

INTERIM REPORT QUARTER 1 2022



Continued profitable growth despite weak demand in the Nordics

First quarter 2022

- Net sales amounted to MSEK 184.4 (177.5), up 3.9%.
- Negative organic currency adjusted growth of -6.3%
- Adjusted EBITA amounted to MSEK 32.8 (28.2), up 16.3%.
- EBITA amounted to MSEK 30.7 (23.0), up 33.5 per cent.
- Net profit for the period amounted to MSEK 24.8 (15.4), and earnings per share to SEK 1.15 (0.72).
- Operating cash flow amounted to MSEK 37.2 (12.9).

Significant events during the quarter

- Acquisition of the US company Artscape Inc.
- Directed new share issue carried out under the mandate granted by the 2021 AGM. The shares issued were used as part of the purchase consideration for shares in Artscape Inc.

“Subdued demand in the Nordics offset by organic growth in other regions and the add-on acquisition of Artscape”

Olle Svensk
CEO
Embellence Group AB

MSEK	Jan-Mar 2022	Jan-Mar 2021	R12 April 2021-March 2022	Full-year 2021
Group				
Net sales	184.4	177.5	653.8	646.9
EBITA	30.7	23.0	96.1	88.3
Adjusted EBITA	32.8	28.2	104.5	99.9
Profit before tax	32.1	19.9	86.5	74.3
Net profit for the period	24.8	15.4	68.7	59.3
Operating cash flow	37.2	12.9	86.3	62.1
EBITA margin, %	16.7%	12.9%	14.7%	13.7%
Adjusted EBITA margin, %	17.8%	15.9%	16.0%	15.4%
Net debt	257.0	140.7	257.0	125.0
Net debt/EBITDA	-	-	2.2	1.2
Net debt/EBITDA excl. IFRS 16 effects	-	-	1.8	0.6
Equity ratio, %	42.3%	38.7%	42.3%	47.1%
Earnings per share before dilution (SEK)	1.15	0.72	3.20	2.77
Earnings per share after dilution (SEK)	1.14	0.71	3.16	2.72
No. of employees	272	213	272	236

Preconditions continue to change, but the goal and strategy stand firm

The quarter was characterised by reduced demand in the Nordics, while Europe and Rest of World contributed with organic as well as acquired growth. Key events in the operations include the acquisition of the US company Artscape Inc. Through the acquisition, we have complemented and expanded our offering in an exciting new niche while strengthening our presence in North America.

Growth in Europe and Rest of World, primarily in the US, is primarily due to continued strong demand from the hospitality segment (hotels, restaurants and cafés). In the Nordics, we faced strong comparative figures from the year-earlier quarter. The decrease is not unexpected, since the region benefited from an increased focus on the home and reduced travel during the pandemic. Increased costs for items like energy and food likely also had a dampening effect during the quarter. There was a particularly large impact during March, which is normally a very strong month for interior decoration.

Acquisition of Artscape

In early March 2022, we acquired the US company Artscape Inc., which has a leading premium position in window films (“wallpaper for windows”). Through the acquisition, we have complemented and expanded our offering in an exciting new niche while strengthening our presence in North America. The motivating factors behind the acquisition include continued good growth potential for Artscape in the US, major potential for the prints-based window films category in Europe (where Artscape currently has a very small business), stable cash flows and the possibility of design synergies with Boråstapeter. The acquisition entails further diversification of Embellence Group’s product offering.

Artscape has around 40 employees and annual sales of approximately MUSD 14.

Strong brands

Operations at the Embellence Group are based on a portfolio of strong brands, all with a premium or luxury position in their respective niches. Their common denominator is that consumers, architects and designers all consider these brands highly relevant. Investments are continuously made in the product portfolio, with a focus on premium design, high-quality products, on- and offline inspiration, and a high level of service. In times like these, with high price pressure, our brand

focus is important since we will need to protect our margins through price increases.

Russia and Ukraine

“It is difficult to make predictions, especially about the future.” This well-known quote has never been more applicable than in current times. As the pandemic gradually released its grip, conditions changed again at the end of February after Russia invaded Ukraine. When the war broke out, Embellence Group had approximately 90% of its sales in the Nordics and Europe, and we can note that our stores in Russia and Ukraine – as well as in geographically neighbouring countries and the Nordic countries – were affected. There was reduced search volumes for interior decoration and lower activity in stores and studios in March.

Sales in Russia and Ukraine in 2021 totalled approximately MSEK 12. As of 24 February 2022, we have paused deliveries to both countries. Embellence does not have any producers or sub-suppliers in these countries, and at the moment we have not registered any disruptions in our supply chain beyond the inflation pressure that everyone is feeling.

Roll-out of own e-commerce

In March and April, our Pappelina, Cole & Son and Boråstapeter brands are opening up e-commerce in new geographic markets as a complement to our existing physical distribution. Today’s interior decoration consumer expects to be able to purchase directly from the brand, even if the vast majority will continue to shop through a decorator or in store.

Last but not least, my sincere thanks to all of our employees for another strong quarter.

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 with their own unique story and offering.

We aim to ensure that each brand is present where its core consumers 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 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 corresponds to more than double 2020 net sales. We expect to reach this 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.

Indebtedness

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 2022, MSEK

184.4

Adjusted EBITA
margin

17.8%

Share of
Premium

57%

Our fantastic brand portfolio



Group performance first quarter 2022

Net sales and earnings

Net sales amounted to MSEK 184.4 (177.5), up 3.9% compared with the year-earlier period. The increase is due in part the acquisition of Artscape, which was completed on 4 March and thus contributed sales for a total of 20 working days during the quarter.

Net sales decreased organically by -6.3% compared with the year-earlier period. The decrease is primarily due to strong

year-on-year comparative figures stemming from robust sales in the Nordics.

Adjusted EBITA amounted to MSEK 32.8 (28.2). The increase is primarily due to the acquisition of Artscape Inc., as well as strong margins in Europe.

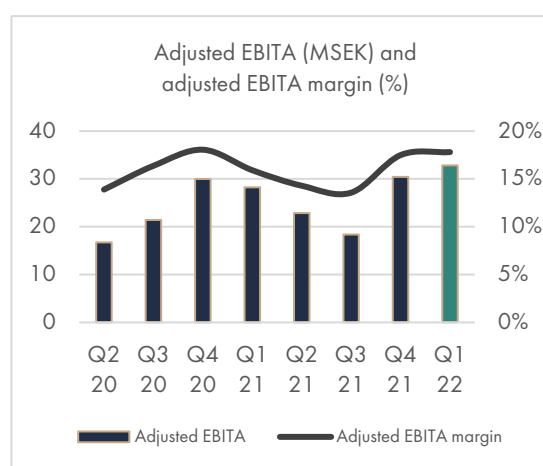
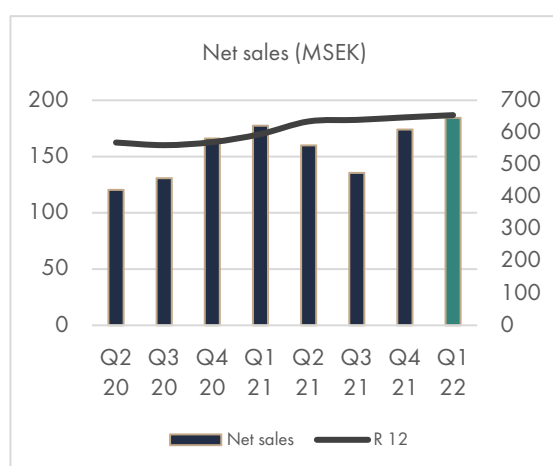
Net profit for the period amounted to MSEK 24.8 (15.4), resulting in earnings per share of SEK 1.15 (0.72).

Net sales per segment

MSEK	Jan-Mar 2022	Jan-Mar 2021	R12 April 2021-March 2022	Full-year 2021
Nordics	88.4	98.3	318.4	328.3
of which premium	29%	28%	30%	29%
Europe	64.5	61.5	244.8	241.8
of which premium	80%	82%	79%	80%
Rest of World	31.5	17.7	90.6	76.8
of which premium	92%	89%	87%	85%
Total	184.4	177.5	653.8	646.9

Adjusted EBITA per segment

MSEK	Jan-Mar 2022	Jan-Mar 2021	R12 April 2021-March 2022	Full-year 2021
Nordics	14.8	16.7	50.8	52.8
Europe	13.5	9.4	41.8	37.7
Rest of World	4.5	2.1	11.9	9.4
Total	32.8	28.2	104.5	99.9



Net financial items

Net financial items for the quarter were MSEK +4.3 (-1.2), up on the year-earlier period, driven by exchange rate gains.

Cash flow

Cash flow from operating activities for the quarter amounted to MSEK 37.2 (12.9). The increase is primarily due to positive changes in working capital, particularly changes in inventories.

Cash flow from investing activities for the quarter, including the acquisition of Artscape Inc., amounted to MSEK -145.3 (-29.6).

Cash flow from financing activities for the quarter amounted to MSEK 89.4 (39.8). The increase is due to the new loans raised by the Group in connection with the acquisition of Artscape Inc.

Cash flow for the quarter amounted to -18.7 MSEK (23.1).

Investments and divestments

The Group's investments in tangible and intangible assets amounted to MSEK -3.0 (3.4).

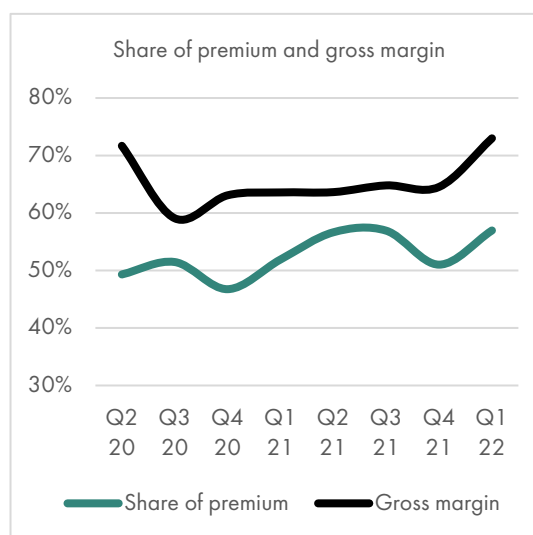
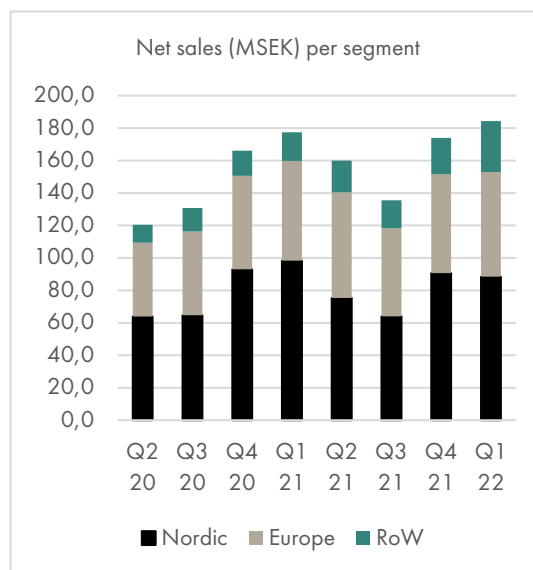
Artscape Inc. was also acquired during the quarter. The cash flow effect of the acquisition was MSEK 142.3. Read more in Note 2 on page 22.

Financial position

The Group's total assets amounted to MSEK 816.0 (614.5) at the end of the quarter. The equity ratio amounted to 42.3% (38.7) and cash and cash equivalents at the end of the quarter to MSEK 39.8 (73.9). The Group's total net debt amounted to MSEK 257.0 (140.6) at the end of the quarter. The change in net debt is due primarily to loans raised in connection with the acquisition of Artscape Inc. The debt/equity ratio (net debt/EBITDA) amounted to 2.2 times (1.4) at the end of the quarter.

Net sales trend

MSEK	Q1
Net sales 2021	177.5
Acquisitions	13.0
Organic growth	-11.1
Currency	5.0
Net sales 2022	184.4



MSEK	Jan-Mar 2022	Jan-Mar 2021	R12 April 2021-March 2022	Full-year 2021
Cash flow from operating activities	37.2	12.9	86.4	62.1
Cash flow from investing activities	-145.3	-29.6	-168.9	-53.2
Cash flow from financing activities	89.4	39.8	47.3	-2.3
Cash flow for the period	-18.7	23.1	-35.2	6.6

NORDICS:

Profitability retained despite weaker demand

Net sales and earnings

Net sales in the Nordics amounted to MSEK 88.4 (98.3), down 10% compared with the year-earlier period. The largest contributing factor to the decrease was lower sales in Sweden, Norway and Finland. Adjusted EBITA amounted to MSEK 14.8 (16.7), a decrease that was primarily driven by lower sales volumes.

The share of premium for the quarter totalled 29%, compared with 28% in the year-earlier period.

% of total sales

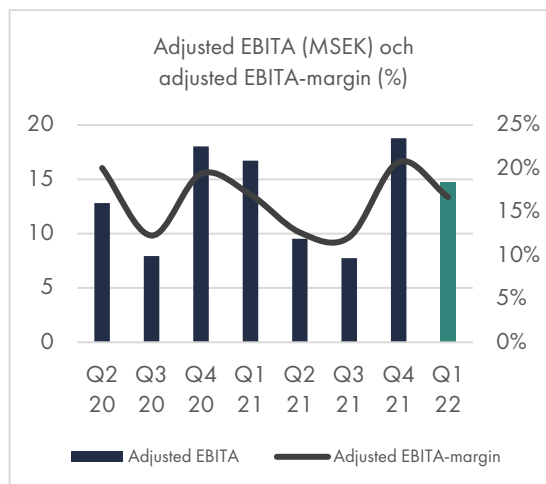
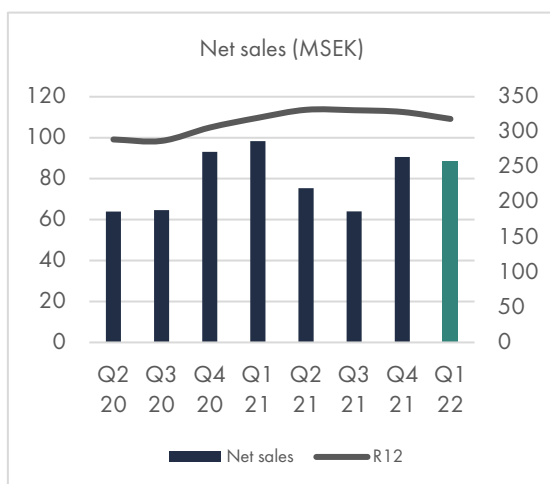
48%

Share of Premium

29%

Performance measures

MSEK	Jan-Mar 2022	Jan-Mar 2021	R12 April 2021- March 2022	Full-year 2021
Nordics				
Net sales	88.4	98.3	318.4	328.3
Adjusted EBITA	14.8	16.7	50.8	52.8
Adjusted EBITA margin	17%	17%	16%	16%
Share of premium	29%	28%	30%	29%



EUROPE:

Large markets showing the way to profitable growth

Net sales and earnings

Net sales in Europe amounted to MSEK 64.5 (61.5), up 4.9% compared with the year-earlier period. The increase in sales is due primarily to strong sales in Germany, the UK and Italy.

Adjusted EBITA amounted to MSEK 13.5 (9.4), an increase that was primarily driven by higher sales and an improved margin primarily in the UK and Italy.

The share of premium for the quarter totalled 80%, compared with 82% in the year-earlier period.

% of total sales

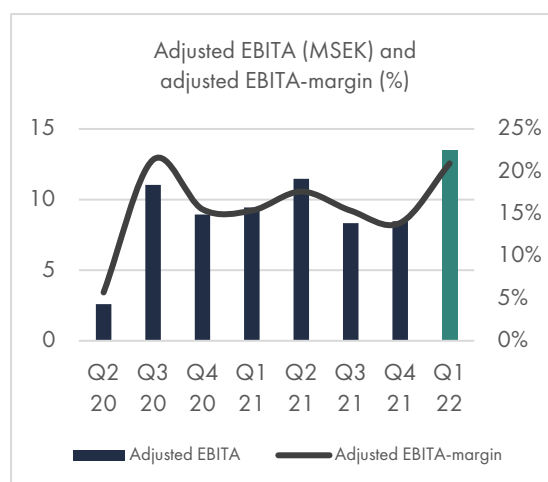
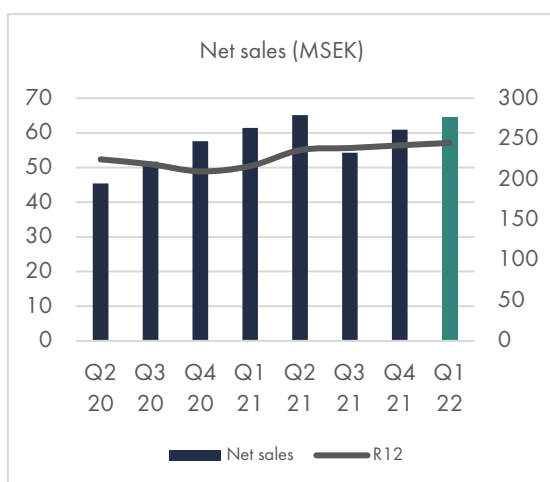
35%

Share of Premium

80%

Performance measures

MSEK	Jan-Mar 2022	Jan-Mar 2021	R12 April 2021 - March 2022	Full-year 2021
EUROPE:				
Net sales	64.5	61.5	244.8	241.8
Adjusted EBITA	13.5	9.4	41.8	37.7
Adjusted EBITA margin	21%	15%	17%	16%
Share of premium	80%	82%	79%	80%



REST OF WORLD: Strong growth due to acquisition

Net sales and earnings

Net sales in the Rest of World amounted to MSEK 31.5 (17.7), up 78% compared with the year-earlier period. The single largest contributing factor to the increase was the acquisition of Artscape, which was acquired on 4 March and thus contributed sales for a total of 20 working days during the quarter. Other factors include strong organic growth due to healthy demand in the US.

Adjusted EBITA amounted to MSEK 4.6 (2.1), an increase that was primarily driven by the add-on acquisition of Artscape, Inc.

The share of premium for the first quarter was 92% (89). The increase in premium sales was driven primarily by the add-on acquisition.

% of total sales

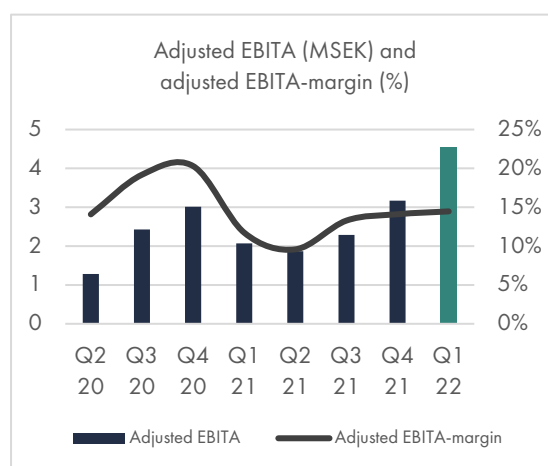
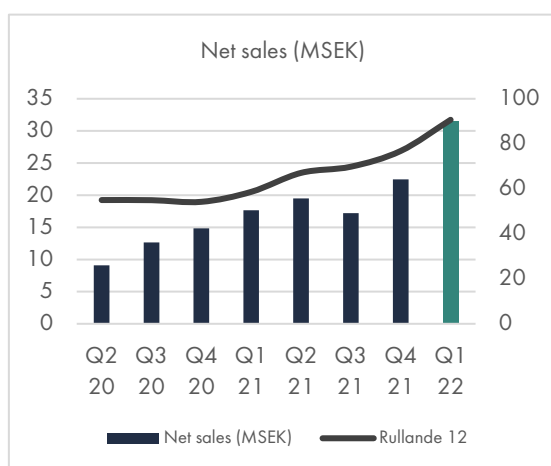
17%

Share of Premium

92%

Performance measures

MSEK	Jan-Mar 2022	Jan-Mar 2021	R12 April 2021- March 2022	Full-year 2021
REST OF WORLD:				
Net sales	31.5	17.7	90.6	76.8
Adjusted EBITA	4.6	2.1	11.9	9.4
Adjusted EBITA margin	14%	12%	13%	12%
Share of premium	92%	89%	87%	85%



Other Group

Organisation

The number of FTEs on 31 March 2022 was 272 (213), of whom 151 (107) were women and 121 men (106).

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 the 2021 Annual Report.

Seasonal variations

Some seasonal variations arise, with the first and fourth quarters normally 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 carrying amount is a good approximation of fair value for financial assets and liabilities.

Significant events during the quarter

- Acquisition of the US company Artscape Inc.
- Directed new share issue carried out under the mandate granted by the 2021 AGM.

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 of 2022

The Parent Company's net sales amounted to MSEK 3.0 (2.9). Net profit for the period amounted to 1.7 MSEK (-7.1). The change was due to non-recurring costs related to the listing of Embellence Group in 2021.

Shares and owners

Embellence Group's share capital amounted to MSEK 56.5, distributed among 22,583,877 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 Nordnet Pensionsförsäkring AB, which holds 13.4% of the number of shares and votes in Embellence Group.

The largest owners on 31 March 2022

	No. of shares	Share of capital and votes, %
Nordnet Pensionsförsäkring AB	3,028,051	13.4%
Litorina Coinvest 1 AB	2,911,050	12.9%
JCE Asset Management	2,490,839	11.1%
Acervo AB	1,530,000	6.8%
U.S. BANK NATIONAL ASSOCIATION	1,136,495	5.0%
T-KONSORTIET AB	792,216	3.5%
Försäkringsaktiebolaget Avanza Pension	735,523	3.3%
FE Småbolags Sverige	713,247	3.2%
NQ Förvaltnings AB	591,377	2.6%
Jerker Aderberg Holding AB	572,647	2.5%
Total, ten largest owners	14,501,445	64.3%
Other shareholders	8,082,432	35.7%
Total	22,583,877	100.0%

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 31 of the company's 2021 Annual Report.

New share issue carried out

As part of the purchase price for the shares in Artscape Inc, during the quarter Embellence conducted a directed share issue of 1,183,877 shares, at a value of MSEK 38.5, corresponding to a subscription price of SEK 32.55 per share, to the sellers. The Board of Directors resolved on a new share issue against contribution in kind pursuant to the mandate granted by the Embellence Group's general meeting on 25 February 2021. The newly issued shares are subject to lock-up, which is gradually wound up over a two-year period.

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, 28 April 2022

Morten Falkenberg
Chairman

Olle Svensk
CEO

Mattias Letmark

Henrik Nyqvist

Paul Steene

Christina Ståhl

Condensed consolidated income statement

MSEK	January-March		Full-year
	2022	2021	2021
Net sales	184.4	177.5	646.9
Cost of goods sold	-74.9	-82.1	-287.8
Gross profit	109.5	95.4	359.1
Selling and administrative expenses	-83.1	-74.6	-282.1
Other operating income	2.3	0.5	5.1
Other operating expenses	-0.9	-0.2	-1.8
Operating profit	27.8	21.1	80.3
Financial income	7.0	1.1	2.1
Financial expenses	-2.7	-2.3	-8.1
Profit before tax	32.1	19.9	74.3
Tax	-7.3	-4.5	-15.0
Net profit for the period	24.8	15.4	59.3
Earnings per share before dilution¹⁾ (SEK)	1.15	0.72	2.77
Earnings per share after dilution¹⁾ (SEK)	1.14	0.71	2.72
Other comprehensive income			
Actuarial gains and losses after tax	0.0	0.0	0.2
Translation differences	-11.3	10.9	12.7
Total other comprehensive income	-11.3	10.9	12.9
Comprehensive income for the period	13.5	26.3	72.2

¹⁾ Refer to Note 1 on page 21.

Condensed consolidated balance sheet

MSEK	31 March		31 December
	2022	2021	2021
ASSETS			
Intangible non-current assets	363.3	207.2	208.8
Tangible non-current assets	69.6	68.6	69.8
Right-of-use assets	69.7	46.9	67.2
Deferred tax assets	0.8	6.4	0.6
Financial non-current assets	1.4	0.6	1.1
Total non-current assets	504.8	329.7	347.5
Inventories	120.1	87.2	86.9
Accounts receivable	121.9	101.0	104.8
Current tax assets	5.1	0.9	4.8
Other receivables	5.3	6.6	6.3
Prepaid expenses and accrued income	19.0	15.2	15.2
Cash and cash equivalents	39.8	73.9	58.0
Total current assets	311.2	284.8	276.0
Total assets	816.0	614.5	623.5

Condensed consolidated balance sheet (cont.)

MSEK	31 March		31 December
	2022	2021	2021
EQUITY AND LIABILITIES			
Share capital	56.5	53.5	53.5
Other contributed capital	84.4	39.4	48.8
Reserves	-9.3	0.0	2.0
Retained earnings, including net profit for the year	213.8	145.2	189.1
Equity attributable to Parent Company shareholders	345.4	238.1	293.4
Provisions for pensions	5.6	3.9	4.6
Deferred tax liabilities	14.1	13.4	14.4
Liabilities from credit institutions	80.4	0.0	0.0
Lease liabilities	56.5	35.4	55.0
Other non-current liabilities	36.0	0.0	0.0
Total non-current liabilities	192.6	52.7	74.0
Liabilities to credit institutions	13.2	0.0	0.0
Bank overdraft facility	113.1	150.6	116.0
Lease liabilities	13.8	10.8	12.0
Accounts payable	54.1	55.2	47.9
Other current liabilities	31.3	55.2	29.9
Accrued expenses and deferred income	52.5	51.9	50.3
Total current liabilities	278.0	323.7	256.1
Total liabilities	470.6	376.4	330.1
Total equity and liabilities	816.0	614.5	623.5

Indebtedness

MSEK	31 March		31 December
	2022	2021	2021
Lease liabilities	70.3	46.2	67.0
Bank overdraft facility	113.1	150.6	116.0
Other interest-bearing receivables and liabilities	113.4	17.7	0.0
Gross debt	296.8	214.5	183.0
Cash and cash equivalents	-39.8	-73.9	-58.0
Net debt	257.0	140.6	125.0
EBITDA	115.8	102.8	107.4
Net debt / Recognised EBITDA	2.2	1.4	1.2
Equity ratio	42.3%	38.7%	47.1%
Quota value per share (SEK)	2.5	2.5	2.5

Condensed consolidated cash-flow statement

MSEK	January-March		Full-year
	2022	2021	2021
OPERATING ACTIVITIES			
Operating profit	27.8	21.1	80.3
<i>Adjustments for non-cash items</i>			
Depreciation and amortisation	8.4	6.7	27.2
Other	-6.6	4.1	7.7
Total	29.6	31.9	115.2
Interest received	0.3	0.2	1.0
Interest paid	-2.7	-1.4	-8.0
Tax paid	-4.4	-2.4	-9.4
Cash flow from operating activities before changes in working capital	22.8	28.3	98.8
Cash flow from changes in working capital	14.4	-15.4	-36.7
Cash flow from operating activities	37.2	12.9	62.1
INVESTING ACTIVITIES			
Acquisition of tangible and intangible assets	-3.0	-3.4	-18.8
Acquisition of companies, less acquired cash and cash equivalents	-142.3	-26.2	-34.4
Cash flow from investing activities from discontinued operations	—	0.0	—
Cash flow from investing activities	-145.3	-29.6	-53.2
FINANCING ACTIVITIES			
Change in bank overdraft facilities	-2.9	42.8	8.1
Repayment of lease liabilities	-2.2	-3.0	-10.4
Loans raised	94.5	-	-
Cash flow from financing activities	89.4	39.8	-2.3
Cash flow for the period	-18.7	23.1	6.6
Cash and cash equivalents at beginning of period	58.0	49.0	49.0
Exchange rate differences in cash and cash equivalents	0.5	1.8	2.4
Cash and cash equivalents at end of period	39.8	73.9	58.0

Consolidated statement of changes in equity

MSEK	2022
Opening equity 1 Jan 2022	293.4
Net profit for the period	24.8
Other comprehensive income	-11.3
Issue in kind	38.5
Closing balance 31 Mar 2022	345.4

MSEK	2021
Opening balance 1 Jan 2021	211.8
Net profit for the period	59.3
Other comprehensive income	12.9
Shareholder contributions received	9.4
Closing balance 31 Dec 2021	293.4

Condensed Parent Company income statement

MSEK	January-March		Full-year
	2022	2021	2021
Net sales	3.0	2.9	11.9
Administrative expenses	-5.4	-10.9	-26.6
Operating loss	-2.4	-8.0	-14.7
Financial income	6.6	0.1	28.0
Financial expenses	-2.1	-1.1	-3.4
Profit/loss after financial items	2.1	-9.0	9.9
Group contributions	0.0	0.0	48.2
Other appropriations	0.0	0.0	-3.0
Profit before tax	2.1	-9.0	55.1
Tax	-0.4	1.9	-6.0
Net profit/loss for the period	1.7	-7.1	49.1

Condensed Parent Company balance sheet

MSEK	31 March		31 December
	2022	2021	2021
ASSETS			
Intangible non-current assets	1.6	0.9	1.6
Deferred tax assets	0.2	6.2	0.2
Financial non-current assets	634.6	409.1	409.5
Total non-current assets	636.4	416.2	411.2
Other receivables	0.4	0.0	0.3
Prepaid expenses and accrued income	2.7	0.9	1.4
Cash and cash equivalents	0.0	2.1	0.0
Total current assets	3.1	3.0	1.7
Total assets	639.5	419.2	413.0

MSEK	31 March		31 December
	2022	2021	2021
EQUITY AND LIABILITIES			
Share capital	56.5	53.5	53.5
Statutory reserve	10.0	10.0	10.0
Share premium reserve	101.9	56.9	66.3
Retained earnings, including net profit for the year	49.1	-8.7	47.5
Equity attributable to Parent Company shareholders	217.5	111.7	177.3
Untaxed reserves	3.0	0.0	3.0
Provisions for pensions	0.9	0.6	0.9
Liabilities to credit institutions	80.4	0.0	0.0
Other non-current liabilities	36.0	0.0	0.0
Total non-current liabilities	117.3	0.6	0.9
Liabilities to credit institutions	13.2	0.0	0.0
Bank overdraft facility	113.1	0.0	116.0
Accounts payable	1.8	1.5	0.5
Liabilities to Group companies	158.1	277.7	105.5
Other current liabilities	9.6	18.7	2.8
Accrued expenses and deferred income	5.9	9.0	7.1
Total current liabilities	301.7	306.9	231.8
Total liabilities	419.0	307.5	232.7
Total equity and liabilities	639.5	419.2	413.0

Quarterly overview

MSEK	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022
Net sales	120.4	130.8	166.1	177.5	160.0	135.5	174.0	184.4
Adjusted EBITA	16.7	21.4	30.0	28.2	22.9	18.4	30.4	32.8
Adjusted EBITA margin	14%	16%	18%	16%	14%	14%	17%	18%
Share of premium, %	49%	51%	47%	52%	57%	57%	51%	57%

Quarterly data per segment

MSEK	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022
Net sales per segment								
Nordics	63.9	64.6	93.0	98.3	75.4	64.0	90.6	88.4
Europe	45.4	51.7	57.6	61.5	65.1	54.3	60.9	64.5
Rest of World	11.1	14.5	15.5	17.7	19.5	17.2	22.5	31.5
TOTAL	120.4	130.8	166.1	177.5	160.0	135.5	174.0	184.4

MSEK	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022
Adjusted EBITA per segment								
Nordics	12.8	7.9	18.1	16.7	9.5	7.7	18.8	14.8
Europe	2.6	11.0	8.9	9.4	11.5	8.3	8.5	13.5
Rest of World	1.3	2.4	3.0	2.1	1.9	2.3	3.1	4.6
Total adjusted EBITA	16.7	21.3	30.0	28.2	22.9	18.3	30.3	32.8
Items affecting comparability				-5.3	-1.7	0.0	-4.6	-2.1
EBITA				22.9	21.2	18.3	25.8	30.7
Impairment of intangible assets				-1.8	-1.9	-2.0	-2.2	-2.9
Total EBIT				21.1	19.3	16.3	23.6	27.8

Notes

Note 1 Earnings per share

SEK	Jan-Mar 2022	Jan-Mar 2021	Full-year 2021
Net profit for the period			
Earnings per share before dilution (SEK)	1.15	0.72	2.77
Earnings per share after dilution (SEK)	1.14	0.71	2.72
Performance measures used in the calculation of earnings per share before and after dilution (MSEK)			
Net profit for the period	24.8	15.4	59.3
<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	21,518,388	21,400,000	21,400,000
<i>Warrants</i>			
Adjustment for calculation of earnings per share after dilution attributable to warrants	180,648	384,726	381,785
<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	21,699,036	21,784,726	21,781,785

Note 2 Acquisition of Artscape Inc.

The US company Artscape Inc. was acquired on 4 March 2022. The acquisition proceeds amounted to MSEK 222.5. The cash flow effect of the acquisition was MSEK 142.3. On acquisition, the company had net cash/cash and cash equivalents of MSEK 3.9. Since the acquisition, the company has contributed MSEK 11.9 in net sales and MSEK 0.9 in profit after tax. If Artscape had been consolidated from 1 January 2022, the company would have contributed with of MSEK 32.2 in net sales and MSEK 1.9 in profit after tax.

Purchase consideration Artscape Inc., MSEK:

Cash and cash equivalents	146.2
Promissory note	20.9
Embellence shares	38.6
Earnout	16.9
Total payment for shares	222.5

Recognised amounts of identifiable acquired assets and assumed liabilities in Artscape Inc., MSEK:

MSEK	Preliminary
Cash and cash equivalents	3.2
Tangible non-current assets	6.5
Intangible non-current assets: Brands	52.8
Intangible non-current assets: Customer relationships	45.5
Intangible non-current assets: Other	0.5
Inventories	39.0
Accounts receivable and other receivables	21.5
Other receivables	1.2
Accounts payable	-5.0
Deferred tax liabilities	—
Other liabilities	-9.6
Total identifiable net assets	155.6
Goodwill	67.0
Total identifiable net assets	222.5

The acquisition-related costs amounted to a total of MSEK 2.6, of which MSEK 0.4 in the first quarter of 2022. The fair value of the agreed-upon conditional purchase price, MSEK 16.9, was estimated by applying the income approach. Fair value is estimated based on an assumed EBITDA for Artscape Inc. The nominal value is estimated according to the fair value of the liability, since the discount effect is not significant. The earnout is based on a multiple of 6x the EBITDA for 2022 compared with the adjusted EBITDA for 2021. Based on the forecast for 2022, the earnout is estimated at MSEK 16.9. The fair value of accounts receivable amounted to MSEK 21.1, of which MSEK 0.5 were deemed uncertain.

Definitions

Share of premium

Net sales of premium products divided by total net sales.

Number 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 amortisation).

Operating profit/loss before impairment of intangible assets.

EBITA margin

EBITA divided by net sales.

EBITDA

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

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 EBITDA, rolling 12 months.

Net debt/EBITDA, excl. IFRS16

Net debt divided by EBITDA, rolling 12 months, excl. IFRS 16 effects

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 2022	19 July 2022
Interim Report Jul-Sep 2022	25 October 2022
Year-end Report 2022	21 March 2023

This information is information that Embellence Group AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, on 29 April 2022 at 8:00 a.m. CEST.