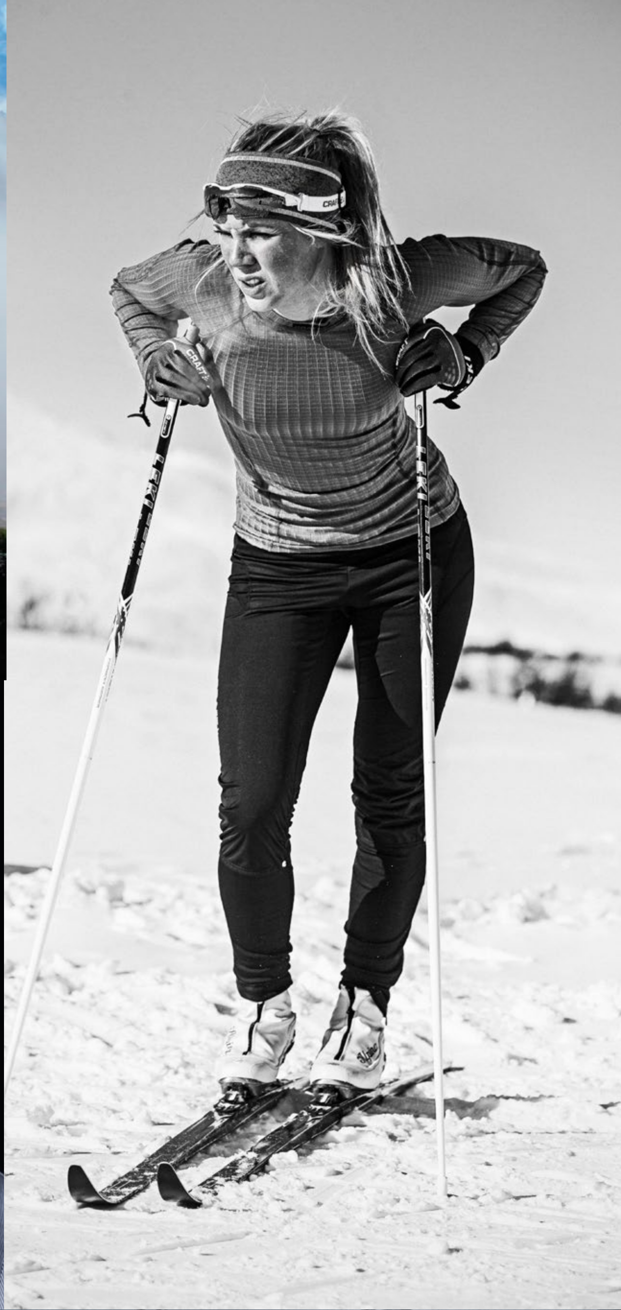
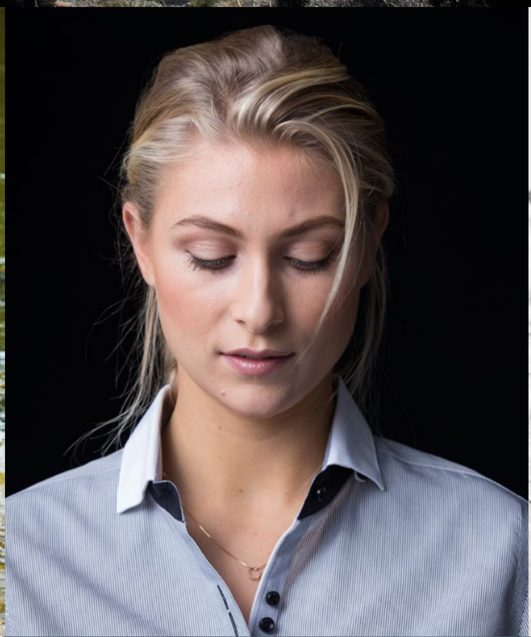
# 2014

BUSINESS
STRATEGY
CORPORATE
GOVERNANCE

New Wave
GROUP



NewWave
GROUP

*Is a growth company that designs, acquires and develops brands and products in the corporate promo, sport, gifts and home furnishings sectors.*

*The Group will achieve synergies by coordinating design, purchasing, marketing, warehousing and distribution of its product range.*

*To ensure good risk diversification, the Group will market its products in the corporate promo market and the retail market.*

# CONTENTS

NEW WAVE GROUP'S

# BRAND

## CORPORATE PROMO

## SPORTS & LEISURE

## GIFTS & HOME FURNISHINGS

# 2014

## IN SUMMARY

- Sales amounted to SEK 4,274 million, which was 6 % higher than last year (SEK 4,047 million).
- Acquired business contributed by SEK 14 million in turnover and SEK -1.2 million in profit after tax.
- Operating profit amounted to SEK 250.0 (290.7) million.
- Profit for the year amounted to SEK 176.9 (187.1) million.
- Earnings per share amounted to SEK 2.66 (2.82).
- Cash flow from operating activities amounted to SEK -284.2 (358.5) million.
- Equity ratio amounted to 45.9 (49.8) %.
- Net debt to equity ratio amounted to 76.0 (60.1) %.
- The Board has decided to propose a dividend of SEK 1.00 (1.00) per share.

## EVENTS IN BRIEF

The Group's sales increased compared to last year, which primarily relates to improved service levels. The operating segment Corporate Promo had during the first six months a certain shortage in its range of goods. The situation improved in the second half and we see during the years last months that we achieved a good structure that will give us better opportunities for the coming year.

During the year, the Group has made significant investments in sales and marketing. It is mainly the increased costs in advertising and other marketing that 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. The group is planning further expansion of sales personnel, and that the full cost impact occurs on the appointments made during the year.

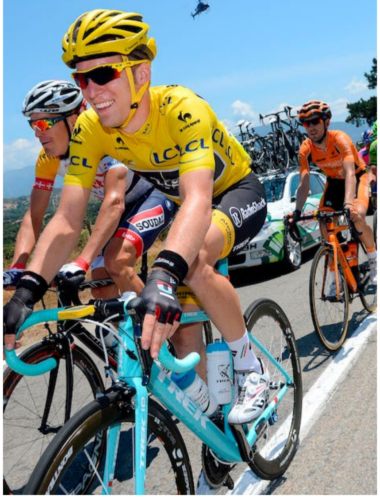
In our ambition to improve our key ratios, there arose at the end of last year and the first half of this year, supply shortages in some segments of our inventories. The group has also launched new products in our basic range. During the year we have increased our inventory levels and created good sales opportunities for 2015.

Working capital was negative with SEK 538 million and the inventory turnover rate amounted to 1.3 (1.4). The decrease is related to the said inventory build-up. The group is continuing its work to improve the security of supply and the structure of inventories.

Our balance sheet remains strong with an equity ratio of 45.9 (49.8) %. Net debt to equity ratio and net debt to working capital amounted to 76.0 (60.1) % and 71.1 (67.6) % respectively. The change in all the above items is due to our inventory build-up.

The operating segment Corporate Promo launched new products in our basic range, both in USA and Europe.

Craft had an amazing success during the Sochi Winter Olympics. When summarizing the medalists the Craft sponsored teams gathered the impressive amount of 38 medals. Also Auclair had a great success. In total, the brand and its athletes took 35 medals during the Olympics and Paralympics.



## CORPORATE PROMO

Turnover increased by 13 % to SEK 1,788 (1,587) million and profit (EBITDA) amounted to SEK 173.8 (143.5) million. The higher turnover and the improved result are due to the increased marketing activities and higher service levels.

## SPORTS & LEISURE

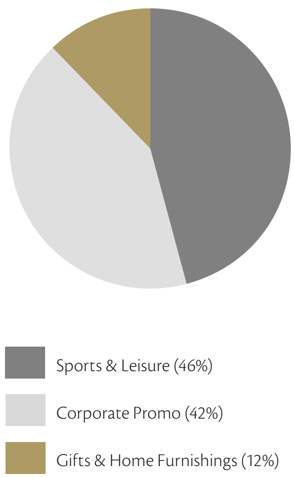
Turnover was on par with last year and amounted to SEK 1,953 (1,929) million. The profit (EBITDA) decreased by SEK 19.5 million to SEK 135.3 (154.8) million. The promo sales channel is increasing in all regions, while retail sales have decreased, mainly in the American market. The lower profit was mainly related to higher sales and marketing activities. Acquired business contributed SEK 14 million in turnover and SEK -1.7 million in earnings.

## GIFTS & HOME FURNISHINGS

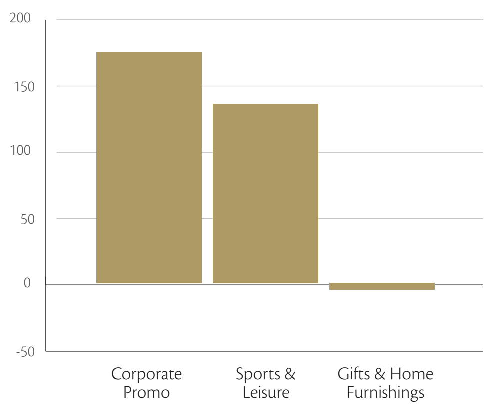
Turnover amounted to SEK 533 million and was at the same level as last year (SEK 531 million). The result (EBITDA) deteriorated by SEK 49.4 million to SEK -4.9 (44.5) million. Sales increased in the promo sales channel but decreased in retail. It is mainly in export markets as the reduction takes place. Earnings deterioration is related to lower gross profit and higher sales and marketing activities.

| KEY FIGURES | 2014 | 2013 |
|---|---|---|
| Turnover, SEK million | 4 273.6 | 4 047.4 |
| Profit before depreciation, SEK million | 304.2 | 342.8 |
| Profit after depreciation, SEK million | 250.0 | 290.7 |
| Profit after finance net, SEK million | 208.0 | 234.5 |
| Gross profit margin, % | 45.7 | 46.2 |
| Equity, SEK million | 2 405.1 | 2 102.8 |
| Return on equity, % | 7.9 | 9.3 |
| Return on capital employed. % | 6.4 | 8.2 |
| Net debt/equity, % | 76.0 | 60.1 |
| Net debt through operating capital, % | 71.1 | 67.6 |
| Equity ratio, % | 45.9 | 49.8 |
| Number of employees | 2 212 | 2 123 |
| Profit per share, SEK | 2.66 | 2.82 |
| Equity per share, SEK | 36.25 | 31.69 |

## TURNOVER PER OPERATING SEGMENT, SEK MILLION




## EBITDA PER OPERATING SEGMENT, SEK MILLION



# CEO COMMENTS

## 2014-A DULL YEAR IN NUMBERS, BUT THE FOUNDATION FOR GROWTH!

From a sales and earnings perspective, I am not satisfied with 2014 but I know this year laid the foundation for good growth for 2015 and beyond. All the things we have done in the first six months started to give effect at the end of 2014. Looking at that fourth-quarter, the operating segment Corporate Promo increased– this is where the largest investments were made and the greatest work done – sales by 21%. The result was also burdened with the cost of development, which will give even greater effect in 2015.
So 2014 – was a fun year based on everything we have done for the future. We decided also to take the lead in terms of CSR (see below).

### THE FUTURE – 2015

What are the major differences now? What is it that will provide growth?

### INVENTORY

Since August 2014 and onwards we finally have a good and balanced inventory to serve our customers. Today, we can proudly say that we are the best option on the market for our customers.

### LAUNCH OF NEW BASIC RANGE

This launch has been very successful in Europe and slightly slower than we expected in the United States. These, however, have only been out on the market from August/September 2014 and will make a positive contribution to our growth even during the first quarters of 2015. In addition, we are launching even more basic products in August 2015.

### EXPANSION OF THE SALES FORCE

In the United States, we have expanded the sales force in Corporate Promo, but it is going at a somewhat slower pace than we expected. We will accelerate the pace. The planned expansion of the sales force in Corporate Promo in Europe is continuing according to plan.

### CRAFT GERMANY

We have made investments in an expanded sales force and increased marketing. We now have good growth in Germany, and we are definitely facing a breakthrough on the German market, which could provide good growth for years to come.

### NEW LAUNCH J.HARVEST & FROST

Our exclusive shirt & blouse collection launched in Sweden and Norway have had a fantastic start. We are now launching in the rest of Europe during 2015 and 2016. During the first half of 2015 in Finland and Denmark, and in the Benelux countries (and possibly Germany) in the second half of the year.

### NEW LAUNCH CUTTER & BUCK EUROPA

We started this launch in 2008 but had to cancel it because of the financial crisis. At the time of writing the launch is in full swing and will continue during the first half of the year in Sweden, Finland and England. The launching of these products to the rest of Europe will take place in 2016 and 2017.

### COTTOVER

After a year of development work we are launching in the first half of 2015 a unique basic collection aimed at both the profile and retail markets – Cottover. The collection is made of organic cotton which is also Fairtrade-marked, in some garments we even use recycled polyester. The production passes both the Swan environmental and quality requirements of Oeko-Tex and in addition the entire supply chain is GOTS-certified. We believe that this collection will take the market by storm in the coming years and not only for these reasons but also because the garments are of very high quality. Furthermore, they are not much more expensive than the equivalent quality of traditionally produced textiles.

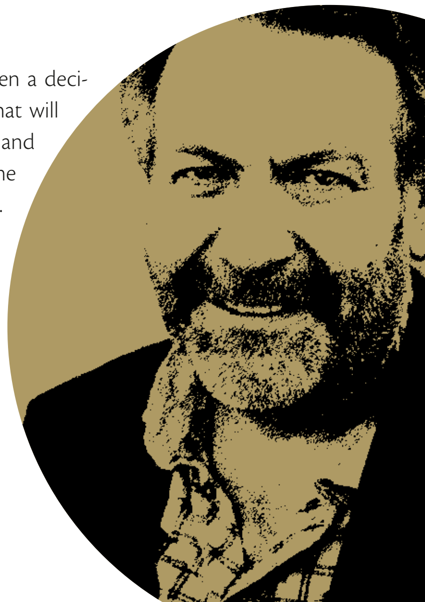
Then you might think of boring clothes when you see all the eco-labels and other things – and historically, you would be right – the few actors who have worked with these types of garments have usually had few products, few colors and a limited range – but looking ahead and looking at Cottover you would be completely wrong! The collection is available in up to 12 colors! Cottover is a result of our solid CSR work.

All this together will give us good growth and a more satisfactory result in 2015.

Finally, one of the tasks we have really taken a decision on, is to prioritize CSR. This is work that will never be finished, but we're working hard and seriously on it. We have decided to become the leader within the branches we operate. You can read more about this in the chapter Environment & Ethics.

We look forward to 2015 !

TORSTEN JANSSON
*CEO New Wave Group*



# ABOUT NEW WAVE GROUP

## BUSINESS CONCEPT

New Wave Group is a growth company that designs, acquires and develops brands and products in the corporate promo, sports, gifts and home furnishings sectors. The Group will achieve synergies by coordinating design, purchasing, marketing, warehousing and distribution of its product range. To ensure good risk diversification, the Group will market its products in the promo market and the retail market.

## VISION

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

The vision for the Sports & Leisure operating segment involves establishing 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. With regards to prior year's acquisitions, 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 and workwear. 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

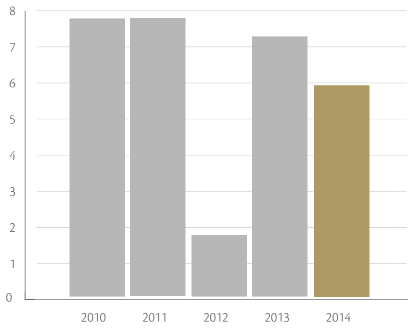
*To realise its targets, New Wave Group's strategy involves:*
Acquiring, launching and developing the brands in the corporate promo, sports, gifts and home furnishings sectors launching the brands and organisations in new geographic markets spreading the Group's values to new and acquired companies

## NEW WAVE GROUP'S VALUES

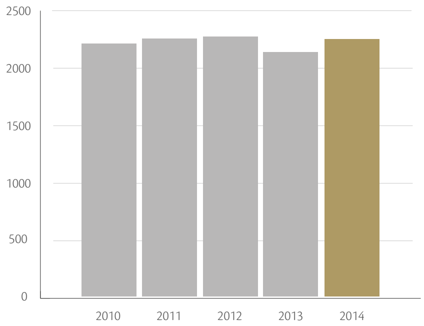
New Wave Group is a decentralised organisation and the Group's values are its guiding principle. We are dedicated to upholding and spreading New Wave Group's values within the Group and particularly when acquiring new companies. New Wave Group does its utmost to find inexpensive, simple solutions and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

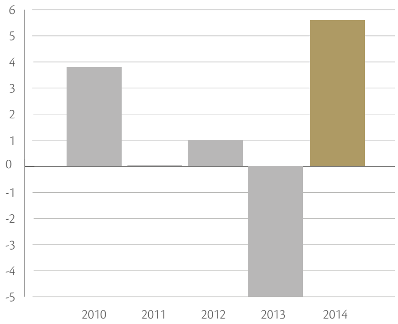
OPERATING MARGIN, %



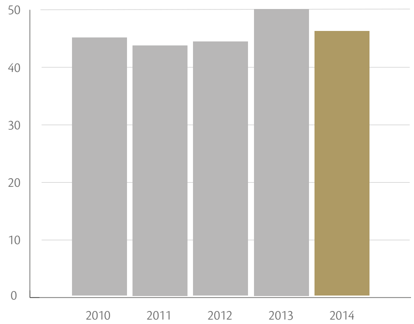

NUMBER OF EMPLOYEES



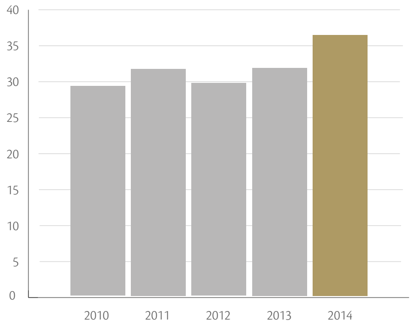

GROWTH, %




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 aquired.

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. Via retailers, New Wave Group distributes the Craft brand in 39 markets in Europe, North America and Asia. Sales in non-Swedish markets make up about 75% of the Group's sales and amount to SEK 3,210 million. Sweden and USA are the Group's most is an important markets. Together they have 51% of the Group's turnover.

**1990**

New Wave Group gets established in Sweden and Norway

**1994**

Acquisitions in Finland and Italy

**1996**

Acquisition of Craft of
Scandinavia

**1997**

Establishment in Denmark,
Spain and German

**1998**

Acquisition of Hefa

**1999**

Establishment in
The Netherlandsand England

**2000**

France. Acquisition of Texet

**2001**

Acquisition of
Sagaform and Seger

**2002**

Acquisition of DJ Frantextil,
X-Tend and Toppoint

**2003**

Establishment in China and Switzerland.
Establishing of ProJob

**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

**2008**

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

**2009**

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

**2010**

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

**2011**

Acquisition of AHEAD
and Paris Glove

**2012**

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

**2013**

Acquisition of Craft distribution in North America

**2014**

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

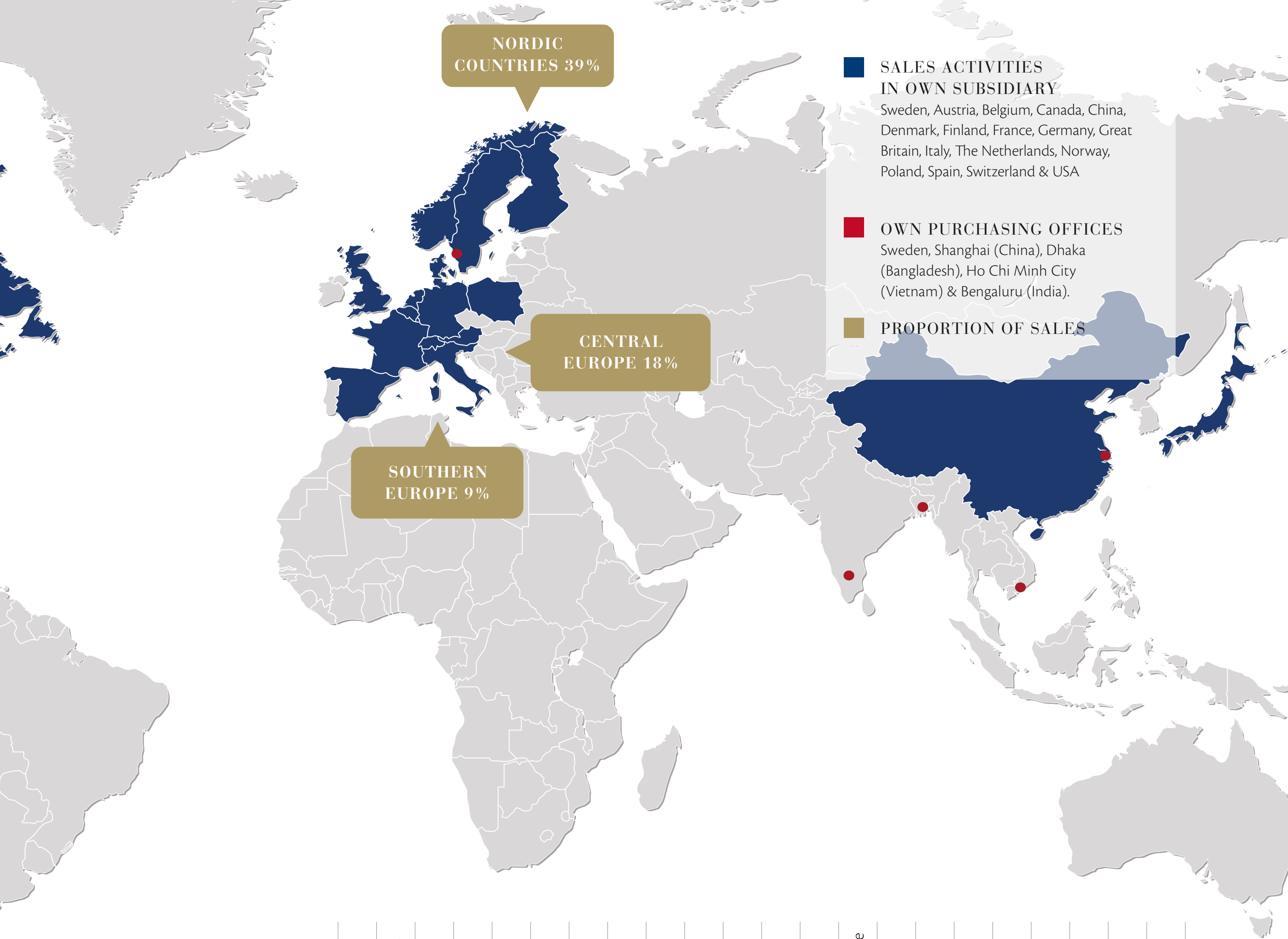

# NEW WAVE GROUP IN THE WORLD

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. 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 194 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 175 new launches remain to be carried out.

## PROPORTION OF SALES

| | 2014 | Share of sales | 2013 | Share of sales | Change, SEK million | Change, % |
|---|---|---|---|---|---|---|
| Sweden | 1 064 | 25% | 1 036 | 26% | 28 | 3% |
| USA | 1 124 | 26% | 1 095 | 27% | 29 | 3% |
| Nordic region excl Sweden | 606 | 14% | 589 | 15% | 17 | 3% |
| Central Europe | 766 | 18% | 710 | 17% | 56 | 8% |
| Southern Europe | 365 | 9% | 335 | 8% | 30 | 9% |
| Other countries | 349 | 8% | 282 | 7% | 67 | 24% |
| **Total** | **4 274** | **100%** | **4 047** | **100%** | **227** | **6%** |




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

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

New Wave Group markets products under several different brands. The company strives for complete integration from the beginning of the chain in order to attain competitive advantages. The synergies are evident for operational segments Corporate Promo, Sports & Leisure as well as Gifts & Home Furnishings within several areas.

## DESIGN

The company has extensive experience in design and product development. Elaborate strategies are applied to each brand regardless of product category. The various concepts within the operational segments Sports & Leisure and Gifts & Home Furnishings have their own product development activities. Corporate Promo's product development activities are coordinated since the design is less fashion sensitive.

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

## PURCHASING & PRODUCTION

The Group's total purchasing volume considerably surpasses most of its competitors in the promo market, giving major cost savings in terms of coordinating purchasing, transportation and warehousing. In addition to Sweden, New Wave Group has purchasing offices in Bangladesh, China, India and Vietnam. New Wave Group currently has about 300 suppliers.

The Group has locally employed quality controllers who supervise production and safeguard that the suppliers fulfil the Group's quality and environmental requirements. It is essential that quality issues are detected before the goods are shipped to Europe and the USA in order to correct them and deliver high quality products to the customer. The Group also has controllers employed to oversee that suppliers confirm to the Group's Code of Conduct.

New Wave Group owns a few factories. In Sweden, Seger Europe has a production unit for knitted items (hats, socks and scarves)

## GROUP-WIDE COLLABORATION


## A STRONG OFFER


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.
- 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 profile we obtain additional synergies and reduce seasonal variations.

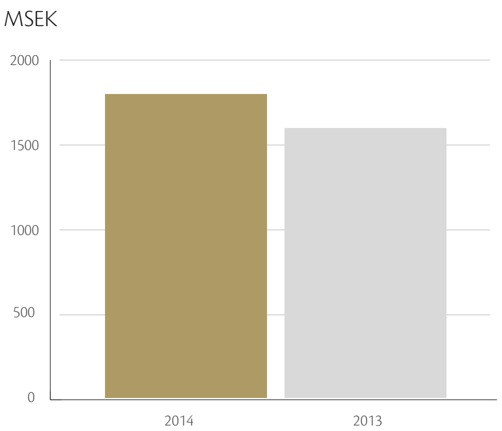
# CORPORATE PROMO

Corporate Promo is divided into three subdivisions: promowear, promotional gifts and workwear. Business is conducted with 19 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 42% of the Group's sales and SEK 173.8 million of the Group's profits (EBITDA) in 2014. 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.

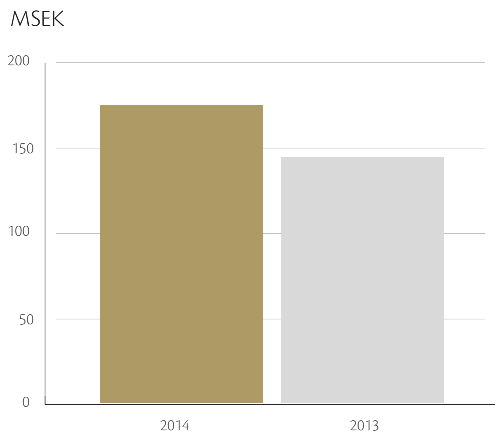
2014

CORPORATE PROMO

## 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 XXXL. New Wave Group's promowear brands are divided into three concepts that include such brands as D.A.D Sportswear, James Harvest Sportswear and New Wave.

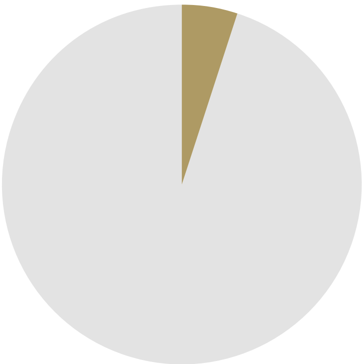
The promotional gift concept is broad and the subdivision covers a multitude of products and price classes. New Wave Group can through its concept, which includes such brands as d-vice, Queen Anne and Toppoint, offer everything from pens, USB flash drives and digital picture frames to handbags, bed linens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

The final piece of the Corporate Promo puzzle is workwear. In Sweden, there is a vast need for and expertise in personal protec-


*New Wave Group can offer products in all three subdivisions:*

*Promowear | Promotional Gifts | Workwear* tion 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 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.

TURNOVER PER SALES CHANNEL



Promo 95%

Retail 5%

## 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.

## MAJOR INVESTMENTS AT BOTH ENDS OF THE CORPORATE PROMO SEGMENT

Under the new brand J. Harvest & Frost, the Group has developed a premium range of exclusive shirts, a growing product category in the Corporate Promo segment. The brand is a further branch development of our brand Harvest, which has constantly been positioned as our more exclusive and upscale brands. Even J. Harvest & Frost has a distinct American feel and look, classic with modern details.

Our Clique line of goods has at the same time developed a brand new collection within the product category sweatshirt, Clique Basic. This collection doesn't only have a price structure that makes it highly competitive in the lower price segment, but also covers products previously missing: Among other things, we can now deliver the same garments from very large sizes down to junior sizes, which are in demand within clubs and sports.

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 0.32% of revenues in 2014. 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.


*From a massmedia for a few bucks, like pens, to more elaborate giveaways for e g the first customer meeting. Finally the exclusive and personal christmas gift to employees and customers: The concept promo contains a variety of situations and price levels and the borderline between Promo and Gifts & Home Furnishings is often obsolete. Gift cards has become a popular form of corporate giving and it has been a successful product for New Wave Group in 2014.*


CRAFT

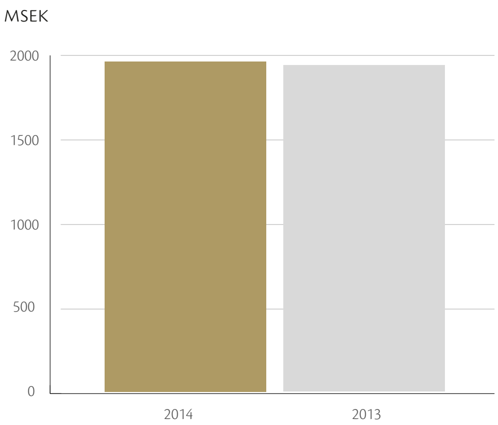
# SPORTS & LEISURE

Sports & Leisure includes several internationally well-known sports brands like AHEAD, Auclair, Craft, Cutter & Buck and Seger. Business is conducted with 12 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 46% of the Group's sales and SEK 135.3 million of its profits (EBITDA) in 2014. Most of the sales relate to the retail market (sports retail sector), but some sales also stem from the promo market.

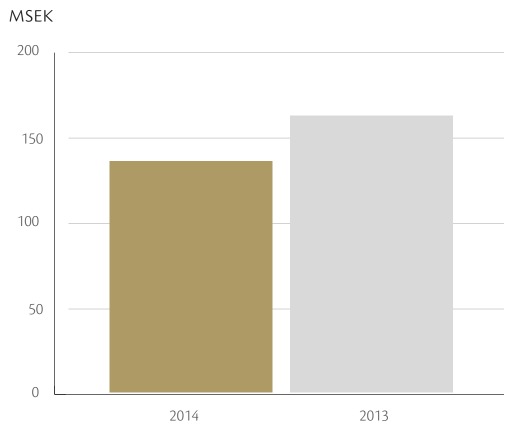
2014

SPORTS & LEISURE

## 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

Founded in 1945 in Quebec, Canada in the small Indian village of Loretteville. The brand has grown to be a leader in North America by staying focused on its core values of quality, and longevity. Through the years, Auclair has supported and worked with teams and athletes in many of the core disciplines such as: alpine, cross-country, freestyle, speed skating and snowboard to develop a technical glove of the highest standards that will be the preferred choice by amateur and pro-athletes in achieving their goals. Auclair has been collaborating with the Canadian Cross-Country team for over 30 years to ensure when they reach the podium, Auclair is by their side.

### LAURENTIDE

Supplies the North American market with work gloves, protective clothing and rain gear.

### PARIS GLOVE

Founded in 1945, with a long family history in the glove making business Paris Glove has withstood the test of time. Today, the brand continues to design and manufacture a collection of leather, suede, shearling, and knit gloves in the lifestyle category that meet the changing needs of today's consumer which we offer in North America .


## CRAFT IN TOP OF MEDAL WINNING SPORTSWEAR BRANDS SOCHI

Craft experienced a fantastic Winter Olympics in Sochi during 2014. New, groundbreaking competition clothing has been developed over several years to be optimized for our Swedish and Finnish cross-country skiers, as well as Dutch skaters, so that they could perform optimally during the Olympics.

"The Olympics in Sochi was a long-term target for us with innovative products for our top athletes," says Jonas Peterson, CEO of Craft. "Great fun to see their performance in our products."

Athletes in Craft clothing collected piles of medals and when the Olympics had finished in Sochi Craft had a total of 38 medals. This gave us second place after Adidas in the clothing suppliers medal count and Craft received great international impact for their clothes. "It's great that we once again confirm our position on delivering groundbreaking clothing technology at the utmost level of functionality. Our partnerships with elite athletes worldwide drive us further towards new heights." says Jonas Peterson.

In 2014, we have also been working intensively with a collection of clothes focused on indoor training. We want to broaden our range and reach new consumers and this is why we will extend our range with a further category of clothing, Training Wear in spring 2015. "We see great potential in our launch of Training Wear. Our goal is to reach gym consumers and we will even have these in our core values, Function-Innovation-Design." says John Peterson.

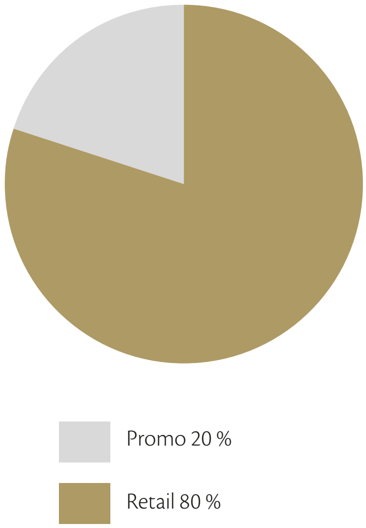
2014 has also led to further intensification of Craft's focus on the German market. Craft has gradually moved its positions forward in Germany in recent years and is now intensifying efforts there even more. This is to strengthen the brand's position and increase turnover in the German market.

"We are in a position for a major breakthrough in Germany which we have already partly seen in 2014 but we have big hopes for the future." says Jonas Peterson. "We have signed a new agreement with the 2014 Team Bora-Argon, a new and young cycling team who are aiming at the Tour de France by 2015. We have also entered into an agreement with Womens Run in Germany which is a running race at 6 different locations where nearly 40,000 women compete. Both are examples of marketing efforts to create awareness of Craft in even more German consumers."

Charlotte Kalla is a fantastic sports personality with whom we have worked for several years. She had an exciting year 2014 with several medals in the Sochi Olympic Games and will have the 2015 Nordic World Ski Championships on home turf in Falun 2015" Peterson continues.

During the year, a lot of effort has been placed on plans for future growth whereby a new business plan has been developed and the assortment plan has been laid for the coming years. With last year's acquisition of our American Distributor we have intensified our work in the American market and we see opportunities for growth in the coming years.

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. Seger has its biggest sales in the Nordic Countries, but is now focusing on more exports to the rest of Europe.

## 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 through a nation-wide web of local retailers. Main competitors are Ecco, Rieker and the shoe retailers' own brands.

## 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 a 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 2014, confirmed bad debt losses in the Sport & Leisure operating segment made up 0.13% 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.

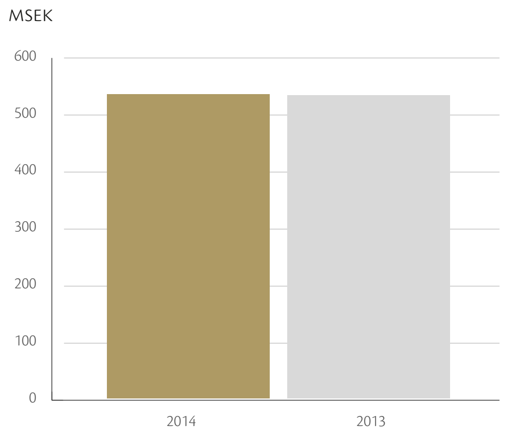
# GIFTS & HOME FURNISHINGS

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 2014, Gifts & Home Furnishings accounted for 12% of the Group's sales and SEK -4.9 million of the Group's profits (EBITDA). The brands are sold primarily on the retail market, but also within the Corporate Promo market.

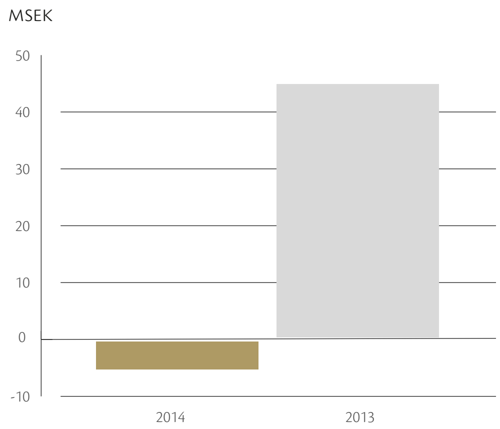
2014

# GIFTS & HOME FURNISHINGS

## TURNOVER




## RESULT (EBITDA)




### ORREFORS KOSTA BODA AB

Work to improve profitability continue and a good combination of the production of exclusive glass continues in Kosta, Sweden, while at the same time we have built up a good network of external production partners, mainly in Europe. Work to strengthen product development and marketing continued according to the company's business plan. During the year, a new young designer, Sara Woodrow, was presented to the market with the aim of attracting a new, younger audience. During the year, the company has also strengthened its profile online through the launch of Kosta Boda Art Gallery (www.kostabodaartgallery.se), a web site where you have the possibility of buying exclusive art glass "on line".

A new brand was launched during 2014, O:N by Kosta Boda. A trademark that is only going to be in ICA grocery stores.

### ORREFORS

Orrefors enhances customer experience and social meetings centered around food and drink. In 2014 the successful launches of products Pulse and More were followed up by the beer series Beer and the bar series Sky. The launch was very successful and Beer is currently one of the best-selling series of all categories and the beer trend on the market is stronger than ever which speaks for continuing success in this category. During the year we have strengthened our position in the hotel and restaurant sectors. Launches of Beer and Sky mean that we now have a complete product portfolio to offer these customers.

### KOSTA BODA

The brand Kosta Boda stands for soulful products. Everything from a lantern to larger artwork, have a clear product history and carry


on the designer's thoughts and expressions. The launch of Kosta Boda Art Gallery attracted great attention in 2014 with everything from articles in the Swedish financial press to many "likes" on Facebook. Kosta Boda Art Gallery is a web based page where we, with the help of both movies and documentaries about the artist, make it possible to buy our art glass online throughout the world. Even a physical Gallery was opened in 2014 in Kosta where we display our art glass in an exquisite environment.

## 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 2012, the Kosta Boda Art Hotel had the honour of accepting the Stora Turism prize, awarded for having cultivated a deep-rooted cultural heritage and craftsmanship with fresh and innovative thinking by creating a new design experience which has been recognised both nationally and internationally. In 2014, the hotel was chosen as "The Year's Design Hotel" by Hotels Specials and also received "Travellers Choice" by TripAdvisor.

## LINNÉA ART RESTAURANT

Linnéa Art Restaurant is a tasteful blend of gourmet restaurant and art glass gallery. The restaurant serves innovative kitchen art rooted in classical cooking in an environment designed by some

of Kosta Boda's most prominent art glass designers. Everything — the food, the art, the furniture, the bathroom sinks — is here to give you a world-class experience. Linnéa has ever since the start received excellent reviews from food critics at i.a. Swedish newspapers Göteborgs Posten and Dagens Industri.

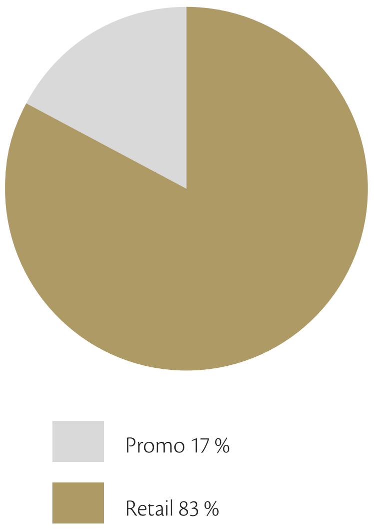
## KOSTA LINNEWÄFVERI

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. Main competitors are Gant, Himla, Klippan and Lexington.

## ORREFORS JERNVERK

Orrefors Jernverk is exclusively manufactured classic metal products. The collection contains everyday items for the kitchen, as well as home decorations. Quality is very important to Orrefors Jernverk. All the products must be sustainable, timeless through inventive design and robust through good materials and well-tested manufacturing methods. Orrefors Jernverk is presently available in the Nordic markets and its main competitors are Alessi, Design House Stockholm, Georg Jensen and Stelton.

TURNOVER PER SALES CHANNEL



## 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.
Its main competitors include iittala, Eva Solo and Menu, but also the retail chains' own brands.
Sagaform celebrated its 20 anniversary in 2014.

## 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 "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 retailers, which limits bad debts. However, there is a higher concentration to fewer customers in the retail segment compared with the promo segment. In 2014, confirmed bad debt losses in the Gift & Home Furnishings operating segment made up 0.46% of sales. Many of the products are the same for both the promo and retail sales channels, which provides a significant spread of risk.

# ENVIRONMENT & ETHICS

New Wave Group believes in sustainable growth.
Our business is characterised by a long-term approach and it is important for us to use business solutions which are not only financially profitable but also sustainable from a social and environmental perspective.

## 2014 IN BRIEF

New Wave Group's goal is to become an industry leader in CSR (Corporate Social Responsibility). As a result, our commitment to social and environmental responsibility has been given a more prominent role – both in terms of content and in our communication with customers and other important stakeholders. In 2014 we strengthened our marketing and communication of CSR. We also held a large number of courses and seminars within our sales force and within the distributor stage.

### CSR ADVISORY BOARD

To achieve our goal and continue to build awareness around CSR, New Wave Group has prior to 2015 founded a CSR Advisory Board. The CSR Advisory Board consists of board members with comprehensive knowledge and experience on social and environmental issues. Board members are Anders Ferbe, Chairman of IF Metall, Elisabeth Dahlin, Secretary General at Save the Children, Mikael Karlsson, Chairman of the European Environmental Bureau, and Ulrica Messing, Senior Political Advisor and Chairman of the CSR Advisory Board. The Board will be a valuable source of experience in the further development of our CSR program. CSR Advisory Board will have its first meeting in 2015.

### COTTOVER

Another highlight of 2014 is our work with Cottover - a new collection of promo wear with sustainability in focus. The collection has been aligned with social and environmental criterions of the most well-known certification standards - covering all production steps from raw cotton production to end-garment. We have cooperated with Nordic Ecolabel, GOTS, Fairtrade and Oeko Tex. As the supply of certified sustainable clothing is limited on the market today, we are happy to offer a broad collection of basic garments in men-, women- and children sizes, in 10 styles and up to 12 different colours. Cottover will be launched during 2015.

### OUR FOCUS AREAS

New Wave Group has three focus areas which are prioritised in our sustainability work. We strive to integrate social and environmental aspects into the core business of the Group by promoting sustainability within these focus areas.

## FOCUS AREA 1: DESIGN AND PRODUCT DEVELOPMENT

Our products are the heart of our business. To us, sustainable products refer to quality, product safety and a choice of materials that show consideration for the environment.

## CSR ADVISORY BOARD

**ULRICA MESSING**
Chariman Astrid Lindgrens Värld
Vice President Wallenstam AB
Board member Länsförsäkringar Liv
Board member Bergvik skog
Chairman Port of Gothenburg

**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 Ececutive Committee
Vice Pres. IndustriAll Steering Committee
Vice Pres. Industrianställda i Norden
Board member Swedish Trade Union Confederation
Board member Social Democrat Party Committee

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

### CHEMICALS

We have continued to prioritise our work with chemical safety. We have extended the amount of lab testing and we are continuously reviewing our routines and sourcing processes to meet the requirements at all times. In 2014 the Swedish Chemicals Agency carried out an inspection visit at one of our subsidiaries. The selected products contained no restricted or banned substances and New Wave Group was judged to have good procedures for ensuring compliance with legislation on chemicals in products. The authority's inspection is an excellent opportunity for us to verify that our procedures work and to identify new areas for improvement. If a product does not pass our tests or meet our requirements, it will be discontinued and withdrawn from sale.

### PRODUCT RANGE

We actively strive to develop our range of products and strengthen our offering of sustainable and certified products. Apart from Cottover, we have continued to improve our regular assortment. As of 2014, all brands in the profile clothing and workwear segment can offer products certified by Oeko-Tex®. Oeko-Tex® is a label standard that guarantees that the finished product does not contain any harmful or restricted substances that could cause allergic reactions or other health problems. As many as 88% of the garments in our Clique range are certified in accordance with Oeko-Tex®.

## FOCUS AREA 2: PROCUREMENT AND PRODUCTION

Responsible procurement is New Wave Group's most important focus area, in which the Group has had a longstanding and industrious commitment. Our buying offices in Asia play a key role in the operational work and we have our own CSR personnel at all four offices. Our CSR personnel work full time to visit our suppliers and track their social and environmental progress. Our procurement strategy is based on purchasing directly from the manufacturer without agents or intermediaries. We think this creates the best conditions for close collaboration and control over the production chain.

### CHANGES WITHIN BSCI

New Wave Group is a member of BSCI (Business Social Compliance Initiative). BSCI is an organisation in which companies work together to improve working conditions in risk countries, under the leadership of the Foreign Trade Association. Today BSCI has over 1,400 member companies worldwide. New Wave Group believes that our membership in BSCI improves transparency, influence and knowledge to help address the often difficult and complex challenges found in many production countries.

A revised version of BSCI's Code of Conduct was been launched in 2014. Under the new code, BSCI will focus more on its members' due diligence and information about their own businesses' challenges and strategies. This paves the way for a more pragmatic approach where, as members, we can accept other initiatives and inspection reports to a greater extent than before. At the same time, requirements on suppliers' commitments are also being tightened up and suppliers must also provide information about their value chain and pass on the requirements of the Code of Conduct. This enables BSCI to expand its sphere of influence and address the well-known challenge of long supply chains.

The new Code of Conduct means that BSCI is ending the current membership commitment whereby an increasing percentage of the supplier base is obliged to be BSCI-inspected. In autumn 2015, BSCI is expected to launch new Performance Indicators for members' performance. New Wave Group is positive about the changes that have been communicated to date and sees good opportunities to further strengthen the Group's work together with BSCI.

New Wave Group continued to carry out inspections during the 2014 transition year. Suppliers with a valid SA8000 certificate or a valid BSCI report still account for around 52% of our total purchase volume, which easily meets the Group's BSCI commitment for 2015. Furthermore, around 12% more suppliers have taken an active part in BSCI compared with last year in terms of numbers. This increase has not been reflected in the membership commitment, primarily because the purchase volumes of different suppliers are not static and because many strategic suppliers are already BSCI-inspected, which is why we are now prioritising smaller


*Cottover is a new collection of promo wear with sustainability in focus. We have cooperated with well-known certification standards like Nordic Ecolabel, GOTS, Fairtrade and Oeko Tex. Cottover will be launched in spring 2015.*

suppliers. In addition to the BSCI inspections, our own CSR personnel carried out internal inspections in each production country and have given suppliers training in New Wave Group's CSR requirements. New Wave Group will adapt its reporting ahead of the new financial year in line with the changes being implemented in BSCI in 2015.

### INCREASED SAFETY IN BANGLADESH

New Wave Group has signed The Accord on Fire and Building Safety in Bangladesh. The Accord is an initiative to improve the safety of textiles factories with a focus on the buildings' construction and strength, electrical safety and fire safety. The first inspections to identify what measures and renovations are needed in the factories were carried out in 2014. The inspections were conducted by international experts in each area, such as WSP and Woosun Energy and Construction. The majority of New Wave Group's suppliers were inspected during the year, and we are now working with suppliers to implement measures in accordance with the current timetable. New inspections will be carried out regularly to monitor the safety work. We consider this work an important investment for our continued business in Bangladesh and we are delighted with the tangible improvements in the working environment we have seen to date. The textiles industry in Bangladesh employs approximately 3.5 million people and is the single largest driving force in the country's economy. More than two million textiles workers are directly affected by the Accord, making it one of our most important CSR projects.

## FOCUS AREA 3: TRANSPORT AND LOGISTICS

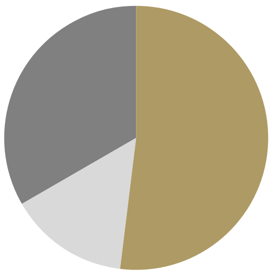
The majority of the Group's transport is container-based shipping between Asia and Europe. This results in approximately 3,000 shipped containers a year. We actively strive to co-load as much transport as possible between the Group's companies in order to maintain a high level of capacity utilisation. In addition to protecting the environment from unnecessary, half-empty transport, this also helps the Group to use its resources more efficiently.

From an environmental perspective, shipping is the best mode of transport for goods that are transported long distances, while air transport generates the largest emissions of greenhouse gases. New Wave Group is attempting to restrict its use of air transport to situations where it is absolutely necessary. In 2014 we began to measure emission levels from goods transport between Asia and Europe. Airfreight increased during 2014, which has resulted in higher emissions of carbon dioxide compared with last year. However, we see a correlation between increased air freight and our investment in increased stock, which has resulted in a general increase in goods transport. The volume of goods transported by air decreased in favour of shipping, which is a positive trend. Airfreight accounted for just over 3% of the transported volume in 2014. Despite this, aviation accounts for the largest proportion of our carbon dioxide emissions. In order to reduce our greenhouse gas emissions, it is absolutely essential that we continue to actively work to reduce our use of air transport.

Since our stock has been adjusted to right levels in both the U.S and in Europe, we see good potential to decrease the airfreights further. New Wave Group has warehoused in most countries where we operates, which enable us to limit long distance transporting of small volumes, compared to competitors with centralized warehouses.

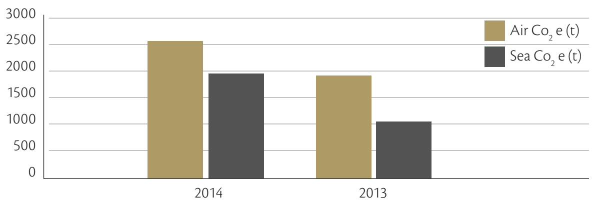
New Wave Group cooperates with well-known freight forwarders and transport companies which all have individual environmental programmes for their business operations. In 2014 New Wave Group continued its collaboration with the Clean Shipping Network in order to improve its environmental performance within the shipping companies' fleets.

## PERCENTAGE OF SUPPLIERS BSCI




*Our commitment to BSCI is based on purchase volume in risk countries. BSCI has produced a list of prioritised countries based on the World Bank's development indicators, which includes our operations in China, Vietnam, India and Bangladesh. In total, 52% of our supply chain has undergone a BSCI inspection, which is almost 20% more than our commitment for 2015 (33%).*

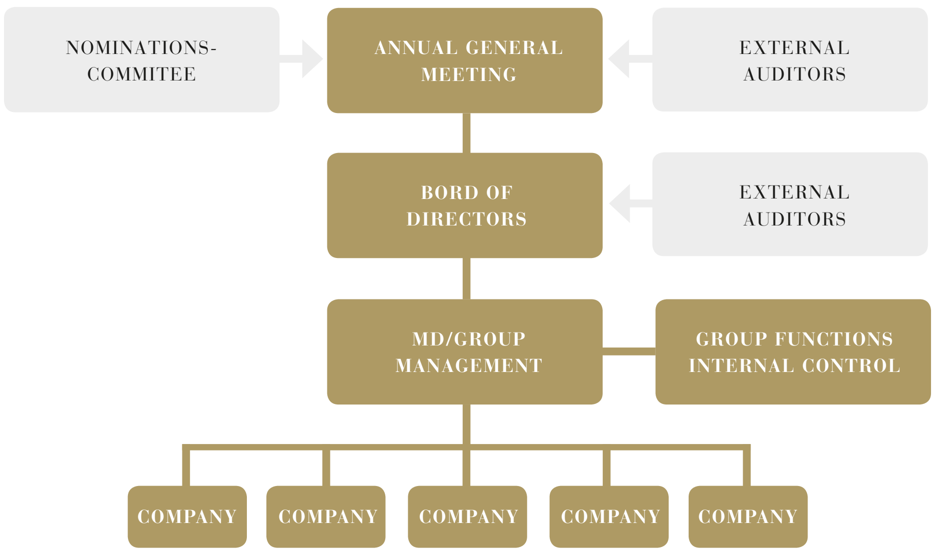
## TOTAL EMISSION $C0_2$




| | 2013 | 2014 |
|---|---|---|
| **$CO_2$ (t)** | | |
| Air | 1 944 | 2 531 |
| Sea | 1 098 | 1 857 |
| **Freight (t)** | | |
| Air | 305 | 338 |
| Sea | 6 116 | 11 080 |

# 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*, where there is also a description for foreign investors.



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

At the end of 2014, the company had 10,619 shareholders. The proportion of share capital owned by institutions amounted to approximately 48% of the capital and 13% of the votes. Foreign investors owned approximately 10% of the share capital and 3% of the votes. The 10 largest owners had a total holding corresponding to 67% of the share capital and 91% of the votes. For further information on the owners as at 31 December 2014, please see page 44.

## ANNUAL GENERAL MEETING

The highest decision-making body is the Annual General Meeting (AGM), at which all shareholders are entitled to participate. The AGM is entitled to make decisions on all matters that are not in breach of Swedish law. At the AGM the shareholders exercise their voting rights to make decisions on the composition of the Board of Directors, the auditors and other important matters such as adoption of the company's balance sheet and income statement, appropriation of profits as well as deciding to grant the Board of Directors and the Managing Director discharge from liability. This is in accordance with New Wave Group's articles of association and Swedish legislation.

## 2014 ANNUAL GENERAL MEETING

The AGM for shareholders of New Wave Group was held on 6 May 2014 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 per share to take place for the 2013 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
- 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 (all re-elected) and M.Johan Widerberg (new election) are appointed as Board members
- 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 2015
- 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 2014 AGM is available on the website, www.nwg.se.

## 2015 ANNUAL GENERAL MEETING

The annual shareholders meeting will be held on 4 May 2015 at 1 pm in Kosta, Sweden.

## NOMINATION COMMITTEE

The nomination committee represents the company's shareholders. Its task is to create as sound basis as possible for decisions at the AGM and to put forward proposals for matters such as the appointment of the Board of Directors and the auditor, and for remuneration to these parties. The nomination committee consists of one representative for each of the company's three biggest shareholders, chosen on the basis of personal qualities. If any of these shareholders decline to appoint a member of the nomination committee, the next shareholder in terms of size is given the opportunity to appoint a member. Information regarding the composition of the nomination committee is normally published in the interim report for the third quarter. The work of the nomination committee is predicted by a questionnaire based evaluation of the Board of Directors' work and current members. The composition of the nomination committee, before the election of Board members at the 2015 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 Lööw, 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 2014. 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 consideredto 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 48.

## 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 andreporting 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 ten Board meetings are held each year. During 2014, the Board met on nine occasions. Göran Härstedt is the Board's secretary.

| **The Board** | **Presence** | **Independence** | **Remuneration** |
|---|---|---|---|
| Anders Dahlvig, chairman | 9/9 | x | 283 336 |
| Christina Bellander | 9/9 | x | 141 664 |
| Helle Kruse Nielsen | 9/9 | x | 141 664 |
| Mats Årjes | 6/9 | x | 141 664 |
| M. Johan Widerberg (new election 2015) | 5/9 | x | 96 667 |
| Torsten Jansson, vd | 9/9 | | 0 |
| Göran Härstedt (resigning) | 4/9 | | 47 250 |
| **Totally** | | | **852 245** |

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.

## AUDIT COMMITTEE

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

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

Remuneration to the Group 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

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 a Board member and related parties. No further remuneration has been paid to any Board member.

## GROUP EXECUTIVE TEAM

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, Product Manager Corporate Promo, Manager Corporate Promo Northern Europe, Manager Sports & Leisure and Manager Gifts & Home Furnishings . The MD is responsible for the other operational segments.

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 49.

# INTERNAL CONTROL & RISK MANAGEMENT RELATING TO THE FINANCIAL REPORTING FOR THE 2014 FINANCIAL YEAR

## GENERAL

According to the Swedish Companies Act, the Board is responsible for internal control. The aim of internal control is to create a clear structure of responsibility and an effective decision-making process. The Board has defined a number of basic documents of importance for financial reporting in order to guarantee an effective control environment. The Board's rules of procedure and the instructions for the 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 organisational 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 41% of the value of the Group's assets
- Intangible assets (goodwill & trademarks),which account for 26% 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 39% 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 organisation, 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 authorisation 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 authorisation 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 minimise 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 analyse 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 controllerbased organisation, 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 centralised 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 organisation is decentralised, 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 MD s in "mature" companies is utilised on the Boards of local subsidiaries. The organisational 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

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

At the 2014 AGM, the accountancy firm Ernst & Young AB was appointed as auditor. Stefan Kylebäck is the head auditor and his other public engagements include Kappahl AB, Arcam AB and West International AB. Stefan Kylebäck owns no shares in New Wave Group.

## AUDIT WORK

The Group applies International Financial Reporting Standards (IFRS ) when preparing the Group's reports. The Group's interim report for the third quarter is the subject of a general review by the company's auditor. This review follows the recommendations issued by FAR SRS , the organisation 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

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 she one vote. The complete articles of association are available at the New Wave Group website, *www.nwg.se*.

## POLICY DOCUMENTS

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

### FINANCIAL POLICY

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

### IT POLICY

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

### COMMUNICATION POLICY

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

### ENVIRONMENTAL POLICY

The Group's environmental policy sets out guidelines for the environmental work within the Group.

### ANTI-CORRUPTION POLICY

The Group's anti-corruption policy describes the Group's principles for work against corruption.

GÖTEBORG 31 MARCH 2015
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*

### THE AUDITOR'S STATEMENT REGARDING THE CORPORATE GOVERNANCE REPORT

To the Annual General Meeting of New Wave Group AB , organisation number 556350-0916

TIt is the board of directors who is responsible for the corporate governance statement for the financial year 2014 on pages 37-43 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 ON 31 MARCH, 2015,
ERNST & YOUNG AB

STEFAN KYLEBÄCK
*Authorised 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 then 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 10 619 (11 754) on December 31, 2014. Institutional investors accounted for 48% of the capital and 13% of the votes. At the same time the ten largest shareholders held 67% of the capital and 91% of the votes. Non-Swedish shareholders accounted for 10% of the capital and 3% of the votes.

## NEW WAVE GROUP'S TEN MAJOR SHAREHOLDERS 2014-12-31

| SHAREHOLDER | Number of shares | Number of votes | Capital % | Votes % |
|---|---|---|---|---|
| Torsten Jansson through companies | 20 903 477 | 198 316 817 | 31.5% | 81.4% |
| Lannebo Microcap | 6 678 877 | 6 678 877 | 10.1% | 2.7% |
| Avanza Pension | 4 318 397 | 4 318 397 | 6.5% | 1.8% |
| Fjärde AP-Fonden | 3 442 737 | 3 442 737 | 5.2% | 1.4% |
| Andra AP-Fonden | 2 549 146 | 2 549 146 | 3.8% | 1.0% |
| Svolder AB | 1 470 158 | 1 470 158 | 2.2% | 0.6% |
| City Bank New York | 1 373 999 | 1 373 999 | 2.1% | 0.6% |
| Handelsbanken fonder | 1 225 157 | 1 225 157 | 1.8% | 0.5% |
| Spiltan | 1 183 961 | 1 183 961 | 1.8% | 0.5% |
| Nordea fonder | 1 132 757 | 1 132 757 | 1.7% | 0.5% |
| | **44 278 666** | **221 692 006** | **66.7%** | **91.0%** |

## SHAREHOLDER DISTRIBUTION IN NEW WAVE GROUP 2014-12-31

| | Number of shares | Number of votes | Capital % | Votes % |
|---|---|---|---|---|
| Sweden | 59 666 985 | 237 036 105 | 89.9% | 97.3% |
| Shareholders outside Sweden, excluding USA | 3 869 332 | 3 869 332 | 5.8% | 1.6% |
| USA | 2 807 226 | 2 807 226 | 4.2% | 1.2% |
| **Total** | **66 343 543** | **243 712 663** | **100.0%** | **100.0%** |

## SHAREHOLDER STRUCTURE 2014-12-31

| In due order | Number of shareholders | Number of shares | Share, % | TSEK |
|---|---|---|---|---|
| 1–200 | 4 884 | 404 979 | 0.6% | 15 551 |
| 201–1 000 | 3 594 | 2 111 875 | 3.2% | 81 096 |
| 1 001–2 000 | 994 | 1 617 622 | 2.4% | 62 117 |
| 2 001–10 000 | 923 | 4 100 528 | 6.2% | 157 460 |
| 10 001– | 224 | 58 108 539 | 87.6% | 1 474 593 |
| | **11 754** | **66 343 543** | **100.0%** | **1 790 817** |

NEW WAVE B
Listed on
OMX Stockholm Mid Cap.

SHARE CHART

— The New Wave Group share
— OMXS 30

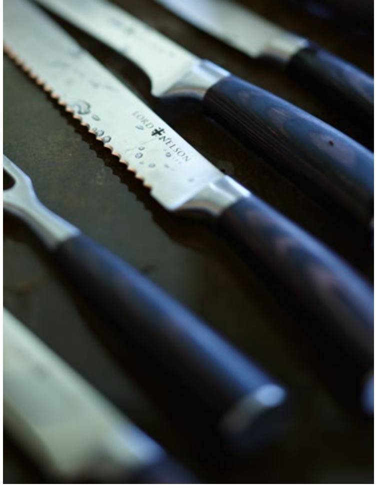
Nasdaq OMX

## SHARE DEVELOPMENT IN REFERENCE TO INDEX AND TURNOVER


**Share capital development**

| Year | Transaction | Increase number of shares | Issue price | Increase share capital | Total number of shares | Total share capital, SEK | Face quota |
|---|---|---|---|---|---|---|---|
| 1991 | The company was founded | 500 | 100,00 | | 500 | 50 000 | 100,00 |
| 1995 | Directed new issue 1:20[1] | 25 | 35 524,00 | 2 500 | 525 | 52 500 | 100,00 |
| 1996 | Bonus issue 37:1 | 19 475 | | 1 947 500 | 20 000 | 2 000 000 | |
| 1997 | Directed new issue 1:17[2] | 11 448 | 600,00 | 114 480 | 211 448 | 2 114 480 | 10,00 |
| | Bonus issue | 0 | | 2 114 480 | 211 448 | 4 228 960 | |
| | Split 10:1 | 1 903 032 | | | 2 114 480 | 4 228 960 | |
| | Directed new issue[3] | 681 818 | 110,00 | 1 363 636 | 2 796 298 | 5 592 596 | 2,00 |
| 1998 | Directed new issue[4] | 201 106 | 114,40 | 402 212 | 2 997 404 | 5 994 808 | 2,00 |
| 2000 | Directed new issue[5] | 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[6] | 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[7] | 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[8] | 226 886 | 88,15 | 1 361 316 | 31 547 334 | 189 284 004 | 6,00 |
| 2005 | Directed new issue[9] | 96 822 | 125,00 | 580 932 | 31 644 156 | 189 864 936 | 6,00 |
| | Directed new issue[10] | 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[11] | 1 825 767 | 29,30 | 5 477 301 | 66 343 543 | 199 030 629 | 3,00 |

[1] New issue addressed to the owners of Licensprint i Orsa AB connected to the purchase of the company. The share premium reserve increased by SEK 886,000.
[2] New issue addressed to Group personnel. Subscription price SEK 600 per share. The share premium reserve increased by SEK 6,754,000.
[3] New issue connected to introduction on the Swedish Stock Exchange. Subscription price SEK 110 per share. The share premium reserve increased by SEK 69,089,000.
[4] Non-cash issue connected to the purchase of the Hefa Group. Price of issue SEK 114.40 per share. The share premium reserve increased by SEK 22,604,000.
[5] New issue addressed to the owners of Texet AB connected to the purchase of the company. The share premium reserve increased by SEK 94,242,000
[6] New issue addressed to the owners of Segerkoncernen AB connected to the purchase of the company. The share premium reserve increased by SEK 23,850,000.
[7] New issue addressed to the owners of New Wave Group. The share premium reserve increased by SEK 135,794,410.
[8] New issue addressed to the owners of Jobman AB connected to the purchase of the company. The share premium reserve increased by SEK 16,638,684.
[9] New issue addressed to the owners of the Dahetra Group connected to the purchase of the Group. The share premium reserve increased by SEK 11,521,818.
[10] New issue connected to exercise of option rights. The share premium reserve increased by SEK 28,221,388.
[11] New issue connected to exercise of option rights. The share premium reserve increased by SEK 48,017,672.



### AHEAD INC
270 Samuel Barnet Blvd
New Bedford, MA 02745
USA
Phone: +1 508 985 9898
Fax: +1 571 434 4620

### CRAFT NORTH AMERICA LLC
200 Cummings Center STE 273-D
Beverly, MA 01915
USA
Phone: +1 978 524 0096

### CUTTER & BUCK INC
701 N. 34th Street, Suite 400
Seattle, WA 98103
USA
Phone: +1 206 622 41 91
Fax: +1 206 428 52 13

### DAHETRA A/S
Niels Bohrs Vej 21
8660 Skanderborg
DENMARK
Phone: +45 86 57 28 00
Fax: +45 86 57 28 40

### DESKTOP IDEAS LTD
Bridge House
Thame
OX9 3UH Oxfordshire
GREAT BRITAIN
Phone: +44 870 240 76 24
Fax: +44 870 240 76 25

### DJ FRANTEXTIL AB
Åkarevägen 18
450 52 Dingle
SWEDEN
Phone: +46 524 283 70
Fax: +46 524 283 79

### GC SPORTSWEAR OY
Kornetintie 6C
00380 Helsinki
FINLAND
Phone: +358 9 863 467 00
Fax: +358 9 863 467 11

### GLASMA AB
Långgatan 22
361 31 Emmaboda
SWEDEN
Phone: +46 471 481 50
Fax: +46 471 333 91

### HEFA AB
Orrekulla Industrigata 61
425 36 Hisings Kärra
SWEDEN
Phone: +46 31 712 56 00
Fax: +46 31 712 56 99

### INTRACO TRADING BV
Noorddijk 88
1521 PD Wormerveer
THE NETHERLANDS
Phone: +31 756 47 54 20
Fax: +31 756 47 54 39

### JOBMAN WORKWEAR AB
Box 2044
194 02 Upplands Väsby
SWEDEN
Phone: +46 8 630 29 00
Fax: +46 8 732 00 14

### KOSTA FÖRLAG AB
380 40 Orrefors
SWEDEN
Phone: +46 478 345 20
Fax: +46 478 505 85

### LENSEN TOPPOINT BV
Stationsweg 14 A
7691 AR Bergentheim
THE NETHERLANDS
Phone: +31 523 23 82 38
Fax: +31 523 23 82 00

### NEW WAVE AUSTRIA GMBH
Mühlgraben 43D
6343 Erl AUSTRIA
Phone: +43 5373 200 60
Fax: +43 5373 200 60 10

### NEW WAVE DENMARK A/S
Banemarksvej 50E
2605 Brøndby
DENMARK
Phone: +45 43 43 71 00
Fax: +45 43 43 71 05

### NEW WAVE FRANCE SAS
Parc Technoland
2, Allé de Toscane – Bat E
69800 Saint Priest
FRANCE
Phone: +33 4 786 631 59
Fax: +33 4 725 239 26

### NEW WAVE GERMANY GMBH
Geigelsteinstrasse 10
83080 Oberaudorf
GERMANY
Phone: +49 8033 97 90
Fax: +49 8033 97 91 00

### NEW WAVE GROUP BANGLADESH
House # 10/A (6th & 7th Floor),
Road #.04, Gulshan-1
Dhaka-1212
BANGLADESH
Phone: +880 2 883 11 29
Fax: +880-2-8833272

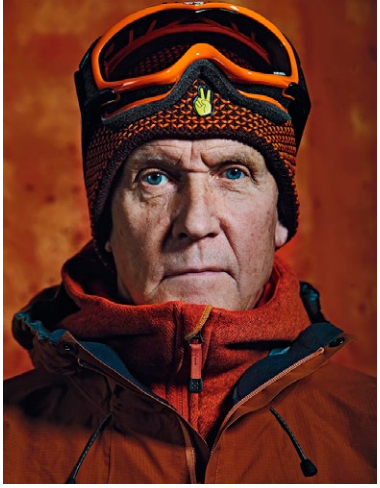
### NEW WAVE GROUP CHINA
4th Floor, Building E
No. 1978, Lianhua Road
Shanghai 201103
CHINA
Phone: +86 21 614 588 28
Fax: +86 21 640 179 25

### NEW WAVE GROUP INDIA BUYING PVT LTD
1/32 Ulsoor Road Cross, Ulsoor Road
Bangalore 560042
INDIA
Phone: +91 80 407 110 00
Fax: +91 80 407 110 10

### NEW WAVE GROUP S A
Chemin des Polonais 3
2016 Cortaillod
SWITZERLAND
Phone: +41 32 843 32 32
Fax: +41 32 843 32 33

### NEW WAVE GROUP VIETNAM
L3 Dien Bien Phu Street
Ward 25, Dist. Binh Thanh
Ho Chi Minh City
VIETNAM
Phone: +84 8 351 210 88
Fax: +84 8 351 244 23

### NEW WAVE ITALIA SRL
28 Via Togliatti Palmiro
z.i. Mirandolina
26845 Codogno (LO)
ITALY
Phone: +39 377 43 71 33
Fax: +39 377 43 71 44




**NEW WAVE MODE AB**
Åkarevägen 18
455 83 Dingle
SWEDEN
Phone: +46 524 28 300
Fax: +46 524 28 310

**NEW WAVE SPORTS AB**
Box 1774
501 17 Borås
SWEDEN
Phone: +46 33 722 32 00
Fax: +46 33 722 32 99

**NEW WAVE NORWAY AS**
Bjørnstadmyra 4
1712 Grålum
NORWAY
Phone: +47 69 14 37 00
Fax: +47 69 14 37 55

**NEW WAVE SPORTSWEAR BV**
Constructieweg 7
3641 SB Mijdrecht
THE NETHERLANDS
Phone: +31 297 23 16 70
Fax: +31 297 23 16 80

**NEW WAVE SPORTSWEAR S A**
Mallorca, S/N
Polígono Industrial Sud-Oest
08192 Sant Quirze del Vallés
Barcelona
SPAIN
Phone: +34 937 21 95 95
Fax: +34 937 21 95 35

**OKB HOTELL & RESTAURANG AB**
380 40 Orrefors
SWEDEN

**ORREFORS KOSTA BODA AB**
380 40 Orrefors
SWEDEN
Phone: +46 481 340 00
Fax: +46 481 303 7

**ORREFORS KOSTA BODA INC**
901 Lincoln Drive
Suite 304
Marlton, NJ 08053
USA
Phone: +1 856 768 54 00
Fax: +1 800 448 75 53

**OY TREXET FINLAND AB**
Juvan Teollisuuskatu 12
02920 Espoo
FINLAND
Phone: +358 9 525 95 80
Fax: +358 9 525 95 857

**PARIS GLOVE OF CANADA INC**
255 Montee De Liesse
Montreal, Quebec, H4T 1P5
CANADA
Phone: +1 514 345 0135
Fax: +1 514 342 7263

**PAX SCANDINAVIA AB**
Box 343
701 46 Örebro
SWEDEN
Phone: +46 19 20 92 00
Fax: +46 19 20 92 20

**PROJOB WORKWEAR AB**
Åkarevägen 18
455 83 Dingle
SWEDEN
Phone: +46 524 176 90
Fax: +46 524 176 95

**SAGAFORM AB**
Trandaredsgatan 200
507 52 Borås
SWEDEN
Phone: +46 33 23 38 00
Fax: +46 33 23 38 23

**SAGAFORM INC**
901 Lincoln Drive
Suite 304
Marlton, NJ 08053
USA
Phone: +1 856 768 54 00
Fax: +1 800 448 75 53

**SEGER EUROPE AB**
Röshult
520 10 Gällstad
SWEDEN
Phone: +46 321 260 00
Fax: +46 321 750 80

**TEXET AB**
Box 5004
194 05 Upplands Väsby
SWEDEN
Phone: +46 8 587 606 00
Fax: +46 587 606 83

**TEXET BENELUX NV**
Nieuwlandlaan 24 Box D
3200 Aarschot
BELGIUM
Phone: +32 16 57 11 57
Fax: +32 16 57 11 24

**TEXET GMBH**
Geigelsteinstrasse 10
83080 Oberaudorf
GERMANY
Phone: +49 8033 97 90
Fax: +49 8033 97 91 00

**TEXET FRANCE SAS**
52 Rue du Capitaine Guynemer
92400 Courbevoie
FRANCE
Phone: +33 1 563 706 00
Fax: +33 1 563 70 601

**TEXET POLAND SP. Z O.O.**
ul. Lutycka 11
60-415 Poznań
POLAND
Phone: +48 61 868 56 71
Fax: +48 61 868 56 92

**TOPPOINT GMBH**
Hollandstrasse 7
48527 Nordhorn
GERMANY
Phone: +49 5921 81 99 30
Fax: +49 5921 81 99 33

**TOPPOINT POLSKA SP. Z O.O.**
ul. Lubuska 47
Płoty
66-016 Czerwieńsk
POLAND
Phone: +48 68 451 83 22
Fax: +48 68 451 83 21

**UNITED BRANDS OF SCANDINAVIA LTD**
Unit 1
Hirwaun Industrial Estate
CF44 9UP Hirwaun
South Wales
GREAT BRITAIN
Phone: +44 1685 81 28 11
Fax: +44 1685 81 50 90

**X-TEND BV**
Paxtonstraat 7
8013 RP Zwolle
THE NETHERLANDS
Phone: +31 38 850 91 00
Fax: +31 38 850 91 01

# 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, HIF Service Aktiebolag, 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 and Member of the Board of Svensk Handel.

Holdings in the company, own and related parties: 19 707 680 class A shares and 1 195 797 class B shares.

## CHRISTINA BELLANDER
BORN 1955

Member of the Board since 2009.

Other directorships: Chairman of the Board of Fabaris AB and Member of the Board of Novus Group and the School of Education and Communication at Jönköping University.

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, Stena Metall AB, Stiftelsen Chalmers University of Technology, Gothenburg Research Institute and SSRS Sjöräddningssällskapet, Member of Advisory Board Handelshögskolan i Göteborg and Fryshuset i Göteborg and Secretary General of Börssällskapet.

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

## AUDITORS
STEFAN KYLEBÄCK
BORN 1965

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

# GROUP EXECUTIVE TEAM

## 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 1 195 797 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 CLAESSON
BORN 1960

Chief Buying Officer.
Employed since 2010.

Holdings in the company, own and related parties: 25 000 class B shares.

## 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 Northern Europe and Managing Director of New Wave Mode AB. Employed since 1993.

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

## MARIO BIANCHI
BORN 1967

Product Manager – Corporate Promo
Employed since 1994.

Holdings in the company, own and related parties: 202 560 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 Monday 4 May 2015 at 1 pm at the Kosta Glascenter, Stora vägen 98, 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 27 April 2015 and notify the company of their intention to attend the AGM by 27 April 2015 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 April 27, 2015. If the power of attorney is issued by a legal entity, a certified copy of the corporate registration certificate and other authorization documents should be sent to the company. Please note that shareholders who are represented by proxy must also give notice of participation as stipulated above. A proxy form is available on the company's website *www.nwg.se.*

## NOMINEE REGISTERED SHARES

Shareholders with nominee-registered shares must register their shares in their own name with Euroclear Sweden AB to be entitled to attend the AGM . This registration must be completed by 27 April 2015 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*

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 27 April 2015 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 2014 of SEK 1.00 per share, corresponding to a total of SEK 66,344 thousand. The Board has proposed 6 May 2015 as the record day for the dividend. This record day assumes payment of the dividend from Euroclear Sweden AB on 11 May 2015.


LAND-ROVER

TAKE OFF

*Work of art Bertil Vallien/Kosta Glasbruk for SAAB Aeronautics' new office in Linköping, inaugurated in 2014.*


**New Wave Group AB (publ) Org. no. 556350-0916**

Orrekulla Industrigata 61, SE-425 36 Hisings Kärra

Telephone: +46 (0)31 712 89 00, Fax: +46 (0)31 712 89 99

info@nwg.se www.nwg.se

# 2014

FINANCIAL INFORMATION

New Wave GROUP



CRAFT



# CONTENTS



## THE GROUP



## THE PARENT COMPANY

NEW WAVE GROUP'S

# BRANDS

## CORPORATE PROMO

## SPORTS & LEISURE

## GIFTS & HOME FURNISHINGS

# 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 2014 to 31 December 2014.

## OPERATIONS

New Wave Group is a growth company that creates, acquires and develops brands and products in the corporate promo, sports, gifts and home furnishings sector. The Group will achieve synergies by coordinating the design, purchasing, marketing, warehousing, and distribution of the product range. To ensure the good allocation of risks, the Group will offer its products in the promo market and the retail market.

New Wave Group's competitiveness lies primarily in its strong brands, considerable expertise, high level of service, and a well-developed overall concept. Products are primarily manufactured in Asia, and to a lesser extent in Europe. Thanks to its relative size, New Wave Group has good purchasing prices and efficient logistics. The Group's most well-known wholly-owned brands include AHEAD, Auclair, Clique, Craft, Cutter & Buck, Grizzly, James Harvest Sportswear, Jobman, Kosta Boda, Orrefors, PAX, ProJob, Sagaform, Seger and Toppoint.

## SUMMARY OF 2014

The Group's net sales amounted to SEK 4,274 million, which was 6 % better than last year (SEK 4,047 million). The operating segment Corporate Promo had during the first six months a certain shortage in its range of goods. The situation improved in the second half and we see during the years last months that we achieved a good structure that will give us better opportunities for the coming year. In addition to an improvement in the stock structure, we also launched new products in our basic range. The segment increased its sales by 13 %, whereby the last quarters had increases of 15 % and 21 % respectively. The increase is mainly related to Sweden and Europe. Sports & Leisure sales were unchanged compared with last year. However, there was an increase in the promo sales channel and a decrease in retail. The cold winter in the United States contributed to this year's golf season being delayed, which contributed to a weak start for the segment. Cutter & Bucks sales declined compared with last year, due to lower

## INCOME STATEMENTS

| Income statements by quarter<br>**SEK million** | **2014** | **Q 4** | **Q 3** | **Q 2** | **Q 1** |
|---|---|---|---|---|---|
| Income | 4 273.6 | 1 259.5 | 1 122.3 | 983.3 | 908.5 |
| Goods for resale | -2 321.0 | -669.6 | -621.9 | -531.8 | -497.7 |
| **Gross profit** | **1 952.6** | **589.9** | **500.4** | **451.5** | **410.8** |
| **Gross profit in %** | **45.7%** | **46.8%** | **44.6%** | **45.9%** | **45.2%** |
| | | | | | |
| Other operating income | 27.7 | 10.1 | 5.1 | 5.4 | 7.1 |
| External costs | -923.5 | -260.5 | -216.6 | -216.9 | -229.5 |
| Personnel costs | -735.7 | -204.7 | -174.8 | -176.7 | -179.5 |
| Depreciation and write-downs | -54.2 | -14.2 | -14.4 | -13.2 | -12.4 |
| Other operating costs | -16.5 | -7.4 | -4.1 | -2.6 | -2.4 |
| Share of associated companies' profit | -0.4 | -1.0 | 0.1 | 0.5 | 0.0 |
| **Operating profit** | **250.0** | **112.2** | **95.7** | **48.0** | **-5.9** |
| | | | | | |
| Financial income | 4.9 | 1.2 | 1.1 | 1.2 | 1.4 |
| Financial costs | -46.9 | -14.5 | -12.1 | -10.6 | -9.7 |
| **Profit before tax** | **208.0** | **98.9** | **84.7** | **38.6** | **-14.2** |
| | | | | | |
| Tax | -31.1 | -7.0 | -17.8 | -9.2 | 2.9 |
| **Profit for the period** | **176.9** | **91.9** | **66.9** | **29.4** | **-11.3** |

sales in the retail sales channel. The Nordic countries and Europe managed the year better, although the last quarter of the year with a mild winter didn't give the sales we expected. Gifts & Home Furnishings sales were on par with last year. Even here we have seen an improvement in the promo sales channel, while retail sales have been weaker, mainly in the export markets. Of the Group's sales channels, promo increased by 12% while the retail sector was at the same level as last year.

The gross profit margin decreased slightly and amounted to 45.7 (46.2) %. The decrease is mainly related to the shortages we had in the first half year, which meant higher shipping costs and more expensive substitute goods.

During the year, the Group has made significant investments in sales and marketing. It is mainly the increased costs in advertising and other marketing that 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. The group is planning further expansion of sales personnel, and that the full cost impact occurs on the appointments made during the year.

Profit for the year decreased by SEK 10.2 million and amounted to SEK 176.9 (187.1) million. The lower profit is mainly related to the higher costs associated with the investments made in sales and marketing.

The group is continuing its work to improve the security of supply and the structure of inventories. The inventory turnover rate amounted to 1.3, which is slightly lower than last year (1.4). In our ambition to improve our key ratios, there arose at the end of last year and the first half of this year, supply shortages in some segments of our inventories. During the year we have increased our inventory levels and created good sales opportunities for 2015. Working capital was increasing with SEK 538 million relating to the said inventory build-up. Inventories amounted to SEK 2,162 (1,449) million as of 31 December, 2014. Exchange rates affected the value positive by SEK 156 million

Our balance sheet remains strong with an equity ratio of 45.9 (49.8) %. Net debt increased by SEK 565 million, of which SEK 186 million was due to the currency exchange when converting into SEK, and as of 31 December 2014, amounted to SEK 1,829 (1,264) million. Net debt to equity ratio and net debt to working capital amounted to 76.0 (60.1) % and 71.1 (67.6) % respectively. Cash flow from operating activities amounted to SEK -284.2 (358.5) million. The change in all the above items is due to our inventory build-up.

### INCOME

Turnover amounted to SEK 4,274 million which was 6 % higher than last year (SEK 4,047 million). Acquired businesses contributed SEK 14 million. Exchange rates have affected positively by SEK 139 million and net sales in local currency increased by 2 %.

The operating segment Corporate Promo increased by 13 %, which is mainly related to Sweden and Europe. Sports & Leisure remained on the same level as last year. However, there was an increase in the promo sales channel and a decrease in retail. Gifts & Home Furnishings sales were at the same level as last year and even here there was an increase in the promo sales channel and a decrease in retail. It was mainly the segment's export markets that decreased.

The turnover in Sweden increased by 3 % compared with last year and the increase occurred in the promo sales channel. In the USA, sales increased by 3 %. Sales have been positively affected by the currency exchange when converted into SEK. In local currency turnover decreases. The rest of the Nordic region grew by 3 %, which is related to Denmark and Norway. Central and Southern Europe has increased its sales by 8 % and 9 % respectively. The increase is related to the promo sales channel.

### GROSS PROFIT

The gross profit margin amounted to 45.7 (46.2) %. The decrease is mainly related to the shortages we had in the first half year, which meant higher shipping costs and more expensive substitute goods.

### OTHER OPERATING INCOME AND OTHER OPERATING COSTS

Other operating income declined by SEK 5.6 million to SEK 27.7 (33.3) million. Other operating income is primarily attributable to currency exchange gains but also invoiced expenses and should be compared with the line "Other operating costs" in which, primarily foreign exchange losses are reported. Other operating costs increased by SEK 5.6 million and amounted to SEK -16.5 (-10.9) million. The net total of above items amounted to SEK 11.2 (22.4) million. The decrease is mainly attributable to last year's invoicing of expenses and capital gains in connection with the sale of tangible fixed assets.

| | 2014 | Share of income | 2013 | Share of income | Change MSEK | % |
|---|---|---|---|---|---|---|
| Sweden | 1 064 | 25% | 1 036 | 26% | 28 | 3 |
| USA | 1 124 | 26% | 1 095 | 27% | 29 | 3 |
| Nordic countries excl Sweden | 606 | 14% | 589 | 15% | 17 | 3 |
| Central Europe | 766 | 18% | 710 | 17% | 56 | 8 |
| Southern Europe | 365 | 9% | 335 | 8% | 30 | 9 |
| Other countries | 349 | 8% | 282 | 7% | 67 | 24 |
| **Total** | **4 274** | **100%** | **4 047** | **100%** | **227** | **6** |

### COSTS AND DEPRECIATION

External costs increased by SEK 70.2 million and amounted to SEK -923.5 (-853.3) million. Personnel costs amounted to SEK -735.7 million which was SEK 37.9 million higher than last year (SEK -697.8 million).

The above cost increases are related to additional sales and marketing activities undertaken during the year. In addition to advertising and catalogues, the number of employees increased within sales, customer service and marketing.

Currency exchange rates negatively affected costs by SEK 49 million.

Depreciation and write-downs amounted to SEK -54.2 (-52.1) million.

### OPERATING MARGIN

The operating margin amounted to 5.9 (7.2)%. The lower margin is related to the aforementioned cost increases associated with increased marketing activities.

### NET FINANCIAL ITEMS AND TAXES

Net financial items amounted to SEK -42.0 (-56.2) million and the decrease is due to lower interest rates.

Tax costs amounted to SEK -31.1 (-47.4) million. The lower tax rate for the current year is due to a change in the tax base (the mix of countries).

### PROFIT FOR THE YEAR

Profit for the year amounted to SEK 176.9 (187.1) million and earnings per share amounted to SEK 2.66 (2.82). Acquired businesses contributed SEK -1.2 million.

## 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 sales and profit (EBITDA).

### CORPORATE PROMO

Turnover increased by 13 % to SEK 1,788 (1,587) million and result (EBITDA) amounted to SEK 173.8 (143.5) million. The higher turnover and the improved result are due to the increased marketing activities and higher service levels.

## SPORTS & LEISURE

Turnover was on par with last year and amounted to SEK 1,953 (1,929) million. The result (EBITDA) decreased by SEK 19.5 million to SEK 135.3 (154.8) million. The promo sales channel is increasing in all regions, while retail sales have decreased, mainly in the American market. The lower result was mainly related to higher sales and marketing activities. Acquired business contributed SEK 14 million in turnover and SEK -1.7 million in earnings.

## GIFTS & HOME FURNISHINGS

Turnover amounted to SEK 533 million and was at the same level as last year (SEK 531 million). The result (EBITDA) deteriorated by SEK 49.4 million to SEK -4.9 (44.5) million. Sales increased in the promo sales channel but decreased in retail. It is mainly in export markets as the reduction takes place. Earnings deterioration is related to lower gross profit and higher sales and marketing activities.

## SALES AND RESULT PER OPERATING SEGMENT

| **SEK million** | | |
|---|---|---|
| **Corporate Promo** | **2014** | **2013** |
| Income | 1 788.2 | 1 587.3 |
| Result EBITDA | 173.8 | 143.5 |
| **Sport & Leisure** | | |
| Income | 1 952.5 | 1 929.3 |
| Result EBITDA | 135.3 | 154.8 |
| **Gifts & Home furnishings** | | |
| Income | 532.9 | 530.8 |
| Result EBITDA | -4.9 | 44.5 |
| **Total income** | **4 273.6** | **4 047.4** |
| **Total result EBITDA** | **304.2** | **342.8** |

*EBITDA: Operating profit before depreciation*


## CAPITAL TIED UP

The Group has continued its work to improve the level of service and product range. Capital tie up in goods increased by SEK 713 million during the year, of which SEK 156 million due to exchange rate fluctuations when converted into SEK. Total inventories as of 31 December 2014, amounted to SEK 2,162 (1,449) million. The increase is a planned increase and is mainly related to the promo sales channel and its replenishment purchases within the base line of goods and articles relating to the new base collections. The turnover rate in inventories is slightly lower than last year because of our inventory build-up and amounted to 1.3 (1.4). The inventory value is expected to be on a higher level than before even in the coming quarters, mainly because of our extended Corporate Promo range as well as new and upcoming base collections.

| **SEK million** | **2014-12** | **2013-12** |
|---|---|---|
| Raw materials | 20.7 | 24.6 |
| Work in progress | 2.9 | 4.0 |
| Goods in transit | 165.6 | 77.5 |
| Merchandise on stock | 1 972.9 | 1 343.0 |
| **Total** | **2 162.1** | **1 449.1** |

Stock has been written down by SEK 101 (100) million, of which SEK 11 (14) million relates to raw materials. The write-down related to merchandise on stock amounted to 4.4 (6.0) %.

Accounts receivable amounted to SEK 804 (734) million. The increase is turnover related.

## INTANGIBLE ASSETS AND IMPAIRMENT TESTING

Assumptions made in the tests 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 2015–2019 are based upon the Board's established internal forecasts and for the subsequent periods an average growth rate of 3 %. Sensitivity analyses have been made of 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. Beside the impairment of SEK 7 million related to a completed sales contract, 2014 years assessment showed that there is no additional impairment.

### 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 (2015–2019).

### 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 (2015–2019).


GIFTS & HOME FURNISHINGS

The calculation includes the operating segment's cash flow based on internal forecasts. Steps have been taken in the past years in order to improve efficiency and profitability in respect of the segment's substantial Orrefors Kosta Boda. These measures have yielded results and the forecast includes continued improvement in the margin and profitability. These actions will also provide an improved stock situation and efficiency improvements. The forecast period (2015–2019) is expected to be slightly weaker 2015 and then a gradual improvement during the remaining years.

## ACQUISTION

The preliminary acquisition analysis, made in connection with the acquisition of distribution rights for CRAFT products in the United States and Canada as of 1 July 2013 was adopted during the third quarter of 2014. This prompted no adjustments of the acquisition analysis.

The remaining 49% of shares in Texet Poland Sp z.o.o. were acquired during the year. The investment affected cash flow with SEK -5.4 million.

## INVESTMENTS, FINANCING AND LIQUIDITY

Consolidated cash flow from operating activities amounted to SEK -284.2 (358.5) million. The negative cash flow is related to our planned inventory build-up and thereby improving service levels. The net cash investments amounted to SEK -74.3 (-46.8) million.

Net debt increased during the year by SEK 565 million to SEK 1,829 (1,264) million, which is primarily related to our planned build-up of inventories. Exchange rates have increased the debt by SEK 186 million. The rise in our inventory worth means that our net debt relative to equity and working capital has increased and amounted to 76.0 (60.1) % and 71.1 (67.6) % respectively.

As a result of our inventory build-up our equity ratio has decreased by 3.9 percentage points and amounted to 45.9 (49.8) % as of 31 December.

The Group has a funding agreement which extends up to 12 November 2016. The funding agreement has as of 31 December, a credit framework of SEK 2,248 million, of which the principal agreement amounts to SEK 2,100 million. The credit facility amount has been 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.

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

## PERSONNEL, ORGANISATION AND ALLOWANCES

The number of employees as of 31 December 2014 amounted to 2,212 (2,123), of whom 51 % were female and 49 % were men. Of the total number of employees 541 (513) work in production. The production contained within New Wave group is attributable to Ahead (embroidery), Cutter & Buck (embroidery), Paris Glove, Orrefors Kosta Boda, Seger, 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.

*New Wave Group's remuneration policy for senior management in 2014 until the 2015 AGM:*

- Remuneration to the Group CEO and senior management shall comprise a fixed salary at market rate.
- No specific Board fees for work within Group companies will be paid to the senior management.
- Variable remuneration, such as bonuses, may be permitted when it can be justified for the recruitment or retention of key employees, and to stimulate improvements in sales and profits, as well as for work to achieve the specific key ratios set by the Board. Variable remuneration shall be based on predetermined and measurable criteria such as the earnings trend for the New Wave Group, or the return on equity compared with fixed targets. Variable remuneration shall not exceed 50 % of the fixed remuneration. Total yearly cost cannot exceed SEK 10 million.
- With regard to each financial year, the Board shall evaluate whether a share or share price-related incentive programme which covers the year in question shall be proposed to the AGM or not. The AGM decides on such incentive programmes.
- Pension benefits shall correspond to the ITP plan (supplementary pensions for salaried employees) or, in the case of senior management outside Sweden, pension benefits that are customary in that country.
- A mutual notice period of a maximum of 6 months shall apply to all senior management and no severance pay will be paid.

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

## RELATED PARTY TRANSACTIONS

There are lease agreements with affiliates. Affiliated company of the CEO have purchased goods for resale and received remuneration for consultancy services. A member of the Board of Directors has carried out consultancy services for the parent company and a group company. All transactions have taken place on market terms. See Note 17 for further details.

## RISK AND RISK MANAGMENT

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. 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 percent would have an impact on sales of SEK 31 million, based on sales in 2014.

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 198.2 million in 2014.

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

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.

The Group's subsidiary — Kosta Boda Glasproduktion AB — conducts licensed operations under the Enviromental code.

For additional information see section Environment & Ethics on pages 34–36.

## PARENT COMPANY

Total income amounted to SEK 104.9 (95.0) million. Profit before appropriations and tax amounted to SEK 216.2 (214.4) million. Net borrowing amounted to SEK 1,753 (1,318) million, of which SEK 1,513 (972) million relates to the financing of subsidiaries. Net investments amounted to SEK -33.3 (-13.9) million. Total assets amounted to SEK 3,360 (2,883) million and shareholders' equity, including 78 % of untaxed reserves amounted to SEK 1,319 (1,169) million.

## NEW WAVE'S SHARE

The number of shares in New Wave Group AB amounts to 66 343 543 with a quotient value of SEK 3.00. The shares have equal rights to the Company's assets and profits. Each Series A share carries ten votes and each Series B share carries one vote. The offer of first refusal is in place for Series A shareholders in accordance with paragraph 14 of the articles of association. 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 31.5 % of the capital and 81.4 % of the votes.

*The following authorisation 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 authorisation includes the right to decide to deviate from the shareholders' preferential rights, unless the decision refers to a new issue in which consideration is comprised only of cash. Through decisions supported by the authorisation, share capital will be allowed to increase by a total maximum of SEK 12 000 000. The authorisation 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 authorisation is that the Company should have the opportunity to raise financing on attractive terms for the Company in which the interest rate may depend on the Company's profits or financial position, for example.

For additional share information see pages 44-45.

## GROWTH TARGETS AND DIVIDEND POLICY

The growth target over one business cycle is 10–20 % per year, of which 5–10 % should be organic growth, and 15% operating margin. The dividend policy is that the dividend will account for 40 % of the Group's profit after taxes over a business cycle.

## SUBSEQUENT EVENTS

The Group has a funding agreement which extends up to 12 November 2016. Total credit line per 31 December 2014 was SEK 2,248 million, of which the main contract was SEK 2,100 million. On March 31, the total credit line and its main contract increased by 300 million. The agreement incurs a slightly higher interest rate and the covenants according to the previous agreement remain unchanged.

## IN GENERAL

A report on the Group's governance and the work of the Board is presented in the section on Corporate Governance.

# PROPOSED DISTRIBUTION OF PROFIT

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

| SEK | |
|---|---|
| Retained profits | 600 373 029 |
| Share premium reserve | 48 017 672 |
| Result for the year | 214 677 790 |
| **Total:** | **863 068 491** |

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 748 707 276, 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

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 38 % of the Group's profits for the year, which is in line with the stated objective that dividend should equate to 40 % of the Group's profits for the year over one business cycle. Investment plans, consolidation requirements, liquidity and overall position have been taken into account. The Board finds that there is full coverage of the Company's restricted equity following the proposed distribution of profits.

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

## THE NATURE, SCOPE & RISKS OF THE BUSINESS

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

## CONSOLIDATION REQUIREMENTS, LIQUIDITY & OVERALL POSITION

### 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 5.1 % of the Company's equity and 2.8 % 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, 31 MARCH 2015

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 31 MARCH 2015

ERNST & YOUNG AB

STEFAN KYLEBÄCK
*Authorised Public Accountant*

# CONSOLIDATED INCOME STATEMENT

1 JANUARY – 31 DECEMBER

| SEK million | Note | 2014 | 2013 |
|---|---|---|---|
| Income | 3, 17 | 4 273.6 | 4 047.4 |
| Goods for resale | | -2 321.0 | -2 177.0 |
| **Gross profit** | | **1 952.6** | **1 870.4** |
| | | | |
| Other operating income | 4 | 27.7 | 33.3 |
| External costs | 6, 17 | -923.5 | -853.3 |
| Personnel costs | 5, 6 | -735.7 | -697.8 |
| Depreciation and write down of tangible and intangible fixed assets | 7, 8 | -54.2 | -52.1 |
| Other operating costs | | -16.5 | -10.9 |
| Share of associated companies' result | | -0.4 | 1.1 |
| **Operating profit** | 9 | **250.0** | **290.7** |
| | | | |
| Financial income | | 4.9 | 6.8 |
| Financial costs | | -46.9 | -63.0 |
| **Net financial items** | 10 | **-42.0** | **-56.2** |
| | | | |
| **Profit before tax** | | **208.0** | **234.5** |
| | | | |
| Tax on net profit for the year | 11 | -31.1 | -47.4 |
| **Profit for the year** | | **176.9** | **187.1** |
| | | | |
| *Other comprehensive income* | | | |
| **Items that can be reclassified into profit or loss** | | | |
| Translation differences | | 198.2 | 23.9 |
| Cash flow hedge | | 1.3 | 0.1 |
| **Sum** | | **199.5** | **24.0** |
| Income tax related to components of other comprehensive income | | -0.3 | 0.0 |
| *Total other comprehensive income net after tax for the year* | | *199.2* | *24.0* |
| **Total comprehensive income for the year** | | **376.1** | **211.1** |
| | | | |
| **Profit for the year attributable to:** | | | |
| Shareholders of the parent company | | 176.2 | 187.2 |
| Non-controlling (minority) interest | | 0.7 | -0.1 |
| | | **176.9** | **187.1** |
| | | | |
| **Total comprehensive income attributable to:** | | | |
| Shareholders of the parent company | | 373.9 | 210.9 |
| Non-controlling (minority) interest | | 2.2 | 0.2 |
| | | **376.1** | **211.1** |
| | | | |
| Earnings per share (SEK) | | 2.66 | 2.82 |
| | | | |
| The average number of outstanding shares | | 66 343 543 | 66 343 543 |

# CONSOLIDATED CASH FLOW STATEMENT

1 JANUARY – 31 DECEMBER

| SEK million | Note | 2014 | 2013 |
|---|---|---|---|
| **Current operation** | | | |
| Operating profit | | 250.0 | 290.7 |
| Adjustment for items not included in cash flow | 28 | 71.8 | 32.2 |
| Received interest | | 4.9 | 6.8 |
| Paid interest | | -46.9 | -63.0 |
| Paid income tax | | -25.9 | -40.1 |
| **Cash flow from current operations before changes in working capital** | | **253.9** | **226.6** |
| | | | |
| **Cash flow from changes in working capital** | | | |
| Increase/decrease in stock | | -573.1 | 198.2 |
| Increase/decrease of current receivables | | -20.6 | -30.4 |
| Increase/decrease of current liabilities | | 55.6 | -35.9 |
| **Cash flow from operations** | | **-284.2** | **358.5** |
| | | | |
| **Investing activities** | | | |
| Investments in tangible fixed assets | | -48.4 | -26.8 |
| Sales of tangible fixed assets | | 2.3 | 4.1 |
| Investments in intangible fixed assets | | -21.4 | -24.1 |
| Acquisition of subsidiaries | 29 | -5.4 | 0.0 |
| Repayment of purchase amount | | 0.1 | 0.0 |
| Acquisition of financial fixed assets | | -1.5 | 0.0 |
| **Cash flow from investing activities** | | **-74.3** | **-46.8** |
| | | | |
| **Cash flow after investing activities** | | **-358.5** | **311.7** |
| | | | |
| **Financing activities** | | | |
| Loan raised | | 430.9 | 0.0 |
| Repayment of long-term receivables | | 3.7 | 0.8 |
| Amortization of loan | | 0.0 | -291.8 |
| Dividends paid to the shareholders of the parent company | | -66.3 | -66.3 |
| **Cash flow from financing activities** | | **368.3** | **-357.3** |
| | | | |
| **Cash flow for the year** | | **9.8** | **-45.6** |
| Liquid assets at the beginning of the year | | 185.1 | 229.7 |
| Translation differences in liquid assets | | 21.1 | 1.0 |
| **Liquid assets at year-end** | | **216.0** | **185.1** |
| | | | |
| **Liquid assets** | | | |
| Cash at bank and in hand | | **216.0** | **185.1** |

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

- they comprice each
- they have an insignificant risk of exchange rate fluctuations

# CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER

| SEK million | Note | 2014 | 2013 |
|---|---|---|---|
| **ASSETS** | | | |
| Intangible fixed assets | 7 | 1 342.9 | 1 196.9 |
| Tangible fixed assets | 8 | 307.5 | 287.5 |
| Shares in associated companies | 12 | 64.2 | 63.1 |
| Long-term receivables | 13 | 20.7 | 23.9 |
| Deferred tax assets | 14 | 102.5 | 81.3 |
| **Total fixed assets** | | **1 837.8** | **1 652.7** |
| | | | |
| Stock | 15 | 2 162.1 | 1 449.1 |
| Tax receivables | | 22.9 | 30.2 |
| Accounts receivables | 16, 17 | 804.2 | 734.2 |
| Prepaid expenses and accrued income | 18 | 67.1 | 59.5 |
| Other receivables | 19 | 126.5 | 110.7 |
| Liquid assets | 20 | 216.0 | 185.1 |
| **Total current assets** | | **3 398.8** | **2 568.8** |
| | | | |
| **TOTAL ASSETS** | 21 | **5 236.6** | **4 221.5** |
| | | | |
| **EQUITY** | | | |
| Share capital | | 199.1 | 199.1 |
| Other capital contributions | | 219.4 | 219.4 |
| Reserves | | 217.6 | 20.0 |
| Retained earnings including net profit for the year | | 1 750.4 | 1 640.4 |
| **Equity attributable to the shareholders of the parent company** | | **2 386.5** | **2 078.9** |
| | | | |
| Non-controlling (minority) interest | | 18.6 | 23.9 |
| **Total equity** | | **2 405.1** | **2 102.8** |
| | | | |
| **LIABILITIES** | | | |
| Long-term interest-bearing liabilities | 20, 22, 23 | 1 961.1 | 1 375.4 |
| Pension provisions | | 12.9 | 11.0 |
| Other provisions | 24 | 13.1 | 15.9 |
| Deferred tax liabilities | 14 | 148.9 | 129.1 |
| **Total non-current liabilities** | | **2 136.0** | **1 531.4** |
| | | | |
| Short-term interest-bearing liabilities | 20, 22, 23 | 83.7 | 73.7 |
| Accounts payable | 17 | 323.9 | 229.0 |
| Current tax liabilities | | 26.9 | 21.6 |
| Other liabilities | 25 | 81.0 | 92.0 |
| Accrued expenses and prepaid income | 26 | 180.0 | 171.0 |
| **Total current liabilities** | | **695.5** | **587.3** |
| | | | |
| **Total liabilies** | 21 | **2 831.5** | **2 118.7** |
| | | | |
| **TOTAL EQUITY AND LIABILITIES** | | **5 236.6** | **4 221.5** |
| | | | |
| **Memorandum items** | | | |
| Pledged assets | 23 | 3 962.9 | 3 559.7 |
| Contingent liabilities | 27 | 24.8 | 24.3 |

# 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 (minority) interest | Total equity |
|---|---|---|---|---|---|---|---|
| **Opening balance 2013-01-01** | **199.1** | **219.4** | **-9.2** | **1 525.0** | **1 934.3** | **23.7** | **1 958.0** |
| Profit for the year | | | | 187.2 | 187.2 | -0.1 | 187.1 |
| | | | | | | | |
| **Other comprehensive income** | | | | | | | |
| Translation differences | | | 23.6 | | 23.6 | 0.3 | 23.9 |
| Cash flow hedge | | | 7.1 | -7.0 | 0.1 | | 0.1 |
| Income tax related to components of other comprehensive income | | | -1.5 | 1.5 | 0.0 | | 0.0 |
| | | | | | | | |
| **Transactions with shareholders** | | | | | | | |
| Dividends | | | | -66.3 | -66.3 | | -66.3 |
| **Closing balance 2013-12-31** | **199.1** | **219.4** | **20.0** | **1 640.4** | **2 078.9** | **23.9** | **2 102.8** |

| SEK million | Share capital | Other capital contributions | Reserves | Retained earnings including net profit for the year | Total | Non-controlling (minority) interest | Total equity |
|---|---|---|---|---|---|---|---|
| **Opening balance 2014-01-01** | **199.1** | **219.4** | **20.0** | **1 640.4** | **2 078.9** | **23.9** | **2 102.8** |
| Profit for the year | | | | 176.2 | 176.2 | 0.7 | 176.9 |
| | | | | | | | |
| **Other comprehensive income** | | | | | | | |
| Translation differences | | | 196.7 | | 196.7 | 1.5 | 198.2 |
| Cash flow hedge | | | 1.2 | 0.1 | 1.3 | | 1.3 |
| Income tax related to components of other comprehensive income | | | -0.3 | 0.0 | -0.3 | | -0.3 |
| | | | | | | | |
| **Transactions with shareholders** | | | | | | | |
| Dividends | | | | -66.3 | -66,3 | | -66.3 |
| Change in non-controlling (minority) interest* | | | | 0.0 | 0.0 | -7.5 | -7.5 |
| **Closing balance 2014-12-31** | **199.1** | **219.4** | **217.6** | **1 750.4** | **2 386.5** | **18.6** | **2 405.1** |

| **Accumulated translation differences in equity** | **2014** | **2013** | **2012** | **2011** |
|---|---|---|---|---|
| Accumulated translation differences at the beginning of the year | 23.3 | -0.6 | 69.9 | 49.9 |
| Translation differences in foreign subsidiaries for the year | 198.2 | 23.9 | -70.5 | 20.0 |
| **Accumulated translation differences at year-end** | **221.5** | **23.3** | **-0.6** | **69.9** |

*See Note 29

# CLASSIFICATION OF EQUITY

### SHARE CAPITAL
Share capital includes the registed share capital for the parent company. Share capital consists of 19 707 680 class A shares (quoted value SEK 3.00) and 45 635 863 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 2 405.1 million (SEK 2 102.8 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 2014, the return on equity amounted to 7.9 % (9.3 %) with an equity ratio of 45.9 % (49.8 %).

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 38 % of the Group's profit for the year.

## 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

As of 1 January 2014, the Group introduced the following new and amended IFRS.

- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosure of Interests in Other Entities
- Investment Entities IAS 32 Financial Instruments: Classification – amendment
- IAS 36 Impairment of Assets – amendment
- IAS 39 Financial Instruments: Recognition and Measurement – amendment

The primary impact of these amendments is described below.

*IFRS 10 Consolidated Financial Statements and amendment to IAS 27 Separate Financial Statements (adopted by the EU on 20 November 2013)*
IFRS 10 supersedes most of IAS 27; the section relating to the preparation of consolidated financial statements. What remains of IAS 27 hereafter concerns how subsidiaries, joint ventures, and associates are dealt with in separate financial statements.

The rules relating to the preparation of consolidated financial statements have not changed. The amendment relates instead to how an entity should proceed in determining whether controlling influences exist, and subsequently how an entity should be consolidated. Control (controlling influence) exists when the investor:

- has influence over the investee, which is described as having rights to control activities, which in turn has a significant impact on the potential for returns (described as relevant activities);
- is exposed to, or is entitled to, variable returns from the investee;
- can use its influence to affect the size of the return

IFRS 10 further states that an investor is a party who potentially holds a controlling influence over an entity. A controlling influence need not only occur through shareholdings (voting rights). An investor can, despite the majority of outstanding shares not being held, have a controlling influence over another entity ("de factor control"), as well as through potential voting rights (e.g. options, agreements, etc.). An entity will be consolidated until the day control ceases, even if control exists only for a short period.

*IFRS 11 Joint Arrangements and amendment to IAS 28 Investments in Associates and Joint Ventures (adopted by the EU on 11 December 2012)*
IFRS 11 addresses accounting for joint arrangements, which is defined as a co-operation agreement in which two or more parties have a joint controlling influence. IFRS 11 supersedes IAS 31 Interests in Joint Ventures and SIC 13 Jointly Controlled Entities – Non-Monetary Contributions by Venturers.

It is essential to assess whether a party has control over another party, i.e. a controlling influence, or whether it is actually a case of a significant or joint influence. In the case of the latter, this is a so-called joint arrangement, which can concern either:

- Joint operations, or
- Joint ventures

With regard to joint operations, each joint owner (or party) recognises its share of assets, liabilities, revenues, and expenses.

Jointly controlled entities (joint ventures) in which the proprietor owns an interest in the entity's net assets may no longer be consolidated using the proportional method (proportionate consolidation). The equity method must be used instead. This means that the interest is recorded on a line in the consolidated statement of financial position, and that the share of profit/loss is recorded on a line in the consolidated statement of comprehensive income. The amended IAS 28 describes the equity method for both associates and joint ventures.

*IFRS 12 Disclosure of Interests in Other Entities (adopted by the EU on 11 December 2012)*
Entities that have interests in subsidiaries, associates, and joint arrangements and structured entities must disclose such information in accordance with IFRS 12. Significant qualitative and quantitative information must be provided on each interest. The disclosure requirements include:

- Financial information relating to subsidiaries with a significant proportion of non-controlling interests.
- Information on the assessments and estimates used in determining whether the entity should be consolidated or not, recorded as an associate, or recorded as a joint arrangement, and if it should then be regarded as a joint operation or a joint venture.
- Financial information about interests in significant associates and joint arrangements.

- Information on the risks associated with structured entities and what the effect would be if the risks changed.
- Information on unconsolidated structured entities.

IFRS 12 contains more extensive disclosure requirements than what previously had to be disclosed in the annual report. The annual report has been adjusted in accordance with this requirements.

*IAS 32 Financial Instruments: Classification – amendment (adopted by the EU on 13 December 2012).*
The amendment to IAS 32 introduces clarification in the section "Application Guidance" with regard to the offsetting of financial assets and financial liabilities. Clarifications have been provided for a "legal right to offset" and "items governed by a net amount" in various situations.

*IAS 36 Impairment of Assets – amendment (adopted by the EU on 19 December 2013).*
The amendment to IAS 36 "Disclosures on the recoverable amount for non-financial assets" must be applied for financial years starting on or after 1 January 2014.

The amendment to IAS 36 means that the requirement to disclose the recoverable amount of all cash-generating units to which goodwill has been allocated, is removed. Instead additional disclosure requirements are introduced relating to fair value when the recoverable amount of an impaired asset is based on fair value less selling expenses. Disclosure requirements have been further harmonised when the recoverable amount is calculated based on fair value less selling expenses and based on value in use.

Finally, it should be noted that a new disclosure requirement has been introduced regarding the disclosure of the recoverable amount of the asset (cash-generating unit) that has either been impaired during the year or where a previous impairment has been reversed during the year.

*IAS 39 Financial Instruments: Recognition and Measurement – amendment (adopted by the EU on 19 December 2013).*
The amendment introduces a relief when hedge accounting by allowing hedge accounting to continue even when a derivative, which is designated as a hedging instrument, is transferred to a central counterparty if certain conditions are met, including legal requirements or other regulations such as EMIR. The amendment does not include transactions where the derivative is voluntarily transferred to the central counterparty.

The application of these standards and interpretations has not had any impact on the Group's earnings or financial position.

## NEW AND AMENDED IFRS PUBLISHED BUT NOT YET IN FORCE

New standards and interpretations applicable to the calendar year 2015 or later and which must be commented on in the annual report for 2014 are presented below. The IASB permits earlier application of these, but it should be noted that they must be adopted by the EU before entities preparing their consolidated financial statements in accordance with the IAS regulation can apply these.

- IFRS 9 Financial Instruments
- IFRS 14 Regulatory Deferral Accounts
- IFRS 15 Revenue from Contracts with Customers
- IFRIC 21 Levies (adopted by the EU on 13 June 2014)
- IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures – amendment
- IFRS 11 Joint Arrangements – amendment
- IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets – amendment
- IAS 16 Property, Plant and Equipment and IAS 41 Agriculture – amendment
- IAS 19 Employee Benefits – amendment
- IAS 27 Separate Financial Statements – amendment
- Annual Improvements to IFRS's 2010–2012 Cycle & Annual Improvements to IFRS's 2011–2013 Cycle
- Annual Improvements to IFRS's 2012–2014 Cycle

*IFRS 9 Financial Instruments (not yet adopted by the EU and there is currently no timetable for adoption)*
The standard comes into force for financial years starting on 1 January 2018 or later, and supersedes IAS 39 Financial Instrument: Recognition and Measurement.

The new standard has been revised in different sections. One section relates to the recognition and measurement of financial assets and financial liabilities. The standard is divided into three sections; classification and measurement, hedge accounting, and impairment.

IFRS 9 requires that financial assets are classified in three different categories. Classification is determined on initial recognition based on the asset's characteristics and the entity's business model. For financial liabilities, there are no major changes compared with IAS 39. The biggest change relates to liabilities recognised at fair value. For these, the portion 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.

The second section relates to hedge accounting. IFRS 9 requires enhanced disclosures about risk management and the impact of hedge accounting. To a large extent, the new principles provide better conditions for the financial statements to give a fair view of the company's management of financial risks.

Finally, new principles have been introduced regarding the impairment of financial assets, in which the model is based on expected losses. The purpose of the new model is for provisions for credit losses to be made at an earlier stage, for instance.

The standard must be applied retrospectively, in accordance with IAS 8, with certain exceptions such as requirements for future-oriented hedge accounting. Early application is permitted.

*IFRS 15 Revenue from Contracts with Customers (adoption by the EU expected in Q2 2015)*
The standard comes into force for financial years starting on 1 January 2017 or later.

The standard supersedes all previously issued standards and interpretations that deal with revenue (i.e. IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfer of Assets from Customers, and SIC 31 Revenue – Barter Transactions Involving Advertising Services).

IFRS 15 provides a single model for all revenue recognition. The idea is that everything begins in a contract between two parties for the sale of a product or service. Initially, a customer agreement is identified, which generates both an asset (rights, the promise of obtaining remuneration) and a liability (commitment, a promise to transfer goods/services) for the vendor. In accordance with the model, the entity then recognises an income and thereby demonstrates the fulfilment of a commitment to deliver the promised goods or services to the customer.

The main features of IFRS 15 are based on the following simplified five-step model:

- Step 1. Identify a contract between at least two parties where there is a right and an obligation.
- Step 2. Identify the various commitments. A contract contains promises to transfer goods or services to the customer, known as performance commitments. All performance commitments which, by their nature, can be differentiated, must be recognised separately.
- Step 3. Determine the transaction price. The transaction price is the remuneration amount that the entity is expected to receive in exchange for the promised goods or services. The transaction price will be discounted and adjusted for any discounts.
- Step 4. Allocate the transaction price. Usually, the entity can allocate the transaction price of each individual product or service based on a standalone selling price.
- Step 5. Fulfilment of commitments and revenue recognition. The entity shall recognise income when it has fulfilled its performance commitments. The amount recognised as revenue is the amount that the entity has previously allocated to the relevant performance commitment.

The standard must be applied retrospectively. There are two permissible approaches – full retrospective application in accordance with IAS 8, or partial retrospective application. Partial retrospective application means that IFRS 15 is applied retrospectively but only to the current period, while previous periods are recognised in accordance with previous standards.

*IFRIC 21 Levies (adopted by the EU on 13 June 2014)*
IFRIC 21 came into force on 1 January 2014, but the EU has chosen to postpone application until financial years beginning on 17 June 2014 or later. The standard clarifies when a liability for levies (covered by IAS 37) should be recognised. Levies are fees/taxes charged to the entity by government or equivalent bodies in accordance with laws/regulations, with the exception of income taxes, penalties, and fines. The interpretation states that a liability must be recognised when the entity has a commitment to pay the levy as a result of a past event. A liability is recognised progressively if the obligating event occurs continuously. If a certain minimum level must be reached for the obligation to occur, the liability is recognised only once this level is reached.

*IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures – amendment (expected to be adopted by the EU in Q3 2015).*
The amendment "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture" comes into force for financial years starting on or after 1 January 2016.

The amendments to IFRS 10 and IAS 28 clarify how a parent company must recognise a transaction in which control of a subsidiary is lost, the activities of which do not constitute an operation as defined in IFRS 3 Business Combinations, by selling all or part of its interest in the subsidiary to an associate or a joint venture recognised in accordance with the equity method. The amendments clarify when and how the parent company's profit or loss resulting from this transaction must be recognised in the income statement.

*IFRS 11 Joint Arrangements – amendment (expected to be adopted by the EU in Q1 2015).*
Amendments to IFRS 11 "Accounting for Acquisitions of Interests in Joint Operations" comes into force for financial years starting on or after 1 January 2016.

The standard requires that a joint operation, which recognises an acquisition of interests in a joint operation, the activities of which comprise an operation, must recognise the acquisition in accordance with the relevant principles of IFRS 3 Business Combinations relating to acquisition accounting. The amendments further clarify that a previous ownership interest in a joint operation must not be revalued if additional interests are acquired, provided that a joint controlling influence continues.

*IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets – amendment (expected to be adopted by the EU in Q1 2015).*
The standard prohibits revenue-based depreciation of tangible fixed assets. The standard precludes the use of a revenue-based method to calculate the depreciation/amortisation of assets as this reflects the economic benefits generated by the asset instead of the expected use of future economic benefits related to the asset. The purpose of depreciation/amortisation is not to show how economic benefits are created, but how they are consumed. A revenue-based method can only be used in exceptional cases for intangible assets.

*IAS 19 Employee Benefits – amendment (expected to be adopted by the EU in Q4 2014).*
The IASB has amended the principles of IAS 19 regarding the recognition of service-related employee or third-party contributions to defined-benefit plans. The amendment introduces a difference in the recognition of the contribution depending on whether it depends on a certain number of years of service or not. In other words, the amendments clarify in which period employee or third-party contributions will reduce the pension expense for defined-benefit pension plans.

*IAS 27 Separate Financial Statements – amendment (expected to be adopted by the EU in Q3 2015).*
The amendment introduces the possibility for a legal entity to recognise investments in subsidiaries, joint ventures, and associates using the equity method. Since this is a change that affects reporting for legal entities, the Swedish Council for Financial Reporting (Rådet för finansiell rapportering) will look at this in more detail to ensure that it is compatible for reporting for Swedish legal entities applying RFR 2 Reporting for Legal Entities.

New Wave Group AB is currently working on evaluating the potential effects of the aforementioned decided but unimplemented new standards and amended standards.

## 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 and affect the value of the reported goodwill. 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 profit/loss before tax. 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 sufficiently 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 development 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 trough profit or loss.
- Loans and 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 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, a provision for the difference between the carrying amount and the expected cash flow is made. 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 quoted 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 quoted information. For financial assets and liabilities with maturities of less than one year, fair value is assumed to be the nominal value.

### FINANCIAL DERIVATIVES AND HEDGE ACCOUNTING

Financial derivatives are initially and subsequently stated at fair value. Changes in value are carried through profit/loss 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 forseeable 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 legislation) that have been adopted or announced at the balance sheet date. Deferred tax assets and tax liabilities are offset if there is a legal right to offset the amounts against each other and the deferred tax is attributable to the same unit in the Group and the same tax authority.

## PENSIONS

Both defined benefit and defined contribution pension plans are used in New Wave Group. The Group has defined benefit pension plans that are managed by Alecta. This is a plan which covers several employers, and, as Alecta does not have sufficient information available for measurement, the Company's pension obligation with Alecta is accounted for as a defined contribution plan in accordance with IAS 19, p. 30. Alecta's collective funding ratio at year-end was 143 (148)%. 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 IAS 19. 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 assumptions which affect the content of the financial statements, i. e. the carrying amounts of assets, liabilities, income and expenses. Those areas where estimates and assumptions 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 fore 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.

### EMISSION ALLOWANCES

At the closing date Kosta Glasproduktion AB held, as the sole unit in the Group, 4,257 (4,257) emission allowances. The emission allowances have been allocated by the Swedish Energy Agency free of charge and have therefore not been assigned a value.

### PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS

Defined benefit pension plans are used in the Group. The pension plans are relatively small. As the Swedish pension fund manager Alecta is not able to provide data from which the defined benefit pension liability could be calculated, this pension plan has been accounted for as a defined contribution plan.

## 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 amount of customers of which no one exceeds 10 percent of the Group's income.

| SEK million | Income | | Operating profit/ loss, EBITDA | | Assets | | Fixed assets * | | Deferred tax assets | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| Corporate Promo | 1 788.2 | 1 587.3 | 173.8 | 143.5 | 2 746.6 | 2 137.6 | 602.9 | 568.0 | 26.6 | 22.0 |
| Sports & Leisure | 1 952.5 | 1 929.3 | 135.3 | 154.8 | 2 060.6 | 1 647.4 | 901.8 | 772.4 | 42.7 | 27.4 |
| Gifts & Home Furnishings | 532.9 | 530.8 | -4.9 | 44.5 | 429.4 | 436.5 | 145.7 | 144.0 | 33.2 | 31.9 |
| **Total** | **4 273.6** | **4 047.4** | **304.2** | **342.8** | **5 236.6** | **4 221.5** | **1 650.4** | **1 484.4** | **102.5** | **81.3** |

| | | |
|---|---|---|
| **Total EBITDA results** | **304.2** | **342.8** |
| Depreciation | -54.2 | -52.1 |
| Net financial items | -42.0 | -56.2 |
| **Profit before tax** | **208.0** | **234.5** |

| SEK million | Investments | | Depreciation and write-downs | | Liabilities | |
|---|---|---|---|---|---|---|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| Corporate Promo | -50.8 | -15.9 | -27.2 | -22.2 | 2 014.5 | 1 397.2 |
| Sports & Leisure | -18.2 | -42.0 | -23.2 | -28.7 | 629.0 | 473.3 |
| Gifts & Home Furnishings | -7.8 | -3.2 | -3.8 | -1.2 | 188.0 | 248.2 |
| **Total** | **-76.8** | **-61.1** | **-54.2** | **-52.1** | **2 831.5** | **2 118.7** |

**Geographic areas**

| SEK million | Income | | Fixed assets * | | Deferred tax assets | |
|---|---|---|---|---|---|---|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| Sweden | 1 063.8 | 1 035.7 | 433.5 | 425.8 | 19.7 | 19.8 |
| USA | 1 124.2 | 1 094.9 | 838.7 | 707.1 | 56.9 | 39.3 |
| Nordic countries excl Sweden | 605.6 | 589.2 | 22.1 | 22.3 | 10.2 | 5.1 |
| Central Europe | 766.4 | 710.1 | 193.4 | 180.1 | 10.5 | 8.7 |
| Southern Europe | 364.8 | 335.1 | 144.4 | 138.9 | 2.4 | 1.9 |
| Other countries | 348.8 | 282.4 | 18.3 | 10.2 | 2.8 | 6.5 |
| **Total** | **4 273.6** | **4 047.4** | **1 650.4** | **1 484.4** | **102.5** | **81.3** |

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 | 2014 | 2013 |
|---|---|---|
| Exchange rate gains | 15.9 | 15.4 |
| Capital gains | 0.5 | 0.4 |
| Other income | 11.3 | 17.5 |
| **Total** | **27.7** | **33.3** |

## NOTE 5 AVERAGE NUMBER OF EMPLOYEES

| | 2014 Number of employees | Of which men | 2013 Number of employees | Of which men |
|---|---|---|---|---|
| **Parent company** | | | | |
| Göteborg | 37 | 27 | 32 | 20 |
| **Total parent company** | **37** | **27** | **32** | **20** |
| | | | | |
| **Employees in Sweden** | | | | |
| Borås | 122 | 58 | 131 | 70 |
| Göteborg | 28 | 22 | 23 | 17 |
| Munkedal | 102 | 50 | 90 | 43 |
| Lessebo | 244 | 129 | 234 | 117 |
| Stockholm | 46 | 29 | 44 | 32 |
| Ulricehamn | 43 | 22 | 38 | 18 |
| Örebro | 11 | 4 | 11 | 5 |
| **Total employees in Sweden** | **596** | **314** | **571** | **302** |
| | | | | |
| **Employees abroad** | | | | |
| Bangladesh | 36 | 35 | 33 | 32 |
| Belgium | 41 | 22 | 37 | 19 |
| Denmark | 73 | 26 | 66 | 23 |
| England | 7 | 3 | 7 | 3 |
| Finland | 40 | 26 | 40 | 24 |
| France | 15 | 11 | 16 | 12 |
| The Netherlands | 158 | 107 | 161 | 108 |
| Hong Kong | 4 | 2 | 4 | 3 |
| India | 19 | 16 | 21 | 17 |
| Italy | 48 | 31 | 47 | 28 |
| Canada | 82 | 39 | 78 | 33 |
| China | 162 | 62 | 146 | 51 |
| Norway | 73 | 40 | 70 | 38 |
| Poland | 88 | 26 | 77 | 27 |
| Switzerland | 29 | 19 | 30 | 20 |
| Spain | 19 | 12 | 17 | 11 |
| Taiwan | 3 | 0 | 3 | 0 |
| Germany | 42 | 30 | 40 | 27 |
| USA | 574 | 220 | 558 | 211 |
| Vietnam | 29 | 13 | 28 | 12 |
| Wales | 24 | 10 | 28 | 14 |
| Austria | 13 | 8 | 13 | 9 |
| **Total employees abroad** | **1 579** | **758** | **1 520** | **722** |
| | | | | |
| **Group total** | **2 212** | **1 099** | **2 123** | **1 044** |

**Gender distribution within company management**

| | 2014 Women | Men | Total | 2013 Women | Men | Total |
|---|---|---|---|---|---|---|
| Board of Directors | 2 | 4 | 6 | 2 | 4 | 6 |
| Group Managment | 0 | 10 | 10 | 0 | 9 | 9 |
| **Total** | **2** | **14** | **16** | **2** | **13** | **15** |

## NOTE 6 SALARIES, OTHER REMUNERATION AND SOCIAL SECURITY COSTS

| SEK million | 2014 Salaries and other remuneration | Social security kostnader | Of which pension costs | 2013 Salaries and other remuneration | Social security kostnader | Of which pension cost |
|---|---|---|---|---|---|---|
| Parent company | 16.8 | 7.8 | 2.3 | 14.8 | 6.8 | 1.8 |
| Subsidiaries in Sweden | 221.3 | 83.1 | 13.1 | 208.7 | 80.6 | 13.3 |
| Subsidiaries abroad | 462.8 | 92.3 | 12.5 | 430.2 | 86.8 | 13.9 |
| **Group total** | **700.9** | **183.2** | **27.9** | **653.7** | **174.2** | **29.0** |
| Of which purchasing and production personnel | 129.2 | 32.3 | 3.0 | 118.7 | 29.8 | 3.4 |

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 3.1 million (SEK 3.5 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 | 2014 Board and MD | Of which bonus | Other employees | 2013 Board and MD | Of which bonus | Other employees |
|---|---|---|---|---|---|---|
| **Parent company** | **1.7** | **0.0** | **15.1** | **1.7** | **0.0** | **13.1** |
| **Subsidiaries in Sweden** | **8.2** | **0.1** | **211.9** | **9.4** | **0.1** | **198.4** |
| **Subsidiaries abroad** | | | | | | |
| Belgium | 0.8 | 0.0 | 13.7 | 0.8 | 0.0 | 13.1 |
| Denmark | 2.3 | 0.0 | 31.1 | 2.1 | 0.0 | 27.2 |
| Finland | 1.6 | 0.0 | 15.5 | 1.9 | 0.0 | 14.4 |
| France | 0.7 | 0.0 | 2.8 | 0.6 | 0.0 | 2.7 |
| The Netherlands | 6.1 | 0.1 | 64.4 | 4.4 | 0.0 | 66.7 |
| Italy | 2.8 | 0.1 | 15.2 | 2.6 | 0.0 | 12.8 |
| Canada | 1.7 | 0.0 | 15.0 | 3.3 | 0.0 | 15.2 |
| China | 0.6 | 0.0 | 23.8 | 0.5 | 0.0 | 18.0 |
| Norway | 1.9 | 0.0 | 36.5 | 1.8 | 0.0 | 35.5 |
| Poland | 0.7 | 0.0 | 2.3 | 0.6 | 0.0 | 2.3 |
| Switzerland | 1.9 | 0.0 | 17.1 | 1.8 | 0.0 | 16.5 |
| Spain | 0.9 | 0.0 | 3.9 | 0.9 | 0.0 | 3.7 |
| Germany | 2.6 | 1.0 | 14.4 | 3.1 | 1.3 | 13.1 |
| USA | 10.7 | 0.0 | 162.4 | 9.3 | 0.0 | 146.1 |
| Wales | 0.5 | 0.0 | 4.5 | 0.9 | 0.0 | 4.0 |
| Austria | 0.0 | 0.0 | 5.6 | 0.0 | 0.0 | 5.2 |
| **Total subsidiaries abroad** | **35.8** | **1.2** | **428.2** | **34.6** | **1.3** | **396.5** |
| **Group total** | **45.7** | **1.3** | **655.2** | **45.7** | **1.4** | **608.0** |

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

| Board members' fees | 2014 | 2013 |
|---|---|---|
| External members of the parent company's Board | 0.8 | 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 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 are the nine persons who make up the Group management together with the Managing Director. For the structure of the Group Management, see page 121. Remuneration to the other senior executives comprises mainly of a fixed salary. A small number of other senior executives 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 severence pay is awarded.

## DECISION-MAKING PROCESS

There is no specially appointed remuneration committe 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 Chariman 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 | 2014 Salaries and other remuneration | Of which bonus | Pension costs | 2013 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 | 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 | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other senior executives* | 14.5 | 0.1 | 1.1 | 12.1 | 0.0 | 0.7 |
| **Total** | **16.2** | **0.1** | **1.5** | **13.7** | **0.0** | **1.1** |

*Individuals referred to on page 121.

**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 2014 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 IAS19. The collective consolidation level is normally allowed to vary between 125 and 155 percent. If Alecta's consolidation level fall below 125 percent or exceed 155 percent, measures should be taken in order to create conditions to reestablish the consolidation level to the normal range. At low consolidation, a measure can be to raise the agreed price for new agreements. At high consolidation, a measure can be to introduce premium reductions. Alecta's collective funding ratio at the end of the year was 143% (148%).

**Remuneration to auditors and audit company**

**SEK million**

| **Group** | **2014** | **2013** |
|---|---|---|
| Audit assignment | | |
| Ernst & Young | 4.7 | 4.0 |
| Other | 2.9 | 2.6 |
| | | |
| Audit work outside audit assignment | 0.6 | 0.7 |
| Tax consultancy | 0.9 | 0.7 |
| **Total** | **9.1** | **8.0** |

## NOTE 7 INTANGIBLE FIXED ASSETS

| | **Goodwill** | | **Trademarks** | | **Computer software** | | **Other intangible fixed assets** | |
|---|---|---|---|---|---|---|---|---|
| **SEK million** | **2014** | **2013** | **2014** | **2013** | **2014** | **2013** | **2014** | **2013** |
| **Accumulated acquisition value** | | | | | | | | |
| Opening acquisition value | 792.1 | 786.7 | 438.1 | 436.8 | 112.3 | 104.7 | 43.3 | 14.1 |
| Acquisition | 0.4 | 1.8 | 0.0 | 0.0 | 21.0 | 7.4 | 0.0 | 29.2 |
| Sales/disposals | 0.0 | 0.0 | 0.0 | 0.0 | -0.4 | 0.0 | 0.0 | 0.0 |
| Reclassification | 0.0 | 0.0 | 0.0 | 0.0 | 2.1 | 0.0 | 0.0 | 0.0 |
| Repayment of purchase amount | -0.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Transaction difference | 81.6 | 3.6 | 51.7 | 1.3 | 10.9 | 0.2 | 9.3 | 0.0 |
| **Closing accumulated acquisition value** | **874.0** | **792.1** | **489.8** | **438.1** | **145.9** | **112.3** | **52.6** | **43.3** |
| | | | | | | | | |
| **Accumulated depreciation according to plan** | | | | | | | | |
| Opening depreciation | -54.4 | -54.4 | -20.4 | -19.1 | -97.8 | -91.7 | -6.3 | -4.1 |
| Sales/disposals | 0.0 | 0.0 | 0.0 | 0.0 | 0.4 | 0.0 | 0.0 | 0.0 |
| Reclassification | 2.8 | 0.0 | 0.0 | 0.0 | -1.2 | 0.0 | -2.8 | 0.0 |
| Depreciation during the year | 0.0 | 0.0 | -1.1 | -1.1 | -8.4 | -6.1 | -3.8 | -2.2 |
| Depreciation as a part of production costs/goods for resale | 0.0 | 0.0 | 0.0 | 0.0 | -0.4 | 0.0 | 0.0 | 0.0 |
| Translation difference | 0.0 | 0.0 | -0.6 | -0.2 | -9.9 | 0.0 | 1.5 | 0.0 |
| **Closing accumulated depreciation** | **-51.6** | **-54.4** | **-22.1** | **-20.4** | **-117.3** | **-97.8** | **-11.4** | **-6.3** |
| | | | | | | | | |
| **Accumulated write downs** | | | | | | | | |
| Opening write-downs | -10.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Write-downs of the year | -7.0 | -10.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| **Closing accumulated write-downs** | **-17.0** | **-10.0** | **0.0** | **0.0** | **0.0** | **0.0** | **0.0** | **0.0** |
| | | | | | | | | |
| **Closing back value** | **805.4** | **727.7** | **467.7** | **417.7** | **28.6** | **14.5** | **41.2** | **37.0** |

This years write-down of goodwill is related to a completed sales contract within the operating segment Sports & Leisure.

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Remaining depreciation time** | - | - | * | * | **3 year** | **3 year** | ** | ** |

*Trademarks with a residual value of SEK 0.3 million (SEK 1.4 million) have an average remaining depreciation time of 0.2 years (1.2 years). The remaining value is tested in annual impairment tests.

**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 | 2014 | 2013 |
|---|---|---|
| Corporate Promo | 252.0 | 244.8 |
| Sports & Leisure | 499.5 | 429.0 |
| Gifts & Home Furnishings | 53.9 | 53.9 |
| **Total** | **805.4** | **727.7** |

**Brands allocated to operating segment unit**

| SEK million | 2014 | 2013 |
|---|---|---|
| Corporate Promo | 15.0 | 16.9 |
| Sports & Leisure | 342.7 | 290.8 |
| Gifts & Home Furnishings | 110.0 | 110.0 |
| **Total** | **467.7** | **417.7** |

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, 2015–2019, are based upon the Board's established internal forecasts and for the following period an average growth rate of 3% (3%) has been used. Sensitivity analysis have been carried out across 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 tax is used. Discounted cash flows are compared with carrying amount per cash-generating unit/operating segment. Beside the impairment of SEK 7 million related to a completed sales contract, 2014 years assessment showed that there is no additional impairment.

### 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 (2015–2019) 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 (2015-2019).

### GIFTS & HOME FURNISHINGS

The calculation includes the operating segment's cash flow based on internal forecasts. Steps have been taken in the past years in order to improve efficiency and profitability in respect of the segment's substantial Orrefors Kosta Boda. These measures have yielded results and the forecast includes continued improvements in the margin and profitability. These actions will also provide an improved stock situation and efficiency improvements. The forecast period (2015-2019) is expected to be slightly weaker 2015 and then 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

| | Buildings and land | | Equipment, tools and installations | |
|---|---|---|---|---|
| **SEK million** | **2014** | **2013** | **2014** | **2013** |
| **Accumulated acquisition value** | | | | |
| Opening acqusition value | 265.0 | 282.4 | 375.1 | 601.0 |
| Acquisitions | 3.8 | 0.0 | 44.6 | 26.8 |
| Sales/disposals | 0.0 | -21.1 | -62.4 | -253.9 |
| Reclassification | 0.0 | 0.0 | -2.1 | 0.0 |
| Translation difference | 20.6 | 3.7 | 38.0 | 1.2 |
| **Closing accumulated acquistion value** | **289.4** | **265.0** | **393.2** | **375.1** |
| | | | | |
| **Accumulated depreciation according to plan** | | | | |
| Opening depreciation | -70.4 | -84.0 | -251.9 | -462.0 |
| Sales/disposals | 0.0 | 20.8 | 54.5 | 244.6 |
| Depreciation as a part of production costs/goods for resale | -0.4 | -1.6 | -7.7 | -7.6 |
| Reclassification | 0.0 | 0.0 | 1.2 | 0.0 |
| Depreciation during the year | -7.0 | -5.6 | -26.9 | -26.9 |
| Translation difference | -4.8 | 0.0 | -36.0 | 0.0 |
| **Closing accumulated depreciation** | **-82.6** | **-70.4** | **-266.8** | **-251.9** |
| | | | | |
| **Accumulated write downs** | | | | |
| Opening write downs | -20.2 | -20.0 | -10.1 | -20.0 |
| Sales/disposals | 0.0 | 0.0 | 4.6 | 9.9 |
| Write downs of the year | 0.0 | -0.2 | 0.0 | 0.0 |
| **Closing accumulated write downs** | **-20.2** | **-20.2** | **-5.5** | **-10.1** |
| | | | | |
| **Closing book value** | **186.6** | **174.4** | **120.9** | **113.1** |

**Leasing charges in respect of operational leasing**

The group has operational leasing agreements for the rental of premises and ERP systems. The future commitment for these agreements can be seen in the following summary.

| | 2014 | | | 2013 | |
|---|---|---|---|---|---|
| | **Premises** | **ERP** | | **Premises** | **ERP** |
| 2015 | 108.0 | 0.0 | 2014 | 100.5 | 1.0 |
| 2016 | 89.8 | 0.0 | 2015 | 86.8 | 0.0 |
| 2017 | 66.9 | 0.0 | 2016 | 76.7 | 0.0 |
| 2018 | 44.4 | 0.0 | 2017 | 41.5 | 0.0 |
| 2019 incl. costs through contract period end | 93.1 | 0.0 | 2018 incl. costs through contract period end | 87.6 | 0.0 |
| | | | | | |
| Cost for the year under the operational leasing heading | 95.8 | 1.2 | | 101.1 | 4.7 |

## NOTE 9 CURRENCY EXPOSURE IN OPERATING PROFIT

The table shows currency exposed operating profit per currency.

**SEK million**

| **Operating profit** | **2014** | **2013** |
|---|---|---|
| Euro, EUR | 47.5 | 40.1 |
| Canadian dollar, CAD | 9.7 | 6.0 |
| Swiss franc, CHF | 192.1 | 140.5 |
| US dollar, USD | 42.6 | 68.3 |
| Nowegian krone, NOK | 0.7 | 13.0 |
| Danish krone, DKK | 11.5 | 7.4 |
| Chinese yuan, CNY | 15.4 | 10.5 |
| Polish zloty, PLN | 2.2 | 0.6 |
| Hong Kong dollar, HKD | 0.0 | 0.0 |
| British pound, GBP | 1.2 | 0.8 |
| **Total operating profit in foreign currencies** | **322.9** | **287.2** |

## NOTE 10 FINANCIAL INCOME AND COSTS

| **SEK million** | **2014** | **2013** |
|---|---|---|
| Interest income | 2.1 | 2.9 |
| Interest on overdue accounts receivable | 2.8 | 2.9 |
| Translation differences on short-term receivables | -0.7 | 1.0 |
| Interest expense | -42.3 | -60.8 |
| Interest on overdue accounts payable | -0.1 | 0.0 |
| Translation differences on liabilities | -2.5 | -1.5 |
| Other financial expenses | -1.3 | -0.7 |
| **Total** | **-42.0** | **-56.2** |

## NOTE 11 TAX ON PROFIT FOR THE YEAR

| SEK million | 2014 | 2013 |
|---|---|---|
| Current tax | -43.0 | -34.3 |
| Tax attributable to previous years | 4.5 | 0.8 |
| **Total** | **-38.5** | **-33.5** |
| | | |
| Deferred tax relating to temporary differences and loss carry-forward | 7.4 | -13.9 |
| **Totally recorded tax expense** | **-31.1** | **-47.4** |

The Group's tax expense for the year amounted to SEK 31.1 million (SEK 47.4 million) or 15.0 % (20.2 %) 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 | 2014 | % | 2013 | % |
|---|---|---|---|---|
| Profit before tax | 208,0 | | 234.5 | |
| Tax expense based on respective country's tax rate | -31.5 | -15.1 | -43.2 | -18.4 |
| *Tax effects from:* | | | | |
| Non taxable profit | 4.4 | 2.1 | 14.4 | 6.1 |
| Non deductible expenses | -4.2 | -2.0 | -2.9 | -1.2 |
| Tax arrears assessment | 4.5 | 2.2 | 0.8 | 0.3 |
| Regional and other variations regarding tax rates | -3.0 | -1.4 | -0.7 | -0.3 |
| Reverse of previous activated loss carry-forward | -6.2 | -3.0 | -12.8 | -5.5 |
| Activated loss carry-forward this year | 6.2 | 3.0 | -0.1 | 0.0 |
| Taking in use previously not activated loss carry-forward | 1.9 | 0.9 | 3.4 | 1.5 |
| Not activated loss carry-forward | -6.0 | -3.0 | -5.5 | -2.3 |
| Temporary differences | 7.4 | 3.6 | 0.4 | 0.2 |
| Other | -4.6 | -2.3 | -1.2 | -0.5 |
| **Taxe rate according to consolidated income statement** | **-31.1** | **-15.0** | **-47.4** | **-20.2** |

## NOTE 12 SHARES IN ASSOCIATED COMPANIES

| Shares in associated companies<br>SEK million | Company registration number | Registered office | Share of capital,% | Share of vote,% | Number of shares | 2014 Book value | 2013 Book value |
|---|---|---|---|---|---|---|---|
| Dingle Industrilokaler AB | 556594-6570 | Munkedal | 49 | 49 | 83 055 | 7.3 | 7.3 |
| 8016267 Canada Inc | 801626-7 | Montreal, Canada | 49 | 49 | 4 900 | 4.7 | 5.6 |
| Glasrikets skatter ekonomiska förening | 769620-1701 | Lessebo | 10 | 10 | 100 | 1.0 | 1.0 |
| Kosta Köpmanshus AB | 556691-7042 | Lessebo | 49 | 49 | 7 350 | 29.3 | 29.3 |
| Scandinavian Trade Holding AB * | 556686-5811 | Lessebo | 45 | 45 | 45 | 7.2 | 5.6 |
| Vist Fastighetsbolag AB | 556741-1672 | Ulricehamn | 49 | 49 | 49 | 14.5 | 14.1 |
| Other | | | - | - | - | 0.2 | 0.2 |
| **Total** | | | | | | **64.2** | **63.1** |

* During the year a capital contribution of SEK 1.5 million have been provided to Scandinavian Trade Holding AB.

On the occasion of the new standards that came into force in 2014 (IFRS 10 and 11) has New Wave Group's potential control, and thus demands on the consolidation of affiliated companies, been evaluated. It is the company's assessment that New Wave Group does not have controlling influence and that consolidation should not be made.

| | At year end the companies' equity amounted to | | The Groups share of total comprehensive income for the year | | The Groups share of contingent liabilities | |
|---|---|---|---|---|---|---|
| **SEK million** | **2014** | **2013** | **2014** | **2013** | **2014** | **2013** |
| Dingle Industrilokaler AB | 15.0 | 15.1 | 0.0 | -0.1 | None | None |
| 8016267 Canada Inc | 3.4 | 4.7 | -0.9 | -0.1 | None | None |
| Glasrikets skatter ekonomiska förening | 12.5 | 10.3 | 0.0 | 0.0 | None | None |
| Kosta Köpmanshus AB | 63.9 | 63.9 | 0.0 | 0.0 | None | None |
| Scandinavian Trade Holding AB | 12.5 | 12.3 | 0.1 | 1.2 | None | None |
| Vist Fastighetsbolag AB | 23.6 | 22.9 | 0.4 | 0.0 | None | None |

## NOTE 13 OTHER LONG-TERM RECEIVABLES

| SEK million | 2014 | 2013 |
|---|---|---|
| Loans secured | 1.5 | 1.4 |
| Deposits | 2.3 | 2.8 |
| Other long-term receivables | 16.9 | 19.7 |
| **Total** | **20.7** | **23.9** |

## NOTE 14 DEFERRED TAX ASSETS

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

| | | 2014 | | 2013 |
|---|---|---|---|---|
| **SEK million** | **Assets** | **Liabilities** | **Assets** | **Liabilities** |
| Loss carry-forwards | 33.8 | - | 29.5 | - |
| Internal gains | 17.8 | - | 11.4 | - |
| Reserves | 0.8 | - | - | - |
| Depreciation and fixed assets | 2.3 | 0.8 | 0.6 | - |
| Temporary differences | 24.6 | 8.2 | 39.8 | - |
| Trademarks | - | 121.0 | - | 106.2 |
| Stock | 23.2 | 14.4 | - | 12.6 |
| Reserves and accelerated depreciation | - | 4.2 | - | 3.9 |
| Other temporary differences | - | 0.3 | - | 6.4 |
| **Deferred tax assets / liabilities** | **102.5** | **148.9** | **81.3** | **129.1** |

**Loss carry-forwards**

At the year-end the Group had a total tax loss carry-forwards of SEK 363.4 million (SEK 317.3 million). Of these, SEK 117.8 million (SEK 108.8 million) have been utilized, which has resulted in a deferred tax asset of SEK 33.8 million (SEK 29.5 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** | **2014** | **2013** |
|---|---|---|
| 2014 | - | 12.4 |
| 2015 | 3.2 | 11.1 |
| 2016 | 5.0 | 6.3 |
| 2017 | 2.5 | 3.8 |
| 2018 | 2.5 | 1.0 |
| 2019 | - | 0.2 |
| 2020 | 1.0 | - |
| 2021 | 0.8 | - |
| 2022 | 17.7 | 6.3 |
| 2023 | 9.4 | 7.8 |
| 2024 | 26.5 | 23.6 |
| 2025 | 10.4 | 9.8 |
| 2026 | 3.9 | 3.7 |
| 2027 | 9.9 | 8.7 |
| 2028 | 17.5 | 15.0 |
| 2029 | 25.5 | 19.3 |
| Unlimited | 227.6 | 188.3 |
| **Total** | **363.4** | **317.3** |

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

| | **2014** | **2013** |
|---|---|---|
| 2017 | 1.5 | 1.5 |
| Unlimited | 2.7 | 2.4 |
| **Total Sweden** | **4.2** | **3.9** |

## NOTE 15 STOCK

| SEK million | 2014 | 2013 |
|---|---|---|
| Raw materials | 20.7 | 24.6 |
| Work in progress | 2.9 | 4.0 |
| Goods in transit | 165.6 | 77.5 |
| Good for resale in stock | 1 972.9 | 1 343.0 |
| **Total** | **2 162.1** | **1 449.1** |

Stocks consist of clothes, gift items and accessories for resale. 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 2014, the Group's stock has been written down with SEK 101.0 million (SEK 100.0 million), of which SEK 11.0 million (SEK 14.0 million) relates to raw materials. Impairment related to merchandise on stock amounted to 4.4% (6.0%). The part of the stock which is recorded to net realizable value after deduction of selling expenses amounts to SEK 634.2 million (SEK 539.8 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.

At year-end the Group had credit facilities, excluding limits on letters of credit and currency futures, of SEK 2 248 million, of which SEK 1 829 million had been drawn. The confirmed credit facilities amounts to SEK 2 100 million and have been agreed and apply until 12 November 2016 inclusive. The funding is based on covenants relating to key performance indicators. The covenants are met as of 31 December 2014. 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 %.

| | 2014 | 2013 |
|---|---|---|
| 2014 | - | 73.7 |
| 2015 | 83.7 | 1 375.4 |
| 2016 | 1 961.1 | - |

| 2014 | | 2013 |
|---|---|---|
| 2014 | - | 493.3 |
| 2015 | 584.0 | - |

### 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 9 million, based on the reported net debt at 31 December 2014.

| Breakdown by currency | Net debt, SEK million |
|---|---|
| SEK | -513 |
| EUR | -313 |
| GBP | 2 |
| USD | -978 |
| CHF | 16 |
| DKK | 3 |
| NOK | -78 |
| CAD | -21 |
| CNY | 49 |
| OTHER | 4 |
| **Total** | **-1 829** |

## 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.

| SEK million | Assets at fair value through profit and loss | Loans and accounts receivables | Other financial assets | Total | Fair value |
|---|---|---|---|---|---|
| **Financial assets** | | | | | |
| 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 |
| **Total assets** | | | | **1 153,3** | **1 153,3** |

| Financial liabilities | Liabilities at fair value through profit and loss | Liabilities at amortized cost | Total | Fair value |
|---|---|---|---|---|
| Liabilities to credit institutions | | 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 | | 81.0 | 81.0 | 81.0 |
| **Total liabilities** | | | **2 628.8** | **2 628.8** |

**Outstanding transactions hedging and value 2014-12-31**

| Valuta | Hedged volume result SEK million | Unrealized SEK million | Number of hedged 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 |
| | | **1.3** | |

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

For 2014 the consolidated revenue in the conversion to SEK was affected negative with SEK 139,0 (-78,4) MSEK. Below is a sensitivity analysis of net sales compared with the previous year's exchange rates.

| Region | Currency influence 2014 | Currency influence 2013 |
|---|---|---|
| Nordic countries | 10.2 | -15.9 |
| Central Europe | 35.3 | -6.6 |
| Southern Europe | 21.5 | -5.2 |
| USA | 60.1 | -41.8 |
| Other | 11.9 | -8.9 |
| **Total** | **139.0** | **-78.4** |

### TRANSACTION EXPOSURE

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

### TRANSLATION EXPOSURE

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

New Wave Group does not apply hedge accounting of equity.

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 198.2 million in 2014.

### 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 2014 actual bad debts in Corporate Promo represented 0.27 % 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 2014 actual bad debts in these two operating segments represented 0.45 % respectively 0.12 % of sales.

| Accounts receivables | 2014 | 2013 |
|---|---|---|
| Exposure | 835.8 | 786.5 |
| Credit risk reserve | -31.6 | -52.3 |
| **Carrying amount** | **804.2** | **734.2** |

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

| | Number customers | Percentage of total customers | Percentage of portfolio |
|---|---|---|---|
| Exposure < 1 MSEK | 26 527 | 92.6 | 65.3 |
| Exposure 1 - 5 MSEK | 605 | 2.1 | 17.8 |
| Exposure > 5 MSEK | 1 509 | 5.3 | 16.9 |
| **Total** | **28 641** | **100.0** | **100.0** |

The provision for doubtful receivables has been changed as follows:

| Provision for doubtful receivables | 2014 | 2013 |
|---|---|---|
| Provision at the beginning of the year | 52.3 | 50.8 |
| Reclassification | -17.9 | - |
| Additional provision | 4.5 | 7.7 |
| Confirmed losses | -9.8 | -6.2 |
| Translation difference | 2.5 | - |
| **Provision at year-end** | **31.6** | **52.3** |

Other than the provision for estimated bad debts, there are no impairment losses on financial instruments.

**Age analysis**

| | 2014 | 2013 |
|---|---|---|
| < 30 days | 728.8 | 616.9 |
| 30–90 days | 38.8 | 62.8 |
| > 90 days | 36.6 | 54.5 |
| **Total** | **804.2** | **734.2** |

## 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 | |
|---|---|---|---|---|---|---|---|---|
| **Associated companies** | **2014** | **2013** | **2014** | **2013** | **2014** | **2013** | **2014** | **2013** |
| Glasrikets skatter ekonomiska förening | - | - | 0.2 | 0.2 | - | - | - | - |
| Dingle Industrilokaler AB | 0.1 | - | 1.9 | 2.0 | - | - | - | 0.2 |
| Kosta Köpmanshus AB | 0.7 | 0.5 | 14.7 | 16.8 | 0.2 | 1.6 | 1.3 | 0.4 |
| Vist Fastighets AB | 0.1 | - | 3.2 | 5.1 | - | - | - | 0.2 |
| 8016267 Canada Inc | 0.9 | 1.0 | - | - | 1.3 | 0.5 | - | - |
| Karhu NA | - | - | - | 5.0 | - | - | - | 0.2 |

Reporting of associated companies is done under Note 12 Financial fixed assets. 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 with key figures in management positions**

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 | 2014 | 2013 |
|---|---|---|
| Insurance | 4.9 | 3.7 |
| Prepaid rents | 11.0 | 11.6 |
| Prepaid leasing fees | 2.2 | 3.9 |
| Trade fair costs, repayable | 9.0 | 5.9 |
| Allocation of multi-year advertising contract | 0.0 | 0.3 |
| Prepaid deliveries of goods | 4.9 | 1.3 |
| Accrued royalty income | 3.0 | 2.8 |
| Other accrued income | 2.4 | 2.0 |
| Prepaid operational expenses | 16.7 | 15.1 |
| Prepaid wage costs | 0.0 | 0.3 |
| Prepaid expenses | 3.4 | 4.0 |
| Bank charges | 1.6 | 3.4 |
| Other items | 8.0 | 5.2 |
| **Total** | **67.1** | **59.5** |

## NOTE 19 ALLOWANCES

The Group has been awarded 4 257 (4 257) allowances which have been valued at SEK 0 million (SEK 0 million).

## NOTE 20 NET DEBT

| SEK million | 2014 | 2013 |
|---|---|---|
| Liquid assets | -216.0 | -185.1 |
| Long-term interest-bearing liabilities | 1 961.1 | 1 375.4 |
| Short-term interest-bearing liabilities | 83.7 | 73.7 |
| **Total** | **1 828.8** | **1 264.0** |
| | | |
| Effective interest rate based on recognised net interest | 2.7 | 4.0 |

## NOTE 21 NET ASSETS IN FOREIGN CURRENCIES

**SEK million**

| Net assets | 2014 | 2013 |
|---|---|---|
| Euro, EUR | 563.7 | 530.7 |
| Canadian dollar, CAD | 48.3 | 41.0 |
| Swiss franc, CHF | 332.4 | 356.5 |
| US dollar, USD | 592.4 | 486.2 |
| Nowegian krone, NOK | 30.6 | 41.1 |
| Danish krone, DKK | 48.0 | 25.9 |
| Chinese yuan, CNY | 70.4 | 56.9 |
| Polish zloty, PLN | 16.3 | 15.2 |
| Hong Kong dollar, HKD | 0.4 | 0.4 |
| British pound, GBP | 67.0 | 58.1 |
| **Total net assets in foreign currencies** | **1 769.5** | **1 612.0** |

## NOTE 22 CREDIT LIMIT

Amount granted in relation to loans and bank overdraft facilities amounts to SEK 2 248 million (SEK 2 253 million).

## NOTE 23 PLEDGED ASSETS AND MATURING LIABILITIES

| SEK million | | Due for payment | | | |
|---|---|---|---|---|---|
| Liability | Debt as at 31 Dec. 2014 | Within one year | Within one to five years | Pledged assets | Debt as at 31 Dec. 2013 |
| Liabilities to credit institutions | 2 044.8 | 83.7 | 1 961.1 | see below | 1 449.1 |

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

| | 2014 | 2013 |
|---|---|---|
| Floating charges | 663.5 | 663.5 |
| Property mortgages | 136.5 | 127.8 |
| Net assets in subsidiaries | 2 133.5 | 2 017.4 |
| Stocks and accounts receivable | 1 029.4 | 751.0 |
| **Total** | **3 962.9** | **3 559.7** |

**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 in Note 16 the section Financing risk.

## NOTE 24 OTHER PROVISIONS

| SEK million | 2014 | 2013 |
|---|---|---|
| Opening balance | 15.9 | 1.3 |
| Reveresed during the year | -0.2 | 0.0 |
| Provision for additional consideration * | -6.0 | 14.5 |
| Provisions during the year | 1.0 | 0.0 |
| Translation difference | 2.4 | 0.1 |
| **Closing balance of year-end** | **13.1** | **15.9** |

* Provision has been reclassified to short-term liability during 2014.

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

## NOTE 25 OTHER CURRENT LIABILITIES

| SEK million | 2014 | 2013 |
|---|---|---|
| VAT | 23.8 | 34.0 |
| Personal income tax | 16.2 | 12.2 |
| Advances from customers | 5.2 | 2.7 |
| Other wage deductions | 6.7 | 7.7 |
| Bills payable | 0.0 | 7.8 |
| Social security | 1.6 | 3.3 |
| Liabilities to employees | 0.3 | 0.2 |
| Currency futures | 0.0 | 1.6 |
| Giftcards not redeemed | 1.7 | 1.8 |
| Other items | 25.5 | 20.7 |
| **Total** | **81.0** | **92.0** |

## NOTE 26 ACCRUED EXPENSES AND PREPAID INCOME

| SEK million | 2014 | 2013 |
|---|---|---|
| Salaries and payroll overhead | 88.2 | 81.8 |
| Marketing costs | 17.9 | 15.2 |
| Commission | 22.1 | 16.0 |
| Royalties | 9.4 | 13.2 |
| Audit | 3.8 | 5.2 |
| Interest | 0.5 | 0.5 |
| Delivery of goods | 10.5 | 16.3 |
| Electricity and rental costs | 3.4 | 4.5 |
| Claims | 2.7 | 2.0 |
| Prepaid income | 0.8 | 0.3 |
| Bank charges | 0.7 | 0.5 |
| Other items | 20.0 | 15.5 |
| **Total** | **180.0** | **171.0** |

## NOTE 27 CONTINGENT LIABILITIES

| SEK million | 2014 | 2013 |
|---|---|---|
| Duty guarantee | 10.8 | 10.6 |
| PRI | 2.0 | 3.3 |
| Other guarantees | 2.5 | 1.3 |
| Guarantees for associated companies | 9.5 | 9.1 |
| **Total** | **24.8** | **24.3** |

## NOT 28 ADJUSTMENT FOR ITEMS NOT INCLUDED IN CASH FLOW

| SEK million | 2014 | 2013 |
|---|---|---|
| Depreciation and write downs of tangible and intangible fixed assets | 54.2 | 52.1 |
| Depreciation as a part of production costs/goods for resale | 8.5 | 9.2 |
| Other items | 9.1 | -29.1 |
| **Totalt** | **71.8** | **32.2** |

## NOT 29 ACQUISITION OF SUBSIDIARY

The remaining 49% of shares in Texet Poland Sp z.o.o. were acquired during the year. The investment affected cash flow with SEK -5.4 million.

| SEK million | 2014 |
|---|---|
| Goodwill | -0.4 |
| Overtake of loan | 2.5 |
| Change in non-controlling (minority) interest | -7.5 |
| **Effect on cash flow** | **-5.4** |

# INCOME STATEMENTS

1 JANUARY – 31 DECEMBER

| SEK million | Note | 2014 | 2013 |
|---|---|---|---|
| Income | 2 | 90.0 | 84.6 |
| Other operating income | 3 | 14.9 | 10.4 |
| | | | |
| **Operating costs** | | | |
| External costs | 2, 5, 10 | -64.7 | -61.3 |
| Personnel costs | 4, 5 | -25.9 | -22.6 |
| Depreciation of tangible and intangible fixed assets | 9, 10 | -3.9 | -2.5 |
| Other operating costs | | -13.0 | -8.4 |
| **Operating profit** | | **-2.6** | **0.2** |
| | | | |
| Net income from shares in Group companies | | 276.1 | 312.3 |
| Write-down of financial fixed assets | | -21.8 | -22.8 |
| Financial income | | 41.8 | 55.8 |
| Financial expenses | | -77.3 | -131.1 |
| **Net financial items** | 6 | **218.8** | **214.2** |
| | | | |
| **Profit before appropriations and income tax** | | **216.2** | **214.4** |
| | | | |
| Appropriations | 7 | -1.6 | 26.1 |
| | | | |
| Tax on result for the year | 8 | 0.0 | 0.4 |
| **Result for the year** | | **214.6** | **240.9** |

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

# CASH FLOW STATEMENT

1 JANUARY – 31 DECEMBER

| SEK million | Note | 2014 | 2013 |
|---|---|---|---|
| **Current operations** | | | |
| Operating profit/loss | | -2.6 | 0.2 |
| Adjustment for items not included in cash flow | | 3.9 | 2.5 |
| Received dividends | | 2.8 | 16.8 |
| Received interest | | 41.8 | 55.8 |
| Paid interest | | -46.5 | -68.8 |
| Paid income tax | | 0.9 | 4.9 |
| **Cash flow from current operations before changes in working capital** | | **0.3** | **11.4** |
| | | | |
| **Cash flow from changes in working capital** | | | |
| Decrease/increase in stock | | -0.6 | 0.0 |
| Decrease/increase in current receivables | | -274.3 | 450.7 |
| Decrease/increase in short-term liabilities | | 94.4 | -121.9 |
| **Cash flow from operations** | | **-180.2** | **340.2** |
| | | | |
| **Investing activities** | | | |
| Capital contribution to subsidiaries | | -9.5 | -20.7 |
| Shareholders contribution to associated companies | | -1.5 | 0.0 |
| Intragroup sales of group companies | | 0.0 | 0.1 |
| Investments in tangible fixed assets | | -0.1 | 0.0 |
| Investments in intangible fixed assets | | -16.9 | -3.9 |
| Acquisition of shares | | -5.4 | 0.0 |
| Repayment of purchase amount | | 0.1 | 0.0 |
| Repaid loans from subsidiaries | | 0.0 | 10.6 |
| **Cash flow from investing activities** | | **-33.3** | **-13.9** |
| | | | |
| **Cash flow after investing activities** | | **-213.5** | **326.3** |
| | | | |
| **Financial activities** | | | |
| Loan raised | | 292.2 | 0.0 |
| Amortization of loan | | 0.0 | -278.5 |
| Raised long-term receivable | | 0.0 | 0.0 |
| Dividend paid to shareholders of the parent company | | -66.3 | -66.3 |
| **Cash-flow from financial activities** | | **225.9** | **-344.8** |
| | | | |
| **Cash flow for the year** | | **12.4** | **-18.5** |
| Liquid assets at beginning of the year | | 0.4 | 18.9 |
| **Liquid assets at year end** | | **12.8** | **0.4** |

# BALANCE SHEET

AS AT 31 DECEMBER

| SEK million | Note | 2014 | 2013 |
|---|---|---|---|
| **ASSETS** | | | |
| **Fixed assets** | | | |
| Intangible fixed assets | 9 | 19.4 | 5.8 |
| Tangible fixed assets | 10 | 0.9 | 1.4 |
| *Financial fixed assets* | | | |
| Shares in Group companies | 11 | 1 413.6 | 1 383.7 |
| Shares in associated companies | 12 | 60.4 | 58.9 |
| Receivables on Group companies | | 857.0 | 714.0 |
| Other long-term receivables | | 2.0 | 2.0 |
| *Total financial fixed assets* | | *2 333.0* | *2 158.6* |
| **Total fixed assets** | | **2 353.3** | **2 165.8** |
| **Current assets** | | | |
| *Current receivables* | | | |
| Stock | | 0.6 | 0.0 |
| Accounts receivable | | 0.3 | 0.2 |
| Receivables on Group companies | | 896.7 | 619.2 |
| Tax receivables | | 0.2 | 1.1 |
| Other receivables | | 90.6 | 87.1 |
| Prepaid expenses and accrued income | 13 | 5.4 | 9.2 |
| *Total current receivables* | | *993.8* | *716.8* |
| Cash at bank and in hand | | 12.8 | 0.4 |
| **Total current assets** | | **1 006.6** | **717.2** |
| **TOTAL ASSETS** | | **3 359.9** | **2 883.0** |

| SEK million | Note | 2014 | 2013 |
|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| *Restricted equity* | | | |
| Share capital | 14 | 199.1 | 199.1 |
| Restricted reserves | | 249.4 | 249.4 |
| | | **448.5** | **448.5** |
| *Unrestricted equity* | | | |
| Retained profits | | 600.5 | 425.9 |
| Share premium reserve | | 48.0 | 48.0 |
| Net profit for the year | | 214.6 | 240.9 |
| | | **863.1** | **714.8** |
| **Total equity** | | **1 311.6** | **1 163.3** |
| **Untaxed reserves** | 15 | **8.9** | **7.3** |
| **Non-current liabilities** | 16, 18 | | |
| Overdraft facilities | | 1 377.9 | 867.7 |
| Bank loans | | 325.0 | 400.0 |
| **Total non-current liabilities** | | **1 702.9** | **1 267.7** |
| **Current liabilities** | | | |
| Short-term interest-bearing liabilities | 16, 18 | 50.0 | 50.0 |
| Accounts payable | | 39.7 | 25.9 |
| Liabilities to Group companies | | 240.6 | 361.5 |
| Other liabilities | | 1.0 | 2.3 |
| Accrued expenses and prepaid income | 17 | 5.2 | 5.0 |
| **Total current liabilities** | | **336.5** | **444.7** |
| **TOTAL EQUITY AND LIABILITIES** | | **3 359.9** | **2 883.0** |
| **Pledged assets and contingent liabilities for the parent company** | | | |
| Pledged assets | 18 | 1 141.4 | 1 116.1 |
| Contingent liabilities | 19 | 436.5 | 208.6 |

# CHANGES IN EQUITY

| SEK million | Share capital | Restricted reserves | Retained profits | Share premium reserve | Result for the year | Total equity |
|---|---|---|---|---|---|---|
| **Opening balance 2013-01-01** | **199.1** | **249.4** | **500.1** | **48.0** | **-7.9** | **988.7** |
| **Transfer according to Annual General meeting** | | | **-7.9** | | **7.9** | **0.0** |
| | | | | | | |
| Result for the year | | | | | 240.9 | 240.9 |
| **Total change in net assets excluding transactions with shareholders** | **0.0** | **0.0** | **0.0** | **0.0** | **240.9** | **240.9** |
| | | | | | | |
| Dividends | | | -66.3 | | | -66.3 |
| **Closing balance 2013-12-31** | **199.1** | **249.4** | **425.9** | **48.0** | **240.9** | **1 163.3** |

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

## 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 deductable, 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.

## AMENDED ACCOUNTING POLICIES FOR THE PARENT COMPANY

### SIGNIFICANT AMENDMENTS IN RFR

RFR 2 ***Reporting for Legal Entities,*** updated in January 2014, must be applied for financial years starting on or after 1 January 2014 unless otherwise stated for each standard or statement.

Significant amendments to RFR that come into force for financial years starting on or after 1 January 2014:

- The Council has introduced an addition to *IAS 37 Provisions, Contingent Liabilities and Contingent Assets*. Nowadays, signed guarantee commitments and similar commitments must always be disclosed, as well as situation in which the entity has unrestricted liability as a joint owner of another entity.
- The Council has further clarified the requirements for the structure of interim reports for entities that do not prepare consolidated financial statements but which apply RFR 2 for legal entities. These entities must apply IAS 34 in the preparation of their interim reports. The Council has further restructured the section relating to IAS 34 to clarify that the different sections deal with different situations.
- I IAS 21 previously included a reference to BFN R 7. When BFNAR 2012:1 (K3) comes into force, BFN R 7 will be withdrawn. The Council does not intend to change current practice, rather the voluntary exceptions – meaning that liabilities in foreign currencies that comprise hedging instruments relating to a legal entity's investment in a subsidiary, associate, or joint venture, do not need to be revalued at the closing rate provided that the hedge is effective – remain. This takes place by removing the reference to BFN R 7 and adding the corresponding text in RFR 2.

Additionally, a new update to ***RFR 1 Supplementary Reporting Rules for Groups*** was published in January 2014 and must be applied for financial years starting on or after 1 January 2014 unless otherwise stated for each standard or statement. In the new update to RFR 1, the Council establishes that investment entities, instead of preparing consolidated financial statements, must prepare a separate financial report in accordance with IFRS, which must meet the requirements of consolidated financial statements pursuant to the Swedish Annual Accounts Act. In addition, the entity must prepare a financial report in accordance with the Swedish Annual Accounts Act and RFR 2 for legal entities.

## NOTE 2 RELATED PARTIES

**Sales**

Of the parent company's invoiced sales, SEK 89.6 million (SEK 84.2 million) equivalent to 99.6 % (99.5 %) were sales to Group companies. All transactions have occured in accordance with market conditions.

**Transactions with related persons**

Göran Härstedt has carried out consulting services amounting to SEK 0.6 million, which has been invoiced through a company of his own. All transactions are carried out under market conditions..

## NOTE 3 OTHER INCOME

| SEK million | 2014 | 2013 |
|---|---|---|
| Foreign exchange gains | 14.7 | 10.4 |
| Other contributions and payments | 0.2 | 0.0 |
| **Total** | **14.9** | **10.4** |

## NOTE 4 AVERAGE NUMBER OF EMPLOYEES

| | 2014 Number of employees | Of which men | 2013 Number of employees | Of which men |
|---|---|---|---|---|
| Göteborg | 37 | 27 | 32 | 20 |
| **Total** | **37** | **27** | **32** | **20** |

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

| SEK million | 2014 Salaries and other remuneration | Social security costs | Of which pension costs | 2013 Salaries and other remuneration | Social security costs | Of which pension costs |
|---|---|---|---|---|---|---|
| | 16.8 | 7.8 | 2.3 | 14.8 | 6.8 | 1.8 |

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**

| SEK million | 2014 Board and MD | Of which bonus | Other employees | 2013 Board and MD | Of which bonus | Other employees |
|---|---|---|---|---|---|---|
| | 1.7 | 0.0 | 15.1 | 1.7 | 0.0 | 13.1 |

| Board members' fees | 2014 | 2013 |
|---|---|---|
| External members of the parent company's Board | 0.8 | 0.8 |
| Of which to the Chairman of the board | 0.3 | 0.3 |

A 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 severence 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 121 of this report. Renumeration to the other senior executives comprises a fixed salary and in one case bonus based on development in terms of inventery 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 severence pay is awarded.

### DECISION-MAKING PROCESS

There is no specially appointed renumeration 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 | 2014 Salaries and other remuneration | Of which bonus | Pension costs | 2013 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 | 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 | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other senior executives* | 3.3 | 0.0 | 0.3 | 1.9 | 0.0 | 0.2 |
| **Total** | **5.0** | **0.0** | **0.7** | **3.5** | **0.0** | **0.6** |

*Individuals referred to on page 121.

**Subscriptions options**

The parent company has no outstanding share warrants.

## PENSION COMMITMENTS

Defined benefit pension plans exist within the parent company. As the Swedish manager Alecta cannot recognise a basis that allows calculation of defined benefit pension liabilities, this pension plan has instead been recognised as a defined contribution plan. Recognition has therefore not been carried out in the balance sheet. Alecta's collective funding ratio at the end of the year was 143 % (148 %). The collective funding level is the difference between the company's assets and insurance commitments, calculated in accordance with Alecta's calculation assumptions for insurance purpouses, which do not comply with IAS 19.

**Remuneration to auditors and audit company**

| SEK million | 2014 | 2013 |
|---|---|---|
| Audit assignment | | |
| Ernst & Young | 0.8 | 0.8 |
| | | |
| Audit work outside audit assignment | 0.2 | 0.1 |
| Tax consultancy | 0.0 | 0.0 |
| **Total** | **1.0** | **0.9** |

## NOTE 6 FINANCIAL INCOME AND COST

| SEK million | 2014 | 2013 |
|---|---|---|
| Write down of financial fixed assets* | -21.8 | -22.8 |
| Profit/loss from internal Group sales of subsidiaries | 0.0 | -3.6 |
| Dividends from subsidiaries | 276.1 | 315.9 |
| Financial income, Group companies | 24.9 | 31.8 |
| Financial income, other | 16.9 | 24.0 |
| Financial expenses, Group companies | -37.6 | -72.7 |
| Financial expenses, other | -39.7 | -58.4 |
| **Total** | **218.8** | **214.2** |

* Income was advesely affected by SEK 21.8 million (SEK -22.8 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 agains income.

## NOTE 7 APPROPRIATIONS

| SEK million | 2014 | 2013 |
|---|---|---|
| Difference between reported depreciation and depreciation according to plan | -1.6 | -0.4 |
| Tax allocation reserve | 0.0 | 26.5 |
| **Total** | **-1.6** | **26.1** |

## NOTE 8 TAX ON PROFIT FOR THE YEAR

| SEK million | 2014 | | 2013 | |
|---|---|---|---|---|
| Current tax | 0.0 | | 0.0 | |
| Tax attributable to previous years | 0.0 | | 0.4 | |
| **Total** | **0.0** | | **0.4** | |
| | | | | |
| **Reconciliation of actual tax** | | | | |
| **Profit before tax** | **214.6** | | **240.5** | |
| | | | | |
| Tax expense according to local tax rate | -47.2 | -22.0% | -52.9 | -22.0% |
| *Tax effects from:* | | | | |
| Non taxable income | 52.6 | 24.5% | 59.0 | 24.5% |
| Non deductible expenses | -4.9 | -2.3% | -5.9 | -2.5% |
| Tax attributable to previous years | 0.0 | 0.0% | 0.4 | 0.2% |
| Other | -0.5 | -0.2% | -0.2 | -0.1% |
| **Tax according to income statement** | **0.0** | **0.0%** | **0.4** | **0.2%** |

## NOTE 9 INTANGIBLE FIXED ASSETS

| | Trademarks | | Computer software | |
|---|---|---|---|---|
| **SEK million** | **2014** | **2013** | **2014** | **2013** |
| **Accumulated acquisition values** | | | | |
| Opening acquisition value | 6.9 | 6.9 | 17.8 | 13.9 |
| Acquisitions | 0.0 | 0.0 | 16.9 | 3.9 |
| **Closing accumulated acquisition value** | **6.9** | **6.9** | **34.7** | **17.8** |
| | | | | |
| **Accumulated depreciation according to plan** | | | | |
| Opening depreciation | -6.9 | -6.9 | -12.0 | -10.2 |
| Depreciation during the year | 0.0 | 0.0 | -3.3 | -1.8 |
| **Closing accumulated depreciation** | **-6.9** | **-6.9** | **-15.3** | **-12.0** |
| | | | | |
| **Closing book value** | **0.0** | **0.0** | **19.4** | **5.8** |

## NOTE 10 TANGIBLE FIXED ASSETS

| SEK million | Equipment, tools and installations 2014 | 2013 |
|---|---|---|
| **Accumulated acquisition values** | | |
| Opening acquisition value | 11.3 | 11.3 |
| Acquisitions | 0.1 | 0.0 |
| **Closing accumulated acquisition value** | **11.4** | **11.3** |
| | | |
| **Accumulated depreciation according to plan** | | |
| Opening depreciation | -9.9 | -9.2 |
| Depreciation during the year | -0.6 | -0.7 |
| **Closing accumulated depreciation** | **-10.5** | **-9.9** |
| | | |
| **Closing book value** | **0.9** | **1.4** |

**Leasing charges in respect of operational leasing**
The parent company has operational lease agreements for rental of premises and ERP systems. The future commitment for these agreements can be seen in the following summary:

| | 2014 Premises | 2014 ERP | | 2013 Premises | 2013 ERP |
|---|---|---|---|---|---|
| 2015 | 1.7 | 0.0 | 2014 | 1.6 | 1.0 |
| 2016 | 1.7 | 0.0 | 2015 | 1.6 | 0.0 |
| 2017 | 0.0 | 0.0 | 2016 | 1.7 | 0.0 |
| 2018 | 0.0 | 0.0 | 2017 | 0.0 | 0.0 |
| 2019 incl. costs through contract period end | 0.0 | 0.0 | 2018 incl. costs through contract period end | 0.0 | 0.0 |
| | | | | | |
| Rental costs for the year amounted to | 1.6 | 1.2 | | 1.6 | 4.7 |

## NOT 11 SHARES IN GROUP COMPANIES

| | Equity % | Voting rights,% | Number of shares | Book value, TSEK |
|---|---|---|---|---|
| Dahetra A/S [9] | 100 | 100 | 1 000 | 28 850 |
| DJ Frantextil AB | 100 | 100 | 30 000 | 16 231 |
| EBAS Group BV [1] | 100 | 100 | 5 100 | 27 010 |
| GC Sportswear OY | 100 | 100 | 8 000 | 82 |
| Hefa AB [2] | 100 | 100 | 18 985 | 61 996 |
| Intraco Holding BV [3] | 64 | 64 | 49 804 | 33 362 |
| Jobman Workwear AB | 100 | 100 | 10 000 | 81 387 |
| Kosta-Förlaget AB | 100 | 100 | 500 | 1 136 |
| New Wave Asia Ltd | 100 | 100 | 1 | 9 |
| New Wave Austria GmbH | 100 | 100 | - | 18 921 |
| New Wave Danmark A/S | 100 | 100 | 2 | 1 180 |
| New Wave France SAS | 100 | 100 | 100 | 7 514 |
| 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 [4] | 100 | 100 | 100 | 536 |
| New Wave Holland BV [8] | 100 | 100 | 13 616 | 104 351 |
| New Wave Italia S.r.l | 100 | 100 | 500 000 | 6 670 |
| New Wave Mode AB | 100 | 100 | 100 000 | 82 875 |
| New Wave Profile Professional AB | 100 | 100 | 1 000 | 100 |
| New Wave Profile Professional Ltd | 100 | 100 | 1 000 | 14 |
| New Wave Sports AB | 100 | 100 | 50 000 | 5 000 |
| New Wave Norway A/S [11] | 100 | 100 | 9 000 | 1 022 |
| New Wave Sportswear S.A. | 100 | 100 | 1 000 | 2 415 |
| New Wave Trading Shanghai Ltd | 100 | 100 | - | 17 888 |
| New Wave USA Inc [6] | 100 | 100 | - | 462 708 |
| OKB Restaurang AB | 100 | 100 | 10 000 | 0 |
| Orrefors Event AB | 100 | 100 | 100 | 100 |
| Orrefors Kosta Boda AB [5] | 100 | 100 | 100 000 | 24 481 |
| OY Trexet Finland AB | 100 | 100 | 600 | 1 412 |
| New Wave Group Canadian Distribution Inc [10] | 100 | 100 | 1 000 | 39 873 |
| Pax Scandinavia AB | 100 | 100 | 2 400 | 27 065 |
| Projob Workwear AB | 100 | 100 | 1 015 684 | 492 |
| Sagaform AB [7] | 100 | 100 | 5 611 223 | 69 212 |
| Seger Europe AB | 100 | 100 | 10 000 | 34 599 |
| Texet AB | 100 | 100 | 58 500 | 87 659 |
| Texet Benelux BV | 86 | 86 | - | 102 558 |
| Texet France SAS | 96 | 96 | 47 798 | 0 |
| Texet Poland Sp z o.o. [12] | 100 | 100 | 15 459 | 9 771 |
| United Brands of Scandinavia Ltd, Wales | 100 | 100 | 200 | 54 973 |
| **Total** | | | | **1 413 570** |

1. EBAS Group BV owns 14% of Texet Benelux BV, 4% of Texet France SAS and 100% of Texet Harvest Spain SL.
2. Hefa AB owns Texet GmbH which in turn owns New Wave GmbH.
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.
4. New Wave Group SA owns New Wave Group Licensing SA, New Wave Far East Ltd. and Multi Sourcing Asia Ltd.
5. Orrefors Kosta Boda AB owns Glasma AB and Kosta Glasproduktion AB which in turn owns Orrefors Leasing AB and SEA Glasbruk AB.
6. New Wave USA Inc owns Cutter & Buck, Auclair Sports Inc, Gloves International Inc as well as Orrefors Kosta Boda Inc, which in turn owns Sagaform Inc and Ahead LLC and Craft Sportswear NA, LLC.
7. Sagaform AB owns Sagaform APS and Sagaform GmbH (Germany).
8. New Wave Holland BV owns Lensen Toppoint BV, Toppoint Deutschland GmbH, Newpoint Sp z o.o, Toppoint Polska Sp z o.o, GS Plastics GmbH, New Wave Sportswear BV and X-Tend BV.
9. Dahetra A/S owns Hurricane Purchases A/S.
10. New Wave Group Canadian Distribution Inc owns Paris Glove of Canada Ltd, which in turn owns Laurentide Gloves Ltd.
11. New Wave Norway A/S owns Safetyhouse A/S.
12. 49% of the shares have been acquired to the amount of SEK 7.9 million during the year.

**Information regarding subsidiary corporate identities and domiciles:**

| | Company registration number | Domicile |
|---|---|---|
| Ahead Inc | 45-2433808 | New Bedford, USA |
| Auclair 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 |
| GC Sportswear OY | 1772317-6 | Esbo, Finland |
| Glasma AB | 556085-8671 | Emmaboda, Sweden |
| Gloves International Inc | 2579860 | Mayfield, USA |
| 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 | Eli, Austria |
| New Wave Danmark A/S | 234083 | Copenhagen, 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 | Cortaillod, 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 | Cortaillod, 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 Profile Professionals Ltd | 893996 | Hong Kong |
| 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 |
| 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 |

| | Company registration number | Domicile |
|---|---|---|
| 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 |
| Restaurant AB Kullegården | 556552-1373 | Lessebo, 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 |
| Texet AB | 556354-3015 | Stockholm, Sweden |
| Texet Benelux NV | BE 404.998.655 | Aarschot, Belgium |
| Texet France SAS | 305035693 | Naterre Cedex, France |
| Texet GmbH | 328/5857/0728 | Oberaudorf, Germany |
| Texet Harvest Spain SL | A 78480696 | Madrid, Spain |
| Texet Poland Sp z o.o. | 281382 | Poznan, Poland |
| 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 FINANCIAL FIXED ASSETS

**Reported acquisition costs for the associated companies**

| SEK million | 2014 | 2013 |
|---|---|---|
| Dingle Industrilokaler AB | 8.3 | 8.3 |
| 8016267 Canada Inc | 5.7 | 5.7 |
| Glasrikets skatter ekonomiska förening | 1.0 | 1.0 |
| Kosta Köpmanshus AB | 29.4 | 29.4 |
| Scandinavian Trade Holding AB | 2.5 | 1.0 |
| Vist Fastighetsbolag AB | 13.5 | 13.5 |
| **Total** | **60.4** | **58.9** |

## NOTE 13 PREPAID EXPENSES AND ACCRUED INCOME

| SEK million | 2014 | 2013 |
|---|---|---|
| Leases | 0.0 | 1.7 |
| Prepaid credit fees | 1.6 | 3.4 |
| Prepaid rents | 0.4 | 0.4 |
| Prepaid marketing expenses | 0.5 | 1.4 |
| Prepaid licens costs | 1.6 | 0.9 |
| Other items | 1.3 | 1.4 |
| **Total** | **5.4** | **9.2** |

## NOTE 14 EQUITY

**Division of share capital**

The parent company's share capital consisted of the following number of shares as at 31 December 2014 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 |
| **Total** | | **66 343 543** | **243 712 663** | **100.0** | **100.0** |

## NOTE 15 UNTAXED RESERVES

| SEK million | 2014 | 2013 |
|---|---|---|
| The difference betwwen reported depreciation and depreciation according to plan | 2.0 | 0.4 |
| Tax allocation reserve 12 | 6.9 | 6.9 |
| **Total** | **8.9** | **7.3** |

Deferred tax on untaxed reserves amounts to SEK 2.0 million (SEK 1.6 million).

## NOTE 16 CREDIT LIMIT

Amount granted in relation to loans and bank overdraft facilities amount to SEK 2 100 million (SEK 2 150 million).

The company's overdraft facilities with the bank are defined as long-term as the credit facility is valid until 12 November 2016.

## NOTE 17 ACCRUED EXPENSES AND PREPAID INCOME

| SEK million | 2014 | 2013 |
|---|---|---|
| Holiday pay liability | 2.7 | 2.2 |
| Social security charges | 0.4 | 0.4 |
| Special employer's contibution | 0.5 | 0.9 |
| Audit | 0.6 | 0.4 |
| Interest | 0.1 | 0.2 |
| Credit charge | 0.5 | 0.5 |
| Other items | 0.4 | 0.4 |
| **Total** | **5.2** | **5.0** |

## NOTE 18 PLEDGED ASSETS AND MATURING LIABILITIES

| SEK million | | | Due for payment | | | |
|---|---|---|---|---|---|---|
| Liability | Liability as per 31 Dec. 2014 | Within 1 year | Between one to five years | Later than five years | Pledged asset | Liability as per 31 Dec. 2013 |
| Liability to credit institution | 1 752.9 | 50.0 | 1 702.9 | - | see below | 1 317.7 |

Pledged assets in relation to debts to credit institutions

| | 2014 | 2013 |
|---|---|---|
| Company mortgages | 30.0 | 30.0 |
| Shares in subsidiary | 1 103.1 | 1 077.8 |
| Shares in associated company | 8.3 | 8.3 |
| **Total** | **1 141.4** | **1 116.1** |

## NOTE 19 CONTINGENT LIABILITIES

| SEK million | 2014 | 2013 |
|---|---|---|
| Guarantees for subsidiaries | 436.5 | 208.6 |


*Joyful Giftcard is New Wave Group's gift card platform, which was further developed for the Christmas season 2014. Through improved technical solutions, a wider range of products to choose from and a clear marketing focus, gift card sales were up 70% compared to 2013.*

# AUDITOR'S REPORT

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

We have audited the annual accounts and consolidated accounts of New Wave Group AB (publ) for the year 2014. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 57 – 114.

### 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 2014 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 2014 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 consolidated income statement and consolidated balance sheet for the group.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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 financial year 2014.

### 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, MARCH 31, 2015
ERNST & YOUNG AB

STEFAN KYLEBÄCK
*Authorized Public Accountant*

# THE GROUP IN SUMMARY

| Income statements in brief, SEK million | 2014 | 2013 | 2012 | 2011 | 2010 |
|---|---|---|---|---|---|
| Income | 4 273.6 | 4 047.4 | 4 280.2 | 4 236.9 | 4 243.4 |
| Other operating income | 27.7 | 33.3 | 35.1 | 39.4 | 32.2 |
| Operating costs | -3 997.1 | -3 737.9 | -4 152.3 | -3 898.8 | -3 889.6 |
| Profit before depreciation | 304.2 | 342.8 | 163.0 | 377.5 | 386.0 |
| Depreciation and write-downs | -54.2 | -52.1 | -89.9 | -50.6 | -58.4 |
| Operating profit | 250.0 | 290.7 | 73.1 | 326.9 | 327.6 |
| Net financial items | -42.0 | -56.2 | -58.2 | -51.0 | -27.3 |
| Profit before tax | 208.0 | 234.5 | 14.9 | 275.9 | 300.3 |
| Tax | -31.1 | -47.4 | -9.1 | -76.8 | -78.8 |
| **Profit for the year** | **176.9** | **187.1** | **5.8** | **199.1** | **221.5** |
| **Balance sheets in brief** | | | | | |
| Trademarks | 467.7 | 417.7 | 417.7 | 435.4 | 376.0 |
| Other fixed assets | 1 370.1 | 1 235.0 | 1 243.1 | 1 337.9 | 1 267.5 |
| Stock | 2 162.1 | 1 449.1 | 1 645.4 | 1 973.9 | 1 594.7 |
| Accounts receivable | 804.2 | 734.2 | 705.0 | 782.3 | 787.9 |
| Other current assets | 216.5 | 200.4 | 200.3 | 159.2 | 170.8 |
| Liquid assets | 216.0 | 185.1 | 229.7 | 117.7 | 121.7 |
| **Total assets** | **5 236.6** | **4 221.5** | **4 441.2** | **4 806.4** | **4 318.6** |
| Equity attributable to shareholders | 2 386.5 | 2 078.9 | 1 934.3 | 2 068.6 | 1 908.3 |
| Equity attributable to non-controlling (minority) interest | 18.6 | 23.9 | 23.7 | 24.2 | 24.7 |
| Provisions | 174.9 | 156.0 | 149.4 | 173.1 | 172.3 |
| Interest-bearing liabilities | 2 044.8 | 1 449.1 | 1 746.4 | 1 915.0 | 1 528.3 |
| Non-interest-bearing liabilities | 611.8 | 513.6 | 587.4 | 625.5 | 685.0 |
| **Total equity and liabilities** | **5 236.6** | **4 221.5** | **4 441.2** | **4 806.4** | **4 318.6** |
| **Cash flows** | | | | | |
| Cash flow before changes in working capital and investments | 253.9 | 226.6 | 181.4 | 269.6 | 332.1 |
| Changes in working capital | -537.1 | 131.9 | 159.7 | -203.6 | 11.5 |
| Cash flow before investments | -284.2 | 358.5 | 341.1 | 66.0 | 343.6 |
| Net investments | -74.3 | -46.8 | -50.4 | -326.5 | -57.6 |
| Cash flow after investments | -358.5 | 311.7 | 290.7 | -260.5 | 286.0 |
| Cash flow from financing activites | 368.3 | -357.3 | -223.5 | 256.0 | -241.2 |
| **Cash flow for the year** | **9.8** | **-45.6** | **67.2** | **-4.5** | **44.8** |
| **Key figures** | | | | | |
| Gross margin, % | 45.7 | 46.2 | 43.6 | 47.7 | 47.1 |
| Operating margin, % | 5.9 | 7.2 | 1.7 | 7.7 | 7.7 |
| Profit margin, % | 4.9 | 5.8 | 0.3 | 6.5 | 7.1 |
| Net margin, % | 4.1 | 4.6 | 0.2 | 4.6 | 5.3 |
| Return on capital employed, % | 6.4 | 8.2 | 2.0 | 8.9 | 9.4 |
| Return on equity, % | 7.9 | 9.3 | 0.4 | 9.9 | 12.1 |
| Equity ratio, % | 45.9 | 49.8 | 44.1 | 43.5 | 44.8 |
| Net debt/equity ratio, % | 76.0 | 60.1 | 77.5 | 85.9 | 72.8 |
| Net debt in relation to working capital, % | 71.1 | 67.6 | 77.3 | 78.6 | 75.3 |
| Proportion of risk-bearing capital, % | 48.8 | 52.9 | 44.1 | 46.9 | 48.2 |
| Interest coverage ratio, times | 5.4 | 4.7 | 1.2 | 5.8 | 10.4 |
| Rate of capital turnover, times | 0.9 | 0.9 | 0.9 | 0.9 | 1.0 |
| Rate of stock turnover, times | 1.3 | 1.4 | 1.3 | 1.2 | 1.4 |
| Average number of employees | 2 212 | 2 123 | 2 258 | 2 242 | 2 196 |
| Salary costs incl, social security contributions, SEK million* | 884.1 | 827.9 | 934.9 | 886.1 | 861.8 |
| Sales outside Sweden, % | 75.1 | 74.4 | 72.9 | 69.7 | 69.6 |

* Includes purchase and production personnel.

| Data per share | 2014 | 2013 | 2012 | 2011 | 2010 |
|---|---|---|---|---|---|
| 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 | 67 343 543 | 67 343 543 |
| Profit per share before dilution, SEK | 2.66 | 2.82 | 0.08 | 2.99 | 3.31 |
| Profit per share after dilution, SEK | 2.66 | 2.82 | 0.08 | 2.94 | 3.26 |
| Equity per share, SEK | 36.25 | 31.69 | 29.51 | 31.54 | 29.14 |
| Equity per share after dilution, SEK | 36.25 | 31.69 | 29.51 | 31.08 | 28.70 |
| Share price as at 31 December, SEK | 38.30 | 32.90 | 25.00 | 23.00 | 40.40 |
| P/E ratio as at 31 December | 14.37 | 11.67 | 229.36 | 7.76 | 12.03 |
| Dividend per share, SEK | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Dividend yield, % | 2.6 | 3.0 | 4.0 | 4.3 | 2.5 |
| Operating cash flow per share, SEK | -4.28 | 5.40 | 5.14 | 1.01 | 5.18 |

# 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 (minority) 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 (minority) interest) divided by the balance sheet total.

# 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, HIF Service Aktiebolag, 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 and Member of the Board of Svensk Handel.

Holdings in the company, own and related parties: 19 707 680 class A shares and 1 195 797 class B shares.

## CHRISTINA BELLANDER
BORN 1955

Member of the Board since 2009.

Other directorships: Chairman of the Board of Fabaris AB and Member of the Board of Novus Group and the School of Education and Communication at Jönköping University.

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, Stena Metall AB, Stiftelsen Chalmers University of Technology, Gothenburg Research Institute and SSRS Sjöräddningssällskapet, Member of Advisory Board Handelshögskolan i Göteborg and Fryshuset i Göteborg and Secretary General of Börssällskapet.

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

## AUDITORS
STEFAN KYLEBÄCK
BORN 1965

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

# GROUP EXECUTIVE TEAM

## 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 1 195 797 class B shares.

## GÖRAN HÄRSTEDT
BORN 1965

Deputy CEO and Global Brand Manager. Various positions within New Wave Group 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 CLAESSON
BORN 1960

Chief Buying Officer. Employed since 2010.

Holdings in the company, own and related parties: 25 000 class B shares.

## 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 Northern Europe and Managing Director of New Wave Mode AB. Employed since 1993.

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

## MARIO BIANCHI
BORN 1967

Product Manager – Corporate Promo Employed since 1994.

Holdings in the company, own and related parties: 202 560 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 Monday 4 May 2015 at 1 pm at the Kosta Glascenter, Stora vägen 98, 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 27 April 2015 and notify the company of their intention to attend the AGM by 27 April 2015 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 April 27, 2015. If the power of attorney is issued by a legal entity, a certified copy of the corporate registration certificate and other authorization documents should be sent to the company. Please note that shareholders who are represented by proxy must also give notice of participation as stipulated above. A proxy form is available on the company's website *www.nwg.se*.

## NOMINEE REGISTERED SHARES

Shareholders with nominee-registered shares must register their shares in their own name with Euroclear Sweden AB to be entitled to attend the AGM . This registration must be completed by 27 April 2015 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

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 27 April 2015 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 2014 of SEK 1.00 per share, corresponding to a total of SEK 66,344 thousand. The Board has proposed 6 May 2015 as the record day for the dividend. This record day assumes payment of the dividend from Euroclear Sweden AB on 11 May 2015.


LAND-ROVER

**New Wave Group AB (publ) Org. no. 556350-0916**
Orrekulla Industrigata 61, SE-425 36 Hisings Kärra
Telephone: +46 (0)31 712 89 00, Fax: +46 (0)31 712 89 99
info@nwg.se www.nwg.se