

New Wave Group AB

2020 *Interim report*

January - June

This is New Wave Group

New Wave Group is a growth company that designs, acquires and develops brands. To ensure good risk diversification, the Group will market its products in the promo market and the retail market.



Sales activity in own subsidiary



Own purchasing offices

Our operating segments and sales channels

Our brands are categorized according to which of our three operating segments it belongs to: **Corporate**, **Sports & Leisure** or **Gifts & Home Furnishings**.

The brands are distributed in both the **promo market** and the **retail market** to achieve good risk diversification.

Corporate



Sports & Leisure



Gifts & Home Furnishings



Corporate

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

Sports & Leisure

The vision for the Sports & Leisure operating segment involves establishing Craft as a world-leading sportswear brand, and making Cutter & Buck a world-leading golf apparel brand.

The brand Auclair should take a leading position on gloves in Europe and we will also use Paris Glove's strong distribution platform to launch the Group's other brands in Canada.

Overall, we want to be one of the leading sports suppliers, both in Sweden and in other European countries and in the United States. All in all, our brands shall give us a position among the largest sport suppliers in the world.



Gifts & Home Furnishings

The vision for the Gifts & Home Furnishings operating segment is to make Orrefors and Kosta Boda world-leading glass and crystal suppliers.

Part of the vision also involves utilising innovative and playful design to make Sagaform a prominent player in Northern Europe in both the promo and retail markets.

NWG // THE QUARTER

The quarter at a glance



The quarter

- *Decreased demand – COVID-19*
- *Shutdown in several countries*
- *Trading is increasing*
- *Liquidity*
- *Cost savings*

2020

Financial information

April - June

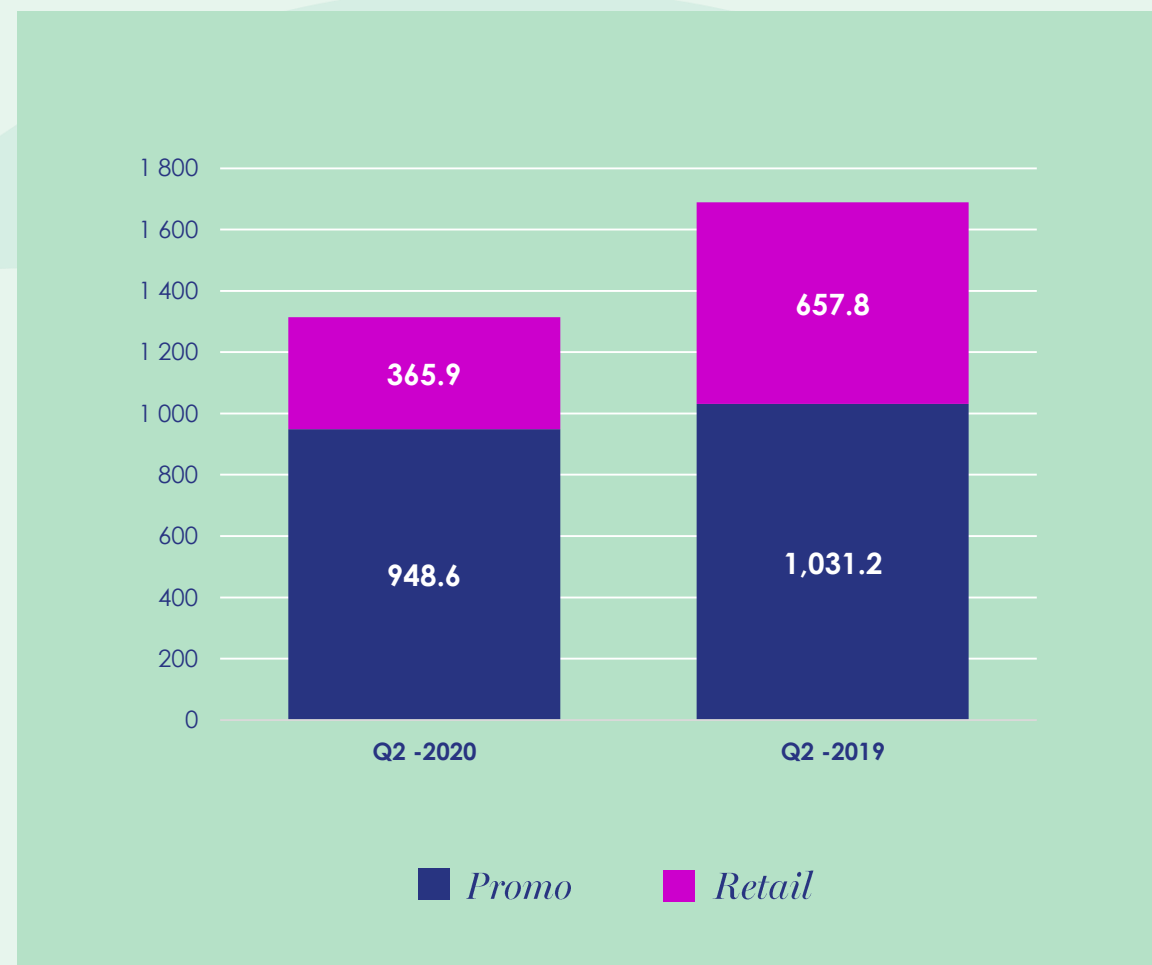


April - June

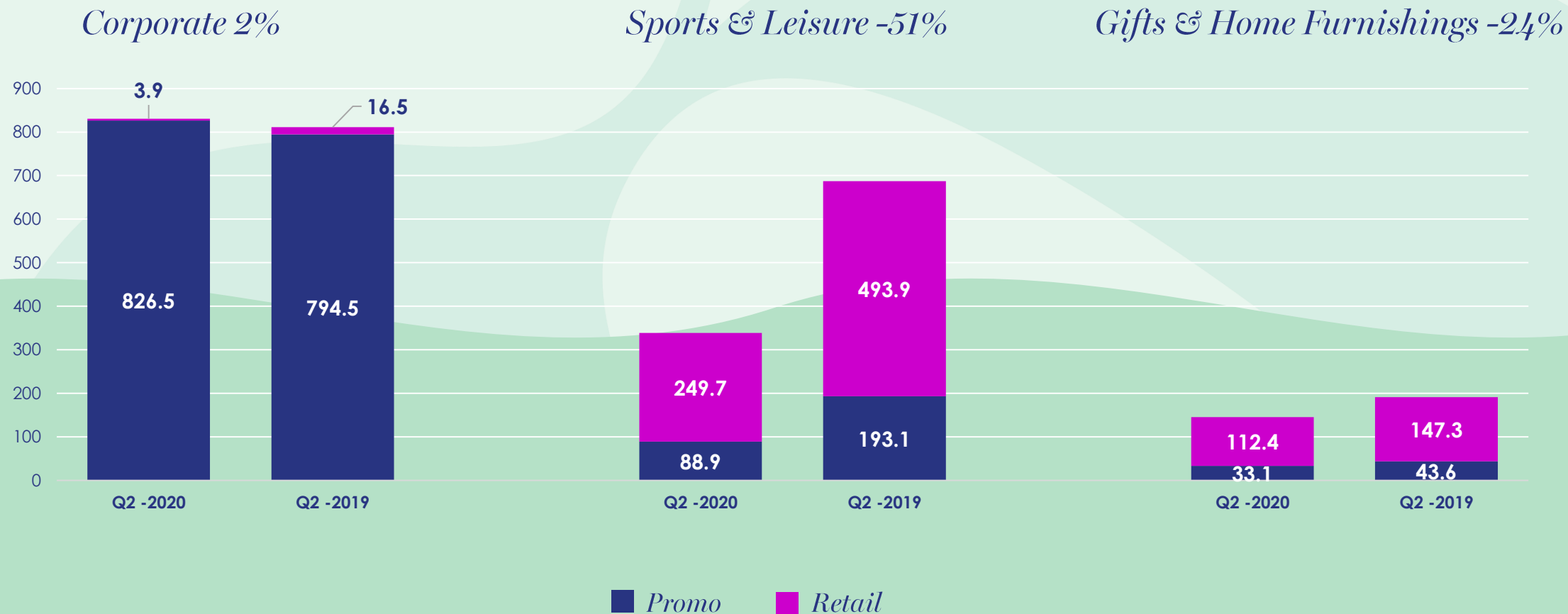
Net sales

- Sales amounted to SEK 1,314.5 (1,689.0) million
- Sales **decreased by 22 %** (same in local currencies)
- **Promo** sales channel **decreased 8 %**, **retail 44 %**

2020



Net sales per operating segment



April - June

Net sales per geographic area and operating segment

SEK million	Corporate		Sports & Leisure		Gifts & Home Furnishings		Total		
	Apr - Jun 2020	Apr - Jun 2019	Apr - Jun 2020	Apr - Jun 2019	Apr - Jun 2020	Apr - Jun 2019	Apr - Jun 2020	Apr - Jun 2019	Change %
USA	28.5	53.2	136.8	394.9	10.9	11.2	176.2	459.3	-62%
Sweden	79.8	121.6	76.3	109.9	118.4	164.1	274.5	395.6	-31%
Central Europe	104.4	171.3	55.4	57.6	4.1	2.6	163.9	231.5	-29%
Nordic countries excl. Sweden	72.3	120.5	48.4	93.0	7.5	9.7	128.3	223.2	-43%
Southern Europe	357.2	197.2	11.1	11.0	0.0	0.2	368.3	208.3	77%
Other countries	188.3	147.3	10.8	20.7	4.5	3.1	203.5	171.1	19%
Total	830.4	811.1	338.7	687.0	145.4	191.0	1 314.5	1 689.0	-22%

April - June

2020

- **Gross profit margin amounted to 39.2 (46.5)%**
 - Larger share of trading shipments
- **External costs and personnel costs amounted to a total of SEK -396.8 (-620.7) million**
 - Cost savings
 - Reduced number of staff and temporary lay-offs
- **Operating result amounted to SEK 110.1 (119.6) million**
 - Lower net sales
 - Cost savings
 - Government support
- **Result for the period amounted to SEK 72.9 (83.7) million**

SEK million

	Apr – Jun 2020		Apr – Jun 2019	
Net sales	1 314.5		1 689.0	
Goods for resale	-799.7		-903.3	
Gross profit	514.8	39.2%	785.7	46.5%
Other operating income	61.4		15.5	
External costs	-187.7		-330.2	
Personnel costs	-209.1		-290.5	
Depreciation and write-downs of tangible and intangible fixed assets	-57.8		-52.8	
Other operating costs	-11.4		-7.7	
Share of associated companies' result	-0.1		-0.3	
Operating result	110.1	8.4%	119.6	7.1%
Net financial items	-17.3		-16.0	
Result before tax	92.8		103.6	
Tax on result for the period	-19.9		-19.9	
Result for the period	72.9		83.7	
Result per share (SEK)	1.11		1.28	

April - June

Operating result per operating segment

Corporate

- Higher net sales, several major trading orders
- Increased sales in Southern Europe and Other countries, decreases in other regions
- Lower gross profit margin
- Cost savings

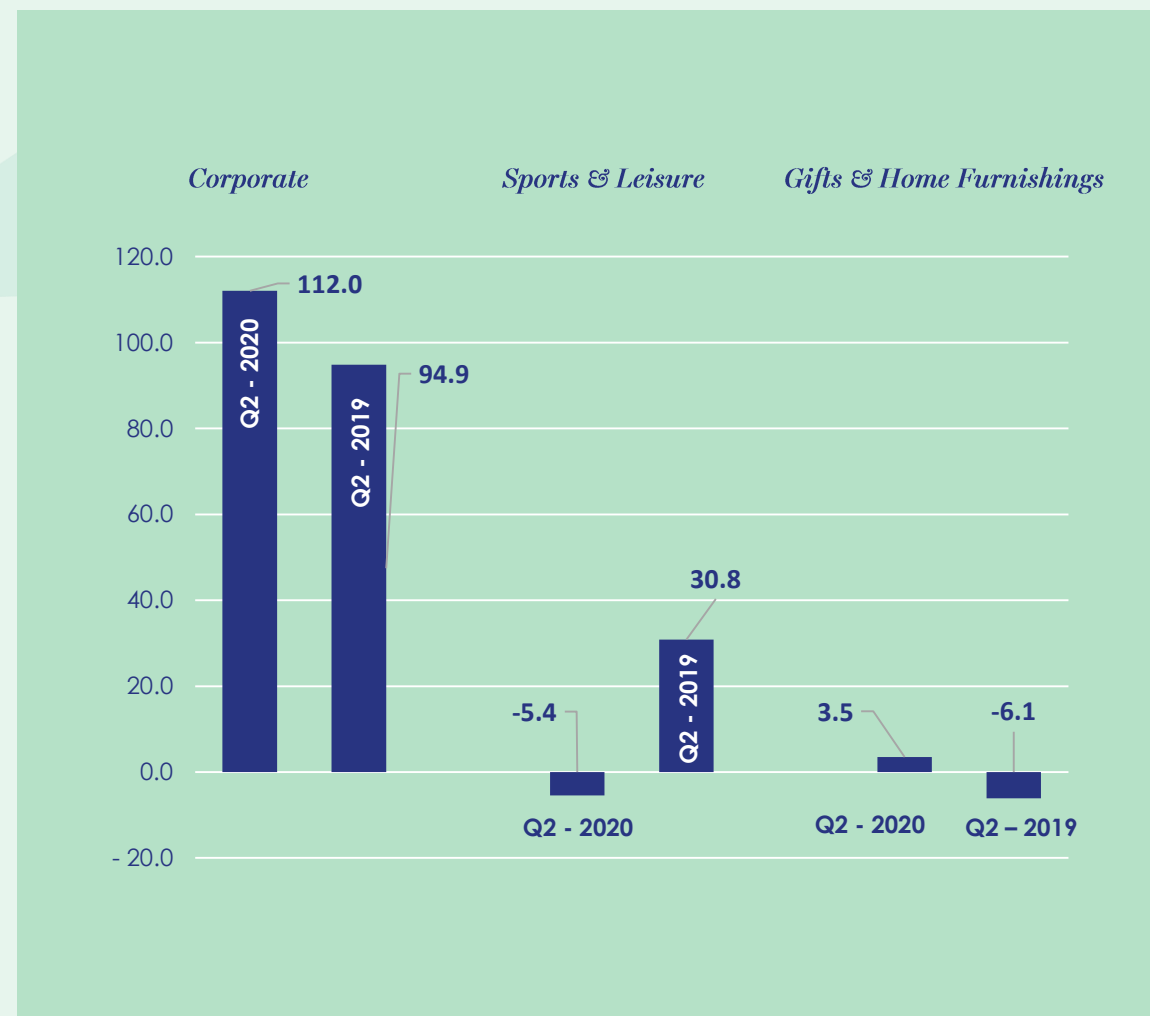
Sports & Leisure

- Lower net sales
- Shutdown in the US
- Cost savings

Gifts & Home Furnishings

- Lower net sales, mainly Sweden
- Cost savings

2020



April - June

Cash flow

SEK million

	Apr – Jun 2020	Apr – Jun 2019
Cash flow from operating activities before changes in working capital	176.0	143.8
Change in working capital	75.5	-134.8
Cash flow from operating activities	251.4	9.0
Investing activities	-11.1	-35.6
Cash flow after investing activities	240.3	-26.6
Financial activities	-201.6	-57.4
Cash flow for the period	38.7	-84.0

2020

Financial information

January - June



January - June

Net sales

- Sales amounted to SEK 2,755.4 (3,193.9) million
- Sales **decreased by 14 %** (15% in local currencies)
- **Promo** sales channel **decreased 5 %**, **retail 27 %**

2020

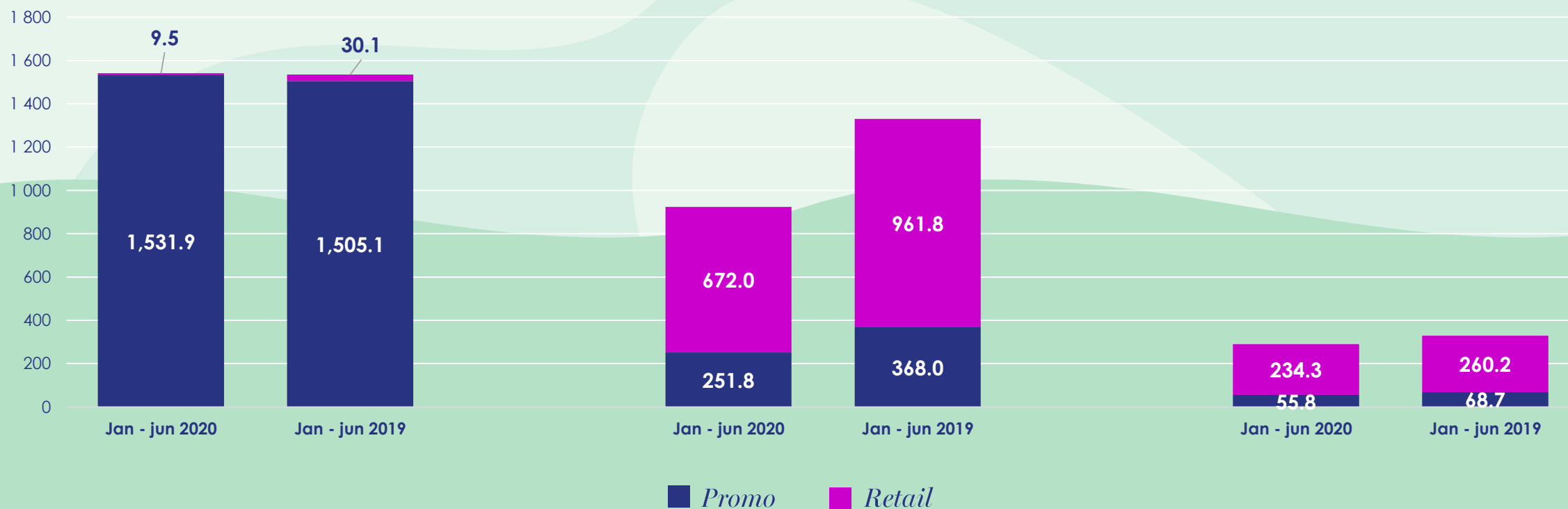


Net sales per operating segment

Corporate 0%

Sports & Leisure -31%

Gifts & Home Furnishings -12%



January - June

Net sales per geographic area and operating segment

SEK million	Corporate		Sports & Leisure		Gifts & Home Furnishings		Total		
	Jan - Jun 2020	Jan - Jun 2019	Jan - Jun 2020	Jan - Jun 2019	Jan - Jun 2020	Jan - Jun 2019	Jan - Jun 2020	Jan - Jun 2019	Change %
USA	81.8	105.9	429.6	707.1	23.5	22.0	534.9	835.0	-36%
Sweden	169.9	222.8	188.9	224.4	237.0	276.9	595.9	724.1	-18%
Central Europe	262.8	348.2	124.5	138.1	7.0	6.1	394.3	492.4	-20%
Nordic countries excl. Sweden	164.7	218.3	120.9	181.8	14.6	18.3	300.2	418.4	-28%
Southern Europe	510.7	368.6	24.9	29.8	0.1	0.2	535.7	398.7	34%
Other countries	351.6	271.3	34.9	48.7	7.9	5.3	394.4	325.4	21%
Total	1 541.5	1 535.1	923.9	1 329.8	290.1	328.9	2 755.4	3 193.9	-14%

January - June

2020

- **Gross profit margin amounted to 41.6 (46.8)%**
 - Larger share of trading shipments
 - Lower gross profit margin in all segments
- **External costs and personnel costs amounted to a total of SEK -1,000.7 (-1,242.3) million**
 - Cost savings
 - Reduced number of staff and temporary lay-offs
- **Operating result amounted to SEK 86.0 (165.6) million**
 - Lower net sales
 - Cost savings
 - Government support
- **Result for the period amounted to SEK 35.9 (109.7) million**

SEK million

	Jan – Jun 2020	Jan – Jun 2019
Net sales	2 755.4	3 193.9
Goods for resale	-1 609.9	-1 698.6
Gross profit	1 145.5 41.6%	1 495.3 46.8%
Other operating income	82.0	32.7
External costs	-498.7	-668.7
Personnel costs	-502.0	-573.6
Depreciation and write-downs of tangible and intangible fixed assets	-117.9	-103.8
Other operating costs	-21.8	-15.9
Share of associated companies' result	-1.1	-0.5
Operating result	86.0 3.1%	165.6 5.2%
Net financial items	-35.2	-29.9
Result before tax	50.7	135.6
Tax on result for the period	-14.8	-25.9
Result for the period	35.9	109.7
Result per share (SEK)	0.57	1.68

January - June

Operating result per operating segment

Corporate

- Net sales in line with the previous year
- Several major trading orders
- Increased sales in Southern Europe and Other countries, decreases in other regions
- Lower gross profit margin
- Cost savings

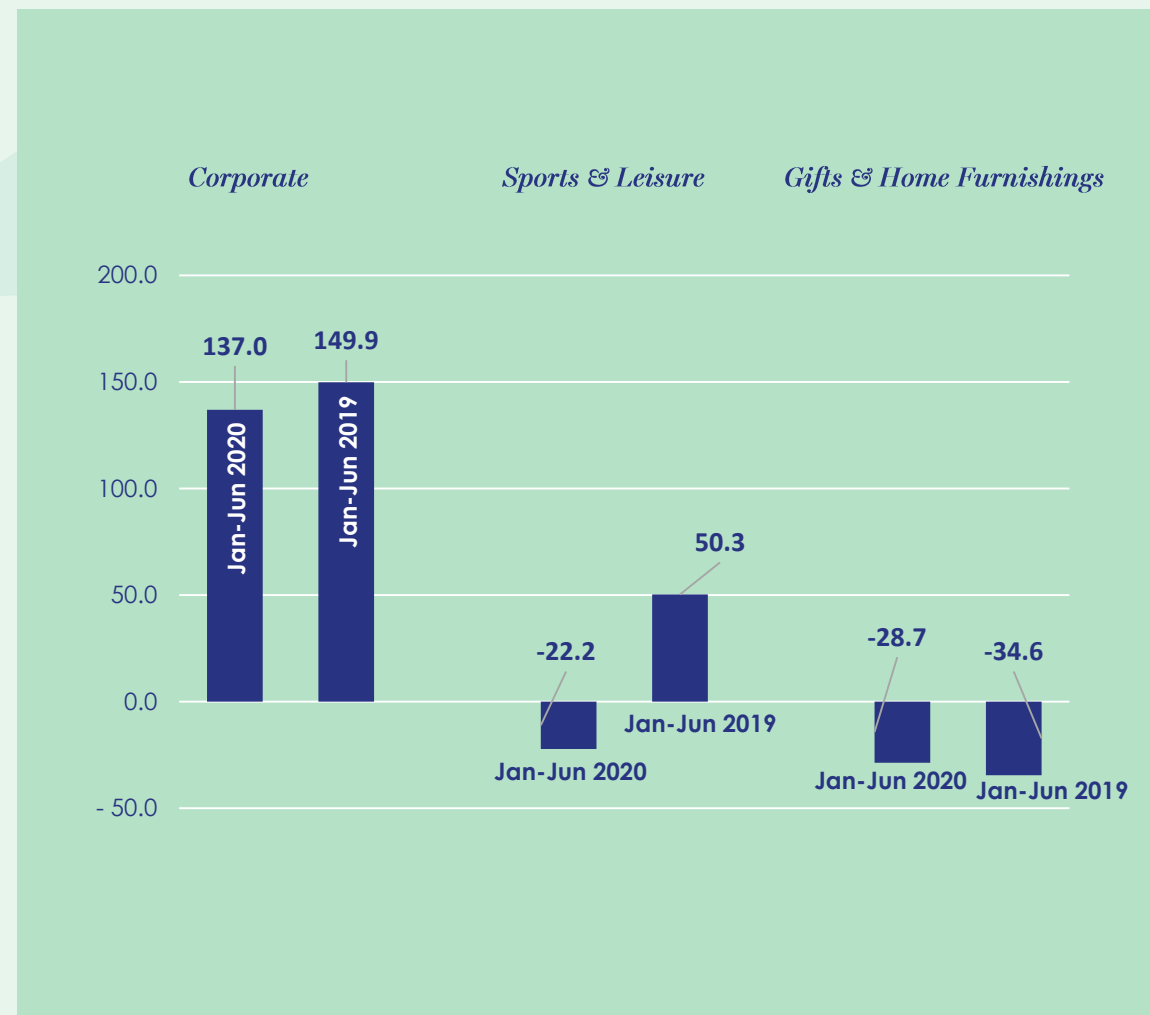
Sports & Leisure

- Lower net sales
- Decreased sales in all regions and sales channels
- Cost savings

Gifts & Home Furnishings

- Lower net sales
- Cost savings

2020



January - June

Cash flow

SEK million

Cash flow from operating activities before changes in working capital

Change in working capital

Cash flow from operating activities

Investing activities

Cash flow after investing activities

Financial activities

Cash flow for the period

Jan - Jun
2020

Jan - Jun
2019

113.0

193.1

253.0

-249.2

366.0

-56.1

-41.7

-73.9

324.3

-130.0

-398.6

-8.2

-72.5

-138.2

Financial key figures

	Apr – Jun 2020	Apr – Jun 2019	Jan – Jun 2020	Jan – Jun 2019
Net sales growth, %	-22.2	10.9	-13.7	14.2
Number of employees	2 152	2 597	2 152	2 597
Gross profit margin, %	39.2	46.5	41.6	46.8
Operating margin before depreciations, %	12.8	10.2	7.4	8.4
Operating margin, %	8.4	7.1	3.1	5.2
Return on shareholders' equity, %			7.8	10.3
Return on capital employed, %			6.7	8.3
Equity ratio, %			47.9	44.7
Net debt to equity ratio, %			69.9	79.2
Net debt in relation to working capital, %			74.1	77.6
Net debt, SEK million			2 656.6	2 783.7
Inventory turnover, times			1.0	1.1
Shareholders' equity per share, SEK			57.08	52.70

Torsten Jansson
CEO
Comments

"The second quarter turned out considerably better than I feared and I am entirely convinced that we will come out of the crisis stronger than ever"



Torsten Jansson
CEO

April – June

- **Decreased demand** due to the COVID-19-crisis. Shutdowns in several countries, but **increase of trading orders**.
- **Operating result** decreased to SEK 110.1 (119.6) million, but improved operating margin.
- Concrete and swift actions regarding **cost savings** and **liquidity improvements**.
- **Strong cash flow** and **decreased net debt**.

January – June

- **Net sales decreased** by 14 % (15 % in local currencies), as a result of the COVID-19-crisis.
- **Satisfied with the operating result**, despite a drop to SEK 86.0 (165.6) million.
- **Strong cash flow** and **decreased net debt**.

We strive to make everyone who buys our products a happy customer. If you choose to invest in New Wave Group we want you to know that we promise to take care of your investment in the best possible way we can through long term thinking, growth, stability and hard work!

NWG //

NewWave
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