INTERIM REPORT FOR THE THIRD QUARTER 2025

NEW WAVE GROUP AB

PERIOD 1 JULI – 30 SEPTEMBER 2025

- Net sales increased by 3.6% and amounted to SEK 2,390 million (2,308). In local currencies, net sales increased by 8.3%.
- Operating profit amounted to SEK 253 million (313).
- Profits for the period amounted to SEK 166 million (204).
- Earnings per share amounted to SEK 1.25 (1.54).
- Cash flow from operating activities amounted to SEK -249 million (191).

PERIOD 1 JANUARY – 30 SEPTEMBER 2025

- Net sales increased by 2.6% and amounted to SEK 6,874 million (6,701). In local currencies, net sales increased by 5.9%.
- Operating profit amounted to SEK 706 million (800).
- Profits for the period amounted to SEK 477 million (536).
- Earnings per share amounted to SEK 3.59 (4.04).
- Cash flow from operating activities amounted to SEK 119 million (733).

CEO COMMENTS

Stable Growth Despite a Continuous Weak Market

Despite a persistently weak market, we continued to grow by 8.3% throughout the third quarter. The organic growth amounted to 4.1% in local currencies, and acquisitions contributed to an additional 4.2%. Currency fluctuations, driven mainly by the appreciation of the Swedish krona, negatively affected results by - 4.8%, resulting in total growth in SEK of 3.6%. The market remains weak, but we are noticing increased optimism among part of customer base, suggesting a potential turnaround, although the timing remains uncertain.

Quarterly Results and Profitability

We continue to demonstrate strong and stable gross profit. During the third quarter it amounted to 50% - despite the acquisition of Cotton Classics which has had a negative impact on the Group's gross margin.

I have mixed feelings regarding the operating result. While the overall business continues to perform well, it's never enjoyable to report a decline in result. The operating result for the quarter came in at SEK 253 million, burden of the previously communicated non-recurring expense associated with the repayment of pandemic-related support in the U.S in total of SEK 66 million. Adjusted for this item, the result would have been SEK 318 million – slightly above previous year. Considering that we are currently undergoing an investment phase, including implementation of system upgrades, warehouse expansion and automation solutions, the underlying profitability still remains strong. We are observing high IT costs at present, which are anticipated to decrease from 2027 onwards.

Result and Development for the Year

Accumulated over the first nine months of the year, organic growth in local currencies reached 4.5%, while acquisitions contributed with 1.4%. The impact of currency fluctuations, amounting to – 3.3%, results in a reported growth rate in SEK of 2.6%. This implies that we continue to gain market share, both in the third quarter and on an accumulated basis, reflecting our competitive strength.

Gross profit for the year remains stable, amounting to 49.3%, which is a 0.1% increase compared to previous year. Operating profit amounted to SEK 706 million, which is a SEK 93 million decrease compared to previous year. The result is greatly affected by the previously mentioned non-recurring cost as well as our accelerated investment rate.

Cash Flow and Financial Position

The cash flow is fundamentally strong, but is impacted by strategic inventory buildup, investments and the acquisitions of Cotton Classics which was executed during the quarter. The inventory buildup is necessary in order to meet increased demand and support the new initiatives we are undertaking in both the U.S. and Europe. Our balance sheet remains strong, with an equity ratio of 52% following the consolidation of Cotton Classics, providing a solid foundation and financial flexibility for continued expansion.

Market Trends

The market conditions continued to remain weak throughout the third quarter. We are, however, observing increased optimism and confidence in the future among our customers, suggesting that a turnaround may be approaching – although I personally do not anticipate a rapid recovery until the global situation has stabilized. I continue to believe that a general market turnaround is still one or several quarters away, nonetheless, we recognize that a recovery can materialize quickly once the market turns.

Outlook

We are well prepared for the future when it comes to brands, products and the service we provide for our customers. I am confident that the impact will be reflected over the coming years in both strong sales and operating earnings. We are actively focused on the integration and introducing our brands within Cotton Classics - a process that is progressing well and according to plan. So far, the acquisition of Cotton Classics is already showing promising results and potential.

At the beginning of next year, our new warehouse in Dublin will open, which we anticipate will have a positive effect on growth in Ireland. Later, during the summer/fall our new production facility in Texas will open, servicing Clique and Cutter & Buck, enhancing our potential to successfully gain market shares in the U.S. Through the acquisition of Cotton Classics, we have significantly strengthened our position in Germany – a strategically important and expansive market with strong growth potential. Therefore, I feel confident about the future and firmly believe that the market share we have gained and the investments we have made will bring considerable advantages in the years to come.

Thank You All!

Torsten Jansson, CEO