

Q4 2022

**Continued healthy profitability
despite headwind in Nordic demand**

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Today's presenters



Olle Svensk
CEO

Embellence Group since 2016



Karin Lidén
CFO

Embellence Group since 2023

This is Embellence Group

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

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.

Highlights Q4

- **Slowdown in Nordics, unchanged in Europe, growth in RoW**
 - Net sales amounted to MSEK 176.9 (174.0), up 1.7%.
 - EBITA amounted to MSEK 14.7 (25.8)
 - Adjusted EBITA amounted to MSEK 22.0 (30.4)
- During the quarter a major cost out programme was implemented in the Nordics which will have an annual effect of ~MSEK 9 in 2023.
- General slow-down in consumer demand, while remains solid in hospitality
- Strong focus on inventory management and adjusting production rates to the current demand
- The Board of Directors proposes a dividend of SEK 0.80 per share, corresponding to 31% of net profit for the year

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Key figures

	Q4 2022	Q4 2021	FY 2022	FY 2021
Net sales (MSEK)	176.9	174.0	720.1	646.9
EBITA (MSEK)	14.7	25.8	88.5	88.3
EBITA margin (%)	8.3	14.8	12.3	13.7
Adjusted EBITA (MSEK)	22.0	30.4	102.6	99.9
Adjusted EBITA margin (%)	12.5	17.5	14.3	15,4%
Net profit for the period	9.9	18.4	57.4	59.3
Operating Cash flow	16.0	15.3	107.9	62.1

Net sales

Net sales for the quarter amounted to MSEK 176.9 (174), up 1.7% compared with the year-earlier period.

Excluding income from Artscape, which was acquired in Q1 2022, growth was -16.5%. Positive exchange rate effects contributed 2.1%

Adjusted EBITA

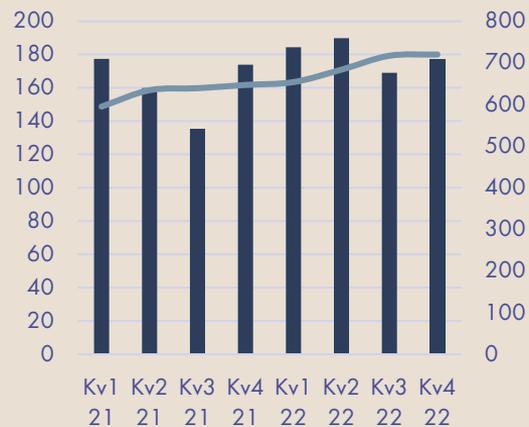
Adjusted EBITA for the quarter amounted to MSEK 22.0 (30.4). The decrease for the quarter was mainly due to reduced sales in the Nordics and higher costs for input materials as well as under utilization of factories in Nordics.

Operating cash flow

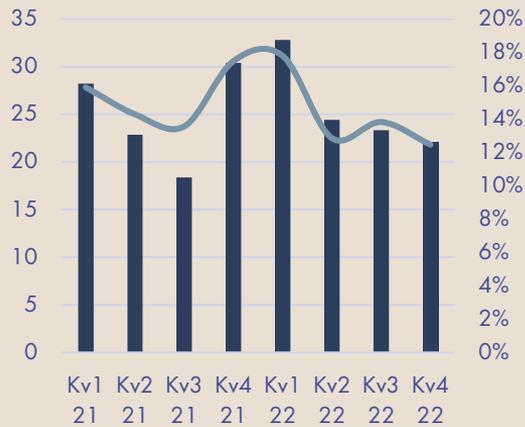
Operating cash flow was relative robust, due primarily to strong underlying earning, but also to lower working capital.

Key figures

Net sales and R12 (MSEK)



Adjusted EBITA (MSEK) and adjusted EBITA-margin (%)



Share of premium Q4

67%

Net debt



Nordics:

Dampened demand and implemented cost savings

- Q4 Net sales 69.0 MSEK (90.6)
 - Strong decline in demand in all Nordic countries
- Adjusted EBITA 8.4MSEK (18.8)
 - Due to lower cost absorption as a result of lower production volumes
 - Cost saving program implemented during the quarter

	Q4 2022	Q4 2021	FY 2022	FY 2021
Net sales (MSEK)	69.0	90.6	294.0	328.3
Adjusted EBITA (MSEK)	8.4	18.8	35.6	52.8
Adjusted EBITA margin (%)	12	21	12	16



Net sales and R12 (MSEK)



Adjusted EBITA (MSEK) and adjusted EBITA-margin (%)



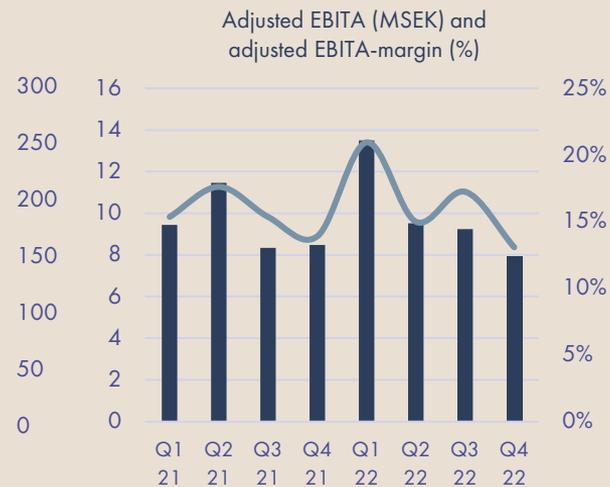
Europe:

Stable sales in key markets

- Net sales 60.7 MSEK (60.9)
 - Strong growth in UK
 - Weaker sales in Germany
- Adjusted EBITA 7.9 MSEK (8.5).
 - A positive sales mix resulted in a higher gross margin
 - A return to a normal market activity impacted operating costs negatively



	Q4 2022	Q4 2021	FY 2022	FY 2021
Net sales (MSEK)	60.7	60.9	242.2	241.8
Adjusted EBITA (MSEK)	7.9	8.5	40.2	37.7
Adjusted EBITA margin (%)	13	14	17	16



Rest of World:

Increased sales as a result of the Artscape acquisition

- Net sales 47.2 MSEK (22.5)
 - Mainly due to the acquisition of Artscape
 - Weaker organic growth due to reduced demand
- Adjusted EBITA 5.7 MSEK (3.2).
 - Driven by higher sales.

	Q4 2022	Q4 2021	FY 2022	FY 2021
Net sales (MSEK)	47.2	22.5	183.9	76.8
Adjusted EBITA (MSEK)	5.7	3.2	26.8	9.4
Adjusted EBITA margin (%)	12	14	15	12



Financial targets



Net sales growth
SEK 1.2bn

Outcome

Q4 2022:
MSEK 176.9

FY 2022:
MSEK 720.1



EBITA margin
 $\geq 15\%$

Outcome

Q4 2022: 8.3%

FY 2022: 12.3%



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

Outcome 31 Dec. 2022

2.1x incl. IFRS effects
1.7x excl. IFRS effects



Dividend policy
30-50% of the profit for the
period

Dividend 2022

0.8 SEK/share



Summary

- Challenging consumer demand in Northern Europe, especially evident in the latter part of the year.
- Continuing focus on cost controls - expected savings of approx. MSEK 9 on full year basis
- Summarizing 2022 we reached a revenue of MSEK 720 with a healthy adjusted ebita of 14,3%
 - Acquisition of Artscape Inc
 - Further internationalization (Europe and RoW now represents 60% of Group revenue)
 - Underlying organic growth in Europe and RoW
- Further price increases to be implemented in 2023
- Focus 2023 on profitability, stable cash flow and resilient balance sheet

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



Q&A

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THANK YOU!