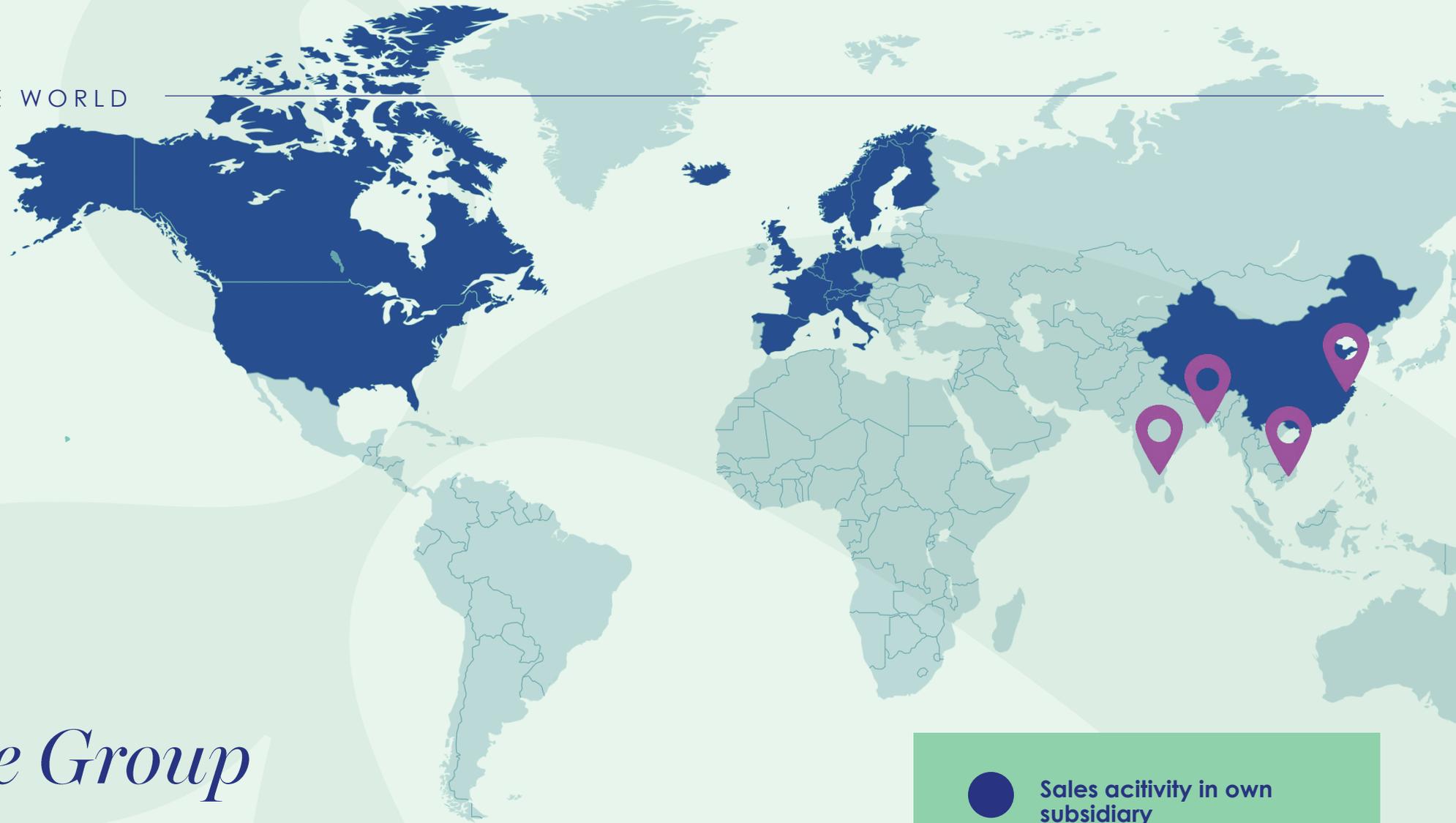


New Wave Group AB

2020

Interim report

January - September



This is New Wave Group

New Wave Group is a growth group 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

- *Some recovery, but demand still lower – COVID-19*
- *Cost savings result in improved operating margin and the highest operating result in a third quarter ever*
- *Strong cash flow, improved liquidity and further decreased net debt*

2020

Financial information

July - September

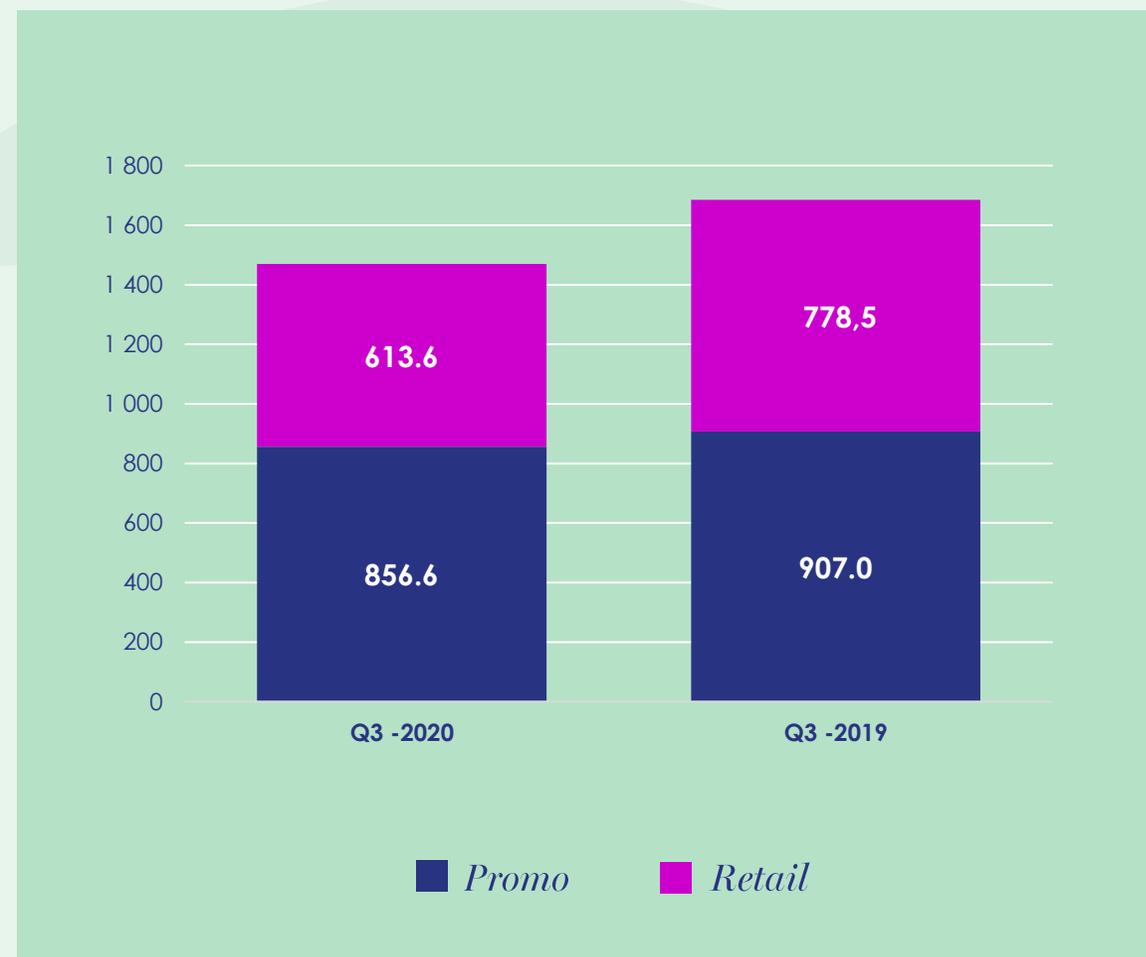


July - September

Net sales

- Sales amounted to SEK 1,470.1 (1,685.5) million
- Sales **decreased by 13 %** (9% in local currencies)
- **Promo** sales channel **decreased 6 %**, **retail 21 %**

..... 2020

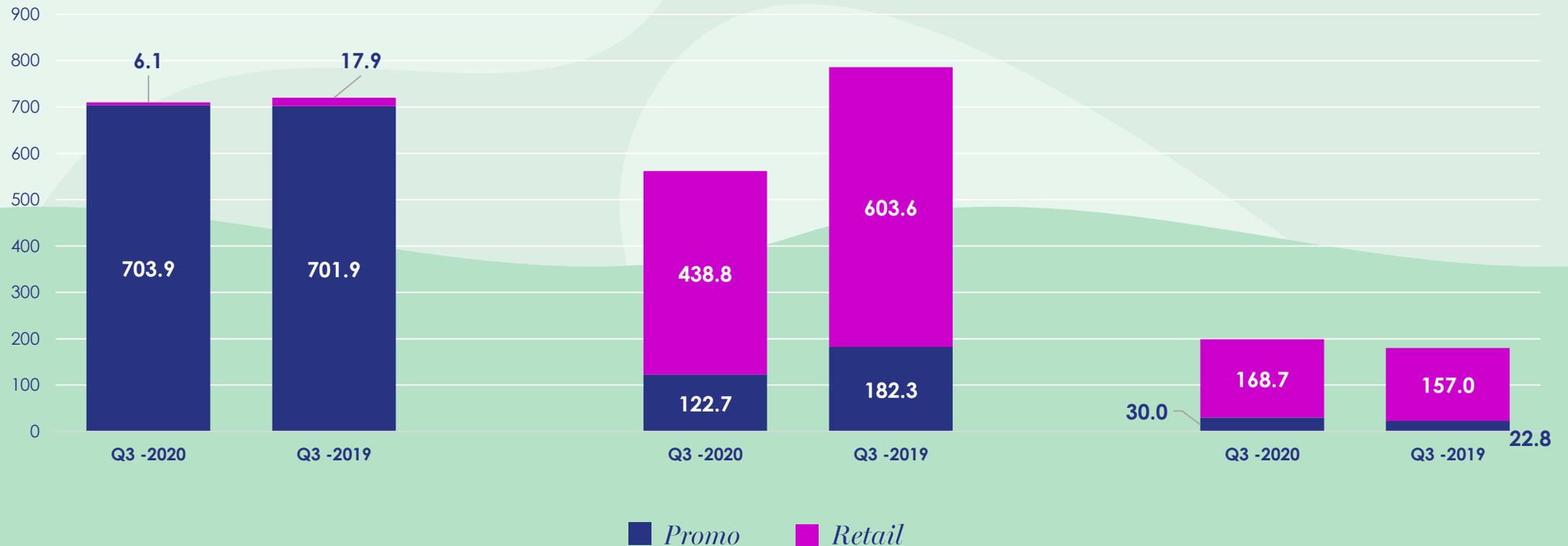


Net sales per operating segment

Corporate -1%

Sports & Leisure -29%

Gifts & Home Furnishings 11%



July - September

Net sales per geographic area and operating segment

| SEK million | Corporate | | Sports & Leisure | | Gifts & Home Furnishings | | Total | | |
|-------------------------------|----------------|----------------|------------------|----------------|--------------------------|----------------|----------------|----------------|-------------|
| | Jul - Sep 2020 | Jul - Sep 2019 | Jul - Sep 2020 | Jul - Sep 2019 | Jul - Sep 2020 | Jul - Sep 2019 | Jul - Sep 2020 | Jul - Sep 2019 | Change % |
| USA | 44.3 | 58.3 | 201.9 | 380.0 | 9.6 | 13.1 | 255.8 | 451.4 | -43% |
| Sweden | 83.2 | 89.6 | 138.2 | 141.8 | 174.5 | 151.0 | 395.9 | 382.4 | 4% |
| Central Europe | 128.0 | 167.0 | 87.8 | 87.3 | 3.5 | 4.5 | 219.4 | 258.8 | -15% |
| Nordic countries excl. Sweden | 78.6 | 97.7 | 82.1 | 99.5 | 6.6 | 8.9 | 167.2 | 206.1 | -19% |
| Southern Europe | 136.9 | 152.8 | 16.9 | 18.8 | 0.1 | 0.1 | 154.0 | 171.7 | -10% |
| Other countries | 238.8 | 154.4 | 34.6 | 58.4 | 4.5 | 2.3 | 277.9 | 215.1 | 29% |
| Total | 710.0 | 719.8 | 561.5 | 785.9 | 198.7 | 179.8 | 1 470.1 | 1 685.5 | -13% |

July - September

2020

- **Gross profit margin amounted to 42.6 (45.2)%**
 - Larger share of trading shipments
- **External costs and personnel costs amounted to a total of SEK -412.4 (-579.0) million**
 - Cost savings
 - Improved productivity per employee
 - Reduced number of employees and temporary lay-offs
- **Operating result amounted to SEK 176.3 (129.1) million**
 - Lower net sales
 - Cost savings
- **Result for the period amounted to SEK 118.9 (94.4) million**

| SEK million | Jul – Sep 2020 | | Jul – Sep 2019 | |
|--|----------------|--------------|----------------|--------------|
| Net sales | 1 470.1 | | 1 685.5 | |
| Goods for resale | -843.9 | | -923.2 | |
| Gross profit | 626.2 | 42.6% | 762.3 | 45.2% |
| Other operating income | 34.7 | | 12.9 | |
| External costs | -191.6 | | -300.3 | |
| Personnel costs | -220.8 | | -278.7 | |
| Depreciation and write-downs of tangible and intangible fixed assets | -56.6 | | -55.7 | |
| Other operating costs | -15.2 | | -11.3 | |
| Share of associated companies' result | -0.4 | | -0.2 | |
| Operating result | 176.3 | 12.0% | 129.1 | 7.7% |
| Net financial items | -15.2 | | -17.0 | |
| Result before tax | 161.1 | | 112.1 | |
| Tax on result for the period | -42.2 | | -17.6 | |
| Result for the period | 118.9 | | 94.4 | |
| Result per share (SEK) | 1.81 | | 1.45 | |

July - September

Operating result per operating segment

Corporate

- Slightly lower net sales
- Increased sales in Other countries, decreases in other regions
- Lower gross profit margin
- Cost savings

Sports & Leisure

- Lower net sales, mainly related to the US
- Cost savings

Gifts & Home Furnishings

- Higher net sales, mainly related to Sweden
- Cost savings

..... 2020



July - September

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

| | Jul – Sep 2020 | Jul – Sep 2019 |
|---|-------------------|-------------------|
| | 218.9 | 149.9 |
| | 64.3 | -281.0 |
| Cash flow from operating activities | 283.2 | -131.1 |
| Investing activities | -8.6 | -32.6 |
| Cash flow after investing activities | 274.6 | -163.8 |
| Financial activities | -322.9 | 211.2 |
| Cash flow for the period | -48.4 | 47.4 |

Strong balance sheet

MSEK

| | Sep 2020 | Sep 2019 |
|--|-------------|-------------|
| Equity | 3 860.3 | 3 736.3 |
| Equity ratio, % | 49.0 | 44.0 |
| Net debt, SEK million | 2 396.4 | 3 093.5 |
| Net debt to credit institutes, SEK million | 1 629.8 | 2 401.5 |
| Available credit | 1 503.4 | 846.7 |
| Equity per share, SEK | 58.02 | 56.07 |

2020

Financial information

January - September



January - September

Net sales

- Sales amounted to SEK 4,225.6 (4,879.3) million
- Sales **decreased by 13 %** (same in local currencies)
- **Promo** sales channel **decreased 5 %**, **retail 25 %**

2020

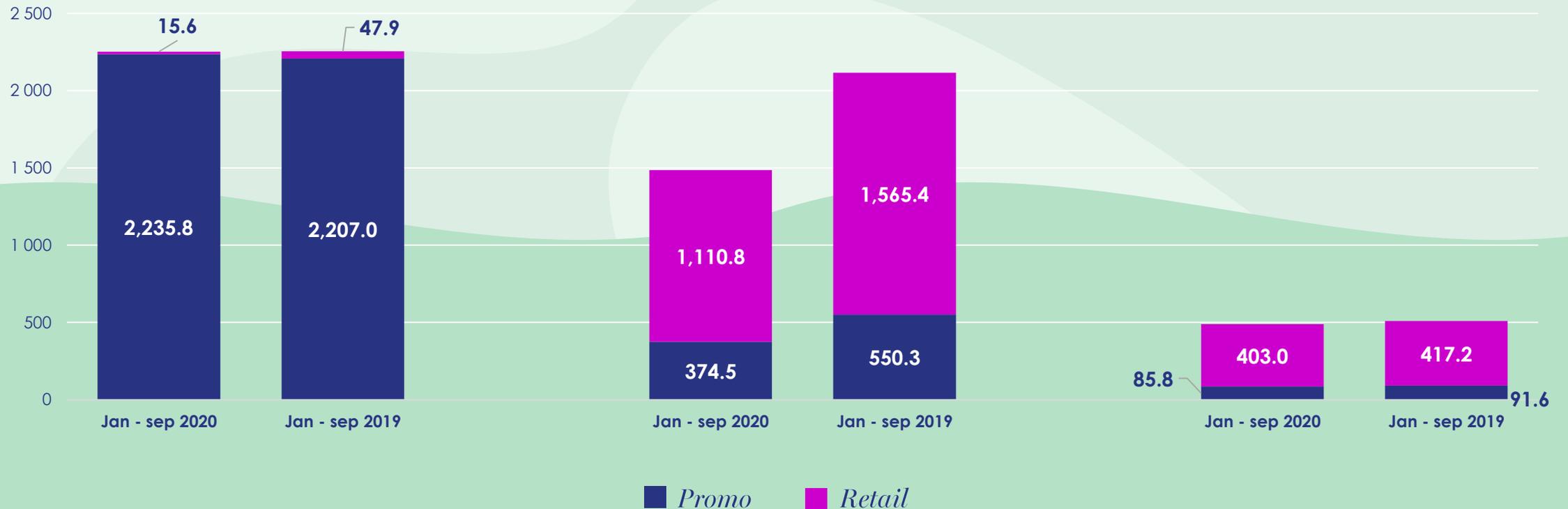


Net sales per operating segment

Corporate 0%

Sports & Leisure -30%

Gifts & Home Furnishings -4%



January - September

Net sales per geographic area and operating segment

| SEK million | Corporate | | Sports & Leisure | | Gifts & Home Furnishings | | Total | | |
|-------------------------------|----------------|----------------|------------------|----------------|--------------------------|----------------|----------------|----------------|-------------|
| | Jan - Sep 2020 | Jan - Sep 2019 | Jan - Sep 2020 | Jan - Sep 2019 | Jan - Sep 2020 | Jan - Sep 2019 | Jan - Sep 2020 | Jan - Sep 2019 | Change % |
| USA | 126.1 | 164.1 | 631.5 | 1 087.1 | 33.0 | 35.2 | 790.7 | 1 286.4 | -39% |
| Sweden | 253.1 | 312.4 | 327.1 | 366.2 | 411.5 | 427.9 | 991.7 | 1 106.4 | -10% |
| Central Europe | 390.8 | 515.2 | 212.4 | 225.4 | 10.5 | 10.6 | 613.7 | 751.2 | -18% |
| Nordic countries excl. Sweden | 243.2 | 316.0 | 203.0 | 281.3 | 21.2 | 27.2 | 467.4 | 624.5 | -25% |
| Southern Europe | 647.7 | 521.5 | 41.9 | 48.6 | 0.2 | 0.3 | 689.7 | 570.4 | 21% |
| Other countries | 590.5 | 425.8 | 69.4 | 107.1 | 12.3 | 7.6 | 672.3 | 540.5 | 24% |
| Total | 2 251.4 | 2 254.9 | 1 485.3 | 2 115.7 | 488.8 | 508.7 | 4 225.6 | 4 879.3 | -13% |

January - September

2020

- **Gross profit margin amounted to 41.9 (46.3)%**
 - Larger share of trading shipments
 - Lower gross profit margin in all segments
- **External costs and personnel costs amounted to a total of SEK -1,413.1 (-1,821.2) million**
 - Cost savings
 - Improved productivity per employee
 - Reduced number of employees and temporary lay-offs
- **Operating result amounted to SEK 262.3 (294.6) million**
 - Lower net sales
 - Cost savings
 - Government support
- **Result for the period amounted to SEK 154.8 (204.1) million**

| SEK million | Jan – Sep 2020 | Jan – Sep 2019 |
|---|-------------------|-------------------|
| Net sales | 4 225.6 | 4 879.3 |
| Goods for resale | -2 453.8 | -2 621.8 |
| Gross profit | 1 771.7 | 2 257.5 |
| | 41.9% | 46.3% |
| Other operating income | 116.7 | 45.6 |
| External costs | -690.3 | -969.0 |
| Personnel costs | -722.8 | -852.2 |
| Depreciation and write-downs of tangible and intangible fixed assets | -174.6 | -159.5 |
| Other operating costs | -37.0 | -27.2 |
| Share of associated companies' result | -1.5 | -0.7 |
| Operating result | 262.3 | 294.6 |
| | 6.2% | 6.0% |
| Net financial items | -50.5 | -46.9 |
| Result before tax | 211.8 | 247.7 |
| Tax on result for the period | -57.0 | -43.5 |
| Result for the period | 154.8 | 204.1 |
| Result per share (SEK) | 2.38 | 3.13 |

January - September

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 - September

Cash flow

SEK million

| | Jan - Sep 2020 | Jan - Sep 2019 |
|---|-------------------|-------------------|
| Cash flow from operating activities before changes in working capital | 331.8 | 342.9 |
| Change in working capital | 317.3 | -530.2 |
| Cash flow from operating activities | 649.1 | -187.3 |
| Investing activities | -50.3 | -106.5 |
| Cash flow after investing activities | 598.8 | -293.8 |
| Financial activities | -719.7 | 203.0 |
| Cash flow for the period | -120.9 | -90.8 |

Financial key figures

| | Jul – Sep 2020 | Jul – Sep 2019 | Jan – Sep 2020 | Jan – Sep 2019 |
|--|-------------------|-------------------|-------------------|-------------------|
| Net sales growth, % | -12.8 | 8.7 | -13.4 | 12.2 |
| Average number of employees | 2 085 | 2 592 | 2 085 | 2 592 |
| Gross profit margin, % | 42.6 | 45.2 | 41.9 | 46.3 |
| Operating margin before depreciations, % | 15.8 | 11.0 | 10.3 | 9.3 |
| Operating margin, % | 12.0 | 7.7 | 6.2 | 6.0 |
| Return on shareholders' equity, % | | | 8.4 | 10.1 |
| Return on capital employed, % | | | 7.5 | 8.1 |
| Equity ratio, % | | | 49.0 | 44.0 |
| Net debt to equity ratio, % | | | 62.1 | 82.8 |
| Net debt in relation to working capital, % | | | 68.9 | 78.3 |
| Net debt, SEK million | | | 2 396.4 | 3 093.5 |
| Equity | | | 3 860.3 | 3 736.3 |
| Inventory turnover, times | | | 1.0 | 1.0 |
| Shareholders' equity per share, SEK | | | 58.02 | 56.07 |

Torsten Jansson
CEO
Comments

“Our organization has really made a fantastic achievement during a turbulent and challenging time”



Torsten Jansson
CEO

July – September

- **Net sales decreased by 13%**, but with the current market situation it is still a good result.
- **Operating result** increased to SEK 176.3 (129.1) million, and the operating margin improved from 7.7% to 12.0%. We achieved our highest operating result ever in a third quarter.
- **Strong cash flow** and **strong balance sheet**. Equity amount to SEK 3 860.3 million and the equity ratio is 49%.

January – September

- **Net sales decreased** by 13 %, where the US is the major challenge.
- **Quick recovery** by major work to lower costs and improve cash flow.
- **Strong cash flow** and **decreased net debt**. Net debt to credit institutes decreased by SEK 771.7 million.

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
G R O U P