

2015

BUSINESS  
STRATEGY  
CORPORATE  
GOVERNANCE

*NewWave*  
GROUP



# *NewWave*

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G R O U P

*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 corporate promo market and the retail market.*

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# NEW WAVE GROUP'S BRAND

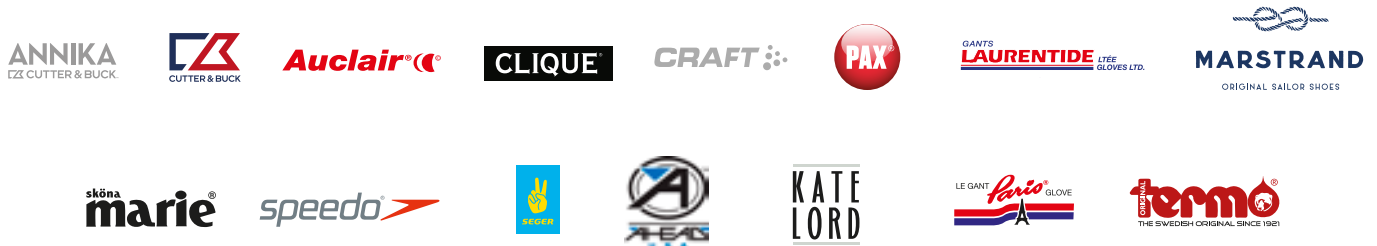
## CORPORATE PROMO

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## SPORTS & LEISURE

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## GIFTS & HOME FURNISHINGS

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# 2015

## IN SUMMARY

- Sales amounted to SEK 4,965 million, which was 16% higher than last year (SEK 4,274 million).
- Operating profit amounted to SEK 255.2 (250.0) million
- Profit for the year amounted to SEK 145.3 (176.9) million.
- Earnings per share amounted to SEK 2.16 (2.66).
- Cash flow from operating activities amounted to SEK 129.5 (-284.2) million.
- Equity ratio amounted to 45.9 (45.9)%.
- Net debt amounted to 76.8 (76.0)%.
- The Board has decided to propose a dividend of SEK 1.00 (1.00) per share.

## EVENTS IN BRIEF

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The year has been marked by increased investments in sales and marketing, as well as measures to improve security of supply. These investments have produced results and our growth in quarters (excluding currency changes) has been between 5 and 10% and our delivery service has improved. Most of the investments have been made in the promo sales channel and the channel increased by 23%. The retail sales channel increased by 9%.

During the year, the group has continued its investments in sales and marketing. It is mainly the increased costs in advertising and marketing that have burdened the result but also personnel costs increased due to new recruitments within sales and customer service. Staff costs will increase even during the coming year, where full cost impact occurs on the appointments made during the year.

The group increased inventory levels last year and during the beginning of this year and thereby created good sales conditions while at the same time ensuring good delivery reliability. When inventories reached the desired level, working capital improved, and the group showed a positive cash flow from operations in the fourth quarter as well as for the full year.

Our balance sheet remains strong with an equity ratio of 45.9 (45.9)%. Net debt increased by SEK 100 million, of which SEK 54 million was due to the currency exchange when converting into SEK, and as of 31 December 2015, amounted to SEK 1,929 (1,829) million. Net debt to equity ratio and net debt to working capital amounted to 76.8 (76.0)% and 71.7 (71.7)% respectively.

We launched the brand Cottover which offers eco-labelled and sustainably produced promo-wear on the Swedish and Finnish markets.

Craft signed a sponsorship agreement with the Swedish track and field team as well as the athlete Susanna Kallur. An investment in line with Craft's brand and the powerful marketing investments we make.

Our American subsidiary Ahead was the official supplier of clothing and caps to "The Open" which was played at the esteemed St. Andrews in Scotland. A great sales success and very impressive exposure.

The group established a sales office and showroom in Stockholm.



## CORPORATE PROMO

Turnover increased by 20% to SEK 2,152 (1,788) million and profit (EBITDA) amounted to SEK 166.4 (173.8) million. The higher turnover is due to the increased marketing activities and higher service levels. Growth occurs in all regions. The lower profit is related to the increased investments in marketing and number of employees. The gross profit margin has fallen as a result of changes in the mix of products and customers.



## SPORTS & LEISURE

Turnover increased by 16% compared with last year and amounted to SEK 2,258 (1,952) million.

The result (EBITDA) improved by SEK 7.8 million and amounted to SEK 143.1 (135.3) million. Sales are increasing mainly in the USA and Europe as well as in the promo sales channel. Retail sales, however, decreased slightly in the American market.

The lower profit is mainly related to higher sales and marketing costs, but even the decision to reduce operations in Russia have affected negatively by SEK 8.1 million.

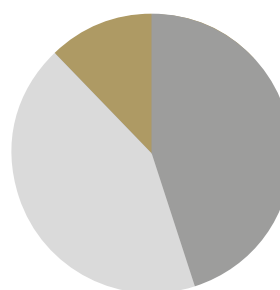


## GIFTS & HOME FURNISHINGS

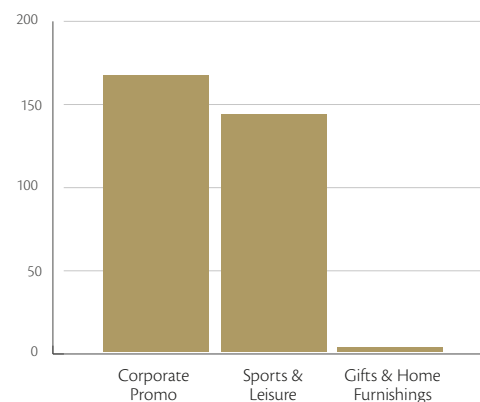
Turnover amounted to SEK 554 million which was SEK 21 million higher than last year (SEK 533 million). The result (EBITDA) improved by SEK 7.7 million and amounted to SEK 2.8 (-4.9) million. Sales are mainly increasing in the retail sales channel but are even increasing in promo. It is mainly in the Swedish market that growth has occurred. The improvement in earnings is primarily turnover related but also a slightly higher gross profit has affected positively. The segment also has higher costs for sales and marketing.

| KEY FIGURES                            | 2015    | 2014    |
|--|---------|---------|
| Turnover, SEK million                  | 4 964.7 | 4 273.6 |
| EBITDA, SEK million                    | 312.3   | 304.2   |
| Profit after depreciation, SEK million | 255.2   | 250.0   |
| Profit after finance net, SEK million  | 180.9   | 208.0   |
| Gross profit margin, %                 | 45.1    | 45.7    |
| Equity, SEK million                    | 2 513.6 | 2 405.1 |
| Return on equity, %                    | 6.0     | 7.9     |
| Return on capital employed, %          | 5.8     | 6.4     |
| Net debt/equity, %                     | 76.8    | 76.0    |
| Net debt through operating capital, %  | 71.7    | 71.1    |
| Equity ratio, %                        | 45.9    | 45.9    |
| Number of employees                    | 2 358   | 2 212   |
| Profit per share, SEK                  | 2.16    | 2.66    |
| Equity per share, SEK                  | 37.89   | 36.25   |

## TURNOVER PER OPERATING SEGMENT, SEK MILLION



## EBITDA PER OPERATING SEGMENT, SEK MILLION



# CEO COMMENTS

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## 2015

In general, I am satisfied with 2015. We have now gone through two heavy investment years where we built up stocks and thereby provided our customers with a very good service level, developed products and broadened our product range, started new brands and launched entirely new collections such as Cottover and J Harvest & Frost. Last but not least, we expanded our sales resources, invested heavily in marketing and acquired a leading position in the industry within CSR.

## WHAT IS THE RESULT OF ALL THESE INVESTMENTS?

When we closed the books in 2013, we did it with a turnover of SEK 4,047 million. When we closed the books for 2015, we did it with a turnover and new "All time high" of SEK 4,965 million. Even if part is currency related, our investments have really borne fruit in regard to our sales.

## RESULT

Despite all our investments the operating profit increased by SEK 5 million, which I am not happy with, but after all the investments, it may be described as okay. Especially as the extremely hot weather in the fourth quarter 2014 brought down the first quarter of the year. But I and my organisation, are fully aware that we are a long way from our goal – and that the result is nothing to boast all too much about.

## CASH FLOW

I am pleased about exiting an investment year with a positive cash flow.

## THE BALANCE SHEET

We leave 2015 with a strong balance sheet. 45.9% in equity ratio is well above our target of 30%. A net debt to equity ratio at 76.8% is among the lowest we have had - and this is after two heavy investment years.

## NET DEBT

From time to time I am asked about our net debt which was SEK 1,929 million at the end of the year. You can naturally see it in different ways but it is actually only about 77% of our equity and then we "own" accounts receivable of SEK 821 million and fixed assets of SEK 1,923 million or that net debt of SEK 1,929 million corresponds to fixed assets of SEK 1,923 million and that stock and accounts receivable are unleveraged.

## NEW FINANCING AGREEMENT

We have as of 10 February 2016 signed a new financing agreement. The total credit facility amounts to SEK 2,835 million of which SEK 2,450 million has a term of three years and USD 45 million a term of eight years, so we are in strong position even here.

## FOCUS 2016

Our focus in 2016 and onwards will be primarily to improve the operating profit and operating margin. I estimate that we will continue to grow, albeit at a slightly slower pace as the result is in focus. We will also focus on cash flow and a reduction in net debt. That we want to lower net debt is not because we need to lower it, but because we want to build a buffer so that during the end of 2016 or 2017 can even begin a geographical expansion and look once again more active at acquisitions.

## THE FUTURE

I am very positive for the future. Today we have incredibly strong brands in all operating segments, we have good products and collections, and above all very satisfied customers. I believe we will have many exciting years ahead of us with the solid foundation that we have now laid. We have never been in a better position, so now it's up to my organization and me!



TORSTEN JÖNSSON

CEO





# ABOUT NEW WAVE GROUP

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## 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 the wholly-owned brands Craft and Seger as international, functional sportswear brands and making Cutter & Buck a world-leading golf apparel brand. The vision also entails developing Speedo in the Scandinavian markets. We want to launch AHEAD in Europe and in time achieve the same market position as in the USA. The brand Auclair should take a leading position in Europe and we will also use Paris Glove's strong distribution platform to launch the Group's other brands in Canada. Together, this means that in the future we will claim a strong market position in Canada in the Sports & Leisure operating segment. All in all, we want to become the leading sports supplier in both Sweden and the other European countries, as well as in the USA. Our vision is also to make PAX the leading children's footwear brand in northern Europe.

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. The Group's ambition is to become a prominent supplier in the North American promo market through its presence in the USA and Canada.

## PROFITABILITY & GROWTH 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.

## STRATEGY

*To realise its targets, New Wave Group's strategy involves:*

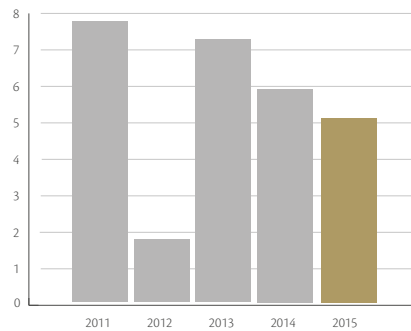
Acquiring, launching and developing the brands in the corporate promo, sports, gifts and home furnishings sectors launching the brands and organisations in new geographic markets spreading the Group's values to new and acquired companies

## NEW WAVE GROUP'S VALUES

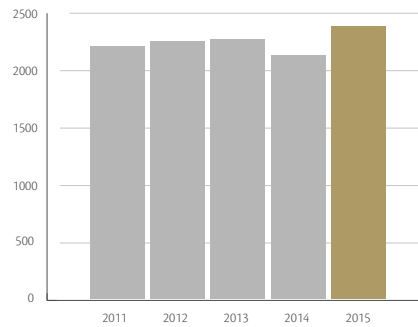
New Wave Group is a decentralised organisation and the Group's values are its guiding principle. We are dedicated to upholding and spreading New Wave Group's values within the Group and particularly when acquiring new companies. New Wave Group does its utmost to find inexpensive, simple solutions and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

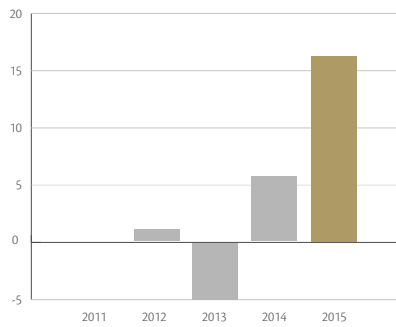
OPERATING MARGIN, %



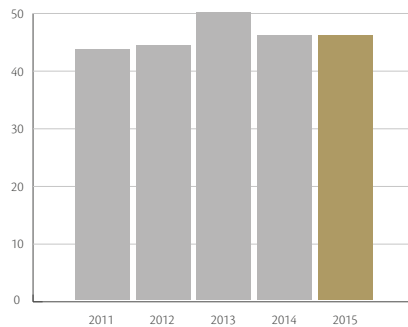
NUMBER OF EMPLOYEES



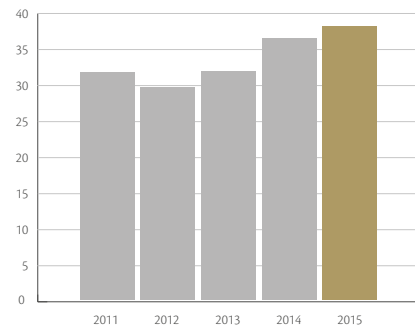
GROWTH, %



EQUITY RATIO, %



EQUITY PER SHARE, SEK



## 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 20%. In 1996 Craft was acquired, which established sales in the retail operating segment. 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 77% of the Group's sales and amount to SEK 3,819 million. Sweden and USA are the Group's most important markets. Together they have 51% of the Group's turnover.

# 1990

New Wave Group gets established in Sweden and Norway

# 1996

Acquisition of Craft of Scandinavia

# 1997

Establishment in Denmark, Spain and German

# 1994

Acquisitions in Finland and Italy

# 1999

Establishment in The Netherlands and England

# 1998

Acquisition of Hefa

# 2003

Establishment in China and Switzerland.  
Establishing of ProJob

# 2002

Acquisition of DJ Frantextil, X-Tend and Toppoint

# 2000

France. Acquisition of Textet

# 2001

Acquisition of Sagaform and Seger

# 2004

Acquisition of D.A.D Sportswear, Jobman och SMAP

# 2005

Ireland, Wales and Russia  
Acquisition of Dahetra, Orrefors Kosta Boda and Intraco

# 2006

Large investments in Orrefors Kosta Boda

# 2007

Acquisition of Cutter & Buck

# 2010

Establishment of Linnéa Art Restaurant  
Cutter & Buck is establishing a new distribution center in Kentucky

# 2009

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

# 2008

Introduction of Clique/New Wave in the U.S  
Establishment of New Wave Sports

# 2011

Acquisition of AHEAD and Paris Glove

# 2013

Acquisition of Craft distribution in North America

# 2014

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

# 2012

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

# 2015

Launching Cottover, eco-labelled and sustainably produced promowear.

OTHER COUNTRIES 7%

USA 28%

# NEW WAVE GROUP IN THE WORLD

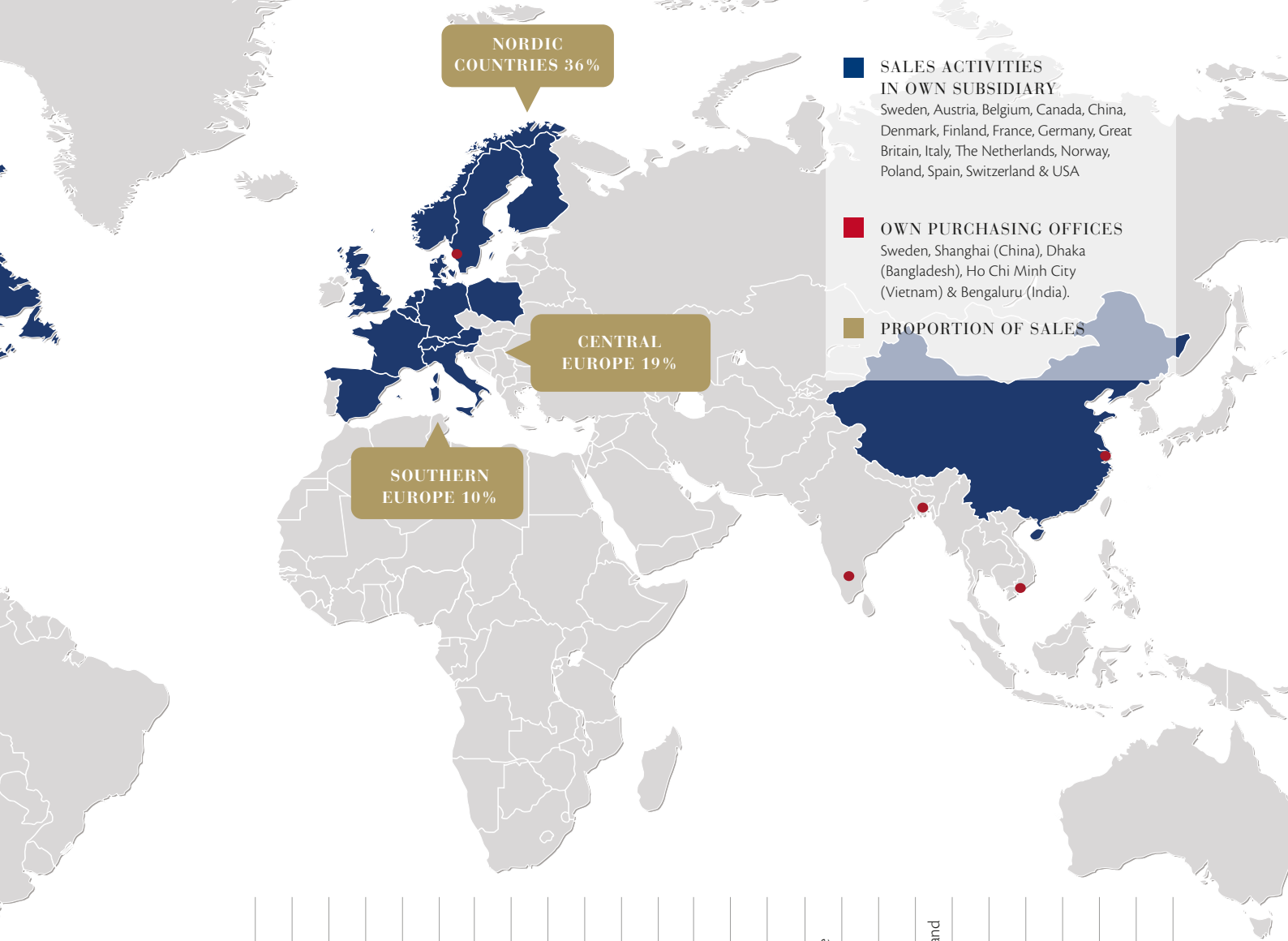
New Wave Group has evolved from a market-leading player in the Nordic countries to a prominent player in several other markets. This applies to all operating segments. The Group works with strong international brands such as Craft, Cutter & Buck, Orrefors and Kosta Boda.

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 184 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 241 new launches remain to be carried out.

## PROPORTION OF SALES

|                           | 2015           | Share of sales | 2014           | Share of sales | Change, SEK million | Change, %  |
|---------------------------|----------------|----------------|----------------|----------------|---------------------|------------|
| Sweden                    | 1 145.6        | 23%            | 1 063.8        | 25%            | 81.8                | 8%         |
| USA                       | 1 389.1        | 28%            | 1 124.2        | 26%            | 264.9               | 24%        |
| Nordic region excl Sweden | 660.2          | 13%            | 605.6          | 14%            | 54.6                | 9%         |
| Central Europe            | 927.3          | 19%            | 766.4          | 18%            | 160.9               | 21%        |
| Southern Europe           | 471.5          | 10%            | 364.8          | 9%             | 106.7               | 29%        |
| Other countries           | 371.0          | 7%             | 348.8          | 8%             | 22.2                | 6%         |
| <b>Total</b>              | <b>4 964.7</b> | <b>100%</b>    | <b>4 273.6</b> | <b>100%</b>    | <b>691.1</b>        | <b>16%</b> |



|             | AHEAD/ Kate Lord | Aucair/ Laurentide/ Paris | Clique/New Wave | Clique Retail | Cottover | Craft | Cutter & Buck | D.A.D | d-vice | Grizzly/Cottover | Harvest/Printer | Hurricane | J. Harvest & Frost | Jobman | Kosta Boda | Lord Nelson/Queen Anne | Mac One/Jingham | Orrefors | PAX/Sköna Marie/Marstrand | Projob | Sagaform | SEA | Seger | Toppoint | Termo |
|-------------|------------------|---------------------------|-----------------|---------------|----------|-------|---------------|-------|--------|------------------|-----------------|-----------|--------------------|--------|------------|------------------------|-----------------|----------|---------------------------|--------|----------|-----|-------|----------|-------|
| Sweden      | ●                |                           | ●               | ●             | ●        | ●     | ●             | ●     | ●      | ●                | ●               | ●         | ●                  | ●      | ●          | ●                      | ●               | ●        | ●                         | ●      | ●        | ●   | ●     | ●        | ●     |
| Austria     |                  |                           | ●               |               |          | ●     |               |       |        |                  | ●               |           |                    |        |            |                        |                 |          |                           | ●      |          |     |       |          |       |
| Belgium     |                  |                           | ●               |               |          | ●     | ●             | ●     |        | ●                | ●               |           | ●                  | ●      | ●          |                        |                 | ●        |                           | ●      | ●        |     |       |          |       |
| Canada      | ●                | ●                         | ●               |               |          |       | ●             |       |        |                  | ●               |           |                    |        |            |                        |                 |          |                           | ●      | ●        |     | ●     |          |       |
| China       |                  |                           | ●               |               |          |       |               |       | ●      |                  |                 |           |                    |        | ●          |                        |                 | ●        |                           |        |          |     |       |          |       |
| Denmark     |                  |                           | ●               |               |          | ●     | ●             | ●     |        | ●                | ●               | ●         | ●                  | ●      | ●          | ●                      | ●               | ●        | ●                         | ●      | ●        | ●   | ●     | ●        | ●     |
| Finland     |                  |                           | ●               |               |          | ●     | ●             | ●     | ●      | ●                | ●               | ●         | ●                  | ●      | ●          | ●                      | ●               | ●        | ●                         | ●      | ●        | ●   | ●     | ●        | ●     |
| France      |                  |                           | ●               |               |          | ●     |               | ●     |        | ●                | ●               |           |                    |        | ●          |                        |                 | ●        |                           | ●      | ●        | ●   | ●     | ●        | ●     |
| Germany     |                  |                           | ●               |               |          | ●     | ●             | ●     |        | ●                | ●               | ●         |                    |        | ●          |                        |                 | ●        |                           | ●      | ●        | ●   | ●     | ●        | ●     |
| Italy       |                  |                           | ●               |               |          | ●     | ●             |       |        |                  | ●               |           |                    | ●      |            | ●                      |                 |          |                           | ●      | ●        | ●   | ●     | ●        | ●     |
| Netherlands |                  |                           | ●               |               |          | ●     | ●             | ●     | ●      | ●                | ●               | ●         |                    | ●      |            |                        |                 |          | ●                         | ●      | ●        | ●   | ●     | ●        | ●     |
| Norway      |                  |                           | ●               |               |          | ●     | ●             | ●     | ●      | ●                | ●               | ●         | ●                  | ●      | ●          | ●                      | ●               | ●        | ●                         | ●      | ●        | ●   | ●     | ●        | ●     |
| Poland      |                  |                           | ●               |               |          |       |               | ●     |        | ●                | ●               |           |                    |        |            | ●                      |                 |          |                           | ●      | ●        | ●   | ●     | ●        | ●     |
| Spain       |                  |                           | ●               |               |          |       |               |       | ●      |                  | ●               |           |                    |        |            | ●                      |                 |          |                           | ●      | ●        | ●   | ●     | ●        | ●     |
| Switzerland |                  |                           | ●               |               |          | ●     | ●             |       |        |                  | ●               |           | ●                  | ●      |            |                        |                 |          |                           | ●      | ●        | ●   | ●     | ●        | ●     |
| UK          |                  |                           | ●               |               |          | ●     | ●             | ●     | ●      | ●                | ●               |           |                    | ●      | ●          |                        |                 | ●        |                           | ●      | ●        | ●   | ●     | ●        | ●     |
| USA         | ●                | ●                         | ●               |               |          | ●     | ●             |       |        |                  |                 |           |                    | ●      | ●          |                        |                 | ●        |                           | ●      | ●        | ●   | ●     | ●        | ●     |

*Small company*  
**FLEXIBILITY**  
*with large company*  
**SYNERGIES**

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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 Linnewäveri 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 204 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.



## THE OFFICE IN SHANGHAI

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.





## VISITING CHINA

In 2015, we invited 36 of our customers to visit our purchasing office in Shanghai. It was a rewarding journey with insights of the complete value chain from order to final shipment of goods. The trip included meeting our staff at the Shanghai office and learning about the daily work at different departments, for example how we conduct quality tests in our laboratory. We also visited a fabric mill and a garment factory. For many customers, it was the first time visiting a factory which gave rise to valuable considerations. We also arranged an exclusive visit at the Shanghai Port together with Schenker. The trip was much appreciated and increased the customer's understanding of the work behind a product.

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

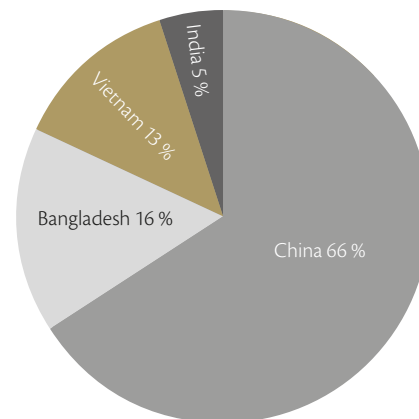
New Wave Group owns a few factories. In Sweden, Seger Europe and Termo have production units for knitted items and Orrefors Kosta Boda glass making facilities. In the Netherlands, Toppoint runs printing operations for, among other things, pen and mug prints. In Denmark, Dahetra owns a production facility 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.

## TURNOVER PER PURCHASING OFFICE FULL YEAR 2015



- Maritime transport is procured and managed centrally. Through consolidated shipping 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.





## FROM HANDICRAFT TO MASS PRODUCTION

The products procured for New Wave Group's companies are generally purchased through our purchasing offices, but there is also pure craftsmanship production, here represented by Bertil Vallien overseeing production in the glass works at Kosta.

### GROUP-WIDE COLLABORATION



### A STRONG OFFER



# CORPORATE PROMO

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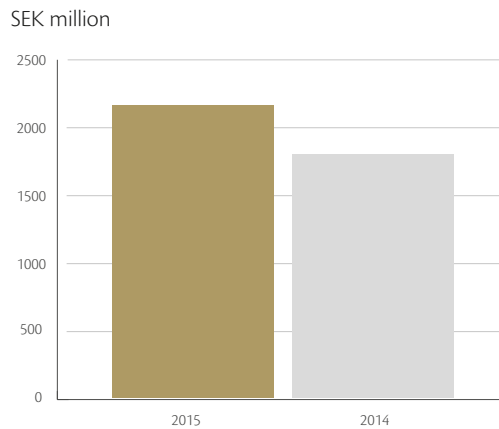
Corporate Promo is divided into three subdivisions: promowear, promotional gifts and workwear. Business is conducted with 23 brands in a total of 17 countries on three continents. The operating segment's domestic market is the Nordic countries which also answer for most of the sales. Corporate Promo answered for 43% of the Group's sales and SEK 166.4 million of the Group's profits (EBITDA) in 2015. 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.



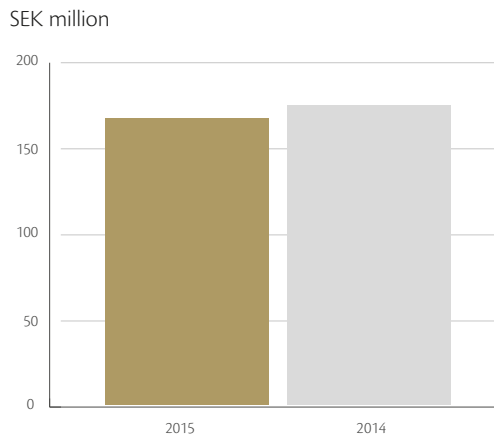
Volvo<sup>®</sup> ark<sup>®</sup>



## TURNOVER



## RESULT (EBITDA)



## 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 segment, 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 D.A.D Sportswear, James Harvest Sportswear and Clique.

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.

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. New Wave Group can through its two brands, Jobman and ProJob, offer work clothes for such professional categories



## 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 company/organisation internal or external marketing.

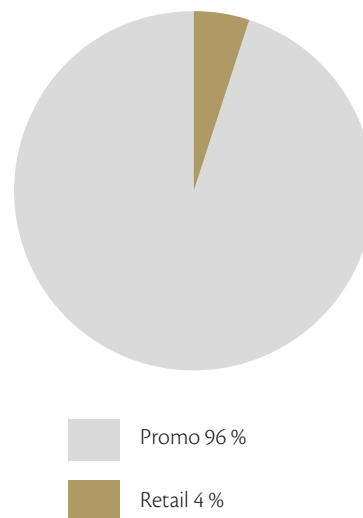
There are few limits to what can be done in terms of marking and the technical development is at a very high pace.

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.





TURNOVER PER SALES CHANNEL



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.

### 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 2,500 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 special retailers for construction and industry, paints, etc., but today more and more channels include workwear by either collaborating with already established brands or by designing their own brands and collections. This is partly because the sector has been growing for many years, but is also attributed to a greater interest in the domestic market spurred by the large number of DIY and home decoration shows on TV. In the future, distribution will probably be even more differentiated as more players try to establish themselves in the workwear market in Sweden and Europe.

### 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 0.13% of revenues in 2015. Many of the products are common to both the retail and promotional sales channels, which offers significant risk diversification. The catalogues may also be common to both sales channels.

Cottover is New Wave Group's eco-labelled brand and launched during 2015. It opens a new market for promowear to the group. Simultaneously, the launch was a good opportunity to debate and discuss New Wave Group's CSR work in a wider context, see page 38.



*Knitted headwear from Seger. Not only sports but also trendy leisure.*





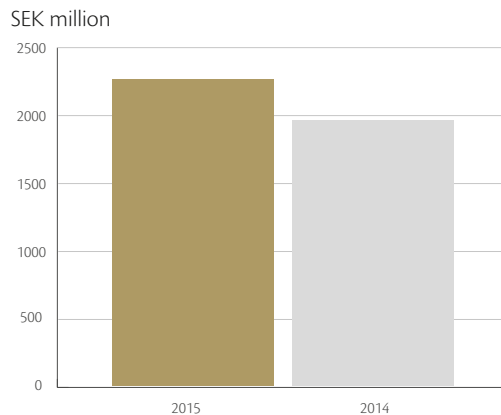
# SPORTS & LEISURE

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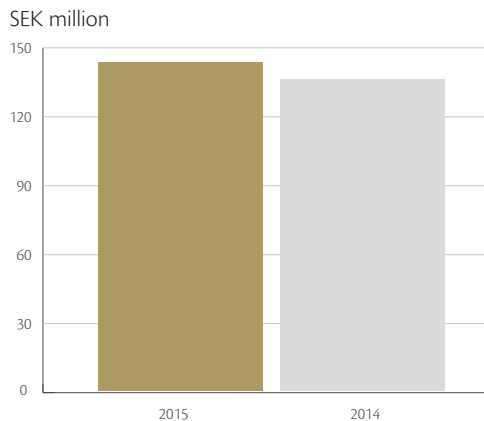
Sports & Leisure includes several internationally well-known sports brands like AHEAD, Auclair, Craft, Cutter & Buck and Seger. Business is conducted with 14 fully owned brands in 14 countries, focusing on the Nordic countries and North America. In addition to our own brands, we also have the distribution right to Speedo in Sweden, Norway and Denmark. Sports & Leisure answered for 45% of the Group's sales and SEK 143.1 million of its profits (EBITDA) in 2015. Most of the sales relate to the retail market (sports retail sector), but some sales also stem from the promo market.



## TURNOVER



## RESULT (EBITDA)



### AHEAD

AHEAD designs and markets branded headgear, clothing and accessories. AHEAD was founded in New Bedford, MA, USA in 1995 and has benefitted from the golf industry's desire for specialised high-quality graphics on headgear and clothing, as well as the brand awareness of people who visit golf shops and tournaments nationwide. AHEAD has recently expanded its' distribution to include the corporate and collegiate markets. AHEAD is worn by many professional golfers including Retief Goosen and Brittany Lincicome and by Hall of Famer legends Jack Nicklaus, Arnold Palmer, and Annika Sorenstam.

### AUCLAIR

Auclair is Canada's oldest and most renowned glove brand. Auclair delivers high-quality skiing, snowboard and bike gloves

to sports retailers and specialised stores. Auclair has a more than 30 year long cooperation with the Canadian cross country skiing team. Auclair is also official supplier of gloves to practically every Canadian team on snow and ice, including alpine, snowboard, freestyle, bobsleigh, luge, Nordic combined and telemark.

### LAURENTIDE

Laurentide supplies the North American industry with work gloves, protective clothing and rain gear.

### PARIS GLOVE

Paris Glove was founded in 1945 and has a long experience of producing gloves. The company continues to design and produce gloves from leather, suede and shearling as well as knitted mittens to meet and fill the needs of today's customer in North America.



## CRAFT'S EXPANSION CONTINUES

Craft experienced a fantastic start to 2015 when the FIS cross-country skiing took place at "home" in Falun during February. For nearly a year leading up to the World Championships intense work was carried out together with the Swedish Ski Association and our partner Intersport to make the games in Falun into a large blue and yellow festival. The unique collection designed for the event received wide distribution, both in terms of the media impact and sales. "It was a fantastic feeling to be in the stands during the World Championships in Falun and see our products on almost each and every spectator" says Stefan Persson, CEO of Craft in Sweden. To strengthen its presence in the absolute sports elite, Craft signed another two major sponsorship contracts in 2015 when the collaboration with the Swedish Athletic Association and athlete Susanna Kallur was made public. "Both the contract with the Athletic Association and Susanna will give us visibility throughout the

summer which we previously lacked. Susanna will also have a clear role in providing us with valuable feedback to create the next generation of sportswear" says Stefan Persson.

During the summer of 2015, Craft even strengthened its digital presence by launching its new e-business based brand site. With the new website our wide range of functional sportswear will become available to consumers all over the world. "This new digital investment gives us a fantastic opportunity to introduce a wider range of products to our end users," says Craft Brand Manager Daniel Högling. "The website also creates unique opportunities for us to communicate with our end users, something that feels incredibly exciting" continues Högling.

During autumn 2015 Craft even carried its largest launch to date of a new product concept, underwear Active Comfort, which was launched

globally. The product has been received extremely well in the marketplace and the feedback has been almost exclusively positive. "With the launch of Active Comfort we broke new ground within the underwear branch. As the product appeals to a very wide target group, it has created many new opportunities for us, both in market and distribution terms. At least from an international perspective", said Craft's international CEO Jens Pettersson. Investments in the German market remain and we had positive growth in 2015. During 2016 these investments will intensify further.

During the past year a lot of effort and energy has also been put into optimizing the assortment mix as well as the business plan presented for the following years. We feel incredibly charged for 2016, when a number of exciting product launches will be carried out.



## A TOUCH OF AMERICANA

Two of New Wave Group's American companies, Cutter & Buck and Ahead, both have a range that fit well into promo and retail. They also both have a natural orientation towards golf

## CASUAL SWEDISH SHOE FASHION

Apart from the brands Sköna Marie for ladies and PAX for kids, PAX Scandinavia carries the classic sailing shoe brand Marstrand, which is now developed into a range of relaxed leisure shoes for girls and boys.





## TERMO ORIGINAL

A classic Swedish brand on functional underwear for heavy duty, Termo Original markets e.g. merino wool underwear and special underwear for flame protection, thereby becoming a complement to e.g. the Craft range.

## AUCLAIR

Canadian Auclair produces gloves of very high quality to mainly skiers and mountaineers. The company cooperates since many years with both the American and Canadian National Ski Team.



## CLIQUE RETAIL

The Clique brand is also represented in the sales channel retail by a collection based on the same concept as the Promo collection, but with more regard to trend factors such as colours and applications.

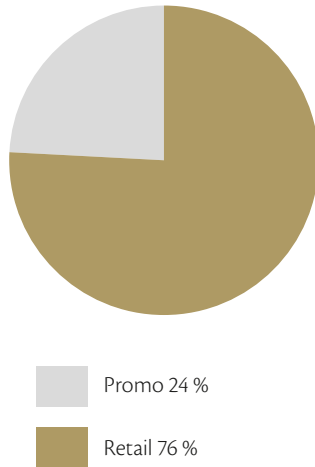


## SPEEDO

The Australian swimsuit brand Speedo is at present the only licensed brand promoted by New Wave Group. Speedo is very well-established throughout the world and the name is synonymous with tight swim trunks in the English language.



#### TURNOVER PER SALES CHANNEL



#### CRAFT

Craft is a product of sweat and toil, of snow and rain, of losses and victories and of the euphoria experienced when limits are moved. For four decades we have delivered optimal performance through functional sportswear. Almost as long as we have been a part of the professional sports world. Our knowledge of how a training and competition garment should be designed to offer optimal functionality comes mainly from a long and fruitful collaboration with elite athletes all over the world. Craft offers sports lovers at all levels, underwear, insulating mid-layer and outerwear within running, cross-country skiing, cycling and training. Sweden is Crafts home market and the biggest market in terms of turnover. Defined focus markets of great potential are the other Nordic countries as well as the Benelux countries, the United States/ Canada and Germany. The competitors vary slightly depending on the segment and market, but some examples are Adidas, Castelli, Nike, North Face, Odlo and Swix. Craft's challenge for the future is to strengthen the brand internationally and to reach the same strong position as in our home market.

#### 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 has been at the forefront of knitting since 1947".

We create functional, high-tech knitwear for a better sporting experience. During our long history we have become known for quality and durability in every detail. A combination of history and innovation leads us into the future with sustainable, high-performance knitwear, e.g. Seger Heat System. Seger has its biggest sales in the Nordic Countries, but is now focusing on more exports to the rest of Europe.

#### 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. The products are primarily basic ready-to-wear, i.e. products with high turnover rate and great profitability. It is our greatest challenge to explain the brand's simple yet profitable concept: we handle warehousing and therefore assume the greatest risk for lack of profitability. Sweden is Clique Retail's largest market at present and customers consist mainly of the sports chain section and the everyday commodity sector. Clique Retail's main competitors are the sports retailers' own brands.

#### PAX

PAX has for more than 80 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 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

## ON THE RIGHT TRACK

2015 was a good year for the Craft dressed Swedish Cross Country Team, here represented by Charlotte Kalla who won Gold on 10 kilometres at the World Championships in Falun, Sweden.



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.

### LICENSED SPORTS 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 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 and goggles to watches and MP3 players. 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 garments and Seger's socks. 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 2015, confirmed bad debt losses in the Sport & Leisure operating segment made up 0.06% 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.



# GIFTS & HOME FURNISHINGS

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Several strong brands such as Kosta Boda, Orrefors, and Sagaform comprise part of the Gifts & Home Furnishings operating segment. A total of nine brands are established in 14 countries.

Sweden is the largest market and also accounts for a large proportion of sales. In 2015, Gifts & Home Furnishings accounted for 12% of the Group's sales and SEK 2.8 million of the Group's profits (EBITDA). The brands are sold primarily on the retail market, but also within the promo market.

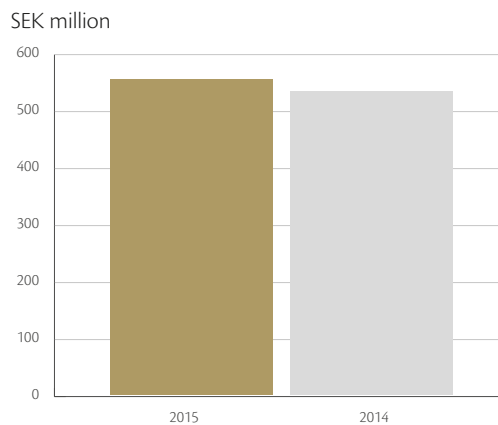




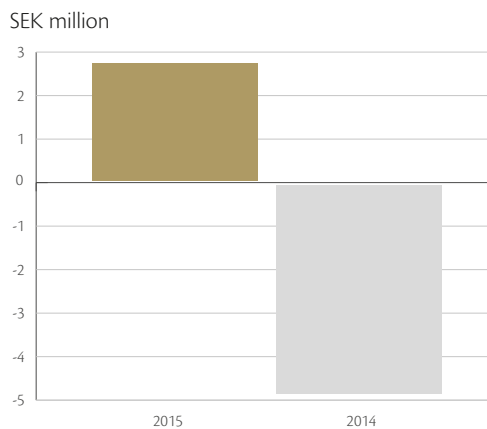
# 2015

GIFTS & HOME  
FURNISHINGS

## TURNOVER



## RESULT (EBITDA)



### ORREFORS KOSTA BODA AB

A unique partnership with Volvo Cars was launched during 2015, in which Orrefors Kosta Boda AB produces selected components to the new generation of Volvo cars. What attracted the most attention was among other things a gear lever knob in Crystal for the exclusive models of Volvo XC 90. The production of these occurs, of course, in Sweden at our glassworks in Kosta. To strengthen our brands both nationally and internationally we launched one of the biggest marketing campaigns in the company's history under the theme "Made in Sweden". Here we highlight our mouth blown tableware glass which is also made in our glassworks in Kosta. "Made in Sweden" is not only about production in Sweden, but also for Swedish design, Swedish tradition and Swedish quality which remains very highly regarded internationally.

### ORREFORS

Orrefors enhances the consumer's experience and social encounters associated with food and drink. In 2015 several products within this category were launched. The strong beer trend continues and Orrefors launched a glass especially suited to IPA beer which is now brewed by many microbreweries around the world.

The roll-out to restaurants and the hotels continues, where we primarily aim at the restaurants and hotels that deliver a unique dining experience in the form of fine dining or bistro menus.

### KOSTA BODA

Kosta Boda stands for products with a clear soul. Everything from a lantern to major or unique works of art. Kosta Boda has a design.



## LIVING CLOSE TO NATURE AND SHOPPING IN KOSTA

Lodge Kosta is under construction and will add another 212 guest beds to Kosta as a tourist destination. The compound is expected to be finalised by Spring 2016. A good view of what is offered in the upcoming season can be found at [kostalodge.se](http://kostalodge.se)



DNA in the form of a lot of color and carries a clear product history where the designer's own thoughts and expressions may be heard.

With an aim to rejuvenate Kosta Boda's target audience, several series have been launched. Among other things, continuing the work with Sara Woodrow and during spring launched "all about you" with a design DNA and a product history aimed at young women.

### KOSTA BODA ART HOTEL

Kosta Boda Art Hotel is the world's first art glass hotel, where the designers of Kosta Boda were responsible for all the art glass decorations. With its 102 rooms, conference facilities, indoor and outdoor pools, and a large spa and relax area the hotel has generated a real upswing for Kosta's tourism and boosted the number of visitors throughout the entire region.

In 2015 the hotel was appointed "Design hotel of the year" by the guests' hotel award and won the award for this year's SPA-treatment of SpaStar-award.

### LODGE KOSTA

Lodge Kosta is under construction and the first phase was completed in the summer of 2015. It adds an additional 212 guest beds to Kosta as a destination and provides opportunities for continued growth on the visitor's side. The final stage which includes pools, conference rooms and a rental center is to be completed in the spring of 2016.

### 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 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

Sagaform stands for lustful and innovative gifts for the kitchen and table, both indoors and outdoors. The products have an attractive price point and a high design level in good quality for consumers looking for everyday luxury for themselves or somebody else. All under the slogan "give what you yourself would want to own". Sagaform is distributed in both the retail and profile markets and focuses on the domestic market, Sweden, where the goal is to be the leader within the segment, lustful and innovative gifts and soon to be represented in all Swedish households.

Sagaform has a wide distribution and has in recent years also established itself within Swedish grocery stores. Today, Sagaform, is also in all ICA Maxi Department stores.

On the export side, the other Nordic countries together with the United Kingdom and Germany are a top priority. In the United States, the company will grow through support from Cutter & Buck, Kosta Boda and Orrefors strong presence.

### SEA GLASBRUK

SEA Glasbruk in Kosta has a long history in the Småland's kingdom of glassworks. Ever since the 1950s, SEA stood for glass products of high quality and is based on Swedish design tradition.

SEA Glasbruk's ambition is to develop products with clear and distinct function. Products are designed to be used in everyday life and that has an expression that is easy to like and accept. To use the products should be just as important as helping to create a good atmosphere in the home. Everything under the banner



## SHOWROOM IN STOCKHOLM

Since Spring 2015, New Wave Group has a manned showroom in central Stockholm, at Barnhusgatan, close to the central railway station. Its situation, in combination with a complete and updated product range, makes the showroom a well visited meeting place for both group companies and customers who bring their customers or staff for shows and meetings.



“value for money and functional everyday products of glass”. SEA is sold mainly in Sweden through the traditional retail trade and profile dealers. SEA’s objective is to grow strong in the domestic market and then to strengthen its position in the other Nordic countries.

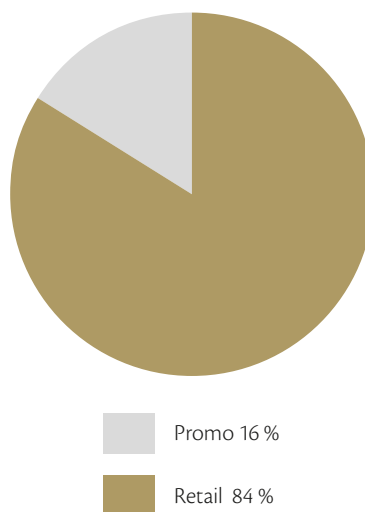
### SALES CHANNELS

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

TURNOVER PER  
SALES CHANNEL



retailers, which limits bad debts. However, there is a higher concentration to fewer customers in the retail segment compared with the promo segment. In 2015, confirmed bad debt losses in the Gift & Home Furnishings operating segment made up 0,51% of sales. Many of the products are the same for both the promo and retail sales channels, which provides a significant spread of risk.

The background of the page is a photograph of a forest. In the foreground, there are tree trunks and branches with green leaves. A yellow flag is visible on the right side. The text is overlaid on a white rectangular area in the center.

# ENVIRONMENT & ETHICS

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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 financially profitable but also sustainable from a social and environmental perspective.



## 2015 IN BRIEF

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New Wave Group's goal is to become an industry leader in CSR (Corporate Social Responsibility). In 2015, we have continued to move forward with ecolabelled products, new collaborations and increased marketing. The following events and activities are highlights of the year:

- We launched the brand Cottover, offering ecolabelled and sustainable manufactured promo-wear, on the Swedish and Finnish market
- CSR Advisory Board, our expert panel on social and environmental topics, held its first meeting – which resulted in a joint seminar at the Swedish political week Almedalen to raise the awareness of CSR
- We engaged in the quest for sustainable public procurement. We initiated a collaboration between New Wave and several product certification standards like Nordic Ecolabel, TCO Development and Fairtrade Sweden, which resulted in the joint report "Sustainable public procurement – from rhetoric to practice" that was presented to the Swedish Minister of Civil Affairs
- BSCI, our preferred initiative for supply chain social standard, increased among our suppliers. In total, more than 100 BSCI-audits were conducted – which is the highest number since we joined the initiative in 2012
- Torsten Jansson, CEO, was voted "Environmentalist of the Year" by the promotional industry association in Sweden. New Wave also received the winning price for our work in CSR by the Spanish Promotional Products Association.

## FOCUS AREAS

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Sustainability is not an isolated occurrence but how we run our business and create long-term value for the company stakeholders. Therefore, we have three focus areas which are prioritized in our sustainability work and which represent our core business operations. The first focus area is "Design and Product Development" – how we develop sustainable and attractive products in our assortment. The second focus area is "Procurement and Production" – how we safeguard sustainable manufacturing of our products. Lastly, the third focus area is "Transport and Logistics" – how we ensure a sustainable distribution of our products on a global market. In this way, we aim to successfully implement social and environmental strategies in the core of our company.

## FOCUS AREA 1: DESIGN AND PRODUCT DEVELOPMENT

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Spring 2015, our subsidiary Hefa launched a new collection of garments under our brand Cottover. Cottover offers promo wear that has been manufactured with great consideration of environmental impact and social responsibility in the complete manufacturing process. It is one of our biggest sustainability investments in the context of new product development. It took us approximately one year to complete the work and we are proud to be co-operating with four of the most well-known certification schemes for sustainable textiles (Nordic Ecolabel, Fairtrade, GOTS and Oeko Tex). Of course, we remained our focus on quality, colours and design. Cottover is hence a welcomed boost of ecolabelled garments that offers a wide range of clothing for men, women and children. We look forward to the continuous collaboration with our distributors to strengthen Cottover's position on the market.

We continuously strive to develop our range of products and the offering of sustainable choices. OEKO-TEX Standard 100, a certification system for all types of textiles tested for harmful substances, can be found on an increasing number of our textile products. Within our brand CLIQUE, more than 80 % of the assortment has the Oeko Tex-label. Another good example is the use of EXP 4.0-treated wool within our brand SEGER - a unique method which requires fewer chemicals and uses up to 50% less water than previous treatments. EXP 4.0 is the first wool treatment that meets the stringent requirements under the Bluesign, GOTS and the Oeko Tex-standard. Lower environmental impact - but the same popular, quality products.

In 2015, we also launched a new Christmas Gift Card. 50 SEK per card was dedicated to Save the Children's fund for humanitarian crises, whilst the gift card recipient could continue to pick its favorite gift. In total, we raised 427 300 SEK to Save the Children through sales of the gift card. We also initiated a new collaboration with Human Bridge, where a gift could be donated to refugees. Hence, we acknowledge the positive social and environmental impact that could result from improving our design and product development.

## FOCUS AREA 2: PROCUREMENT AND PRODUCTION

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It is of great importance to us that the manufacturing of our products is subsequent to our Code of Conduct for social and environmental responsibility. New Wave Group has purchasing offices in our major countries of production and we know that sustainable manufacturing



The scale used in BSCI's rating system

|                         |                  |                        |                          |                          |                            |
|-------------------------|------------------|------------------------|--------------------------|--------------------------|----------------------------|
| <b>A</b><br>Outstanding | <b>B</b><br>Good | <b>C</b><br>Acceptable | <b>D</b><br>Insufficient | <b>E</b><br>Unacceptable | <b>F</b><br>Zero Tolerance |
|-------------------------|------------------|------------------------|--------------------------|--------------------------|----------------------------|

requires a continuous commitment and can never be taken for granted. We have full-time dedicated CSR personnel that are well-experienced with social compliance and supplier audits. We also benefit from the high number of employees visiting suppliers in their work as merchandisers, quality controllers e.t.c. All are familiar with New Wave's Code of Conduct and we work together to ensure it is being implemented.

### BSCI

New Wave Group is a member of BSCI (Business Social Compliance Initiative) under the leadership of Foreign Trade Association. Through BSCI we collaborate with more than 1500 brands under one joint Code of Conduct and a joint scheme for third party supplier audits. Our goal is to include a growing number of suppliers in the BSCI monitoring scheme.

The number of BSCI-audited suppliers has continued to increase by each year since we joined the initiative in 2012. The collaborative approach of BSCI is strengthening our influence and making it a business incentive for suppliers to invest in social compliance and BSCI-audits. In total, more than 100 BSCI-audits were conducted in the New Wave supply chain. That equals to approximately 72% of our buying volume now allocated with BSCI-audited or SA8000-certified suppliers (SA8000 is an international standard for good working conditions)

### OUTCOME AND RESULTS

A BSCI-audit will result in an overall grade to summarize the supplier's performance. The audit will take into account the actual working conditions as well as management systems and policies to ensure a systematic approach. In total, 13 performance areas will be evaluated. The outcome of 2015 demonstrates that the vast majority of our suppliers are providing an acceptable working environment and social standard (the BSCI Rating System is displayed in the above picture). 81 suppliers received the grade C. 25 suppliers could demonstrate a better performance (grade A or B) or hold a valid SA8000-certificate. 3 suppliers received the grade D and we will hence make the remediation work of these suppliers our priority. The main reason for an insufficient grade is lack of management systems, failure in the cascade effect towards sub-suppliers or lack of systematic routines in the working environment.

|  | 2013 | 2014 | 2015 |
|--|------|------|------|
| Number of BSCI-audited suppliers                     | 35   | 47   | 109  |
| BSCI-audited suppliers<br>(% of total buying volume) | 52%  | 52%  | 72%  |





### ACCORD ON FIRE AND BUILDING SAFETY IN BANGLADESH

New Wave Group has signed the Accord on Fire and Building Safety in Bangladesh. The Accord is a binding agreement to improve the safety of textile factories in Bangladesh, with focus on building construction, electrical safety and fire safety. All suppliers of New Wave Group have been inspected and we have now entered into the remediation process where all findings must be corrected and verified by the Accord. The Accord is running for a 5 year period and includes more than 1500 factories and two million workers, making it one of the greatest social initiatives in modern time.

### FOCUS AREA 3: TRANSPORT AND LOGISTICS

The majority of New Wave Group's transport is container shipments between Asia and Europe, resulting in an average shipment of 3 000 containers per year. Sea freight is generally the best alternative when it comes to long-distance shipments, while air freights have the highest emission of green-house gases. This negative impact further increases when emissions take place on high altitude. For this reason, New Wave Group is working to reduce air freights to situations where it is absolutely necessary.

During 2015, we continued to focus on reducing air freights. Air freight accounted for less than 2% of our transported goods, which is a decrease of green-house gas emissions with 37% compared with previous year. Still, air freights account for approximately half of our total emissions of green-house gases, which clearly demonstrate the importance of continuous efforts to keep air freights to an absolute minimum.

New Wave Group cooperates with well-known freight forwarders that all have environmental programs for their operations. Within New Wave Group, we co-load as much shipments and transportations as possible between the group companies. In addition to protecting the environment, sustainable solutions could also contribute to streamlining and effective use of resources. Since our stock has been adjusted to right levels, we have been able to decrease the amount of transports from Asia to Europe. Combined with our efforts to decrease air freights, we lowered our total emission of green-house gases with 25%.

The biggest environmental improvements focusing on sea freights are eco-friendly fuels and vessels with improved fuel- and energy efficiency. Our membership in "Clean Shipping Network" aims to impact the shipping companies to use cleaner vessels and upgrade their fleet of ships. New Wave Group strongly believes in collaboration between different stakeholders to achieve long-term and sustainable development.

### TOTAL EMISSION CO<sub>2</sub> EUROPE - ASIA

|                           | 2013  | 2014   | 2015  |
|---------------------------|-------|--------|-------|
| <b>CO<sub>2</sub> (t)</b> |       |        |       |
| Air                       | 1 944 | 2 531  | 1 586 |
| Sea                       | 1 098 | 1 857  | 1 726 |
| <b>Freight (t)</b>        |       |        |       |
| Air                       | 305   | 338    | 187   |
| Sea                       | 6 116 | 11 080 | 9 783 |

### CSR ADVISORY BOARD



**ULRICA MESSING**  
Chairman Astrid Lindgrens Värld  
Vice President Wallenstam AB  
Board member Länsförsäkringar Liv  
Board member Bergvik skog  
Chairman Göteborgs hamn



**ELISABETH DAHLIN**  
Secretary General Save the Children Sweden  
Chairman Världens Barn  
Board member Radiohjälpen  
Board member Scandic Sustainability Fund  
Deputy board member Press Council  
Advisory Council Swedish Intercountry Adoptions Authority



**MIKAEL KARLSSON**  
President European Environment Bureau  
Senior Advisor 2050  
Senior Researcher KTH Royal Institute of Technology



**ANDERS FERBE**  
Chairman IF Metall  
Vice President Business Sweden,  
Vice Pres. IndustriAll Executive Committee  
Vice Pres. IndustriAll Steering Committee  
Vice Pres. Industrianställda i Norden  
Board member Swedish Trade Union Confederation  
Board member Social Democrat Party Committee



**REBECCA SVENSSON**  
Corporate Legal Counsel and CSR Manager  
New Wave Group



## NOTED AND REWARDED

During 2015, both the Group management and the subsidiaries put a lot of time and effort into communicating our attitude and our achievements within the field of CSR. This was rewarded in several ways. Above, Francesc Tuset, CEO of the Spanish subsidiary, receives a prize and to the right Torsten Jansson after receiving the prize "Environmentalist of the Year" from the Swedish Promotional Association.

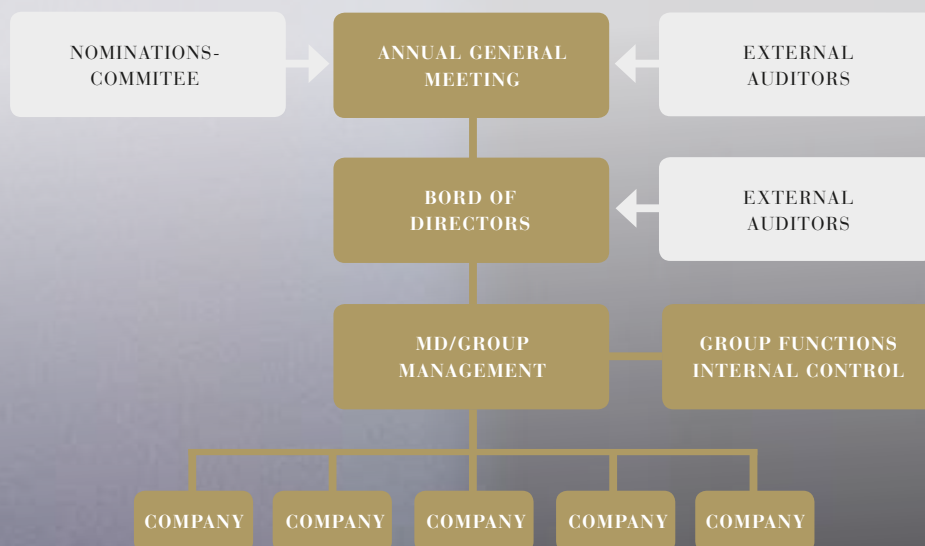
## COTTOVER PUTS CSR ON THE AGENDA

Through our forceful campaign for Cottover we do not only create business but debate and dialogue as well on how products are procured and active choices by end consumers. During Politics Week in Almedalen, Sweden, Hefa was in place with Cottover and showed how messages related to social issues, justice and environment reasonably must be printed on garments that speak the same language.



# CORPORATE GOVERNANCE

New Wave Group applies the relevant rules laid down in the Swedish Code of Corporate Governance (“the Code”) and the Swedish Accounts Legislation. The company’s Board has thus drawn up this corporate governance report. More information about the Code may be found at [www.bolagsstyrningskollegiet.se](http://www.bolagsstyrningskollegiet.se), where there is also a description for foreign investors.





BE YOUR BRAND

Responsibility for management and supervision of the Group is delegated between the shareholders at the Annual General Meeting, the Board and the Managing Director, 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

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At the end of 2015, the company had 11,062 shareholders. The proportion of share capital owned by institutions amounted to approximately 46% of the capital and 13% of the votes. Foreign investors owned approximately 12% of the share capital and 3% of the votes. The 10 largest owners had a total holding corresponding to 69% of the share capital and 92% of the votes. For further information on the owners as at 31 December 2015, please see pages 52 - 53.

## ANNUAL GENERAL MEETING

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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 Managing Director discharge from liability. This is in accordance with New Wave Group's articles of association and Swedish legislation.

## 2015 ANNUAL GENERAL MEETING

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The AGM for shareholders of New Wave Group was held on 4 May 2015 in Kosta. Anders Dahlvig 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 1.00 per share to take place for the 2014 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 is to amount to SEK 870,000, of which SEK 290,000 goes to the Chairman of the Board, and SEK 145,000 to each of the other Board members — who are not employed in the Group — elected by the general meeting of shareholders.
- 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 Torsten Jansson, Mats Årjes, Christina Bellander, Helle Kruse Nielsen and M.Johan Widerberg are appointed as Board members (all re-elected)
- that Anders Dahlvig 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 2016
- 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 2015 AGM is available on the website, [www.nwng.se](http://www.nwng.se).

## 2016 ANNUAL GENERAL MEETING

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The annual shareholders meeting will be held on 11 May 2016 at 1 pm in Kosta, Sweden.

## NOMINATION COMMITTEE

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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 2016 AGM, is as follows:

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

As per the Code, the Managing Director 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.

The nomination committee represents around 86% of the votes in New Wave Group as at 31 December 2015. 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 Managing Director and major shareholder of New Wave Group, Torsten Jansson is considered to be dependent on the company and the company management. Anders Dahlvig, Christina Bellander, Helle Kruse Nielsen, 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 56.

## 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 MD, the MD'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 2015, the Board met on twelve 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 Managing Director and is responsible for other Board members receiving the information required to complete the Board's tasks.

| The Board                | Presence | Independent | Remuneration   |
|--------------------------|----------|-------------|----------------|
| Anders Dahlvig, chairman | 11/12    | X           | 290 000        |
| Christina Bellander      | 12/12    | X           | 145 000        |
| Helle Kruse Nielsen      | 11/12    | X           | 145 000        |
| Mats Årjes               | 12/12    | X           | 145 000        |
| M. Johan Widerberg       | 12/12    | X           | 145 000        |
| Torsten Jansson          | 12/12    |             | 0              |
| <b>Total</b>             |          |             | <b>870 000</b> |

## AUDIT COMMITTEE

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There is no specially appointed audit committee as the Board in its entirety handles its control tasks. 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 a personal report of 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 continuous 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.

## REMUNERATION COMMITTEE

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There is no specially appointed remuneration committee to deal with wages, pension benefits, incentives and other employment related conditions for the Managing Director. 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 MD and the Chairman of the Board.

New Wave Group's compensation policy for senior executives:

- Remuneration to the Group Managing Director 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, measureable 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 Board work 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 MD

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

## REMUNERATION TO THE BOARD

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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

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The Group's Board appoints the Managing Director of the parent company, who is also the CEO. The MD 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, Chief Financial Officer, Chief Buying Officer, Deputy Chief Buying Officer, MD of New Wave Group USA Inc, Business Area Manager Corporate Promo, Business Area Manager Sports & Leisure and Business Area 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 57.



## INTERNAL CONTROL & RISK MANAGEMENT RELATING TO THE FINANCIAL REPORTING FOR THE 2015 FINANCIAL YEAR

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### 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 Managing Director 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 45% of the value of the Group's assets
- Intangible assets (goodwill & trademarks), which account for 25% of the value of the Group's assets
- Accounts receivable, which account for around 15% of the value of the Group's assets
- Interest-bearing liabilities, which account for around 38% 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 e.g. 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 regular reviews of the companies' routines and accounting methods, which are reported to Group management. No MD's are 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 comprehensive control-

lerbased organization, which is responsible for ensuring that financial reporting from each unit is correct, complete and on time. New Wave Group has introduced a control system to verify the various processes and to guarantee financial reporting. The controls in respect of the various processes and risk elements are evaluated by means of self-assessment, internal audits, 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, 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 MDs 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. New Wave Group has also set up internal targets for the companies.

## INTERNAL AUDITING

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There is no specially appointed audit committee as the Board in its entirety handles its control tasks. The company has developed control and internal control systems, with business controllers at different levels within the company responsible for following up compliance on a regular basis. The Board's methods of monitoring the company's assessment of the internal control include contact with the company's auditors.

## AUDITOR

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At the AGM, the accountancy firm Ernst & Young AB was appointed as auditor. Stefan Kylebäck is the head auditor and among other public engagements we can mention Kappahl AB, Arcam AB and West International AB. Stefan Kylebäck owns no shares in New Wave Group.

## AUDIT WORK

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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 Managing Director is conducted in accordance with generally accepted auditing standards in Sweden.

## ARTICLES OF ASSOCIATION

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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](http://www.nwg.se).

## POLICY DOCUMENTS

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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.

GÖTEBORG 5 APRIL 2016  
NEW WAVE GROUP AB (PUBL)

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ANDERS DAHLVIG  
*Chairman of the Board*

  
CHRISTINA BELLANDER  
*Member of the Board*

  
HELLE KRUSE NIELSEN  
*Member of the Board*

  
M. JOHAN WIDERBERG  
*Member of the Board*

  
MATS ÅRJES  
*Member of the Board*

  
TORSTEN JANSSON  
*MD and CEO*

**AUDITOR'S REPORT ON THE  
CORPORATE GOVERNANCE  
STATEMENT**

To the annual meeting of the shareholders of New Wave Group AB (publ), corporate identity number 556350 - 0916

It is the board of directors who is responsible for the corporate governance statement for the year 2015 on pages 44 - 51 and that it has been prepared in accordance with the Annual Accounts Act.

We have read the corporate governance statement and based on that reading and our knowledge of the company and the group we believe that we have a sufficient basis for our opinions. This means that our statutory 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.

In our opinion, the corporate governance statement has been prepared and its statutory content is consistent with the annual accounts and the consolidated accounts.

GÖTEBORG, APRIL 5, 2016

ERNST & YOUNG AB

  
STEFAN KYLEBÄCK  
*Authorized Public Accountant*

# THE SHARE

## THE 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 11 062 (10 619) on December 31, 2015. Institutional investors accounted for 46% of the capital and 13% of the votes. At the same time the ten largest shareholders held 69% of the capital and 92% of the votes. Non-Swedish shareholders accounted for 12% of the capital and 3% of the votes.

## NEW WAVE GROUP'S TEN MAJOR SHAREHOLDERS 2015-12-31

| SHAREHOLDER                       | Number of shares  | Number of votes    | Capital %    | Votes %      |
|-----------------------------------|-------------------|--------------------|--------------|--------------|
| Torsten Jansson through companies | 21 044 377        | 198 316 817        | 31.7%        | 81.4%        |
| Lannebo Microcap                  | 7 098 969         | 7 098 969          | 10.7%        | 2.9%         |
| Avanza Pension                    | 4 699 108         | 4 699 108          | 7.1%         | 1.9%         |
| Fjärde AP-Fonden                  | 4 279 737         | 4 279 737          | 6.5%         | 1.8%         |
| Handelsbanken fonder              | 3 140 683         | 3 140 683          | 4.7%         | 1.3%         |
| Svolder AB                        | 1 749 945         | 1 749 945          | 2.6%         | 0.7%         |
| Spiltan                           | 1 285 447         | 1 285 447          | 1.9%         | 0.5%         |
| Nordea fonder                     | 980 969           | 980 969            | 1.5%         | 0.4%         |
| SEB fonder                        | 922 057           | 922 057            | 1.4%         | 0.4%         |
| Nordnet Pensionsförsäkring        | 790 725           | 790 725            | 1.2%         | 0.3%         |
|                                   | <b>45 992 017</b> | <b>223 264 457</b> | <b>69.3%</b> | <b>91.6%</b> |

## SHAREHOLDER DISTRIBUTION IN NEW WAVE GROUP 2015-12-31

|  | Number of shares  | Number of votes    | Capital %      | Votes %       |
|--|-------------------|--------------------|----------------|---------------|
| Sweden                                     | 58 191 069        | 235 560 189        | 87.7%          | 96.7%         |
| Shareholders outside Sweden, excluding USA | 7 165 283         | 7 165 283          | 10.8%          | 2.9%          |
| USA  | 987 191           | 987 191            | 1.5%           | 0.4%          |
| <b>Total</b>                               | <b>66 343 543</b> | <b>243 712 663</b> | <b>100.00%</b> | <b>100.0%</b> |

## SHAREHOLDER STRUCTURE 2015-12-31

| In due order | Number of shareholders | Number of shares  | Share, %      | TSEK             |
|--------------|------------------------|-------------------|---------------|------------------|
| 1-200        | 4 955                  | 406 011           | 0.61          | 14 007           |
| 201-1 000    | 3 784                  | 2 242 426         | 3.38          | 77 364           |
| 1 001-2 000  | 1 078                  | 1 774 537         | 2.67          | 61 222           |
| 2 001-10 000 | 1 015                  | 4 551 690         | 6.86          | 157 033          |
| 10 001-      | 230                    | 57 368 879        | 86.47         | 1 299 311        |
|              | <b>11 062</b>          | <b>66 343 543</b> | <b>100.00</b> | <b>1 608 937</b> |

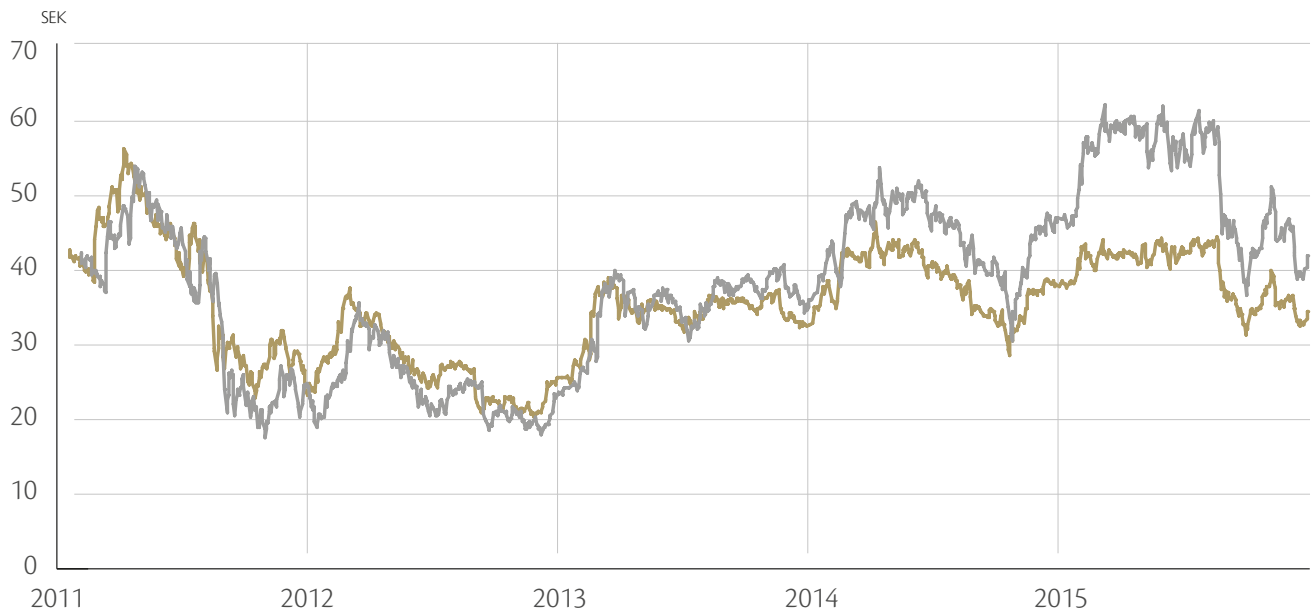
NEW WAVE B  
Listed on  
OMX Stockholm Mid Cap.

SHARE CHART

SHARE DEVELOPMENT IN REFERENCE TO INDEX AND TURNOVER

— The New Wave Group share  
— OMXS 30

Nasdaq OMX



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 <sup>1</sup> | 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 <sup>2</sup> | 11 448                    | 600,00      | 114 480                | 211 448                | 2 114 480                | 10,00      |
|      | Bonus issue                          | 0                         |             | 2 114 480              | 211 448                | 4 228 960                |            |
|      | Split 10:1                           | 1 903 032                 |             |                        | 2 114 480              | 4 228 960                |            |
|      | Directed new issue <sup>3</sup>      | 681 818                   | 110,00      | 1 363 636              | 2 796 298              | 5 592 596                | 2,00       |
| 1998 | Directed new issue <sup>4</sup>      | 201 106                   | 114,40      | 402 212                | 2 997 404              | 5 994 808                | 2,00       |
| 2000 | Directed new issue <sup>5</sup>      | 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 <sup>6</sup>      | 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 <sup>7</sup>      | 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 <sup>8</sup>      | 226 886                   | 88,15       | 1 361 316              | 31 547 334             | 189 284 004              | 6,00       |
| 2005 | Directed new issue <sup>9</sup>      | 96 822                    | 125,00      | 580 932                | 31 644 156             | 189 864 936              | 6,00       |
|      | Directed new issue <sup>10</sup>     | 614 732                   | 52,00       | 3 688 392              | 32 258 888             | 193 553 328              | 6,00       |
|      | Split 2:1                            | 32 258 888                |             |                        | 64 517 776             | 193 553 328              | 3,00       |
| 2006 | Directed new issue <sup>11</sup>     | 1 825 767                 | 29,30       | 5 477 301              | 66 343 543             | 199 030 629              | 3,00       |

<sup>1</sup> New issue addressed to the owners of Licensprint i Orsa AB connected to the purchase of the company. The share premium reserve increased by SEK 886,000.

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

<sup>3</sup> New issue connected to introduction on the Swedish Stock Exchange. Subscription price SEK 110 per share. The share premium reserve increased by SEK 69,089,000.

<sup>4</sup> Non-cash issue connected to the purchase of the Hefra Group. Price of issue SEK 114.40 per share. The share premium reserve increased by SEK 22,604,000.

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

<sup>6</sup> New issue addressed to the owners of Segerkoncernen AB connected to the purchase of the company. The share premium reserve increased by SEK 23,850,000.

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

<sup>8</sup> New issue addressed to the owners of Jobman AB connected to the purchase of the company. The share premium reserve increased by SEK 16,638,684.

<sup>9</sup> New issue addressed to the owners of the Dahetra Group connected to the purchase of the Group. The share premium reserve increased by SEK 11,521,818.

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

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

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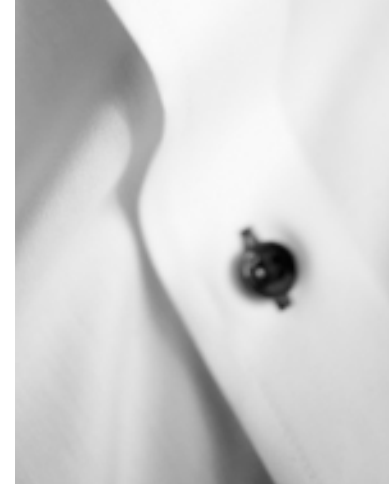
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# THE BOARD OF DIRECTORS

---



**ANDERS DAHLVIG**  
BORN 1957

---

Chairman of the Board since May 2009.  
Former MD and CEO of the IKEA Group  
(April 1999 to September 2009).

Other directorships: Member of the Board of H&M  
Hennes & Mauritz AB, Axel Johnson Aktiebolag,  
Resurs Holding Aktiebolag, Henry Dunkers  
Förvaltningsaktiebolag, Oriflame Cosmetics SA and  
Kingfisher plc.

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



**TORSTEN JANSSON**  
BORN 1962

---

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

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 1 341 697 class B shares.



**CHRISTINA BELLANDER**  
BORN 1955

---

Member of the Board since 2009.

Other directorships: Member of the Board of  
MittMedia AB, Novus Group and Kunskapsskolan  
Education Sweden AB

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



**MATS ÅRJES**  
BORN 1967

---

Member of the Board since 2007. MD 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.



**HELLE KRUSE NIELSEN**  
BORN 1953

---

Member of the Board since 2009.

Other directorships: Member of the Board of  
Lantmännen ek för and Oriflame Cosmetics SA.

Holdings in the company, own and related parties:  
5 000 class B shares.



**M. JOHAN WIDERBERG**  
BORN 1949

---

Member of the Board since 2014.

Has previously held a number of positions within  
Svenska Handelsbanken

Other directorships: Chairman of the Board of AB  
Handel och Industri AB, Member of the Board  
of Thomas Concrete Group AB, Handelsbanken  
Västra Sverige, Stena Metall AB, Stiftelsen Chalmers  
University of Technology, Gothenburg Research  
Institute and SSRS Sjöräddningsällskapet, Member of  
Advisory Board Handelshögskolan i Göteborg  
and Secretary General of Börssällskapet.

Holdings in the company, own and related parties:  
2 000 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

---

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

Holdings in the company, own and related parties:  
19 707 680 class A shares and 1 341 697 class B shares.



**GÖRAN HÄRSTEDT**  
BORN 1965

---

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

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



**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 CLAESSION**  
BORN 1960

---

Chief Buying Officer  
Employed since 2010.

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



**MARK CAO**  
BORN 1963

---

Deputy 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

---

Managing Director 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 and Managing Director  
of New Wave Mode 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  
Employed since 2012.

Holdings in the company, own and related parties:  
50 000 class B shares

# ANNUAL GENERAL MEETING

---

## ANNUAL GENERAL MEETING

The Annual General Meeting (AGM) will take place on Wednesday 11 May 2016 at 1 pm at the Kosta Boda Art Hotel, Stora vägen 75, 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 4 May 2016 and notify the company of their intention to attend the AGM by 4 May 2016 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 4 May 2016. If the power of attorney is issued by a legal entity, a certified copy of the corporate registration certificate and other authorization documents should be sent to the company. Please note that shareholders who are represented by proxy must also give notice of participation as stipulated above. A proxy form is available on the company's website [www.nwg.se](http://www.nwg.se).

## 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 4 May 2016 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)  
Orrekulla Industrigata 61  
425 36 Hisings Kärra  
Sweden  
[bolagsstamma@nwg.se](mailto: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 4 May 2016 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 2015 of SEK 1.00 per share, corresponding to a total of SEK 66,344 thousand. The Board has proposed 13 May 2016 as the record day for the dividend. This record day assumes payment of the dividend from Euroclear Sweden AB on 18 May 2016.

*New*  
—  
G R



*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.*

*NewWave*  
G R O U P

**New Wave Group AB (publ) Company number 556350-0916**

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2015

FINANCIAL  
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*NewWave*  
GROUP



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ANNUAL GENERAL  
MEETING

# NEW WAVE GROUP'S BRANDS

## CORPORATE PROMO



## SPORT & FRITID



## GÅVOR & HEMINREDNING





# BOARD OF DIRECTORS' REPORT

---

The Board of Directors and CEO of New Wave Group AB (publ), 556350-0916, based in Göteborg, hereby submit the financial statements and consolidated financial statements for the financial year 1 January 2015 to 31 December 2015.

## OPERATIONS

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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, Craft, Cutter & Buck, Grizzly, James Harvest Sportswear, Jobman, Kosta Boda, Orrefors, PAX, Projob, Sagaform, Seger and Toppoint.

## 2015 IN SUMMARY

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The year has been marked by increased investments in sales and marketing, as well as measures to improve security of supply. These investments have produced results and our growth in quarters (excluding currency changes) has been between 5 and 10% and our delivery service has improved. In total, the Group's sales increased by 16% (8% excluding currency changes) and amounted to SEK 4,965 million compared to last year's SEK 4,274 million. Most of the investments have been made in the promo sales channel, mainly within the operating segment Corporate Promo but even in Sports & Leisure. The operating segment Corporate Promo increased their sales by 20%. The increase occurs in all regions, but mainly in Sweden, Europe and the USA. Sports & Leisure increased its turnover by 16% which is related to the promo sales channel and positive currency changes. The increase occurs mainly in the American and European markets. Retail decreased slightly. Gifts & Home Furnishings increase turnover by 4%. The increased turnover was mainly in the retail sales channel but also promo had growth. The increase is related to Sweden.

## INCOME STATEMENTS

### Income statements by quarter

| SEK million                           | 2015           | Qtr 4        | Qtr 3        | Qtr 2        | Qtr 1        |
|---------------------------------------|----------------|--------------|--------------|--------------|--------------|
| Income                                | 4 964.7        | 1 405.3      | 1 272.0      | 1 191.3      | 1 096.1      |
| Goods for resale                      | -2 726.1       | -773.5       | -697.8       | -659.1       | -595.7       |
| <b>Gross profit</b>                   | <b>2 238.6</b> | <b>631.8</b> | <b>574.2</b> | <b>532.2</b> | <b>500.4</b> |
| <b>Gross profit in %</b>              | <b>45.1%</b>   | <b>45.0%</b> | <b>45.1%</b> | <b>44.7%</b> | <b>45.7%</b> |
| Other operating income                | 47.2           | 8.0          | 22.1         | 7.8          | 9.3          |
| External costs                        | -1 086.0       | -284.0       | -273.0       | -258.9       | -270.1       |
| Personnel costs                       | -851.6         | -231.5       | -202.8       | -212.0       | -205.3       |
| Depreciation and write-downs          | -57.1          | -14.2        | -13.7        | -14.3        | -14.9        |
| Other operating costs                 | -36.2          | -1.7         | -9.3         | -6.7         | -18.5        |
| Share of associated companies' profit | 0.3            | 0.0          | -1.2         | 0.6          | 0.9          |
| <b>Operating profit</b>               | <b>255.2</b>   | <b>108.4</b> | <b>96.3</b>  | <b>48.7</b>  | <b>1.8</b>   |
| Financial income                      | 7.2            | 0.7          | 1.4          | 3.2          | 1.9          |
| Financial costs                       | -81.5          | -28.6        | -19.0        | -16.9        | -17.0        |
| <b>Profit before tax</b>              | <b>180.9</b>   | <b>80.5</b>  | <b>78.7</b>  | <b>35.0</b>  | <b>-13.3</b> |
| Tax                                   | -35.6          | -17.2        | -13.6        | -7.2         | 2.4          |
| <b>Profit for the period</b>          | <b>145.3</b>   | <b>63.3</b>  | <b>65.1</b>  | <b>27.8</b>  | <b>-10.9</b> |
| <b>Five year summary</b>              | <b>2015</b>    | <b>2014</b>  | <b>2013</b>  | <b>2012</b>  | <b>2011</b>  |
| Income, SEK million                   | 4 964.7        | 4 273.6      | 4 047.4      | 4 280.2      | 4 236.9      |
| EBITDA, SEK million                   | 312.3          | 304.2        | 342.8        | 163.0        | 377.5        |
| Profit before tax, SEK million        | 180.9          | 208.0        | 234.5        | 14.9         | 275.9        |
| Total assets, SEK million             | 5 478.7        | 5 236.6      | 4 221.5      | 4 441.2      | 4 806.4      |
| Total equity, Mkr                     | 2 513.6        | 2 405.1      | 2 102.8      | 1 958.0      | 2 092.8      |
| Average number of employees           | 2 358          | 2 212        | 2 123        | 2 258        | 2 242        |

Of the group's sales channels, promo increased by 23% and retail by 9%.

The gross profit margin decreased slightly and amounted to 45.1 (45.7)%. The decrease is related to changes in the mix of products, customers and regions.

During the year, the group has made significant investments in sales and marketing. It is mainly the increased costs in advertising and marketing that have burdened the result but also personnel costs increased due to new recruitments within sales and customer service. Staff costs will increase even during the coming year, where full cost impact occurs on the appointments made during the year.

Profit for the year decreased by SEK 31.6 million and amounted to SEK 145.3 (176.9) million. The lower profit is primarily related to a lower gross profit margin, higher costs related to the investments made in sales and marketing as well as costs associated with reduced operations in Russia (SEK 16.6 million).

The group increased inventory levels last year and during the beginning of this year and thereby created good sales conditions while at the same time ensuring good delivery reliability. Inventories as of 31 December 2015 amounted to SEK 2,448 (2,162) million and the stock turnover rate amounted to 1.2 (1.3). When inventories reached the desired level, working capital improved, and the group showed a positive cash flow from operations in the fourth quarter as well as for the full year. This year's cash flow from operating activities amounted to SEK 129.5 (-284.2) million.

Our balance sheet remains strong with an equity ratio of 45.9 (45.9)%. Net debt increased by SEK 100 million, of which SEK 54 million was due to the currency exchange when converting into SEK, and as of 31 December 2015, amounted to SEK 1,929 (1,829) million. Net debt to equity ratio and net debt to working capital amounted to 76.8 (76.0)% and 71.7 (71.1)% respectively.

## INCOME

Turnover amounted to SEK 4,965 million which was 16% higher than last year (SEK 4,274 million). Exchange rates have affected positively by SEK 354 million and net sales in local currency increased by 8%.

Corporate Promo increased by 20%, Sports & Leisure by 16% and Gifts & Home Furnishings by 4%.

|                              | 2015           | Share of income | 2014           | Share of income | Change MSEK  | %          |
|------------------------------|----------------|-----------------|----------------|-----------------|--------------|------------|
| Sweden                       | 1 145.6        | 23%             | 1 063.8        | 25%             | 81.8         | 8%         |
| USA                          | 1 389.1        | 28%             | 1 124.2        | 26%             | 264.9        | 24%        |
| Nordic countries excl Sweden | 660.2          | 13%             | 605.6          | 14%             | 54.6         | 9%         |
| Central Europe               | 927.3          | 19%             | 766.4          | 18%             | 160.9        | 21%        |
| Southern Europe              | 471.5          | 10%             | 364.8          | 9%              | 106.7        | 29%        |
| Other countries              | 371.0          | 7%              | 348.8          | 8%              | 22.2         | 6%         |
| <b>Total</b>                 | <b>4 964.7</b> | <b>100%</b>     | <b>4 273.6</b> | <b>100%</b>     | <b>691.1</b> | <b>16%</b> |

The turnover in Sweden increased by 8% compared with last year and the increase occurred in the promo sales channel. In the USA, sales increased by 24%. Sales have been positively affected by the currency exchange when converted into SEK. In local currency, turnover is on par with last year. The rest of the Nordic region grew by 9%, which is related to all countries. Central and Southern Europe has increased its sales by 21% and 29% respectively. The increase is related to the promos sales channel.

## GROSS PROFIT

The gross profit margin amounted to 45.1 (45.7)%. The decrease is related to changes in the mix of products, customers and regions.

## OTHER OPERATING INCOME AND OTHER OPERATING COSTS

Other operating income increased by SEK 19.5 million and amounted to SEK 47.2 (27.7) million. Other operating income is primarily attributable to currency exchange gains but also invoiced expenses and should be compared with the line "Other operating expenses" in which, primarily foreign exchange losses are reported. Other operating expenses increased by SEK 19.7 million and amounted to SEK -36.2 (-16.5) million. The net total of above items amounted to SEK 11.0 (11.2) million.

## COSTS AND DEPRECIATION

External costs increased by SEK 162.5 million and amounted to SEK -1,086.0 (-923.5) million. Personnel costs amounted to SEK -851.6 million which was SEK 115.9 million higher than last year (SEK -735.7 million).

The above cost increases are related to additional sales and marketing activities. In addition to advertising and catalogues, the number of employees increased within sales, customer service and marketing. Costs associated with changed operations in Russia has affected negatively by SEK 8.1 million.

Currency exchange rates negatively affected costs by SEK 153 million.

Depreciation and write-downs amounted to SEK -57.1 (-54.2) million.

## OPERATING MARGIN

The operating margin amounted to 5.1 (5.9)%. The lower margin is related to the aforementioned cost increases associated with increased marketing activities as well as a slightly lower gross profit margin.

## NET FINANCIAL ITEMS AND TAXES

Net financial items amounted to SEK -74.3 (-42.0) million. Finance costs have been affected negatively by SEK 10.3 million with respect to the changed operations in Russia as well as a higher interest expense as a result of higher net debt.

Tax costs in absolute terms amounted to SEK -35.6 (-31.1) million. The higher tax rate for the current year is due to a change in the tax base (mix of countries).

## PROFIT FOR THE YEAR

Profit for the year amounted to SEK 145.3 (176.9) million, of which non-recurring costs associated with reduced operations in Russia affected by SEK -16.6 million. Earnings per share amounted to SEK 2.16 (2.66).



## REPORTING OF OPERATING SEGMENTS

The operating segments are based on the group's operational management. 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 profit (EBITDA).

### CORPORATE PROMO

Turnover increased by 20% to SEK 2,152 (1,788) million and profit (EBITDA) amounted to SEK 166.4 (173.8) million. The higher turnover is due to the increased marketing activities and higher service levels. Growth occurs in all regions. The lower profit is related to the increased investments in marketing and number of employees. The gross profit margin has fallen as a result of changes in the mix of products and customers.

### SPORTS & LEISURE

Turnover increased by 16% compared with last year and amounted to SEK 2,258 (1,952) million. The result (EBITDA) improved by SEK 7.8 million and amounted to SEK 143.1 (135.3) million. Sales are increasing mainly in the USA and Europe as well as in the promo sales channel. Retail sales, however, decreased slightly in the American market. The lower profit is mainly related to higher sales and marketing costs, but even the decision to reduce operations in Russia have affected negatively by SEK 8.1 million.

### GIFTS & HOME FURNISHINGS

Turnover amounted to SEK 554 million which was SEK 21 million higher than last year (SEK 533 million). The result (EBITDA) improved by SEK 7.7 million and amounted to SEK 2.8 (-4.9) million. Sales are mainly increasing in the retail sales channel but are even increasing in promo. It is mainly in the Swedish market that growth has occurred. The improvement in earnings is primarily turnover related but also a slightly higher gross profit has affected positively. The segment also has higher costs for sales and marketing.

### SALES AND RESULT PER OPERATING SEGMENT

#### SEK million

| Corporate Promo                     | 2015           | 2014           |
|-------------------------------------|----------------|----------------|
| Income                              | 2 152.0        | 1 788.2        |
| Result EBITDA                       | 166.4          | 173.8          |
| <b>Sport &amp; Leisure</b>          |                |                |
| Income                              | 2 258.4        | 1 952.5        |
| Result EBITDA                       | 143.1          | 135.3          |
| <b>Gifts &amp; Home furnishings</b> |                |                |
| Income                              | 554.3          | 532.9          |
| Result EBITDA                       | 2.8            | -4.9           |
| <b>Total income</b>                 | <b>4 964.7</b> | <b>4 273.6</b> |
| <b>Total result EBITDA</b>          | <b>312.3</b>   | <b>304.2</b>   |

EBITDA: Operating profit before depreciation



## CAPITAL TIED UP

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The Group began last year to increase their inventories and continued with higher purchases even during the first half of 2015. The increase was mainly related to the promo sales channel and its complementary purchases within its basic range. The higher purchases improved the service level but also relate to new basic collections. Tied-up capital of goods has increased by SEK 286 million and total inventories as of 31 December 2015 amounted to SEK 2,448 (2,162) million. The stock turnover rate is slightly lower than last year because of our inventory build-up and amounted to 1.2 (1.3). The inventory value is expected to increase in the first six months 2016, which is primarily season related but also because of an extended Corporate Promo range.

| SEK million          | 2015-12        | 2014-12        |
|----------------------|----------------|----------------|
| Raw materials        | 28.0           | 20.7           |
| Work in progress     | 5.2            | 2.9            |
| Goods in transit     | 100.9          | 165.6          |
| Merchandise on stock | 2 313.7        | 1 972.9        |
| <b>Total</b>         | <b>2 447.8</b> | <b>2 162.1</b> |

Inventories were written down by SEK 108 (101) million, of which SEK 9 (11) million relates to raw materials. Write-down related to merchandise on stock amounted to 4.1 (4.4)%.

Accounts receivable amounted to SEK 822 (804) million. The increase is turnover related.

## INVESTMENTS, FINANCING AND LIQUIDITY

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Consolidated cash flow from operating activities amounted to SEK 129.5 (-284.2) million. The positive cash flow is mainly related to lower inventory purchases than last year. Over the last year and the beginning of 2015, we expanded our basic range as well as an increase in our supplementary purchases within promo. The net cash investments amounted to SEK -105.5 (-74.3) million. The increase is related to tangible fixed assets.

Net debt increased during the year by SEK 100 million to SEK 1,929 (1,829) million, which is related to our planned build-up of inventories. Exchange rates have increased the debt by SEK 54 million. The rise in our inventory worth means that our net debt relative to equity and working capital has increased somewhat and amounted to 76.8 (76.0)% and 71.7 (71.1)% respectively.

The equity ratio is unchanged compared to last year and as of 31 December amounted to 45.9 (45.9) %.

The Group has a funding agreement which extends up to 31 December 2016. The funding agreement has as of 31 December 2015 a total credit facility amounted to SEK 2,800 million, of which the principal agreement amounts to SEK 2,550 million. The credit facility amount is limited to and dependent on the value of some underlying assets. The principal agreement means that financial



ratios (covenants) must be fulfilled in order to maintain the agreement. Interest is based on each respective currency's base rate and fixed margin. A new funding agreement was signed 10 February 2016, see Subsequent events.

Based on the present forecast, management estimates that the Group will be able to meet these covenants with sufficient margin.

## INTANGIBLE ASSETS AND IMPAIRMENT TESTING

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Assumptions made in the test are the Board's best estimate at this stage of the economic conditions expected to prevail over the projection period. Current market conditions and the economic situation make forecasting for future periods difficult to predict. The first five years 2016–2020 based upon the Board's established internal forecasts and for the subsequent periods an average growth rate of 3% has been used. Sensitivity analyses have been made for all operating segments.

In calculating the present value of expected future cash flows, a weighted average cost of capital (WACC) of 11.2 (11.2)% before taxes is used. Discounted cash flows are compared with book value per cash generating unit / operating segments. Based on the tests and analyses carried out, 2015 years assessment showed that there is no write-down requirement.

### CORPORATE PROMO

The calculation includes the operating segment's cash flow based on internal forecasts. The projections include an annual increase in sales, as well as the fact that capital tied up is expected to increase during the internal forecast period (2016–2020).

### SPORTS & LEISURE

The calculation includes the operating segment's cash flow based on internal forecasts. The projections include an annual increase in sales, as well as the fact that capital tied up is expected to improve somewhat during the internal forecast period (2016–2020).

### GIFTS & HOME FURNISHINGS

The calculation includes the operating segment's cash flow based on internal forecasts. Previous years' actions for improvement in Orrefors Kosta Boda have yielded results. The forecast includes these actions such as margin and earnings improvements, and these should continue to improve. These actions will also provide an improved inventory situation and increase efficiency. During the forecast period (2016–2020) we expect a slightly weaker development next year followed by a gradual improvement during the remaining years.

## PERSONNEL, ORGANISATION AND ALLOWANCES

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The average number of employees as of 31 December 2015 amounted to 2,358 (2,212), of whom 51% were female and 49% were men. Of the total number of employees 577 (541) 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 2015 and up to the annual general meeting 2016, and is even proposed at the annual general meeting May 11, 2016:*

- 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.

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

## RELATED PARTY TRANSACTIONS

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There are lease agreements with affiliates. Affiliates of the Managing Director have bought merchandise and received payments for consulting services performed. In addition there are transactions with related parties with insignificant amounts. All transactions are on market terms. See Group note 17 for further details.

## RISK AND RISK MANAGEMENT

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Considering its international business operations, New Wave Group is continually exposed to various financial risks. The financial risks include foreign exchange, borrowing, and interest rate risks, as well as liquidity and credit risks. In order to mitigate the impact of these risks on profits, the Group has established a finance policy. See Note 16 for a more detailed description of the Group's risk exposure and risk management.

Operational risks are factors which are not directly controllable, such as economic cycles, as well as fashions and foreign exchange fluctuations;

- with regard to the promo sales channel, the collections demand continuity which limits the risk that stock write-downs need to be made. Foreign exchange risk is limited through continual adjustment of price lists. Sales are made to selected retailers thus limiting credit losses.
- with regard to the retail sales channel, the aspect of fashionability is greater. As sales are largely in the form of pre-orders, the obsolescence risk is limited, however. The foreign exchange risk is limited as 50–80% of purchasing expenses are covered in advance.

A significant portion of New Wave Group's sales are made in foreign currency (approx. 77%). The consolidated income statement and

balance sheet are affected by changes in exchange rates. The risks identified are transaction and translation risks. A change in exchange rates of one percent would have an impact on sales of SEK 37 million, based on sales in 2015.

The Group's total comprehensive Income is affected by translation differences. These arise upon consolidation of the equity when converting into SEK. This conversion had a positive impact of SEK 28 million in 2015.

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.

## ENVIRONMENT

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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 section Environment & Ethics on pages 38–43.

## PARENT COMPANY

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Total income amounted to SEK 122.6 (104.9) million. Profit before appropriations and tax amounted to SEK -39.6 (216.2) million. The

result was negatively affected by SEK 93.2 million in relation to the write-down of financial assets. This is attributable to the capital injection to a subsidiary to cover losses. This capital injection is not considered to add any further value to the subsidiary and therefore has burdened the result. Net borrowing amounted to SEK 1,871 (1,740) million, of which SEK 1,623 (1,513) million relates to the financing of subsidiaries. Net investments amounted to SEK -22.8 (-33.3) million. Total assets amounted to SEK 3,651 (3,360) million and shareholders' equity, including 78% of untaxed reserves amounted to SEK 1,215 (1,319) million.

## NEW WAVE'S SHARE

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

The election of Board members takes place at the AGM.

Through companies, Torsten Jansson owns 31.7% of the capital and 81.4% 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 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 52–53.

## GROWTH TARGETS AND DIVIDEND POLICY

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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.

## SUBSEQUENT EVENTS

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The Group has signed a new financing agreement. Total credit facility amounting to SEK 2,835 million of which 2,450 runs for three years and USD 45 million has a term of eight years. The agreement otherwise means that interest rates and financial ratios (covenants) are unchanged, and in accordance with previous agreements.

## IN GENERAL

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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

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THE FOLLOWING IS AT THE DISPOSAL OF THE ANNUAL GENERAL MEETING:

|                       |                    |
|-----------------------|--------------------|
| <b>SEK</b>            |                    |
| Retained profits      | 748 707 276        |
| Share premium reserve | 48 017 672         |
| Result for the year   | -30 639 196        |
| <b>Total:</b>         | <b>766 085 752</b> |

The Board proposes a dividend of SEK 1.00 (1.00) per share, corresponding to SEK 66 343 543, and that retained profits together with the result for the year, in total SEK 651 724 537, is carried forward. The Board's objective is that dividend to shareholders should equate to 40% of the Group's profit over one business cycle.

The Board of Directors' statement regarding distribution of profits.

## JUSTIFICATION

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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 46% 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

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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, LIQUIDITY & OVERALL POSITION

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### 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 5.5% of the Company's equity and 2.6% of consolidated equity. The objective stated with regard to the Group's capital structure for an equity/

assets 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.

GÖTEBORG 5 APRIL 2016  
NEW WAVE GROUP AB (PUBL)



ANDERS DAHLVIG  
*Chairman of the Board*



CHRISTINA BELLANDER  
*Member of the Board*




HELLE KRUSE NIELSEN  
*Member of the Board*



M. JOHAN WIDERBERG  
*Member of the Board*



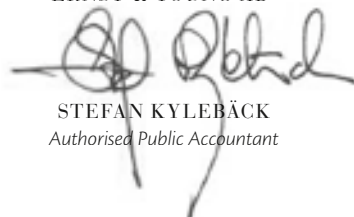
MATS ÅRJES  
*Member of the Board*



TORSTEN JANSSON  
*MD and CEO*

OUR AUDITOR'S REPORT HAS BEEN GIVEN ON 5 APRIL 2016

ERNST & YOUNG AB



STEFAN KYLEBÄCK  
*Authorised Public Accountant*

## CONSOLIDATED INCOME STATEMENT

1 JANUARY – 31 DECEMBER

| SEK million  | Note  | 2015           | 2014           |
|--|-------|----------------|----------------|
| Income   | 3, 17 | 4 964.7        | 4 273.6        |
| Goods for resale   |       | -2 726.1       | -2 321.0       |
| <b>Gross profit</b>  |       | <b>2 238.6</b> | <b>1 952.6</b> |
| Other operating income   | 4     | 47.2           | 27.7           |
| External costs   | 6, 17 | -1 086.0       | -923.5         |
| Personnel costs  | 5, 6  | -851.6         | -735.7         |
| Depreciation and write downs of tangible and intangible fixed assets | 7, 8  | -57.1          | -54.2          |
| Other operating costs  |       | -36.2          | -16.5          |
| Share of associated companies' result                                |       | 0.3            | -0.4           |
| <b>Operating profit</b>  | 9     | <b>255.2</b>   | <b>250.0</b>   |
| Financial income   |       | 7.2            | 4.9            |
| Financial costs  |       | -81.5          | -46.9          |
| <b>Net financial items</b>   | 10    | <b>-74.3</b>   | <b>-42.0</b>   |
| <b>Profit before tax</b>   |       | <b>180.9</b>   | <b>208.0</b>   |
| Tax on net profit for the year                                       | 11    | -35.6          | -31.1          |
| <b>Profit for the year</b>   |       | <b>145.3</b>   | <b>176.9</b>   |
| <i>Other comprehensive income:</i>                                   |       |                |                |
| <b>Items that can be reclassified into profit or loss</b>            |       |                |                |
| Translation differences  |       | 28.1           | 198.2          |
| Cash flow hedge  |       | -0.1           | 1.3            |
| <b>Sum</b>   |       | <b>28.0</b>    | <b>199.5</b>   |
| Income tax related to components of other comprehensive income       |       | 0.0            | -0.3           |
| <i>Total other comprehensive income net after tax for the year</i>   |       | 28.0           | 199.2          |
| <b>Total comprehensive income for the year</b>                       |       | <b>173.3</b>   | <b>376.1</b>   |
| <b>Profit for the year attributable to:</b>                          |       |                |                |
| Shareholders of the parent company                                   |       | 143.6          | 176.2          |
| Non-controlling interest   |       | 1.7            | 0.7            |
|  |       | <b>145.3</b>   | <b>176.9</b>   |
| <b>Total comprehensive income attributable to:</b>                   |       |                |                |
| Shareholders of the parent company                                   |       | 171.4          | 373.9          |
| Non-controlling interest   |       | 1.9            | 2.2            |
|  |       | <b>173.3</b>   | <b>376.1</b>   |
| Earnings per share (SEK)   |       | 2.16           | 2.66           |
| The average number of outstanding shares                             |       | 66 343 543     | 66 343 543     |

# CONSOLIDATED CASH FLOW STATEMENT

1 JANUARY – 31 DECEMBER

| SEK million  | Note | 2015          | 2014          |
|--|------|---------------|---------------|
| <b>Current operation</b>   |      |               |               |
| Operating profit   |      | 255.3         | 250.0         |
| Adjustment for items not included in cash flow                             | 28   | 67.7          | 71.8          |
| Received interest  |      | 5.4           | 4.9           |
| Paid interest  |      | -68.4         | -46.9         |
| Paid income tax  |      | -50.2         | -25.9         |
| <b>Cash flow from current operations before changes in working capital</b> |      | <b>209.8</b>  | <b>253.9</b>  |
| <b>Cash flow from changes in working capital</b>                           |      |               |               |
| Increase/decrease in stock   |      | -245.6        | -573.1        |
| Increase/decrease of current receivables                                   |      | 74.5          | -20.6         |
| Increase/decrease of current liabilities                                   |      | 90.8          | 55.6          |
| <b>Cash flow from operations</b>   |      | <b>129.5</b>  | <b>-284.2</b> |
| <b>Investing activities</b>  |      |               |               |
| Investments in tangible fixed assets                                       |      | -108.7        | -48.4         |
| Sales of tangible fixed assets   |      | 1.9           | 2.3           |
| Investments in intangible fixed assets                                     |      | -4.4          | -21.4         |
| Acquisition of subsidiaries  | 29   | -1.7          | -5.4          |
| Repayment of purchase amount   |      | 0.0           | 0.1           |
| Sales of subsidiaries  | 29   | 7.4           | 0.0           |
| Acquisition of financial fixed assets                                      |      | 0.0           | -1.5          |
| <b>Cash flow from investing activities</b>                                 |      | <b>-105.5</b> | <b>-74.3</b>  |
| <b>Cash flow after investing activities</b>                                |      | <b>24.0</b>   | <b>-358.5</b> |
| <b>Financing activities</b>  |      |               |               |
| Loan raised  |      | 0.0           | 430.9         |
| Raised long-term receivables   |      | -1.0          | 0.0           |
| Repayment of long-term receivables   |      | 0.0           | 3.7           |
| Amortization of loan   |      | -10.0         | 0.0           |
| Dividend paid to non-controlling interest                                  |      | -1.0          | 0.0           |
| Dividends paid to the shareholders of the parent company                   |      | -66.3         | -66.3         |
| <b>Cash flow from financing activities</b>                                 |      | <b>-78.3</b>  | <b>368.3</b>  |
| <b>Cash flow for the year</b>  |      | <b>-54.3</b>  | <b>9.8</b>    |
| Liquid assets at the beginning of the year                                 |      | 216.0         | 185.1         |
| Translation differences in liquid assets                                   |      | 3.8           | 21.1          |
| <b>Liquid assets at year-end</b>   |      | <b>165.5</b>  | <b>216.0</b>  |

The above items have been classified as liquid assets on the basis that:

- they comprise cash
- they have an insignificant risk of exchange rate fluctuations

## CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER

| SEK million  | Note       | 2015           | 2014           |
|--|------------|----------------|----------------|
| <b>ASSETS</b>  |            |                |                |
| Intangible fixed assets  | 7          | 1 387.4        | 1 342.9        |
| Tangible fixed assets  | 8          | 361.9          | 307.5          |
| Shares in associated companies                                       | 12         | 52.5           | 64.2           |
| Long-term receivables  | 13         | 8.8            | 20.7           |
| Deferred tax assets  | 14         | 112.2          | 102.5          |
| <b>Total fixed assets</b>  |            | <b>1 922.8</b> | <b>1 837.8</b> |
| Stock  | 15         | 2 447.8        | 2 162.1        |
| Tax receivables  |            | 12.7           | 22.9           |
| Accounts receivables   | 16, 17     | 821.5          | 804.2          |
| Prepaid expenses and accrued income                                  | 18         | 69.3           | 67.1           |
| Other receivables  | 19         | 39.1           | 126.5          |
| Liquid assets  | 20         | 165.5          | 216.0          |
| <b>Total current assets</b>  |            | <b>3 555.9</b> | <b>3 398.8</b> |
| <b>TOTAL ASSETS</b>  | 21         | <b>5 478.7</b> | <b>5 236.6</b> |
| <b>EQUITY</b>  |            |                |                |
|  | <b>30</b>  |                |                |
| Share capital  |            | 199.1          | 199.1          |
| Other capital contributions  |            | 219.4          | 219.4          |
| Reserves   |            | 244.1          | 217.6          |
| Retained earnings including net profit for the year                  |            | 1 829.0        | 1 750.4        |
| <b>Equity attributable to the shareholders of the parent company</b> |            | <b>2 491.6</b> | <b>2 386.5</b> |
| Non-controlling interest   |            | 22.0           | 18.6           |
| <b>Total equity</b>  |            | <b>2 513.6</b> | <b>2 405.1</b> |
| <b>LIABILITIES</b>   |            |                |                |
| Long-term interest-bearing liabilities                               | 20, 22, 23 | 1 805.2        | 1 961.1        |
| Pension provisions   |            | 13.5           | 12.9           |
| Other provisions   | 24         | 6.4            | 13.1           |
| Deferred tax liabilities   | 14         | 150.8          | 148.9          |
| <b>Total non-current liabilities</b>                                 |            | <b>1 975.9</b> | <b>2 136.0</b> |
| Short-term interest-bearing liabilities                              | 20, 22, 23 | 289.4          | 83.7           |
| Accounts payable   | 17         | 368.6          | 323.9          |
| Current tax liabilities  |            | 11.8           | 26.9           |
| Other liabilities  | 25         | 125.2          | 81.0           |
| Accrued expenses and prepaid income                                  | 26         | 194.2          | 180.0          |
| <b>Total current liabilities</b>                                     |            | <b>989.2</b>   | <b>695.5</b>   |
| <b>Total liabilities</b>   | 21         | <b>2 965.1</b> | <b>2 831.5</b> |
| <b>TOTAL EQUITY AND LIABILITIES</b>                                  |            | <b>5 478.7</b> | <b>5 236.6</b> |
| <b>Memorandum items</b>  |            |                |                |
| Pledged assets   | 23         | 3 460.8        | 3 962.9        |
| Contingent liabilities   | 27         | 23.8           | 24.8           |

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| SEK million  | Share capital | Other capital contributions | Reserves     | Retained earnings including net profit for the year | Total          | Non-controlling interest | Total equity   |
|--|---------------|-----------------------------|--------------|---|----------------|--------------------------|----------------|
| <b>Opening balance 2014-01-01</b>                              | <b>199.1</b>  | <b>219.4</b>                | <b>20.0</b>  | <b>1 640.4</b>                                      | <b>2 078.9</b> | <b>23.9</b>              | <b>2 102.8</b> |
| Profit for the year  |               |                             |              | 176.2   | 176.2          | 0.7                      | 176.9          |
| <b>Other comprehensive income</b>                              |               |                             |              |   |                |                          |                |
| Translation differences  |               |                             | 196.7        |   | 196.7          | 1.5                      | 198.2          |
| Cash flow hedge  |               |                             | 1.3          |   | 1.3            |                          | 1.3            |
| Reclassification of previous year's cash flow hedge            |               |                             | -0.1         | 0.1   | 0.0            |                          | 0.0            |
| Income tax related to components of other comprehensive income |               |                             | -0.3         |   | -0.3           |                          | -0.3           |
| <b>Transactions with shareholders</b>                          |               |                             |              |   |                |                          |                |
| Dividends to shareholders of the parent company                |               |                             |              | -66.3   | -66.3          |                          | -66.3          |
| Change in non-controlling interest                             |               |                             |              | 0.0   | 0.0            | -7.5*                    | -7.5           |
| <b>Closing balance 2014-12-31</b>                              | <b>199.1</b>  | <b>219.4</b>                | <b>217.6</b> | <b>1 750.4</b>                                      | <b>2 386.5</b> | <b>18.6</b>              | <b>2 405.1</b> |

| SEK million  | Share capital | capital contributions | Reserves     | including net profit for the year | Total          | Non-controlling interest | Total equity   |
|--|---------------|-----------------------|--------------|-----------------------------------|----------------|--------------------------|----------------|
| <b>Opening balance 2015-01-01</b>                              | <b>199.1</b>  | <b>219.4</b>          | <b>217.6</b> | <b>1 750.4</b>                    | <b>2 386.5</b> | <b>18.6</b>              | <b>2 405.1</b> |
| Profit for the year  |               |                       |              | 143.6                             | 143.6          | 1.7                      | 145.3          |
| <b>Other comprehensive income</b>                              |               |                       |              |                                   |                |                          |                |
| Translation differences  |               |                       | 27.9         |                                   | 27.9           | 0.2                      | 28.1           |
| Cash flow hedge  |               |                       | -0.1         |                                   | -0.1           |                          | -0.1           |
| Reclassification of previous year's cash flow hedge            |               |                       | -1.3         | 1.3                               | 0.0            |                          | 0.0            |
| Income tax related to components of other comprehensive income |               |                       | 0.0          |                                   | 0.0            |                          | 0.0            |
| <b>Transactions with shareholders</b>                          |               |                       |              |                                   |                |                          |                |
| Dividends to shareholders of the parent company                |               |                       |              | -66.3                             | -66.3          |                          | -66.3          |
| Dividends to non-controlling interest                          |               |                       |              |                                   |                | -1.0                     | -1.0           |
| Change in non-controlling interest                             |               |                       |              | 0.0                               | 0.0            | 2.5**                    | 2.5            |
| <b>Closing balance 2015-12-31</b>                              | <b>199.1</b>  | <b>219.4</b>          | <b>244.1</b> | <b>1 829.0</b>                    | <b>2 491.6</b> | <b>22.0</b>              | <b>2 513.6</b> |

| Accumulated translation differences in equity                    | 2015         | 2014         | 2013        | 2012        |
|--|--------------|--------------|-------------|-------------|
| Accumulated translation differences at the beginning of the year | 221.5        | 23.3         | -0.6        | 69.9        |
| Translation differences in foreign subsidiaries for the year     | 28.1         | 198.2        | 23.9        | -70.5       |
| <b>Accumulated translation differences at year-end</b>           | <b>249.6</b> | <b>221.5</b> | <b>23.3</b> | <b>-0.6</b> |

\* Refers to the acquisition of the remaining shares in Texet Poland Sp. z o.o.

\*\* Non-controlling interest in Termo Original Sweden AB which was acquired in 2015

THE GROUP





## 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 for application in the EU. 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**

None of the amendments and interpretations of existing standards that must be applied from the financial year beginning on 1 January

2015 have any impact on the Group's or parent company's financial reports.

**PUBLISHED AND AMENDED IFRS NOT YET IN FORCE**

A number of new and amended IFRSs have not yet entered into force and have not been applied in advance during the preparation of the Group's and parent company's financial reports. Below is a description of the IFRSs that may impact the Group's or parent company's financial reports. None of the other new standards, amended standards or IFRIC interpretations that were published on 31 December 2015 are expected to have any impact on the Group's or parent company's financial reports.

**IFRS 9 Financial Instruments**

IFRS 9 covers the recognition of financial assets and liabilities and replaces IAS 39 Financial Instruments: Recognition and Measurement. As with IAS 39, financial assets are classified in different categories, of which some are valued at the accrued acquisition value and others at fair value. IFRS 9 introduces other categories than those in IAS 39. IFRS 9 also introduces a new model for impairment of financial assets. The aim with this new model is, among other things, to recognise credit losses earlier than under IAS 39. For financial liabilities, IFRS 9 largely agrees with IAS 39. For liabilities recognised at fair value, the proportion of the change in fair value attributable to own credit risk must be recognised in other comprehensive income instead of profit/loss, provided that this does not cause inconsistencies in the financial statements. Amended criteria for hedge accounting may result in more financial hedging strategies fulfilling the requirements for hedge accounting in accordance with IFRS 9 than with IAS 39.

IFRS 9 Financial Instruments enters into force on 1 January 2018. However, the EU has not yet approved the standard. No decision has been made on when the standard will be applied by the Group and parent company.

During the coming year, an investigation will begin to investigate how IFRS 9 will impact the financial reports for the Group and parent company.

**IFRS 15 Revenue from Contracts with Customers**

IFRS 15 replaces all previously published standards and interpretations relating to income with a consolidated model for income recognition. The standard builds on the principle that income must be recognised when a promised good or service is transferred to the customer, i.e. when the customer takes control of it. This may happen over a period of time or at a specific point in time.

IFRS 15 enters into force on 1 January 2018. The EU has not yet approved the standard, and no decision has been made on when or how the standard will be applied.

During the coming year, an investigation will begin to investigate how IFRS 15 will impact the financial reports for the Group and parent company.

**IFRS 16 Leases**

IFRS 16 replaces IAS 17 from 1 January 2019. So far, there is no information on when the EU will approve the standard and therefore no decision exists on when or how the standard will be applied. An assessment into the effects of the standard has not yet begun.

**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.

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. Cost 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. 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.

Goodwill arises upon acquisition and consists of the difference between the transferred consideration of the acquisition and the fair values of the identified acquired net assets. The value of goodwill is tested annually or if there are indications of impairment. Goodwill is stated at cost less accumulated impairment losses. Goodwill is allocated to the cash-generating units identified by the Company.

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 interests in the profit or loss of associated companies are included in reported profit/loss. Interests in associated companies recognised at cost after adjustments for the share of the profit or loss after the acquisition date are accounted for in the consolidated balance sheet.

#### RECOGNITION OF INCOME

Income is stated at the fair value of what has been received or will be received after deducting for value-added tax, discounts and returns. Income is recognised when it is deemed likely that payment will be received and the income can be reliably measured, i. e. when all risks and benefits have been transferred from the seller to the buyer. 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.

Internally generated intangible assets, excluding goodwill, are recognised only if it is likely that the asset will generate future economic benefits and the cost 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. In most cases expenditure on develop-

ment is therefore charged to expense as incurred. The Company does not conduct any research activities in the strict sense.

Intangible assets are stated at cost and amortised over their useful lives, which can be indefinite or determinable. 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.

|                               |         |
|-------------------------------|---------|
| Computers and software        | 15–33 % |
| Buildings                     | 2–4 %   |
| Other machinery and equipment | 10–20 % |
| Other intangible fixed assets | 5–10 %  |

## 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 because 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. Certain assets, such as goodwill, have no fair value less selling expenses, which means that it is demonstrably necessary to instead calculate the value in use for the cash-generating unit to which the asset has been allocated. If the allocation of goodwill cannot be completed before the end of the year in which the acquisition took place the initial allocation must be confirmed before the end of the financial year after the year in which the acquisition took place. Unallocated goodwill must be indicated along with an explanation for why the amount has not been allocated. 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 7 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. Capitalisation of the provision is recognised in the balance sheet.

A transfer to the restructuring reserve is accounted for in the period in which the Group becomes legally or constructively committed to the plan and the counterparties have a valid expectation created by past practice. A provision is recognised only in respect of expenditure that is incurred as a direct result of the restructuring and that is a result of remaining contractual obligations without lasting economic benefits or that refers to a penalty incurred on account of terminating the obligation.

## 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 16 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 amortized 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. If a loan receivable is deemed to be impossible to recover, 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 is accounted for as financial income.

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.

Receivables are assessed individually and recognised at the amounts at which they are expected to be received. Trade receivables are carried at the amounts that are expected to be realised. The expected maturity of a trade receivable is short, and the value is therefore recognised at the nominal amount with no discount. Impairment of trade receivables is recognised in operating expenses. Information on impairment losses for the year is provided in Note 16, Financial instruments and financial risk management. Interest income relating to trade receivables are accounted for as financial income.

#### LIQUID ASSETS

Liquid assets comprise liquid bank deposits and available cash assets as well as short-term bank deposits with a duration of three months or less.

#### 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 16, 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 which is 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 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. The cumulative change in value of such derivatives is reversed through profit/loss for the year in the period in which the hedged item affects the items in the income statement.

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 16, 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 INCOME TAX

Deferred tax is recognised at the balance sheet date in accordance with the balance sheet method for temporary differences between the carrying amounts and tax bases of assets and

liabilities. Deferred tax liabilities are accounted for all taxable temporary differences. Except 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). Normally deductible temporary differences are recorded when related to investments in subsidiaries, associates, and joint ventures except for cases in which the time frame for reversal of the temporary difference can be controlled and it is likely that the temporary difference will not be reversed in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, including tax losses 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 legisla-

tion) 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. Alecta's collective funding ratio at year-end was 153 (143)%. Collective funding ratio is defined as the difference between the assets and insurance obligations calculated in accordance with Alecta's actuarial assumptions, which do not comply with IFRS. See also UFR 10. The Group's contributions to defined contribution pension plans are charged to the income statement in the year to which they are attributable.

## 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. The recoverable amount 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 7 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 7.

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 7.

#### 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 require the recognition of 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 20 % 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 AT FAIR VALUE

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 or the Black & Scholes model. 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 tax losses. 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 14 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 16, Financial instruments and financial risk management.

## 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 profit/loss (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. New Wave Group has chosen to present the profit for the operating segments as EBITDA (Earning Before Interest, Tax, Depreciation and Amortisation), which means operating profit/loss adjusted for depreciation of fixed assets. 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         |                | Operating profit/<br>loss, EBITDA |              | Assets         |                | Fixed assets * |                | Deferred<br>tax assets |              |
|--------------------------|----------------|----------------|-----------------------------------|--------------|----------------|----------------|----------------|----------------|------------------------|--------------|
|                          | 2015           | 2014           | 2015                              | 2014         | 2015           | 2014           | 2015           | 2014           | 2015                   | 2014         |
| Corporate Promo          | 2 152.0        | 1 788.2        | 166.4                             | 173.8        | 2 925.1        | 2 746.6        | 624.4          | 602.9          | 29.9                   | 26.6         |
| Sports & Leisure         | 2 258.4        | 1 952.5        | 143.1                             | 135.3        | 2 069.9        | 2 060.6        | 955.0          | 901.8          | 50.8                   | 42.7         |
| Gifts & Home Furnishings | 554.3          | 532.9          | 2.8                               | -4.9         | 483.7          | 429.4          | 169.9          | 145.7          | 31.5                   | 33.2         |
| <b>Total</b>             | <b>4 964.7</b> | <b>4 273.6</b> | <b>312.3</b>                      | <b>304.2</b> | <b>5 478.7</b> | <b>5 236.6</b> | <b>1 749.3</b> | <b>1 650.4</b> | <b>112.2</b>           | <b>102.5</b> |

|                             |              |              |
|-----------------------------|--------------|--------------|
| <b>Total EBITDA results</b> | <b>312,3</b> | <b>304,2</b> |
| Depreciation                | -57.1        | -54.2        |
| Net financial items         | -74.3        | -42.0        |
| <b>Profit before tax</b>    | <b>180.9</b> | <b>208.0</b> |

| SEK million              | Investments   |              | Depreciation<br>and write-downs |              | Liabilities    |                |
|--------------------------|---------------|--------------|---------------------------------|--------------|----------------|----------------|
|                          | 2015          | 2014         | 2015                            | 2014         | 2015           | 2014           |
| Corporate Promo          | -46.4         | -50.8        | -27.9                           | -27.2        | 2 081.2        | 2 014.5        |
| Sports & Leisure         | -39.0         | -18.2        | -25.1                           | -23.2        | 601.2          | 629.0          |
| Gifts & Home Furnishings | -21.6         | -7.8         | -4.1                            | -3.8         | 282.7          | 188.0          |
| <b>Total</b>             | <b>-107.0</b> | <b>-76.8</b> | <b>-57.1</b>                    | <b>-54.2</b> | <b>2 965.1</b> | <b>2 831.5</b> |

### Geographic areas

| SEK million                  | Income         |                | Fixed assets * |                | Deferred<br>tax assets |              |
|------------------------------|----------------|----------------|----------------|----------------|------------------------|--------------|
|                              | 2015           | 2014           | 2015           | 2014           | 2015                   | 2014         |
| Sweden                       | 1 145.6        | 1 063.8        | 458.0          | 433.5          | 20.5                   | 19.7         |
| USA                          | 1 389.1        | 1 124.2        | 902.1          | 838.7          | 63.5                   | 56.9         |
| Nordic countries excl Sweden | 660.2          | 605.6          | 28.4           | 22.1           | 11.0                   | 10.2         |
| Central Europe               | 927.3          | 766.4          | 195.8          | 193.4          | 11.4                   | 10.5         |
| Southern Europe              | 471.5          | 364.8          | 157.1          | 144.4          | 3.0                    | 2.4          |
| Other countries              | 371.0          | 348.8          | 7.9            | 18.3           | 2.8                    | 2.8          |
| <b>Total</b>                 | <b>4 964.7</b> | <b>4 273.6</b> | <b>1 749.3</b> | <b>1 650.4</b> | <b>112.2</b>           | <b>102.5</b> |

Income is based on where the income is earned. 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         | 2015        | 2014        |
|---------------------|-------------|-------------|
| Exchange rate gains | 23.0        | 15.9        |
| Capital gains       | 0.3         | 0.5         |
| Other income        | 23.9        | 11.3        |
| <b>Total</b>        | <b>47.2</b> | <b>27.7</b> |

NOTE 5 AVERAGE NUMBER OF EMPLOYEES

|  | 2015                |              | 2014                |              |           |           |
|--|---------------------|--------------|---------------------|--------------|-----------|-----------|
|  | Number of employees | Of which men | Number of employees | Of which men |           |           |
| <b>Parent company</b>                                |                     |              |                     |              |           |           |
| Göteborg   | 30                  | 19           | 37                  | 27           |           |           |
| <b>Total parent company</b>                          | <b>30</b>           | <b>19</b>    | <b>37</b>           | <b>27</b>    |           |           |
| <b>Employees in Sweden</b>                           |                     |              |                     |              |           |           |
| Borås  | 125                 | 62           | 122                 | 58           |           |           |
| Göteborg   | 19                  | 14           | 28                  | 22           |           |           |
| Mark   | 3                   | 2            | 0                   | 0            |           |           |
| Munkedal   | 113                 | 61           | 102                 | 50           |           |           |
| Lessebo  | 273                 | 145          | 244                 | 129          |           |           |
| Stenungsund  | 5                   | 4            | 0                   | 0            |           |           |
| Stockholm  | 47                  | 29           | 46                  | 29           |           |           |
| Ulricehamn   | 44                  | 21           | 43                  | 22           |           |           |
| Örebro   | 11                  | 4            | 11                  | 4            |           |           |
| <b>Total employees in Sweden</b>                     | <b>640</b>          | <b>342</b>   | <b>596</b>          | <b>314</b>   |           |           |
| <b>Employees abroad</b>                              |                     |              |                     |              |           |           |
| Bangladesh   | 35                  | 34           | 36                  | 35           |           |           |
| Belgium  | 44                  | 25           | 41                  | 22           |           |           |
| Denmark  | 76                  | 34           | 73                  | 26           |           |           |
| England  | 7                   | 3            | 7                   | 3            |           |           |
| Finland  | 50                  | 30           | 40                  | 26           |           |           |
| France   | 14                  | 10           | 15                  | 11           |           |           |
| The Netherlands                                      | 181                 | 105          | 158                 | 107          |           |           |
| Hong Kong  | 4                   | 2            | 4                   | 2            |           |           |
| India  | 17                  | 15           | 19                  | 16           |           |           |
| Italy  | 49                  | 32           | 48                  | 31           |           |           |
| Canada   | 100                 | 43           | 82                  | 39           |           |           |
| China  | 168                 | 66           | 162                 | 62           |           |           |
| Norway   | 79                  | 44           | 73                  | 40           |           |           |
| Poland   | 103                 | 27           | 88                  | 26           |           |           |
| Switzerland  | 31                  | 20           | 29                  | 19           |           |           |
| Spain  | 20                  | 13           | 19                  | 12           |           |           |
| Taiwan   | 3                   | 0            | 3                   | 0            |           |           |
| Germany  | 46                  | 32           | 42                  | 30           |           |           |
| USA  | 592                 | 233          | 574                 | 220          |           |           |
| Vietnam  | 27                  | 13           | 29                  | 13           |           |           |
| Wales  | 27                  | 13           | 24                  | 10           |           |           |
| Austria  | 15                  | 9            | 13                  | 8            |           |           |
| <b>Total employees abroad</b>                        | <b>1 688</b>        | <b>803</b>   | <b>1 579</b>        | <b>758</b>   |           |           |
| <b>Group total</b>                                   | <b>2 358</b>        | <b>1 164</b> | <b>2 212</b>        | <b>1 099</b> |           |           |
| <b>Gender distribution within company management</b> |                     |              |                     |              |           |           |
|  | 2015                |              |                     | 2014         |           |           |
|  | Women               | Men          | Total               | Women        | Men       | Total     |
| Board of Directors                                   | 2                   | 4            | 6                   | 2            | 4         | 6         |
| Group Management                                     | 0                   | 9            | 9                   | 0            | 10        | 10        |
| <b>Total</b>   | <b>2</b>            | <b>13</b>    | <b>15</b>           | <b>2</b>     | <b>14</b> | <b>16</b> |



NOTE 6 SALARIES, OTHER REMUNERATION AND SOCIAL SECURITY COSTS

| SEK million                                  | 2015<br>Salaries and<br>other<br>remuneration | Social<br>security<br>costs | Of which<br>pension<br>costs | 2014<br>Salaries and<br>other<br>remuneration | Social<br>security<br>costs | Of which<br>pension<br>costs |
|--|---|-----------------------------|------------------------------|---|-----------------------------|------------------------------|
| Parent company                               | 16.9  | 8.3                         | 2.4                          | 16.8  | 7.8                         | 2.3                          |
| Subsidiaries in Sweden                       | 234.4   | 93.4                        | 15.6                         | 221.3   | 83.1                        | 13.1                         |
| Subsidiaries abroad                          | 565.2   | 109.6                       | 16.2                         | 462.8   | 92.3                        | 12.5                         |
| <b>Group total</b>                           | <b>816.5</b>                                  | <b>211.3</b>                | <b>34.2</b>                  | <b>700.9</b>                                  | <b>183.2</b>                | <b>27.9</b>                  |
| Of which purchasing and production personnel | 165.9   | 39.8                        | 3.4                          | 129.2   | 32.3                        | 3                            |

Of the parent company's pension costs, SEK 0.4 million (SEK 0.4 million) concerns the corporate Board and the Managing Director.  
Of the Group's pension costs, SEK 3.6 million (SEK 3.1 million) concerns the corporate Board and Managing Director.

Salaries and other remuneration divided by country and between board members and Managing Directors and other employees

| SEK million                      | 2015<br>Board<br>and MD | Of which<br>bonus | Other<br>employees | 2014<br>Board<br>and MD | Of which<br>bonus | Other<br>employees |
|----------------------------------|-------------------------|-------------------|--------------------|-------------------------|-------------------|--------------------|
| <b>Parent company</b>            | <b>1.8</b>              | <b>0.0</b>        | <b>15.1</b>        | <b>1.7</b>              | <b>0.0</b>        | <b>15.1</b>        |
| <b>Subsidiaries in Sweden</b>    | <b>10.6</b>             | <b>0.6</b>        | <b>223.8</b>       | <b>8.2</b>              | <b>0.1</b>        | <b>211.9</b>       |
| <b>Subsidiaries abroad</b>       |                         |                   |                    |                         |                   |                    |
| Belgium                          | 0.8                     | 0.0               | 15.1               | 0.8                     | 0.0               | 13.7               |
| Denmark                          | 2.3                     | 0.0               | 33.0               | 2.3                     | 0.0               | 31.1               |
| Finland                          | 1.7                     | 0.0               | 18.9               | 1.6                     | 0.0               | 15.5               |
| France                           | 0.7                     | 0.0               | 2.5                | 0.7                     | 0.0               | 2.8                |
| The Netherlands                  | 6.7                     | 0.0               | 72.1               | 6.1                     | 0.1               | 64.4               |
| Italy                            | 3.5                     | 0.8               | 15.9               | 2.8                     | 0.1               | 15.2               |
| Canada                           | 3.3                     | 0.0               | 19.6               | 1.7                     | 0.0               | 15.0               |
| China                            | 0.6                     | 0.0               | 29.0               | 0.6                     | 0.0               | 23.8               |
| Norway                           | 2.0                     | 0.0               | 38.4               | 1.9                     | 0.0               | 36.5               |
| Poland                           | 0.6                     | 0.0               | 2.4                | 0.7                     | 0.0               | 2.3                |
| Switzerland                      | 2.3                     | 0.0               | 21.3               | 1.9                     | 0.0               | 17.1               |
| Spain                            | 0.9                     | 0.0               | 4.2                | 0.9                     | 0.0               | 3.9                |
| Germany                          | 1.5                     | 0.6               | 16.4               | 2.6                     | 1.0               | 14.4               |
| USA                              | 11.1                    | 0.2               | 226.1              | 10.7                    | 0.0               | 162.4              |
| Wales                            | 0.4                     | 0.0               | 5.9                | 0.5                     | 0.0               | 4.5                |
| Austria                          | 0.0                     | 0.0               | 6.0                | 0.0                     | 0.0               | 5.6                |
| <b>Total subsidiaries abroad</b> | <b>38.4</b>             | <b>1.6</b>        | <b>526.8</b>       | <b>35.8</b>             | <b>1.2</b>        | <b>428.2</b>       |
| <b>Group total</b>               | <b>50.8</b>             | <b>2.2</b>        | <b>765.7</b>       | <b>45.7</b>             | <b>1.3</b>        | <b>655.2</b>       |

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

| Board members' fees                            | 2015 | 2014 |
|--|------|------|
| External members of the parent company's Board | 0.9  | 0.8  |
| 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 MANAGING DIRECTOR

Remuneration to the Managing Director comprises a fixed salary from New Wave Group AB. No Board member fees or other remuneration such as bonuses are paid to the Managing Director. As pension insurance for the Managing Director, a market-adjusted fixed payment plan is in place. A mutual notice period of six months applies for the Managing Director 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 Managing Director. For the structure of the Group Management, see page 129. Remuneration to the other senior executives comprises a fixed salary. A small number of other senior executive are also entitled to bonuses, mainly based on growth in earnings in the companies in which they are operating within. No board member fees are paid. Market-adjusted defined contribution plan 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 Managing Director 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 Managing Director 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  | 2015                            |                |               | 2014                            |                |               |
|--|---------------------------------|----------------|---------------|---------------------------------|----------------|---------------|
|  | Salaries and other remuneration | Of which bonus | Pension costs | Salaries and other remuneration | Of which bonus | Pension costs |
| Torsten Jansson, Managing Director                 | 0.9                             | 0.0            | 0.4           | 0.9                             | 0.0            | 0.4           |
| Anders Dahlvig, Chairman of the Board              | 0.3                             | 0.0            | 0.0           | 0.3                             | 0.0            | 0.0           |
| Christina Bellander, Board Member                  | 0.1                             | 0.0            | 0.0           | 0.1                             | 0.0            | 0.0           |
| Göran Härstedt, resigning Board Member 2014        | 0.1                             | 0.0            | 0.0           | 0.1                             | 0.0            | 0.0           |
| Helle Kruse Nielsen, Board Member                  | 0.1                             | 0.0            | 0.0           | 0.1                             | 0.0            | 0.0           |
| Mats Årjes, Board Member                           | 0.1                             | 0.0            | 0.0           | 0.1                             | 0.0            | 0.0           |
| M Johan Widerberg, newly elected Board Member 2014 | 0.1                             | 0.0            | 0.0           | 0.1                             | 0.0            | 0.0           |
| Other senior executives*                           | 13.3                            | 0.6            | 1.3           | 14.5                            | 0.1            | 1.1           |
| <b>Total</b>                                       | <b>15.0</b>                     | <b>0.6</b>     | <b>1.7</b>    | <b>16.2</b>                     | <b>0.1</b>     | <b>1.5</b>    |

\*Individuals referred to on page 129.

#### 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 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 2015 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.

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 IFRS. 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 153% (143%).

**Remuneration to auditors and audit company**

**SEK million**

| <b>Group</b>                        | <b>2015</b> | <b>2014</b> |
|-------------------------------------|-------------|-------------|
| Audit assignment                    |             |             |
| Ernst & Young                       | 4.9         | 4.7         |
| Other                               | 3.4         | 2.9         |
| Audit work outside audit assignment | 0.9         | 0.6         |
| Tax consultancy                     | 1.4         | 0.9         |
| <b>Total</b>                        | <b>10.6</b> | <b>9.1</b>  |

NOTE 7 INTANGIBLE FIXED ASSETS

| <b>SEK million</b>   | <b>Goodwill</b> |              | <b>Trademarks</b> |              | <b>Computer software</b> |               | <b>Other intangible fixed assets*</b> |              |
|--|-----------------|--------------|-------------------|--------------|--------------------------|---------------|---------------------------------------|--------------|
|  | <b>2015</b>     | <b>2014</b>  | <b>2015</b>       | <b>2014</b>  | <b>2015</b>              | <b>2014</b>   | <b>2015</b>                           | <b>2014</b>  |
| <b>Accumulated acquisition value</b>                       |                 |              |                   |              |                          |               |                                       |              |
| Opening acquisition value                                  | 874.0           | 792.1        | 489.8             | 438.1        | 145.9                    | 112.3         | 52.6                                  | 43.3         |
| Acquisition  | 0.0             | 0.4          | 1.5               | 0.0          | 4.7                      | 21.0          | 0.0                                   | 0.0          |
| Sales/disposals  | 0.0             | 0.0          | 0.0               | 0.0          | -10.1                    | -0.4          | 0.0                                   | 0.0          |
| Reclassification   | 0.0             | 0.0          | 0.0               | 0.0          | 0.0                      | 2.1           | 0.0                                   | 0.0          |
| Repayment of purchase amount                               | 0.0             | -0.1         | 0.0               | 0.0          | 0.0                      | 0.0           | 0.0                                   | 0.0          |
| Translation difference                                     | 27.8            | 81.6         | 24.2              | 51.7         | 3.5                      | 10.9          | 3.4                                   | 9.3          |
| <b>Closing accumulated acquisition value</b>               | <b>901.8</b>    | <b>874.0</b> | <b>515.5</b>      | <b>489.8</b> | <b>144.0</b>             | <b>145.9</b>  | <b>56.0</b>                           | <b>52.6</b>  |
| <b>Accumulated depreciation according to plan</b>          |                 |              |                   |              |                          |               |                                       |              |
| Opening depreciation                                       | -51.6           | -54.4        | -22.1             | -20.4        | -117.3                   | -97.8         | -11.4                                 | -6.3         |
| Sales/disposals  | 0.0             | 0.0          | 0.0               | 0.0          | 10.1                     | 0.4           | 0.0                                   | 0.0          |
| Reclassification   | 0.0             | 2.8          | 0.0               | 0.0          | 0.0                      | -1.2          | 0.0                                   | -2.8         |
| Depreciation during the year                               | 0.0             | 0.0          | -0.2              | -1.1         | -10.1                    | -8.4          | -4.5                                  | -3.8         |
| Depreciation as a part of production cost/goods for resale | 0.0             | 0.0          | 0.0               | 0.0          | 0.0                      | -0.4          | 0.0                                   | 0.0          |
| Translation difference                                     | 0.0             | 0.0          | -0.7              | -0.6         | -3.4                     | -9.9          | -0.2                                  | 1.5          |
| <b>Closing accumulated depreciation</b>                    | <b>-51.6</b>    | <b>-51.6</b> | <b>-23.0</b>      | <b>-22.1</b> | <b>-120.7</b>            | <b>-117.3</b> | <b>-16.1</b>                          | <b>-11.4</b> |
| <b>Accumulated write downs</b>                             |                 |              |                   |              |                          |               |                                       |              |
| Opening write-downs  | -17.0           | -10.0        | 0.0               | 0.0          | 0.0                      | 0.0           | 0.0                                   | 0.0          |
| Write-downs of the year                                    | 0.0             | -7.0         | -1.5              | 0.0          | 0.0                      | 0.0           | 0.0                                   | 0.0          |
| <b>Closing accumulated write-downs</b>                     | <b>-17.0</b>    | <b>-17.0</b> | <b>-1.5</b>       | <b>0.0</b>   | <b>0.0</b>               | <b>0.0</b>    | <b>0.0</b>                            | <b>0.0</b>   |
| <b>Closing book value</b>                                  | <b>833.2</b>    | <b>805.4</b> | <b>491.0</b>      | <b>467.7</b> | <b>23.3</b>              | <b>28.6</b>   | <b>39.9</b>                           | <b>41.2</b>  |

\*Other intangible fixed assets, which consists of customer relations, are depreciated between 5–10%, see also note 1.

**Goodwill allocated to operating segment unit**

| SEK million              | 2015         | 2014         |
|--------------------------|--------------|--------------|
| Corporate Promo          | 247.4        | 252.0        |
| Sports & Leisure         | 531.9        | 499.5        |
| Gifts & Home Furnishings | 53.9         | 53.9         |
| <b>Total</b>             | <b>833.2</b> | <b>805.4</b> |

**Brands allocated to operating segment unit**

| SEK million              | 2015         | 2014         |
|--------------------------|--------------|--------------|
| Corporate Promo          | 14.8         | 15.0         |
| Sports & Leisure         | 366.2        | 342.7        |
| Gifts & Home Furnishings | 110.0        | 110.0        |
| <b>Total</b>             | <b>491.0</b> | <b>467.7</b> |

The distribution of intangible fixed assets between segments is based on the relationship at the time of acquisition of the relevant company/trademark and is attributed to the operating segment to which it is considered to belong. Goodwill is based on local currency and gives rise to translation differences in the consolidated financial statements. The value of goodwill is tested annually to ensure that the value does not deviate negatively from book value, but can be tested more often if there are indications that the value has decreased. Write-downs of the operating segments containing goodwill and trademarks are based on a calculation of the value in use. This value is based on cash flow projections for the next five years and a terminal period. The cash flows in the operating segments are influenced by commercial factors, including market growth, competitiveness, margins, cost trends, levels of investment and tied-up operating capital. Assessment of financial factors such as interest rates, borrowing costs, market risk, beta values and tax rates are added when discounting.

Assumptions made in a test are the Board's best assessment of the economic conditions expected to prevail over the forecast period, based on the current situation. Existing market conditions and economic situation makes forecast for future periods difficult to assess. The first five years, 2016–2020, are based upon the Board's established internal forecasts and for the following period an average growth rate of 3% (3%) has been used.

In calculating the present value of expected future cash flows, a weighted average cost of capital (WACC) of 11.2% (11.2%) before tax is used. Discounted cash flows are compared with carrying amount per cash-generating unit/operating segment. 2015 years assessment showed that there is no additional impairment. Sensitivity analysis have been carried out across all operating segments.

A sensitivity analysis on group level shows that an increase in WACC by 1 percentage point affects the value by SEK 822 million and a decrease in the average growth rate by 1 percentage point affects the value by SEK 855 SEK million. Even the sensitivity analysis shows that no write-down is required.

**CORPORATE PROMO**

The calculation covers the operating segment's cash flow which is based on internal forecasts. It includes an annual increase in sales and that the capital tied up during the end of the internal forecast period (2016–2020) is expected to increase.

**SPORTS & LEISURE**

The calculation includes the operating segment's cash flow based on internal forecasts. The projections include an annual increase in sales, as well as the fact that capital tied up is expected to improve somewhat during the internal forecast period (2016–2020).

**GIFTS & HOME FURNISHINGS**

The calculation includes the operating segment's cash flow based on internal forecasts. Previous years' actions for improvement in Orrefors Kosta Boda have yielded results. The forecast includes these actions such as margin and earnings improvements, and these should continue to improve. These actions will also provide an improved inventory situation and increase efficiency. During the forecast period (2016–2020) we expect a slightly weaker development next year followed by a gradual improvement during the remaining years.

**OTHER ASSUMPTIONS AND COMMENTS**

**MARKET SHARE AND GROWTH**

Demand for mature products has historically followed the business cycle. The expected market growth is based on a transition from the prevailing economic situation to the expected long-term growth. We expect an increase in market shares in the Nordic countries, Europe and USA.

**EXCHANGE RATES**

Currency forecasts are based on the current listed exchange rate. Existing currency hedging has been taken into account.

**RAW MATERIAL PRICES**

Raw material prices (cotton, electricity, oil) have been assessed on the basis of the current price level.

**PERSONNEL COSTS**

The forecast for personnel costs is based on expected inflation, certain real salary increases and scheduled streamlining measures.

The company management estimates that reasonable changes should not have such a great effect that each individual recoverable value should be reduced to a value that is lower than that recognised for the relevant operating segment.

NOTE 8 TANGIBLE FIXED ASSETS

| SEK million   | Buildings<br>and land |              | Equipment, tools<br>and installations |               |
|---|-----------------------|--------------|---------------------------------------|---------------|
|   | 2015                  | 2014         | 2015                                  | 2014          |
| <b>Accumulated acquisition value</b>                        |                       |              |                                       |               |
| Opening acquisition value                                   | 289.4                 | 265.0        | 393.2                                 | 375.1         |
| Acquisitions  | 22.3                  | 3.8          | 84.6                                  | 44.6          |
| Sales/disposals   | -0.1                  | 0.0          | -68.3                                 | -62.4         |
| Reclassification  | 0.0                   | 0.0          | 0.0                                   | -2.1          |
| Translation difference                                      | 2.3                   | 20.6         | 2.5                                   | 38.0          |
| <b>Closing accumulated acquisition value</b>                | <b>313.9</b>          | <b>289.4</b> | <b>412.0</b>                          | <b>393.2</b>  |
| <b>Accumulated depreciation according to plan</b>           |                       |              |                                       |               |
| Opening depreciation  | -82.6                 | -70.4        | -266.8                                | -251.9        |
| Sales/disposals   | 0.1                   | 0.0          | 66.5                                  | 54.5          |
| Depreciation as a part of production costs/goods for resale | -0.9                  | -0.4         | -10.2                                 | -7.7          |
| Reclassification  | 0.0                   | 0.0          | 0.0                                   | 1.2           |
| Depreciation during the year                                | -7.1                  | -7.0         | -33.7                                 | -26.9         |
| Translation difference                                      | -0.2                  | -4.8         | -3.4                                  | -36.0         |
| <b>Closing accumulated depreciation</b>                     | <b>-90.7</b>          | <b>-82.6</b> | <b>247.6</b>                          | <b>-266.8</b> |
| <b>Accumulated write downs</b>                              |                       |              |                                       |               |
| Opening write downs   | -20.2                 | -20.2        | -5.5                                  | -10.1         |
| Sales/disposals   | 0.0                   | 0.0          | 0.0                                   | 4.6           |
| Write downs of the year                                     | 0.0                   | 0.0          | 0.0                                   | 0.0           |
| <b>Closing accumulated write downs</b>                      | <b>-20.2</b>          | <b>-20.2</b> | <b>-5.5</b>                           | <b>-5.5</b>   |
| <b>Closing book value</b>                                   | <b>203.0</b>          | <b>186.6</b> | <b>158.9</b>                          | <b>120.9</b>  |

**Leasing charges in respect of operational leasing**

The group has operational leasing agreements for the rental of premises. The future commitment in the form of minimum payment for these agreements can be seen in the following summary.

|  | 2015     |                 | 2014                                 |                 |
|--|----------|-----------------|--------------------------------------|-----------------|
|  | Premises | Business system | Premises                             | Business system |
| 2016   | 109.3    | 0.0             | 2015                                 | 108.0           |
| 2017   | 67.9     | 0.0             | 2016                                 | 89.8            |
| 2018   | 56.8     | 0.0             | 2017                                 | 66.9            |
| 2019   | 48.5     | 0.0             | 2018                                 | 44.4            |
| 2020 inkl.   | 101.0    | 0.0             | 2019 incl.                           | 93.1            |
| costs through<br>contract period end                       |          |                 | costs through<br>contract period end |                 |
| Cost for the year under<br>the operational leasing heading | 120.2    | 0.0             | 95.8                                 | 1.2             |

## NOTE 9 CURRENCY EXPOSURE IN OPERATING PROFIT

The table shows currency exposed operating profit per currency before group adjustments.

## SEK million

| Operating profit                                    | 2015         | 2014         |
|---|--------------|--------------|
| Euro, EUR   | 61.4         | 47.5         |
| Canadian dollar, CAD                                | 0.2          | 9.7          |
| Swiss franc, CHF                                    | 210.7        | 192.1        |
| US dollar, USD                                      | 65.6         | 42.6         |
| Nowegian krone, NOK                                 | 4.4          | 0.7          |
| Danish krone, DKK                                   | 10.7         | 11.5         |
| Chinese yuan, CNY                                   | 16.2         | 15.4         |
| Polish zloty, PLN                                   | 2.6          | 2.2          |
| British pound, GBP                                  | 1.8          | 1.2          |
| <b>Total operating profit in foreign currencies</b> | <b>373.6</b> | <b>322.9</b> |

## NOTE 10 FINANCIAL INCOME AND COSTS

| SEK million                                       | 2015         | 2014         |
|---|--------------|--------------|
| Interest income                                   | 2.3          | 2.1          |
| Interest on overdue accounts receivable           | 3.2          | 2.8          |
| Capital gain on sale of group company             | 1.7          | 0.0          |
| Translation differences on financial receivables  | -0.3         | -0.7         |
| Interest expense to credit institutions           | -67.4        | -42.3        |
| Interest on overdue accounts payable              | -0.1         | -0.1         |
| Translation differences on financial liabilities  | -1.7         | -2.5         |
| Impairment of investments in associated companies | -2.5         | 0.0          |
| Impaired receivables                              | -7.8         | 0.0          |
| Other financial expenses                          | -1.7         | -1.3         |
| <b>Total</b>                                      | <b>-74.3</b> | <b>-42.0</b> |

NOTE 11 TAX ON PROFIT FOR THE YEAR

| SEK million   | 2015         | 2014         |
|---|--------------|--------------|
| Current tax   | -46.4        | -43.0        |
| Tax attributable to previous years                                    | -0.6         | 4.5          |
| <b>Total</b>  | <b>-47.0</b> | <b>-38.5</b> |
| Deferred tax relating to temporary differences and loss carry-forward | 11.4         | 7.4          |
| <b>Totally recorded tax expense</b>                                   | <b>-35.6</b> | <b>-31.1</b> |

The Group's tax expense for the year amounted to SEK 35.6 million (SEK 31.1 million) or 19.7 % (15.0 %) on profit 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  | 2015         | %            | 2014         | %            |
|--|--------------|--------------|--------------|--------------|
| Profit before tax  | 180.9        |              | 208.0        |              |
| Tax expense based on respective country's tax rate         | -26.7        | -14.8        | -31.5        | -15.1        |
| <i>Tax effects from:</i>                                   |              |              |              |              |
| Non taxable profit   | 2.2          | 1.2          | 4.4          | 2.1          |
| Non deductible expenses                                    | -5.0         | -2.8         | -4.2         | -2.0         |
| Tax arrears assessment                                     | -0.6         | -0.3         | 4.5          | 2.2          |
| Regional and other variations regarding tax rates          | -3.0         | -1.6         | -3.0         | -1.4         |
| Reverse of previous activated loss carry-forward           | 0.0          | 0.0          | -6.2         | -3.0         |
| Taking in use previously not activated loss carry-forward  | 2.9          | 1.6          | 1.9          | 0.9          |
| Not activated loss carry-forward                           | -11.8        | -6.5         | -6.0         | -3.0         |
| Temporary differences                                      | 11.4         | 6.3          | 7.4          | 3.6          |
| Other  | -5.0         | -2.8         | 1.6          | 0.7          |
| <b>Tax rate according to consolidated income statement</b> | <b>-35,6</b> | <b>-19,7</b> | <b>-31.1</b> | <b>-15.0</b> |

NOTE 12 SHARES IN ASSOCIATED COMPANIES

| Shares in associated companies         |                             |                   |                    |                 |                  |             | 2015        | 2014 |
|--|-----------------------------|-------------------|--------------------|-----------------|------------------|-------------|-------------|------|
| SEK million                            | Company registration number | Registered office | Share of capital,% | Share of vote,% | Number of shares | Book value  | Book value  |      |
| Dingle Industrilokaler AB              | 556594-6570                 | Munkedal          | 49                 | 49              | 83 055           | 7.2         | 7.3         |      |
| 8016267 Canada Inc                     | 801626-7                    | Montreal, Canada  | -                  | -               | -                | -           | 4.7         |      |
| 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        | 29.3        |      |
| Scandinavian Trade Holding AB          | 556686-5811                 | Lessebo           | 45                 | 45              | 45               | 0.0         | 7.2         |      |
| Vist Fastighetsbolag AB                | 556741-1672                 | Ulricehamn        | 49                 | 49              | 49               | 14.6        | 14.5        |      |
| Other                                  |                             |                   | -                  | -               | -                | 0.2         | 0.2         |      |
| <b>Total</b>                           |                             |                   |                    |                 |                  | <b>52.5</b> | <b>64.2</b> |      |

\* The remaining 51% of the shares in 8016267 Canada Inc. have been acquired during the year.

Based on IFRS 10 and 11 it has been assessed that New Wave Group does not have controlling influence over the above companies.

| SEK million                            | At year end the companies' equity amounted to |      | The Groups share of total comprehensive income for the year |      | The Groups share of contingent liabilities |      |
|--|---|------|---|------|--|------|
|  | 2015  | 2014 | 2015  | 2014 | 2015                                       | 2014 |
| Dingle Industrilokaler AB              | 14.9  | 15.0 | 0.0   | 0.0  | None                                       | None |
| Glasrikets skatter ekonomiska förening | 12.6  | 12.5 | 0.0   | 0.0  | None                                       | None |
| Kosta Köpmanshus AB                    | 63.9  | 63.9 | 0.1   | 0.0  | None                                       | None |
| Scandinavian Trade Holding AB          | 0.0   | 12.5 | -3.4  | 0.1  | None                                       | None |
| Vist Fastighetsbolag AB                | 20.5  | 23.6 | 0.1   | 0.4  | None                                       | None |

NOTE 13 OTHER LONG-TERM RECEIVABLES

| SEK million                 | 2015       | 2014        |
|-----------------------------|------------|-------------|
| Loans secured               | 1.3        | 1.5         |
| Deposits                    | 4.2        | 2.3         |
| Other long-term receivables | 3.3        | 16.9        |
| <b>Total</b>                | <b>8.8</b> | <b>20.7</b> |



NOTE 14 DEFERRED TAX ASSETS

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

| SEK million                              | 2015         |              | 2014         |              |
|--|--------------|--------------|--------------|--------------|
|  | Assets       | Liabilities  | Assets       | Liabilities  |
| Loss carry-forwards                      | 36.8         | -            | 33.8         | -            |
| Internal gains                           | 21.0         | -            | 17.8         | -            |
| Reserves                                 | 0.4          | -            | 0.8          | -            |
| Depreciation and fixed assets            | 2.1          | -            | 2.3          | 0.8          |
| Temporary differences                    | 31.5         | 8.4          | 24.6         | 8.2          |
| Trademarks                               | -            | 127.4        | -            | 121.0        |
| Stock                                    | 20.4         | 12.9         | 23.2         | 14.4         |
| Reserves and accelerated depreciation    | -            | 2.1          | -            | 4.2          |
| Other temporary differences              | -            | -            | -            | 0.3          |
| <b>Deferred tax assets / liabilities</b> | <b>112.2</b> | <b>150.8</b> | <b>102.5</b> | <b>148.9</b> |

Loss carry-forwards

At the year-end the Group had a total tax loss carry-forwards of SEK 383.0 million (SEK 363.4 million). Of these, SEK 127.1 million (SEK 117.8 million) have been utilized which has resulted in a deferred tax asset of SEK 35.3 million (SEK 33.8 million) as it has been assessed that in the future there will be taxable profits against which the tax loss carry-forwards can be settled.

Total loss carryforwards expires as follows:

| SEK million  | 2015         | 2014         |
|--------------|--------------|--------------|
| 2015         | -            | 3.2          |
| 2016         | 2.0          | 5.0          |
| 2017         | 0.5          | 2.5          |
| 2018         | 2.4          | 2.5          |
| 2019         | 0.8          | -            |
| 2020         | 1.0          | 1.0          |
| 2021         | 0.2          | 0.8          |
| 2022         | 8.7          | 17.7         |
| 2023         | 10.1         | 9.4          |
| 2024         | 26.7         | 26.5         |
| 2025         | 10.0         | 10.4         |
| 2026         | 3.8          | 3.9          |
| 2027         | 10.0         | 9.9          |
| 2028         | 18.3         | 17.5         |
| 2029         | 28.5         | 25.5         |
| Unlimited    | 260.0        | 227.6        |
| <b>Total</b> | <b>383.0</b> | <b>363.4</b> |

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

|                     | 2015       | 2014       |
|---------------------|------------|------------|
| 2017                | 0.0        | 1.5        |
| Unlimited           | 2.1        | 2.7        |
| <b>Total Sweden</b> | <b>2.1</b> | <b>4.2</b> |

NOTE 15 STOCK

| SEK million              | 2015           | 2014           |
|--------------------------|----------------|----------------|
| Raw materials            | 28.0           | 20.7           |
| Work in progress         | 5.2            | 2.9            |
| Goods in transit         | 100.9          | 165.6          |
| Good for resale in stock | 2 313.7        | 1 972.9        |
| <b>Total</b>             | <b>2 447.8</b> | <b>2 162.1</b> |

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 at 31 December 2015, the Group's stock has been written down with SEK 107.9 million (SEK 101.6 million), of which SEK 9.0 million (SEK 11.0 million) relates to raw materials. Impairment related to merchandise on stock amounted to 4.1% (4.4%). The part of the stock which is recorded to net sales value amounts to SEK 627.7 million (SEK 634.2 million).

NOTE 16 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

New Wave Group is continually exposed to various financial risks. Financial risks comprise currency risks, borrowing and interest risks, and liquidity and credit risks. To minimize the impact on earnings from these risks, the Group has adopted a financial policy which describes how the company seeks to limit the impact of financial risks on reported earnings. 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.

FINANCING 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. New Wave Group has a centralized finance function, which means that external borrowing is handled and administered centrally as far as possible.

The Group has a funding agreement which extends up to 31 December 2016. The funding agreement has as of 31 December a total credit facility amounting to SEK 2,800 million, of which the principal agreement amounts to SEK 2,550 million. The credit facility amount is limited to and dependent on the value of some underlying assets. 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 2015. Based on the current forecast, management deems that the Group will be able to achieve these key performance indicators by a satisfactory margin. Future growth is also dependent on a sound balance sheet. New Wave Group's goal is to achieve an equity/assets ratio in excess of 30%.

The Group has signed a new funding agreement on Februari 10, 2016. See also "Subsequent events" in Board of Directors' report.

|      | 2015    | 2014    |
|------|---------|---------|
| 2015 | -       | 83.7    |
| 2016 | 289.4   | 1 961.1 |
| 2017 | 1 805.2 | -       |

|      | 2015  | 2014  |
|------|-------|-------|
| 2015 | -     | 584.0 |
| 2016 | 687.7 | -     |

INTEREST RISK

New Wave Group believes the use of short fixed-rate periods leads to lower borrowing costs over time. Short-term interest rates also follow the economy and therefore offset fluctuations in the Group's earnings. The interest rate is based on STIBOR and a fixed margin. The breakdown by currency of the Group's borrowing at year-end is shown in the following 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 10 million, based on the reported net debt at 31 December 2015. Net debt breakdown is shown in Note 20.

| Breakdown by currency | Net debt, SEK million |
|-----------------------|-----------------------|
| SEK                   | -587                  |
| EUR                   | -308                  |
| GBP                   | -9                    |
| USD                   | -912                  |
| CHF                   | -14                   |
| DKK                   | 4                     |
| NOK                   | -135                  |
| CAD                   | -35                   |
| OTHER                 | 67                    |
| <b>Total</b>          | <b>-1 929</b>         |

### CURRENCY EXPOSURE

A significant portion of New Wave Group's sales are made in foreign currency (approx. 75 %). The consolidated income statement and balance sheet are affected by changes in exchange rates. The risks identified are transaction and translation risks. A change in exchange rates of one per cent would have an impact on sales of SEK 31 million, based on sales in 2014.

### TRANSACTION EXPOSURE – HEDGE ACCOUNTING

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. In the Corporate Promo operating segment New Wave Group is the stock keeper. 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. Due to the character of the product range, i.e. that continuity in collections is desirable and that most of the range consists of basic garments, the risk of obsolescence is low. Adjustments for changes in purchase prices are made continuously due to the immediate nature of sales, which limits the currency risk. In Sports & Leisure about 80 % of sales are made through the retail sales channel. A large portion of these sales are made through advance orders, unlike in the promo sales channel, where products are delivered directly upon receipt of orders. This means, for instance, that customers place orders in the spring for delivery in the autumn. About 50–75 % of all retail sales in Sports & Leisure are made in

this way. Upon receipt of an order, New Wave Group submits an order to the factory, which significantly limits the risk of obsolescence. The remaining portion of sales in the retail sales channel, known as supplementary sales, mainly comprises basic goods with limited fashion risk. In order to limit the currency risk, about 50–80 % of foreign currency purchases in Sports & Leisure are hedged against fluctuations in exchange rates. When an order is placed derivatives are purchased to guarantee the value of incoming deliveries to the warehouses. In these cases IAS 39 hedge accounting is applied, which means that changes in the value of derivatives are recognized in other comprehensive income. In the Gifts & Home Furnishings operating segment most of the product range is manufactured in Sweden. In cases where products are purchased from another country, about 50–80 % of the foreign currency purchases are hedged.

### 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 long-term borrowing is mainly through credit facilities with long maturities but short fixed-rate periods.

### 2015

#### SEK million

|                              | Assets at fair value<br>through profit<br>and loss   | Loans and<br>accounts receivables | Total          | Fair value     |
|------------------------------|--|-----------------------------------|----------------|----------------|
| <b>Financial assets</b>      |  |                                   |                |                |
| Accounts receivable          |  | 821.5                             | 821.5          | 821.5          |
| Other receivables            |  | 39.1                              | 39.1           | 39.1           |
| Accrued income               |  | 6.2                               | 6.2            | 6.2            |
| Derivative                   | 0.0  |                                   | 0.0            | 0.0            |
| Liquid assets                |  | 165.5                             | 165.5          | 165.5          |
| <b>Total assets</b>          |  |                                   | <b>1 032.3</b> | <b>1 032.3</b> |
| <b>Financial liabilities</b> |  |                                   |                |                |
|                              | Liabilities at fair value<br>through profit and loss | Liabilities at<br>amortized cost  | Total          | Fair value     |
| Interest-bearing liabilities |  | 2 094.6                           | 2 094.6        | 2 094.6        |
| Derivative                   | 6.5*   |                                   | 6.5            | 6.5            |
| Accounts payable             |  | 368.6                             | 368.6          | 368.6          |
| Accrued liabilities          |  | 191.9                             | 191.9          | 191.9          |
| Other liabilities            | 4.3  | 104.4                             | 108.7          | 108.7          |
| <b>Total liabilities</b>     |  |                                   | <b>2 770.3</b> | <b>2 770.3</b> |

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

| 2014<br>SEK million          | Assets at fair value<br>through profit<br>and loss   | Loans and<br>accounts receivables | Total          | Fair value     |
|------------------------------|--|-----------------------------------|----------------|----------------|
| <b>Financial assets</b>      |  |                                   |                |                |
| Accounts receivable          |  | 804.2                             | 804.2          | 804.2          |
| Other receivables            |  | 125.4                             | 125.4          | 125.4          |
| Accrued income               |  | 5.4                               | 5.4            | 5.4            |
| Derivative                   | 2.3*   |                                   | 2.3            | 2.3            |
| Liquid assets                |  | 216.0                             | 216.0          | 216.0          |
| <b>Total assets</b>          |  |                                   | <b>1 153.3</b> | <b>1 153.3</b> |
| <b>Financial liabilities</b> |  |                                   |                |                |
|                              | Liabilities at fair value<br>through profit and loss | Liabilities at<br>amortized cost  | Total          | Fair value     |
| Interest-bearing liabilities |  | 2 044.8                           | 2 044.8        | 2 044.8        |
| Derivative                   | 0.0  |                                   | 0.0            | 0.0            |
| Accounts payable             |  | 323.9                             | 323.9          | 323.9          |
| Accrued liabilities          |  | 179.1                             | 179.1          | 179.1          |
| Other liabilities            | 6.4  | 74.6                              | 81.0           | 81.0           |
| <b>Total liabilities</b>     |  |                                   | <b>2 628.8</b> | <b>2 628.8</b> |

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

#### Outstanding transactions hedging and value

| 2015-12-31<br>Currency | Hedged volume<br>result SEK million | Unrealized<br>SEK million | Number of hedged<br>months |
|------------------------|-------------------------------------|---------------------------|----------------------------|
| EUR                    | 7.2                                 | -0.1                      | < 6                        |
| EUR                    | 2.9                                 | -0.1                      | 6 > 12                     |
| USD                    | 41.2                                | 0.3                       | < 6                        |
| USD                    | 36.3                                | -0.3                      | 6 > 12                     |
|                        |                                     | <b>-0.2</b>               |                            |
| 2014-12-31<br>Currency | Hedged volume<br>result SEK million | Unrealized<br>SEK million | Number of hedged<br>months |
| EUR                    | 8.3                                 | 0.1                       | < 6                        |
| EUR                    | 4.0                                 | 0.0                       | 6 > 12                     |
| USD                    | 23.0                                | 1.2                       | < 6                        |
| USD                    | 0.9                                 | 0.0                       | 6 > 12                     |
|                        |                                     | <b>1.3</b>                |                            |

The above hedged volume consists exclusively of currency futures, all of which mature within twelve months of the end of the year.

For 2015 the consolidated revenue in the conversion to SEK was affected positive with SEK 353.7 million (SEK 139.0 million).

Below is a sensitivity analysis of net sales compared with the previous year's exchange rates. Translation of local currency to the 2014 average exchange rates had given a lower turnover of SEK 353.7 million.

| Region           | Currency influence 2015 | Currency influence 2014 |
|------------------|-------------------------|-------------------------|
| Nordic countries | -3.3                    | 10.2                    |
| Central Europe   | 26.2                    | 35.3                    |
| Southern Europe  | 28.9                    | 21.5                    |
| USA              | 251.4                   | 60.1                    |
| Other            | 50.5                    | 11.9                    |
| <b>Total</b>     | <b>353.7</b>            | <b>139.0</b>            |

#### TRANSACTION EXPOSURE

The balance sheet is affected, as assets and liabilities are expressed in foreign currency as they arise.

#### TRANSLATION EXPOSURE

New Wave Group does not apply hedge accounting of equity.

The majority of the risks which arise are eliminated, either through funding in each company's functional currency or through hedging using futures.

The Group's total comprehensive income is affected by translation differences. These arise upon consolidation and conversion to SEK of the equity. This conversion had a positive impact of SEK 28.1 million in 2015.

## CREDIT RISKS

The risk that the Group's customers will fail to meet their obligations, i.e. that New Wave Group's trade receivables will not be paid, constitutes a credit risk. New Wave Group has adopted a number of centrally issued 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. 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 Sweden alone New Wave Group has over 2 000 customers, and there is no significant known credit risk in any individual customer or group of customers. New Wave Group has insured its trade payables in some of its subsidiaries. The insurance is used if a customer payment fails, then the receivable is compensated by the insurance company. In 2015 actual bad debts in Corporate Promo represented 0.13 % 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 with the promo market. In 2015 actual bad debts in these two operating segments represented 0.51 % respectively 0.06 % of sales.

|                             |              |              |
|-----------------------------|--------------|--------------|
| <b>Accounts receivables</b> | <b>2015</b>  | <b>2014</b>  |
| Exposure                    | 863.3        | 835.8        |
| Credit risk reserve         | -41.8        | -31.6        |
| <b>Carrying amount</b>      | <b>821.5</b> | <b>804.2</b> |

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

|                     | <b>Number<br/>customers</b> | <b>Percentage of<br/>total customers</b> | <b>Percentage of<br/>portfolio</b> |
|---------------------|-----------------------------|--|------------------------------------|
| Exposure < 1 MSEK   | 26 925                      | 90.0                                     | 65.8                               |
| Exposure 1 - 5 MSEK | 1 613                       | 5.4                                      | 20.2                               |
| Exposure > 5 MSEK   | 1 367                       | 4.6                                      | 14.0                               |
| <b>Total</b>        | <b>29 905</b>               | <b>100.0</b>                             | <b>100.0</b>                       |

The provision for doubtful receivables has been changed as follows:

|   |             |             |
|---|-------------|-------------|
| <b>Provision for doubtful receivables</b> | <b>2015</b> | <b>2014</b> |
| Provision at the beginning of the year    | 31.6        | 52.3        |
| Reclassification                          | 0.0         | -17.9       |
| Additional provision                      | 21.3        | 4.5         |
| Confirmed losses                          | -11.3       | -9.8        |
| Translation difference                    | 0.2         | 2.5         |
| <b>Provision at year-end</b>              | <b>41.8</b> | <b>31.6</b> |

### Age analysis

|              |              |              |
|--------------|--------------|--------------|
|              | <b>2015</b>  | <b>2014</b>  |
| < 30 days    | 758.9        | 728.8        |
| 30–90 days   | 50.1         | 38.8         |
| > 90 days    | 12.5         | 36.6         |
| <b>Total</b> | <b>821.5</b> | <b>804.2</b> |

## FINANCIAL CREDIT RISKS

The liquidity generated in the Group is continually transferred to New Wave Group's treasury center through various pooling systems and reduces the credit volume. New Wave Group has not made any financial investments. Temporary liquid assets may arise during the year as a result of cash flows.

## 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

Although New Wave Group devotes significant resources to ensure good design and quality, the company cannot exclude the possibility of temporary declines in sales for certain collections due to the rapid pace of change in the fashion industry. 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 17 RELATED PARTIES

| SEK million                            | Sales to |      | Purchases from |      | Receivables |      | Liabilities |      |
|--|----------|------|----------------|------|-------------|------|-------------|------|
|  | 2015     | 2014 | 2015           | 2014 | 2015        | 2014 | 2015        | 2014 |
| <b>Associated companies</b>            |          |      |                |      |             |      |             |      |
| Glasrikets skatter ekonomiska förening | -        | -    | 0.1            | 0.2  | -           | -    | -           | -    |
| Dingle Industrilokaler AB              | 0.1      | 0.1  | 1.8            | 1.9  | -           | -    | 0.2         | -    |
| Kosta Köpmanshus AB                    | 1.1      | 0.7  | 15.0           | 14.7 | 0.2         | 0.2  | 1.7         | 1.3  |
| Vist Fastighets AB                     | 0.1      | 0.1  | 3.4            | 3.2  | 0.2         | -    | -           | -    |
| 8016267 Canada Inc                     | -        | 0.9  | -              | -    | -           | 1.3  | -           | -    |

Reporting of associated companies is done under Note 12 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 12. All transactions are carried out under market conditions.

**Transactions related to persons included in management**

Ulrica Messing is Managing Director in one of the Group's companies. A company owned by her has purchased goods, amounting to SEK 0.1 million, from companies within New Wave Group. Her company has also paid rent for premises, amounting to SEK 0.1 million, to New Wave Group companies and compensation for consultancy services rendered amounts of SEK 0.6 million. Göran Härstedt, has carried out consultancy services amounting to SEK 2.4 million, which has been invoiced through a company of his own. All transactions are carried out under market conditions.

NOTE 18 PREPAID EXPENSES AND ACCRUED INCOME

| SEK million                  | 2015        | 2014        |
|------------------------------|-------------|-------------|
| Insurance                    | 4.4         | 4.9         |
| Prepaid rents                | 13.4        | 11.0        |
| Prepaid leasing fees         | 1.6         | 2.2         |
| Trade fair costs, repayable  | 9.6         | 9.0         |
| Prepaid good deliveries      | 4.6         | 4.9         |
| Accrued royalty income       | 3.5         | 3.0         |
| Other accrued income         | 2.7         | 2.4         |
| Prepaid operational expenses | 13.7        | 16.7        |
| Prepaid wage costs           | 0.3         | 0.0         |
| Prepaid expenses             | 4.4         | 3.4         |
| Bank charges                 | 0.0         | 1.6         |
| Other items                  | 11.1        | 8.0         |
| <b>Total</b>                 | <b>69.3</b> | <b>67.1</b> |

NOTE 19 ALLOWANCES

The Group has a previous year been awarded 4 257 allowances which have been valued at SEK 0 million. The allowances have been sold during the year.

NOTE 20 NET DEBT

| SEK million  | 2015           | 2014           |
|--|----------------|----------------|
| Liquid assets  | -165.5         | -216.0         |
| Long-term interest-bearing liabilities                   | 1 805.2        | 1 961.1        |
| Short-term interest-bearing liabilities                  | 289.4          | 83.7           |
| <b>Total</b>   | <b>1 929.1</b> | <b>1 828.8</b> |
| Effective interest rate based on recognised net interest | 3.5            | 2.7            |

NOTE 21 NET ASSETS IN FOREIGN CURRENCIES

| SEK million                                   | 2015           | 2014           |
|---|----------------|----------------|
| <b>Net assets</b>                             |                |                |
| Euro, EUR                                     | 580.2          | 563.7          |
| Canadian dollar, CAD                          | 51.7           | 48.3           |
| Swiss franc, CHF                              | 531.7          | 332.4          |
| US dollar, USD                                | 637.6          | 592.4          |
| Nowegian krone, NOK                           | 19.1           | 30.6           |
| Danish krone, DKK                             | 57.6           | 48.0           |
| Chinese yuan, CNY                             | 86.7           | 70.4           |
| Polish zloty, PLN                             | 16.3           | 16.3           |
| Hong Kong dollar, HKD                         | 0.5            | 0.4            |
| British pound, GBP                            | 68.5           | 67.0           |
| <b>Total net assets in foreign currencies</b> | <b>2 049.9</b> | <b>1 769.5</b> |

NOTE 22 CREDIT LIMIT

Amount granted in relation to loans and bank overdraft facilities amounts to SEK 2 800 million (SEK 2 248 million).

NOTE 23 PLEDGED ASSETS AND MATURING LIABILITIES

| SEK million                  | Due for payment            |                 |                             |                |                            |
|------------------------------|----------------------------|-----------------|-----------------------------|----------------|----------------------------|
|                              | Debt as at<br>31 Dec. 2015 | Within one year | Within one to<br>five years | Pledged assets | Debt as at<br>31 Dec. 2014 |
| Interest-bearing liabilities | 2 094.6                    | 289.4           | 1 805.2                     | see below      | 2 044.8                    |

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

|                                | 2015           | 2014           |
|--------------------------------|----------------|----------------|
| Floating charges               | 663.5          | 663.5          |
| Property mortgages             | 140.8          | 136.5          |
| Net assets in subsidiaries     | 2 332.9        | 2 133.5        |
| Stocks and accounts receivable | 323.6          | 1 029.4        |
| <b>Total</b>                   | <b>3 460.8</b> | <b>3 962.9</b> |

Other information concerning pledged assets

Trademarks have been specially pledged to the bank. The amounts are included in the net assets in subsidiaries recognised above. The commitment of the Group's main bank is based in agreed covenant conditions. See also the section on Financial risk in Note 16.

NOTE 24 OTHER PROVISIONS

| SEK million                              | 2015       | 2014        |
|--|------------|-------------|
| Opening balance                          | 13.1       | 15.9        |
| Reversed during the year                 | -0.6       | -0.2        |
| Provision for additional consideration * | -6.5       | -6.0        |
| Provisions during the year               | 0.1        | 1.0         |
| Translation difference                   | 0.3        | 2.4         |
| <b>Closing balance of year-end</b>       | <b>6.4</b> | <b>13.1</b> |

\* Provision has been reclassified to short-term liability.

Reported provisions at year-end mainly relates to estimated additional considerations.

NOTE 25 OTHER CURRENT LIABILITIES

| SEK million              | 2015         | 2014        |
|--------------------------|--------------|-------------|
| VAT                      | 58.5         | 23.8        |
| Personal income tax      | 15.7         | 16.2        |
| Advances from customers  | 9.3          | 5.2         |
| Other wage deductions    | 8.0          | 6.7         |
| Social security          | 1.6          | 1.6         |
| Liabilities to employees | 0.3          | 0.3         |
| Liabilities to customers | 0.1          | 0.0         |
| Currency futures         | 6.4          | 0.0         |
| Additional consideration | 4.3          | 6.4         |
| Giftcards not redeemed   | 0.8          | 1.7         |
| Other items              | 20.2         | 19.1        |
| <b>Total</b>             | <b>125.2</b> | <b>81.0</b> |



NOTE 26 ACCRUED EXPENSES AND PREPAID INCOME

| SEK million                  | 2015         | 2014         |
|------------------------------|--------------|--------------|
| Salaries and payroll tax     | 99.7         | 88.2         |
| Marketing costs              | 5.9          | 17.9         |
| Commission                   | 43.4         | 22.1         |
| Royalties                    | 7.0          | 9.4          |
| Audit                        | 4.5          | 3.8          |
| Interest                     | 1.2          | 0.5          |
| Delivery of goods            | 5.8          | 10.5         |
| Electricity and rental costs | 4.2          | 3.4          |
| Claims                       | 1.0          | 2.7          |
| Prepaid income               | 0.3          | 0.8          |
| Bank charges                 | 0.1          | 0.7          |
| Other items                  | 21.1         | 20.0         |
| <b>Total</b>                 | <b>194.2</b> | <b>180.0</b> |

NOTE 27 CONTINGENT LIABILITIES

| SEK million                         | 2015        | 2014        |
|-------------------------------------|-------------|-------------|
| Duty guarantee                      | 15.2        | 10.8        |
| PRI                                 | 2.0         | 2.0         |
| Other guarantees                    | 0.6         | 2.5         |
| Guarantees for associated companies | 6.0         | 9.5         |
| <b>Total</b>                        | <b>23.8</b> | <b>24.8</b> |

NOTE 28 ADJUSTMENT FOR ITEMS NOT INCLUDED IN CASH FLOW

| SEK million  | 2015        | 2014        |
|--|-------------|-------------|
| Depreciation and write downs of tangible and intangible fixed assets | 57.1        | 54.2        |
| Depreciation as a part of production costs/goods for resale          | 11.1        | 8.5         |
| Other items  | -0.5        | 9.1         |
| <b>Total</b>   | <b>67.7</b> | <b>71.8</b> |

NOTE 29 ACQUISITIONS AND SALE OF SUBSIDIARIES

During the year shares in two small company have been acquired, 100% of the shares in Textilgrossisten i Stenungsund AB and 75% of the shares in Termo Original Sweden AB, together with the remaining 49% of the shares in 8016267 Canada Inc. A smaller company, Restaurant AB Kullegården, has been sold during the year. The investments and the sale affected cash flow with SEK 5,7 million.

| SEK million                                     | 2015       |
|---|------------|
| Negative Goodwill                               | 13.6       |
| Working capital                                 | -18.8      |
| Overtake of loan                                | 12.7       |
| Fixed assets                                    | 6.6        |
| Reclassification shares in associated companies | -0.9       |
| Consideration                                   | -7.5       |
| <b>Effect on cash flow</b>                      | <b>5.7</b> |

Acquired negative goodwill is included in Other operating income in the Consolidated income statement.

## NOTE 30 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 PROFIT 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 2 513.6 million (SEK 2 405.1 million) at the end of the year. New Wave Group's financial strategy is to create safe financial conditions for the Group's operations and development. The return on equity is highly significant. At the end of 2015, the return on equity amounted to 6.0% (7.9%) with an equity ratio of 45.9% (45.9%).

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 1.00 (1.00) per share, corresponding to SEK 66.3 million or 46% of the Group's profit for the year.



During 2015, we increased our marketing efforts in Swedish evening press and weekend magazines extensively to create exposure and frequency for our most important brands. In total, we run hundreds of ads, mainly full pages and half pages, where we consequently refer to our retail network. This is our most extensive media campaign so far and it is backed up by marketing on the web and in social media.

## INCOME STATEMENTS

1 JANUARY – 31 DECEMBER

| SEK million  | Note     | 2015         | 2014         |
|--|----------|--------------|--------------|
| Income   | 2        | 94.7         | 90.0         |
| Other operating income                               | 3        | 27.9         | 14.9         |
| <b>Operating costs</b>                               |          |              |              |
| External costs                                       | 2, 5, 10 | -79.7        | -64.7        |
| Personnel costs                                      | 4, 5     | -26.6        | -25.9        |
| Depreciation of tangible and intangible fixed assets | 9, 10    | -5.8         | -3.9         |
| Other operating costs                                |          | -26.1        | -13.0        |
| <b>Operating profit</b>                              |          | <b>-15.6</b> | <b>-2.6</b>  |
| Net income from shares in Group companies            |          | 116.8        | 276.1        |
| Write-downs of financial fixed assets                |          | -93.2        | -21.8        |
| Financial income                                     |          | 57.1         | 41.8         |
| Financial expenses                                   |          | -104.7       | -77.3        |
| <b>Net financial items</b>                           | 6        | <b>-24.0</b> | <b>218.8</b> |
| <b>Profit before appropriations and income tax</b>   |          | <b>-39.6</b> | <b>216.2</b> |
| Appropriations                                       | 7        | 8.9          | -1.6         |
| Tax on result for the year                           | 8        | 0.0          | 0.0          |
| <b>Result for the year</b>                           |          | <b>-30.7</b> | <b>214.6</b> |

Total comprehensive income for the year correspond with profit for the year.

## CASH FLOW STATEMENT

1 JANUARY – 31 DECEMBER

| SEK million  | Note | 2015         | 2014          |
|--|------|--------------|---------------|
| <b>Current operations</b>  |      |              |               |
| Operating profit/loss  |      | -15.6        | -2.6          |
| Adjustment for items not included in cash flow                             |      | 5.8          | 3.9           |
| Received dividends   |      | 0.0          | 2.8           |
| Received interest  |      | 57.1         | 41.8          |
| Paid interest  |      | -64.3        | -46.5         |
| Paid income tax  |      | -0.4         | 0.9           |
| <b>Cash flow from current operations before changes in working capital</b> |      | <b>-17.4</b> | <b>0.3</b>    |
| <b>Cash flow from changes in working capital</b>                           |      |              |               |
| Decrease/increase in stock   |      | -0.2         | -0.6          |
| Decrease/increase in current receivables                                   |      | -199.9       | -274.3        |
| Decrease/increase in current liabilities                                   |      | 235.5        | 94.4          |
| <b>Cash flow from operations</b>   |      | <b>18.0</b>  | <b>-180.2</b> |
| <b>Investing activities</b>  |      |              |               |
| Capital contribution to subsidiaries                                       |      | -9.6         | -9.5          |
| Shareholders contribution to associated companies                          |      | 0.0          | -1.5          |
| Investments in tangible fixed assets                                       |      | -2.5         | -0.1          |
| Investments in intangible fixed assets                                     |      | -1.5         | -16.9         |
| Acquisition of shares  |      | -9.2         | -5.4          |
| Repayment of purchase amount   |      | 0.0          | 0.1           |
| <b>Cash flow from investing activities</b>                                 |      | <b>-22.8</b> | <b>-33.3</b>  |
| <b>Cash flow after investing activities</b>                                |      | <b>-4.8</b>  | <b>-213.5</b> |
| <b>Financial activities</b>  |      |              |               |
| Loan raised  |      | 61.5         | 292.2         |
| Dividend paid to shareholders of the parent company                        |      | -66.3        | -66.3         |
| <b>Cash flow from financial activities</b>                                 |      | <b>-4.8</b>  | <b>225.9</b>  |
| <b>Cash flow for the year</b>  |      | <b>-9.6</b>  | <b>12.4</b>   |
| Liquid assets at beginning of the year                                     |      | 12.8         | 0.4           |
| <b>Liquid assets at year end</b>   |      | <b>3.2</b>   | <b>12.8</b>   |

## BALANCE SHEET

AS AT 31 DECEMBER

| SEK million                         | Note | 2015           | 2014           |
|-------------------------------------|------|----------------|----------------|
| <b>ASSETS</b>                       |      |                |                |
| <b>Fixed assets</b>                 |      |                |                |
| Intangible fixed assets             | 9    | 15.7           | 19.4           |
| Tangible fixed assets               | 10   | 2.9            | 0.9            |
| <i>Financial fixed assets</i>       |      |                |                |
| Shares in Group companies           | 11   | 1 488.1        | 1 413.6        |
| Shares in associated companies      | 12   | 52.2           | 60.4           |
| Receivables on Group companies      |      | 916.3          | 857.0          |
| Other long-term receivables         |      | 2.0            | 2.0            |
| <i>Total financial fixed assets</i> |      | 2 458.6        | 2 333.0        |
| <b>Total fixed assets</b>           |      | <b>2 477.2</b> | <b>2 353.3</b> |
| <b>Current assets</b>               |      |                |                |
| <i>Current receivables</i>          |      |                |                |
| Stock                               |      | 0.8            | 0.6            |
| Accounts receivable                 |      | 0.3            | 0.3            |
| Receivables on Group companies      |      | 1 156.2        | 896.7          |
| Tax receivables                     |      | 0.6            | 0.2            |
| Other receivables                   |      | 7.0            | 90.6           |
| Prepaid expenses and accrued income | 13   | 5.4            | 5.4            |
| <i>Total current receivables</i>    |      | 1 170.3        | 993.8          |
| Cash at bank and in hand            |      | 3.2            | 12.8           |
| <b>Total current assets</b>         |      | <b>1 173.5</b> | <b>1 006.6</b> |
| <b>TOTAL ASSETS</b>                 |      | <b>3 650.7</b> | <b>3 359.9</b> |

# THE PARENT COMPANY

| SEK million   | Note   | 2015           | 2014           |
|---|--------|----------------|----------------|
| <b>EQUITY AND LIABILITIES</b>   |        |                |                |
| <b>Equity</b>   |        |                |                |
| <i>Restricted equity</i>  |        |                |                |
| Share capital   | 14     | 199.1          | 199.1          |
| Restricted reserves   |        | 249.4          | 249.4          |
|   |        | <b>448.5</b>   | <b>448.5</b>   |
| <i>Unrestricted equity</i>  |        |                |                |
| Retained profits  |        | 748.8          | 600.5          |
| Share premium reserve   |        | 48.0           | 48.0           |
| Net profit for the year   |        | -30.7          | 214.6          |
|   |        | <b>766.1</b>   | <b>863.1</b>   |
| <b>Total equity</b>   |        | <b>1 214.6</b> | <b>1 311.6</b> |
| <b>Untaxed reserves</b>   | 15     | <b>0.0</b>     | <b>8.9</b>     |
| <b>Non-current liabilities</b>  | 16, 18 |                |                |
| Overdraft facilities  |        | 1 329.6        | 1 377.9        |
| Bank loans  |        | 294.2          | 325.0          |
| <b>Total non-current liabilities</b>                                    |        | <b>1 623.8</b> | <b>1 702.9</b> |
| <b>Current liabilities</b>  |        |                |                |
| Short-term interest-bearing liabilities                                 | 16, 18 | 250.0          | 50.0           |
| Accounts payable  |        | 99.4           | 39.7           |
| Liabilities to Group companies  |        | 449.8          | 240.6          |
| Other liabilities   |        | 7.2            | 1.0            |
| Accrued expenses and prepaid income                                     | 17     | 5.9            | 5.2            |
| <b>Total current liabilities</b>  |        | <b>812.3</b>   | <b>336.5</b>   |
| <b>TOTAL EQUITY AND LIABILITIES</b>                                     |        | <b>3 650.7</b> | <b>3 359.9</b> |
| <b>Pledged assets and contingent liabilities for the parent company</b> |        |                |                |
| Pledged assets  | 18     | 1 198.8        | 1 141.4        |
| Contingent liabilities  | 19     | 334.0          | 436.5          |

## CHANGES IN EQUITY

| SEK million  | Share capital | Restricted reserves | Retained profits | Share premium reserve | Result for the year | Total equity   |
|--|---------------|---------------------|------------------|-----------------------|---------------------|----------------|
| <b>Opening balance 2014-01-01</b>  | <b>199.1</b>  | <b>249.4</b>        | <b>425.9</b>     | <b>48.0</b>           | <b>240.9</b>        | <b>1 163.3</b> |
| <b>Transfer according to Annual General Meeting</b>                        |               |                     | <b>240.9</b>     |                       | <b>-240.9</b>       | <b>0.0</b>     |
| Result for the year  |               |                     |                  |                       | 214.6               | 214.6          |
| <b>Total change in net assets excluding transactions with shareholders</b> | <b>0.0</b>    | <b>0.0</b>          | <b>0.0</b>       | <b>0.0</b>            | <b>214.6</b>        | <b>214.6</b>   |
| Dividends  |               |                     | -66.3            |                       |                     | -66.3          |
| <b>Closing balance 2014-12-31</b>  | <b>199.1</b>  | <b>249.4</b>        | <b>600.5</b>     | <b>48.0</b>           | <b>214.6</b>        | <b>1 311.6</b> |
| <b>Opening balance 2015-01-01</b>  | <b>199.1</b>  | <b>249.4</b>        | <b>600.5</b>     | <b>48.0</b>           | <b>214.6</b>        | <b>1 311.6</b> |
| <b>Transfer according to Annual General Meeting</b>                        |               |                     | <b>214.6</b>     |                       | <b>-214.6</b>       | <b>0.0</b>     |
| Result for the year  |               |                     |                  |                       | -30.7               | -30.7          |
| <b>Total change in net assets excluding transactions with shareholders</b> | <b>0.0</b>    | <b>0.0</b>          | <b>0.0</b>       | <b>0.0</b>            | <b>-30.7</b>        | <b>-30.7</b>   |
| Dividends  |               |                     | -66.3            |                       |                     | -66.3          |
| <b>Closing balance 2015-12-31</b>  | <b>199.1</b>  | <b>249.4</b>        | <b>748.8</b>     | <b>48.0</b>           | <b>-30.7</b>        | <b>1 214.6</b> |



## 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

### **Sales**

Of the parent company's invoiced sales, SEK 94.4 million (SEK 89.6 million) equivalent to 99.6% (99.6%) were sales to Group companies. All transactions have occurred in accordance with market conditions.

### **Transactions with related persons**

The mother company has not had any transactions with related persons during 2015.

**NOTE 3 OTHER INCOME**

| <b>MSEK</b>                      | <b>2015</b> | <b>2014</b> |
|----------------------------------|-------------|-------------|
| Foreign exchange gains           | 27.4        | 14.7        |
| Other contributions and payments | 0.5         | 0.2         |
| <b>Total</b>                     | <b>27.9</b> | <b>14.9</b> |

**NOTE 4 AVERAGE NUMBER OF EMPLOYEES**

|              | <b>2015</b>                |                     | <b>2014</b>                |                     |
|--------------|----------------------------|---------------------|----------------------------|---------------------|
|              | <b>Number of employees</b> | <b>Of which men</b> | <b>Number of employees</b> | <b>Of which men</b> |
| Göteborg     | 30                         | 19                  | 37                         | 27                  |
| <b>Total</b> | <b>30</b>                  | <b>19</b>           | <b>37</b>                  | <b>27</b>           |

**NOTE 5 SALARIES, OTHER REMUNERATION AND SOCIAL SECURITY COSTS**

| <b>SEK million</b> | <b>2015</b>                            |                              |                               | <b>2014</b>                            |                              |                               |
|--------------------|--|------------------------------|-------------------------------|--|------------------------------|-------------------------------|
|                    | <b>Salaries and other remuneration</b> | <b>Social security costs</b> | <b>Of which pension costs</b> | <b>Salaries and other remuneration</b> | <b>Social security costs</b> | <b>Of which pension costs</b> |
|                    | 16.9                                   | 8.3                          | 2.4                           | 16.8                                   | 7.8                          | 2.3                           |

Of the parent company's pension costs SEK 0.4 million (SEK 0.4 million) concerns the corporate board and the Managing director.

**Salaries and other remuneration divided between Board members and MD and other employees**

| <b>SEK million</b> | <b>2015</b>         |                       |                        | <b>2014</b>         |                       |                        |
|--------------------|---------------------|-----------------------|------------------------|---------------------|-----------------------|------------------------|
|                    | <b>Board and MD</b> | <b>Of which bonus</b> | <b>Other employees</b> | <b>Board and MD</b> | <b>Of which bonus</b> | <b>Other employees</b> |
|                    | 1.8                 | 0.0                   | 15.1                   | 1.7                 | 0.0                   | 15.1                   |

| <b>Board members' fees</b>                     | <b>2015</b> | <b>2014</b> |
|--|-------------|-------------|
| External members of the parent company's Board | 0.9         | 0.8         |
| Of which to the Chairman of the board          | 0.3         | 0.3         |

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

**TERMS OF EMPLOYMENT FOR THE MANAGING DIRECTOR**

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

**THE CONDITIONS OF EMPLOYMENT FOR OTHER SENIOR EXECUTIVES**

Other senior executives refers to the two persons whom together with the Managing Director is a part of the Group management. For the structure of the Group management, see page 129 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 Managing Director 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 Managing Director after consultation with the Chairman of the Board. The board members' fees are decided by the Annual General Meeting.

| SEK million  | 2015                            |                |               | 2014                            |                |               |
|--|---------------------------------|----------------|---------------|---------------------------------|----------------|---------------|
|  | Salaries and other remuneration | Of which bonus | Pension costs | Salaries and other remuneration | Of which bonus | Pension costs |
| Torsten Jansson, Managing Director                 | 0.9                             | 0.0            | 0.4           | 0.9                             | 0.0            | 0.4           |
| Anders Dahlvig, Chairman of the Board              | 0.3                             | 0.0            | 0.0           | 0.3                             | 0.0            | 0.0           |
| Christina Bellander, Board Member                  | 0.1                             | 0.0            | 0.0           | 0.1                             | 0.0            | 0.0           |
| Göran Härstedt, resigning Board Member 2014        | 0.0                             | 0.0            | 0.0           | 0.1                             | 0.0            | 0.0           |
| Helle Kruse Nielsen, Board Member                  | 0.1                             | 0.0            | 0.0           | 0.1                             | 0.0            | 0.0           |
| Mats Årjes, Board Member                           | 0.1                             | 0.0            | 0.0           | 0.1                             | 0.0            | 0.0           |
| M Johan Widerberg, newly elected Board Member 2014 | 0.1                             | 0.0            | 0.0           | 0.1                             | 0.0            | 0.0           |
| Other senior executives*                           | 2.5                             | 0.0            | 0.6           | 3.3                             | 0.0            | 0.3           |
| <b>Total</b>                                       | <b>4.1</b>                      | <b>0.0</b>     | <b>1.0</b>    | <b>5.0</b>                      | <b>0.0</b>     | <b>0.7</b>    |

\*Individuals referred to on page 129.

### 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 2015 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.

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 IFRS. 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 153% (143%).

### Remuneration to auditors and audit company

| SEK million                         | 2015       | 2014       |
|-------------------------------------|------------|------------|
| Audit assignment                    |            |            |
| Ernst & Young                       | 0.9        | 0.8        |
| Audit work outside audit assignment | 0.2        | 0.2        |
| Tax consultancy                     | 0.0        | 0.0        |
| <b>Total</b>                        | <b>1.1</b> | <b>1.0</b> |

## NOTE 6 FINANCIAL INCOME AND COST

| SEK million                           | 2015         | 2014         |
|---------------------------------------|--------------|--------------|
| Write down of financial fixed assets* | -93.2        | -21.8        |
| Dividends from subsidiaries           | 116.8        | 276.1        |
| Financial income, Group companies     | 36.3         | 24.9         |
| Financial income, other               | 20.8         | 16.9         |
| Financial expenses, Group companies   | -46.8        | -37.6        |
| Financial expenses, other             | -57.9        | -39.7        |
| <b>Total</b>                          | <b>-24.0</b> | <b>218.8</b> |

\* Income was adversely affected by SEK 93.2 million (SEK -21.8 million) owing 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 7 APPROPRIATIONS

| SEK million   | 2015       | 2014        |
|---|------------|-------------|
| Difference between reported depreciation and depreciation according to plan | 1.9        | -1.6        |
| Tax allocation reserve  | 7.0        | 0.0         |
| <b>Total</b>  | <b>8.9</b> | <b>-1.6</b> |

NOTE 8 TAX ON PROFIT FOR THE YEAR

| SEK million                              | 2015         | 2014         |            |             |
|--|--------------|--------------|------------|-------------|
| Current tax                              | 0.0          | 0.0          |            |             |
| Tax attributable to previous years       | 0.0          | 0.0          |            |             |
| <b>Total</b>                             | <b>0.0</b>   | <b>0.0</b>   |            |             |
| <b>Reconciliation of actual tax</b>      |              |              |            |             |
| <b>Profit before tax</b>                 | <b>-30.6</b> | <b>214.6</b> |            |             |
| Tax expense according to local tax rate  | 6.7          | -21.9%       | -47.2      | -22.0%      |
| <i>Tax effects from:</i>                 |              |              |            |             |
| Non taxable income                       | 17.0         | -55.6%       | 52.6       | 24.5%       |
| Non deductible expenses                  | -20.6        | 67.3%        | -4.9       | -2.3%       |
| Not activated loss carry-forward         | -3.1         | 10.1%        | 0.0        | 0.0%        |
| Tax attributable to previous years       | 0.0          | 0.0%         | 0.0        | 0.0%        |
| Other                                    | 0.0          | 0.0%         | -0.5       | -0.2%       |
| <b>Tax according to income statement</b> | <b>0.0</b>   | <b>0.0%</b>  | <b>0.0</b> | <b>0.0%</b> |

NOTE 9 INTANGIBLE FIXED ASSETS

| SEK million                                       | Trademarks  |             | Computer software |              |
|---|-------------|-------------|-------------------|--------------|
|   | 2015        | 2014        | 2015              | 2014         |
| <b>Accumulated acquisition values</b>             |             |             |                   |              |
| Opening acquisition value                         | 6.9         | 6.9         | 34.7              | 17.8         |
| Acquisitions                                      | 0.0         | 0.0         | 1.5               | 16.9         |
| <b>Closing accumulated acquisition value</b>      | <b>6.9</b>  | <b>6.9</b>  | <b>36.2</b>       | <b>34.7</b>  |
| <b>Accumulated depreciation according to plan</b> |             |             |                   |              |
| Opening depreciation                              | -6.9        | -6.9        | -15.3             | -12.0        |
| Depreciation during the year                      | 0.0         | 0.0         | -5.2              | -3.3         |
| <b>Closing accumulated depreciation</b>           | <b>-6.9</b> | <b>-6.9</b> | <b>-20.5</b>      | <b>-15.3</b> |
| <b>Closing book value</b>                         | <b>0.0</b>  | <b>0.0</b>  | <b>15.7</b>       | <b>19.4</b>  |

NOTE 10 TANGIBLE FIXED ASSETS

| SEK million                                       | Equipment, tools<br>and installations |              |
|---|---------------------------------------|--------------|
|   | 2015                                  | 2014         |
| <b>Accumulated acquisition values</b>             |                                       |              |
| Opening acquisition value                         | 11.4                                  | 11.3         |
| Acquisitions                                      | 2.5                                   | 0.1          |
| <b>Closing accumulated acquisition value</b>      | <b>13.9</b>                           | <b>11.4</b>  |
| <b>Accumulated depreciation according to plan</b> |                                       |              |
| Opening depreciation                              | -10.5                                 | -9.9         |
| Depreciation during the year                      | -0.5                                  | -0.6         |
| <b>Closing accumulated depreciation</b>           | <b>-11.0</b>                          | <b>-10.5</b> |
| <b>Closing book value</b>                         | <b>2.9</b>                            | <b>0.9</b>   |

**Leasing charges in respect of operational leasing**

The Group has operational lease agreements for rental of premises and business systems. The future commitment for these agreements can be seen in the following summary:

|  | 2015     |                 |  | 2014     |                 |
|--|----------|-----------------|--|----------|-----------------|
|  | Premises | Business system |  | Premises | Business system |
| 2016   | 3.1      | 0.0             | 2015   | 1.7      | 0.0             |
| 2017   | 1.4      | 0.0             | 2016   | 1.7      | 0.0             |
| 2018   | 1.4      | 0.0             | 2017   | 0.0      | 0.0             |
| 2019   | 1.5      | 0.0             | 2018   | 0.0      | 0.0             |
| 2020 incl. costs<br>through contract<br>period end | 0.4      | 0.0             | 2019 incl.<br>costs through<br>contract period end | 0.0      | 0.0             |
| Rental costs for the<br>year amounted to           | 2.9      | 0.0             |  | 1.6      | 1.2             |

## NOT 11 SHARES IN GROUP COMPANIES

|  | Equity,<br>% | Voting<br>rights,% | Number<br>of shares | Book<br>value, TSEK |  |
|--|--------------|--------------------|---------------------|---------------------|--|
| Dahetra A/S <sup>9</sup>                               | 100          | 100                | 1 000               | 28 850              | 1. EBAS Group BV owns 11% of Texet Benelux NV, 4 % of Texet France SAS and 100 % of Texet Harvest Spain SL.  |
| DJ Frantextil AB                                       | 100          | 100                | 30 000              | 20 474              | 2. Hefa AB owns Texet GmbH which in turn owns New Wave GmbH.   |
| EBAS Group BV <sup>1</sup>                             | 100          | 100                | 5 100               | 27 010              | 3. Intraco Holding owns Intraco Hong Kong Ltd, Intraco International Ltd, Intraco Electronics Ltd, Intraco Trading BV, Intraco Deutschland GmbH and 60% of DeskTop Ideas Ltd.  |
| 8016267 Canada Inc                                     | 100          | 100                | 10 000              | 10 000              | 4. New Wave Group SA owns New Wave Group Licensing SA, New Wave Far East Ltd and Multi Sourcing Asia Ltd.  |
| GC Sportswear OY                                       | 100          | 100                | 8 000               | 82                  | 5. Orrefors Kosta Boda AB owns Glasma AB, Grundbulten 15248 AB in the process of changing name to Kosta Lodge AB, Grundbulten 15249 AB in the process of changing name to Kosta Food & Beverage AB, Grundbulten 15250 in the process of changing name to Kosta Outdoor AB, Grundbulten 15251 AB in the process of changing name to Kosta Fashion AB and Kosta Glasproduktion AB which in turn owns Orrefors Kosta Boda Leasing AB and SEA Glasbruk AB. |
| Hefa AB <sup>2</sup>                                   | 100          | 100                | 18 985              | 61 996              | 6. New Wave USA Inc owns Cutter & Buck Inc, 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.  |
| Intraco Holding BV <sup>3</sup>                        | 64           | 64                 | 49 804              | 33 362              | 7. Sagaform AB owns Sagaform APS and Sagaform GmbH.  |
| Jobman Workwear AB                                     | 100          | 100                | 10 000              | 81 387              | 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.  |
| Kosta-Förlaget AB                                      | 100          | 100                | 500                 | 1 136               | 9. Dahetra A/S owns Hurricane Purchases A/S.   |
| New Wave Asia Ltd                                      | 100          | 100                | 1                   | 9                   | 10. New Wave Group Canadian Distribution Inc owns Paris Glove of Canada Ltd, which in turn owns Laurentide Gloves Ltd.   |
| New Wave Austria GmbH                                  | 100          | 100                | -                   | 21 136              | 11. New Wave Norway A/S owns Safety-house A/S.   |
| 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 Incentives AB                           | 100          | 100                | 1 000               | 118                 |  |
| New Wave Group International Trading Ltd               | 100          | 100                | -                   | 0                   |  |
| New Wave Group SA <sup>4</sup>                         | 100          | 100                | 100                 | 536                 |  |
| New Wave Holland BV <sup>8</sup>                       | 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             | 92 290              |  |
| New Wave Profile Professional AB                       | 100          | 100                | 1 000               | 100                 |  |
| New Wave Sports AB                                     | 100          | 100                | 50 000              | 24 000              |  |
| New Wave Norway A/S <sup>11</sup>                      | 100          | 100                | 9 000               | 1 022               |  |
| New Wave Sportswear S.A.                               | 100          | 100                | 1 000               | 2 415               |  |
| New Wave Trading Shanghai Ltd                          | 100          | 100                | -                   | 17 888              |  |
| New Wave USA Inc <sup>6</sup>                          | 100          | 100                | -                   | 462 708             |  |
| OKB Restaurang AB                                      | 100          | 100                | 10 000              | 0                   |  |
| Orrefors Event AB                                      | 100          | 100                | 100                 | 100                 |  |
| Orrefors Kosta Boda AB <sup>5</sup>                    | 100          | 100                | 100 000             | 24 481              |  |
| OY Trexet Finland AB                                   | 100          | 100                | 600                 | 1 412               |  |
| New Wave Group Canadian Distribution Inc <sup>10</sup> | 100          | 100                | 1 000               | 39 873              |  |
| Pax Scandinavia AB                                     | 100          | 100                | 2 400               | 27 065              |  |
| Projob Workwear AB                                     | 100          | 100                | 1 015 684           | 492                 |  |
| Sagaform AB <sup>7</sup>                               | 100          | 100                | 5 611 223           | 69 212              |  |
| Sejer Europe AB  | 100          | 100                | 10 000              | 22 000              |  |
| Termo Original Sweden AB                               | 75           | 75                 | 7 500               | 7 500               |  |
| Texet AB   | 100          | 100                | 58 500              | 83 001              |  |
| Texet Benelux BV                                       | 89           | 89                 | 8 458 627           | 144 539             |  |
| Texet France SAS                                       | 96           | 96                 | 47 798              | 0                   |  |
| Texet Poland Sp z o.o.                                 | 100          | 100                | 15 459              | 9 771               |  |
| Textilgrossisten i Stenungsund AB                      | 100          | 100                | 5 000               | 0                   |  |
| United Brands of Scandinavia Ltd, Wales                | 100          | 100                | 200                 | 54 973              |  |
| <b>Total</b>   |              |                    |                     | <b>1 488 139</b>    |  |

# THE PARENT COMPANY

## Information regarding subsidiary corporate identities and domiciles:

|  | Company registration number | Domicile                     |
|--|-----------------------------|------------------------------|
| Ahead Inc  | 45-2433808                  | New Bedford, USA             |
| Aclair Sports Inc  | V245570                     | Burlington, USA              |
| Craft Sportswear NA, LLC   | 35-2477259                  | Beverly, USA                 |
| Cutter & Buck Inc  | 206-830-6812                | Seattle, USA                 |
| Dahetra A/S  | 37764728                    | Skanderborg, Denmark         |
| Desk Top Ideas Ltd   | 718094721                   | Oxfordshire, England         |
| DJ Frantextil AB   | 556190-4086                 | Borås, Sweden                |
| EBAS Group BV  | 17078626                    | Mijdrecht, The Netherlands   |
| 8016267 Canada Inc   | 8016267                     | Montreal, Canada             |
| GC Sportswear OY   | 1772317-6                   | Esbo, Finland                |
| Glasma AB  | 556085-8671                 | Emmaboda, Sweden             |
| Gloves International Inc   | 2579860                     | Mayfield, USA                |
| Grundbulten 15248 AB under namnändring till Kosta Lodge AB           | 559043-4857                 | Lomma, Sweden                |
| Grundbulten 15249 AB under namnändring till Kosta Food & Beverage AB | 559043-4832                 | Lomma, Sweden                |
| Grundbulten 15250 AB under namnändring till Kosta Outdoor AB         | 559043-4881                 | Lomma, Sweden                |
| Grundbulten 15251 AB under namnändring till Kosta Fashion AB         | 559043-9799                 | Lomma, Sweden                |
| GS Plastics GmbH   | HRB 742160                  | Gosheim, Germany             |
| Hefa AB  | 556485-2126                 | Göteborg, Sweden             |
| Hurricane Purchase A/S   | 16503770                    | Skanderborg, Denmark         |
| Intraco Holding BV   | 34228913                    | Wormerveer, The Netherlands  |
| 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, China              |
| Intraco Trading BV   | 35027019                    | Wormerveer, The Netherlands  |
| Intraco Deutschland GmbH   | HRB207207                   | Nordhorn, Germany            |
| Jobman Workwear AB   | 556218-1783                 | Stockholm, Sweden            |
| Kosta-Förlaget AB  | 556700-7140                 | Lessebo, Sweden              |
| Kosta Glasproduktion AB  | 556037-0461                 | Lessebo, Sweden              |
| Laurentide Gloves Ltd  | 1142613307                  | Montreal, Canada             |
| Lensen Toppoint BV   | 5055988                     | Bergentheim, The Netherlands |
| Multi Sourcing Asia Ltd  | 1859015                     | Hong Kong                    |
| New Wave Asia Ltd  | 1213487                     | Hong Kong                    |
| New Wave Austria GmbH  | FN272531g                   | Erl, Austria                 |
| New Wave Danmark A/S   | 234083                      | Köpenhamn, Denmark           |
| New Wave Far East Ltd  | 551901                      | Hong Kong                    |
| New Wave France SAS  | 430 060 624 000 29 514C     | Dardilly, France             |
| New Wave Garments Ltd  | 755013846                   | Shanghai, China              |
| New Wave GmbH  | HRB10847                    | Oberaudorf, Germany          |
| New Wave Group Incentives AB   | 556544-8833                 | Borås, Sweden                |
| New Wave Group International Trading Ltd                             | 74959455X                   | Shanghai, China              |
| New Wave Group SA  | CH-645-1009704-1            | Cortailod, Switzerland       |
| New Wave Holland BV  | 5061847                     | Hardenberg, The Netherlands  |
| New Wave Italia S.r.l  | 1730/9310/45                | Codogno, Italy               |
| New Wave Licensing SA  | CH-645-4099083-3            | Cortailod, Switzerland       |
| New Wave Mode AB   | 556312-5771                 | Munkedal, Sweden             |
| New Wave Norway A/S  | 946506370                   | Sarpsborg, Norway            |
| New Wave Profile Professionals AB                                    | 556765-0782                 | Munkedal, Sweden             |
| New Wave Sports AB   | 556529-1845                 | Borås, Sweden                |
| New Wave Sportswear BV   | 30159098                    | Mijdrecht, The Netherlands   |
| New Wave Sportswear S.A.   | 29963 166887 0190 B1        | Barcelona, Spain             |
| New Wave Trading Shanghai Ltd  | 310000400561917             | Shanghai, China              |
| New Wave USA Inc   | 26-28441698                 | Seattle, USA                 |

# THE PARENT COMPANY

|  | Company registration number | Domicile                |
|--|-----------------------------|-------------------------|
| Newpoint Sp z o.o.                       | 270348                      | Zielona Góra, Poland    |
| OKB Restaurang AB                        | 556697-8804                 | Nybro, Sweden           |
| Orrefors Event AB                        | 556699-2565                 | Lessebo, Sweden         |
| Orrefors Kosta Boda AB                   | 556519-1300                 | Lessebo, Sweden         |
| Orrefors Kosta Boda Inc                  | 23-05822990                 | West Berlin, USA        |
| Orrefors Leasing AB                      | 556374-8804                 | Nybro, Sweden           |
| OY Trexet Finland AB                     | 0874124-1                   | Esbo, Finland           |
| Paris Glove of Canada Ltd                | 1142613711                  | Montreal, Canada        |
| New Wave Group Canadian Distribution Inc | 1167232215                  | Montreal, Canada        |
| Pax Scandinavia AB                       | 556253-8685                 | Örebro, Sweden          |
| Projob Workwear AB                       | 556560-7180                 | Borås, Sweden           |
| Safetyhouse A/S                          | 911 689 693                 | Grålum, Norway          |
| Sagaform AB                              | 556402-4064                 | Borås, Sweden           |
| Sagaform APS                             | 25818253                    | Karlebo, Denmark        |
| Sagaform GmbH                            | 47619                       | Oberaudorf, Germany     |
| Sagaform Inc                             | 20-3981096                  | West Berlin, USA        |
| SEA Glasbruk AB                          | 556063-8883                 | Lessebo, Sweden         |
| Seger Europe AB                          | 556244-8901                 | Ulricehamn, Sweden      |
| Termo Original Sweden AB                 | 559022-9497                 | Mark, Sweden            |
| Textet AB                                | 556354-3015                 | Stockholm, Sweden       |
| Textet Benelux NV                        | BE 404.998.655              | Aarschot, Belgium       |
| Textet France SAS                        | 305035693                   | Natterre Cedex, France  |
| Textet GmbH                              | 328/5857/0728               | Oberaudorf, Germany     |
| Textet Harvest Spain SL                  | A 78480696                  | Madrid, Spain           |
| Textet Poland Sp z o.o.                  | 281382                      | Poznan, Poland          |
| Textilgrossisten Stenungsund AB          | 556435-2846                 | Stenungsund, Sweden     |
| Toppoint Deutschland GmbH                | HR B 1986                   | Nordhorn, Germany       |
| Toppoint Polska Sp z o.o.                | 220828                      | Zielona Góra, Poland    |
| United Brands of Scandinavia Ltd         | 5480650                     | Hirwaun, South Wales    |
| X-Tend BV                                | 8108654                     | Zwolle, The Netherlands |

## NOTE 12 SHARES IN ASSOCIATED COMPANIES

### Reported acquisition costs for the associated companies

| SEK million                            | 2015        | 2014        |
|--|-------------|-------------|
| Dingle Industrilokaler AB              | 8.3         | 8.3         |
| 8016267 Canada Inc *                   | 0.0         | 5.7         |
| Glasrikets skatter ekonomiska förening | 1.0         | 1.0         |
| Kosta Köpmanshus AB                    | 29.4        | 29.4        |
| Scandinavian Trade Holding AB          | 0.0         | 2.5         |
| Vist Fastighetsbolag AB                | 13.5        | 13.5        |
| <b>Total</b>                           | <b>52.2</b> | <b>60.4</b> |

\* The remaining 51% of the shares in 8016267 Canada Inc have been acquired during the year.

## NOTE 13 PREPAID EXPENSES AND ACCRUED INCOME

| SEK million                | 2015       | 2014       |
|----------------------------|------------|------------|
| Prepaid credit fees        | 0.0        | 1.6        |
| Prepaid rents              | 0.8        | 0.4        |
| Prepaid marketing expenses | 0.7        | 0.5        |
| Prepaid licens costs       | 2.7        | 1.6        |
| Other items                | 1.2        | 1.3        |
| <b>Total</b>               | <b>5.4</b> | <b>5.4</b> |



**NOTE 14 EQUITY**

**Division of share capital**

The parent company's share capital consisted of the following number of shares as at 31 December 2015 with a quoted value of up to SEK 3.0 per share.

**Shares %**

| Share class  |          | No. of shares     | No. of votes       | Capital      | Votes        |
|--------------|----------|-------------------|--------------------|--------------|--------------|
| A            | 10 votes | 19 707 680        | 197 076 800        | 29.7         | 80.9         |
| B            | 1 vote   | 46 635 863        | 46 635 863         | 70.3         | 19.1         |
| <b>Total</b> |          | <b>66 343 543</b> | <b>243 712 663</b> | <b>100.0</b> | <b>100.0</b> |

**NOTE 15 UNTAXED RESERVES**

| SEK million   | 2015       | 2014       |
|---|------------|------------|
| The difference between reported depreciation and depreciation according to plan | 0.0        | 2.0        |
| Tax allocation reserve taxation 2012  | 0.0        | 6.9        |
| <b>Total</b>  | <b>0.0</b> | <b>8.9</b> |

Deferred tax on untaxed reserves amounts to SEK 0.0 million (SEK 2.0 million).

**NOTE 16 CREDIT LIMIT**

Amount granted in relation to loans and bank overdraft facilities amount to SEK 2 550 million (SEK 2 100 million).

The company's overdraft facilities with the bank are defined as long-term. Existing credit facility is valid until 31 December 2016. On February 10 2016, the Group signed a new funding agreement. Amount granted in relation to loans and bank overdraft facilities amount to SEK 2 200 million with maturity over 3 years and USD 45 million with a maturity over 8 years.

**NOTE 17 ACCRUED EXPENSES AND PREPAID INCOME**

| SEK million                     | 2015       | 2014       |
|---------------------------------|------------|------------|
| Accrued salaries                | 0.2        | 0.0        |
| Holiday pay liability           | 2.8        | 2.7        |
| Social security charges         | 0.5        | 0.4        |
| Special employer's contribution | 1.0        | 0.5        |
| Audit                           | 0.3        | 0.6        |
| Interest                        | 0.9        | 0.1        |
| Credit charge                   | 0.0        | 0.5        |
| Other items                     | 0.2        | 0.4        |
| <b>Total</b>                    | <b>5.9</b> | <b>5.2</b> |

NOTE 18 PLEDGED ASSETS AND MATURING LIABILITIES

| SEK million                  | Liability as per<br>31 Dec. 2015 | Within 1 year | Due for payment              |                          | Pledged<br>asset | Liability as per<br>31 Dec. 2014 |
|------------------------------|----------------------------------|---------------|------------------------------|--------------------------|------------------|----------------------------------|
|                              |                                  |               | Between one<br>to five years | Later than<br>five years |                  |                                  |
| Interest-bearing liabilities | 1 873.8                          | 250.0         | 1 623.8                      | -                        | see below        | 1 752.9                          |

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

|                              | 2015           | 2014           |
|------------------------------|----------------|----------------|
| Company mortgages            | 30.0           | 30.0           |
| Shares in subsidiary         | 1 160.5        | 1 103.1        |
| Shares in associated company | 8.3            | 8.3            |
| <b>Total</b>                 | <b>1 198.8</b> | <b>1 141.4</b> |

NOTE 19 CONTINGENT LIABILITIES

| SEK million                 | 2015  | 2014  |
|-----------------------------|-------|-------|
| Guarantees for subsidiaries | 334.0 | 436.5 |



*James Harvest Sportswear is one of the most sophisticated promowear collections on the market with a high degree of added lifestyle.*

# AUDITOR'S REPORT

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TO THE ANNUAL GENERAL MEETING OF THE  
SHAREHOLDERS OF NEW WAVE GROUP AB (PUBL)

CORPORATE IDENTITY NUMBER  
556350 - 0916

## REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

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We have audited the annual accounts and consolidated accounts of New Wave Group AB (publ) for the year 2015. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 65 – 122.

### RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR FOR THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these annual accounts in accordance with the Annual Accounts Act and of the consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the Managing Director 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.

### AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We

conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Managing Director, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## OPINIONS

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 2015 and of its financial performance and its cash flows 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 2015 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, 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 annual meeting of shareholders adopt the income statement and balance sheet for the parent company and the group.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of New Wave Group AB (publ) for the year 2015.

### RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the Managing Director are responsible for administration under the Companies Act.

## AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

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.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the Managing Director is liable to the company. We also examined whether any member of the Board of Directors or the Managing Director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

## OPINIONS

We recommend to the annual 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 Managing Director be discharged from liability for the financial year.

GÖTEBORG, APRIL 5, 2016  
ERNST & YOUNG AB



STEFAN KYLEBÄCK  
*Authorized Public Accountant*

## THE GROUP IN SUMMARY

| <b>Income statements in brief, SEK million</b>                 | <b>2015</b>    | <b>2014</b>    | <b>2013</b>    | <b>2012</b>    | <b>2011</b>    |
|--|----------------|----------------|----------------|----------------|----------------|
| Income   | 4 964.7        | 4 273.6        | 4 047.4        | 4 280.2        | 4 236.9        |
| Other operating income   | 47.2           | 27.7           | 33.3           | 35.1           | 39.4           |
| Operating costs  | -4 699.6       | -3 997.1       | -3 737.9       | -4 152.3       | -3 898.8       |
| Profit before depreciation                                     | 312.3          | 304.2          | 342.8          | 163.0          | 377.5          |
| Depreciation and write-downs                                   | -57.1          | -54.2          | -52.1          | -89.9          | -50.6          |
| Operating profit   | 255.2          | 250.0          | 290.7          | 73.1           | 326.9          |
| Net financial items  | -74.3          | -42.0          | -56.2          | -58.2          | -51.0          |
| Profit before tax  | 180.9          | 208.0          | 234.5          | 14.9           | 275.9          |
| Tax  | -35.6          | -31.1          | -47.4          | -9.1           | -76.8          |
| <b>Profit for the year</b>                                     | <b>145.3</b>   | <b>176.9</b>   | <b>187.1</b>   | <b>5.8</b>     | <b>199.1</b>   |
| Total comprehensive income for the year                        | 173.3          | 376.1          | 211.1          | -70.2          | 226.1          |
| <b>Balance sheets in brief</b>                                 |                |                |                |                |                |
| Trademarks   | 491.0          | 467.7          | 417.7          | 417.7          | 435.4          |
| Other fixed assets   | 1 431.8        | 1 370.1        | 1 235.0        | 1 243.1        | 1 337.9        |
| Stock  | 2 447.8        | 2 162.1        | 1 449.1        | 1 645.4        | 1 973.9        |
| Accounts receivable  | 821.5          | 804.2          | 734.2          | 705.0          | 782.3          |
| Other current assets   | 121.1          | 216.5          | 200.4          | 200.3          | 159.2          |
| Liquid assets  | 165.5          | 216.0          | 185.1          | 229.7          | 117.7          |
| <b>Total assets</b>  | <b>5 478.7</b> | <b>5 236.6</b> | <b>4 221.5</b> | <b>4 441.2</b> | <b>4 806.4</b> |
| Equity attributable to shareholders                            | 2 491.6        | 2 386.5        | 2 078.9        | 1 934.3        | 2 068.6        |
| Equity attributable to non-controlling interest                | 22.0           | 18.6           | 23.9           | 23.7           | 24.2           |
| Provisions   | 170.7          | 174.9          | 156.0          | 149.4          | 173.1          |
| Interest-bearing liabilities                                   | 2 094.6        | 2 044.8        | 1 449.1        | 1 746.4        | 1 915.0        |
| Non-interest-bearing liabilities                               | 699.8          | 611.8          | 513.6          | 587.4          | 625.5          |
| <b>Total equity and liabilities</b>                            | <b>5 478.7</b> | <b>5 236.6</b> | <b>4 221.5</b> | <b>4 441.2</b> | <b>4 806.4</b> |
| <b>Cash flows</b>  |                |                |                |                |                |
| Cash flow before changes in working capital and investments    | 209.8          | 253.9          | 226.6          | 181.4          | 269.6          |
| Changes in working capital                                     | -80.3          | -537.1         | 131.9          | 159.7          | -203.6         |
| Cash flow before investments                                   | 129.5          | -284.2         | 358.5          | 341.1          | 66.0           |
| Net investments  | -105.5         | -74.3          | -46.8          | -50.4          | -326.5         |
| Cash flow after investments                                    | 24.0           | -358.5         | 311.7          | 290.7          | -260.5         |
| Cash flow from financing activities                            | -78.3          | 368.3          | -357.3         | -223.5         | 256.0          |
| <b>Cash flow for the year</b>                                  | <b>-54.3</b>   | <b>9.8</b>     | <b>-45.6</b>   | <b>67.2</b>    | <b>-4.5</b>    |
| <b>Key figures</b>   |                |                |                |                |                |
| Gross margin, %  | 45.1           | 45.7           | 46.2           | 43.6           | 47.7           |
| Operating margin, %  | 5.1            | 5.9            | 7.2            | 1.7            | 7.7            |
| Profit margin, %   | 3.6            | 4.9            | 5.8            | 0.3            | 6.5            |
| Net margin, %  | 2.9            | 4.1            | 4.6            | 0.2            | 4.6            |
| Return on capital employed, %                                  | 5.8            | 6.4            | 8.2            | 2.0            | 8.9            |
| Return on equity, %  | 6.0            | 7.9            | 9.3            | 0.4            | 9.9            |
| Equity ratio, %  | 45.9           | 45.9           | 49.8           | 44.1           | 43.5           |
| Net debt/equity ratio, %                                       | 76.8           | 76.0           | 60.1           | 77.5           | 85.9           |
| Net debt in relation to working capital, %                     | 71.7           | 71.1           | 67.6           | 77.3           | 78.6           |
| Proportion of risk-bearing capital, %                          | 48.6           | 48.8           | 52.9           | 44.1           | 46.9           |
| Interest coverage ratio, times                                 | 3.2            | 5.4            | 4.7            | 1.2            | 5.8            |
| Rate of capital turnover, times                                | 0.9            | 0.9            | 0.9            | 0.9            | 0.9            |
| Rate of stock turnover, times                                  | 1.2            | 1.3            | 1.4            | 1.3            | 1.2            |
| Average number of employees                                    | 2 358          | 2 212          | 2 123          | 2 258          | 2 242          |
| Salary costs incl. social security contributions, SEK million* | 1 027.8        | 884.1          | 827.9          | 934.9          | 886.1          |
| Sales outside Sweden, %  | 76.9           | 75.1           | 74.4           | 72.9           | 69.7           |

\* Includes purchase and production personnel.

| <b>Data per share</b>                 | <b>2015</b> | <b>2014</b> | <b>2013</b> | <b>2012</b> | <b>2011</b> |
|---------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Number of shares before dilution      | 66 343 543  | 66 343 543  | 66 343 543  | 66 343 543  | 66 343 543  |
| Number of shares after dilution       | 66 343 543  | 66 343 543  | 66 343 543  | 66 343 543  | 67 343 543  |
| Profit per share before dilution, SEK | 2.16        | 2.66        | 2.82        | 0.08        | 2.99        |
| Profit per share after dilution, SEK  | 2.16        | 2.66        | 2.82        | 0.08        | 2.94        |
| Equity per share, SEK                 | 37.89       | 36.25       | 31.69       | 29.51       | 31.54       |
| Equity per share after dilution, SEK  | 37.89       | 36.25       | 31.69       | 29.51       | 31.08       |
| Share price as at 31 December, SEK    | 34.50       | 38.30       | 32.90       | 25.00       | 23.00       |
| P/E ratio as at 31 December           | 15.75       | 14.37       | 11.67       | 229.36      | 7.76        |
| Dividend per share, SEK               | 1.00        | 1.00        | 1.00        | 1.00        | 1.00        |
| Dividend yield, %                     | 2.9         | 2.6         | 3.0         | 4.0         | 4.3         |
| Operating cash flow per share, SEK    | 1.95        | -4.28       | 5.40        | 5.14        | 0.99        |

## DEFINITIONS

### RETURN ON EQUITY

Profit for the year according to income statement in percent of average adjusted equity.

### RETURN ON CAPITAL EMPLOYED

Profit before tax plus financial costs in percent of average capital employed.

### GROSS MARGIN

Income with deductions for goods for resale in percent of income.

### EBITDA

Operating profit before depreciation.

### CAPITAL TURNOVER

Income divided by the average balance sheet total.

### NET MARGIN

Profit for the year as a percentage of the period's income.

### NET DEBT/EQUITY RATIO

Interest bearing liabilities less interest bearing assets as a percentage of equity.

### INTEREST COVERAGE RATIO

Result before tax plus financial costs divided by financial costs.

### OPERATING MARGIN

Operating profit after depreciation as a percentage of the period's income.

### WORKING CAPITAL

Total current assets less liquid assets less short-term non-interest bearing liabilities.

### EQUITY/ASSETS RATIO

Equity including non-controlling interest as a percentage of balance sheet total.

### CAPITAL EMPLOYED

Balance sheet total less non-interest bearing liabilities and non-interest bearing provisions.

### PROFIT MARGIN

Result before tax as a percentage of the period's income.

### STOCK TURNOVER

Goods for resale divided by average stock.

### PROFIT PER SHARE

Profit for the year in relation to a weighted average of the outstanding number of shares.

### SHARE OF RISK-BEARING CAPITAL

Total equity and deferred tax liabilities (including non-controlling interest) divided by the balance sheet total.

# THE BOARD OF DIRECTORS

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**ANDERS DAHLVIG**  
BORN 1957

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Chairman of the Board since May 2009.  
Former MD and CEO of the IKEA Group  
(April 1999 to September 2009).

Other directorships: Member of the Board of H&M  
Hennes & Mauritz AB, Axel Johnson Aktiebolag,  
Resurs Holding Aktiebolag, Henry Dunkers  
Förvaltningsaktiebolag, Oriflame Cosmetics SA and  
Kingfisher plc.

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



**TORSTEN JANSSON**  
BORN 1962

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

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 1 341 697 class B shares.



**CHRISTINA BELLANDER**  
BORN 1955

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Member of the Board since 2009.

Other directorships: Member of the Board of  
MittMedia AB, Novus Group and Kunskapsskolan  
Education Sweden AB

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



**MATS ÅRJES**  
BORN 1967

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Member of the Board since 2007. MD 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.



**HELLE KRUSE NIELSEN**  
BORN 1953

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Member of the Board since 2009.

Other directorships: Member of the Board of  
Lantmännen ek för and Oriflame Cosmetics SA.

Holdings in the company, own and related parties:  
5 000 class B shares.



**M. JOHAN WIDERBERG**  
BORN 1949

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Member of the Board since 2014.

Has previously held a number of positions within  
Svenska Handelsbanken

Other directorships: Chairman of the Board of AB  
Handel och Industri AB, Member of the Board  
of Thomas Concrete Group AB, Handelsbanken  
Västra Sverige, Stena Metall AB, Stiftelsen Chalmers  
University of Technology, Gothenburg Research  
Institute and SSRS Sjöräddningsällskapet, Member of  
Advisory Board Handelshögskolan i Göteborg  
and Secretary General of Börssällskapet.

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

**AUDITOR**  
**STEFAN KYLEBÄCK**  
BORN 1965

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



# GROUP MANAGEMENT

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**TORSTEN JANSSON**  
BORN 1962

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

Holdings in the company, own and related parties:  
19 707 680 class A shares and 1 341 697 class B shares.



**GÖRAN HÄRSTEDT**  
BORN 1965

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

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



**LARS JÖNSSON**  
BORN 1964

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CFO  
Employed since 2007.

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



**MAGNUS CLAESSION**  
BORN 1960

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Chief Buying Officer  
Employed since 2010.

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



**MARK CAO**  
BORN 1963

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Deputy 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

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Managing Director 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

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Manager – Corporate Promo and Managing Director  
of New Wave Mode AB. Employed since 1993.

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



**JENS PETERSSON**  
BORN 1963

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Manager – Sports & Leisure  
Employed since 1999.

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



**MAGNUS ANDERSSON**  
BORN 1966

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Manager – Gifts & Home Furnishings  
Employed since 2012.

Holdings in the company, own and related parties:  
50 000 class B shares

# ANNUAL GENERAL MEETING

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## ANNUAL GENERAL MEETING

The Annual General Meeting (AGM) will take place on Wednesday 11 May 2016 at 1 pm at Kosta Boda Art Hotel, Stora vägen 75, 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 4 May 2016 and notify the company of their intention to attend the AGM by 4 May 2016 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 4 May 2016. If the power of attorney is issued by a legal entity, a certified copy of the corporate registration certificate and other authorization documents should be sent to the company. Please note that shareholders who are represented by proxy must also give notice of participation as stipulated above.

A proxy form is available on the company's website [www.nwg.se](http://www.nwg.se).

## 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 4 May 2016 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)  
Orrekulla Industrigata 61  
425 36 Hisings Kärra  
Sweden  
[bolagsstamma@nwg.se](mailto: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 4 May 2016 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 2015 of SEK 1.00 per share, corresponding to a total of SEK 66,344 thousand. The Board has proposed 13 May 2016 as the record day for the dividend. This record day assumes payment of the dividend from Euroclear Sweden AB on 18 May 2016.

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