

embellence
GROUP

Q1
2023

Stable profitability in a
challenging market




BORÅSTAPETER


Cole & Son

Wall & decò

pappelina®

ARTSCAPE.
WINDOW FILM DESIGN

Today's presenters



Olle Svensk, CEO
Embellence Group since
2016



Karin Lidén, CFO
Embellence Group since
2023



Embellence Group
acquires, owns and
develops strong
brands
in wallpaper, textiles,
rugs and other
interior decoration.

This is Embellence Group

Mission

Embellence Group's mission is to contribute to a more beautiful and more inspiring everyday life.

Vision

Embellence Group will be a leading House of Brands in interior decoration with a focus on premium brands in wallpaper, textiles, rugs and other interior decoration. Embellence Group will drive development in a changing wallpaper and interior decoration market.


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Highlights Q1

- Still cautious consumer demand, especially in the Nordics
- Stable development in Europe with an increased share of projects.
- Underlying growth of 10% in RoW
- Net sales amounted to MSEK 197.5 (184.4), up 7.1%, where of organic -3,1%
- EBITA amounted to MSEK 27.1 (30.7)
- Adjusted EBITA amounted to MSEK 27.1 (32.8)
- Cost-savings programme generates results as planned
- Strong growth in own e-commerce channels
- Inflationary pressure on input material remains on a high level versus last year





Key figures

	Q1 2023	Q1 2022	FY 2022
Net sales (MSEK)	197.5	184.4	720.1
EBITA (MSEK)	27.1	30.7	88.5
EBITA margin (%)	13.7	16.7	12.3
Adjusted EBITA (MSEK)	27.1	32.8	102.6
Adjusted EBITA margin (%)	13.7	17.8	14.3
Net profit for the period	12.9	24.8	57.4
Operating Cash flow	2.2	37.2	107.9

Net sales

Net sales for the quarter amounted to MSEK 197.5 (184.4), up 7.1% compared with the year-earlier period. Organic growth was -3.1% which was an improvement compared with the preceding quarter

Adjusted EBITA

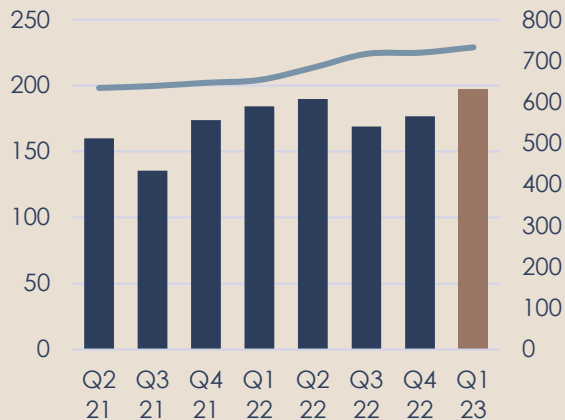
Adjusted EBITA for the quarter amounted to MSEK 27.1 (32.8). The decrease for the quarter was mainly due to higher costs for input materials, under-utilization of production and increased market activities

Operating cash flow

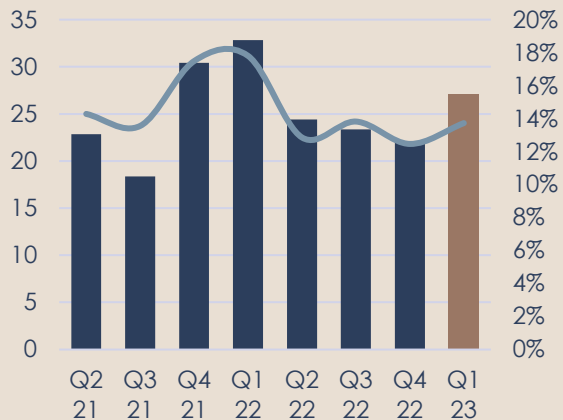
Operating cash flow decreased during the quarter, due to the negative change in the working capital

Key figures

NET SALES AND R12 (MSEK)



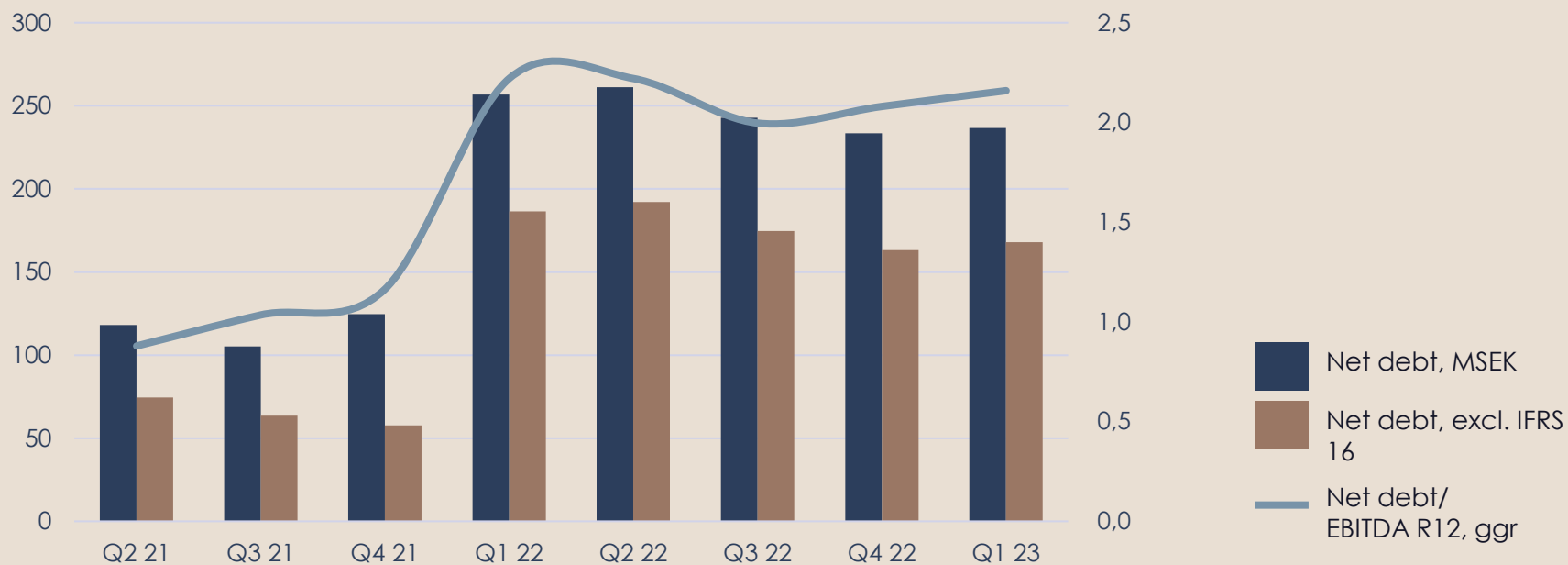
ADJ. EBITA (MSEK) & ADJ. EBITA-MARGIN (%)



63%

Share of premium
Q1 2023

Net debt



Nordics:

Continued cautious consumer demand

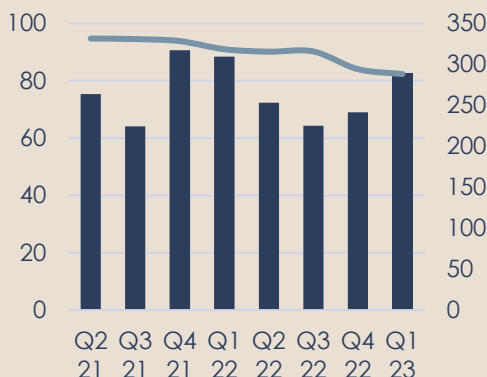
- Net sales 82.4 MSEK (88.4)
 - Decline in demand in all Nordic countries
- Adjusted EBITA 11.0 MSEK (14.8)
 - Mainly due to lower sales volume
 - Lower operational costs due to the cost-savings programme in Sweden

42%
Share of
total sales

30%
Share of
premium

	Q1 2023	Q1 2022	FY 2022
Net sales (MSEK)	82.4	88.4	294.0
Adjusted EBITA (MSEK)	11.0	14.8	35.6
Adjusted EBITA margin (%)	13	17	12

NET SALES AND R12 (MSEK)



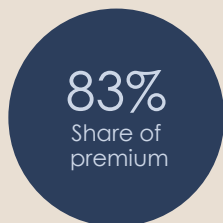
ADJ. EBITA (MSEK) & ADJ. EBITA-MARGIN (%)



Europe:

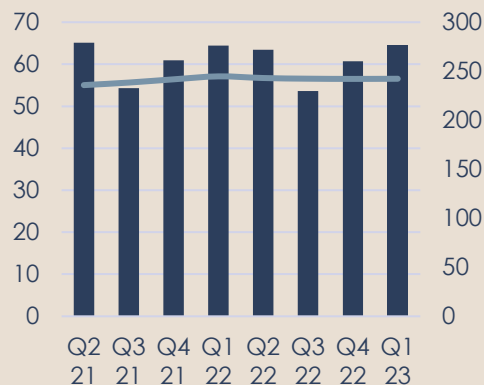
Stable trend with increased share of projects

- Net sales 64.6 MSEK (64.5)
 - Strong growth in UK, Switzerland and Austria
 - Negative sales growth in France
- Adjusted EBITA 10.1 MSEK (13.5)
 - Decrease due to sales mix and higher cost for input materials
 - Increased market activity impacted operating costs negatively



	Q1 2023	Q1 2022	FY 2022
Net sales (MSEK)	64.6	64.5	242.2
Adjusted EBITA (MSEK)	10.1	13.5	40.2
Adjusted EBITA margin (%)	16	21	17

NET SALES AND R12 (MSEK)



ADJ. EBITA (MSEK) & ADJ. EBITA-MARGIN (%)



Rest of World:

Underlying growth of 10%

- Net sales 50.5 MSEK (31.5)
 - Mainly due to the acquisition of Artscape
 - Organic growth mainly coming from in US and in the Middle East
- Adjusted EBITA 6.0 MSEK (4.6)
 - Negative impacted by higher cost for input materials and increased level of market activities



	Q1 2023	Q1 2022	FY 2022
Net sales (MSEK)	50.5	31.5	183.9
Adjusted EBITA (MSEK)	6.0	4.6	26.8
Adjusted EBITA margin (%)	12	14	15

NET SALES AND R12 (MSEK)



ADJ. EBITA (MSEK) & ADJ. EBITA-MARGIN (%)



Financial targets



NET SALES GROWTH
SEK 1.2bn

OUTCOME

Q1 2023:
MSEK 197.5

FY 2022:
MSEK 720.1



EBITA MARGIN
 $\geq 15\%$

OUTCOME

Q1 2023:
13.7%

FY 2022:
12.3%

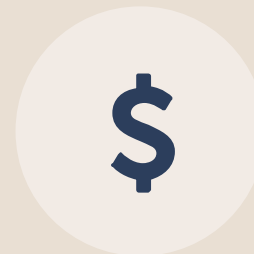


LEVERAGE
 $< 2.5x$
Net Debt/EBITDA incl. IFRS effects

OUTCOME 31 MARCH 2023

2.2x incl.
IFRS effects

1.8x excl.
IFRS effects



DIVIDEND POLICY
30-50%
of the profit for the period

DIVIDEND 2022

Q1 2023:
0.8 SEK/share



Summary

- Demand gradually recovering. However, consumer demand remains challenging, especially in Northern Europe.
- Solid growth in own e-commerce channel, hospitality and RoW
- Continuing focus on cost control - expected savings of approx. MSEK 9 on full year basis
- Inflationary pressure on input material remains on a high level versus last year.
- Focus 2023 on profitability, stable cash flow and resilient balance sheet

→ We're building a high-quality company fuelled by passion and professionalism



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THANK YOU!