

INTERIM REPORT

Q1 2021



BORÅSTAPETER



Cole & Son

Wall&decò

PERSWALL

pappelina®

embellence
GROUP

Continued growth and stronger margins

First quarter 2021

- Net sales amounted to MSEK 177.5 (152.5), up 16%.
- Organic, currency adjusted growth of 9.5%.
- Adjusted EBITA amounted to MSEK 28.2 (14.4), up 96%¹⁾.
- EBITA amounted to MSEK 23.0 (12.7), up 81%.
- Net profit for the period amounted to MSEK 15.4 (9.2) and earnings per share to SEK 0.72 (0.43).
- Operating cash flow amounted to MSEK 12.9 (-0.5).

Significant events during the quarter

- Listing on Nasdaq First North Premier Growth Market
- Acquisition of Pappelina AB on 7 January 2021
- Change of name from WallVision International to Embellence Group.
- Morten Falkenberg appointed Chairman of the Board.

“A strong start of the year, fully in line with our long-term strategy: organic growth and higher share of premium sales powered with add-on acquisitions.”

Olle Svensk
CEO
Embellence Group AB

MSEK	Jan-Mar 2021	Jan-Mar 2020	R12 April 2020-March 2021	Full-year 2020
Group				
Net sales	177.5	152.5	594.8	569.9
EBITA	23.0	12.7	81.4	71.1
Adjusted EBITA	28.2	14.4	96.3	82.4
Profit before tax	19.9	10.3	67.2	57.6
Net profit for the period	15.4	9.2	49.4	43.1
Operating cash flow	12.9	-0.5	80.5	67.1
EBITA margin, %	12.9%	8.3%	12.9%	12.5%
Adjusted EBITA margin, %	15.9%	9.4%	15.9%	14.5%
Net debt	140.6	98.2	143.6	101.3
Net debt/EBITDA	1,4	1,2	1,4	1,1
Equity ratio, %	38.7%	45.6%	38.7%	41.3%
Earnings per share before dilution (SEK)	0,72	0.43		2.02
Earnings per share after dilution (SEK)	0,71	0.43		2.02
No. of employees	213	200	213	200

¹⁾ Including costs of MSEK 5.3 for the quarter related to acquisitions and the listing on Nasdaq First North Premier Growth Market

Strong profitability, both organically and through acquisitions

The beginning of 2021 was eventful for Embellence Group – name change, listing, add-on acquisition, but most importantly delivering strong profitable growth. All of this was achieved in a world that is still experiencing the effects of the pandemic, compared with the start of last year which was largely unaffected.

Despite a currency headwind of about 3%, we report growth of 16%, which is entirely in line with our long-term goal of doubling sales by 2025. At the same time, our adjusted EBITA increased to MSEK 28.2, corresponding to a margin of 15.9% through a higher share of premium sales and strict cost control.

Acquisition of Pappelina

We had a flying start of the year with the acquisition of Pappelina, a deal that was closed on January 7th. Pappelina is an exciting company and brand, having a strong position in designer rugs and with a increasing share of sales outside the Nordics. Right from day one Pappelina has made a positive contribution to the Group's growth and increased our earnings capacity, all while being our first acquisition outside the wallpaper category.

Growing interest in interior decoration

During the pandemic, we have gradually seen a growing interest in interior decoration, particularly in premium products and in markets where we command a strong presence. We see no signs of this trend abating, even though minor seasonal variations usually emerge during the year.

Strong brand presence with increasing digital presence

We are continuing our systematic efforts to increase our presence and our investments in the transition from traditional communication to various digital initiatives. Most customer journeys start online, where the first seeds of inspiration are gained, and in many cases, these are followed with visits to showrooms and stores. We have a diversified channel strategy, and our brands should be found where our customers want to us to be present. As a natural step, Cole & Son's own online channel opened in the UK in March. Perswall pre-launched its online store in March and

Boråstapeter's digital Flagship Store will open during the second quarter of this year.

European sales picking up

We saw a recovery in February and March as lockdown measures were gradually lifted in an increasing number of European countries, and tradesmen were allowed back into people's homes. Cole & Son and Wall&decò account for a significant share of our sales in these markets, which could also be seen in terms of a higher share of premium sales. Pappelina's strong sales start to the year also made a positive contribution.

Listing of the Embellence share

Embellence Group AB was listed on First North Premier Growth Market on Wednesday 24 March 2021, thereby marking a key milestone in the company's history. It provides us with exposure, better access to capital and the right conditions for capturing a leading position in premium interior decoration.

A fragmented European market

The global wallpaper market and interior decoration market in Europe are fragmented and we see many opportunities for establishing a position as a leading player. We will continue to grow in the premium segment, which offers better margins and higher expected market growth. We aim to further supplement the portfolio through acquisitions to drive growth through geographic expansion, complementary design styles and brands, in addition to an expanded range of products in the premium segment, such as fabrics.

We can summarise a strong first quarter of 2021 and I would like to thank all our employees for their tremendous dedication, passion and hard work under extraordinary circumstances.

Olle Svensk
CEO Embellence Group AB

Our business model

We believe in building strong, well-defined premium brands with distinct positions that are recognised by consumers, designers, and architects worldwide. Each one with their own unique story and offering.

We aim to ensure that each brand is present where its core customers expect it to be. We achieve this by applying selective distribution strategies per brand that are supplemented with own e-commerce sales.

Focus on Premium

We design, manufacture, market and sell fantastic wallpaper, textiles, and rugs, especially focusing on the premium segment. Gross margins at Group level are at about 52-56%, while in the premium segment they are 60-70%.

Annual market growth in premium is deemed to be between 5 and 8%, and we intend to systematically increase our market shares through organic growth and a higher share of premium sales supplemented with add-on acquisitions.

Decentralised organisation

We believe that a decentralised organisation combined with carefully considered synergies offers the best balance between entrepreneurship and speed, as well as cost benefits and capital expenditures.

Our financial goals

Net Sales Growth

Embellence aims to reach net sales of SEK 1.2bn by 2025. This will be reached by organic growth and add-on acquisitions.

Operating margin

Long-term target is to achieve an EBITA margin of at least 15% over a business cycle.

Leverage

The company's interest-bearing net debt should not exceed 2.5 times EBITDA, although a temporary increase may occur in connection with acquisitions.

Dividend policy

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.

Net sales
Q1 2021, MSEK

177.5

Adjusted EBITA
margin

15.9%

Share of
premium

52%

Our fantastic brand portfolio



Group performance first quarter 2021

Net sales and earnings

Net sales amounted to MSEK 177.5 (152.5), up 16% compared with the year-earlier period. The main factors contributing to the increase were organic growth and the add-on acquisition of Pappelina AB. Adjusted EBITA amounted to MSEK 28.2 (14.4), an increase that was primarily driven by growth in

sales but also by a higher share of premium sales. Profit for the quarter was charged with listing and acquisition costs, which totalled MSEK 5.3.

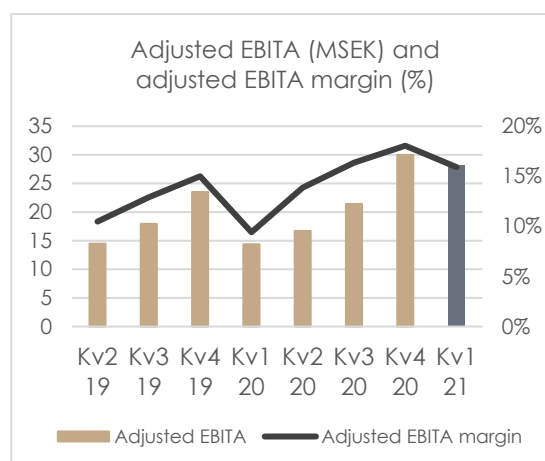
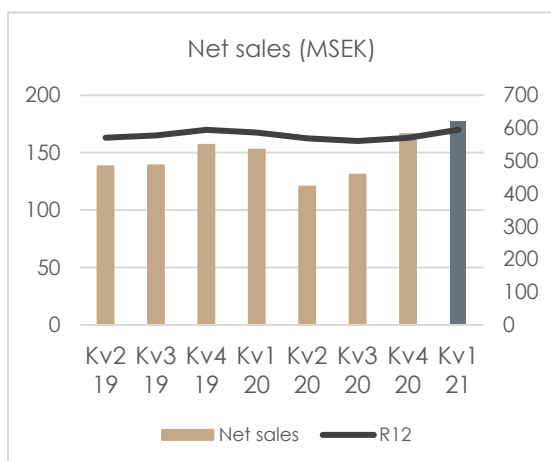
Net profit for the period amounted to MSEK 15.4 (9.2), resulting in earnings per share of SEK 0.72 (0.43).

Net sales per segment

MSEK	Jan-Mar 2021	Jan-Mar 2020	R12 April 2020-March 2021	Full-year 2020
Nordics	98.3	84.5	320.0	306.1
of which premium	27.8	16.8	77.5	66.5
Europe	61.5	54.9	216.2	209.6
of which premium	50.6	45.1	175.8	170.4
Rest of World	17.7	13.2	58.6	54.2
of which premium	15.7	11.0	46.8	42.1
Total	177.5	152.5	594.8	569.9

Adjusted EBITA per segment

MSEK	Jan-Mar 2021	Jan-Mar 2020	R12 April 2020-March 2021	Full-year 2020
Nordics	16.7	7.8	55.5	46.6
Europe	9.4	5.2	32.0	27.8
Rest of World	2.1	1.3	8.8	8.0
Total	28.2	14.4	96.3	82.4



Net financial items

Net financial items for the quarter were MSEK -1.2 (-1.3), down on the year-earlier period.

Cash flow

Cash flow from operating activities for the quarter amounted to MSEK 12.9 (-0.5). The increase was mainly due to improved operating profit. Operating cash flow was negatively affected by changes in working capital, which was primarily due to an increase in accounts receivable as a result of strong sales at the end of the first quarter.

Cash flow from investing activities for the quarter, including the acquisition of Pappelina, amounted to MSEK -29.6 (-7.4).

Cash flow from financing activities for the quarter amounted to MSEK 39.7 (-0.6), with the positive performance compared with the year-earlier period due to increased use of the overdraft facilities.

Cash flow including financing activities for the quarter amounted to MSEK 23.1 (-8.5).

Investments and divestments

The company's investments in tangible and intangible assets amounted to MSEK 3.4 (7.4).

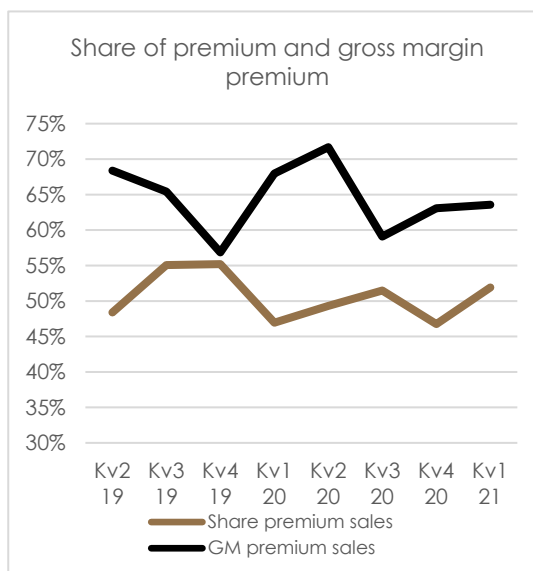
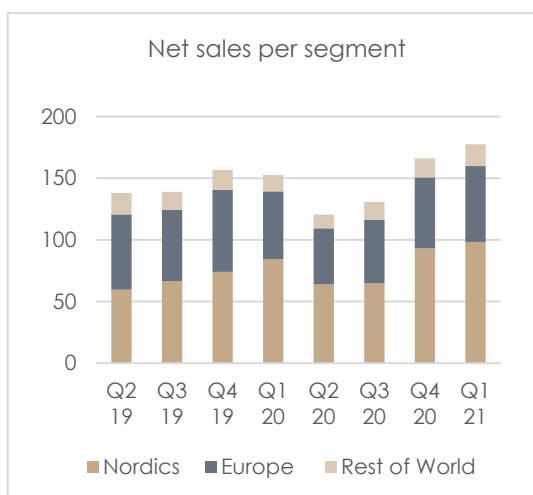
Pappelina AB was also acquired during the quarter. The cash flow effect of the acquisition was MSEK 26.2. Read more in Note 2 on page 22.

Financial position

The company's total assets amounted to MSEK 614 (582) at the end of the quarter. The equity ratio amounted to 38.7% (45.6) and cash and cash equivalents at the end of the quarter to MSEK 74 (27). The company's net debt amounted to MSEK 141 (98) at the end of the quarter. The change in net debt was mainly due to changes in liabilities and receivables to the former Parent Company WallVision AB. The debt/equity ratio (net debt/EBITDA) amounted to 1.4 times at the end of the quarter. (1.2).

Net sales trend

MSEK	Q1
Net sales 2020	152.5
Acquisitions	14.2
Organic growth	14.4
Currency	-3.7
Net sales 2021	177.5



MSEK	Jan-Mar 2021	Jan-Mar 2020	R12 April 2020-March 2021	Full-year 2020
Cash flow from operating activities	12.9	-0.5	80.4	67.0
Cash flow from investing activities	-29.5	-7.4	-39.5	-17.4
Cash flow from financing activities	39.7	-0.6	7.3	-33.0
Cash flow for the period	23.1	-8.5	48.2	16.6

NORDICS: Growth and higher share of premium

Net sales and earnings

Net sales in the Nordics amounted to MSEK 98.3 (84.5), up 16% compared with the year-earlier period. The main factors contributing to the increase were the acquisition of Pappelina AB and organic growth. Adjusted EBITA amounted to MSEK 16.7 (7.8), an increase that was primarily driven by an increase in sales and improved gross margins as a result of cost reductions in production and a higher share of premium sales.

The share of premium during the quarter amounted to 28%, compared to 20% in the corresponding quarter of 2020.

% of total sales

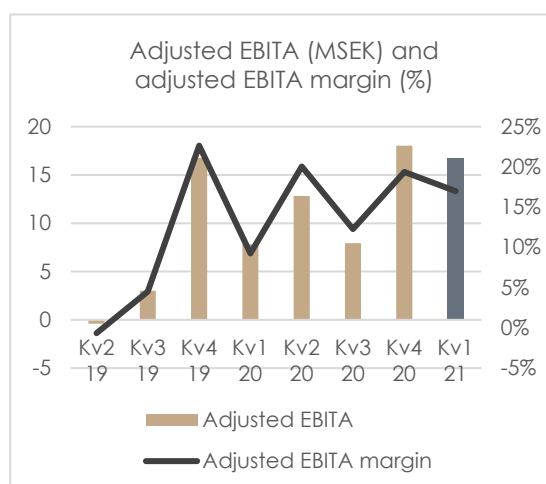
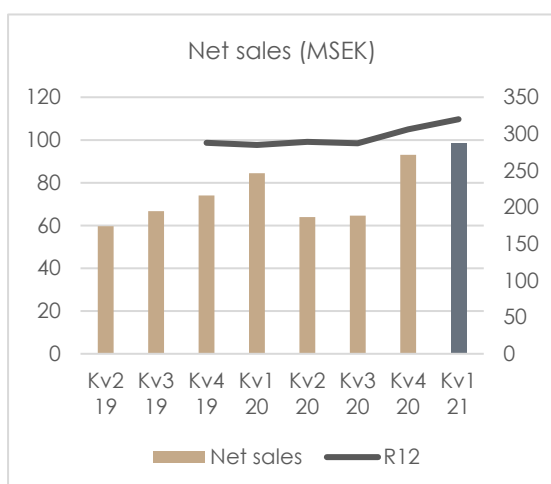
55%

Share of premium

28%

Performance measures

MSEK	Jan-Mar 2021	Jan-Mar 2020	R12 April 2020 -March 2021	Full-year 2020
Nordics				
Net sales	98.3	84.5	320.0	306.1
Adjusted EBITA	16.7	7.8	55.5	46.6
Adjusted EBITA margin	17%	9%	17%	15%
Share of premium	28%	20%	24%	22%



EUROPE: European sales picking up

Net sales and earnings

Net sales in Europe amounted to MSEK 61.5 (54.9), up 12% compared with the year-earlier period. The main factors contributing to the increase were the add-on acquisition of Pappelina AB and a certain level of organic growth. We started to see the negative effects of the ongoing COVID-19 pandemic on our sales at the end of the first quarter of 2020 in several of our core markets in Europe. Several of these markets started to recover in the current quarter.

Adjusted EBITA amounted to MSEK 9.4 (5.2), an increase that was primarily driven by higher sales.

The share of premium remains unchanged at 82%.

% of total sales

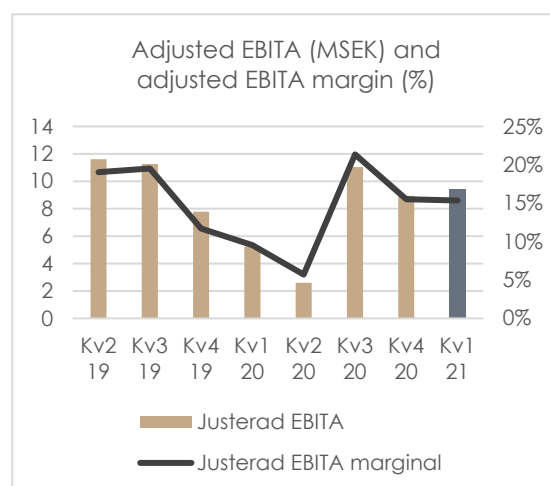
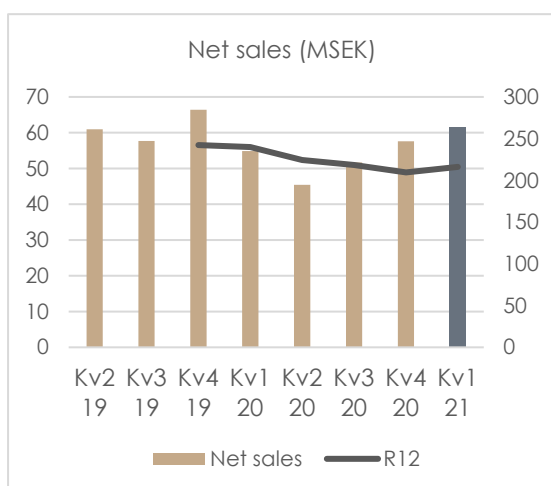
35%

Share of premium

82%

Performance measures

MSEK	Jan-Mar 2021	Jan-Mar 2020	R12 April 2020 -March 2021	Full-year 2020
EUROPE:				
Net sales	61.5	54.9	216.2	209.6
Adjusted EBITA	9.4	5.2	32.0	27.8
Adjusted EBITA margin	15%	10%	15%	13%
Share of premium	82%	82%	81%	81%



REST OF WORLD:

Strong recovery after the COVID-19 effects of 2020

Net sales and earnings

Net sales in the Rest of World amounted to MSEK 17.7 (13.2), up 3% compared with the year-earlier period. The main contributing factor for the increase was organic growth, which was partly due to the weak first quarter of 2020 that was negatively impacted, mainly in China, by the ongoing COVID-19 pandemic. We also saw a positive increase generated by the add-on acquisition of Pappelina AB in Rest of World.

Adjusted EBITA amounted to MSEK 2.1 (1.3), an increase that was primarily driven by higher sales and the add-on acquisition.

The share of premium for the first quarter was 89% (83). The increase in premium sales was mainly driven by the add-on acquisition.

% of total sales

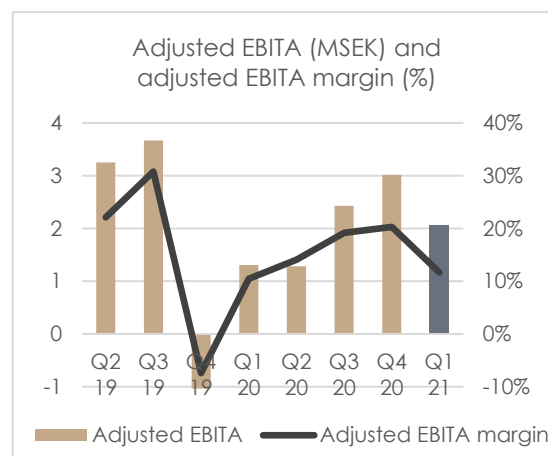
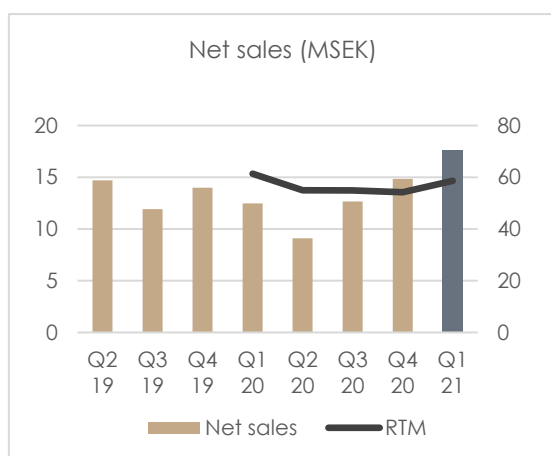
10%

Share of premium

89%

Performance measures

MSEK	Jan-Mar 2021	Jan-Mar 2020	R12 April 2020 -March 2021	Full-year 2020
REST OF WORLD:				
Net sales	17.7	13.2	58.6	54.2
Adjusted EBITA	2.1	1.3	8.8	8.0
Adjusted EBITA margin	12%	10%	15%	15%
Share of premium	89%	83%	80%	77%



Other Group

Organisation

The number of FTEs on 31 March 2021 was 213 (200), of whom 107 (95) were women and 106 men (105).

Related-party transactions

No related-party transactions took place.

Risks and uncertainties

Embellence Group works continuously to identify and manage the risks associated with the Group's operations. The company has a well-functioning risk-management process in place whereby risks are consolidated, reported and monitored by Group management. For a complete description of the risks impacting the company, refer to Note 1 of the 2020 Annual Report.

Seasonal variations

Some seasonal variations arise, with the first and fourth quarters tending to be slightly stronger. However, it remains to be seen if this pattern will continue during a year increasingly impacted by the pandemic.

Accounting policies

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting. For the Parent Company, recommendation RFR 2 Financial Reporting for Legal Entities of the Swedish Financial Reporting Board was applied to the preparation of this interim report.

Accounting policies and the basis of calculations are the same as the policies applied in the company's most recent annual report. The following assessments has been made regarding financial assets and liabilities: the carrying amount is a good approximation of fair value.

Significant events during the quarter

- Listing on Nasdaq First North Premier Growth Market
- Acquisition of Pappelina AB on 7 January 2021
- Change of name to Embellence Group.
- Morten Falkenberg appointed new Board Chairman

Significant events after the end of the quarter

- There were no significant events after the end of the quarter.

Audit

This report has not been audited.

Parent company

First quarter 2021

The Parent Company's net sales amounted to MSEK 2.9 (1.9). Net loss for the period amounted to -7,1 MSEK (-3.1). The change was due to non-recurring costs related to the listing of Embellence Group.

Shares and owners

Embellence Group's share capital amounted to MSEK 53,5, distributed between 21,400,000 shares, each with a quota value of SEK 2.5. All shares carry the same voting rights and equal rights to dividends. The largest owner on the same date was WA Wallvision AB, which holds 49.5% of the number of shares and votes in Embellence Group.

The largest owners on 31 March 2021

	No. of shares	Share of capital and votes, %
WA WallVision AB	10,586,500	49.5
Strand Småbolagsfond	567,000	2.7
FE Småbolags Sverige	512,239	2.4
Novobis AB	490,239	2.3
Priornilsson AB	436,118	2.0
Nordnet Pensionsförsäkring AB	431,322	2.0
Priornilsson Yield	409,493	1.9
Gerald Engström	390,000	1.8
SEB AB Luxemburg Branch	359,000	1.7
Handelsbanken MicroCap Sverige	350,000	1.6
Total, ten largest owners	14,531,911	67.9
Other shareholders	6,868,089	32.1
Total	21,400,000	100

Incentive programme

Embellence Group has an incentive programme in the form of a warrants programme for the Board of Directors and senior executives. Additional information about the programme can be found in Note 29 of the company's 2020 Annual Report.

Information about Nasdaq First North Premier Growth Market

Nasdaq First North Premier Growth Market ("First North") is an alternative marketplace operated by Nasdaq Stockholm. It does not have the same legal status as a regulated market. Companies on Nasdaq First are governed by First North's Premier Growth Market's Rulebook and not by the legal requirements placed on trading on a regulated market. An investment in a company traded on First North is riskier than a corresponding investment in a company in a regulated market. Companies must apply to the exchange and be approved before trading on First North can commence. A certified advisor guides the company through the listing process and oversees the company's continuous compliance with First North's standards.

FNCA Sweden AB is Embellence Group's certified advisor that can be contacted on: info@fnca.se or +46 8 52 80 03 99.

SIGNATURES

Signatures and assurance

The undersigned assure that the interim report provides a fair review of the Parent Company and the Group's operations, financial position

and earnings and describes the material risks and uncertainties faced by the Parent Company and the companies included in the Group.

Borås, 20 May 2021

Morten Falkenberg
Chairman

Olle Svensk
CEO

Mattias Letmark

Henrik Nyqvist

Paul Steene

Christina Ståhl

Condensed consolidated income statement

MSEK	January-March		Full-year
	2021	2020	2020
Net sales	177.5	152.5	569.9
Cost of goods sold	-82.2	-69.1	-257.9
Gross profit	95.3	83.4	312.0
Selling and administrative expenses	-74.6	-70.9	-248.1
Other operating income	0.5	0.1	4.0
Other operating expenses	-0.2	-1.0	-1.7
Operating profit	21.1	11.6	66.0
Financial income	0.2	0.4	2.4
Financial expenses	-1.4	-1.6	-6.1
Profit before tax	19.9	10.3	62.3
Tax	-4.5	-1.1	-14.4
Profit from continuing operations	15.4	9.2	47.9
Profit from discontinued operations	0.0	0.0	-4.8
Net profit for the period	15.4	9.2	43.1
Earnings per share before dilution¹⁾ (SEK)	0.72	0.43	2.02
Earnings per share after dilution¹⁾ (SEK)	0.71	0.43	2.02
Other comprehensive income			
Actuarial gains and losses after tax	0.0	0.0	-0.1
Translation differences	10.9	7.0	-14.6
Total other comprehensive income	10.9	7.0	-14.7
Comprehensive income for the period	26.3	16.2	28.4

¹⁾ Refer to note 1 on page 21.

Condensed consolidated balance sheet

MSEK	January-March	
	2021	2020
ASSETS		
Intangible non-current assets	207.2	180.9
Tangible non-current assets	68.6	61.9
Right-of-use assets	46.9	26.2
Deferred tax assets	6.4	0.2
Financial non-current assets	0.6	0.1
Total non-current assets	329.7	269.3
Inventories	87.2	102.9
Accounts receivable	101.0	94.4
Receivables from controlling companies	0.0	33.2
Current tax assets	0.9	6.2
Other receivables	6.6	9.0
Prepaid expenses and accrued income	15.2	16.1
Cash and cash equivalents	73.9	26.6
Total current assets	284.8	288.4
Assets held for sale	0.0	24.0
Total assets	614.5	581.6

Condensed consolidated balance sheet (cont.)

MSEK	January-March	
	2021	2020
EQUITY AND LIABILITIES		
Share capital	53.5	53.5
Other contributed capital	4.8	0.8
Reserves	0.0	10.9
Retained earnings, including net profit for the year	179.8	199.8
Equity attributable to Parent Company shareholders	238.1	265.0
Provisions for pensions	3.9	2.2
Deferred tax liabilities	13.4	9.0
Lease liabilities	35.4	10.9
Other non-current liabilities	0.0	0.0
Total non-current liabilities	52.7	22.2
Lease liabilities	10.8	7.3
Bank overdraft facility	150.6	133.8
Accounts payable	55.2	71.7
Accrued expenses and deferred income	51.9	34.5
Other current liabilities	55.2	28.0
Total current liabilities	323.7	275.3
Total liabilities	376.4	297.5
Liabilities directly associated with assets held for sale	0.0	19.1
Total equity and liabilities	614.5	581.6

Indebtedness

MSEK	January-March	
	2021	2020
Lease liabilities	46.2	18.2
Bank overdraft facility	150.6	133.8
Other interest-bearing receivables and liabilities	17.7	-27.2
Gross debt	214.5	124.8
Cash and cash equivalents	-73.9	-26.6
Net debt	140.6	98.2
EBITDA	102.8	84.5
Net debt / Recognised EBITDA	1.4	1.2
Equity ratio	38.7%	45.6%
Quota value per share (SEK)	2.5	2.5

Condensed consolidated cash-flow statement

MSEK	January-March	
	2021	2020
OPERATING ACTIVITIES		
Operating profit	21.1	11.5
<i>Adjustments for non-cash items</i>		
Depreciation and amortization	6.7	6.2
Other	4.1	-2.9
Total	31.9	14.8
Interest received	0.2	0.2
Interest paid	-1.3	-1.7
Tax paid	-2.5	-1.4
Cash flow from operating activities before changes in working capital	28.3	11.9
Cash flow from changes in working capital	-15.4	-12.4
Cash flow from operating activities	12.9	-0.5
INVESTING ACTIVITIES		
Acquisition of tangible and intangible assets	-3.4	-7.4
Acquisition of companies, less acquired cash and cash equivalents	-26.2	0.0
Cash flow from investing activities from discontinued operations	0.0	0.0
Cash flow from investing activities	-29.6	-7.4
FINANCING ACTIVITIES		
Change in bank overdraft facilities	42.8	3.4
Repayment of lease liabilities	-3.0	-2.4
Cash flow from financing activities from discontinued operations	0.0	-1.6
Cash flow from financing activities	39.8	-0.6
Cash flow for the period	23.1	-8.5
Cash and cash equivalents at beginning of period	49.0	34.4
Exchange rate differences in cash and cash equivalents	1.8	0.8
Cash and cash equivalents at end of period	73.9	26.7

Consolidated statement of changes in equity

MSEK	2021
Opening equity 1 Jan 2021	211.8
Net profit for the period	15.4
Other comprehensive income	10.9
Closing balance 31 Mar 2021	238.1

MSEK	2020
Opening equity 1 Jan 2020	248.8
Net profit for the period	9.2
Other comprehensive income	7.0
Closing balance 31 Mar 2020	265.0

Condensed Parent Company income statement

MSEK	January-March		Full-year
	2021	2020	2020
Net sales	2.9	1.9	7.5
Administrative expenses	-10.1	-4.4	-15.8
Operating profit	-8.0	-3.1	-10.6
Financial income	0.1	0.0	18.8
Financial expenses	-1.1	0.0	-1.1
Profit after financial items	-9.0	-3.1	7.1
Group contribution	0.0	0.0	-72.8
Profit before tax	-9.0	-3.1	-65.7
Tax	1.9	0.0	4.4
Net profit for the period	-7.1	-3.1	-61.3

Condensed Parent Company balance sheet

MSEK	January-March	
	2021	2020
ASSETS		
Intangible non-current assets	0.9	0.7
Deferred tax assets	6.2	0.0
Financial non-current assets	409.1	322.1
Total non-current assets	416.2	322.8
Receivables from controlling companies	0.0	13.0
Other receivables	0.0	1.8
Prepaid expenses and accrued income	0.9	0.4
Cash and cash equivalents	2.1	0.2
Total current assets	3.0	15.4
Total assets	419.2	338.2

MSEK	January-March	
	2021	2020
EQUITY AND LIABILITIES		
Share capital	53.5	53.5
Other contributed capital	4.8	-0.2
Retained earnings, including net profit for the year	53.4	85.0
Equity attributable to Parent Company shareholders	111.7	138.3
Provisions for pensions	0.6	0.2
Total non-current liabilities	0.6	0.2
Accounts payable	1.5	3.6
Liabilities to Group companies	277.7	179.9
Other current liabilities	18.7	13.4
Accrued expenses and deferred income	9.0	2.6
Total current liabilities	306.9	199.7
Total liabilities	307.5	199.9
Total equity and liabilities	419.2	338.2

Quarterly overview

MSEK	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021
Net sales	138.0	138.9	156.7	152.5	120.4	130.8	166.1	177.5
Adjusted EBITA	14.5	17.9	23.5	14.4	16.7	21.4	30.0	28.2
Adjusted EBITA margin	10%	13%	15%	9%	14%	16%	18%	16%
Share of premium, %	47%	53%	54%	48%	50%	51%	48%	53%

Quarterly data per segment

MSEK	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021
Net sales per segment								
Nordics	59.7	66.7	74.1	84.5	63.9	64.6	93.0	98.3
Europe	60.9	57.7	66.4	54.9	45.4	51.7	57.6	61.5
Rest of World	17.4	14.5	16.2	13.2	11.1	14.5	15.5	17.7
TOTAL	138.0	138.9	156.7	152.5	120.4	130.8	166.1	177.5

MSEK	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021
Adjusted EBITA per segment								
Nordics	-0.4	3.0	16.8	7.8	12.8	7.9	18.0	16.7
Europe	11.6	11.3	7.8	5.2	2.6	11.0	8.9	9.4
Rest of World	3.3	3.7	-1.0	1.3	1.3	2.4	3.0	2.1
Total adjusted EBITA	14.5	17.9	23.5	14.4	16.7	21.4	30.0	28.2
Items affecting comparability								-5.3
EBITA								23.0
Impairment of intangible assets								-1.8
Total EBIT								21.1

Notes

Note 1 Earnings per share

SEK	Jan-Mar 2021	Jan-Mar 2020	Full-year 2020
Continuing operations			
Earnings per share before dilution	0.72	0.43	2.24
Earnings per share after dilution	0.71	0.43	2.24
Net profit for the period			
Earnings per share before dilution	0.72	0.43	2.02
Earnings per share after dilution	0.71	0.43	2.02
Performance measures used in the calculation of earnings per share before and after dilution (MSEK)			
Profit from continuing operations	15.4	9.2	47.9
Net profit for the period	15.4	9.2	43.1
<i>Profit above is attributable to Parent Company shareholders in its entirety.</i>			
Weighted average number of shares before and after dilution			
<i>Before dilution</i>			
Weighted average number of ordinary shares for calculation of earnings per share before dilution	21,400,000	21,400,000	21,400,000
<i>Warrants</i>			
Adjustment for calculation of earnings per share after dilution attributable to warrants	384,726	-	-
<i>After dilution</i>			
Weighted average number of ordinary shares and potential ordinary shares used as denominator for calculation of earnings per share after dilution	21,784,726	21,400,000	21,400,000

Note 2 Acquisition of Pappelina AB

The Group acquired Pappelina AB on 7 January 2021. The acquisition proceeds amounted to MSEK 55.2. On acquisition, the company had net cash/cash and cash equivalents of MSEK 20.8. The cash flow effect of the acquisition was MSEK 26.2. Since the acquisition, the company has contributed MSEK 14.2 in sales and MSEK 2.4 in profit after tax.

Purchase consideration

MSEK	
Cash and cash equivalents	47.0
Promissory note	8.2
Total payment for shares	55.2

Recognised amounts of identifiable acquired assets and assumed liabilities in Pappelina:

MSEK	Preliminary
Cash and cash equivalents	20.8
Tangible non-current assets	0.2
Intangible non-current assets: Brands	15.0
Inventories	4.1
Accounts receivable and other receivables	4.9
Other receivables	0.7
Accounts payable	-2.8
Deferred tax liabilities	-4.8
Other liabilities	-1.8
Total identifiable net assets	36.3
Goodwill	18.9
Total identifiable net assets	55.2

The acquisition-related costs amounted to a total of MSEK 0.9, of which MSEK 0.2 in the first quarter of 2021.

Definitions

Share of premium

Net sales of premium products divided by total net sales.

No. of employees

Total number of employees included on Embellence Group's payroll at the end of the period

Gross margin premium

Gross profit from premium products divided by net sales of premium products.

Gross profit premium

Net sales less costs of goods sold for premium products.

EBITA

Earnings before interest, taxes and amortization.

EBITA margin

EBITA divided by net sales.

EBITDA

Earnings before interest, taxes, depreciation and amortization.

Adjusted EBITA

EBITA adjusted for items affecting comparability.

Adjusted EBITA margin

Adjusted EBITA divided by net sales.

Items affecting comparability

Material costs that impact comparability of accounting periods. These items include, but are not limited to, restructuring costs, listing costs, acquisition costs and losses in connection with divestments of operations.

Net debt

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

Net debt/EBITDA

Net debt divided by 12-months rolling EBITDA

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

Premium sales

Wallpaper for which the end-consumer pays more than SEK 700 per roll. Comprising all of Pappelina's products.

Earnings per share in SEK

Profit after tax divided by the normal number of shares.

Equity ratio

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

Contact

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About Embellence Group AB

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

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Financial calendar

Interim Report Apr-Jun 2021	23 August 2021
Interim Report Jul-Sep 2021	25 October 2021
Year-end Report 2021	3 March 2022

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