
# ANNUAL REPORT 2025





## CONTENTS

# This is Embellence Group

Embellence Group is a leading European company in interior decoration with a focus on premium brands in the wallpaper segment, complemented by other colour and pattern-driven interior decoration such as textiles and rugs. Our products are sold in more than 100 markets around the world.

In Embellence Group, we believe that environments influence our thoughts and feelings, regardless of whether we are at home, at work or on the go. Our ambition is to impact our surroundings through the power of design.

# Our brands

BORÅSTAPETER Cole & Son Wall&decò pappelina ARTSCAPE

The brand portfolio comprises Boråstapeter, Cole & Son, Wall&decò, Pappelina and Artscape. The core geographical markets are Sweden, the US, the UK and Italy.

**1564** The "Rosenvinge" wallpaper pattern was designed. This was reintroduced in 2018 by Boråstapeter in their Anno collection.

**1875** Cole & Son was founded in Islington, in the UK.

**1905** Boråstapeter was founded in Borås, Sweden.

**1999** Pappelina was founded in Falun, Sweden.

**2005** Wall&decò was founded.

**2008** Embellence Group acquired Cole & Son.

**2018** Embellence Group acquired Wall&decò.

**2021** Embellence Group is listed on Nasdaq First North. Embellence Group acquired Pappelina.

**2022** Embellence Group acquired Artscape Inc.

**2023** Cole & Son opened a flagship gallery in Chelsea, London.

**2024** Updated strategy and continued investments in organic growth.

**2025** New launch of online sales platforms.

# The year in brief

## Organic growth and currency headwind

In 2025, net sales amounted to MSEK 765 (778). Currency-adjusted organic growth for the year amounted to 1%. Currency had a negative impact on net sales during the year. Behind the sales trend is primarily a strong performance in Boråstapeter and Manufacturing. Conversely, Cole & Son, Wall&decò and Artscape reported weaker sales. However, Artscape's sales trend should be viewed in the light of a comparative year with large non-recurring effects.

EBITA margin amounted to 14.1% (14.4). The somewhat lower margin was impacted by the strategic initiatives implemented during the year to increase sales in the priority areas.

**765**
SALES (MSEK)

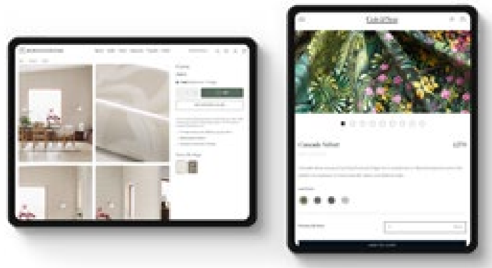
**108**
EBITA (MSEK)

**91**
OPERATING CASH FLOW, MSEK

**14.1%**
EBITA MARGIN

## SUCCESSFUL LAUNCH OF ONLINE SALES PLATFORMS

One of our main priorities is increasing direct-to-consumer (DTC) sales. During the year, several of the brands' online sales platforms were updated to more user-friendly and commercially-driven solutions.



## INCREASED FOCUS ON INTERNATIONAL EXPORT MARKETS

During the year, conscious efforts were made to enhance the perception of our brands. This included strengthening international sales teams, changes to go-to-market models and intensified sales activities.

## ANNIVERSARIES FOR BORÅSTAPETER AND COLE & SON

In 2025, Boråstapeter celebrated 120 years and Cole & Son 150 years. Both brands have marked the anniversaries with new launches of several design icons from their rich historical archives.

## STRONG GROWTH FOR HOSPITALITY

The hospitality channel performed well during the year, with several projects won and successfully completed. The installation of Wall&decò's OUT SYSTEM at the MGM Grand in Las Vegas was one of the more significant projects undertaken.

CEO STATEMENT

# A year of future-oriented strategic investments

As I summarise my first year as CEO of Embellence Group, I am even more convinced that our strong brand portfolio – underpinned by more than 100 years of history and sales to more than 100 countries – has immense potential to grow profitably in the years ahead.

We will continue to market our historical design icons and create new attractive products that support a more beautiful and inspiring everyday life by focusing on the strategic growth areas presented at our spring 2024 Capital Markets Day and putting greater emphasis on quick decisions coupled with a commercial mindset.

Net sales for the full year amounted to MSEK 765 (778). Currency-adjusted organic growth for the year was 1%, while currencies had a negative impact on sales of 2%.

Our gross margin improved by 1.7 percentage points to 61.6% (59.9), driven by price increases, proactive efforts to launch new premium products and designs, and a positive trend for the channel mix with a higher direct-to-consumer (DTC) share. This improvement to the gross margin was achieved despite our manufacturing and sales to a limited number of external wallpaper brands, which generally yield lower margins, increasing as a share of total sales during the year – from 11% to 13% of consolidated sales. The efficiency of our manufacturing processes has generally been enhanced, due in part to the Group's newly installed paint mixing equipment, which contributed to the gross margin improvement.

The operating margin for the full year was 14.1% (14.4%). The somewhat lower margin was impacted by the strategic growth initiatives that we are pursuing to boost sales in the three priority areas of DTC, hospitality and international markets. This included new digital platforms for our brands and organisational changes in both the marketing and sales departments. Overall, together with the negative impact of currency effects on international sales, this meant that full-year EBITA amounted to MSEK 108 (112).

Operating cash flow amounted to MSEK 91 (113). The decrease was the result of the negative currency effects on operating capital recognised under the item 'other'. Our financial position continues to strengthen, with a ratio of net debt to EBITDA of 0.5 times (0.7) at the end of the year, which combined with a new banking agreement provides us with scope to increase the dividend while allowing us to evaluate further acquisitions.

## Investments in our growth areas are starting to bear fruit

Net sales for our five own brands amounted to MSEK 664 (693). While the decrease in sales was mainly due to negative exchange rate effects, the comparative year was also positively impacted by two major launches by Artscape for large department store chains.

Boråstapeter, our single largest brand, grew in all quarters of the year, achieving sales of MSEK 287 (273). In 2025, Boråstapeter celebrated 120 years with festivities including new launches of several design icons from our historical archive. We also made several investments in line with the Group's strategy, including changing to a more direct go-to-market model in several European countries, strengthening our international sales team and increasing our DTC focus. All of our core markets performed well, and we are seeing a continuation of the healthy growth in DTC sales.

Cole & Son's full-year sales amounted to MSEK 134 (141). Good performance in the US and several European markets could not fully compensate for a weak domestic market and negative exchange rate effects. Cole & Son also celebrated its 150th anniversary this year, launching two Classic collections inspired by our rich archive. In

October, we presented a new collection, which we developed together with the South African design brand Ardmore, where design meets art. As Cole & Son now enters its next phase, with a more commercial focus on international expansion and sales in the hospitality sector, we have recruited a new Managing Director to lead this iconic brand into the next phase of its development.

Sales for Wall&decò amounted to MSEK 87 (94). Sales in the Italian domestic market at the retail level continued to decline, and a similar trend was seen in Germany, where we opted to change agents. During the year, Wall&decò boosted its sales team with a focus on internationalisation and hospitality. We are seeing growth and a positive performance in the US and in the Hospitality channel, but much remains to be done if the trend in traditional retail is to be reversed.

For the full year, Pappelina achieved sales of MSEK 44 (46). After a weak start to the year, new management, the relocation of the head office from Falun to Borås and a stronger focus on DTC sales led to stabilisation during the second half of the year. Pappelina's new web platform is performing well and DTC displayed strong sales growth after the launch in the second half of the year.

Artscape's sales amounted to MSEK 113 (139). As previously communicated, Artscape's comparative figures were affected by two major launches in 2024. In addition, sales were negatively affected by large exchange rate effects with a weaker USD. The underlying business in Artscape is performing well, supported by a new online platform and an enhanced online sales team, which enabled strong growth in DTC in the second half of the year.

Sales to external brands via Borås Tapetfabrik continued to perform positively, reporting growth in external sales of 19%. Full-year sales to external wallpaper brands totalled MSEK 101 (85). Behind this strong performance is a sharp focus on delivering high-quality products and offering a high level of service to both internal and external customers. During the year, investments in new and more efficient paint mixing equipment enabled increased efficiency, and digital printing capacity has been expanded.

## Strategic investments in growth areas

During the year, we took several important steps in line with our strategy and are seeing increased DTC sales, positive performances in several key international export markets and increased sales to the Hospitality channel.

## Better webshops and broader product range

One of our main priorities is increasing sales in the channel that has generally grown the most in the industry in recent years, DTC, where we at Embellence Group have historically been too cautious. During the year, we enhanced our expertise in this area, both at Group level and among our brands, with a number of key recruitments. An integral part of this effort is progressively updating the brands' online sales platforms to more user-friendly and commercially-driven solutions. During the summer, Pappelina and Artscape implemented new platforms, which are already showing positive effects with strong growth of over 40% in the fourth quarter. During the year, DTC accounted for 8% (7) of sales among our five own brands. At the end of December, Cole & Son switched to the same new platform, and Boråstapeter will also launch a new platform in the first half of 2026.

## Increased focus on international export markets

The cornerstones of the strategy also include growth in international markets, outside the brands' traditional domestic markets. Here as well, we took important steps in the right direction during the year. Excluding currency exchange effects, we are seeing good underlying export growth in our major geographic markets, including the US and key markets in Europe. Behind this development are conscious efforts aimed at enhancing international sales teams, changing go-to-market models and intensifying sales activities – all to enhance the perception of our brands.

## Improved service offering for the Hospitality channel

We are also seeing a positive trend in sales to the Hospitality channel – hotels, restaurants and other parts of the service industry. This is particularly noticeable for Wall&decò, which during the year strengthened its position in this particular channel with several important projects such as the MGM in Las Vegas and Autograph Collection by Marriot in Houston. Efforts at broadening collaborations among brands for business conducted through this channel will intensify further in 2026.

## Great confidence in our strategy

Like I wrote at the start of this – my first – CEO statement, I am even more convinced that the strategic initiatives presented at our Capital Markets Day 2024 are the right ones. I have been impressed by the design and industry expertise in our brands and, combined with the changes that have been made in terms of focusing on the commercial channels that we believe will be the winners in the years ahead, there is immense potential. The strong Swedish krona is impacting us negatively in the short term, but this does not mean any change in our strategy where the goal is to continue to grow organically and with healthy profitability. At the same time, we can now open up for further acquisitions as a result having of a more stable organisation.

I would like to end by thanking all of my colleagues across in the Group and can confidently say that our focus on profitable growth and building on our strong, iconic brands will continue in 2026. We are well prepared to take the next steps in our journey of growth, and during the year, we will continue to build an Embellence Group that is stronger in every respect.

Borås, April 2026

**Johan Andgren**,
CEO Embellence Group

WALL&DECÒ: PERSEO

# STRATEGY

# Our business model

Embellence Group's business model is based on developing strong premium brands in the wallpaper segment, complemented by other colour and pattern-driven interior decoration such as textiles and rugs.

Embellence Group combines the capacity of a large company in terms of resources and structures with the adaptability, agility and market knowledge of a small company.

## MARKET-DRIVEN, INDEPENDENT BRANDS WITH UNIQUE DESIGN DRIVE GROWTH

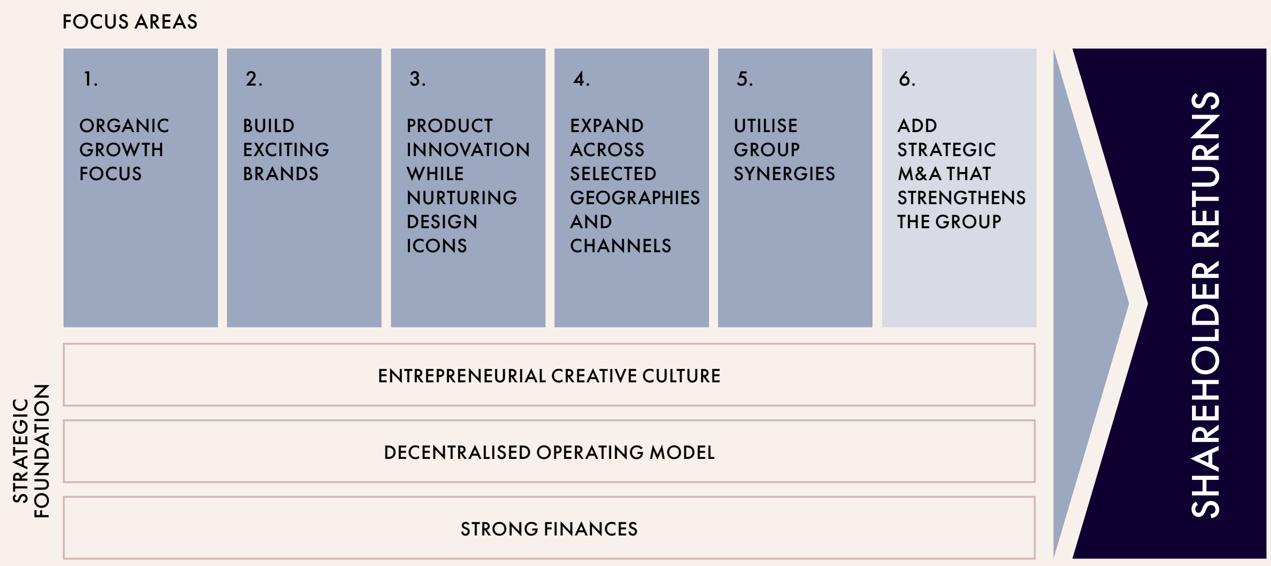
The business model is decentralised and largely based on the ability to harness and develop the history, creativity and innovation capability of our brands. Decision-making close to customers and the market allows for agility and contributes to a culture with entrepreneurial spirit.

## COLLABORATION GIVES STRENGTH

While maintaining respect and sensitivity for the unique characteristics, history and identity of each individual brand, we will continue to identify synergies and leverage central capacities. Collaboration takes place in areas such as strategy, online sales, sustainability, HR and product development.

# Strategic focus

Embellence Group creates shareholder value by focusing on six strategic growth areas, all with a long-term sustainability perspective.




## Strategic foundation

Embellence Group's strategic foundation comprise our entrepreneurial creative culture, a decentralised operating model and strong finances.

### ENTREPRENEURIAL CREATIVE CULTURE

We are endeavouring to create a culture that is built on creativity and passion with entrepreneurial spirit, ownership and agility as key pillars. A culture with high quality as a cornerstone in our success, where we are committed to creating a positive and sustainable impact with our products.

### DECENTRALISED OPERATING MODEL

Our business model is largely based on the ability to develop the history, creativity and innovation capability of our brands. This is a decentralised process, based on a model that nurtures the entrepreneurship and identity of the individual brand companies. Group operations are leveraged where considered suitable.

### STRONG FINANCES

By delivering a high EBITA margin, a good cash flow and a solid balance sheet, we create stability and freedom to act on opportunities when they arise.

FOCUS AREA 1

## Organic growth focus

We see great potential in our existing brand portfolio. The ambition is to continue developing our brands, thereby creating profitable and sustainable long-term growth for a long time to come. Prioritising organic growth creates a winning culture. Our employees are the key to this, and we support them in their development and encourage everyone to reach their full potential.

### STRATEGIC PRIORITIES

- Support and develop each brand in its journey of growth.
- Increased focus on select markets, segments and channels.
- Leverage the strong history, design archive and innovation capability.

FOCUS AREA 2

## Build exciting brands

Our brands pursue a long-term vision, each with their own identity that combines heritage with forward-thinking initiatives. They focus continually on engaging and connecting with their target groups, such as consumers, architects and designers.

### STRATEGIC PRIORITIES

- Support our brands in realising their long-term visions and engaging their target groups
- Secure brand positioning and sales capacity
- Increased focus on Premium
- Develop collaborations and partnerships

FOCUS AREA 3

## Product innovation while nurturing design icons

Innovation has always been a central component of Embellence, and by utilising our unique and extensive design archive we will continue to develop both new collections and new materials. As a market leader in our category, it is important to drive innovation and development to make our products even more beautiful, more durable and sustainable.

### STRATEGIC PRIORITIES

- Continued investment in product innovation to drive development in materials and to improve product functionality.
- Launch more sustainable alternatives.
- Continual launch of new collections and designs.

FOCUS AREA 4

## Expand across selected geographies and channels

Today, we have a strong market position with sales in more than 100 countries and a leading position in our core markets. The goal going forward is both to intensify marketing activities targeting customers in select geographies and niches, and to increase DTC sales.

### STRATEGIC PRIORITIES

- Increased focus on and investment in international expansion.
- DTC sales in select geographical markets.
- Priority ventures in Hospitality focusing on, for example, premium hotels and resorts.

FOCUS AREA 5

## Utilise Group synergies

While maintaining respect and sensitivity for the unique characteristics, history and identity of each individual brand, we will continue to identify synergies and leverage central capacities.

### STRATEGIC PRIORITIES

Increased Group support and initiatives in:

- Strategy, online sales, sustainability, HR, talent development and product development

FOCUS AREA 6

## Add strategic M&A that strengthens the Group

Acquisitions serve as an important complement to our focus on organic growth. We are continually searching for the right acquisitions in interior design based in our established markets and premium positions in their niches.

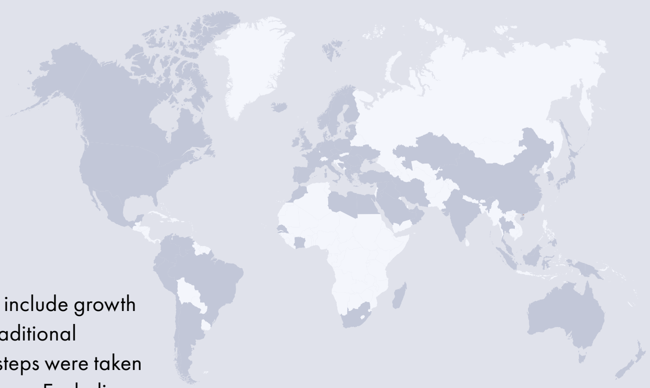
### FOCUS

- Interior design such as wallpaper, fabric and rugs
- Based in established markets
- Premium positions

# Strategic initiatives

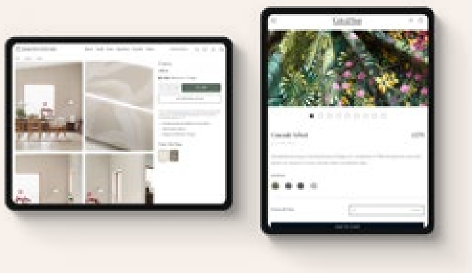
During the year, Embellence Group continued to develop its long-term strategy focusing on three priority growth areas: online sales, international expansion and the hospitality segment.

## International expansion



The cornerstones of the strategy include growth in markets outside the brands' traditional domestic markets. A number of steps were taken in the right direction during the year. Excluding currency exchange effects, good underlying growth was reported in several major geographic markets, including the US and key markets in Europe. This development was the result of initiatives aimed at strengthening international sales teams, adapting go-to-market models to market-specific conditions and intensifying sales activities.

## Online sales



In 2025, development continued of online sales, in the form of direct-to-consumer (DTC) sales. This is an important part of the Group's future growth strategy. Work during the year included investments in digital infrastructure, including upgrades to the Artscape, Pappelina and Cole & Son platforms. At the same time, the commercial capacity was strengthened through a number of key recruitments. The DTC channel is expected to continue to increase its share of the Group's total sales and is a key driver behind Embellence's long-term target to boost organic growth. In 2025, DTC sales reported double-digit growth.

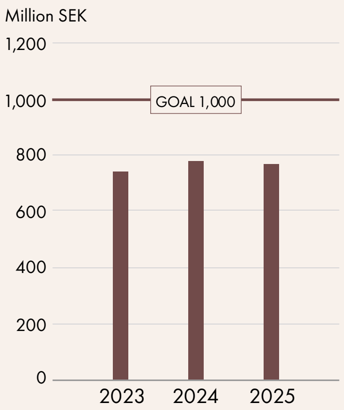
## Hospitality

The goal is to grow in the hospitality segment. Sales to hotels, offices and the public spaces developed well in 2025. Work during the year included a strengthening of the sales organisation and continued investments in product development, design and marketing to refine the offering and further strengthen the attractiveness of the brands in professional environments. Overall, initiatives helped to create a more robust platform for continued marketing activities targeting customers in a segment with attractive margins and long-term growth potential. Looking ahead, the goal is to further strengthen the organisation, improve the service offering and increase collaboration between our different brands.

# Financial goals

## SALES GROWTH

Embellence Group's target is to achieve net sales of SEK 1bn by 2028. The target will be achieved through organic growth.

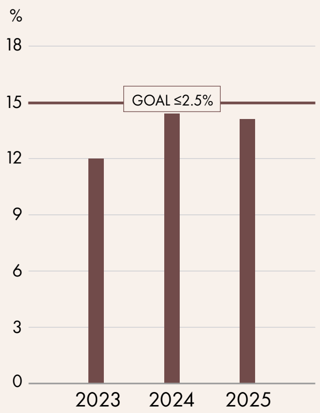



### Comments

Net sales for the year amounted to MSEK 765, down 2% compared with the year-earlier period.

## EBITA MARGIN

Embellence Group's target is to achieve an EBITA margin of at least 15%.

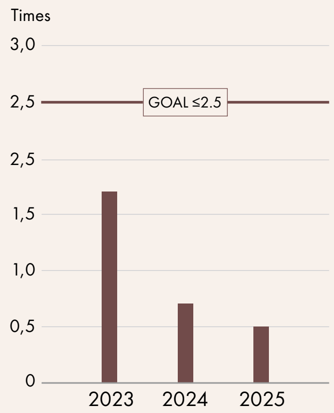



### Comments

The EBITA margin was 14.1%, compared with 14.4% in 2024.

## INDEBTEDNESS

Embellence Group's interest-bearing net debt should not exceed 2.5 times EBITDA. A temporary increase may occur in connection with acquisitions, however.

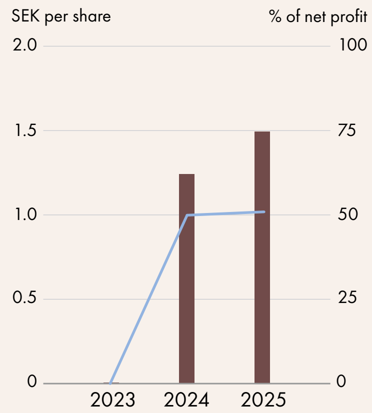



### Comments

The debt/equity ratio (net debt to EBITDA) was 0.5 (0.7) at the end of the year, which was well within the target.

## DIVIDEND POLICY

Embellence Group's goal is to pay dividends of 30 to 50% of the profit for the period. When deciding on dividends, Embellence Group's financial position, cash flow and future prospects must be taken into account.



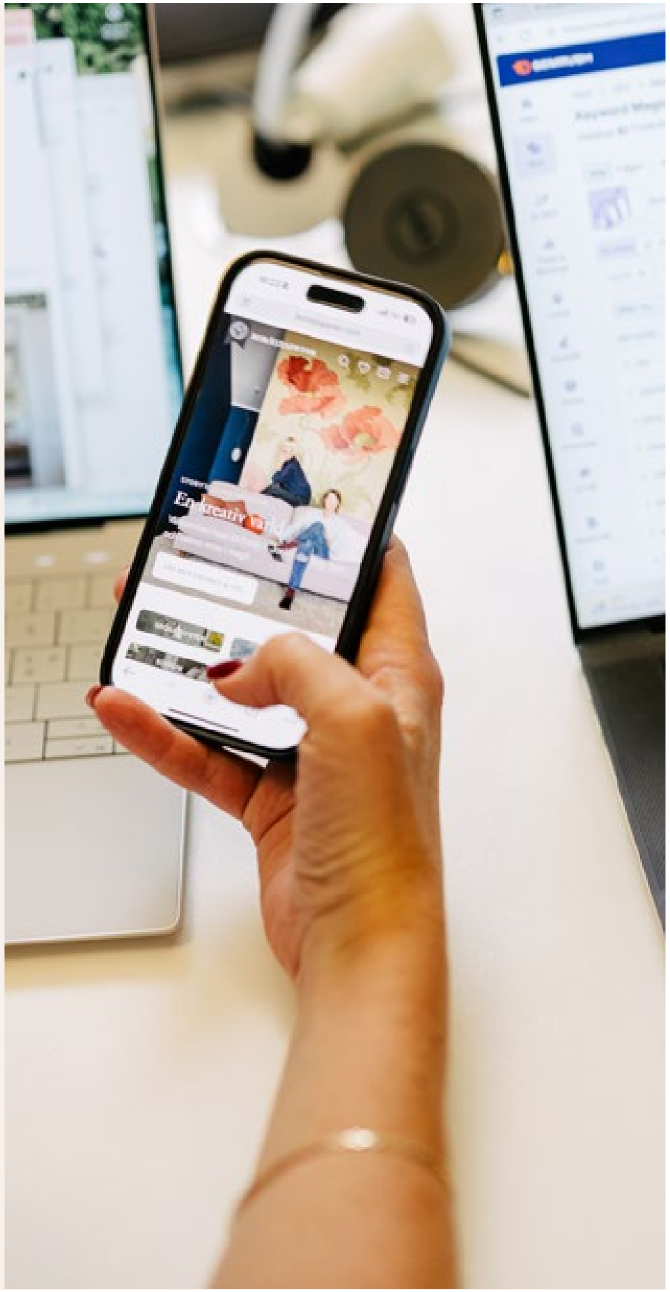

### The Board of Director's proposal to the Annual General Meeting

The Board of Directors proposes a dividend of SEK 1.50 per share to the Annual General Meeting, corresponding to 51% of profit for the year.

# Market

The global wallpaper market is divided primarily into two larger segments: one is residential, which is largely consumer-driven, and the other is projects/contracts, which includes professional operators such as hotels, resorts and restaurants and where decision-makers are often architects and designers. Embellence operates in both segments. The wallpaper market, and the characteristics of the market for residences compared to projects and contracts, are described below.

| | RESIDENTIAL | | | PROJECTS/CONTRACTS | |
|---|---|---|---|---|---|
| SEGMENT | CONSUMER | | PROPERTY OWNERS /DEVELOPERS | HOTELS AND RESTAURANTS | LUXURY HOUSING AND RESORTS, ETC. |
| EMBELLENCE SALES CHANNELS | Traditional retail via physical stores | DTC (online) | Direct sales (primarily Nordics) | Via architects and designers | |
| CHARACTERISTICS AND DRIVERS | Traditional sales channels are facing challenges with reduced traffic in physical stores. | The customer journey often begins online, and more often ends there as well.<br><br>Sales are expected to capture an increasing share of the total consumer market. | The segment is dominated by sales of standard product ranges at low prices. | Expected to grow more rapidly than the wallpaper market as a whole, particularly in the Mediterranean region, the US and the Middle East.<br><br>Wallpaper is seen as an attractive alternative to stone or tile in public spaces. | |



# Trends and drivers

The wallpaper market is constantly changing, and we can see a shift towards more customisation and digital solutions, innovation focused on functionality and sustainability, and growth in the premium segment. Furthermore, the hospitality sector has continued to report stable growth.


## Customised solutions

Customers are increasingly requesting customised products when it comes to format and design. This places increasing demands on the capability and capacity for customisation.

## Digital transformation

The interior design industry is undergoing a digital transformation. More and more services are being moved online from physical channels, placing demands on the continual development of primarily digital sales and marketing channels.

## Innovation with a focus on functionality and sustainability

More and more products are offering various types of functionality due to the ongoing innovation in materials in the industry. As well as functionality, innovation is also focused on the production of materials that are sustainable alternatives.

## High activity levels in hospitality

Despite the prevailing situation in the business environment, the performance of the hospitality segment in the Nordics, Europe and the US remains stable, as seen in, for example, continued investments in hotel and restaurant operations.

## Growth in Premium

The growing interest in products in the Premium segment is largely driven by underlying global economic growth, wealth creation and generally growing prosperity in upper and middle classes.

# BRANDS

# Our sales

Embellence Group's sales are based on the Brands and Manufacturing business areas. Brands comprises Boråstapeter, Cole & Son, Wall&decò, Pappelina and Artscape operations. Manufacturing comprises the Borås Tapetfabrik operations.

## BRANDS

Net sales in Brands amounted to MSEK 664, down 4% compared with the preceding year. The year was characterised by negative exchange rate effects and a strong comparative year with significant non-recurring effects from launches by Artscape. In addition, the weak performance of Cole & Son and Wall&decò contributed to the lower net sales. In parallel, Boråstapeter reported healthy growth, expanding in all its core markets, and the Group's DTC sales continued to grow rapidly.

## MANUFACTURING

Beyond its core focus on manufacturing for own brands, the company also engages in complementary sales to a limited number of external brands. Net sales for the year within Manufacturing amounted to MSEK 101, an increase of 19% year-on-year. This positive development was driven by increased income from existing customers in both digital and traditional printing technologies. During the year, investments made in new paint mixing equipment enabled increased efficiency at the same time as digital printing capacity was expanded.

NET SALES

| MSEK | 2025 | 2024 | Change, % |
|---|---|---|---|
| **Brands** | **664** | 693 | –4 |
| Boråstapeter | 287 | 273 | 5 |
| Cole & Son | 134 | 141 | –5 |
| Wall&decò | 87 | 94 | –8 |
| Pappelina | 44 | 46 | –5 |
| Artscape | 113 | 139 | –19 |
| **Manufacturing (external)** | **101** | 85 | 19 |
| **EMBELLENCE GROUP** | **765** | 778 | –2 |

# BORÅSTAPETER

Boråstapeter was founded in 1905 with the vision that 'all Swedes should be able to afford to create a more beautiful home using wallpaper.' The number of international customers has since increased and the vision has now been changed to 'Drawing inspiration from our Swedish heritage, we create wallpapers for every home.' There are more than 10,000 designs in the design archive. New designs are developed both in-house and in collaboration with renowned designers. The design archive also includes in-licensed prints from such designers as Arne Jacobsen and Alvar Aalto.

## THE YEAR IN BRIEF

Boråstapeter's sales for the year amounted to MSEK 287, corresponding to an increase of 5% year-on-year. During the year, Boråstapeter celebrated 120 years, which it marked by launching several design icons, among other activities. In line with the strategy, a more direct go-to-market model has been implemented in several European countries, the international sales team has been strengthened and focus on DTC has intensified. Core markets are performing well and DTC sales continue to grow.

**287**

NET SALES, MSEK

## SIGNIFICANT EVENTS AND LAUNCHES IN 2025

- Launch of several new collections, including Anno II, Fairyland and a large number of smaller releases aimed primarily at online sales.
- Expanded digital offering with the launch of several digital designs, such as large-scale design icons, and the launch of new substrates.
- Launch of collaborations that included the photographer Marie Mattson (right), My Feldt and interior design company Gotain.
- Healthy sales growth in DTC.
- Strengthening of the organisation and expertise in both international sales and online sales.

BORÅSTAPETER: MARIE MATTSSON BJÖRKDIMMA

COLE & SON: VIVIENNE LOVE ANDREAS

# Cole & Son

With its iconic prints, Cole & Son is one of the leading brands in the global wallpaper market. The brand is characterised by eccentric, innovative and artistic design. Cole & Son is the wallpaper supplier by Royal Warrants of Appointment to His Majesty King Charles III and has a long tradition of furnishing palaces, castles and theatres in the UK as well as outside the domestic market. Cole & Son's wallpapers have been used in, for example, Buckingham Palace, the Palace of Westminster and the White House.

## THE YEAR IN BRIEF

Cole & Son's sales for the year amounted to MSEK 134, down 5% year-on-year. Cole & Son was negatively impacted by the challenging retail market in the UK and a negative exchange rate effect. International sales performed well during the year. Cole & Son will intensify its focus on international expansion and sales in the hospitality sector in 2026.

**134**

NET SALES, MSEK

## SIGNIFICANT EVENTS AND LAUNCHES IN 2025

- The 150th anniversary was celebrated with the launch of two collections – Classics I and Classics II – both inspired by Cole & Son's rich archive.
- The Baobab collection renewed collaboration with the South African design brand Ardmore, where design meets art.
- Launch of new online sales platform at the end of the year.
- Strengthening of the international sales organisation.

# Wall&decò

Wall&decò was founded in 2005 in Cervia by Christian Benini, who remains active as Creative Director. With his background as a photographer in advertising, he created an environment with large illustrated leaves that attracted attention from designers and architects. The design archive contains about 3,000 designs. In addition to traditional wallpaper, the product portfolio also includes two collections of innovative performance wallpaper: the OUT System and AQUABOUT, which combine design with technical solutions.

## THE YEAR IN BRIEF

Wall&decò's sales for the year amounted to MSEK 87, down 8% year-on-year. The trend was mainly attributable to subdued demand in European retail. During the year, Wall&decò boosted its sales team with a focus on internationalisation and hospitality. We are seeing growth and a positive performance in the US and in the Hospitality channel, but much remains to be done if the trend in retail is to be reversed.

**87**

NET SALES, MSEK

## SIGNIFICANT EVENTS AND LAUNCHES IN 2025

- Launch of new collections in all three product areas.
- Wall&decò celebrated its 20th anniversary with an event in its home town of Cervia in Italy.
- Investment in new printers, with the capacity to print on more substrates and in more colours.
- Expansion of the product range with the launch of Grasstique.

WALL&DECÒ: NIVEUM

PAPPELINA: ANYA

# pappelina®

Pappelina is an international brand focused on the development, manufacture and sales of rugs. The brand was founded in 1999, based on a vision to create high-quality, stylish and functional products with Scandinavian design. Pappelina's rugs are a piece of Swedish craftsmanship. The rugs are woven at Pappelina's own weaving mill in Leksand, Sweden, by dedicated and experienced craftspeople who use exclusively Swedish raw materials in the production. In addition to rugs, Pappelina also offers other home furnishings such as blankets, cushions and trays.

## THE YEAR IN BRIEF

Pappelina's sales for the year amounted to MSEK 44, down 5% year-on-year. During the year, Pappelina relocated its head office to Borås, completed a strategic review and strengthened its focus on DTC sales. These initiatives helped to stabilise developments, with positive trends in the Swedish market and strong growth following the launch of the new online sales platform.

**44**

NET SALES, MSEK

## SIGNIFICANT EVENTS AND LAUNCHES IN 2025

- Relocation of the head office to Borås.
- Successful launch of new online sales platform with strong sales growth in the second half of 2025.
- Participation in several trade fairs to strengthen its international position.
- Henrik Andersson appointed new Managing Director.

# ARTSCAPE.

Artscape is a leading US manufacturer of exclusive pattern-based window film. The brand was founded in 1995 in Portland, Oregon, with a vision of offering beautiful privacy film for windows and glass. Sales are focused on North America, where the company has a leading position in its niche. The products are currently sold by more than 3,000 retailers.

## THE YEAR IN BRIEF

Artscape's sales for the year amounted to MSEK 113, down 19% year-on-year. Artscape's performance was impacted by a strong comparison year that included two major launches, in addition to negative exchange rate effects from a weaker USD. However, underlying operations reported good growth, driven by a new online platform and a strengthening of the online sales team, which enabled a robust performance in DTC in the second half of the year.

**113**

NET SALES, MSEK

## SIGNIFICANT EVENTS AND LAUNCHES IN 2025

- A major launch of a new range during the year.
- Successful launch of new online sales platform with strong sales growth in the second half of the year.
- Strengthened online presence through improved content and more marketing activities.
- Strengthened the organisation in the area of digital marketing and sales to further increase online sales.

ARTSCAPE: HERITAGE

·BORÅS TAPETFABRIK·

With creativity and curiosity, unique solutions are produced to suit every client's situation and aspirations. Customers include wallpaper companies, designers, lifestyle brands and construction companies – everyone who has realised the versatile possibilities of wallpaper. Borås Tapetfabrik offers unique solutions in design, product development and production. A range of printing techniques and printing machines are offered, both traditional and digital. With a focus on craftmanship, quality and sustainability, the aim is  to provide the world with first-class wallpaper.

## THE YEAR IN BRIEF

Borås Tapetfabrik's sales to external customers amounted to MSEK 101, up 19% year-on-year. Behind this strong performance is a clear focus on delivering high-quality products and offering a high level of service to both internal and external customers. During the year, investments in new and more efficient paint mixing equipment increased efficiency, and digital printing capacity has been enhanced.

**101**

NET SALES, MSEK

## SIGNIFICANT EVENTS AND LAUNCHES IN 2025

- The focus on high-quality products and a high level of service resulted in more cost-efficient manufacturing for the Group's internal brands as well as increased external sales.
- Investment in new digital printing increased capacity.
- Launch of two new substrates, Non Woven texture and Pro, particularly suitable for professional environments.
- Investment in new and more efficient paint mixing equipment yielded results in the form of improved efficiency och less waste.

# SUSTAINABILITY

# Contents




WALL&DECÒ: CINNAMON SHADOWS

# ESRS 2 General disclosures

This sustainability report has been submitted by the Board of Directors of Embellence Group AB, but is not part of the formal Annual Report. Unless otherwise stated, the information pertains to the entire Group, including subsidiaries.

## BP-1 Basis for preparation

The structure and design are inspired by the EU's Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS).

Parts of the report are based on a double materiality assessment, which identified the Group's material impacts, risks and opportunities. The methodology and results of the assessment are described in the section on materiality on pages 33–34.

Embellence Group's strategy and business model are described on pages 8–11, and a description of risks, sustainability risks and financial risks is available on pages 50–54 and 79–80, respectively.

More information about Embellence Group's sustainability initiatives can be found on embellencegroup.com.

## BP-2 Disclosures in relation to specific circumstances

### Time horizons

In this report, short-term refers to a period of up to one year after the end of the reporting period, medium-term to one to five years, and long-term to more than five years, unless otherwise stated. These time horizons were chosen to align as far as possible with Embellence Group's strategic planning horizons and key years for overall sustainability targets.

### Estimates in the value chain and sources of uncertainty in reported information

Since most of Embellence Group's material impacts, risks and opportunities arise in the value chain, Embellence Group is largely dependent on secondary data and information, which may create uncertainties in judgements and reported data. Reporting principles and details of current uncertainties are presented in connection with each disclosure in the sustainability report. Standard figures are based as far as possible on primary data or estimates that are deemed representative. When there are major uncertainties regarding estimates, this is stated in connection with the reported data.

### Changes and recalculations

As far as possible, the sustainability disclosures in this report have been expanded to align with requirements under the CSRD and ESRS. Where practices have changed, or errors have occurred since the previous reporting period, the changes are described in the related reporting policy or in the section where the topic is reported.

### Planned improvement actions for measurement methodologies and data quality

Embellence Group is continuously striving to develop and refine measurement methodologies and improve the quality of the underlying data. In 2025, boundaries were drawn and clarifications made for data collection and reporting. A more detailed analysis to ensure quality is planned for spring 2026. The Environment chapter describes in more detail changes to specific reporting of emissions.

## GOV-1 Governance of sustainability work

### Role and responsibilities of the Board of Directors

Embellence Group's Board of Directors is responsible for the company's management and organisation, which means Board responsibilities include establishing targets and strategies in which sustainability is an integral part. The Board is also responsible for ensuring procedures and systems to evaluate the targets.

The Board of Directors has adopted a policy framework that includes principles for how Embellence Group should act as a company and responsible owner. The general policies that govern sustainability work are the Code of Conduct (CoC) and the Sustainability & Environmental Policy. Policies are updated and approved annually.

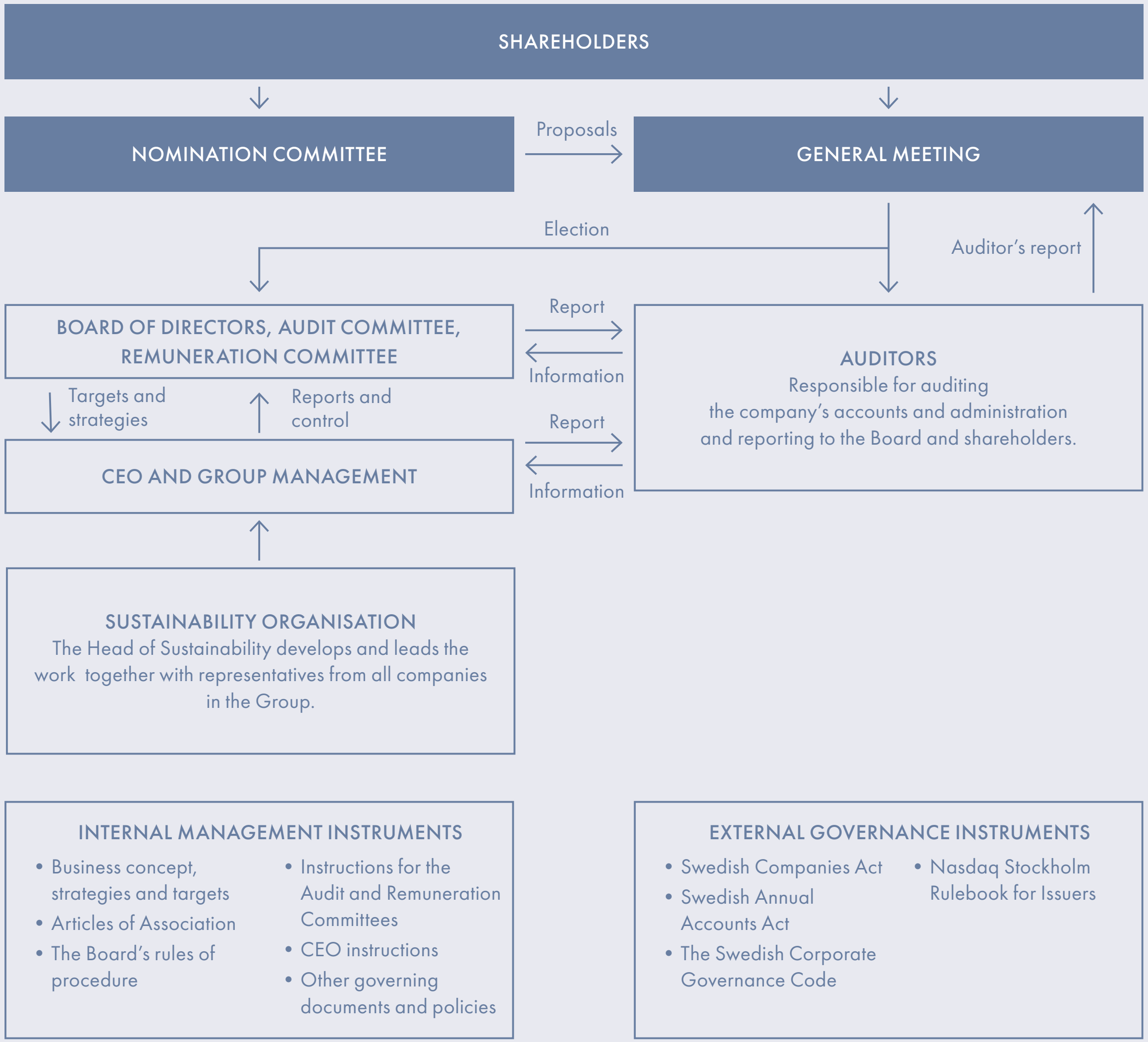
Embellence Group's Board comprises five members, of whom two are men and three women. The Board members are independent of the company, its executive management and major shareholders. For more information on the Board of Directors, refer to the Embellence Group website.

Based on Group Management's proposals, the Board makes decisions regarding strategy, prioritised sustainability areas, policies and the revision of existing policies. The CEO is responsible for the company's everyday management and the company's operations, as well as implementing the Board's decisions, including sustainability matters.

Embellence Group's executive management team decides how to develop and implement sustainability initiatives at an overall level and reviews targets and key figures annually.

Embellence Group's Head of Sustainability is ultimately responsible for the Group's sustainability matters and ongoing sustainability practices. The Head of Sustainability is also tasked with developing and leading the Group's work relating to sustainability, and running specific sustainability-related projects together with the operations. A considerable share of day-to-day sustainability activities conducted within the respective brands and production units. The sustainability efforts in each brand are pursued by sustainability managers, who together comprise a Group-wide sustainability organisation with responsibility for coordinating and sharing best practises.

### Organisation and responsibilities



## MDR-P Policies

Embellence Group's operations are governed at an overall level by a number of governing documents in the form of policies as resolved by the Board of Directors. Those with the greatest impact on sustainability include the Code of Conduct and the Sustainability & Environmental Policy. The policies below apply to all employees within Embellence Group. The Code of Conduct and the Sustainability & Environmental Policy also cover tier-1 strategic suppliers.

| Policy and governing documents | General description | Scope | Document owner | Decision level | Accessibility |
|---|---|---|---|---|---|
| **Code of Conduct** | The Code of Conduct describes core values, business principles and the commitment to conduct sustainable activities in a responsible, efficient and transparent manner. | Own workforce Strategic suppliers | Head of Sustainability | Board of Directors | Intranet/ website |
| **Sustainability & Environmental Policy** | The Sustainability & Environmental Policy describes Embellence Group's standpoint, framework and expectations for business partners in terms of promoting responsible resource utilisation and long-term sustainable development. | Own workforce Strategic suppliers | Head of Sustainability | Board of Directors | Intranet/ website |
| **Information Security Policy** | The Information Security Policy describes how information and information systems are to be protected against unauthorised access, loss and misuse, as well as fundamental principles for handling information in a secure and responsible manner. | Own workforce | Head of IT | Board of Directors | Intranet |
| **IT Security Policy** | The IT Security Policy establishes rules for the use of information systems and other information assets within Embellence Group. | Own workforce | Head of IT | Board of Directors | Intranet |
| **IT Policy** | The Policy provides a framework for the effective governance and delivery of IT in accordance with applicable laws, regulations and requirements from operations, customers, employees and other stakeholders. | Own workforce | Head of IT | Board of Directors | Intranet |
| **Insider Policy** | The Insider Policy aims to ensure that sensitive and non-public information is handled correctly and to prevent improper use of such information by insiders. | Own workforce | CFO | Board of Directors | Intranet |
| **HR Policy** | The HR Policy aims to ensure clear and consistent management of HR-related matters and to promote a safe, fair and sustainable work environment. | Own workforce | HR Director | Board of Directors | Intranet |
| **Information Policy** | The Information Policy aims to ensure correct external communication in terms of content, timing and compliance. | Own workforce | CFO | Board of Directors | Intranet |
| **Finance Policy & authorisation limits** | The Finance Policy describes how the financial work is to be managed and organised within Embellence Group AB and its subsidiaries. | Own workforce | CFO | Board of Directors | Intranet |

## GOV-2 Information and reporting to the Board and management on material impacts, risks and opportunities

The Head of Sustainability reports annually to the Board on the management of Embellence Group's impacts, risks and opportunities based on the double materiality assessment. This reporting also includes following up progress towards short and long-term targets, and information on relevant changes to laws and other regulations. As part of a deeper review of operations, the Board is also informed about the sustainability performance of each subsidiary. Managing Directors are regularly invited to the Board to present the company's strategy and development, which includes sustainability.

## GOV-3 Incentive programmes linked to sustainability targets

Two types of incentive programmes have been introduced for management and staff within Embellence Group, STI – annual bonus and LTIP – share savings programme:

### STI – Annual bonus

Embellence Group's annual bonus programme is based on target achievement within each unit. All executive management and a large proportion of others have part of their bonus linked to the fulfilment of the Group's sustainability targets, primarily environmental targets. The proportion of sustainability-related targets varies, but targets correspond to up to 25% of an individual's total potential bonus.

### LTIP – Share savings programme

The 2025 Annual General Meeting resolved to introduce a share savings programme for executive management and key individuals within Embellence Group. Within the framework of the programme, it is possible to receive performance shares free of charge, provided that certain performance targets are achieved. The performance targets will be based 90% on Embellence Group's sales and profitability and 10% on Embellence Group's sustainability ambition.

All details of the share savings programme are available on the Embellence Group website.

## STRATEGY

### SBM-1 Business model, strategy and sustainability targets

Embellence Group's business model is based on developing strong premium brands in the wallpaper segment, complemented by other colour and pattern-driven interior decoration such as textiles and rugs. The Group combines the resources and structure of a large company with the flexibility and market proximity of a smaller company. The focus is on strengthening the brands' history, creativity and innovation, and combining this with shared core functions in, for example, strategy, finance, HR, digitalisation, sustainability and expansion. This is a decentralised process with the aim of preserving the entrepreneurship, passion and identity of each individual brand.

The key focus areas of the strategy include increasing direct-to-consumer (DTC) sales, ensuring a positive development in key international export markets and increasing sales to the Hospitality channel. The strategy and business model are explained in more detail on pages 8–11.

Sustainability activities encompass the entire value chain, and are integrated into both strategic and operating activities. The focus is on active efforts to limit and minimise negative impacts and manage identified risks while also leveraging business opportunities. This process thereby contributes to strengthening the Group's long-term competitiveness. More central areas include a gradual reduction in emissions and other negative impacts from the production of raw materials and finished products, ensuring efficient material and resource management, enabling a sustainable organisation and stimulating workplace, and ensuring responsible and ethical business.

## EMBELLISH WITH EXCELLENCE

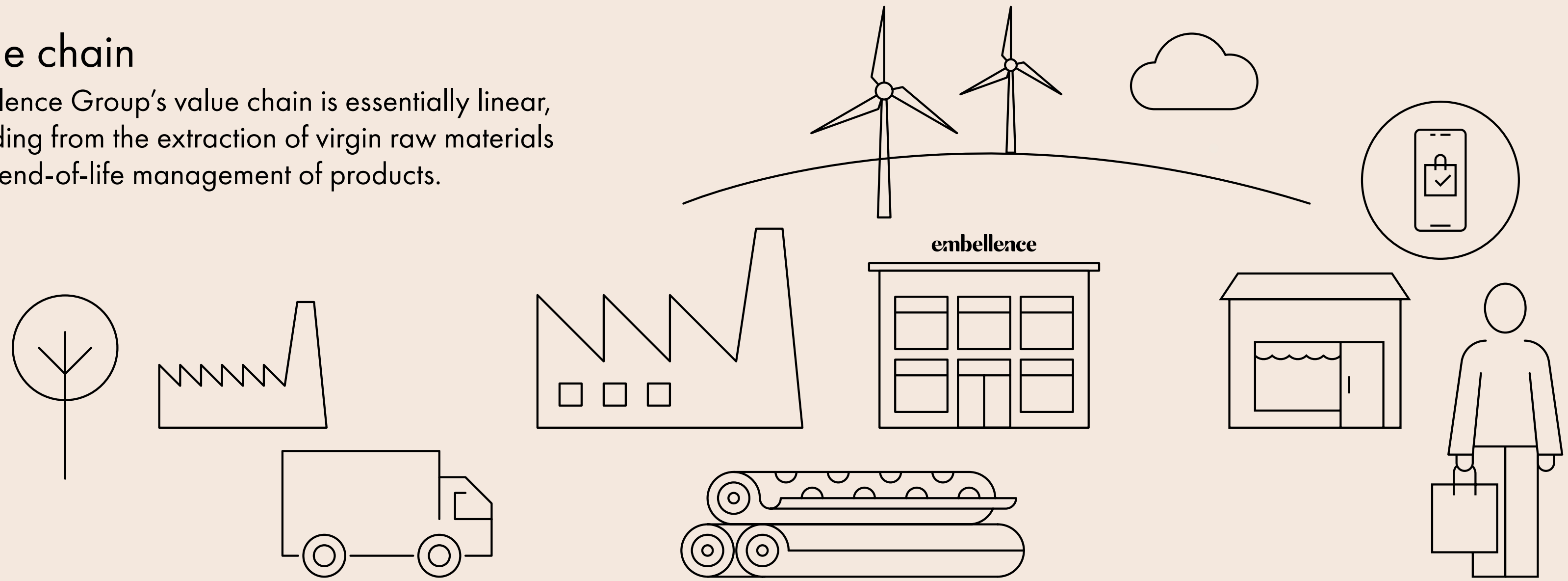
– three focus areas and related targets

| A SUSTAINABLE VALUE CHAIN | | A SUSTAINABLE ORGANISATION AND STIMULATING WORKPLACE | | RESPONSIBLE AND ETHICAL BUSINESS |
|---|---|---|---|---|
| MORE EMBELLISHMENT WITH LESS IMPACT | EFFICIENT AND OPTIMAL MANAGEMENT OF MATERIALS AND RESOURCES | TAKE CARE OF OUR EMPLOYEES | PROMOTE EQUALITY, DIVERSITY AND OPENNESS | LEAD BY EXAMPLE THROUGH INTEGRITY AND ETHICAL BEHAVIOUR |
| 50% reduction in $CO_2e$ in Scopes 1 & 2 by 2030 and 90% by 2050. | Reduce waste by 5% annually by 2030. | Zero work-related near-misses and accidents. All employees should be offered an individual development plan. | Zero incidents of discrimination. | All employees and material suppliers must sign the Code of Conduct and the Sustainability Policy. |

The Group's climate and environmental commitment (A sustainable value chain) is focused on reducing the Group's direct and indirect negative impacts on the environment and the climate. The social sustainability theme (A sustainable organisation and stimulating workplace) is focused on protecting all employees and taking a stand on important social issues. Processes linked to ethics (Responsible and ethical business) are focused on securing the right conditions and optimal structures for governance.

# Value chain

Embellence Group's value chain is essentially linear, extending from the extraction of virgin raw materials to the end-of-life management of products.




## UPSTREAM

The most central part of the upstream value chain is the production of the raw material used in the production of wallpaper. Raw material extraction, material production and related transportation together account for approximately 81% of the Group's total climate impact. This is also where the potential for negative impacts and risks related to social and ethical aspects are greatest.

Complex and often global value chains limit Embellence Group's scope for action.

## OWN OPERATIONS

In its own operations, the impact primarily consists of energy consumption in production and offices, waste from its own manufacturing operations, emissions from transportation and working conditions for its own workers. Although the impact is smaller from a value chain perspective, there is a greater potential to exert and influence.

## DOWNSTREAM

Downstream impacts on the environment occur mainly as a consequence of transportation to end consumers, retailers and distributors. In addition, there is also a risk of impacts in connection with improper end-of-life management.

## SBM-2 Stakeholders and stakeholder dialogue

Regular dialogue with the Group's stakeholders is a key part of how Embellence Group understands needs, expectations and how its operations impact different groups. These dialogues provide valuable insights that support the prioritisation of relevant actions and contribute to further development.

The results of the dialogues are integrated into Embellence Group's sustainability strategy and reported to Group Management.

## SBM-3 Impacts, risks and opportunities

Based on the double materiality assessment, Embellence Group has identified and assessed material impacts, risks and opportunities in six of the ESRS main areas: Climate change (E1), Pollution (E2), Resource use and waste (E5), Own workforce (S1), Workers in the value chain (S2), Business conduct (G1)

No resilience analysis was conducted in conjunction with the double materiality assessment, but Embellence Group will evaluate the possibility of carrying out such an analysis in 2026.

Below is an overview of each material ESRS topic, specifying the relevant subtopics linked to impacts, risks and opportunities. A further analysis of IROs can be found under each of the sections – environment, social responsibility and business conduct.

The rating scale for severity is graded from 0 to 5, where 5 is the most severe and 0 less severe. Refer also to the materiality assessment on page 33.

| Material impact, risk or opportunity | Impact, risk, opportunity | Time horizons | Severity | | |
|---|---|---|---|---|---|
| | | | Upstream | Own operations | Downstream |
| **E1 CLIMATE IMPACT** | | | | | |
| **$CO_2e$ emissions from manufacturing of purchased goods and transport (Scope 3)**<br>Emissions related to the upstream production of the raw materials, materials and products Embellence Group purchases to later process or resell. | Negative impact | Short-term | ↑ | | ↓ |
| **$CO_2e$ emissions from operations (Scopes 1 and 2)**<br>Emissions mainly related to the use of LPG for heating and operating the largest production facility within the Group. | Negative impact | Short-term | | ✓ | |
| **High energy consumption (fossil fuels)**<br>Embellence's activities require large amounts of energy, which generates emissions. | Negative impact | Short-term | | ✓ | |
| **Shortcomings in compliance with environmental legislation**<br>Non-compliance may result in financial sanctions, such as fines. Additional costs and investments may also be required to ensure compliance with future legislation, for example related to emissions. | Risk | Medium-term | | ✓ | |
| **E2 POLLUTION** | | | | | |
| **Potential lack of knowledge about chemicals/substances used (suppliers)**<br>The use of chemicals in production and operations, if not properly managed, may lead to negative environmental impacts. | Negative impact | Medium-term | ↑ | | |

Rating scale 4–5 2–3 0–2

| Material impact, risk or opportunity | Impact, risk, opportunity | Time horizons | Severity | | |
|---|---|---|---|---|---|
| | | | Upstream | Own operations | Down-stream |
| **E5 RESOURCE USE AND WASTE** | | | | | |
| **High use of titanium dioxide in wallpaper**<br>The production and use of titanium dioxide in wallpaper may have negative environmental impacts. In addition, residual gases and waste-water can be discharged into the environment if not properly managed, which may cause pollution. Titanium dioxide is considered to have the largest impact among the substances used in Embellence products, due to the amounts used. | Negative impact | Short-term | ↑ | | |
| **Substrates used in the production of wallpaper**<br>The substrates used in wallpapers – such as polyester fibres, paper, fiberglass and vinyl – may have a harmful impact on the environment – at all stages from production to waste management. The production of polyester fibres, which account for a high proportion of finished wallpaper material, is energy intensive, and the manufacturing process can involve hazardous chemicals, which may negatively impact the climate and the environment. | Negative impact | Short-term | ↑ | | |
| **Waste from wallpaper production**<br>The total amount of waste generated by Embellence Group mainly consists of production waste, packaging materials and marketing materials and these can have significant negative environmental impacts. | Negative impact | Short-term | | ✓ | |
| **Sustainable design and material choices to reduce environmental impact**<br>Designing products that use recycled or other sustainable materials reduces the amount of natural resources required in production and operation. The same applies to actively choosing materials for production that have less impact on the environment. Increasing the use of recycled materials or sustainable designs can therefore have a positive environmental impact by creating less resource-intensive products. | Opportunity | Short-term | | ✓ | |
| **Increased costs or limited availability of raw materials**<br>Embellence relies on raw materials, particularly substrates, for wallpaper production. There is a risk of higher prices or limited access to the raw materials needed for production. This could result in increased production costs or delayed deliveries. | Risk | Medium-term | | ✓ | |
| **Consequences of non-compliance**<br>Changing regulatory requirements for end-of-life management and recycling may increase and entail a risk of non-compliance if Embellence does not fulfil the requirements, or lead to increased costs as a result of growing responsibilities for waste management. | Risk | Long-term | | ✓ | |
| **S1 OWN WORKFORCE** | | | | | |
| **Cases of health and safety accidents in the workplace**<br>Incidents and exposure to health and safety risks can negatively impact the health and well-being of workers, leading to personal suffering and reduced productivity. | Negative impact | Short-term | | ✓ | |
| **Risk of not attracting and/or retaining skills**<br>There is a risk that Embellence will be unable to attract and retain employees with key expertise. This could lead to increased costs related to recruitment and training and a loss of important skills. | Risk | Long-term | | ✓ | |

Rating scale 4–5 2–3 0–2

| Material impact, risk or opportunity | Impact, risk, opportunity | Time horizons | Severity | | |
|---|---|---|---|---|---|
| | | | Upstream | Own operations | Down-stream |
| **S2 WORKERS IN THE VALUE CHAIN** | | | | | |
| **Potential cases of child and/or forced labour in the supply chain**<br>Embellence sources raw materials and chemicals from suppliers with a limited assessment process, which means that there may be potential negative impacts downstream in the value chain. | Negative impact<br>Risk | Medium-term | | ✓ | |
| **Potential poor working conditions in the value chain**<br>Embellence has limited insight into its suppliers and their working conditions, which could mean there are negative impacts on workers in the supply chain and that Embellence is not aware of these. This could include non-compliance with contractual terms, guidelines and industry standards related to health and safety. | Negative impact<br>Risk | Medium-term | ↑ | | |
| **Risk that suppliers breach the Code of Conduct**<br>Shortcomings in health and safety and conditions for the workforce in the value chain may pose risks related to delayed or postponed deliveries due to injuries, strikes or other causes. Shortcomings in equal treatment and opportunities for all pose potential risks to the brand and reputation, which may lead to financial impacts. | Risk | Medium-term | | ✓ | |
| **G1 BUSINESS CONDUCT** | | | | | |
| **Risks of unethical work methods**<br>By signing Embellence's Code of Conduct, material suppliers confirm that a conscious effort is being made to eliminate unethical working conditions. A lack of systematic supplier evaluations and follow-up could have a negative impact on workers in the supply chain, particularly for suppliers beyond direct suppliers where transparency is limited. | Negative impact | Medium-term | ↑ | | |
| **Corruption or shortcomings in business conduct**<br>Crimes, violations or grievances related to corruption or shortcomings in business conduct in the company's own operations, at suppliers and partners pose risks to the trust of customers, existing and potential employees, suppliers, partners and the external environment. Violations of laws and other regulations could also result in negative financial performance due to the imposition of fines. | Risk | Medium-term | | ✓ | |

Rating scale 4–5 2–3 0–2

## ABOUT THE MATERIALITY ASSESSMENT

### IRO-1 Description of the process of analysing and assessing materiality

In 2024, a double materiality assessment was conducted that included a comprehensive analysis of Embellence's impacts (positive and negative) as well as financial risks and opportunities. The analysis was carried out together with an independent consulting agency and followed the EU's CSRD and ESRS standards published in July 2023. The entire value chain was reviewed as part of this work and dialogues. The findings are based on internal documents, industry data and meetings and workshops with relevant internal experts. A summary linked identified risks, opportunities and impacts to the appropriate sustainability area. These were also assessed in the short, medium and long term and where in the value chain they arose. They were then graded for impact and financial materiality. The involvement of many stakeholders and the review of existing ESG processes, policies and risk management ensured an objective and well-grounded assessment.

With the support of its stakeholders, Embellence Group has analysed the sustainability areas that are most material to the Group. This will concentrate sustainability efforts to the areas where the impact is greatest to clarify goals moving forward for a positive long-term change. The work was based on the principle of double materiality, which covers both impact and financial materiality. A sustainability matter may be material from one or both of these perspectives.

- **Impact materiality:** Embellence Group's impact on people and/or the environment.
- **Financial materiality:** Sustainability matters that impact the Group's cash flows, performance, results, financial position, cost of capital or access to finance.

**The materiality assessment was performed in five stages:**

1. Identification of a gross list of ESG topics
2. Review of relevant ESG documentation and collection of stakeholder insights
3. Assessment of impact and financial materiality
4. Validation of the materiality assessment
5. Materiality map and documentation

Based on the gross list, a first assessment was conducted of topics that are relevant for Embellence Group. The assessment took into account activities, locations, sector-specific factors and the entire value chain. This resulted in a preliminary list of ESG impacts, risks and opportunities (referred to in the report as IROs) in various parts of the value chain and across different time horizons.

A summary linked identified impacts, risks and opportunities to the appropriate sustainability area. These were also identified based on time horizon (short, medium and long term) and where in the value chain they arose. They were then graded using the criteria for ESRS 1 for impact and financial materiality. The involvement of both internal and external stakeholders ensured an objective and well-grounded assessment throughout the organisation. The process also included a review of existing ESG processes, reporting, policies, codes of conduct and risk management.

#### Impact materiality

After identifying Embellence's positive and negative, actual and potential impacts on people and the environment in sustainability areas, materiality was assessed using a scoring model. Negative impacts were assessed on the basis of likelihood and severity (scale, scope and irremediable character), with severity outweighing likelihood for human rights impacts. Positive impacts were assessed in terms of severity and likelihood.

Severity was graded from 1 (very low and easily restorable) to 5 (very high and permanent). Likelihood was graded from 1 (rare) to 6 (actual/100%). All impacts were placed in a matrix (severity vs. likelihood) and compared against a threshold where high severity was always considered material, regardless of likelihood. A lower threshold was used for human rights. If any impact within a sustainability area was above the threshold, the area was considered material from an impact perspective.

#### Financial materiality

After identifying risks and opportunities related to sustainability matters, their financial impact was assessed in terms of scale and likelihood.

The scale of the impact was graded from minor (1–2.5% of EBITA) to very large (20–100% of EBITA). The likelihood was graded from unlikely (<1%) to likely (50–75%).

Each risk/opportunity was classified as actual or potential and placed in a 5x5 matrix (impact vs. likelihood). A threshold line was set to capture both large impacts and high-probability smaller impacts, and was compared to the company's risk management assessment.

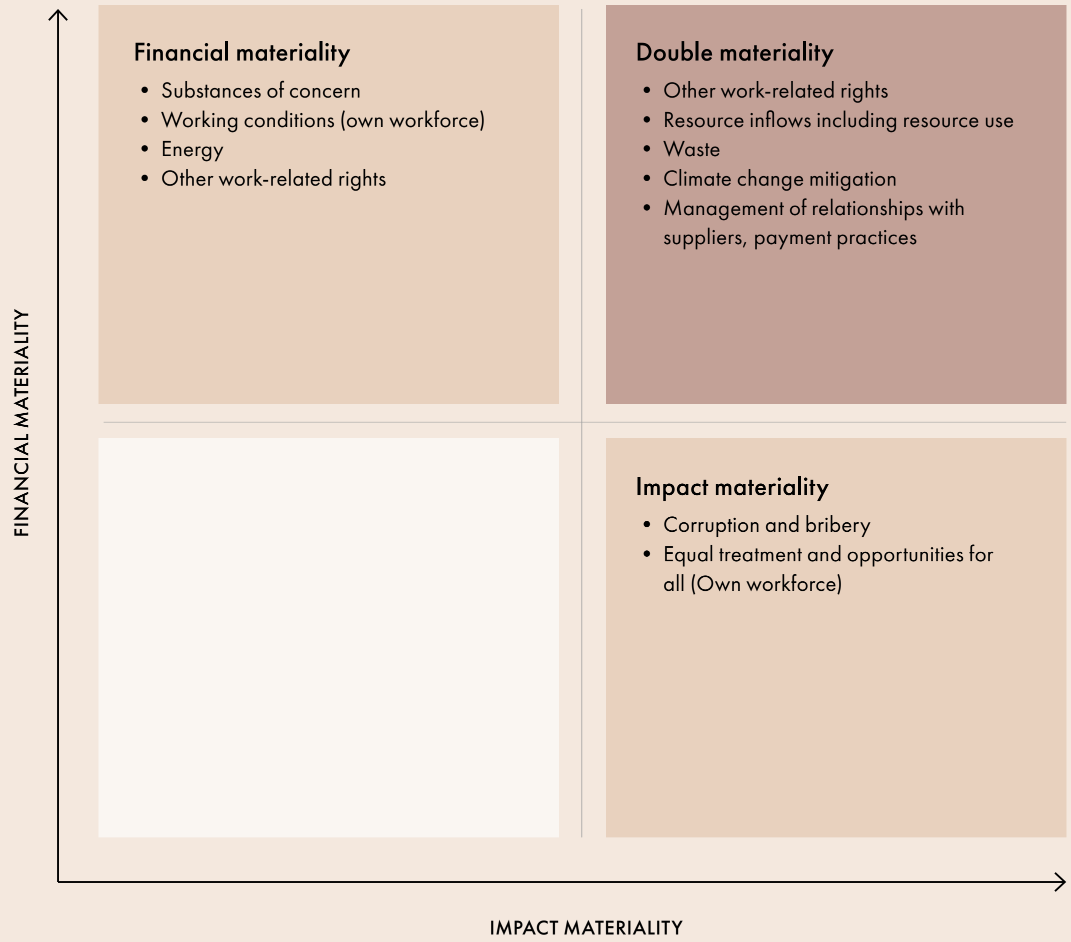
The analysis resulted in six material ESRS topics/standards: three environmental, two social and one governance. Within these, a total of 11 ESRS subtopics were identified as material. These include five environmental, four social and two governance subtopics. The double materiality assessment was adopted by the Board in November 2024.

## IRO-2 Results of the double materiality assessment

The results of the revised and extended assessment of impacts, risks and opportunities in 2024 showed that the subtopics under E1 (Climate impact), E5 (Material use and waste), S2 (Workers in the value chain) and G1 (Business conduct) are considered to be doubly material in terms of impacts or from a financial perspective. E2 (Pollution) and S1 (Own workforce) were assessed as having either a material or financial impact. The abovementioned impacts, whether double or solely material or financial, are focus areas for Embellence Group and are part of long-term work for sustainable development.

No subtopics within E3 (Water and marine resources), E4 (Biodiversity and ecosystems) or S3 (Affected communities) were considered material, either in terms of Embellence Group's impact on people and the environment or financial impact on Embellence Group.

## Outcome materiality assessment



PAPPELINA: VERA POP RIVER BLUE

# Environment

## E1 CLIMATE CHANGE

Through manufacturing and distribution worldwide, Embellence Group impacts the climate and the environment. Structured work is taking place in the Group to reduce carbon emissions in own operations. Active efforts are also being pursued to reduce emissions throughout the value chain in close collaboration with suppliers. To identify climate impacts, GHG emissions are analysed in accordance with the GHG Protocol.

### SBM-3 Impacts, risks and opportunities

In 2025, Embellence Group's total $CO_2e$ emissions amounted to just over 9,300 tonnes. More than 80% of emissions were generated upstream, mainly from the production and transportation of raw materials, products and services purchased for further processing or sale. The remaining emissions were generated in the company's own operations, in conjunction with production, logistics and transportation.

Reducing emissions generated by the Group has long been a focus for Embellence Group. Overall, emissions have decreased by 26% since 2022, mainly due to reduced carbon emissions from the consumption of materials and a transition towards energy with lower climate impact.

Our contribution to the UN Sustainable Development Goals

**SDG 7**
Affordable and clean energy

**SDG 12**
Responsible consumption and production

**SDG 13**
Climate action

| Upstream | | | Own operations | Downstream |
|---|---|---|---|---|
| PURCHASED GOODS AND SERVICES 71% | TRANSPORTATION AND DISTRIBUTION 8% | OTHER EMISSIONS 2% | MANUFACTURING AND LOGISTICS 11% | TRANSPORTATION AND DISTRIBUTION 8% |

## E1-1 Transition plan

Embellence Group's long-term ambition is to reduce the carbon footprint in Scopes 1 and 2 by 50% by 2030 and 90% by 2050, compared to the base year of 2022. The work is pursued based on a transition plan approved by Embellence Group's management and Board. The transition plan, which addresses Scope 1 and 2 emissions, is translated into business-specific priorities within the framework of each brand's regular business planning processes.

### Main measures to reduce emissions

**Transition to renewable energy and continued energy optimisation**
One of the core elements of the transition plan is to gradually reduce the combustion of LPG and replace it with bioLPG at the Group's largest production facility. Here, LPG is used for heating and factory operations, including drying water-based wallpapers. The transition to bioLPG does not require any investment, but does increase running costs.

In parallel, work to improve energy efficiency will continue. The focus is on ensuring fundamental energy savings at all facilities. Essential features of this work include continuous review and optimisation of electricity consumption in offices and production facilities.

**Increase rates of recyclable content**
Given that materials and resources account for the largest share of the carbon footprint, the plan also includes the transition to more sustainable and renewable materials. This work includes optimising material use, reducing waste and streamlining the management of residual streams. Through a clear internal organisation and close cooperation with suppliers and other stakeholders, the measures are implemented gradually throughout the value chain.

**Product development with a focus on reducing $CO_2e$**
Product development in line with circular principles will help reduce the climate impact throughout the life cycle of the wallpaper. This includes the selection of materials with lower $CO_2e$ intensity, increasing the share of recycled and renewable content, optimised formulations and energy-efficient production. The initiatives will be integrated into development processes and monitored through the formulation of specific key figures per product category.

**Scope 3 emissions also decreased**
A screening of Scope 3 emissions will be performed in 2026. The focus will be on emissions generated from purchases of materials and manufacturing of products as well as upstream and downstream transportation. Concrete, measurable and realistic targets will be presented in 2026 with the intention that these will be implemented across the Group in 2027.

## E1-2 Governance and policies

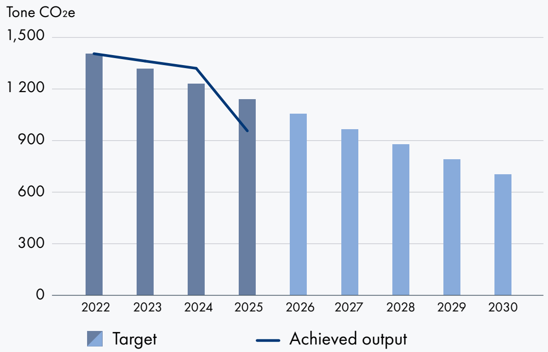
The main policies used to govern, secure and raise awareness across the value chain to reduce our climate and environmental impact can be found in Embellence Group's Code of Conduct. The Sustainability & Environmental Policy is a new policy from 2025 that will be implemented in 2026. The Code of Conduct and policy are described in more detail on page 27 under the heading MDR-P Policies.

In 2026, an updated Code of Conduct will be sent out for all employees and key suppliers to sign to demonstrate the importance of reducing resource use and ensuring the proper management of chemicals and landfill waste.

## E1-4 Targets

In September 2025, the Board of Directors of Embellence Group approved and established targets linked to Scopes 1 and 2. GHG emissions are to be reduced by 50% by 2030 and by 90% by 2050. The base year is 2022. The chosen base year is considered to be representative as it reflects a normal financial year without significant non-recurring effects or structural changes. Reaching the 50% target for emission reductions requires an annual reduction of approximately 10%.

**Planned GHG reductions in Scopes 1 and 2 by 2030**



## E1-5 Energy consumption and mix

| Energy MWh | 2025 | 2024 | 2023 |
|---|---|---|---|
| Fuel consumption from coal and coal products | 0 | 0 | 0 |
| Fuel consumption from crude oil and petroleum products | 192 | 401 | 371 |
| Fuel consumption from natural gas | 0 | 0 | 0 |
| Fuel consumption from other non-renewable sources | 3,705 | 4,134 | 4,107 |
| Consumption from nuclear power | 0 | 0 | 0 |
| Consumption of purchased or acquired electricity, heat, steam, and cooling from non-renewable sources | 84 | 298 | 329 |
| **Total non-renewable energy consumption** | **3,981** | **4,833** | **4,807** |
| **Share of non-renewable sources in total energy consumption (%)** | **54** | **60** | **60** |
| Fuel consumption from renewable sources (including biomass, biogas, waste from non-fossil fuels, renewable hydrogen, etc.) | 327 | 353 | 396 |
| Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources | 2,977 | 2,816 | 2,787 |
| Consumption of self-generated non-fuel renewable energy | 33 | 35 | 0 |
| **Total consumption of renewable energy** | 3,337 | 3,204 | 3,183 |
| **Share of renewable sources in total energy consumption (%)** | 46 | 40 | 40 |
| **Total energy consumption (MWh)** | 7,318 | 8,037 | 7,990 |

| | 2025 | 2024 | 2023 |
|---|---|---|---|
| $CO_2$ emissions from energy consumption, kg/MWh* | 131 | 163 | 169 |

*Energy consumption includes electricity, district heating, company cars and other fuels. The KPI has been updated for 2020–2022, since energy consumption was corrected in one of the Group's brands.

**Comments:** Energy consumption is primarily in own properties and production. Total energy consumption in own operations, Scope 1, amounted to 4,225 MWh in 2025. The energy mix comprises 8% renewable energy and 92% fossil fuels. Energy consumption in Scope 2 consists of cars and heating of properties. Most of purchased electricity for properties is from renewable sources, 92%. $CO_2e$ continues to decrease as a result of increased energy efficiency and a transition to fossil-free energy. Through active choices and measures, the Group's Scope 1 and 2 carbon footprint has been reduced by 32% between 2022 and 2025, corresponding to 449 tonnes of $CO_2e$.

## E1-6 Emissions data

### Allocation between scopes, $CO_2e$, %

| Tonnes of $CO_2e$ | 2025 | 2024 | 2023 |
|---|---|---|---|
| Scope 1 | 10 | 11 | 11 |
| Scope 2 | 1 | 2 | 2 |
| Scope 3 | 90 | 87 | 87 |

### Allocation per emission source, %

| Tonnes of $CO_2e$ | 2025 | 2024 | 2023 |
|---|---|---|---|
| Materials | 6,539 | 7,228 | 7,843 |
| Transportation | 1,517 | 1,389 | 1,494 |
| Business travelling | 88 | 95 | 109 |
| District heating | 20 | 45 | 64 |
| Fuel consumption | 1,067 | 1,147 | 1,153 |
| Electricity | 29 | 129 | 146 |
| Waste management | 4 | | |
| Total | 9,263 | 10,034 | 10,810 |

**Comments:** The reporting includes additional categories, which resulted in an increase in emissions, despite a total reduction of 771 tonnes of $CO_2e$ between 2024 and 2025.

**Scope 1**
In the 2025 financial year, Scope 1 carbon dioxide emissions decreased by 239 tonnes. The impact mainly stems from the largest production facility within the Group, which accounted for 220 tonnes of $CO_2$. Switching the car fleet to purely electric cars from diesel or hybrid cars had a positive impact, reducing the carbon footprint by 20 tonnes of $CO_2$.

**Scope 2**
Through active choices, Scope 2 reductions were achieved and the share of electricity from renewable sources amounts to 92%, a 10% improvement resulting in a reduction of 125 tonnes of $CO_2$.

**Scope 3**
Between 2024 and 2025, Scope 3 carbon emissions decreased by 407 tonnes. This was mainly due to three factors: changes in calculations to align with the GHG Protocol, the impact of sales, and improvements that contributed positively to the reduction in emissions. The transition work to review and optimise the material composition and reduce waste through an improved work process had a positive impact on reducing the Scope 3 carbon footprint. In 2025, the target was to reduce substances with a high carbon footprint. By reducing the amount of titanium dioxide, $CO_2$ emissions were reduced by 148 tonnes. Another important measure was a focus on collaboration with suppliers to replace polyester fibre with recycled polyester fibres, which reduced the estimated carbon emissions by an additional 148 tonnes. One factor that had an impact and should be taken into account is the temporary spike in sales for one of the companies during the last quarter of 2024, which led to a temporary increase in emissions in 2024 and had an positive impact of 200 tonnes in 2025. Changes in production processes and material composition have resulted in a positive impact, reducing carbon emissions by 200 tonnes. In total, a reduction of 690 tonnes of $CO_2$ had a positive impact in the materials category for Scope 3.

During the year, the focus for Embellence Group was to adjust calculations and adapt reporting in accordance with the GHG protocol. This meant that two additional categories were added to the reporting of total carbon emissions. Category 3, which includes fuel and energy-related activities, and category 5, which includes waste from own operations, contributed to an increase in total Scope 3 emissions of 163 tonnes of $CO_2$. Transportation was expanded to include all activities upstream and downstream for information available from forwarding agents, which meant emissions for transportation increased by 127 tonnes of $CO_2$ in 2025. Business travel decreased slightly in 2025 while the category has been extended to include the impact of hotel nights. The total $CO_2$ reduction was 7 tonnes.

## Emissions relative to sales

| Tonnes of $CO_2e$/SEK million revenue | 2025 | 2024 | 2023* |
|---|---|---|---|
| Scopes 1 and 2 | 1 | 2 | 2 |
| – Year-on-year change | –26% | –8% | –6% |
| Scopes 1, 2 and 3 | 12 | 13 | 15 |
| – Year-on-year change | –6% | –12% | –16% |

*Emissions figures for Scope 3 have been adjusted for 2023. The main corrections are in used materials, a category that was added. Scope 3 has increased as a result, to show a true and fair picture in relation to 2024, from which point materials were included going forward.

**Comments:** Emissions relative to sales decreased overall between 2024 and 2025. The greatest impact comes from Scopes 1 and 2 through reduced fossil fuel use. More efficient production runs, a transition to fossil-free electricity and switching to electric cars contributed positively. Targeted initiatives on material supply also had a positive impact on carbon emissions. Key figures are impacted by organic sales growth in 2025.

## Reporting principles

Direct emissions in the upstream and downstream value chain and energy consumption at production facilities are measured and monitored using supplier data, activity data and financial data. An analysis of the Group's activities is performed to assess the actual and potential climate change impacts in line with our corporate strategy and our roadmap to reduce carbon emissions.

GHG emissions are reported in a verified platform and analysed every quarter. All relevant categories are reported for Scopes 1 and 2. Scope 3 is reported in five categories upstream and one category downstream.

The preferred option is to report using supplier-specific data. If this is not available, the supplier's emission factor is used together with volume in tonnes/kWh/litre etc. If the supplier's emission factor is used, a document should be uploaded as verification. The third option is to report using a data-based emission factor, such as from Defra, or a self-calculated emission factor together with known data such as km/kWh/litre/tonne etc, which is the most common reporting method. Assumptions are the last reporting option and should be verified with a document showing the unit calculation together with the data-based emission factor. Spend-based calculations are not used. The measurement of the 2025 metrics presented in the environment section has not been externally validated by auditors.

## Changes in reporting in 2025

During the 2025 reporting period, several changes took place to the reporting scope and calculation methods for GHG emissions, aimed at improving data quality, increasing transparency and ensuring compatibility with the GHG Protocol standard. Scope 1 includes emissions related to refrigerants. When reporting purchased electricity from renewable sources, certificates must be uploaded to enable the reduction of the emission factor. Scope 3 category 1 (materials and services) includes the purchase of packaging materials. Category 3 (fuel and energy) includes emissions arising from the production of energy. These emissions are automatically added when reporting purchased energy that falls under Scope 2.

**Changes to Scope 1**

Scope 1 includes emissions related to refrigerants.

**Changes to Scope 2**

No changes were made to Scope 2 reporting. Emissions arising from the production of energy are automatically added when reporting purchased energy and presented under Scope 3, category 3.

**Changes to Scope 3**

Several definitions in Scope 3 have been updated.

Category 1 (materials and services) includes the purchase of packaging materials.

Category 3 (fuel and energy) includes the transportation of energy-related purchases and the impact of the production of energy.

Category 4 (upstream transportation and distribution) includes all transportation related to the purchase of goods, services and finished products. Even in cases where the transportation cost is not borne by the buyer, but where transportation data, such as mileage and volume, are shown on the invoice, these emissions should be calculated and included in the reporting.

As of the reporting year 2025, all downstream transportation paid for by the reporting company is included. Emissions from storage of purchased goods are calculated based on volume (such as $m^2$, $m^3$, pallet or TEU) and average storage time, combined with site-specific energy and fuel consumption in distribution centres.

Category 5 (waste) is included in the emission calculations and is reported broken down by waste fraction and treatment method. This compares with previous reporting when waste was only reported by weight without an emission factor.

Category 6 (business travel) now also includes the number of hotel nights per country.

Category 9 (transportation and distribution downstream) includes transportation and distribution of products sold that are not paid for by the reporting undertaking. Reporting is based on actual data available from carriers. Estimates based on assumptions about weight or distance travelled are not included. Recurring volume shipments should be included when reliable data is available.

Shipments from own warehouses or third party logistics (3PL) are included in the reporting. In cases where the end-customer cannot be identified, for example when selling through an agent or a department store, the first available datapoint in the value chain is used. This methodology aims to ensure a transparent and data-driven boundary for reported transportation, minimising assumptions.

In the case of drop shipping, transportation is reported in category 4 when the reporting undertaking bears the cost of transportation, and in category 9 when this is not the case.

This methodology aims to ensure a transparent and data-driven boundary for reported transportation, minimising assumptions.

## Description of scope and categories

**Scope 1 Direct emissions**: includes mobile or stationary combustion and emissions related to refrigerants.
**Scope 2 Indirect emissions** from purchased energy consists of purchased electricity for production, warehouses and offices, and electricity for electric vehicles.
**Scope 3 Other indirect emissions** includes purchases related to the purchase of energy, purchased goods and services, transportation, distribution, waste management and business travel.

The categories below are not included in the reporting as they are deemed non-material in relation to the total emissions or not relevant to the strategy:

- Category 7 Employee commuting
- Category 10 Processing of sold products
- Category 13 Downstream leased assets
- Category 14 Franchises
- Category 15 Investments

The following categories will be analysed if they are material and should be included in the calculations in the future:

- Category 2 Capital goods
- Category 8 Upstream leased assets
- Category 11 Use of sold products
- Category 12 End-of-life treatment of sold products

## E2 POLLUTION

### IRO-3 Impacts, risks and opportunities

Embellence Group's various activities contribute directly and indirectly to different types of pollution. The risk of emissions exists throughout the value chain, but primarily upstream. For a summary of impacts, risks and opportunities, see also pages 30–32.

#### Impacts in the value chain

Since Embellence Group has production in several locations, the risk of damage to the natural environment is considered low. Potential environmental damage is restorable with significant work and/or is associated with costs. The greatest impact in the value chain could arise among suppliers or in the company's own operations where chemicals are handled during production. In the supply chain, these substances may be present in regions with inadequate environmental regulations, which could result in contamination of soil, water, air and food, with significant ecological and health impacts.

#### Risks and opportunities for Embellence Group

For Embellence Group, emissions to air, water and soil pose a number of potential risks. In the short term, the main risk is increased costs related to compliance with regulations relating to chemicals. Furthermore, there is a direct risk to brands if substances that are subject to restrictions and/or limitations are found in sold products.

### E1-2 Governance and policies

Environmental work at Embellence Group is governed by the Sustainability & Environmental Policy and aims to ensure compliance with applicable environmental legislation and contribute to national environmental objectives such as good quality groundwater, a toxic-free environment and thriving lakes and watercourses.

Embellence Group has established a structured process for chemical handling in its production facility, which accounts for the Group's largest environmental impact. Collaboration with external specialist partners ensures systematic compliance, continuous updating of safety data sheets and routine monitoring of changes in legislation and limit values. The process also includes checking against relevant risk and candidate lists to enable the proactive substitution of substances in the event of changes to regulatory requirements.

Compliance is monitored through annual environmental reporting and recurring inspections by the authorities, where compliance with imposed protective measures is verified. In addition to external inspections, the business conducts internal environmental inspections and self-assessments according to established procedures to prevent emissions and minimise the risk of pollution. This work also includes the control of process water to ensure that the external treatment operator can maintain effective treatment in accordance with current requirements.

### E2-2 Strategy and actions

Embellence Group recognises the importance of addressing pollution issues and is committed to taking proactive measures. A risk and resilience analysis is planned for 2026 to further identify potential risks and impacts in the value chain as regards pollution.

## E5 RESOURCE USE AND WASTE

Embellence Group works systematically to reduce the use of finite resources and shift towards a more circular business model where resource efficiency is prioritised throughout the value chain. Production uses energy, raw materials and chemicals, and the aim is to gradually replace fossil forms of energy with more sustainable alternatives and optimise the use of input materials to minimise waste and residues.

Most sustainability areas in resource use and waste are actual impacts. Sustainable design is an opportunity to make a positive impact, while higher prices for raw materials or limited access is a risk.

### IRO-3 Impacts, risks and opportunities

The table on page 32 provides an overview of the impacts, potential risks or opportunities that may arise from activities related to resource use and waste.

#### Impacts in the Embellence value chain

The production of Embellence Group's products entails both actual and potential impacts due to the resource flows it generates.

Substances with the single greatest potential impact include the chemical titanium dioxide, which is used in manufacturing wallpaper to reduce light transmission. In addition to being energy intensive, production may give rise to residual gases and contaminated wastewater, which can cause pollution and thereby impact the environment. Titanium dioxide is considered to have the largest impact among the substances used in Embellence products, due to the amounts used.

The substrates used in wallpapers – such as polyester fibres, paper, fiberglass and vinyl – may also have various harmful environmental impacts throughout their life cycle, from production to waste management. One particular potential impact is from polyester fibre, which makes up about 0.25% of the finished wallpaper material. In addition to being energy-intensive, the manufacturing process involves the use of hazardous chemicals, which, if not properly managed, may result in pollution with negative environmental impacts.

All parts of the value chain also generate waste. Upstream, waste is generated from the extraction of minerals and pigments, as well as residues from forestry and the pulp industry. Chemical production often generates process waste, sludge, solvent residues and hazardous waste in conjunction with cleaning. The delivery of materials generates waste in the form of packaging such as corrugated cardboard, plastic film and containers for chemicals. In our own value chain, waste from purchased raw materials and chemicals arises in the form of paint, glue and solvent spillage, as well as contaminated packaging that is often classified as hazardous waste. In production, there are misprinted or discarded wallpaper rolls, edge trim waste, starting and stopping losses and residues from cleaning machines. Sludge or filter residues from the treatment of process water arise during production within our own value chain. Spillage and scrapping of raw materials classified as unusable occurs. Downstream, the primary waste is the consumption of packaging materials.

### Risks and opportunities for Embellence Group

The main risks in the value chain are linked to changes in raw material prices, limited supply of materials and compliance with laws and regulations in recycling and waste management. Upstream in the value chain, risks may arise from price increases or shortages of key raw materials and materials used in production. In our own operations, risks may arise if the handling of materials, chemicals and waste does not comply with applicable legislation or industry requirements, which could affect the company's compliance.

Sustainable design creates opportunities to reduce environmental impact through more resource-efficient products and material choices with a lower carbon footprint. Developing products that are easier to recycle or reuse could increase circularity and reduce waste. More efficient use of materials, energy and chemicals in design and production can also contribute to lower resource consumption. In parallel, sustainable products can strengthen the company's competitiveness by addressing growing demand for solutions that are more environmentally sound.

## E5-1 Governance & policies

Embellence Group has established best practices in its Code of Conduct to minimise environmental impact, and this is a key focus area. The Code of Conduct describes the Group's overarching principles for reducing climate and environmental impacts across its operations and value chain. It serves as a governing framework for how resource efficiency and responsible management of materials, waste and chemicals should be integrated into operations. It also clarifies expectations on employees and suppliers and is used to ensure common guidelines within the Group.

The Sustainability Policy, which will be implemented in 2026, is another step in establishing a clear framework for how Embellence Group integrates sustainability and environmental commitments throughout its operations and value chain. The policy is based on the ESG dimensions and focuses on reducing environmental impacts, ensuring decent working conditions and human rights, and maintaining a high level of business conduct, transparency and accountability. By integrating these principles into strategy and operations, the Group creates conditions for long-term value creation, increased resilience and sustainable growth.

## E5-2 Strategy and actions

For a number of years, Embellence Group has endeavoured to reduce its resource use, increase circularity and minimise waste throughout the product life cycle – from design and development to manufacturing and delivery. All brands in the Group have initiated processes and activities to identify and evaluate sustainable alternatives in their products and packaging.

In wallpaper manufacturing, chemical components are combined with various carrier materials, which currently makes it difficult to recycle the finished product using existing technical solutions. However, several of the constituent materials are recyclable individually, which means the focus is on increasing the share of recycled content in input materials and improving material flows upstream and within own operations.

Through process efficiency, technical investments and improved production control, Embellence Group is striving to reduce rejects and enable increased internal recycling. The ambition is to reduce the amount of waste sent to energy recovery and instead increase material recovery where technically and economically feasible.

A long-term perspective on product quality and lifetime helps to reduce overall resource consumption over time. In parallel, dependency on virgin raw materials is reduced by prioritising recycled materials and resource-efficient purchasing practices.

In the supply chain, there are demands and expectations for continuous improvements to be made in climate and environmental performance. Collaboration with suppliers aims to optimise material choices and product design to reduce waste generation in own production and promote increased recyclability.

Continuous efforts are ongoing to reduce production waste and ensure that any waste that does arise is recycled or managed as sustainably as possible. Through process efficiency, technical investments and improved production control, Embellence Group is striving to reduce rejects and enable increased internal recycling. The ambition is to reduce the amount of waste sent to energy recovery and instead increase material recovery where technically and economically feasible.

In general, recycling is better than energy recovery from an environmental point of view, as the material can be reused and raw materials and energy are saved that would otherwise be needed for new production. Collaboration with suppliers aims to optimise material choices and product design to reduce waste generation in own production and promote increased recyclability.

Pursuing structured product development and maintaining a close dialogue with suppliers for both inputs and outputs creates the conditions for implementing concrete improvements.

## Specific actions in 2025

A number of positive impacts were achieved in 2025 as a result of a concerted effort at Embellence Group's largest production facility:

- In the latter part of 2024, the use of titanium dioxide was analysed and through active product development efforts, a significant decrease in titanium dioxide use has yielded a reduction in the Group's $CO_2e$ emissions by 148 tonnes in 2025.
- Collaboration with key suppliers has increased the use of secondary materials in product inputs. This reduces the need for virgin material and thereby $CO_2e$ emissions linked to resource extraction. An increase in the share of recycled polyester fibres resulted in a reduction in $CO_2e$ by 148 tonnes in 2025.
- A significant reduction in the amount of waste paint residues was achieved by investing in a modern dye kitchen at the Group's largest production facility. By storing and reusing paint, a saving of 29 tonnes of paint sludge was achieved in 2025. This corresponds to 5% of the total amount of waste for the Group.
- In 2025, more efficient machinery operation, behavioural changes when starting production orders and a review of volumes helped to reduce combustible production waste by 22 tonnes.

## E5-3 Targets and outcome data

The target is to reduce the amount of waste by 5% annually by 2030. The target is set as an absolute value and the KPI used to measure the Group's performance is kg waste/kg used materials.

**Waste volumes, trend**

| | **2025** | 2024 | 2023 |
|---|---|---|---|
| Total waste generated/total kg used materials, % | 19 | 19 | 19 |
| Change, % | –2 | –1 | –4 |

**Comments:** The amount of waste in relation to the amount of material used has decreased marginally between 2024 and 2025. Of some significance is that there was a change in reporting by the Group's largest facility to adapt to the GHG Protocol standard. Reporting now takes place every quarter based on the amount of material purchased and not the amount of material consumed, as was reported previously.

**Waste management**

| Tonnes | **2025** |
|---|---|
| Landfill | 680 |
| Energy recovery | 509,383 |
| Composting | 1,458 |
| Recycling | 69,497 |
| **Total amount** | 581,018 |

**Comments:** In 2025, 88% was used for energy recovery, most of which becoming energy in the form of district heating and electricity. Dialogues are being held with waste handlers to increase the proportion of waste that could be recycled.

**Emissions in relation to materials**

| | **2025** | 2024 | 2023 |
|---|---|---|---|
| Kg $CO_2e$/kg used materials | 2 | 2 | 2 |

**Comments:** During the year, there were focused activities around the materials transition, which resulted in a decrease in the amount of $CO_2e$ per kg used materials.

## Reporting principles

Resource inflows are calculated using a methodology based on purchase documentation. Each purchase of the relevant item type recorded during the financial year has been included. To determine the weight of the purchased hardware items, actual weight data from purchases from each manufacturer or supplier was used. If a weight could not be obtained, an average weight for the same item type was used to determine the weight of the purchase. When calculating carbon dioxide impacts, supplier-specific data is used in the first instance, enhanced by supporting documentation, and in the second instance standardised databases for emission factors, such as Defra, ecoInvent or EGTEI.

Waste data is collected from waste contractors for weight, waste type and treatment method. Waste reporting includes what is generated from our operations, such as warehouses and return centres in the markets where Embellence operates. Waste data is based on direct measurements from operations and is presented in tonnes. The waste that is recycled is also included in the calculations for total waste.

# Social responsibility

## S1 OWN WORKFORCE

Embellence Group's own workforce refers to employees in office, production and warehouse. Overall, the own workforce amounted to 224 at the end of 2025. The majority of these worked in brand companies.

Employees are a key resource for Embellence Group's long-term development and business success. The Group strives to be an attractive employer that offers a safe, inclusive and stimulating work environment where individual employees are given the conditions to perform, develop and thrive.

### SBM-3 Impacts, risks and opportunities

Identified factors related to own workforce that either have a negative impact or pose a risk to operations or the external environment were identified in the materiality assessment performed in 2024. The table on page 31 describes in more detail the starting point and has been a focus for Embellence Group.

#### Impacts and opportunities in Embellence Group's value chain

Embellence Group's operations have both positive and potentially negative impacts on employees. Positive impacts include the creation of secure jobs, opportunities for skills and career development, and a corporate culture distinguished by creativity, entrepreneurship and engagement. Negative aspects include the risk of ill health due to unhealthy workload demands, shortcomings in the physical or psychological work environment or work-related stress.

#### Risks for Embellence Group

The main risks include the dependence on employees with the right skills and capabilities. Technological developments, new customer needs and high demands on innovation place significant demands on a willingness to change, innovative capacity and agility. In this work, the ability to attract and retain sought-after skills is crucial to the Group's continued expansion and development. Poor working conditions could result in challenges linked to retaining and recruiting skilled and motivated employees. In addition, there are also legal and brand-related risks linked to accidents and incidents.

### S1-1 Governance and policies

The management of issues relating to own workforce is integrated into Embellence Group's corporate governance. The Board of Directors is responsible for approving the Group-wide HR Policy, while the managing directors of the subsidiaries are responsible for ensuring that the policy is communicated, implemented and complied with within their respective operations.

#### Our contribution to the UN Sustainable Development Goals

**SDG 8**
Decent work and economic growth

**SDG 10**
Reduced inequalities

Each subsidiary then has local procedures, usually in the form of an employee manual, where the local HR procedures are documented and explained to employees.

The HR function supports the companies in the implementation, monitoring and development of HR work. Dialogue with employees takes place through established processes and forums such as performance reviews, employee surveys, and health and safety committees and safety officers.

### Main governance policies

- Code of Conduct
- The HR Policy that includes everything from the Group's values, practices and processes to attract, retain and develop employees

## S1-2 Processes for engaging with own workforce and workers' representatives about interaction

Embellence Group strives for an open and structured dialogue with its employees and, where available, with their union representatives. The aim is to ensure that all employees should feel heard and have an opportunity to influence issues relating to health and safety, working conditions, development and the long-term sustainability of operations.

Regular individual discussions between employees and their line manager are a central part of dialogue in the Group. These discussions offer an opportunity to talk about the work environment, performance, expectations, development and any support needs. As part of the Group's social sustainability activities, one target is to offer all employees an individual development plan every year, which is followed up through the Group's HR processes.

The Group conducts annual employee surveys in all companies. The surveys monitor employee well-being, engagement, perception of leadership and the work environment. The results are analysed at Group and company level and used to identify strengths, risks and areas for improvement.

Embellence Group encourages internal mobility as a means to promote skills development, engagement and long-term career opportunities within the Group. Internal mobility helps to retain skills within the Group and strengthen collaboration between companies.

In addition to employee surveys, there is ongoing dialogue that includes workplace meetings, Group-wide meetings (townhall) and other information and discussion forums. In companies with union representation, regular and systematic meetings are held with workers' representatives in accordance with local legislation and practice. Union organisations are kept informed and support employees when there is a need for further dialogue or escalation.

## S1-3 Processes for monitoring

Embellence Group has procedures in place for early detection, management and mitigation of potential negative impacts that may arise in own operations and, where relevant, in the value chain. These procedures are an integral part of the Group's sustainability activities and aim to ensure that identified risks and violations are investigated, addressed and followed up. The procedures also support employees and external parties to safely raise concerns, risks or suspected breaches.

### New HR system

In 2025, Embellence Group implemented a new Group-wide HR system. The system is an important tool to enhance the quality of the Group's HR processes and enable more structured follow-up, analysis and management of HR-related data. I

In the long term, the HR system is expected to provide more consistent, systematic and continuous practices across the Group, while continuing to take into account local needs. The system also creates the potential to improve HR data management and data-driven decisions.

### Reporting channels for employees

The Group has several channels available to employees to raise concerns, risks or needs. Employees are primarily encouraged to raise issues with their line manager, safety officer where available, HR or Group Management if they suspect that a breach has occurred or they are experiencing problems.

### Whistleblower function

Embellence Group provides a whistleblowing system that is accessible to both internal and external parties. The channel can be used to report serious suspected violations of the Group's Code of Conduct, including discrimination, harassment, human rights violations, health and safety or security-related shortcomings.

The whistleblower function is provided by an independent provider and enables anonymous reporting. Cases are processed confidentially and are handled internally by a limited number of specifically designated individuals at Group level. The line manager does not have access to the system, which guarantees independence and protection of persons who report breaches. All cases are documented, investigated and followed up using established procedures and action plans.

### Other channels

In addition to other reporting channels, there are also established forums and processes to identify and follow up on issues related to the work environment and health and safety.

The Group also has procedures for incident reporting, where incidents, accidents and work-related incidents are reported, investigated and followed up. Issues related to health and safety are also included in a dedicated section in employee surveys. This section aims to monitor employees' perception of the work environment and their awareness of how and where to report suspected problems, risks or incidents. The results are used to strengthen procedures, raise awareness and ensure that reporting channels are known and accessible to all employees.

## S1-4 Strategy and actions

Embellence Group's strategy for its own workforce aims to make it an attractive and sustainable employer by offering secure working conditions, development opportunities and a good work environment. This work is based on the Group's values, business strategy and Group-wide HR policy and is integrated into the overall governance of sustainability activities. Strategies and actions are adapted to each company's operations, local conditions and applicable regulations, while common principles are applied throughout the Group.

### Health, safety and well-being

The Group conducts continuous activities to promote employee health, safety and well-being. These include regular risk assessments, health and safety inspections, incident reporting and dialogue with employees and, where relevant, union representatives. Local health-promoting initiatives are implemented within each company and may vary depending on the nature of the business. Health-promoting initiatives at the Group's Swedish companies include a cycle to work scheme and wellness allowances, while other companies provide training in health and safety through external resources.

### Work-life balance

Where roles permit, we offer flexible working hours and hybrid working to support work-life balance.

### Diversity, inclusion and equal opportunities for all

Embellence Group works to promote an inclusive and fair workplace where all employees have equal opportunities, rights and responsibilities. This work is based on the Group's values and includes fair and transparent processes in recruitment, development and remuneration. In accordance with local legislation, the Group regularly monitors matters related to gender equality, diversity and inclusion through analyses and dialogue, to identify areas for improvement and ensure equal treatment throughout the organisation.

### Recruitment

Embellence Group applies a professional, structured and inclusive recruitment process to attract the right skills while strengthening the Group's employer brand. All candidates are treated with respect and professionalism, regardless of the outcome, and the recruitment process is distinguished by transparency and equal opportunities. These principles also apply when external recruitment partners are engaged on behalf of the Group.

New employees are introduced through a structured local onboarding process that aims to provide a good understanding of Embellence Group, the local company, values and ways of working. An important part of the onboarding process moving forward is that all employees digitally sign the Group's Code of Conduct to ensure that all employees have read it and undertake to comply with its contents. The hiring manager and local HR are responsible for ensuring that onboarding is carried out in accordance with the applicable guidelines.

The Group's long-term principle is to strive to staff key positions with permanent employees. Employment conditions must always comply with applicable legislation and collective agreements, and all employees have the right to be members of a trade union of their choice.

### Engagement and development

Embellence Group encourages engagement and development through continuous dialogue, regular employee surveys and opportunities for internal mobility. Internal mobility helps to boost skills transfer, career development, long-term skills supply and synergies within the Group.

Embellence Group offers continuous skills development and a Group-wide target is that all employees should be offered an individual development plan each year. Employee engagement and perception of Embellence Group as an employer are followed up through employee surveys, which include a measurement of willingness to recommend companies within the Group as a workplace and this is analysed as an input for further improvement work.

To strengthen the Group's culture and cohesion, various local initiatives are also carried out within the companies, such as joint fitness activities, inspirational meetings and internal sharing of best practices. These initiatives help to increase engagement, learning and collaboration within the Group.

## S1-5 Objectives

As part of Embellence Group's continued development of social sustainability activities, the Group established new Group-wide targets during the year in the area of a sustainable organisation and stimulating workplace. These targets apply from this year and will be monitored and developed moving forward.

### Take care of our employees

Within the framework of its ambition to take care of Embellence Group employees, the Group has set the following targets:

- Zero work-related near-misses and accidents
- All employees should be offered an individual development plan

The target of zero work-related incidents and accidents reflects the Group's long-term ambition to ensure a safe and secure work environment in all companies. This work is supported by systematic risk assessments, near miss reporting and follow-up.

The target that all employees should be offered a personal development plan aims to strengthen engagement, skills development and long-term employability. This target will be monitored through the Group's HR processes and the new HR system.

### Promote equality, diversity and openness

As part of the Group's work to promote an inclusive and fair workplace, the following targets have been established:

- Zero incidents of discrimination

The target means the Group has zero tolerance for discrimination and works preventively through clear policies, training, dialogue and established reporting channels. Any incidents are followed up in accordance with the Group's procedures for investigation and response.

Follow up is conducted quarterly and will be reported for the first time in the 2026 Sustainability Report.

## S1-6 Characteristics of the undertaking's employees

**Employees by country and gender, number (HC)**

| Country | Total | Female | Male |
|---|---|---|---|
| Sweden (SWE) | 128 | 62 | 66 |
| Italy (IT) | 34 | 20 | 14 |
| UK | 33 | 19 | 14 |
| USA (US) | 33 | 21 | 12 |
| **Total** | **228** | **122** | **106** |

**System source:** The information is based on data from the Group's HR system Hailey HR and refers to employees who were employed on 31 December 2025.

**Employment by type and gender, number (HC)**

| | 2025 | | |
|---|---|---|---|
| Types of employment | Total | Female | Male |
| Total employees | 228 | 122 | 106 |
| – Permanent | 224 | 120 | 104 |
| – Temporary | 4 | 2 | 2 |
| Full-time employees | 207 | 106 | 101 |
| Part-time employees | 21 | 17 | 4 |

**System source:** The information is based on data from the Group's HR system Hailey HR and refers to employees who were employed on 31 December 2025.

**Employee turnover, %**

| | |
|---|---|
| Total, % | **18** |
| Total, number who have left | 41 |

**System source:** The information is obtained from various data sources and refers to the number of employees who left in 2025.

**Includes:** Death, retirement, end of probationary period, termination of employment for personal reasons, mutual agreement, end of fixed-term contract, dismissal due to redundancy, own request.
**Calculation:** Employee turnover: Number who have left in 2025/ average number of employees.

## S1-9 Diversity metrics

**Gender distribution in senior positions on 31 December 2025**

| Gender distribution, % | 2025 |
|---|---|
| Board – women, number (%) | 3 (60%) |
| Board – men, number (%) | 2 (40%) |
| Executive Management Embellence Group – women (%) | 3 (37.5%) |
| Executive Management Embellence Group – men (%) | 5 (62.5%) |

| Age distribution, total, % | 2025 | 2024 | 2023 |
|---|---|---|---|
| <30, % | 7 | 8 | 8 |
| 30–50, % | 54 | 56 | 58 |
| >50, % | 39 | 36 | 34 |

**System source:** Data from Hailey HR. As of 31 December 2025 including permanent, trial and temporary employment.

## S1-14 Health and safety

**Accidents and near-misses**

| | 2025 | 2024 | 2023 |
|---|---|---|---|
| No. of fatal accidents at work | 0 | 0 | 0 |
| No. of serious non-fatal accidents at work | 0 | 0 | 0 |
| No. of accidents at work reported | 1 | 0 | 1 |

**Whistleblowing cases**

| | 2025 | 2024 |
|---|---|---|
| No. of whistleblowing cases | 0 | 0 |
| No. of discrimination cases | 1 | 0 |

## S2 WORKERS IN THE VALUE CHAIN

### SBM-3 Impacts, risks and opportunities

Embellence may indirectly contribute to negative impacts on workers in the supply chain, for example through potential cases of child or forced labour linked to raw material and chemical sourcing where the current assessment process is limited.

Limited insight into the supply chain also entails a risk of poor working conditions, such as sub-standard working environments, deviations from agreed conditions and non-compliance with industry standards. These challenges give rise to business risks, including supply chain disruptions caused by work-related incidents or conflicts, as well as risks related to brand and financial impact in case of non-compliance with the Code of Conduct and principles for equal treatment.

In parallel, opportunities exist to support these efforts through improved supplier assessments, increased transparency and monitoring of the value chain, which could improve working conditions, reduce risks and strengthen trust among customers and stakeholders.

### S2-1 Governance and policies

Ensuring a high level of social sustainability in the value chain, minimising the risk of negative impacts on human rights and combating child labour in the supply chain are of great importance to Embellence Group. To further ensure compliance and follow-up throughout the value chain, the updated Code of Conduct will be distributed for signature by all material suppliers.

### S2-5 Objectives

Strengthening social sustainability by gaining greater insight into the operations of suppliers is important to Embellence Group. Looking ahead, the aim is to conduct an in-depth risk and resilience analysis. By proactively addressing issues such as forced labour, child labour and social sustainability, the business can reduce risks, help to improve working conditions in the value chain and create long-term sustainable relationships with suppliers.

# Responsible business conduct

## G1 BUSINESS CONDUCT

### SBM-3 Impacts, risks and opportunities

Crimes, violations or grievances related to corruption or sub-standard business conduct in the company's own operations and among suppliers and partners risk damaging Embellence Group's reputation among customers, existing and potential employees, suppliers, partners and the external environment. Failure to act and behave properly also risks a financial impact in the form of additional costs, fines and lost business.

### G1-1 Governance and policies

Embellence Group has zero tolerance for all forms of corruption such as extortion, fraud, bribery and anti-competitive acts. All employees have a responsibility to ensure compliance with external and internal rules and to take action if the company or its employees do not act in line with them.

Embellence has established governing policies that support the Group's work on business conduct, compliance and responsible tax management. The Code of Conduct is a key governing document and sets out expectations for ethical behaviour for the entire organisation. For more information on the Code of Conduct, see page 27.

The Group's Finance Policy includes a tax section that describes the company's basic principles for responsible tax management. The Policy states that Embellence strives to act as a responsible corporate citizen in all countries where it operates and that tax payment is considered part of this social responsibility. Any differences of opinion between the Group and local tax authorities should be addressed in a constructive and positive manner.

**Healthy corporate culture**

Embellence Group is actively working to ensure a high level of business conduct across its operations. The foundation of responsible business conduct and ethical behaviour is a healthy corporate culture. Work to maintain and safeguard this culture is ongoing, through clearly defined expectations, training, regular internal dialogues and structured processes for follow-up.

### G1-2 Management of relationships with suppliers

Embellence Group strives to ensure responsible and fair relationships with suppliers and is continuously working to strengthen the Group's purchasing processes to achieve a more uniform and transparent governance of supplier relationships. Purchasing activities are based on established payment practices where agreed payment terms are always followed and invoices are processed in line with agreed terms. In situations where the supplier does not provide standardised terms and conditions, the aim is for payment to be made within the applicable local standards.

Even if Embellence applies similar procedures to all suppliers, the importance of combating late payments to small and medium-sized enterprises (SMEs) is particularly important. Open communication and clarity on payment practices play a key role in this work. When selecting new suppliers, sustainability-related criteria are included as part of the assessment.

The Code of Conduct is shared with new suppliers to clarify ethical expectations in business relationships. The aim is to include the Code of Conduct as a contractual condition more widely in the future to integrate sustainability requirements into the supply chain and create a clearer framework for managing any negative impacts.

## G1-3 Ethics and responsibilities related to corruption and bribery

Embellence updates its Code of Conduct and other governing policies annually. This work is conducted by each policy manager and then approved by the Board. Management is responsible for implementation and ensuring that all employees are offered training in the contents.

From 2026, all employees will confirm in writing that they have read and understood the Code of Conduct. All policies are available to employees on the company's intranet.

## G1-4 Incidents related to corruption

During the reporting period, no confirmed cases of corruption or bribery were identified.

## G1-6 Payment practices

Embellence Group's payment practices focus on ensuring fair and transparent conditions for suppliers, especially SMEs. The Group does not have a specific policy on payment times, but complies with the legislation and industry agreements applicable to the markets in which it operates.

### Our contribution to the UN Sustainable Development Goals

**SDG 7**
Affordable and clean energy

**SDG 8**
Decent work and economic growth

**SDG 10**
Reduced inequalities

**SDG 12**
Responsible consumption and production

**SDG 13**
Climate action

**SDG 15**
Life on land

# Auditor's report on the statutory sustainability report

**To the general meeting of the shareholders of Embellene Group AB (publ), corporate identity number 556006-0625**

## Engagement and responsibility

It is the Board of Directors who is responsible for the statutory sustainability statement for the year 2025 on pages 23–48 and for ensuring that it is prepared in accordance with the Annual Accounts Act as per the previous wording that was in effect before July 1, 2024.

## The scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability statement. This means that our 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. We believe that the examination has provided us with sufficient basis for our opinions.

## Opinion

A statutory sustainability statement has been prepared.

Gothenburg, 15 April 2026
Ernst & Young AB

Michaela Nilsson
Authorised Public Accountant

# The share

The Embellence share is listed on Nasdaq First North Premier. The starting price on the first trading day of the year was SEK 29.50. At year-end, the share price was SEK 40.70, corresponding to an increase of 38%.


**Share performance and return**
Embellence Group's share reached its highest closing price for the year of SEK 42.10 on 3 November 2025. The lowest closing price was SEK 29.80 on the first trading day of the year. At year-end, the share price was SEK 40.70, an increase of 38% in 2025. This corresponds to a market capitalisation of MSEK 958.

Just over 6 million Embellence Group shares were traded on Nasdaq Stockholm during the year, with a value of approximately MSEK 221. The average daily turnover was approximately 24,600 shares, corresponding to an average value of just over SEK 900,000 per day.

**Share capital**
Embellence Group's share capital amounted to over MSEK 83, distributed among 23,538,721 shares, each with a quota value of SEK 2.50. All shares carry the same voting rights.

**Dividend**
The Board of Directors of Embellence Group proposes a dividend of SEK 1.50 per share (1.25) to the Annual General Meeting.

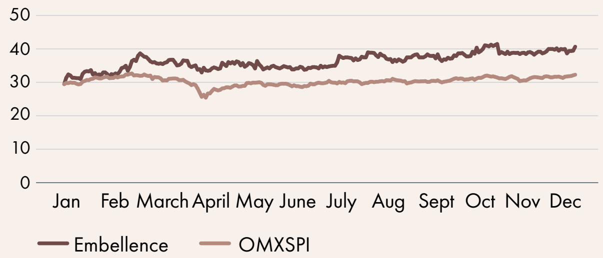
**Shareholders**
The total number of shareholders was 2,248 on 31 December 2025. The largest owner was Cidro Förvaltning AB, a company owned by Peter Lindell, which holds 16% of the total number of shares and votes in the company.

| Largest shareholders | Holding | Holding, % |
|---|---|---|
| Peter Lindell | 3,800,000 | 16.14 |
| JCE Group | 2,918,154 | 12.40 |
| Ramhill AB | 2,400,000 | 10.20 |
| Nordnet Pensionsförsäkring | 1,999,289 | 8.49 |
| Avanza Pension | 1,099,499 | 4.67 |
| Henrik Nyqvist | 1,069,981 | 4.55 |
| FE Fonder | 1,029,205 | 4.37 |
| Erik Åfors | 795,054 | 3.38 |
| Schroders | 700,000 | 2.97 |
| Jerker Adeberg Holding AB | 572,647 | 2.43 |
| Other shareholders | 6,608,980 | 28.08 |
| **Total** | **23,538,721** | **100.00** |

| Share data | 2025 |
|---|---|
| Earnings per share before dilution, SEK | 2.93 |
| Earnings per share after dilution, SEK | 2.93 |
| Proposed dividend per share, SEK | 1.50 |
| Dividend payout ratio, % | 51 |
| Total number of shares outstanding at year-end | 23,538,721 |

| Share information | |
|---|---|
| Trading venue Nasdaq First North Premier | |
| Ticker | Embell |
| ICB code | 4040 |
| ISIN code | SE0013888831 |
| Trading unit | 1 |
| Market capitalisation at 31 December 2025 (MSEK) | 958 |

**Share performance 2025**




## Sustainability-related risks

An overview of the Group's sustainability-related risks is integrated into this risk section. Environmental risks are currently governed and followed up through a continuous assessment of the company's various activities, the principal components of which are production and the actual products. Indirect impact in the value chain will be more carefully monitored in the future. Employee-related risks are governed through the Group's Code of Conduct, which also specifies how resulting problems are to be managed.

# Risks

Embellence Group is exposed to risks related to changes in market conditions, economic growth prospects and changes in customer behaviour.

All business operations are associated with risk. Risks, if well managed, may lead to opportunities and value creation, while poorly managed risks may result in damage and losses. Controlled risk-taking is crucial for favourable profitability.

Embellence Group works with risk management from a Group and operating perspective. The capacity to identify, evaluate, manage and follow up risk is an important element of the governance and control of Embellence Group's business operations. To reduce future risk, Embellence Group has also introduced processes for identifying and documenting negative deviations/improvement potential, and the business uses these in its work with continuous improvements.

**Responsibility and organisation**

The Board is ultimately responsible for establishing an effective system for internal control and risk management. Responsibility for maintaining an effective control environment and routine work with internal control and risk management is delegated to the CEO. Each manager within the Group is responsible for risk management in their own operations. This responsibility pertains both to routine work with operating and other relevant risks and to driving and developing risk management.

**Follow-up and reporting**

Embellence Group's risk management is systematically monitored by Group Management and includes regular reports. The reports describe developments in each area of responsibility including any developments with respect to identified risks. The Group's CFO regularly reports to the Board on the development of financial risks and work with internal control. The CEO regularly reports to the Board on the work with risk management and the development of the Group's risks.

The following pages describe the most important risks linked to Embellence Group's operations and business – and that could have a material negative impact on the Group's operations, strategy, profitability, cash flow, shareholder value or reputation. The risks are divided into three categories: business- and industry-specific risks, legal risks and financial risks. Financial risks are described in Note 1, and are therefore not presented in this section. Sustainability risks and risks linked to non-compliance with laws and rules, both in Embellence Group and the supply chain, are integrated into the risk categories.

# Business- and industry-specific risks

Embellence Group is exposed to risks related to changes in market conditions, economic growth prospects and changes in customer behaviour.

Demand for Embellence Group's products and services is dependent on the general business cycle in the segments and sectors targeted by Embellence Group's offering, which in turn is influenced by macroeconomic factors in the countries and regions in which Embellence Group operates, including the rate of growth in the global economy, currency fluctuations, customs duties and other global trade-restrictive measures, raw-material prices and inflation.

Demand for Embellence Group's products and services is also dependent on market conditions and drivers that may be more or less specific for Embellence Group's various business areas. For example, the prevalence of renovations and property maintenance drive demand for the company's products. These factors are in turn driven by residential sales since renovation and property maintenance frequently occur either before or after residential sales.

Furthermore, market trends such as a greater focus on interior decoration, the globalisation of fashion and an increase in the number of individuals with a substantial net wealth have increased the demand for products in the premium segment.

There is a risk that changed market conditions and trends arising from, for example, altered macro and security environments, a deterioration in the business cycle, changed political priorities, new legislation, technological developments, digitalisation and changed geopolitical conditions, in particular growing protectionism, could lead to lower demand for Embellence Group's products and services, which would have an adverse impact on the Group's sales and growth.

In recent years, a number of events have occurred that have created political uncertainty, including unstable relationships between larger countries that have resulted in escalating trade restrictions and countermeasures. These types of events could have a negative impact on the Group's operations.

There is also a risk that a downturn in the economic climate could influence the purchasing behaviour, production levels, investment plans and financial capability of Embellence Group's customers and lead to less favourable access to, and thereby conditions for, financing for the customers and sectors to which Embellence Group offers its products and services. A recession would also entail a risk that Embellence Group could find it difficult to maintain sufficient sales volumes to retain its profitability and find it difficult to receive payments on time.

**Embellence Group is dependent on maintaining the company's reputation and the reputation of its brands**

Embellence Group is dependent on its reputation and brands when it comes to attracting new customers, suppliers and business partners as well as maintaining such existing relationships. Embellence Group's reputation and brand are primarily dependent on the design and quality of its products and services. Manufacturing quality, customer service, delivery precision and lead times are also examples of factors that influence confidence among Embellence Group's customers and thus Embellence Group's reputation and brand.

**Embellence Group is dependent on maintaining and establishing new relationships with customers, suppliers and business partners**

Customer relationships are very important for Embellence Group and during 2025, Embellence Group's largest customer accounted for approximately 7% of the company's net sales. Embellence Group has both written and verbal agreements with customers, suppliers and partners. Embellence Group is dependent on its reputation and brand when it comes to attracting new customers, suppliers and business partners as well as maintaining such existing relationships. If Embellence Group loses a long-term or important customer or another customer relationship or fails to maintain its reputation, there is a risk that this could adversely impact the demand for Embellence Group's products and services.

**Embellence Group is exposed to risks related to product development and other competitive factors**

Embellence Group's customers have high quality requirements for the products and services supplied by the Group. Embellence Group risks losing customers and market share if the products and services delivered do not meet the customers' expectations in terms of quality, reliability, availability or function. In order to compete effectively, Embellence Group must also design and develop new products and continuously adapt and update its products and services as well as the business model in line with prevailing technical and digital conditions and trends.

Furthermore, competitors may develop new products, such as wallpapers in new innovative materials, that may be successful in competing with Embellence Group's own products. Embellence Group has also repositioned its offering to increase sales in the premium segment. If Embellence Group should fail with such a continued repositioning in the future, with its product development or with adapting to new technology and new business models, or for any other reason fail to effectively compete, this could result in a loss of market share and customers for Embellence Group.

**Embellence Group is exposed to risks related to acquisitions and divestments**

The company's strategy is in part based on acquiring players in the premium segment that complement the existing brand portfolio. Execution of the company's strategy exposes the company to several risks. For example, there is a risk that expected advantages of acquisitions may not be achieved or may lead to unexpected costs, or that the company may fail to find suitable acquisition targets or otherwise be prevented from completing acquisitions, for example due to competition or the company's financial position or failure by the company to integrate acquired businesses or employees.

Acquisitions also entail risks related to the integration of new operations and employees. In the event of acquisitions, it is important to retain key individuals and to provide a properly functioning and effective integration process. There is a risk of discontent arising among the employees and/or consultants in the acquired operations or among Embellence Group's employees and/or consultants, which may ultimately lead to a decision by key individuals or other employees or consultants to terminate their employment or consulting agreements. Moreover, there is a risk that acquired units may not perform as anticipated or that acquisitions may be cancelled. Following an acquisition, there is likewise a risk that business relationships with customers and suppliers could change or be discontinued, which would mean that the intended purpose of the acquisition may not necessarily be fulfilled.

**Embellence Group is exposed to risks related to suppliers, distributors and other business partners**

Embellence Group cooperates with a number of subcontractors within the scope of its operations and is dependent, for example, on the delivery of substrates for wallpaper manufacturing, pigments and titanium dioxide. The Group also has a network of distributors, agents and other business partners who, together with Embellence Group, sell the Group's brands in more than 100 countries. Embellence Group's distributor network and partnerships are therefore important to its production and sales. If the company had to replace a current distributor or retailer, it may be difficult for the company to find a replacement with equivalent, or satisfactory, capacity. In the event that the company intends to expand by way of new distributors or retailers, similar difficulties may arise.

Embellence Group is dependent on subcontractors, distributors and other business partners meeting their contractual commitments with regard to quality, service and delivery times, and on these parties complying with Embellence Group's guidelines and other industry standards in terms of the environment, work environment, anti-corruption, human rights and business ethics. However, there is a risk that such players may not deliver on time or in accordance with the cost scenario or quality standards to which they have committed, or that they may not comply with the applicable guidelines and industry standards. If Embellence Group fails in its assessment and evaluation of such players and these players fail to a significant extent to maintain the quality level expected by Embellence Group or do not have properly functioning environmental and safety standards, this could have an adverse impact on Embellence Group's reputation and operations.

Embellence Group currently has at least two suppliers for almost all essential products required for its manufacturing facilities.

**Embellence Group is dependent on attracting and retaining employees with key expertise**

Embellence Group's employees are an important asset and key to the Group's long-term growth and success. Embellence Group is therefore dependent on attracting, developing, retaining and motivating employees with key skills in areas such as product development, manufacturing, sales and marketing, IT security, business development, strategy and project management. If Embellence Group fails to offer its employees the right support and skills development in their new roles, there is a risk that Embellence Group may experience a loss of skilled workers, dissatisfaction among employees and ultimately terminated employment, which could have an adverse effect on the Group's operations and competitiveness.

If Embellence Group fails to attract, develop, retain and motivate the qualified personnel required in the business, this could make it more difficult for the Group to deliver products and services of the quality and quantity expected by customers. There is also a risk that skilled employees could choose to leave Embellence Group for competitors or customers. If such departing employees with good insight into Embellence Group were also to convince other skilled staff to leave, this risk would be accentuated. There is a risk that this could result in a significant loss of future revenue and rising costs, which would mainly have an adverse impact on Embellence Group's operations and earnings.

**Embellence Group is exposed to risks related to interruptions and disruptions at its manufacturing facilities**

Embellence Group's own manufacturing operations take place at three facilities: two in Sweden and one in Italy. These manufacturing units comprise a chain of processes where interruptions and disruptions could impact Embellence Group's ability to meet its obligations to customers. Embellence Group's manufacturing facilities are located in Sweden and Italy, which exposes Embellence Group to a series of different risks that could be more or less specific for the country or region concerned. These risks encompass extreme weather conditions and natural disasters, fire, theft, system failures, mechanical failures or equipment breakdowns and similar risks.

**Embellence Group is exposed to risks related to higher purchase prices or a shortage of important raw materials**

Embellence Group uses a range of different raw materials in its manufacturing operations and is therefore exposed to risks linked to prices for, and access to, the raw materials necessary for Embellence Group's production. Substrates for wallpaper manufacturing are the single most important raw material component in Embellence Group's production. Substrate purchasing encompasses a large number of varieties and quality levels, resulting in slightly differentiated pricing.

Furthermore, there is a risk that competition in the market will limit opportunities to fully compensate for cost increases by passing on price increases to customers, which would therefore have an adverse impact on Embellence Group's profit. These circumstances relating to cost increases or interruptions in the supply of key raw materials can thus increase Embellence Group's production costs and, accordingly, have an adverse impact on Embellence Group's operations and profit.

# Legal risks

**Embellence Group is exposed to IT and information handling risks**
Embellence Group is dependent on properly functioning IT infrastructure in order to design, develop, produce and distribute its products and services. Accordingly, Embellence Group is exposed to risks related to interruptions and disruptions in its IT infrastructure, which may be caused by computer viruses, power cuts, human or technical error, sabotage, weather and nature-related events, or problems caused by inadequate management and maintenance. IT attacks, errors and damage to IT systems, operational disruptions, and incorrect or deficient deliveries of IT services by Embellence Group's IT suppliers could lead to extensive production stoppages that would have an adverse impact on Embellence Group's operations, in particular Embellence Group's operations relating to digital printing, and also expose the Group's design archive to risks. Such risks could mean the design archive becomes inaccessible over extended periods or is partially or entirely lost.

**Embellence Group is exposed to risks related to intellectual property rights**
Embellence Group is dependent on its ability to protect its intellectual property rights. Embellence Group owns or otherwise holds the rights to a large number of intellectual property rights, including word marks, websites, logotypes and designs, but primarily intellectual property rights pertaining to brands, including Cole & Son, Wall&decò, Boråstapeter, Artscape, Pappelina, Borås Tapetfabrik and Embellence Group. Embellence Group is also the licensee for certain designs that may entail some obligations and limitations in terms of the use of the design, which means that Embellence Group does not have the same freedom of use of designs that it would if Embellence Group owned the design. Embellence Group works proactively to uphold the protection of its intellectual property rights, for example, by monitoring trademark registrations. The company works proactively to protect against infringement of the company's intellectual property rights, for example, by allowing external parties to monitor and follow up potential infringements. There is a risk that Embellence Group may fail to uphold adequate protection of its intellectual property rights. For example, should a player sell products of poor quality under any of Embellence Group's brands, designs or symbols, it could seriously limit Embellence Group's competitiveness and damage the Group's reputation. In recent years, Embellence Group has not been, and is not currently, subject to any material legal disputes concerning infringement of intellectual property rights. In addition, there is a risk that employees, both in Sweden and abroad, could develop intellectual property rights and that such intellectual property rights may be considered to accrue to the employee in accordance with applicable local legislation.

**Embellence Group is exposed to risks related to non-compliance**
Embellence Group's operations and its geographical spread expose Embellence Group to risks related to sustainability factors, such as human rights, labour conditions and corruption. Corruption-related incidents or accusations against suppliers, distributors and other business partners with which Embellence Group has a business relationship that – even if Embellence Group is not involved – lead to negative publicity, risk damaging Embellence Group's reputation.

Moreover, Embellence Group is dependent on its employees, subcontractors, distributors and other business partners complying with prevailing laws and regulations and internal governing documents and policies. Violations of, or non-compliance with, prevailing laws and regulations could have an adverse impact on Embellence Group's operations and reputation. Such action may, for example, apply to non-compliance with laws and regulations related to public procurements and competition law, money laundering, IT security and data protection (including GDPR) and corporate governance, the IFRS and other rules relating to accounting and financial reporting, the environment and work environment, business ethics and equal treatment. Given that Embellence Group's operations are international, with the various business areas assuming responsibility for operations as well as earnings and thus conducting their respective operations without using Group-wide functions in all business decisions, it is complex and time-consuming to fully follow up and check that the entire organisation complies with internal policies and codes of conduct. In addition, it may be difficult for the company to comply with mandatory regulations in all jurisdictions, which could mean that contractual provisions are invalid or unenforceable in certain jurisdictions, such as non-competition clauses in employment contracts in certain jurisdictions. In addition, the company may enter into commitments with local authorities in certain jurisdictions in order to, for example, employ certain individuals. If the company does not comply with such commitments, or locally applicable legislation, there is a risk that the company will have to pay penalty fees, which may have an adverse impact on the company's operations and financial position.

If Embellence Group's employees, suppliers, distributors or other business partners act in serious breach of current laws and internal and external policies or in a manner that does not comply with the level of business ethics and integrity undertaken by Embellence Group, this could mainly have an adverse impact on Embellence Group's reputation, operations and financial position.

**Risks associated with environmental legislation and environmental responsibility**

The environmental impact of Embellence Group's operations is primarily attributable to production processes through the use of materials and energy as well as management of production waste and energy recycling of used products.

Embellence Group's facilities are covered by national and regional requirements in terms of the environment, health and safety. These requirements may relate to emissions to air and water, unintentional environmental emissions, human contact with hazardous substances, treatment, transportation and management of waste and hazardous substances, surveying and corrective actions with regard to pollution, chemical handling, process safety and maintaining safe conditions at workplaces. As of 31 December 2025, the business that is conducted within Embellence Group is not of such a scope or nature that a permit requirement for environmentally hazardous operations, according to locally applicable legislation, exists for any of Embellence Group's production units. Compliance with the laws, permits and regulations applicable to the company's production units is complex and time-consuming. There is a risk that non-compliance with the requirements pertaining to the environment, health and safety could have an adverse impact on Embellence Group's reputation and operations.

**Embellence Group is exposed to tax risks**

Embellence Group operates through subsidiaries in four countries. The operations, including intra-Group transactions, are conducted in accordance with the Group's interpretations of current tax legislation, tax treaties and other tax regulations in the countries concerned as well as statements from the tax authorities concerned such as the Swedish Tax Agency. Embellence Group and its subsidiaries are from time to time subject to tax audits and reviews. There is a risk that tax audits or reviews could result in additional taxes being imposed or deductions being denied, for example with regard to former acquisitions of companies, reorganisations, intra-Group transactions and transactions with employees.

In the event that the Group's interpretation of tax legislation, tax treaties and other tax regulations or their applicability is incorrect, or if one or several authorities successfully make negative tax adjustments concerning a business unit within the Group, or if applicable laws, treaties, regulations or interpretations thereof or the administrative practice relating to these change, including changes with retroactive effect, the Group's past and present handling of tax issues may be questioned. If tax authorities successfully present such claims, this could lead to an increase in tax costs, including tax surcharges and interest, and have an adverse impact on the Group's operating profit.


ARTSCAPE: SEQUOIA MURAL – DUSK

# CORPORATE GOVERNANCE

PAPPELINA: ANYA

# Corporate governance statement

Good corporate governance is a matter of ensuring that Embellence Group is managed as sustainably, responsibly and efficiently as possible.

The key external and internal management instruments for Embellence Group are the Swedish Companies Act, Nasdaq Stockholm's Issuer Rules, the Swedish Corporate Governance Code (the Code), the Articles of Association, the Board's rules of procedure, instructions for the Board's committees, instructions for the CEO including instructions for financial reporting and policies adopted by the Board. Embellence Group's Board is responsible for the company's organisation and the administration of the company's affairs. The CEO is responsible for ensuring that the ongoing administration of the company is conducted according to the Board's guidelines and instructions. In addition, the CEO prepares the agenda for Board meetings, in dialogue with the Chairman of the Board, and is otherwise responsible for preparing information and decision-making documentation for the Board.

## For further information:

- The Swedish Companies Act, regeringen.se
- Nasdaq Stockholm, nasdaqomxnordic.com
- The Swedish Corporate Governance Code, bolagsstyrning.se
- Embellence Group's Articles of Association, embellencegroup.se

## Deviation from the Code, stock exchange rules or good stock market practice

According to the Swedish Corporate Governance Code, the company is to evaluate during the year the need for a special audit function to ensure compliance with established principles, standards and other applicable legislation relating to financial reporting. In the light of work carried out with internal control, the Board does not believe there is any need to introduce a special audit function (internal audit function).

## Share capital and shareholders

The Embellence share is listed on Nasdaq First North Premier. Share capital in the company totalled just over MSEK 83, distributed among 23,538,721 shares with a quota value of SEK 2.50 each. Each share conveys the right to one vote. All shares posses equal rights to the company's profits and a share of the surplus in the event of any liquidation. The number of shareholders at 31 December 2025 totalled 2,248. For more information on ownership structure and the share, refer to page 49 in the Annual Report as well as the company's web site, www.embellencegroup.com.

## General Meeting

According to the Swedish Companies Act, the General Meeting is the company's ultimate decision-making body and at the General Meeting, the shareholders exercise their voting rights on key issues, such as amendments to the Articles of Association, election of members of the Board of Directors and auditors as well as the appropriation of the company's profit or loss.

The Articles of Association do not contain any specific provisions regarding the appointment and dismissal of Board members or amendments to the Articles of Association.

The Annual General Meeting (AGM) must be held within six months from the end of the financial year and in addition to the AGM, Extraordinary General Meetings may be convened. According to the Articles of Association, General Meetings are convened through publication of the convening notice in the Swedish National Gazette (Sw. Post- och Inrikes Tidningar) and on the company's website. At the time of the notice convening the Meeting, information regarding the notice shall be published in Svenska Dagbladet.

Shareholders who wish to participate in a General Meeting must be included in the shareholders' register maintained by Euroclear Sweden on the day falling six banking days prior to the Meeting, and notify the company of their participation no later than on the date stipulated in the notice convening the General Meeting. Shareholders may attend General Meetings in person or by proxy and may be accompanied by a maximum of two assistants. Typically, it is possible for a shareholder to register for the General Meeting in several different ways as indicated in the notice of the Meeting. A shareholder may vote for all company shares owned or represented by the shareholder.

### 2025 AGM

The AGM was held on 8 May 2025. At the Meeting, decisions were adopted in accordance with the Board's proposals. These decisions included authorisation to the Board on one or more occasions and at the latest up until the next AGM to issue new shares equivalent to a dilution of up to 10%. In addition, the AGM resolved, in accordance with the Board's proposals, to introduce a long-term incentive programme for members of the company's executive management and members of Group Management. The AGM also resolved on a directed issue of warrants to the company and to approve the transfer of warrants to enable delivery of warrants to participants in the incentive programme.

### 2026 AGM

Embellence Group's 2026 AGM will be held on 12 May 2026. Each shareholder entitled to vote in Embellence Group may vote for the full number of shares the shareholder holds and represents with no limitation to the number of votes.

In addition to legal requirements regarding the rights of shareholders to participate at the General Meeting, advanced registration is required to the General Meeting within the period specified in the official notice, and where notification is also to be given where relevant if the shareholder intends to be accompanied by an assistant. Preparatory documents for AGMs and minutes from AGMs are available on the website.

## Nomination Committee

Companies applying the Code are to have a Nomination Committee. According to the Swedish Corporate Governance Code, the General Meeting shall appoint the members of the Nomination Committee or resolve on procedures for appointing the members.

The Nomination Committee shall, pursuant to the Swedish Corporate Governance Code, consist of at least three members, a majority of whom shall be independent in relation to the company and Group Management. In addition, at least one member of the Nomination Committee shall be independent in relation to the largest shareholder in terms of voting rights.

At the AGM held on 8 May 2025, it was resolved that the following principles shall govern the composition of the Nomination Committee:

The company shall have a Nomination Committee comprising one member appointed by each of the three largest shareholders by number of votes. The Nomination Committee shall be constituted based on the shareholders' register maintained by Euroclear Sweden as of 30 September every year and other reliable shareholder information that has been provided to the company and the Chairman of the Board, who will also convene the first meeting of the Nomination Committee. The member representing the largest shareholder shall be appointed Chairman of the Nomination Committee, unless the Nomination Committee unanimously appoints someone else. If earlier than three months prior to the Annual General Meeting, one or more of the shareholders having appointed representatives to the Nomination Committee are no longer among the three largest shareholders, the representatives appointed by these shareholders shall resign and the shareholders who are then among the three largest shareholders may appoint their representatives. Should a member resign from the Nomination Committee before its work is completed and the Nomination Committee considers it necessary to replace him or her, such substitute member is to represent the same shareholder, or, if the shareholder is no longer one of the largest shareholders, the largest shareholder in turn. Shareholders who have appointed a representative to be a member of the Nomination Committee shall have the right to dismiss such a member and appoint a new representative as a member of the Nomination Committee. Changes to the composition of the Nomination Committee must be announced immediately.

The composition of the Nomination Committee ahead of the Annual General Meeting shall normally be announced no later than six months before that Meeting. Remuneration shall not be paid to the members of the Nomination Committee. The Company is to pay any necessary expenses that the Nomination Committee may incur in its work. The term of office for the Nomination Committee ends when the composition of the following Nomination Committee has been announced.

**Nomination Committee ahead of the 2026 AGM**

The composition of the Nomination Committee was announced on 13 October 2025. Ahead of the 2026 AGM, the Nomination Committee comprises the following members:

- Bile Daar, representing Cidro Förvaltning AB
- Johan Martinsson, representing JCE Asset Management AB
- Daniel Gabriel, representing Ramhill AB

The Nomination Committee held three meetings ahead of the 2026 AGM, in addition to having several informal contacts. The Nomination Committee's proposal to the 2026 AGM is available on the Group's website, www.embellencegroup.se.

During the preparation of its proposal to the Board, the Nomination Committee has applied Rule 4.1 of the Code as its diversity policy whereby the Nomination Committee has taken into account the fact that the Board, with regard to the company's operations, development stage and other conditions, is to have an appropriate composition distinguished by diversity and breadth in respect of the competence, experience and background of the elected Board members.

## Board of Directors

The Board of Directors is the second-highest decision-making body of the company after the General Meeting and is responsible for the company's organisation and management of the company's affairs, which means that the Board's responsibilities include setting targets and strategies, establishing procedures and systems for the evaluation of set targets, continuously assessing the company's financial position and profit as well as evaluating the operating management. The Board is also responsible for ensuring that correct information is provided to the company's shareholders, that the company complies with laws and regulations and that the company prepares and implements internal policies and ethical guidelines. The Board of Directors is also responsible for ensuring that annual reports and interim reports are prepared in a timely manner. Moreover, the Board of Directors appoints the CEO. The members of the Board are appointed by the AGM for the period until the end of the next AGM. According to the company's Articles of Association, the Board shall comprise not less than three and not more than ten members.

According to the Code, the Chairman of the Board is to be elected by the AGM. The Chairman of the Board is tasked with leading the work of the Board and ensuring the Board's work is conducted efficiently and that the Board fulfils its duties. The Board follows written rules of procedure which are reviewed annually and adopted by the statutory Board meeting. The rules of procedure regulate the Board's working methods and duties, decision-making procedures in the company, the agenda of Board meetings, the Chairman's duties as well as the distribution of work between the Board and the CEO. Instructions for financial reporting and instructions for the CEO are also established at the statutory Board meeting. The work of the Board is also conducted based on an annual presentation plan, which satisfies the Board's need for information. The Chairman of the Board and CEO maintain a regular dialogue about the management of the company in addition to Board meetings.

The Board of Directors meets according to a predetermined annual schedule and at least five ordinary Board meetings are to be held between each AGM, in addition to the statutory Board meeting. Informal contact also takes place between the Board members. 14 Board meetings were held in 2025, of which 3 per capsulum.

## Remuneration Committee

The Board of Directors has appointed a Remuneration Committee for the preparation of remuneration issues. The Remuneration Committee prepares issues including those concerning terms of employment and remuneration for executive management.

Furthermore, the Committee is responsible for drawing up a Remuneration Policy, evaluating and monitoring ongoing and concluded incentive programmes, and monitoring and evaluating the application of prevailing guidelines for remuneration to the company's executive management.

The Remuneration Committee during the year comprised two Board members: Magnus Welander (chair) and Christina Ståhl.

The Remuneration Committee held 3 meetings and in addition to having several informal contacts during the year.

## Audit Committee

The Board of Directors has appointed an Audit Committee, whose tasks include monitoring the company's financial reporting, risk management and internal controls, as well as reporting and auditing. The Audit Committee also monitors and evaluates the external audit and the impartiality, independence and performance of the auditor.

The Audit Committee during the year comprised two Board members: Karin Dennford (chair) and Magnus Welander.

The Audit Committee held 4 meetings during the year and in addition to having several informal contacts during the year.

## Evaluation of the Board

The evaluation of the Board is included in the work of the Nomination Committee. Once per year, the Board carries out an evaluation of its work, including annual planning.

## Fees to the Board of Directors

The 2025 AGM resolved that fees to the Board should be paid as follows: SEK 500,000 to the Chairman of the Board and SEK 250,000 to each Board member not employed by the company. Furthermore, for work on the Audit Committee, SEK 100,000 would be paid to the Chair and SEK 40,000 to the other member. Fees paid for work on the Remuneration Committee are SEK 40,000 to the chair and SEK 20,000 to the other member.

## CEO and other executive management

The CEO is subordinated to the Board of Directors and is responsible for the company's everyday management and the company's operations. The division of work between the Board of Directors and the CEO is set out in the rules of procedure for the Board of Directors and the CEO's instructions. In 2025, Embellence Group had a Group Management comprising eight persons: the CEO, the CFO, Head of E-commerce and the managers of the various brands and Borås Tapetfabrik.

## Remuneration of executive management

For information about remuneration of executive management, refer to Note 4.

### Incentive programmes

LTIP 2022 was concluded during the year. No award was made under the incentive programme.

The company has two outstanding incentive programmes, described below: LTIP 2024, comprising warrants that are directed at the Chairman of the Board and LTIP 2025, comprising a share savings programme that is directed at executive management and other key individuals.

LTIP 2024

The 2024 AGM resolved, in accordance with the Board's proposals, to adopt a long-term incentive programme for the Chairman of the Board. The incentive programme includes the issue of a maximum of 400,000 warrants with the right to subscribe for 400,000 new shares in the company. In total, the company subscribed for and transferred 400,000 warrants to the participant. The transfer to the participants took place at a price corresponding to the market value of the warrants. Each warrant entitles the holder to subscribe for one new share in the company during the period from 1 July 2028 up to and including 31 August 2028 at a subscription price of SEK 39.38 per share. Upon exercise of all warrants in LTIP 2024, a dilution effect of approximately 1.7% of the total number of shares and votes in the company would occur, although with reservation for a possible recalculation in accordance with the warrant terms.

LTIP 2025

The 2025 AGM resolved, in accordance with the Board's proposals, to adopt a long-term incentive programme for the company's executive management.

The incentive programme includes the issue of a maximum of 201,540 warrants with the right to subscribe for 201,540 new shares in the company.

To take part in the programme, participants are required to have a personal shareholding in the company and that these savings shares are allocated to the programme by 30 September 2025.

For each savings share, participants are entitled to receive one matching share provided that the combined total return over the years 2025–2028 exceeds 20%,

Furthermore, participants have the option to receive up to 3 (executive management) and 5 (CEO and CFO) performance shares per savings share, provided that performance targets set by the Board are achieved. The performance targets are based on Embellence Group's sales and profitability (90%) and sustainability ambition (10%).

The allocation of matching and performance shares is to take place after the end of the vesting period, which runs from 1 October 2025 up to and including 31 December 2028. For each allocated matching and performance share, participants are entitled to acquire one warrant of series 2025/2029:1 free of charge.

A total of 28,256 savings shares were allocated, resulting in a maximum allocation of matching and performance shares of 148,060, with a dilution effect of approximately 0.6% of the total number of shares and votes in the company.

The Board also decided, in accordance with the AGM's resolution, to implement a corresponding long-term bonus programme for participants outside Sweden.

## Internal control and risk management

Under the Swedish Companies Act, the Board, CFO and the managers of the various brands and Borås Tapetfabrik are responsible for the company's organisation and management of the company's affairs and must regularly assess the company's and the Group's financial position and ensure that the company's organisation is designed so that the accounting, management of assets and the company's other financial circumstances are controlled in an adequate manner. The overarching aim of the internal control is to enable the execution of the company's strategies and targets and to ensure the financial statements are prepared in accordance with the law, applicable accounting standards and other requirements on listed companies. The responsibilities of the Board for the internal control are regulated in the Swedish Companies Act, Swedish Annual Accounts Act and the Code. The division of roles and responsibilities to enable effective governance of the company's risks is stipulated in the Board's rules of procedure, the instructions for the CEO and the instructions for financial reporting, which have all been adopted by the Board. The Board is also responsible for monitoring the company's financial position, monitoring the efficiency of the company's internal control and risk management, keeping itself informed regarding the audit of the annual report and consolidated financial statements, and reviewing and monitoring the impartiality and independence of the auditor.

## Control environment

The Board is ultimately responsible for the internal control of financial reporting. In order to create and maintain a functioning control environment, the Board has adopted a number of policies and governing documents that regulate, for example, financial reporting and IT security. These mainly comprise the Board's rules of procedure, the instructions for the CEO, the instructions for committees set up by the Board and the instructions for financial reporting.

Responsibility for the day-to-day work of maintaining the control environment lies primarily with the company's CEO, who regularly reports to the Board in accordance with established instructions. The CEO is to regularly and as required keep the Board informed of the status and development of the Group's business, income, earnings, financial position, cash flow and credit position. Furthermore, the CEO is to inform the Board of every business transaction that is material importance for the Group and every event or circumstance that, from the Board's perspective, is not immaterial for the Group. In addition to internal follow-up and reporting, the company's external auditors report to the CEO and Board during the financial year. Reports from the auditors provide the Board with a good understanding and reliable supporting data regarding the financial statements in the annual report.

## Risk assessment and control activities

Risk assessment includes identifying and evaluating the risk of material errors in the company's business processes, which include accounting and reporting at the Group and subsidiary levels. Risk assessments are carried out on an ongoing basis and according to established guidelines focusing on the company's material business processes. The Board as a whole is responsible for regularly assessing the company's risk situation. Control activities aim to identify and limit risk. The Board is responsible for the internal control and follow-up of executive management. This work is conducted through internal and external control activities and by reviewing and monitoring the company's policies and governing documents.

## Information and communication

The company has information and communication channels in place that aim to support the accuracy of financial reporting and enable reporting and feedback from the operations to the Board and management. These channels include making governing documents, in the form of internal policies, guidelines and instructions for financial reporting, available and known to the employees concerned. Financial reporting mainly takes place in a Group-wide system with predefined reporting templates. The company's financial reporting complies with laws and regulations applicable in Sweden and the local rules in each country where business is conducted. The company's information to shareholders and other stakeholders is provided in annual reports, interim reports and press releases.

## Follow-up

The CEO ensures the Board receives regular reports on the performance of the company's operations, including the company's earnings and financial position, as well as information about important events, such as the development of individual projects. Generally, the CEO also reports on these topics at each Board meeting. The Board reviews the annual report and interim reports and conducts financial evaluations in line with an established plan. The Board monitors financial reporting and other related issues and regularly discusses these issues with the external auditors.

## Audit

As a publicly traded company, the company is obligated to have at least one auditor to audit the annual report and accounting of the company and the Group as well as the administration of the CEO. The audit is to be as detailed and comprehensive as required by generally accepted auditing standards. The company's auditor is elected by the General Meeting and in accordance with the rules of the Swedish Companies Act. Accordingly, an auditor of a Swedish limited company has a mandate from and reports to the General Meeting and must not allow their work to be guided by the Board or any member of executive management. The auditor's reporting to the General Meeting takes place at the AGM through the auditor's report. According to the company's Articles of Association, the company is to have one or two auditors and no more than one deputy auditor. A registered public accounting firm may also be appointed as auditor. At the 2025 AGM, Ernst & Young AB was elected as the company's auditor for the period until the close of the 2026 AGM.

Fees to the auditors are to be paid according to approved invoice. Fees of KSEK 1,643 were paid to the company's auditor for the 2025 financial year. For further information, refer to Note 6.

## Stock market information and insider trading rules

As a listed company, all players in the stock market must be given access to insider information about the company at the same time and insider trading rules exist to prevent market abuse.

The Board has adopted a communication policy and insider policy with the aim of ensuring that the company provides accurate and good-quality information and management of insider information both internally and externally. The Chairman of the Board addresses overall ownership-related issues, while the CEO has overall responsibility for the company's external communication. Policies and guidelines for information disclosure and insider trading rules as well as updates and changes are made available and known to the personnel concerned, and executive management reviews the regulations with the employees. The company's rules and regulations are drawn up in accordance with Swedish legislation, First North Premier's regulations and the Code as well as the EU Market Abuse Regulation (MAR). All financial statements and press releases announced after the listing will be published on the company's website (www.embellence-group.com) immediately after the announcement.

# Board of Directors

## Magnus Welander

Chairman of the Board

**Born**: 1966.
Chairman of the Board since December 2023.

**Education**: Master of Science in Industrial Economics from the Institute of Technology at Linköping University.

**Other current assignments**: Chairman of the Board of Directors of Mips AB (publ), Vimian Group AB (publ) and Eleiko Group AB. Board member of HESTRA-Handsken AB, YETI Holdings Inc and The Hamrin Foundation.

**Previous assignments** (last five years): CEO of Thule Group AB.

**Holdings in the company:**
350,306 shares and 400,000 warrants on 31 December 2025.

**Independent of major shareholders: Yes**

**Independent of the company and its management: Yes**

**Attendance at meetings:** 14/14 meetings.

## Christina Ståhl

Board member

**Born**: 1970.
Board member since 2020.

**Education**: M.Sc. in Business Economics from Lund University.

**Other current assignments**: Management consultant, Future in mind AB.

**Previous assignments** (last five years): CEO of Blomsterlandet i Sverige AB, S-Invest Trading AB. CEO of Bagaren och Kocken AB. Board member of Outnorth AB.

**Holdings in the company:**
82,169 shares on 31 December 2025.

**Independent of major shareholders: Yes**

**Independent of the company and its management: Yes**

**Attendance at meetings:** 14/14 meetings.

## Henrik Nyqvist

Board member

**Born**: 1966.
Board member since 2010.

**Education**: Studies in business administration and law.

**Other current assignments**: Board member and CEO of NQ Fastigheter AB. Chairman of the Board of Directors of Fastadsystem Stål i Borås AB, Fasadsystem Stål Holding AB, Fasadsystem Fastighet i Borås AB, Salong Karma AB. Board member of NQ Förvaltning AB, Fastighets AB Pantängen 17, Fessus Förvaltning AB, Kavallen Fastigheter AB, Ramnås Fastigheter AB, Inkinvest AB, NQ Fristad AB and NQ Trading AB.

**Holdings in the company:**
1,069,981 shares on 31 December 2025.

**Independent of major shareholders: Yes**

**Independent of the company and its management: Yes**

**Attendance at meetings:** 14/14 meetings.

## Karin Dennford

Board member

**Born**: 1976.
Board member since 2022.

**Education**: Master of Science in Finance from School of Business, Economics and Law, Gothenburg University.

**Other current assignments**: Chief Investment Officer for Chalmers University of Technology Foundation.

**Previous assignments** (last five years): Investment Director, JCE. Board member of OctoFrost Intressenter AB and OctoFrost AB.

**Holdings in the company:**
7,000 shares on 31 December 2025.

**Independent of major shareholders: Yes**

**Independent of the company and its management: Yes**

**Attendance at meetings:** 14/14 meetings.

## Maria Veerasamy

Board member

**Born**: 1964.
Board member since 2024.

**Education**: Trained as a tailor.

**Other current assignments**: CEO of Svenskt Tenn, Board member of Beckmans Akademi Aktiebolag and Beckmans Skola Aktiebolag. Board member of Hand i Hand.

**Previous assignments** (last five years): Chairman of the Board of Aktiebolaget Textilatelier Licium and Malmstensbutiken AB. Board member of Artipelag AB and Rodebjer Form AB.

**Holdings in the company:**
0 shares on 31 December 2025.

**Independent of major shareholders: Yes**

**Independent of the company and its management: Yes**

**Attendance at meetings:** 14/14 meetings.

# Executive management

## Johan Andgren

President & CEO

**Born**: 1983.
President & CEO since 2025.

**Education**: Master of Science in Business Administration, Economics from Lund University .

**Other current assignments**: Chairman of the board of Andgren Consulting AB and A&M Nordic AB. Board member of Strb AB.

**Previous assignments** (last five years): Senior Corporate Advisor, Elevance, CEO Swedemount Sportswear & Fashion

**Holdings in the company:** 40,000 shares on 31 December 2025.

## Karin Lidén

CFO

**Born**: 1975.
CFO since 2023.

**Education**: Business Administration from the Stockholm School of Economics.

**Other current assignments**:
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**Previous assignments** (last five years): CFO for Powercell Sweden AB, several senior positions within Mölnlycke Healthcare.

**Holdings in the company:** 10,000 shares on 31 December 2025.

## Lars-Erik Henriksson

Managing Director – Boråstapeter
Within Embellence since 2020.

**Past experience**: Electrolux.

**Holdings in the company:** 6,700 shares on 31 December 2025.

## Gianluca Laganá

Managing director – Wall&decò
Within Embellence since 2024.

**Past experience**: GFL SA,
The placemakers, Rhone Group.

**Holdings in the company:** 0 shares on 31 December 2025.

## Lotta Samuelson

Managing Director – Borås Tapetfabrik
Within Embellence since 2021.

**Past experience**: Boxon Systems,
Lexit Group Sweden.

**Holdings in the company:** 0 shares on 31 December 2025.

## Henrik Andersson

Managing Director – Pappelina
Within Embellence since February 2025.

**Past experience**: CEO of Northbaze Group AB.

**Holdings in the company:** 3,000 shares on 31 December 2025.

## Zurab Akhriev

Managing Director – Artscape Inc
Within Embellence since 2022.

**Past experience**: Artscape.

**Holdings in the company:** 0 shares on 31 December 2025.

## Kajsa Hjelm

Head of E-Commerce
Within Embellence since 2025.

**Past experience**: Marketing & E-commerce Director at Gina Tricot AB.

**Holdings in the company:** 3,244 shares on 31 December 2025.

# Auditor's report on the Corporate Governance Statement

To the general meeting of the shareholders of Embellence Group AB (publ), corporate identity number 556006-0625

## Engagement and responsibility

It is the Board of Directors who is responsible for the corporate governance statement for the year 2025 pages on pages 55–61 and that it has been prepared in accordance with the Annual Accounts Act.

## The scope of the audit

Our examination has been conducted in accordance with FAR's standard RevR 16 The auditor's examination of the corporate governance statement. This means that our 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. We believe that the examination has provided us with sufficient basis for our opinions.

## Opinion

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2–6 the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act.

Gothenburg, 15 April 2026
Ernst & Young AB

Michaela Nilsson
Authorised Public Accountant

BORÅSTAPETER: TULLGARN

COLE & SON: BAOBAB

# BOARD OF DIRECTORS' REPORT

# Directors' Report

The Board of Directors and CEO of Embellence Group AB (publ), corporate identity number 556006-0625, hereby submit the annual report and consolidated financial statements for the period 1 January–31 December 2025. The Annual Report is prepared in Swedish kronor (SEK). Unless otherwise indicated all amounts are in thousands of Swedish kronor (KSEK). Information in brackets pertains to the preceding year.

## About the business

Embellence Group (publ) is a leading European company in interior decoration with a focus on premium brands in the wallpaper segment, complemented by other colour and pattern-driven interior decoration such as textiles and rugs. The Group has its registered office in Borås, Sweden.

Embellence Group had seven subsidiaries as of 31 December 2025: Boråstapeter AB, Borås Tapetfabrik AB, Fastighetsbolaget Borosan AB, Cole & Son Ltd, Wall&decò Srl, Pappelina AB and Artscape Inc. Rug and wallpaper manufacturing mainly takes place in Borås and Leksand in Sweden and in Cervia, Italy. Window film manufacturing takes place in Portland, Oregon in the US. Wallpapers and fabrics are also purchased from external manufacturers in Europe.

## Sales and earnings

Net sales for the year amounted to MSEK 765 (778), down 2% year-on-year. Currency-adjusted organic growth amounted to 1%. EBITA amounted to MSEK 108 (112 ), planned strategic initiatives and negative currency effects contributed to a slightly lower EBITA year-on-year. Net profit for the year amounted to MSEK 69 (57), resulting in earnings per share before dilution of SEK 2.93 (2.50).

## Cash flow

Cash flow from operating activities amounted to MSEK 91 (113). Cash flow from investing activities for the year amounted to MSEK –22 (–14). Cash flow from financing activities was MSEK –68 (–98). Cash flow for the year was MSEK 1 (1).

## Financial position

The company's total assets amounted to MSEK 762 (830) at the end of the year. The equity ratio was 67% (65), and cash and cash equivalents at the end of the year amounted to MSEK 38 (41). At year-end, net debt amounted to MSEK 68 (99). Net debt/EBITDA was 0.5 times at the end of the year (0.7).

## Overview of earnings and financial position for Embellence Group

| | 2025 | 2024 | 2023 |
|---|---|---|---|
| Net sales (MSEK) | 765 | 778 | 740 |
| EBITA (MSEK) | 108 | 112 | 92 |
| EBITA margin (%) | 14.1 | 14.4 | 12.4 |
| Net profit for the period (MSEK) | 69 | 57 | 39 |
| Employees at year-end | 223 | 225 | 228 |
| Equity ratio (%)* | 67 | 65 | 52 |
| Total assets (MSEK) | 762 | 830 | 802 |

*Equity divided by total assets.

## Significant events during the year

### Stable trend and organic growth

In 2025, net sales amounted to MSEK 765 (778). Currency-adjusted organic growth for the year amounted to 1%. Currency had a negative impact on net sales during the year. Behind the sales trend is primarily a strong performance in Boråstapeter and Borås Tapetfabrik. All of Boråstapeter's core markets performed well and DTC sales reported healthy growth. Borås Tapetfabrik continued its positive trend with increased income from both new and existing customers and market share gained. However, Boråstapeter, Cole & Son and Wall&decò noted a somewhat weaker sales performance, with wallpaper sales at the retailer level in Europe remaining cautious. Net sales for Artscape decreased in 2025, partly due to a strong comparative year with a large non-recurring effect. A weaker USD also had a negative impact.

EBITA margin amounted to 14.1% (14.4). The somewhat lower margin was impacted by the strategic initiatives implemented during the year to increase sales in the priority areas.

### New financing agreement

In April, a new financing agreement was entered into with a leading Nordic banking partner. The new agreement is expected to provide greater flexibility, lower costs, and a more efficient cash management solution.

## Outlook

2026 will also likely be affected by the prevailing economic cycle and the turbulent global situation. How this will impact demand on interior decoration remains to be seen. In recent years, Embellence Group has continued to actively develop its offering in the premium segment, which has higher growth and is more resilient in times of economic turbulence. The fact that, at present, the company is operating in various geographical markets and in different market and customer segments enables a healthy risk diversification and means we can improve our resilience to temporary downturns in certain specific niches or geographies.

## Risks and uncertainties

The underlying wallpaper market is considered relatively stable. The Group has a strong market position in the Nordic market.

Nevertheless, the company is exposed to risks related to the business and the sector in which the company operates, including but in no particular order, risks related to: changes in market conditions, economic growth prospects and changes in customer behaviour, trends and the company's designs and styles, the reputation of the company and its brands, the ability to uphold and establish new relationships with customers, suppliers and business partners, product development and other competitive factors, corporate acquisitions and divestments, suppliers, distributors and other business partners, the ability to attract and retain employees with key expertise, interruptions and disruptions in its manufacturing facilities, higher purchase prices or a shortage of important raw materials, as well as IT and information handling.

The company is also exposed to legal risks, including but in no particular order, risks related to: intellectual property rights, non-compliance, legal and administrative proceedings, environmental legislation and environmental responsibility, as well as tax risk.

The operations are exposed to interest rate risk and financing risk, which are described in more detail in Note 1 of the annual report. Additionally, the company is exposed to certain credit, currency and liquidity risks. Financial transactions within the Group only take place to support operating activities and no transactions are conducted for speculative purposes. The Group has a financial policy that regulates the management of cash and cash equivalents and short-term investments. Excess liquidity may only be invested in fixed-income securities and in a manner that allows the funds to be freed up without difficulty in the short term.

The company has a bank overdraft facility of MSEK 100, of which MSEK 1 had been utilised on the reporting date. The company meets all of its undertakings, such as its interest coverage ratio and net debt to EBITDA, in accordance with applicable covenants with the bank.

More information about the Group's interest-bearing liabilities is presented in Note 20, Note 24 and Note 25.

The Group does not use any currency hedging instruments, since its net exposure to foreign currencies is limited. For further information about the Group's financial risk, refer to Note 1.

## Sustainability report

In accordance with chapter 6, Section 11 of the Swedish Annual Accounts Act, the company has chosen to prepare a sustainability report separate from the annual report. The sustainability report is included in this document on pages 23–48.

## Environmental impact

The Swedish part of the Group conducts operations that are subject to a notification requirement under the Environmental Code. The notification requirement applies to a plant that handles less than ten tonnes of organic solvents annually. This production represents almost all of the Swedish company's net sales. The Group's environmental policy stipulates that production must take place with the least possible impact taking into account the prevailing commercial conditions. This also applies to products and their final use.

## Employees

At the end of the financial year, the Group had 223 employees, of whom 54% were women. Employee turnover is generally low in the Group, which means that the knowledge and experience of employees can be fully utilised. Furthermore, there are clear action plans for employee well-being, including policies for gender equality, drug use, bribery, victimisation and discrimination.

## Work of the Board during the year

Embellence Group's Board comprises five members. During 2025, the Board held 14 minuted meetings. The Board is responsible for the company's organisation and administration of the company's affairs by establishing Group targets and strategies, ensuring procedures and systems are in place to follow up the established targets, continuously assessing the Group's financial situation and evaluating the operating management. As a general rule, the Board addresses issues that are of material importance to the Group.

In addition to the issues the Board is obliged to address according to the Board's rules of procedure, key topics during the year included issues related to the macroeconomic situation and its impact on the company's various operations. A specific description of the Board's work is presented in the Corporate Governance Statement.

## Remuneration of executive management

According to the Swedish Companies Act, the AGM is to resolve on guidelines for remuneration and other employment terms for executive management. The guidelines are presented in Note 4. Executive management refers to Embellence Group's Group Management. The Board will present a proposal for decision at the 2026 AGM regarding this remuneration, including a proposal that remuneration should be on market terms and competitive. The full proposal will be published in conjunction with the notice of the AGM.

## Shares and ownership structure

More information about the share and ownership structure is provided on page 49.

## Parent Company

Embellence Group AB (publ) is the Parent Company of the Group. The Parent Company's net sales amounted to MSEK 21 (13) and net profit for the year after tax amounted to MSEK 42 (12).

Embellence Group AB has eight employees, two of whom form Group Management.

## Dividend policy and proposed dividend

Embellence Group's goal is to pay dividends of 30 to 50% of the profit for the period. When deciding on dividends, the company's financial position, cash flow and future prospects must be taken into account. The Board of Directors proposes to the 2026 AGM that a dividend of SEK 1.50 per share, corresponding to 51% of net earnings for the year, be paid for financial year 2025.

## Proposed distribution of profit

Funds at the disposal of the AGM according to the Parent Company balance sheet (KSEK):

| | |
|---|---|
| Share premium reserve | 128,629 |
| Retained earnings | 143,482 |
| Net profit for the year | 41,550 |
| **Total** | **313,661** |

The Board of Directors proposes that the earnings be distributed as follows:

| | |
|---|---|
| Share premium reserve | 128,629 |
| Dividend | –35,308 |
| Carried forward | 220,340 |
| **Total** | **313,661** |

The dividend corresponds to SEK 1.50 per share. The Board of Directors' has examined whether the proposed dividend is justifiable under Chapter 17, Section 3 of the Swedish Companies Act

During this examination, the Board has considered the company's and, where relevant, the Group's financial position as well as the requirements that the business' nature, scope and risk place on the amount of equity. The Board has also considered the company's need to strengthen the balance sheet, liquidity and position as a whole.

The Board's assessment is that the proposed dividend will not affect the company's ability to fulfil its obligations in the short or long term. Following disbursement of the dividend, the company is deemed to have a satisfactory equity ratio and liquidity. Against this background, the Board of Directors considers that the proposed dividend is justifiable.

For more information on the Group's and the Parent Company's earnings and financial position, see the following income statement, balance sheet and accompanying notes.


ARTSCAPE: LIFESTYLE

# FINANCIAL INFORMATION

FINANCIAL INFORMATION

# Consolidated income statement

| AMOUNTS IN KSEK | Note | 2025 | 2024 |
|---|---|---|---|
| **Net sales** | 2 | **764,512** | **777,507** |
| Cost of goods sold | 8 | –293,495 | –311,777 |
| **Gross profit** | | **471,017** | **465,730** |
| | | | |
| Selling expenses | 8 | –283,444 | –277,490 |
| Administrative expenses | 8 | –99,089 | –97,111 |
| Other operating income | 7 | 6,074 | 5,270 |
| Other operating expenses | 7 | –3,581 | –3,192 |
| **Operating profit** | 3–8 | **90,977** | **93,208** |
| | | | |
| Financial income | 9 | 16,095 | 2,862 |
| Financial expenses | 9 | –20,295 | –24,407 |
| **Profit before tax** | | **86,777** | **71,664** |
| Tax | 11 | –17,895 | –14,494 |
| **Net profit for the year** | | **68,882** | **57,170** |
| | | | |
| **Other comprehensive income** | | | |
| Actuarial gains and losses after tax | | 223 | 214 |
| Translation differences | | –63,747 | 36,167 |
| **Total other comprehensive income** | | **–63,524** | **36,381** |
| | | | |
| **Comprehensive income for the year** | | **5,344** | **93,551** |
| | | | |
| **Earnings per share before dilution** | 32 | **SEK** | **SEK** |
| Calculated on net profit for the year | | 2.93 | 2.50 |
| | | | |
| **Earnings per share after dilution** | 32 | **SEK** | **SEK** |
| Calculated on net profit for the year | | 2.93 | 2.50 |

FINANCIAL INFORMATION

# Consolidated balance sheet

| AMOUNTS IN KSEK | Note | 31 Dec 2025 | 31 Dec 2024 |
|---|---|---|---|
| **ASSETS** | | | |
| Intangible non-current assets | 12 | 310,936 | 361,976 |
| Tangible non-current assets | 13 | 87,061 | 79,784 |
| Right-of-use assets | 14 | 50,162 | 59,118 |
| Deferred tax assets | 15 | 4,165 | 4,989 |
| Financial non-current assets | 24 | 2,937 | 2,915 |
| **Total non-current assets** | | **455,261** | **508,783** |
| Inventories | 17 | 140,062 | 147,481 |
| Accounts receivable | 18, 24 | 95,238 | 97,675 |
| Current tax assets | | 4,149 | 5,582 |
| Other receivables | | 10,974 | 9,403 |
| Prepaid expenses and accrued income | 19 | 18,448 | 20,211 |
| Cash and cash equivalents | 24 | 37,712 | 40,569 |
| **Total current assets** | | **306,583** | **320,922** |
| **Total assets** | | **761,844** | **829,704** |

| AMOUNTS IN KSEK | Note | 31 Dec 2025 | 31 Dec 2024 |
|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | |
| Share capital | | 58,847 | 58,847 |
| Other contributed capital | | 111,129 | 111,129 |
| Reserves | | –2,703 | 60,821 |
| Retained earnings, including net profit for the year | | 346,139 | 306,768 |
| **Equity attributable to Parent Company shareholders** | | **513,412** | **537,565** |
| | | | |
| Provisions for pensions | 21 | 5,266 | 6,834 |
| Deferred tax liabilities | 22 | 20,082 | 17,399 |
| Lease liabilities | 14, 24, 25 | 39,376 | 47,382 |
| Liabilities to credit institutions | 24, 25 | 39,000 | 27,400 |
| **Total non-current liabilities** | | **103,724** | **99,015** |
| | | | |
| Lease liabilities | 14, 24, 25 | 15,031 | 16,247 |
| Bank overdraft facility | 20, 24, 25 | 757 | 48,861 |
| Liabilities to credit institutions | 24, 25 | 12,000 | – |
| Other interest-bearing liabilities | 24, 25 | – | – |
| Accounts payable | 24 | 50,185 | 59,084 |
| Current tax liabilities | | 4,762 | 6,849 |
| Other current liabilities | | 16,479 | 12,573 |
| Accrued expenses and deferred income | 26 | 45,126 | 48,962 |
| Provisions for warranties | 27 | 369 | 549 |
| **Total current liabilities** | | **144,709** | **193,124** |
| **Total equity and liabilities** | | **761,844** | **829,704** |

FINANCIAL INFORMATION

# Consolidated equity

| AMOUNTS IN KSEK | SHARE CAPITAL | OTHER CONTRIBUTED CAPITAL | RESERVES | RETAINED EARNINGS | TOTAL EQUITY |
|---|---|---|---|---|---|
| **Opening equity, 1 Jan 2024** | **56,460** | **84,378** | **24,441** | **249,598** | **414,877** |
| | | | | | |
| **Net profit for the year** | **–** | **–** | **–** | **57,170** | **57,170** |
| Other comprehensive income | – | – | 36,380 | – | 36,380 |
| **Total comprehensive income** | **–** | **–** | **36,380** | **57,170** | **93,550** |
| | | | | | |
| **Transactions with shareholders in their capacity as owners:** | | | | | |
| Option premiums received | – | 2,784 | – | – | 2,784 |
| Redemption of warrants | 2,387 | 23,967 | – | – | 26,354 |
| | **2,387** | **26,751** | **–** | **–** | **29,138** |
| | | | | | |
| **Closing equity, 31 Dec 2024** | **58,847** | **111,129** | **60,821** | **306,768** | **537,565** |
| | | | | | |
| **Opening equity 1 Jan 2025** | **58,847** | **111,129** | **60,821** | **306,768** | **537,565** |
| | | | | | |
| Net profit for the year | – | – | – | 68,882 | 68,882 |
| Adjustment attributable to IFRS 16 | – | – | – | –88 | –88 |
| Other comprehensive income | – | – | –63,524 | – | –63,524 |
| **Total comprehensive income** | **–** | **–** | **–63,524** | **68,794** | **5,270** |
| | | | | | |
| **Transactions with shareholders in their capacity as owners:** | | | | | |
| Dividend | | | | –29,423 | –29,423 |
| | **–** | **–** | **–** | **–29,423** | **–29,423** |
| | | | | | |
| **Closing equity, 31 Dec 2025** | **58,847** | **111,129** | **–2,703** | **346,139** | **513,412** |

### Share capital
The number of shares outstanding is 23,538,721 (23,538,721) with a quota value of SEK 2.50 (2.50). Each share carries one vote. Share capital comprises the registered share capital of the Parent Company.

### Other contributed capital
Consists of premiums paid in connection with payment for shares issued, premiums in connection with new shares issued in business combinations, shareholder contributions received and option premiums paid in connection with warrants for executive management.

### Reserves
Reserves consist entirely of translation differences attributable to translation of foreign subsidiaries in accordance with IAS 21.

### Retained earnings
Retained earnings consist of the accumulated profit generated in total in the Group that has not been distributed to shareholders.

### Capital management
The financial strategy is based on the creation of satisfactory financial conditions for the Group's operations and development. The capital structure can be adjusted by, for example, changing the dividend paid to the shareholders, issuing new shares or selling assets.

The equity ratio at year-end was 67% (65). The Board of Directors proposes to the 2026 AGM that a dividend of SEK 1.50 per share be paid.

The Group's aims for its capital structure are to safeguard the Group's ability to continue its operations so that it can continue to generate a return for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to keep capital costs down.

FINANCIAL INFORMATION

# Consolidated cash flow

| AMOUNTS IN KSEK | Note | 2025 | 2024 |
|---|---|---|---|
| **OPERATING ACTIVITIES** | | | |
| Operating profit | | 90,978 | 93,208 |
| Adjustments for non-cash items: | | | |
| Depreciation and amortisation | 8 | 43,289 | 44,474 |
| Other | 29 | –22,116 | 7,681 |
| **Total** | | **112,151** | **145,363** |
| | | | |
| Interest received | | 1,242 | 2,134 |
| Interest paid | | –8,049 | –15,886 |
| Tax paid | | –14,858 | –10,035 |
| **Cash flow from operating activities before changes in working capital** | | **90,486** | **121,576** |
| | | | |
| **Cash flow from changes in working capital** | | | |
| Changes in inventories | | 7,197 | –10,188 |
| Changes in receivables | | 2,630 | –7,570 |
| Changes in liabilities | | –9,025 | 8,899 |
| **Cash flow from operating activities** | | **91,288** | **112,717** |

| AMOUNTS IN KSEK | Note | 2025 | 2024 |
|---|---|---|---|
| **INVESTING ACTIVITIES** | | | |
| Acquisition of intangible non-current assets | | –1,107 | –1,102 |
| Acquisition of tangible non-current assets | | –20,728 | –12,779 |
| Acquisition of other financial non-current assets | | –22 | 330 |
| **Cash flow from investing activities** | | **–21,857** | **–13,551** |
| | | | |
| **FINANCING ACTIVITIES** | | | |
| Change in bank overdraft facilities | | –48,116 | –41,679 |
| Repayment of lease liabilities | | –14,536 | –15,114 |
| New borrowing | | 131,000 | – |
| Repayment of borrowings | | –107,400 | –70,920 |
| Option premiums received | | – | 2,784 |
| New share issue | | – | 26,354 |
| Dividend | | –29,423 | – |
| **Cash flow from financing activities** | | **–68,475** | **–98,575** |
| | | | |
| **Cash flow for the year** | | **956** | **591** |
| **Cash and cash equivalents at beginning of year** | | **40,569** | **37,895** |
| **Exchange rate differences in cash and cash equivalents** | | **–3,813** | **2,083** |
| **Cash and cash equivalents at end of year** | | **37,712** | **40,569** |
| | | | |
| **The Group's undrawn credit facilities at year-end amounted to** | | **99,243** | **126,139** |

FINANCIAL INFORMATION

# Parent Company income statement

| AMOUNTS IN KSEK | Note | 2025 | 2024 |
|---|---|---|---|
| **Net sales** | 5 | 20,612 | 13,131 |
| | | | |
| **Operating expenses** | | | |
| Administrative expenses | 8 | –32,104 | –29,033 |
| Other operating income | 7 | 56 | 9 |
| Other operating expenses | 7 | –113 | –696 |
| **Operating loss** | **3–8** | **–11,549** | **–16,590** |
| | | | |
| Profit from interests in Group companies | 9 | – | – |
| Other interest income and similar profit/loss items | 9 | 13,841 | 5,166 |
| Interest expense and similar profit/loss items | 9 | –17,104 | –30,114 |
| **Profit/loss after financial items** | | **–14,812** | **–41,537** |
| | | | |
| Appropriations | 10 | 67,229 | 58,180 |
| **Profit before tax** | | **52,417** | **16,643** |
| | | | |
| Tax | 11 | –10,867 | –4,747 |
| **Net profit for the year** | | **41,550** | **11,896** |
| | | | |
| **STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR** | | | |
| Net profit for the year | | 41,550 | 11,896 |
| Other comprehensive income | | – | – |
| **Comprehensive income for the year** | | **41,550** | **11,896** |

FINANCIAL INFORMATION

# Parent Company balance sheet

| AMOUNTS IN KSEK | Note | 2025 | 2024 |
|---|---|---|---|
| **ASSETS** | | | |
| Intangible non-current assets | 12 | 194 | 506 |
| Interests in Group companies | 16 | 615,947 | 615,947 |
| Deferred tax assets | 15 | 500 | 450 |
| Financial non-current assets | 24 | 1,955 | 1,759 |
| **Total non-current assets** | | **618,596** | **618,663** |
| Other receivables | | 204 | 318 |
| Prepaid expenses and accrued income | 19 | 2,410 | 1,059 |
| **Total current receivables** | | **2,614** | **1,377** |
| | | | |
| Cash and bank balances | | – | – |
| **Total current assets** | | **2,613** | **1,377** |
| **Total assets** | | **621,210** | **620,040** |
| | | | |
| **EQUITY AND LIABILITIES** | | | |
| Share capital | | 58,847 | 58,847 |
| Statutory reserve | | 10,000 | 10,000 |
| Share premium reserve | | 128,629 | 128,629 |
| Retained earnings | | 143,482 | 161,009 |
| Net profit for the year | | 41,550 | 11,896 |
| **Equity attributable to Parent Company shareholders** | | **382,507** | **370,381** |
| | | | |
| **Untaxed reserves** | 23 | **43,013** | **25,413** |

| AMOUNTS IN KSEK | Note | 2025 | 2024 |
|---|---|---|---|
| **Non-current liabilities** | | | |
| Provisions for pensions | 21 | 1,955 | 1,759 |
| Liabilities to credit institutions | 24, 25 | 39,000 | 27,400 |
| **Total non-current liabilities** | | **40,955** | **29,159** |
| | | | |
| **Current liabilities** | | | |
| Bank overdraft facility | 20, 24, 25 | 757 | 48,861 |
| Liabilities to credit institutions | 24, 25 | 12,000 | – |
| Accounts payable | 24 | 1,054 | 1,670 |
| Current tax liabilities | | 3,979 | 645 |
| Liabilities to Group companies | | 131,269 | 137,372 |
| Other current liabilities | | 889 | 803 |
| Accrued expenses and deferred income | 26 | 4,786 | 5,736 |
| **Total current liabilities** | | **154,735** | **195,087** |
| | | | |
| **Total equity and liabilities** | | **621,210** | **620,040** |

FINANCIAL INFORMATION

# Parent Company equity

| AMOUNTS IN KSEK | SHARE CAPITAL | STATUTORY RESERVE | SHARE PREMIUM RESERVE | RETAINED EARNINGS | NET PROFIT FOR THE YEAR | TOTAL EQUITY |
|---|---|---|---|---|---|---|
| **Opening equity, 1 Jan 2024** | **56,460** | **10,000** | **101,878** | **18,334** | **142,675** | **329,347** |
| Transfer of the previous year's profit | – | – | – | 142,675 | –142,675 | – |
| Option premiums received | – | – | 2,784 | – | – | 2,784 |
| Redemption of warrants | 2,387 | – | 23,967 | – | – | 26,354 |
| Net profit for the year | – | – | – | – | 11,896 | 11,896 |
| **Total changes in wealth recognised in equity excluding transactions with company owners** | **2,387** | **–** | **26,751** | **142,675** | **–130,779** | **41,034** |
| **Closing equity, 31 Dec 2024** | **58,847** | **10,000** | **128,629** | **161,009** | **11,896** | **370,381** |
| **Opening equity 1 Jan 2025** | **58,847** | **10,000** | **128,629** | **161,009** | **11,896** | **370,381** |
| Transfer of the previous year's profit | – | – | – | 11,896 | –11,896 | – |
| Dividend | – | – | – | –29,423 | – | –29,423 |
| Net profit for the year | – | – | – | – | 41,550 | 41,550 |
| **Total changes in wealth recognised in equity excluding transactions with company owners** | **–** | **–** | **–** | **–17,527** | **29,654** | **12,127** |
| **Closing equity, 31 Dec 2025** | **58,847** | **10,000** | **128,629** | **143,482** | **41,550** | **382,508** |

FINANCIAL INFORMATION

# Parent Company cash flow

| AMOUNTS IN KSEK | Note | 2025 | 2024 |
|---|---|---|---|
| **OPERATING ACTIVITIES** | | | |
| Operating loss | | –11,549 | –16,590 |
| Adjustments for non-cash items: | | | |
| Depreciation and amortisation | 8 | 313 | 434 |
| Other | 29 | 9,574 | –425 |
| **Total** | | **–1,662** | **–16,581** |
| | | | |
| Dividends received from interests in Group companies | | | – |
| Interest received | | 2,277 | 2,653 |
| Interest paid | | –14,918 | –22,352 |
| Tax paid | | –7,583 | –7,024 |
| **Cash flow from operating activities before changes in working capital** | | **–21,886** | **–43,304** |
| | | | |
| **Cash flow from changes in working capital** | | | |
| Changes in receivables | | –1,236 | – |
| Changes in liabilities | | 77,245 | 127,057 |
| **Cash flow from operating activities** | | **54,123** | **83,753** |

| AMOUNTS IN KSEK | Note | 2025 | 2024 |
|---|---|---|---|
| **INVESTING ACTIVITIES** | | | |
| Acquisition of other financial non-current assets | | –196 | –292 |
| **Cash flow from investing activities** | | **–196** | **–292** |
| | | | |
| **FINANCING ACTIVITIES** | | | |
| Change in bank overdraft facilities | | –48,104 | –41,679 |
| New borrowing | | 131,000 | – |
| Repayment of borrowings | | –107,400 | –70,920 |
| Dividend | | –29,423 | – |
| Redemption of warrants | | – | 26,354 |
| Option premiums repaid/received | | – | 2,784 |
| **Cash flow from financing activities** | | **–53,927** | **–83,461** |
| | | | |
| **Cash flow for the year** | | **–** | **–** |
| **Cash and cash equivalents at beginning of year** | | **–** | **–** |
| **Cash and cash equivalents at end of year** | | **–** | **–** |
| | | | |
| **The Parent Company's undrawn credit facilities at year-end amounted to** | | **99,243** | **126,139** |

# Notes

## Note 1 Accounting policies and disclosures

### General

The consolidated financial statements for Embellence Group AB's financial year ended 31 December 2025 were approved by the Board of Directors and CEO on 15 April 2026 and will be presented for adoption at the 2026 Annual General Meeting (AGM). The Parent Company is a Swedish limited company with its registered office in the City of Borås, Sweden. The address of the head office is Ryssnäsgatan 8, SE-504 64 Borås, Sweden. All amounts are in thousands of Swedish kronor (KSEK) unless indicated otherwise.

The Group's income statement and balance sheet and the Parent Company's income statement and balance sheet will be presented for adoption at the ordinary AGM on 12 May 2026.

### Statement of conformity with regulations applied

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) interpretations issued by IFRIC as adopted by the EU, RFR 1 Supplementary Accounting Rules for Groups, and the Swedish Annual Accounts Act.

The consolidated financial statements have been prepared based on historical cost, except in the case of financial derivatives which are measured at fair value. The consolidated financial statements are presented in Swedish kronor (SEK), which is also the Group's functional currency. All values are rounded off to the nearest thousand (KSEK). The Parent Company's statements are prepared in accordance with RFR 2 Accounting for Legal Entities and the Swedish Annual Accounts Act. The application of RFR 2 requires that the Parent Company, in the annual report for the legal entity, shall apply all IFRS standards adopted by the EU and statements to the extent that this is possible within the framework of the Annual Accounts Act and the Pension Obligations Vesting Act and with consideration to the relationship between accounting and taxation. In cases where the Parent Company applies other accounting policies than the Group, this is stated separately at the end of this note.

### Amended accounting policies brought about by new or amended IFRS

There were no changes to accounting policies in 2025.

### New IFRS that have not yet been applied

In our assessment, the change to IFRS 7 and 9 in 2026 will have no impact on the Group. Embellence Group is of the opinion that only IFRS 18 Presentation and Disclosure in Financial Statements is expected to result in any substantial impact on the Group's financial statements.

### Basis for preparation of the financial statements

The consolidated financial statements are based on historical cost except in the case of financial instruments, which are measured at fair value.

### Basis of consolidation

The consolidated financial statements cover the Parent Company and its subsidiaries. The financial statements for the Parent Company and the consolidated subsidiaries have been prepared for the same accounting period and in accordance with the same accounting policies as apply to the Group.

Subsidiaries are consolidated from the date of acquisition, which is the date on which the Parent Company gains a controlling interest, and continue to be consolidated until the date on which such control ceases. The acquisition method of accounting is applied to the Group's business combinations. The purchase price for the acquisition of a subsidiary comprises the fair value of assets transferred, liabilities assumed and the shares issued by the Group. The purchase price also includes the fair value of all assets and liabilities resulting from an agreement on a conditional purchase price. Any conditional purchase price to be transferred by the Group is recognised at fair value at the acquisition date as part of the purchase price. Subsequent changes to the fair value of the conditional purchase price that are deemed to be a liability are recognised in accordance with IFRS 9 in financial items in profit or loss. Acquisition-related costs are expensed as incurred. Identifiable acquired assets and assumed liabilities in a business combination are measured initially at their transfer-date fair value. Amounts by which the purchase price, any non-controlling interests and the transfer-date fair value of previous shareholdings exceeds the fair value of the Group's share of identifiable acquired net assets are recognised as goodwill.

All intra-Group balances, revenue, costs, gains and losses arising in transactions between companies included in the consolidated financial statements are eliminated in full.

### Translation of foreign subsidiaries

Foreign subsidiaries report their position and earnings to the Parent Company in their functional currency.

These are then translated to SEK using the current rate method, which means that the balance sheet is translated at the closing rate and the income statement at the average rate for the financial year. Translation differences are recognised in other comprehensive income.

### Financial assets and liabilities

Financial assets and liabilities are measured and recognised in the Group in accordance with the rules in IFRS 9. IFRS 9 classifies financial instruments in categories. The classification depends on the intention behind the acquisition of the financial instrument. Executive management determines the classification at the time the instrument is originally acquired. The categories are: Financial assets and liabilities at fair value through profit or loss, Financial assets and liabilities at amortised cost, and Financial assets and liabilities at fair value through other comprehensive income.

A financial asset or financial liability is recognised in the balance sheet when the company becomes party according to the contractual provisions of the instrument. Trade receivables are recognised in the balance sheet when an invoice has been sent.

NOTES

Note 1 Accounting policies and disclosures, cont.

A liability is recognised when the counterparty has performed and the company is contractually obliged to pay, even if an invoice has not yet been received. A financial asset is derecognised from the balance sheet when the rights in the contract have been realised, expire or when the company loses control over them. A financial liability is derecognised from the balance sheet when the obligation in the contract is discharged or otherwise extinguished.

Acquisitions and disposals of financial assets are recognised on the trade date, which is the date on which the company undertakes to acquire or dispose of the asset, except in cases where the company acquires or disposes of listed securities, in which case settlement date accounting is applied.

### Financial assets at amortised cost

Assets held for the purpose of collecting contractual cash flows and where these cash flows consist solely of payments of principal and interest are measured at amortised cost. Assets in this category are recognised initially at fair value including transaction costs. After the acquisition date, they are measured at amortised cost by applying the effective interest method.

### Accounts receivable – trade

Trade receivables are amounts attributable to customers and relating to goods sold or services performed as part of operating activities. Trade receivables are generally due for payment within 30 days and all trade receivables have therefore been classified as current assets. Trade receivables are held solely for the purpose of collecting contractual cash flows and are therefore measured at amortised cost.

### Impairment of financial assets

The Group assesses future expected credit losses associated with assets recognised at amortised cost. The Group recognises credit loss reserves for such expected credit losses at each reporting date. For trade receivables, the Group applies the simplified approach to credit loss reserves; in other words, the reserves will equal the expected losses over the lifetime of the receivable. Expected credit losses are recognised in consolidated operating profit.

### Cash and cash equivalents

Cash and cash equivalents consist of cash and immediately available balances with banks and equivalent institutions.

### Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss consist of earnouts in business combinations. Financial liabilities at fair value through profit or loss are also recognised in subsequent periods at fair value and the change in value is recognised in net financial items in net profit for the year. Liabilities in this category are classified as current liabilities if payment is due within 12 months of the balance sheet date. If payment is due after 12 months of the balance sheet date they are classified as non-current liabilities.

### Financial liabilities at amortised cost

The Group's other financial liabilities are classified as measured at amortised cost applying the effective interest method. Financial liabilities at amortised cost consist of liabilities to credit institutions, accounts payable, other current liabilities and accrued expenses. New borrowing is initially recognised at fair value, net after transaction costs. Borrowing is subsequently recognised at amortised cost and any difference between the amount received (net after transaction costs) and the repayment amount is recognised in the statement of comprehensive income distributed across the term of the loan, applying the effective interest method. Borrowing is classified as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least 12 months after the reporting period. Distributed dividends are recognised as a liability after the General Meeting has approved the dividend. Accounts payable and other operating liabilities have a short expected lifetime and are measured excluding discounts at nominal amounts.

### Tax

Tax expense for the period includes current and deferred tax. Tax is recognised in the income statement, except when the tax refers to items recognised in other comprehensive income or directly in equity. In such cases, the tax is also recognised in other comprehensive income or equity, as appropriate.

### Current tax

Current tax expense is calculated using the tax rules that have been enacted or substantively enacted as at the reporting date in the countries where the Parent Company and its subsidiaries operate and generate taxable income.

### Deferred tax on temporary differences

Deferred tax is recognised, using the balance sheet method, for all temporary differences that arise between the tax base of an asset or liability and its carrying amount in the consolidated financial statements. Deferred tax assets are recognised to the extent it is probable that there will be future taxable surpluses against which the temporary differences can be utilised.

### Receivables and liabilities in foreign currency

Receivables and liabilities denominated in a foreign currency have been translated at the closing rate.

### Inventories

Inventories have been measured at the lower of cost and net realisable value. Cost is calculated using the first in, first out (FIFO) method. The cost of finished goods includes the costs of materials and direct labour as well as a reasonable proportion of production overheads based on normal production capacity. The net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

### The Group as lessee

The Group's leases consist mainly of rights of use for premises and equipment. Leases are recognised as a right-of-use asset and a corresponding liability on the date the leased asset is available for use by the Group. Short-term leases and leases where the underlying asset is of low value are exempted.

The lease payments are each distributed between repayment of the lease liability and financial expense. The financial expense is to be allocated to each period during the lease term so as to produce a constant periodic rate of interest for the remaining balance of the liability.

NOTES

Note 1 Accounting policies and disclosures, cont.

The lease term is set as the non-cancellable period of the lease, including optional periods if the lessee is reasonably certain to exercise an option to extend the lease or not to exercise an option to terminate the lease.

The Group's lease liabilities are recognised at the present value of the Group's fixed payments (including in-substance fixed payments). Purchase options are included in the payments if it is reasonably certain that these will be exercised to acquire the underlying asset. Penalties payable on termination of the lease are included if the lease term reflects the fact that the lessee will exercise an option to terminate the lease. The lease payments are discounted by the Group's incremental borrowing rate.

The Group's right-of-use assets are recognised at cost and initially include the present value of the lease liability, adjusted for lease payments paid on or before the date of introduction, as well as initial direct costs. Restoration costs are included in the asset if an equivalent provision for restoration costs has been identified. Right-of-use assets are depreciated on a straight line basis over the shorter of the asset's useful life or the term of the lease.

## Intangible non-current assets

### Goodwill

The amount by which the purchase price exceeds the fair value of identifiable acquired net assets is recognised as goodwill. Goodwill on the acquisition of subsidiaries is recognised under intangible assets.

Goodwill is tested annually in accordance with IAS 36 to identify any impairment and is recognised at cost less accumulated impairment. Goodwill impairment is not reversed. The gain or loss on divestment of an entity includes the remaining carrying amount of goodwill relating to the entity divested.

The goodwill value established as at the date of acquisition is distributed to cash-generating units, or groups of cash-generating units, that are expected to benefit from the acquisition through synergy effects. Assets and liabilities that are already in the Group at the date of acquisition can also be attributed to these cash-generating units. Each such cash flow to which goodwill is distributed corresponds to the lowest level within the Group at which goodwill is monitored in the company's governance and is no larger than a Group segment, i.e. a line of business as per the Group's segment reporting.

Impairment exists when the recoverable amount of a cash-generating unit (or groups of cash-generating units) is less than the carrying amount. An impairment loss is then recognised in the income statement.

### Contractual customer relationships

Contractual customer relationships are recognised at fair value on the date of acquisition. The contractual customer relationships have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected life of the customer relationship, which is ten years.

### Design archive

The design archive is recognised at fair value on the date of acquisition. The design archive is assessed to have a finite useful life and with effect from 2013 is amortised over the expected life of the design archive, which is 15 years.

### Brands

Brands are recognised at fair value on the date of acquisition. The brands are then either amortised or tested for impairment in accordance with IAS 36 in the same way as goodwill. Brands that are deemed to have an indefinite useful life are brands that were acquired with the intention of being kept for a substantial future period. Brands assessed to have a finite useful life are amortised over a ten-year period. The reason for this amortisation period is that the Group's acquired brands have good reputations and a large, stable market share in key markets.

### Software

Expenditure for software is recognised in the Group as an asset in accordance with IAS 38 Intangible Assets. Amortisation is applied over three to five years. For computer programmes that are defined as Software as a Service (SaaS), expenditure for customisation and implementation is recognised as a prepaid expense to the extent that the expenditure meets the requirements under the amendments to IAS 15 and IAS 38 that were issued in 2021. The period for expensing these costs is at most five years from the date the system is put into operation.

### Product development

Product development expenditure is expensed as incurred since the conditions for capitalisation in accordance with IAS 38 Intangible Assets are not deemed to be fulfilled.

## Tangible non-current assets

Tangible non-current assets are recognised at cost less accumulated depreciation. Further expenditures are added to the carrying amount of the asset or recognised as a separate asset, as applicable, only if it is probable that the Group will enjoy future economic benefits associated with the asset and the cost can be reliably estimated. The carrying amount of the replaced part is derecognised from the balance sheet. All other forms of repair and maintenance are recognised as expenses in the income statement in the period in which they are incurred.

## Depreciation of tangible non-current assets

Depreciation according to plan is based on the cost and useful life of the assets concerned. Any residual value has not been taken into consideration as it is not deemed material. Annual depreciation has been applied using the following percentages.

| | |
|---|---|
| Goodwill | Tested for impairment |
| Contractual customer relationships | 10% |
| Design archive | 6.67% |
| Brands | Tested for impairment |
| Brands | 10% |
| Software, computer equipment | 20–33% |
| Machinery | 10–33% |
| Other equipment | 5–25% |
| Buildings | 1.25–10% |

Land is not depreciated.

The design archive's useful life of 15 years was estimated by the Group on the basis of its expected sustained return and its strategic importance. The above assets are tested for impairment regularly.

## Impairment of tangible non-current assets

The Group continually evaluates the book values of non-current assets. If there is an indication that the value of any non-current assets may have decreased, the asset's recoverable amount is established. The recoverable amount is the higher of an asset's net realisable value and value in use. The asset is written down by the amount by which the asset's carrying amount exceeds its recoverable amount and the cost is charged to the income statement. An asset's value in use is calculated by discounting future cash flows.

## Pensions

The Group companies have various pension plans. From 2018 and onwards, there are both defined-benefit and defined-contribution pension plans in the Group. Defined contribution pension plans are those where the Group pays fixed contributions to a separate legal entity. The Group has no legal or constructive obligation to pay additional contributions if this legal entity does not have sufficient resources to pay all the benefits to employees that are related to their service in the current or previous periods. Defined-benefit plans are plans for post-employment benefits other than defined-contribution plans and are found in the subsidiary in Italy.

### Defined contribution plans

Past-service costs are recognised immediately in the income statement, unless changes to the pension plan are conditional upon the employee remaining employed in the Group for a set period (vesting period). In such cases, the past-service cost is allocated on a straight line basis over the vesting period.

For defined contribution plans, the Group pays contributions into publicly or privately administered pension plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations beyond paying these contributions. The contributions are recognised as employee expenses as they fall due for payment. Prepaid contributions are recognised as an asset to the extent that cash repayment or reduction of future payments can flow to the Group.

### Defined-benefit plans

Actuarial calculations are made for all defined-benefit plans for the purpose of establishing the present value of the Group's obligations in respect of vested benefits for current and previous employees. Actuarial calculations are made annually and based on actuarial assumptions established on the closing date. Changes in the present value of the obligations as a result of changed actuarial assumptions as well as experience-based adjustments are presented as remeasurements. Provisions for pensions and similar obligations in the consolidated balance sheet correspond to the present value of the obligations on the closing date, less the fair value of the plan assets. The discount rate is used to calculate net interest on the net pension liability (asset). All changes in the net pension liability (asset) are recognised as they arise. Service costs and net interest expense (income) are recognised in the income statement, while remeasurements such as actuarial gains and losses are recognised in other comprehensive income.

## Contingent liabilities

A contingent liability is recognised where there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events, or when there is a commitment that is not reported as a liability or provision because it is unlikely that an outflow of resources will be required.

## Provisions

A provision is recognised when the company has an obligation due to a past event and it is probable that an outflow of financial resources will be required to settle the obligation, and the amount can be reliably estimated.

## Borrowing costs

Embellence Group AB has no projects for which capitalisation of interest is required under IAS 23, which means that borrowing costs have been charged to profit or loss for the period to which they relate.

## Net sales (revenue recognition)

Net sales recognised by Embellence Group refer to revenue from the sale of goods. Where applicable, net sales have been reduced by the value of discounts given and returns. Revenue from sales is recognised when control of the goods is transferred and there are no undischarged obligations that may affect the customer's approval of the goods.

The goods are often sold with a discount for volume based on cumulative sales over a 12-month period. The revenue from the sale of goods is recognised based on the price in the contract, less estimated volume discounts. Historical data is used to estimate the expected value of discounts and the revenue is recognised only to the extent that it is highly probable that a significant reversal will not occur. A liability (included in the item Accrued expenses and deferred income) is recognised for expected volume discounts in relation to sales up to and including the reporting date.

A receivable is recognised when the goods have been delivered, since this is the time at which the consideration becomes unconditional (i.e. only the passage of time is required in order for payment to be made).

## Disclosures concerning related party transactions

Related party transactions are presented in Note 5.

## Accounting estimates and assessments

In preparing Embellence Group's consolidated financial statements, the Board and CEO have made estimates and assessed various accounting matters that are of significance for amounts reported. This applies in the following areas:

### Impairment testing for goodwill and brands

Each year, the Group performs impairment testing for goodwill and brands, in accordance with the accounting policy described in Note 1. The recoverable amount of the cash-generating unit is established by calculating value in use. These calculations require certain estimates to be made. For more information, see Note 12.

Neither goodwill nor certain brands are amortised. Embellence has one segment and one cash-generating unit. Annual testing of existing goodwill and these brands has therefore been carried out on the basis of the Group's cash flow.

## Financial risks and risk management

Through its business the Group is exposed to many different financial risks: market risk (including foreign currency risk, interest rate risk in fair value, interest rate risk in cash flow and price risk), credit risk and liquidity risk. The Group's overall risk management policy focuses on the unpredictability of the financial markets and endeavours to minimise potential unfavourable effects on the Group's financial results.

NOTES

Note 1 Accounting policies and disclosures, cont.

## Dependence on customers

Embellence Group has a broad customer base and is not dependent on any individual customer or customer group such that any loss thereof would seriously impact the Group's profitability.

## Credit losses

Credit losses cannot be avoided entirely in businesses where goods are supplied against later payment. To minimise the risks, credit assessments are carried out on an ongoing basis and there are also credit limits for each customer. Outstanding receivables are continuously monitored, with reminders being sent and interest being invoiced when necessary. The usual credit period is the current month plus 30 days. Embellence Group has not historically been affected by a significant level of credit losses.

## Dependence on suppliers

There are alternative suppliers for all goods and components that Embellence Group buys in, and consequently our assessment is that Embellence Group would not be seriously damaged should an individual supplier not be able to meet the requirements set.

## Commodity price risk

Commodity price risk refers to the risk of increased costs for direct and indirect materials when commodity prices rise in the global market. The Group does not hedge commodity purchases.

## IT security

Embellence Group works actively on IT security and has taken many measures to preclude and prevent IT problems arising. Should problems nonetheless occur, Embellence Group has a plan for dealing with these quickly so that production and deliveries, etc. are affected as little as possible.

## Foreign currency risk

The Group is active internationally and is exposed to foreign currency risk from various types of currency exposure. Foreign currency risk arises from the following two exposure categories:

- Translation exposure – defined as recognised assets and liabilities as well as net investment in foreign operations.
- Transaction exposure – defined as the net of all contracted commercial financial inflows and outflows in foreign currency.

Embellence Group does not actively hedge currency risk for estimated future flows in foreign currency. All transactions between Embellence Group AB and other companies in the Group are to take place as far as possible in the local currency of the company concerned.

At 31 December 2025, foreign net assets in the consolidated balance sheet amounted to around MGBP 11, MUSD 24 and MEUR 9 (MGBP 11, MUSD 23 and MEUR 8). No hedging has been conducted in respect of these foreign net assets.

The most significant transaction exposure in the Group is from changes in EUR, USD and GBP against SEK. This is because purchases of materials, mainly paper, are made in EUR. The Group has export revenue in EUR but this does not cover its purchasing requirements since the majority of the Group's products are sold in SEK, GBP and USD. A 10% change in the EUR exchange rate, with all other variables remaining constant, would have affected net profit for the year by MSEK 1.3 (2.7). A 10% change in the GBP exchange rate, with all other variables remaining constant, would have affected net profit for the year by MSEK 4.1 (3.9). A 10% change in the USD exchange rate, with all other variables remaining constant, would have affected net profit for the year by MSEK 6.0 (2.5).

## Interest rate, financing and liquidity risk

Interest risk refers to the risk that the Group's exposure to changes in market interest rates may negatively affect earnings. Financing risk refers to the risk that financing of the Group's capital requirements and refinancing of outstanding debt may become more difficult or costly. The maturity and terms of borrowings are decided based on Embellence Group's future liquidity needs, the interest rate situation and other factors in the lending market. Liquidity risk refers to the risk that financing cannot be obtained, or only at significantly higher costs.

The Group has borrowing of MSEK 51 and a bank overdraft facility of MSEK 100, of which MSEK 99 was unutilised at 31 December 2025. Interest rate risk in the Group's cash and cash equivalents depends mainly on developments in the Swedish interest market. The Group's sources of financing consist mainly of equity, cash flow from operating activities and an utilised bank overdraft facility. A 1% increase or decrease in interest levels related to average utilised bank overdraft facilities would have resulted in an increase or decrease in net financial items of MSEK 0.2 (0.8).

The Group's prudent liquidity management ensures that there are sufficient cash funds to meet the needs of the operating activities. At the same time, it is ensured that the Group has sufficient agreed credit facilities to pay its liabilities as they fall due. On the reporting date, the company had cash of MSEK 38 and an unutilised bank overdraft facility of MSEK 99 that can be used to manage liquidity risk. Due to the Group's dynamic operations, the Group needs to have flexible financing that allows it to utilise agreed credit limits.

Management monitors rolling forecasts of the Group's liquidity reserves (including unutilised credit facilities) and its cash and cash equivalents based on expected cash flows. Such analysis is usually carried out by the operating companies, observing the guidelines and restrictions established by Group Management. The restrictions vary from region to region, taking into consideration liquidity in different markets.

## Parent Company accounting policies

The Parent Company's annual report is prepared in accordance with Swedish law and applies the Swedish Annual Accounts Act and Recommendation RFR 2 Accounting for Legal Entities of the Swedish Financial Reporting Board.

## Presentation formats

The presentation format prescribed in the Annual Accounts Act is used for the income statement and balance sheet. The presentation format for the statement of changes in equity is also consistent with the Group's format, but must also include the columns stated in the Annual Accounts Act. Moreover, there is a difference in terms, compared with the consolidated accounts, mainly with regard to financial income and expense, and equity.

## Interests in subsidiaries

Interests in subsidiaries are recognised at cost less any impairment. Cost includes acquisition-related costs and any earnout.

The recoverable amount is calculated if there is an indication of impairment of interests in subsidiaries. Impairment is recognised if the recoverable amount is less than the carrying amount. Impairment is recognised in the items Profit from interests in Group companies.

## Financial instruments

IFRS 9 is not applied in the Parent Company. Instead, the Parent Company applies the items set out in RFR 2 (IFRS 9 Financial instruments, p. 3–10). Financial instruments are measured at cost. Financial assets acquired with the intention of holding them on a short-term basis will be recognised in sub-

Note 1 Accounting policies and disclosures, cont.

sequent periods in accordance with the lower value principle at the lowest of cost and market value. When calculating the net realisable value of receivables recognised as current assets, the policies for impairment testing and loss risk provision in IFRS 9 are applied. For a receivable recognised at amortised cost at consolidated level, this entails that the loss risk provision recognised in the Group in accordance with IFRS 9 is also to be recognised in the Parent Company.

### Leases

The Parent Company has elected not to apply IFRS 16 Leases, but instead elected to apply RFR 2 IFRS 16 Leases p. 2–12, meaning all lease payments are recognised as expenses on a straight-line basis during the lease term.

### Appropriations

Group contributions are recognised as appropriations.

## Note 2 Segment information

### Segment and operational performance

In 2025, Embellence Group clarified its strategy and its strategic priorities. In so doing, the Group's operating segments changed and are now reported as one segment. Internal monthly follow-up focuses on the Group as a whole, in addition to some monitoring of each operating area.

| AMOUNTS IN KSEK | 2025 | 2024 |
|---|---|---|
| **Net sales, Group** | **764,512** | **777,507** |
| Brands | 663,741 | 692,660 |
| Manufacturing | 100,771 | 84,847 |
| | | |
| **Operating profit before depreciation and amortisation** | **134,267** | **137,682** |
| Depreciation and amortisation | –43,290 | –44,474 |
| **Operating profit** | **90,977** | **93,208** |
| Financial income | 16,095 | 2,862 |
| Financial expenses | –20,295 | –24,407 |
| Tax | –17,895 | –14,494 |
| **Net profit for the year** | **68,882** | **57,170** |

| AMOUNTS IN KSEK | 2025 | 2024 |
|---|---|---|
| **Net sales by market** | | |
| Sweden | 282,014 | 260,742 |
| USA | 171,858 | 189,630 |
| UK | 70,301 | 75,512 |
| Italy | 48,486 | 50,792 |
| Germany | 32,453 | 33,080 |
| Other Nordics | 49,457 | 50,171 |
| Rest of Europe | 68,453 | 82,002 |
| Rest of World | 41,491 | 35,578 |
| **Net sales by market total** | **764,512** | **777,507** |

| AMOUNTS IN KSEK | 2025 | 2024 |
|---|---|---|
| **Non-current assets** | | |
| Sweden | 139,207 | 135,092 |
| UK | 81,624 | 95,088 |
| Italy | 94,169 | 97,098 |
| USA | 133,159 | 173,601 |
| **Non-current assets total** | **448,159** | **500,879** |

The Group's non-current assets exclude financial assets and deferred tax assets.

### Operational performance

Sales are divided into two operating areas: Brands and Manufacturing. Brands comprises Boråstapeter, Cole & Son, Wall&decò, Pappelina and Artscape operations. Manufacturing comprises the Borås Tapetfabrik operations.

| AMOUNTS IN KSEK | 2025 | 2024 |
|---|---|---|
| **Net sales, operating areas** | | |
| **Brands** | | |
| Boråstapeter | 286,606 | 272,500 |
| Cole & Son | 133,807 | 140,927 |
| Wall&decò | 86,539 | 93,925 |
| Pappelina | 43,653 | 46,156 |
| Artscape | 113,136 | 139,153 |
| **Net sales Brands** | **663,741** | **692,660** |
| **Net sales Manufacturing** | **100,771** | **84,847** |

NOTES

## Note 3 Average number of employees

| | 2025 | | 2024 | |
|---|---|---|---|---|
| | Employees | Of whom women | Employees | Of whom women |
| **Embellence Group AB** | **8** | **6** | **5** | **2** |
| Boråstapeter AB | 45 | 29 | 46 | 31 |
| Borås Tapetfabrik AB | 39 | 2 | 40 | 3 |
| Cole & Son Ltd | 35 | 19 | 29 | 17 |
| Wall&decò S.r.l. | 36 | 21 | 37 | 22 |
| Pappelina AB | 20 | 16 | 22 | 17 |
| Artscape Inc | 34 | 21 | 36 | 24 |
| **Group total** | **217** | **114** | **215** | **116** |

| | Group | | Parent Company | |
|---|---|---|---|---|
| | 2025 | 2024 | 2025 | 2024 |
| No. of Board members – women | 3 | 3 | 3 | 3 |
| No. of Board members – men | 2 | 2 | 2 | 2 |
| **Total** | **5** | **5** | **5** | **5** |
| | | | | |
| No. of members of executive management – women | 3 | 3 | 2 | 1 |
| No. of members of executive management – men | 5 | 5 | 1 | 1 |
| **Total** | **8** | **8** | **3** | **2** |

## Note 4 Salaries, other remuneration and social security contributions

| | Group | | Parent Company | |
|---|---|---|---|---|
| AMOUNTS IN KSEK | 2025 | 2024 | 2025 | 2024 |
| Salaries and other remuneration | 127,847 | 127,044 | 11,581 | 10,032 |
| Social security costs | 50,162 | 49,199 | 6,623 | 5,857 |
| (of which pension costs) | (17,562) | (18,357) | (2,823) | (2,610) |

| AMOUNTS IN KSEK | Board fees/basic salary | Variable remuneration | Other remuneration benefits | Pension costs | Total |
|---|---|---|---|---|---|
| **Remuneration and other benefits to executive management in 2025** | | | | | |
| CEO | 2,978 | 555 | 86 | 971 | 4,590 |
| Other members of executive management (seven) | 14,276 | 1,217 | 124 | 3,068 | 18,689 |
| Board members | 1,700 | | | | 1,700 |
| of which | | | | | |
| Magnus Welander | 580 | | | | |
| Henrik Nyqvist | 250 | | | | |
| Christina Ståhl | 270 | | | | |
| Karin Dennford | 350 | | | | |
| Maria Veerasamy | 250 | | | | |
| **Group total** | **18,954** | **1,772** | **210** | **4,039** | **24,975** |

NOTES

Note 4 Salaries, other remuneration and social security contributions, cont.

| AMOUNTS IN KSEK | Board fees/basic salary | Variable remuneration | Other remuneration benefits | Pension costs | Total |
|---|---|---|---|---|---|
| **Remuneration and other benefits to executive management in 2024** | | | | | |
| CEO | 3,040 | 120 | 102 | 1,043 | 4,305 |
| Other members of executive management (seven) | 15,397 | 1,571 | 160 | 2,719 | 19,847 |
| Board members | 1,625 | | | | 1,625 |
| of which | | | | | |
| Magnus Welander | 595 | | | | |
| Henrik Nyqvist | 250 | | | | |
| Christina Ståhl | 212 | | | | |
| Karin Dennford | 317 | | | | |
| Maria Veerasamy | 162 | | | | |
| Anneli Kansbod | 89 | | | | |
| **Group total** | **20,062** | **1,691** | **262** | **3,762** | **25,777** |

### Remuneration to executive management and related parties

Remuneration terms for the CEO were set by the Board. The Chairman of the Board and CEO set the remuneration terms for other senior executives on the executive management team. Salaries including bonuses for the executive management team were paid in the amount of KSEK 20,726, of which remuneration for the CEO amounted to KSEK 3,533.

The Board fees/basic salary includes taxable remuneration that is recognised as costs during the financial year, as well as changes in holiday pay debts and other salary-related provisions. Variable remuneration includes bonuses disbursed.

Bonuses for executive management are based partly on the Group's results, partly on sales and partly on various individual targets. The maximum bonus is 50% of basic salary for the CEO and 40% for other members of executive management. Other benefits for the CEO and other members of executive management consist mainly of company cars.

As regards pensions, the CEO is covered by the ITP plan and has a supplementary retirement pension which means that the company pays premiums corresponding to 30% of salary. Other members of executive management are entitled to pensions under the ITP system or equivalent. If the CEO's contract is terminated, a maximum of 12 months' severance pay is payable. Other than the above and what is stated in Note 5, no transactions have occurred between related parties and Embellence Group AB (publ) or other Group companies. In the Parent Company Embellence Group AB, members of executive management and Board members have subscribed for warrants. For more information about these programmes, see Note 30.

## Note 5 Related-party transactions

During the year, no transactions took place with Board members or other members of executive management, or with companies controlled by them. For customary remuneration of Board members, refer to Note 4.

NOTES

## Note 6 Remuneration of auditors

The following remuneration was paid to the company's auditors:

| | Group | | Parent Company | |
|---|---|---|---|---|
| AMOUNTS IN KSEK | 2025 | 2024 | 2025 | 2024 |
| **EY** | | | | |
| Statutory audit | 1,643 | 1,515 | 506 | 490 |
| Tax advisory services | – | – | – | – |
| Other services | 103 | – | 103 | – |
| **Total** | **1,747** | **1,515** | **609** | **490** |
| **PWC** | | | | |
| Statutory audit | – | 54 | – | – |
| Tax advisory services | 333 | – | 333 | – |
| Other services | – | 57 | – | 57 |
| **Total** | **333** | **111** | **333** | **57** |
| **HW Fischer** | | | | |
| Statutory audit | 862 | 767 | – | – |
| Tax advisory services | 311 | 187 | – | – |
| Other services | – | 89 | – | – |
| **Total** | **1,173** | **1,043** | **–** | **–** |
| **Other** | | | | |
| Statutory audit | 826 | 1,017 | – | – |
| Tax advisory services | 422 | 547 | – | – |
| Other services | 2 | – | – | – |
| **Total** | **1,250** | **1,563** | **–** | **–** |
| Total auditing services | 3,331 | 3,353 | 506 | 490 |
| Total tax advisory services | 1,066 | 734 | 333 | – |
| Total other services | 105 | 146 | 103 | 57 |
| **Total** | **4,502** | **4,233** | **942** | **547** |

## Note 7 Other operating income and expenses

| | Group | | Parent Company | |
|---|---|---|---|---|
| AMOUNTS IN KSEK | 2025 | 2024 | 2025 | 2024 |
| **Other operating income** | | | | |
| Exchange rate differences for operating receivables/liabilities | 5,917 | 4,965 | 53 | 2 |
| Government assistance received | 65 | 90 | – | 7 |
| Royalties received | 2 | – | – | – |
| Gains on sales of tangible non-current assets | – | 170 | – | – |
| Insurance remuneration | 73 | 33 | – | – |
| Other operating income | 18 | 12 | 3 | – |
| **Total** | **6,074** | **5,270** | **56** | **9** |
| **Other operating expenses** | | | | |
| Exchange rate differences for operating receivables/liabilities | –3,414 | –3,169 | –113 | –696 |
| Losses on sales of tangible non-current assets | –167 | –23 | – | – |
| **Total** | **–3,581** | **–3,192** | **–113** | **–696** |

NOTES

## Note 8 Depreciation according to plan by function and by asset class, and cost of operations

| AMOUNTS IN KSEK | Group 2025 | Group 2024 | Parent Company 2025 | Parent Company 2024 |
|---|---|---|---|---|
| **By function** | | | | |
| Production costs | 9,675 | 9,421 | – | – |
| Selling expenses | 12,175 | 11,560 | – | – |
| Administrative expenses | 21,439 | 23,492 | 313 | 434 |
| **Total** | **43,289** | **44,474** | **313** | **434** |
| | | | | |
| **By asset class** | | | | |
| Brands | 7,856 | 8,309 | – | – |
| Contractual customer relationships | 4,559 | 4,917 | – | – |
| Other intangible non-current assets | 3,885 | 4,967 | 313 | 434 |
| Design archive | 659 | 694 | – | – |
| Buildings | 1,472 | 1,533 | – | – |
| Plant and equipment | 9,529 | 7,630 | – | – |
| Right-of-use assets, real estate | 12,144 | 12,799 | – | – |
| Right-of-use assets, equipment | 3,185 | 3,623 | – | – |
| **Total** | **43,289** | **44,474** | **313** | **434** |
| | | | | |
| **Operating expenses** | | | | |
| Raw materials and consumables | 202,230 | 221,047 | – | – |
| Employee costs | 175,800 | 169,407 | 18,743 | 16,838 |
| Depreciation and amortisation | 43,289 | 44,474 | 313 | 434 |
| Other expenses | 254,708 | 251,450 | 9,968 | 11,752 |
| **Total** | **676,027** | **686,378** | **29,023** | **29,023** |

## Note 9 Financial income and expenses

| AMOUNTS IN KSEK | Group 2025 | Group 2024 | Parent Company 2025 | Parent Company 2024 |
|---|---|---|---|---|
| **Financial income** | | | | |
| Interest income | 1,242 | 1,655 | 2,276 | 2,653 |
| Exchange rate differences | 14,853 | 1,208 | 11,565 | 2,513 |
| **Total** | **16,095** | **2,862** | **13,841** | **5,166** |
| | | | | |
| **Financial expenses** | | | | |
| Interest expense | –8,253 | –15,849 | –13,604 | –22,076 |
| Exchange rate differences | –10,728 | –8,281 | –2,186 | –7,762 |
| Other financial expenses | –1,314 | –276 | –1,314 | –276 |
| **Total** | **–20,295** | **–24,407** | **–17,104** | **–30,114** |
| | | | | |
| **Net financial items** | **–4,200** | **–21,544** | **–3,263** | **–24,948** |

## Note 10 Appropriations

| AMOUNTS IN KSEK | Parent Company 2025 | Parent Company 2024 |
|---|---|---|
| Group contributions received | 84,829 | 65,980 |
| Provision to tax allocation reserve | –17,600 | –7,800 |
| **Total** | **67,229** | **58,180** |

NOTES

## Note 11 Tax on net profit for the year

| | Group | | Parent Company | |
|---|---|---|---|---|
| AMOUNTS IN KSEK | **2025** | 2024 | **2025** | 2024 |
| **Current tax** | | | | |
| Current tax on net profit for the year | –14,204 | –13,838 | –10,917 | –4,822 |
| **Total current tax** | **–14,204** | **–13,838** | **–10,917** | **–4,822** |
| | | | | |
| **Deferred tax** | | | | |
| Deferred tax on untaxed reserves | –3,549 | –1,913 | – | – |
| Deferred tax on utilised tax loss carryforwards | –364 | –2,781 | – | – |
| Deferred tax on unutilised tax loss carryforwards | – | 364 | – | – |
| Deferred tax on temporary differences and intra-Group profit on inventories | 222 | 3,674 | 50 | 75 |
| **Total deferred tax** | **–3,691** | **–656** | **50** | **75** |
| | | | | |
| **Total tax on net profit for the year** | **–17,895** | **–14,494** | **–10,867** | **–4,747** |

The difference between the tax rate applicable to the Group and the effective tax rate consists of the following components:

| | Group | | | |
|---|---|---|---|---|
| AMOUNTS IN KSEK | **Percentage** | **2025** | **Percentage** | 2024 |
| **Profit before tax** | | **86,778** | | **71,664** |
| Tax rate applicable in Sweden | 20.6% | –17,876 | 20.6% | –14,763 |
| Tax effect of non-taxable income and non-deductible expenses | 1.0% | –858 | 3.1% | –2,211 |
| Change to deferred tax on amortisation of Group surpluses | – 1.9% | 1,624 | –2.4% | 1,698 |
| Tax effect of tax rate applicable in foreign subsidiaries | 1.8% | –1,549 | 2.9% | –2,104 |
| Tax for prior periods | – 0.9% | 764 | –4.0% | 2,886 |
| | **20.6%** | **–17,895** | **20.2%** | **–14,494** |

| | Parent Company | | | |
|---|---|---|---|---|
| AMOUNTS IN KSEK | **Percentage** | **2025** | **Percentage** | 2024 |
| **Profit before tax** | | **52,417** | | **16,643** |
| Tax rate applicable in Sweden | 20.6% | –10,798 | 20.6% | –3,428 |
| Tax effect of non-taxable income and non-deductible expenses | 0.2% | –119 | 8.4% | –1,394 |
| Tax effect of temporary differences | –0.1% | 50 | –0.5% | 75 |
| | **20.7%** | **–10,867** | **28.5%** | **–4,747** |

NOTES

## Note 12 Intangible non-current assets

| | Group | | Parent Company | |
|---|---|---|---|---|
| AMOUNTS IN KSEK | **2025** | 2024 | **2025** | 2024 |
| **Total carrying amounts of intangible non-current assets** | | | | |
| Goodwill | 228,647 | 249,751 | – | – |
| Contractual customer relationships | 26,394 | 36,655 | – | – |
| Brands | 49,214 | 64,789 | – | – |
| Design archive | 1,275 | 2,132 | – | – |
| Other intangible non-current assets | 5,406 | 8,649 | 194 | 506 |
| **Total** | **310,936** | **361,976** | **194** | **506** |
| | | | | |
| **Goodwill** | | | | |
| Cost, opening balance | 249,751 | 237,316 | – | – |
| Translation difference | –21,104 | 12,436 | – | – |
| **Accumulated cost, closing balance** | **228,647** | **249,751** | **–** | **–** |
| | | | | |
| **Residual value according to plan, closing balance** | **228,647** | **249,751** | **–** | **–** |
| | | | | |
| **Contractual customer relationships** | | | | |
| Cost, opening balance | 51,121 | 46,674 | – | – |
| Translation difference | –8,352 | 4,446 | – | – |
| **Accumulated cost, closing balance** | **42,769** | **51,121** | **–** | **–** |
| | | | | |
| Amortisation and impairment, opening balance | –14,466 | –8,533 | – | – |
| Amortisation and impairment for the year | –4,559 | –4,917 | – | – |
| Translation difference | 2,650 | –1,016 | – | – |
| **Accumulated amortisation, closing balance** | **–16,375** | **–14,466** | **–** | **–** |
| | | | | |
| **Residual value according to plan, closing balance** | **26,394** | **36,655** | **–** | **–** |

| | Group | | Parent Company | |
|---|---|---|---|---|
| AMOUNTS IN KSEK | **2025** | 2024 | **2025** | 2024 |
| **Brands** | | | | |
| Cost, opening balance | 96,648 | 90,087 | – | – |
| Purchases | 86 | 165 | – | – |
| Translation difference | –11,501 | 6,396 | – | – |
| **Accumulated cost, closing balance** | **85,233** | **96,648** | **–** | **–** |
| | | | | |
| Amortisation and impairment, opening balance | –31,859 | –22,030 | – | – |
| Amortisation and impairment for the year | –7,856 | –8,309 | – | – |
| Translation difference | 3,696 | –1,520 | – | – |
| **Accumulated amortisation, closing balance** | **–36,019** | **–31,859** | **–** | **–** |
| | | | | |
| **Residual value according to plan, closing balance** | **49,214** | **64,789** | **–** | **–** |
| | | | | |
| **Design archive** | | | | |
| Cost, opening balance | 11,645 | 9,837 | – | – |
| Reclassifications | 0 | 972 | – | – |
| Translation difference | –1,159 | 836 | – | – |
| **Accumulated cost, closing balance** | **10,486** | **11,645** | **–** | **–** |
| | | | | |
| **Amortisation, opening balance** | **–9,512** | **–7,213** | **–** | **–** |
| Reclassifications | 0 | –777 | – | – |
| Amortisation for the year | –663 | –889 | – | – |
| Translation difference | 964 | –632 | – | – |
| **Accumulated amortisation, closing balance** | **–9,211** | **–9,512** | **–** | **–** |
| | | | | |
| **Residual value according to plan, closing balance** | **1,275** | **2,132** | **–** | **–** |

NOTES

Note 12 Intangible non-current assets, cont.

| | Group | | Parent Company | |
|---|---|---|---|---|
| AMOUNTS IN KSEK | **2025** | 2024 | **2025** | 2024 |
| **Other intangible non-current assets** | | | | |
| Cost, opening balance | 38,689 | 43,241 | 2,168 | 2,168 |
| Purchases | 1,021 | 937 | – | – |
| Sales/disposals | – | –5,282 | – | – |
| Reclassifications | – | –972 | – | – |
| Translation difference | –1,176 | 765 | – | – |
| **Accumulated cost, closing balance** | **38,534** | **38,689** | **2,168** | **2,168** |
| Amortisation, opening balance | –30,040 | –30,889 | –1,662 | –1,228 |
| Sales/disposals | – | 5,282 | – | – |
| Reclassifications | – | 777 | – | – |
| Amortisation for the year | –3,881 | –4,772 | –312 | –434 |
| Translation difference | 793 | –439 | – | – |
| **Accumulated amortisation, closing balance** | **–33,128** | **–30,040** | **–1,974** | **–1,662** |
| **Residual value according to plan, closing balance** | **5,406** | **8,649** | **194** | **506** |

## Impairment testing for goodwill and brands

The carrying amounts of goodwill and brands have been tested for impairment by calculating their recoverable amounts, which are based on calculations of value in use. These calculations are derived from estimated future cash flows before tax based on financial budgets approved by executive management and covering a five-year period. Cash flows beyond the five-year period are extrapolated using an estimated growth rate as shown below. The growth rate does not exceed the long-term growth rate for the market in which the cash-generating units operate.

Executive management has identified the Group as a whole as the cash-generating unit. Executive management has identified the annual growth in volume for the cash-generating unit over the five-year forecast period as a key assumption. The sales volume in each period is the main driver of income and expenses. The annual growth in volume is based on previous results and executive management's expectations of market development. The long-term growth rate used accords with expected future inflation. The discount rates used are stated before tax and reflect specific risks that apply to the various cash-generating units.

The testing performed did not indicate any impairment. Material assumptions for the 2025 impairment test are reported below.

| Goodwill | |
|---|---|
| Annual growth in volume | 3–6% |
| Long-term growth rate | 2% |
| Discount rate | 10.0% |

## Sensitivity analysis for goodwill

The recoverable amount exceeds the carrying amount for goodwill. This remains the case if the assumptions are changed as follows:

- the discount rate had been 2 percentage points higher;
- the growth rate is halved; and
- The EBITA margin had been 1 percentage point lower.

NOTES

## Note 13 Tangible non-current assets

| AMOUNTS IN KSEK | Group 2025 | Group 2024 |
|---|---|---|
| **Total carrying amounts of tangible non-current assets** | | |
| Land and buildings | 33,446 | 33,657 |
| Leasehold improvements | 11,187 | 13,126 |
| Construction in progress and advances | 5,665 | 2,377 |
| Plant and machinery | 29,850 | 21,419 |
| Equipment, tools, fixtures and fittings | 6,913 | 9,204 |
| **Total** | **87,061** | **79,784** |
| | | |
| **Land and buildings** | | |
| Cost, opening balance | 43,032 | 42,528 |
| Purchases | 1,531 | 403 |
| Reclassifications | –1,271 | – |
| Translation difference | –120 | 100 |
| **Accumulated cost, closing balance** | **43,172** | **43,032** |
| | | |
| **Depreciation, opening balance** | **–9,375** | **–7,747** |
| Reclassifications | 1,000 | – |
| Depreciation for the year | –1,472 | –1,533 |
| Translation difference | 121 | –95 |
| **Accumulated depreciation, closing balance** | **–9,726** | **–9,375** |
| | | |
| **Residual value according to plan, closing balance** | **33,446** | **33,657** |

| AMOUNTS IN KSEK | Group 2025 | Group 2024 |
|---|---|---|
| **Leasehold improvements** | | |
| Cost, opening balance | 22,805 | 20,969 |
| Purchases | 684 | 452 |
| Reclassifications | 1,271 | 0 |
| Translation difference | –2,004 | 1,384 |
| **Accumulated cost, closing balance** | **22,756** | **22,805** |
| | | |
| **Depreciation, opening balance** | **–9,679** | **–7,364** |
| Reclassifications | –1,000 | – |
| Depreciation for the year | –1,850 | –1,781 |
| Translation difference | 960 | –534 |
| **Accumulated depreciation, closing balance** | **–11,569** | **–9,679** |
| | | |
| **Residual value according to plan, closing balance** | **11,188** | **13,126** |
| | | |
| **Construction in progress and advances** | | |
| Cost, opening balance | 2,377 | 1,480 |
| Purchases | 5,675 | 5,462 |
| Reclassifications | –2,377 | –4,585 |
| Translation difference | –10 | 21 |
| **Accumulated cost, closing balance** | **5,665** | **2,377** |

NOTES

Note 13 Tangible non-current assets, cont.

| | Group | |
|---|---|---|
| AMOUNTS IN KSEK | 2025 | 2024 |
| **Plant and machinery** | | |
| Cost, opening balance | 188,687 | 184,853 |
| Purchases | 11,228 | 5,224 |
| Sales/disposals | –4,406 | –4,586 |
| Reclassifications | 2,391 | 1,071 |
| Translation difference | –3,007 | 2,125 |
| **Accumulated cost, closing balance** | **194,893** | **188,687** |
| | | |
| **Depreciation, opening balance** | **–167,267** | **–166,541** |
| Sales/disposals | 4,153 | 4,557 |
| Depreciation for the year | –4,522 | –3,444 |
| Translation difference | 2,593 | –1,839 |
| **Accumulated depreciation, closing balance** | **–165,043** | **–167,267** |
| | | |
| **Residual value according to plan, closing balance** | **29,850** | **21,419** |
| | | |
| **Equipment, tools, fixtures and fittings** | | |
| Cost, opening balance | 37,338 | 33,563 |
| Purchases | 1,623 | 1,434 |
| Sales/disposals | –2,378 | –2,494 |
| Reclassifications | –14 | 3,514 |
| Translation difference | –2,447 | 1,321 |
| **Accumulated cost, closing balance** | **34,122** | **37,338** |

| | Group | |
|---|---|---|
| AMOUNTS IN KSEK | 2025 | 2024 |
| **Depreciation, opening balance** | **–28,134** | **–27,199** |
| Sales/disposals | 2,359 | 2,483 |
| Depreciation for the year | –3,157 | –2,406 |
| Translation difference | 1,723 | –1,011 |
| **Accumulated depreciation, closing balance** | **–27,209** | **–28,134** |
| | | |
| **Residual value according to plan, closing balance** | **6,913** | **9,204** |

NOTES

## Note 14 Leases

| AMOUNTS IN KSEK | Group 2025 | Group 2024 |
|---|---|---|
| **Right-of-use assets** | | |
| Real estate | 45,617 | 54,255 |
| Equipment | 4,545 | 4,863 |
| **Total** | **50,162** | **59,118** |
| | | |
| **Lease liabilities** | | |
| Non-current | 39,376 | 47,382 |
| Current | 15,031 | 16,247 |
| **Total** | **54,407** | **63,629** |

Right-of-use assets added in 2025 amounted to KSEK 6,247 (16,176).

| AMOUNTS IN KSEK | Group 2025 | Group 2024 |
|---|---|---|
| **Depreciation of right-of-use assets** | | |
| Real estate | 12,144 | 12,799 |
| Equipment | 2,695 | 3,639 |
| **Total** | **14,838** | **16,439** |
| | | |
| Interest expense (included in financial expenses) | 2,680 | 2,470 |

Total cash flow pertaining to leases in 2025 amounted to KSEK 17,687 (18,134).

## Note 15 Deferred tax assets

| AMOUNTS IN KSEK | Group 2025 | Group 2024 | Parent Company 2025 | Parent Company 2024 |
|---|---|---|---|---|
| **Total carrying amounts** | | | | |
| Deferred tax assets | 4,165 | 4,989 | 500 | 450 |
| | | | | |
| **Deferred tax assets** | | | | |
| At 1 January | 4,989 | 4,917 | 450 | 376 |
| Added | 303 | 511 | 50 | 75 |
| Expired | –1,127 | –439 | – | – |
| **At 31 December** | **4,165** | **4,989** | **500** | **450** |
| | | | | |
| **Total carrying amounts of deferred tax assets** | | | | |
| Attributable to temporary differences | 4,165 | 4,625 | 500 | 450 |
| Attributable to unused tax loss carryforwards | – | 364 | – | – |
| **Total** | **4,165** | **4,989** | **500** | **450** |

At 31 December 2025, deferred tax assets attributable to lease liabilities amounted to MSEK 13.5 (15.3). In the balance sheet, the deferred tax asset related to lease liabilities is netted against the deferred tax liabilities related to right-of-use assets.

## Note 16 Interests in Group companies

| AMOUNTS IN KSEK | Parent Company 2025 | Parent Company 2024 |
|---|---|---|
| **Interests in Group companies** | | |
| At 1 January | 615,947 | 615,947 |
| **At 31 December** | **615,947** | **615,947** |

| | Share of equity | Share of voting rights | No. of shares | Carrying amount, 31 Dec 2025 | Carrying amount, 31 Dec 2024 |
|---|---|---|---|---|---|
| Boråstapeter AB | 100% | 100% | 1,000,000 | 179,651 | 179,651 |
| Cole & Son Ltd | 100% | 100% | 208,889 | 68,886 | 68,886 |
| Wall&decò S.rl. | 100% | 100% | 10,000 | 104,809 | 104,809 |
| Pappelina AB | 100% | 100% | 1,000 | 55,161 | 55,161 |
| Borås Tapetfabrik AB | 100% | 100% | 250 | 25 | 25 |
| Fastighetsbolaget Borosan AB | 100% | 100% | 250 | 25 | 25 |
| Artscape Inc | 100% | 100% | 87,451 | 207,390 | 207,390 |
| **Group total** | | | | **615,947** | **615,947** |

## Note 17 Inventories

| AMOUNTS IN KSEK | Group 2025 | Group 2024 |
|---|---|---|
| Raw materials and consumables | 29,353 | 31,389 |
| Work in progress | 14,847 | 17,588 |
| Finished goods and goods for resale | 95,862 | 98,505 |
| **Total** | **140,062** | **147,481** |
| | | |
| Impairment of finished goods and goods for resale to net realisable value | 14,522 | 14,574 |
| Impact on earnings | 53 | 923 |

## Note 18 Accounts receivable – trade

| AMOUNTS IN KSEK | Group 2025 | Group 2024 |
|---|---|---|
| **Allowance for credit losses** | | |
| **Allowance at beginning of year** | **7,018** | **6,336** |
| Added to allowance during the year | 158 | 547 |
| Confirmed credit losses | –2,320 | –80 |
| Recovered credit losses | –252 | –62 |
| Translation difference | –362 | 277 |
| **Allowance at year-end** | **4,242** | **7,018** |
| | | |
| Ageing report for past due trade receivables | | |
| <30 days | 12,893 | 22,830 |
| 30–60 days | 1,359 | 3,981 |
| >60 days | 10,884 | 11,434 |
| **Total** | **25,136** | **38,246** |

On 31 December 2025, the total loss level was 0.02% (0.06%) of net sales, which is considered immaterial. Expected loss per category is therefore not recognised.

## Note 19 Prepaid expenses and accrued income

| AMOUNTS IN KSEK | Group 2025 | Group 2024 | Parent Company 2025 | Parent Company 2024 |
|---|---|---|---|---|
| Accrued bonus income | 690 | 895 | – | – |
| Prepaid expenses for trade fairs and marketing | 2,729 | 5,139 | – | – |
| Prepaid insurances | 1,230 | 1,076 | 150 | 148 |
| Prepaid software and licenses | 1,906 | 1,728 | 484 | 351 |
| Prepaid costs, SaaS projects | 5,356 | 3,211 | 640 | – |
| Other | 6,537 | 8,162 | 1,137 | 560 |
| **Total** | **18,448** | **20,211** | **2,410** | **1,059** |

NOTES

## Note 20 Bank overdraft facilities

| | Group | | Parent Company | |
|---|---|---|---|---|
| AMOUNTS IN KSEK | **2025** | 2024 | **2025** | 2024 |
| Committed credit facilities | 100,000 | 175,000 | 100,000 | 175,000 |
| Credit drawn | –757 | –48,861 | –757 | –48,861 |
| **Undrawn credit facilities** | **99,243** | **126,139** | **99,243** | **126,139** |

Current interest rate is 3.115% (4.508)

## Note 21 Provisions for pensions

| | Group | | Parent Company | |
|---|---|---|---|---|
| AMOUNTS IN KSEK | **2025** | 2024 | **2025** | 2024 |
| Provisions for defined-benefit pension plans | 2,616 | 4,272 | – | – |
| Pension obligations covered by company-owned endowment policies | 2,649 | 2,562 | 1,955 | 1,759 |
| **Total** | **5,265** | **6,834** | **1,955** | **1,759** |

### Defined-benefit pension plans

Embellence Group has defined-benefit pension plans in Italy ("Trattamento di Fine Rapporto" or TFR). The defined-benefit pension plans arose in 2018 when Embellence Group AB made an acquisition in which the pension liability had previously been measured according to local accounting practices (Italian GAAP). TFR is mandatory for Italian companies under Article 2120 of the Civil Code, and according to IAS 19 this type of plan is to be regarded as a defined-benefit pension plan (if the company has fewer than 50 employees). The remuneration to the employee depends on how long the employee works at the company and the salary received during this period.

Embellence Group established the opening balance as at 31 December 2018 and the resulting increase in liability (compared with Italian GAAP) was charged to equity under actuarial gains and losses. The net value of defined-benefit pension obligations in the Group is specified below.

| | Group | |
|---|---|---|
| AMOUNTS IN KSEK | **2025** | 2024 |
| Provisions for defined-benefit pension plans | 2,616 | 4,272 |
| **Total provisions** | **2,616** | **4,272** |
| | | |
| Present value of defined-benefit obligations | 2,616 | 4,272 |
| **Net value** | **2,616** | **4,272** |
| | | |
| **Changes in defined-benefit obligations** | | |
| **Opening balance** | **4,272** | **3,528** |
| | | |
| Service cost in current period | 369 | 854 |
| Interest expense | 111 | 119 |
| **Total recognised in the income statement** | **480** | **973** |
| | | |
| Actuarial gains and losses, gross | –223 | –213 |
| **Total recognised in other comprehensive income** | **–223** | **–213** |
| | | |
| Exchange rate changes | –220 | 121 |
| Paid remuneration | –1,105 | –137 |
| Transfer pension fund and tax | –588 | – |
| **Closing balance** | **2,616** | **4,272** |

Actuarial gains and losses are recognised gross. The amount adjusted for tax is KSEK 223 (213), which is recognised in other comprehensive income.

NOTES

Note 21 Provisions for pensions, cont.

| SENSITIVITY ANALYSIS | Group 2025 | Group 2024 |
|---|---|---|
| 0.5% increase in discount rate | 117 | 193 |
| 0.5% decrease in discount rate | –127 | –210 |
| 0.25% increase in inflation rate | –24 | –40 |
| 0.25% decrease in inflation rate | 24 | 39 |
| **Actuarial assumptions:** | | |
| Discount rate | 3.96% | 3.38% |
| Expected wage growth | 3.00% | 3.00% |
| Inflation | 2.00% | 2.00% |

### Defined contribution pension plans

For salaried employees in Sweden, the ITP 2 plan's defined-benefit pension obligations provide a retirement pension and survivor's pension (alternatively a survivor's pension) through insurance with Alecta. According to a statement from the Swedish Financial Reporting Board, UFR 3, Classification of ITP Plans Financed through Insurance with Alecta, this is a defined-benefit plan covering several employers. The company does not have access to information that enables reporting of its proportional share of the plan's obligations, plan assets and costs for the 2024 financial year, and consequently the plan cannot be reported as a defined-benefit plan. The ITP 2 pension plan insured through Alecta is therefore reported as a defined contribution plan. The premium for the defined-benefit retirement and survivor's pension is calculated individually and depends on factors such as salary, previously earned pension and expected remaining years of service. Anticipated contributions in the next reporting period for the ITP 2 plans insured with Alecta total KSEK 5,013 (6,125). Alecta publishes information about its collective funding ratio on its website.

The Group's share of the total contributions to the plan and the Group's proportion of the total number of active members of the plan are 0.01768% and 0.01051% respectively (0.01675% and 0.01082%). The collective funding ratio comprises the market value of Alecta's assets as a percentage of the estimated insurance commitments calculated using Alecta's actuarial methods and assumptions, which do not comply with IAS 19. The collective funding ratio is normally allowed to range between 125% and 175%. If Alecta's collective funding ratio is below 125% or exceeds 175%, measures must be taken to create the conditions for the funding ratio to return to the normal range. If the funding ratio is low, one measure may be to raise the agreed price for new policies and increases in existing benefits. In the case of a high funding ratio, one measure could be to introduce premium reductions. At year-end 2025, Alecta's surplus in the form of the collective funding ratio was 167% (162%).

## Note 22 Deferred tax liabilities

| AMOUNTS IN KSEK | Group 2025 | Group 2024 |
|---|---|---|
| Deferred tax liabilities | | |
| At 1 January | 17,399 | 16,601 |
| Provisions made during the year | 3,863 | 1,199 |
| Utilised during the year | –1,054 | –496 |
| Translation difference | –126 | 95 |
| **At 31 December** | **20,082** | **17,399** |
| **Total carrying amounts of deferred tax liabilities** | | |
| Temporary differences relating to tangible non-current assets | 3,829 | 3,640 |
| Attributable to untaxed reserves | 12,201 | 8,652 |
| Attributable to Group surpluses on intangible non-current assets | 4,420 | 5,463 |
| Other | –368 | –356 |
| **Total** | **20,082** | **17,399** |

At 31 December 2025, the deferred tax liability related to right-of-use assets amounted to MSEK 12.1 (13.9). In the balance sheet, the deferred tax liability related to right-of-use assets is netted against the deferred tax asset related to lease liabilities.

## Note 23 Untaxed reserves

| AMOUNTS IN KSEK | Parent Company 2025 | Parent Company 2024 |
|---|---|---|
| Tax allocation reserve 2021 | 3,000 | 3,000 |
| Tax allocation reserve 2022 | 5,123 | 5,123 |
| Tax allocation reserve 2023 | 9,490 | 9,490 |
| Tax allocation reserve 2024 | 7,800 | 7,800 |
| Tax allocation reserve 2025 | 17,600 | – |
| **Total** | **43,013** | **25,413** |

## Note 24 Financial assets and liabilities

| | Group | | Parent Company | |
|---|---|---|---|---|
| AMOUNTS IN KSEK | **2025** | 2024 | **2025** | 2024 |
| **Assets in the balance sheet** | | Amortised cost | | Amortised cost |
| Financial non-current assets | 2,937 | 2,915 | 1,955 | 1,759 |
| Accounts receivable – trade | 95,238 | 97,675 | – | – |
| Cash and cash equivalents | 37,712 | 40,569 | – | – |
| **Total** | **135,887** | **141,159** | **1,955** | **1,759** |

| | | Group | | Parent Company | |
|---|---|---|---|---|---|
| AMOUNTS IN KSEK | Interest rate | **2025** | 2024 | **2025** | 2024 |
| **Liabilities in the balance sheet** | | | Amortised cost | | Amortised cost |
| Bank overdraft facility | 3.12% | 757 | 48,861 | 757 | 48,861 |
| Liabilities to credit institutions | 3.15% | 51,000 | 27,400 | 51,000 | 27,400 |
| Other interest-bearing liabilities | | – | – | – | – |
| Accounts payable | | 50,185 | 59,084 | 1,054 | 1,670 |
| **Total** | | **101,942** | **135,345** | **52,810** | **77,931** |

The tables below analyse the Group's financial liabilities into relevant maturity groupings based on their contractual maturities. The amounts specified in the tables are the contractual, undiscounted cash flows. Future cash flows in foreign currency have been measured using the exchange rate prevailing on the balance sheet date and future cash flows relating to variable interest rates were calculated using the rate prevailing on the balance sheet date.

Embellence Group reports a covenant every quarter to its banking partner in the form of net debt/EBITDA. At the end of 2025, net debt/EBITDA was 0.5x, which is significantly lower than the maximum ceiling. The covenant is also expected to be met in 2026.

| | Group | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2025 | | | | 2024 | | | |
| AMOUNTS IN KSEK | Less than 1 year | 1–5 years | Over 5 years | Total | Less than 1 year | 1–5 years | Over 5 years | Total |
| **Maturity profile of financial liabilities** | | | | | | | | |
| Lease liabilities | 15,911 | 39,728 | 6,531 | 62,170 | 16,302 | 42,266 | 11,372 | 69,940 |
| Bank overdraft facility | 757 | – | – | 757 | 48,861 | – | – | 48,861 |
| Liabilities to credit institutions | 13,487 | 41,184 | – | 54,671 | – | 29,369 | – | 29,369 |
| Accounts payable | 50,185 | – | – | 50,185 | 59,084 | – | – | 59,084 |
| **Total** | **80,340** | **80,912** | **6,531** | **167,783** | **124,247** | **71,635** | **11,372** | **207,254** |

| | Parent Company | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2025 | | | | 2024 | | | |
| AMOUNTS IN KSEK | Less than 1 year | 1–5 years | Over 5 years | Total | Less than 1 year | 1–5 years | Over 5 years | Total |
| **Maturity profile of financial liabilities** | | | | | | | | |
| Bank overdraft facility | 757 | – | – | 757 | 48,861 | – | – | 48,861 |
| Liabilities to credit institutions | 13,487 | 41,184 | | 54,671 | – | 29,369 | – | 29,369 |
| Accounts payable | 1,054 | – | – | 1,054 | 1,670 | – | – | 1,670 |
| **Total** | **15,298** | **41,184** | **–** | **56,482** | **50,351** | **29,369** | **–** | **79,900** |

NOTES

## Note 25 Change in liabilities to credit institutions and other liabilities

| | | Cash flow | | Non-cash | | |
|---|---|---|---|---|---|---|
| AMOUNTS IN KSEK | 1 Jan 2025 | New borrowing | Repayments | Reclassifications | Other | 31 Dec 2025 |
| Liabilities to credit institutions | 27,400 | 131,000 | –107,400 | – | – | 51,000 |
| Non-current lease liabilities | 47,382 | – | | –15,031 | 7,025 | 39,376 |
| Current lease liabilities | 16,247 | – | –16,247 | 15,031 | – | 15,031 |
| Bank overdraft facility | 48,861 | – | –48,104 | – | – | 757 |
| **Total** | **139,890** | **131,000** | **–171,751** | **–** | **7,025** | **106,164** |

| | | Cash flow | | Non-cash | | |
|---|---|---|---|---|---|---|
| AMOUNTS IN KSEK | 1 Jan 2024 | New borrowing | Repayments | Reclassifications | Other | 31 Dec 2024 |
| Liabilities to credit institutions | 72,385 | – | –49,518 | – | 4,533 | 27,400 |
| Other interest-bearing liabilities | 21,402 | – | –21,402 | – | – | – |
| Non-current lease liabilities | 42,807 | – | – | –16,247 | 20,822 | 47,382 |
| Current lease liabilities | 15,115 | – | –15,114 | 16,247 | –1 | 16,247 |
| Bank overdraft facility | 90,541 | – | –41,680 | – | – | 48,861 |
| **Total** | **242,250** | **–** | **–127,714** | **–** | **25,355** | **139,891** |

## Note 26 Accrued expenses and deferred income

| | Group | | Parent Company | |
|---|---|---|---|---|
| AMOUNTS IN KSEK | **2025** | 2024 | **2025** | 2024 |
| Liabilities for salaries and holiday pay, social security contributions | 25,749 | 28,847 | 3,205 | 5,142 |
| Deferred income | 946 | 735 | – | – |
| Royalties | 3,216 | 3,786 | – | – |
| Marketing contribution | 1,400 | 1,280 | – | – |
| Other | 12,898 | 11,255 | 1,349 | 594 |
| **Total** | **45,126** | **48,962** | **4,553** | **5,736** |

## Note 27 Provisions for warranties

| | Group | |
|---|---|---|
| AMOUNTS IN KSEK | **2025** | 2024 |
| At 1 January | 549 | 441 |
| Utilised during the year | –549 | –441 |
| Provisions made during the year | 369 | 549 |
| **At 31 December** | **369** | **549** |

## Note 28 Pledged assets and contingent liabilities

| | Group | | Parent Company | |
|---|---|---|---|---|
| AMOUNTS IN KSEK | **2025** | 2024 | **2025** | 2024 |
| **Pledged assets** | | | | |
| Floating charges | – | 90,250 | – | – |
| Property mortgages | – | 99,750 | – | – |
| Company-owned endowment policies | 2,649 | 2,562 | 1,955 | 1,759 |
| Shares in Group companies | – | 655,780 | – | 511,138 |
| **Total** | **2,649** | **848,342** | **1,955** | **512,897** |

Pledged assets relate to pension commitments.

### Contingent liabilities

The Group has no contingent liabilities.

NOTES

## Note 29 Adjustments for non-cash items

| | Group | | Parent Company | |
|---|---|---|---|---|
| AMOUNTS IN KSEK | **2025** | 2024 | **2025** | 2024 |
| Change in inventory obsolescence reserves | 223 | –923 | – | – |
| Exchange rate differences | –18,126 | 10,563 | 9378 | –717 |
| Other | –4,213 | –1,959 | 196 | 292 |
| **Total** | –22,116 | **7,681** | **9,574** | **–425** |

## Note 30 Warrant programmes

**A summary of the Group's warrant programmes is presented below.**

### Incentive programme 2022

The 2022 Annual General Meeting resolved to introduce LTIP 2022, an incentive programme for certain members of executive management and consultants through issuing a maximum of 176,000 warrants with the right to subscribe for 176,000 new shares in the company. 45,500 warrants were subscribed in the second quarter of 2022, corresponding to 0.20% of the total number of shares. The exercise price is SEK 39.85 and the warrants can be exercised from 1 June 2025 up through 30 June 2025. The warrants have been measured at market value using the Black & Scholes valuation model and participants in the programme acquired the warrants at market value, and thus no share-based payments arose. The estimated fair value on the award date for warrants awarded was SEK 6.57.

The warrants in the programme expired during the year without being exercised.

### Incentive programme 2024

During the 2024 AGM it was resolved to adopt a long-term incentive programme for the Chairman of the Board through an issue of a maximum of 400,000 warrants with the right to subscribe for 400,000 new shares in the company. 400,000 warrants were subscribed in the second quarter of 2024, corresponding to 1.74% of the total number of shares. The exercise price is SEK 39.38 and the warrants can be exercised from 1 July up through 31 August 2028. The warrants have been measured at market value using the Black & Scholes valuation model and participants in the programme acquired the warrants at market value, and thus no share-based payments arose. The estimated fair value on the award date for warrants awarded was SEK 6.96.

Warrants awarded during the year

| | Group | |
|---|---|---|
| AMOUNTS IN KSEK | **2025** | 2024 |
| At 1 January | 445,500 | 1,153,376 |
| Redemption during the year | – | –954,844 |
| Overdue, not exercised | –45,500 | –153,032 |
| Awarded during the year | – | 400,000 |
| **At 31 December** | **400,000** | **445,500** |

The remaining weighted average term of outstanding warrants at the end of the period was 3.2 years.

### Share savings programme 2025

The 2025 AGM resolved to adopt a long-term incentive programme for executive management. The share savings programme, which runs from 1 October 2025 up to and including 31 December 2028, was implemented during the year and encompasses a total of 28,256 savings shares and five participants.

These savings shares can, at maximum, offer participants a total of 28,256 matching shares and 119,804 performance shares. This corresponded to a dilution of 0.6%.

One matching share is received for each savings share if the share price increases by more than 20% during the period. Performance is measured as the weighted average share price over 20 trading days following the publication of the year-end report for 2024, compared to the weighted average share price over 20 trading days following the release of the corresponding report in 2029.

A maximum of 3–5 performance shares are received per savings share upon achievement of targets set by the Board. 90% of the targets are based on financial performance and 10% of the targets are sustainability-related.

The fair value on the award date is estimated using an adapted version of the Black-Scholes model. This includes a Monte Carlo simulation model that takes into account the exercise price, the term of the warrant, its dilution effect (if material), the share price on the award date and expected volatility in the share price, the expected dividend yield and a risk-free interest rate for the maturity period. One matching share was valued at SEK 14.16 on the allotment date and one performance share at SEK 7.86.

A similar bonus scheme for individuals residing outside Sweden has been implemented for two persons.

The total cost of the share savings programme and the corresponding bonus programme was KSEK 525 in 2025.

NOTES

## Note 31 Proposed distribution of earnings

Funds at the disposal of the AGM according to the Parent Company balance sheet (KSEK):

| | |
|---|---|
| **Funds available** | |
| Share premium reserve | 128,629 |
| Retained earnings | 143,482 |
| Net profit for the year | 41,550 |
| **Total** | **313,661** |
| | |
| **Allocation** | |
| Share premium reserve | 128,629 |
| Dividend | –35,308 |
| Carried forward | 220,340 |
| **Total** | **313,661** |

## Note 32 Earnings per share

| AMOUNTS IN SEK | 2025 | 2024 |
|---|---|---|
| **Net profit for the period** | | |
| Earnings per share before dilution (SEK) | 2.93 | 2.50 |
| Earnings per share after dilution (SEK) | 2.93 | 2.50 |
| **Performance measures used in the calculation of earnings per share before and after dilution (MSEK)** | | |
| **Net profit for the period** | **68.9** | **57.2** |
| **Before dilution** Weighted average number of ordinary shares for calculation of earnings per share before dilution | 23,538,721 | 22,860,417 |
| **Warrants** Adjustment for calculation of earnings per share after dilution attributable to warrants | – | – |
| **After dilution** Weighted average number of ordinary shares and potential ordinary shares used as denominator for calculation of earnings per share after dilution | 23,538,721 | 22,860,417 |

## Note 33 Events after the closing date

There were no significant events to report after the closing date.

The undersigned give their assurance that the consolidated financial statement and annual account have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and with generally accepted accounting policies in Sweden and provide a true and fair account of the Group's and company's financial position and earnings, and that the consolidated administration report and the administration report provides a true and fair account of the Group's and company's operations, financial position and earnings and describe the material risks and uncertainties faced by the companies that form the Group.

The content of the Annual Report was completed on 15 April 2026
The Annual Report was signed by all on 15 April 2026.

Magnus Welander
Chairman of the Board

Karin Dennford
Board member

Maria Veerasamy
Board member

Henrik Nyqvist
Board member

Christina Ståhl
Board member

Johan Andgren
CEO

Our Audit Report was issued on 15 April 2026
Ernst & Young AB

Michaela Nilsson
Authorised Public Accountant

# Audit report

To the general meeting of the shareholders in Embellence Group AB (publ), corporate identity number 556006-0625.

## Report on the annual accounts and consolidated accounts

### Opinions

We have audited the annual accounts and consolidated accounts of Embellence Group AB (Publ) for the year 2025-01-01 – 2025-12-31. The annual accounts and consolidated accounts of the company are included on pages 63–98 in this document.

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 2025 and its financial performance and cash flow 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 2025 and their financial performance and cash flow for the year then ended in accordance with IFRS Accounting 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 general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

### Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

### Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 2–62 and 101 The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS Accounting Standards as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they 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.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

### Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors [and the Managing Director].
- Conclude on the appropriateness of the Board of Directors' [and the Managing Director's] use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion,

based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated accounts. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

## Report on other legal and regulatory requirements

### Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Embellence Group AB (Publ) for the year 2025-01-01 – 2025-12-31 and the proposed appropriations of the company's profit or loss.

We recommend to the general 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.

### Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

### 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. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

### Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. 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.

Gothenburg April 15th 2026
Ernst & Young AB

Michaela Nilsson
Authorized Public Accountant

# Five-year overview

| MSEK | 2025 | 2024 | 2023 | 2022 | 2021 |
|---|---|---|---|---|---|
| **Group** | | | | | |
| Net sales | 765 | 778 | 740 | 720 | 647 |
| Gross profit | 471 | 466 | 433 | 423 | 359 |
| Gross margin, % | 61.6% | 59.9% | 58.4% | 58.8% | 55.5% |
| EBITA | 108 | 112 | 92 | 89 | 88 |
| EBITA margin, % | 14.1% | 14.4% | 12.4% | 12.3% | 13.7% |
| Net profit for the period | 69 | 57 | 39 | 57 | 59 |
| Operating cash flow | 91 | 113 | 65 | 108 | 62 |
| Net debt/EBITDA R12 | 0.5 | 0.7 | 1.7 | 2.1 | 1.2 |
| Earnings per share before dilution (SEK) | 2.93 | 2.50 | 1.74 | 2.57 | 2.77 |
| Earnings per share after dilution (SEK) | 2.93 | 2.50 | 1.74 | 2.57 | 2.72 |

# Definitions

### Number of employees
Average number of employees during the year.

### Gross margin
Gross profit divided by net sales.

### Gross profit
Net sales less cost of goods sold.

### EBITA
(Earnings before interest, taxes and amortisation). Operating profit/loss before amortisation of intangible assets.

### EBITA margin
EBITA divided by net sales.

### EBITDA
(Earnings before interest, taxes, depreciation and amortisation). Operating profit/loss before depreciation, amortisation and impairment.

### Net debt
The sum of non-current interest-bearing liabilities, non-current lease liabilities, current interest-bearing liabilities, current lease liabilities, liabilities and receivables against Group companies and bank overdraft facilities minus cash and cash equivalents.

### Net debt/EBITDA
Net debt divided by EBITDA, rolling 12 months.

### Net debt/EBITDA excl. IFRS 16
Net debt divided by EBITDA, rolling 12 months, excluding effects of the recognition of leases according to IFRS 16.

### Net sales currency effect
Translation effects based on current exchange rates compared with exchange rates for the same period last year.

### Net sales – organic growth
Change in net sales after adjustments for net sales that have arisen from acquired or divested operations, in constant currencies.

### Earnings per share in SEK
Profit after tax divided by the average number of outstanding shares during the period.

### Earnings per share in SEK after dilution
Earnings after tax divided by the average number of shares outstanding during the period plus the number of shares that would have been issued as an effect of the ongoing incentive programmes.

### Operating profit
Profit before financial income and expenses.

### Segments
The Group's operations are divided into operating segments based on the parts of the business monitored by the company's CEO. Embellence Group comprises one segment.

### Equity ratio
Equity attributable to Parent Company shareholders as a percentage of total assets.

embellence
GROUP