

New Wave Group AB (publ)
Kungssportsavenyen 10
411 36 Göteborg
Sweden
bolagsstamma@nwg.se

The notification shall state name, personal identification number/ company registration number and daytime phone number. Shareholders who wish to attend the AGM must have notified the company of this before 9 May 2018 when the notification deadline expires.

ISSUES

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

DIVIDEND PAYMENT

The Board proposes to the Annual General Meeting a dividend for 2017 of SEK 1.70 per share, corresponding to a total of SEK 112 784 thousand. The Board has proposed 18 May 2018 as the record day for the dividend. This record day assumes payment of the dividend from Euroclear Sweden AB on 23 May 2018.



New Wave Group is a growth company that designs, acquires and develops brands and products in the corporate promo, sports, gifts and home furnishings sectors.

NewWave
G R O U P

New Wave Group AB (publ) Corp. id number 556350-0916

Kungsporsavenyen 10, SE-411 36 Gothenburg

Telephone: +46 (0) 31 712 89 00, E-mail: info@nwg.se

www.nwg.se