

Interim report Q3

JULY – SEPTEMBER 2024

embellence
GROUP



Third quarter 2024

- Net sales amounted to MSEK 170 (183), down 7%. Organic growth amounted to -6%. The exchange rate effect amounted to -1%.
- The gross margin amounted to 60.7% (57.7)
- Operating income (EBITA) amounted to MSEK 26 (26).
- The EBITA margin amounted to 15.1% (14.4).
- Net profit for the period amounted to MSEK 16 (13) and earnings per share for the period before and after dilution to SEK 0.71 (0.59).
- Operating cash flow amounted to MSEK 17 (13).

SIGNIFICANT EVENTS DURING THE QUARTER

On 15 September, it was announced that Olle Svensk intends to leave his position as CEO of Embellence Group AB. Olle Svensk will remain as CEO until a successor has been appointed, but no longer than March 2025.

SIGNIFICANT EVENTS AFTER THE END OF THE QUARTER

No significant events to report.

MSEK	Jul-Sep 2024	Jul-Sep 2023	Jan-Sep 2024	Jan-Sep 2023	R12 Oct 2023- Sep 2024	Full-year 2023
Group						
Net sales	170	183	576	551	765	740
Gross profit	103	106	343	323	453	433
Gross margin, %	60.7%	57.7%	59.6%	58.7%	59.1%	58.4%
EBITA	26	26	84	69	107	92
EBITA margin, %	15.1%	14.4%	14.6%	12.5%	14.0%	12.4%
Net profit for the period	16	13	45	24	60	39
Operating cash flow	17	13	74	28	112	65
Net debt/EBITDA R12	1.0	2.2	1.0	2.2	1.0	1.7
Earnings per share before dilution (SEK)	0.71	0.59	1.98	1.06	2.67	1.74
Earnings per share after dilution (SEK)	0.71	0.59	1.98	1.06	2.67	1.74

PAPPELINA: SAM BRICK CREATIVE

Improved margins in a continued challenging retailer market



Net sales for the quarter amounted to MSEK 170 (183), corresponding to a decrease of 7% year-on-year. Exchange rate effects reduced sales by -1%. The Brands segment was affected negatively by a weak retail channel, especially in the UK and Sweden. This was partly offset by new contracts and continued market share gains in the Manufacturing segment. For the first nine months of the year, sales increased by 5% to MSEK 576 (551).

The gross margin for the quarter was 60.7% – an increase of 3.0 percentage points year-on-year, driven by an improved product mix. Overall, the gross margin improved by 0.9 percentage point to 59.6% (58.7) during the first three quarters of the year. This was despite the Manufacturing segment, with its generally lower gross margin, increasing its share of sales.

EBITA for the quarter was MSEK 26, corresponding to an operating margin of 15.1% (14.4). The positive trend towards our long-term financial goal of an EBITA margin in excess of 15% continued according to plan and the EBITA margin on a rolling 12-month basis was 14.0%, up 1.6 percentage points compared with the preceding full year.

Operating cash flow improved to MSEK 17 (13) for the quarter and operating cash flow to date this year is MSEK 74 (28). The financial position continues to strengthen, with net debt/EBITDA (R12) now at 1.0 times (2.2)

CHALLENGING MARKET FOR BRANDS SEGMENT

A generally cautious retailer level meant that sales for our brands declined compared with the year-earlier quarter. In total, sales amounted to MSEK 151, which was a decrease of 13% year-on-year.

Boråstapeter's sales amounted to MSEK 61 (66) during the quarter. The decrease was mainly attributable to dampened demand at store level in the home market in Sweden. It is positive to note increased exports to the US and a favourable trend for direct to consumer sales. At the end of the quarter, the new Shades and Ängsflora

collections garnered a large amount of attention. In addition, bedding was launched in collaboration with Folkness Home, for which some of Boråstapeter's most popular design icons provide the patterns. During the quarter, Boråstapeter also participated in the major Formex design trade show.

Cole & Son was put under pressure by a very weak retail sector in several European countries. Cole & Son also encountered harsher comparative figures resulting from several major launches in the autumn of 2023. In total, sales amounted to MSEK 33 (40). The core events during the quarter included the presentation of the Japanese-inspired collection, Yoku - a magical collection that our design team is convinced will become future design icons.

Sales for Wall&decò amounted to MSEK 20 (23). The decline was mainly due to dampened retail demand in the home market of Italy. During the quarter, the company participated in several trade shows and events aimed at the hospitality sector, which is key for our future growth, in countries including Germany, Italy and Spain.

Pappelina's sales were in line with the year-earlier quarter. In this area, work is continuing on the product and communications initiatives being pursued to strengthen the brand and, at the same time, to increase distribution internationally.

Artscape's sales amounted to MSEK 27 (32) during the quarter. This decrease was primarily attributable to the inventory build up of a new range by a major customer during the year-earlier period, as communicated earlier. It is worth noting that sales in the first nine months of 2024 increased by 18%.

CONTINUED ROBUST GROWTH FOR MANUFACTURING SEGMENT

Borås Tapetfabrik posted continued strong growth during the quarter. Sales to external customers amounted to MSEK 19, corresponding to an increase of nearly 100% year-on-year.

At the same time, streamlining efforts continue in all production flows and we are seeing that this work is having an impact in the form of better service to internal and external customers and an improved gross margin.

STRONG CONFIDENCE IN OUR LONG-TERM PLAN

As communicated during the quarter, I will leave Embellence in the Spring to be able to spend more time with my family. I do so with a high level of confidence that the new strategy and the long-term goals presented at the capital markets day in the Spring are being left in safe hands, with a driven Board of Directors and a strong Group management. The recruitment of my successor has begun and in the next few months, I will focus the same amount of energy as before on high-paced sales work, implementing investments to streamline our plants and enhance our position in the growth areas of Hospitality and D2C, and broadening our product offering.

The retailer level in our industry is challenging, which we are also seeing in our listed competitors' performance, but we take a long-term approach in our strategy and our positive belief in the wallpaper and interior design market stands firm.

Olle Svensk,
CEO Embellence Group

Group performance

CONSOLIDATED NET SALES

Net sales for the quarter amounted to MSEK 170 (183), corresponding to a decrease of 7% year-on-year. The exchange rate effect amounted to -1%. The lower sales were primarily an effect of the generally weak trend at the retailer level for all brands. This was partly offset by a continued strong trend in the Manufacturing segment.

Net sales for the first nine months of 2024 amounted to MSEK 576 (551), corresponding to an increase of 5% compared with the year-earlier period. Exchange rate effects, which were positive at the beginning of the year, were negative during the quarter and neutral for the full year.

CONSOLIDATED EARNINGS

EBITA for the quarter was MSEK 26 (26), corresponding to an operating margin of 15.1% (14.4). A stronger gross margin and effective cost control were the drivers behind the improvement in profitability.

Net profit for the quarter amounted to MSEK 16 (13), resulting in earnings per share before and after dilution of SEK 0.71 (0.59).

EBITA for the first nine months of 2024 amounted to MSEK 84 (69). In addition to sales growth, the increase was essentially due to the same factors as for the quarter.

Net profit for the period amounted to MSEK 45 (24), corresponding to earnings per share before and after dilution of SEK 1.98 (1.06).

NET FINANCIAL ITEMS

Net financial items for the quarter were MSEK -3 (-3), interest expense accounted for MSEK -4 (-4) and the revaluation of financial items in foreign currency amounted to MSEK 1 (1).

Net financial items for the first nine months of 2024 were MSEK -15 (-20), of which interest expense amounted to MSEK -12 (-13) and revaluation of financial items in foreign currency was MSEK -3 (-7).

CASH FLOW

Cash flow from operating activities amounted to MSEK 17 (13). The positive trend compared with the preceding year was due to a less negative impact of changes in working capital. Cash flow from investing activities for the quarter amounted to MSEK -5 (-6).

Cash flow from financing activities for the quarter amounted to MSEK -19 (-13), mainly impacted by changed bank overdraft facilities, which were partly offset by the redemption of warrants (LTIP 2020). Cash flow for the quarter amounted to MSEK -7 (-6).

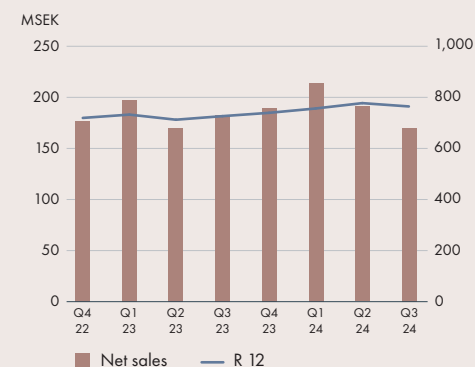
For the nine-month period, cash flow amounted to MSEK 8 (-20). Contributing factors were stronger earnings and a better trend for working capital.

FINANCIAL POSITION

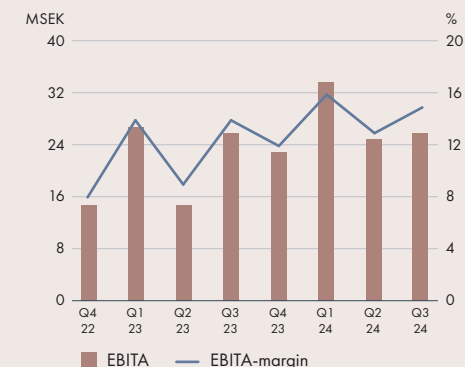
At the end of the quarter, the Group's total assets amounted to MSEK 826 (858). The equity ratio amounted to 60.4% (49.6) and cash and cash equivalents at the end of the quarter to MSEK 47 (49). The Group's total net debt amounted to MSEK 132 (242) at the end of the quarter. At the end of the quarter, net debt/EBITDA (R12) was 1.0 times (2.2).



NET SALES (MSEK)



EBITA (MSEK) AND EBITA MARGIN (%)



Segment performance

BRANDS SEGMENT

Net sales in the Brands segment amounted to MSEK 151 for the quarter, corresponding to a decrease of 13% compared with the year-earlier quarter. The weak retail trend during the quarter, primarily in Europe and the US, could not be offset by other channels.

BORÅSTAPETER

Boråstapeter's sales for the quarter amounted to MSEK 61, corresponding to a decrease of MSEK 5 compared with the year-earlier quarter. The decrease was largely attributable to weak sales at the retail level in the Nordics. Sales outside the Nordics displayed a continued positive trend. Direct-to-consumer (DTC) sales also performed positively, although from low levels.

COLE & SON

Cole & Son's sales for the quarter amounted to MSEK 33, corresponding to a decrease of MSEK 7 compared with the year-earlier quarter. This development was mainly due to a challenging retail sector. Two collections were also launched last year, resulting in income in the form of marketing material and inventory accumulation.

WALL&DECÒ

Wall&decò's sales for the quarter amounted to MSEK 20, corresponding to a decrease of MSEK 3 compared with the year-earlier quarter. This was primarily attributable to weak sales, mainly in Italy and the US, while Germany, Austria and Switzerland performed strongly.

PAPPELINA

Pappelina's sales for the quarter amounted to MSEK 11, corresponding to a decrease of MSEK 1 compared with the year-earlier quarter. The US performed well, at the same time as the markets in Sweden and Europe were softer. The extensive analysis, which includes range, brand positioning and digital presence, is continued.

ARTSCAPE

Artscape's sales for the quarter amounted to MSEK 27, corresponding to a decrease of MSEK 5 compared with the year-earlier quarter. One of the explanations for this is the challenging comparative figures due to inventory build up by a major customer in 2023. Direct-to-consumer sales continued to perform positively, although from low levels.



NET SALES

MSEK	Jul-Sep 2024	Jul-Sep 2023	Change, %	Jan-Sep 2024	Jan-Sep 2023	Change, %	R12 Oct 2023– Sep 2024	Full-year 2023
Brands	151	174	-13%	515	518	-1%	690	693
Boråstapeter	61	66	-7%	200	206	-3%	278	283
Cole & Son	33	40	-19%	105	117	-10%	142	154
Wall&decò	20	23	-14%	70	71	-1%	97	98
Pappelina	11	12	-9%	36	37	-2%	46	47
Artscape	27	32	-18%	104	88	18%	127	111
Manufacturing (external)	19	10	97%	61	33	84%	75	48
EMBELLENCE GROUP	170	183	-7%	576	551	5%	765	740

MANUFACTURING SEGMENT

Net sales for the quarter within the segment amounted to MSEK 19, an increase of nearly 100% compared with the year-earlier quarter. This development was mainly attributable to a continued increase in income from existing customers. The efficiency improvements in production are continuing and are contributing to a strong gross margin.

Other Group

ORGANISATION

The number of FTEs on 30 September 2024 was 231 (231).

RELATED-PARTY TRANSACTIONS

A total of 954,844 warrants within Embellence Group's warrants programmes, LTIP 2020 and the Board of Directors' programme, were exercised for the subscription of as the same number of shares in the company. 106,169 shares were retained by participants who are also members of executive management.

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 2023 Annual Report.

SEASONAL VARIATIONS

Some seasonal variations arise, with the first and fourth quarters normally tending to be slightly stronger.

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. The company's composition of operating segments has changed in 2024 compared to the latest annual report. See further information under Definitions. New or upcoming standards and interpretations that have or will come into effect after December 31, 2023, are not expected to have a significant impact on the group's financial reports for the current or future periods, nor on future transactions.

SIGNIFICANT EVENTS DURING THE QUARTER

On 15 September, it was announced that Olle Svensk intends to leave his position as CEO of Embellence Group AB. Olle Svensk will remain as CEO until a successor has been appointed, but no longer than March 2025.

SIGNIFICANT EVENTS AFTER THE END OF THE QUARTER

No significant events to report.

AUDIT

This report has been reviewed by auditors.

Parent Company

THIRD QUARTER 2024

The Parent Company's net sales amounted to MSEK 3 (3). Net loss amounted to MSEK -4 (profit: 90).



BORÅSTAPETER: ÄNGSFLORA

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, 24 OCTOBER 2024

MAGNUS WELANDER
Chairman

OLOF SVENSK
CEO

KARIN DENNFORD

MARIA VEERASAMY

HENRIK NYQVIST

CHRISTINA STÅHL

Condensed consolidated income statement

GROUP

MSEK	Jul-Sep 2024	Jul-Sep 2023	Jan-Sep 2024	Jan-Sep 2023	Full-year 2023
Net sales	170	183	576	551	740
Cost of goods sold	-67	-78	-233	-228	-308
Gross profit	103	106	343	323	433
Selling and administrative expenses	-83	-86	-275	-272	-364
Other operating income	1	1	4	4	5
Other operating expenses	-1	-1	-3	-2	-4
Operating profit	21	21	70	52	70
Net financial items	-3	-3	-15	-20	-18
Profit before tax	18	18	55	32	52
Tax	-2	-4	-10	-8	-13
Net profit for the period	16	13	45	24	39
Earnings per share for the period before dilution (SEK)	0.71	0.59	1.98	1.06	1.74
Earnings per share for the period after dilution (SEK)	0.71	0.59	1.98	1.06	1.74
Other comprehensive income					
Actuarial gains and losses after tax	0	0	0	0	0
Translation differences	-12	-9	10	21	-5
Total other comprehensive income	-12	-9	10	21	-5
Comprehensive income for the period	5	5	55	45	34

Condensed consolidated balance sheet

MSEK	30 Sep 2024	30 Sep 2023	31 Dec 2023
Assets			
Intangible non-current assets	353	379	358
Tangible non-current assets	78	77	75
Right-of-use assets	61	58	55
Deferred tax assets	13	3	5
Financial non-current assets	4	3	3
Total non-current assets	508	520	496
Inventories	139	143	136
Accounts receivable	92	110	93
Current tax assets	16	6	12
Other receivables	5	6	5
Prepaid expenses and accrued income	19	24	22
Cash and cash equivalents	47	49	38
Total current assets	318	338	306
Total assets	826	858	802
Equity and liabilities			
Share capital	59	56	56
Other contributed capital	111	84	84
Reserves	35	51	24
Retained earnings, including net profit for the year	294	234	250
Equity attributable to Parent Company shareholders	499	426	415
Provisions for pensions	7	7	7
Deferred tax liabilities	16	15	17
Other non-current interest-bearing liabilities	46	64	57
Lease liabilities	49	46	43
Other non-current liabilities	0	0	0
Total non-current liabilities	117	132	123
Other current interest-bearing liabilities	15	40	36
Bank overdraft facility	53	125	91
Lease liabilities	16	17	15
Accounts payable	39	47	53
Other current liabilities	36	14	20
Accrued expenses and deferred income	50	58	48
Total current liabilities	210	301	264
Total liabilities	327	432	387
Total equity and liabilities	826	858	802

Indebtedness

MSEK	30 Sep 2024	30 Sep 2023	31 Dec 2023
Lease liabilities	65	63	58
Bank overdraft facility	53	125	91
Other interest-bearing receivables and liabilities	61	104	94
Gross debt	179	291	242
Cash and cash equivalents	-47	-49	-38
Net debt	132	242	204
EBITDA (R12)	133	110	118
Net debt/EBITDA (R12)	1.0	2.2	1.7
Net debt/EBITDA excl. IFRS 16 effects (R12)	0.7	1.9	1.5
Equity ratio	60%	50%	52%
Quota value per share (SEK)	2.5	2.5	2.5

Condensed consolidated cash flow statement

MSEK	Jul-Sep 2024	Jul-Sep 2023	Jan-Sep 2024	Jan-Sep 2023	Full-year 2023
OPERATING ACTIVITIES					
Operating profit	21	21	70	52	70
Adjustments for non-cash items					
Depreciation and amortisation	11	12	33	36	49
Other	-7	-2	1	5	-3
Total	26	31	104	93	116
Interest received	0	1	1	0	1
Interest paid	-4	-4	-12	-14	-19
Tax paid	-2	-4	-9	-13	-17
Cash flow from operating activities before changes in working capital	19	24	83	67	81
Cash flow from changes in working capital	-2	-11	-8	-39	-17
Cash flow from operating activities	17	13	74	28	65
INVESTING ACTIVITIES					
Acquisition of non-current assets	-5	-6	-12	-13	-16
Acquisition of companies, less acquired cash and cash equivalents	0	0	0	0	0
Cash flow from investing activities	-5	-6	-12	-13	-16

MSEK	Jul-Sep 2024	Jul-Sep 2023	Jan-Sep 2024	Jan-Sep 2023	Full-year 2023
FINANCING ACTIVITIES					
Change in bank overdraft facilities	-38	-5	-38	7	-27
Repayment of lease liabilities	-3	-4	-11	-11	-16
New borrowing	0	0	0	0	0
Repayment of loans	-4	-4	-34	-12	-16
Option premiums received	0	0	3	0	0
Redemption of warrants	26	0	26	0	0
Dividend	0	0	0	-18	-18
Cash flow from financing activities	-19	-13	-54	-35	-78
Cash flow for the period	-7	-6	8	-20	-29
Cash and cash equivalents at beginning of period	54	56	38	66	66
Exchange rate differences in cash and cash equivalents	0	-1	1	3	1
Cash and cash equivalents at end of period	47	49	47	49	38

Consolidated statement of changes in equity

MSEK	Jan–Sep 2024
Opening balance 1 Jan 2024	415
Net profit for the period	45
Option premiums received	3
Redemption of warrants	26
Other comprehensive income	10
Closing balance 30 Sep 2024	499

MSEK	Full-year 2023
Opening balance, 1 Jan 2023	399
Net profit for the period	39
Other comprehensive income	–5
Dividend	–18
Option premiums repaid	0
Closing balance 31 Dec 2023	415



COLE & SON: COUTURE CAROUSEL

Condensed Parent Company income statement

MSEK	Jul-Sep 2024	Jul-Sep 2023	Jan-Sep 2024	Jan-Sep 2023	Full-year 2023
Net sales	3	3	10	10	13
Administrative expenses	-6	-7	-22	-20	-24
Operating loss	-3	-4	-12	-10	-11
Net financial items	-2	91	-16	77	105
Profit/loss after financial items	-5	88	-28	67	94
Group contributions	0	0	0	0	64
Other appropriations	0	0	0	0	-9
Profit/loss before tax	-5	88	-28	67	148
Tax	1	2	6	7	-6
Net profit/loss for the period	-4	90	-22	74	143

Condensed Parent Company balance sheet

MSEK	30 September 2024	30 September 2023	31 December 2023
Assets			
Intangible non-current assets	1	1	1
Tangible non-current assets	0	0	0.0
Deferred tax assets	6	8	0
Financial non-current assets	618	617	617
Total non-current assets	624	626	619
Current tax assets	3	2	0
Other receivables	1	0	0
Prepaid expenses and accrued income	2	2	1
Cash and cash equivalents	0	0	0
Total current assets	6	5	1
Total assets	630	630	620

MSEK	30 September 2024	30 September 2023	31 December 2023
Equity and liabilities			
Share capital	59	56	56
Statutory reserve	10	10	10
Share premium reserve	129	102	102
Retained earnings, including net profit for the year	139	93	161
Equity attributable to Parent Company shareholders	336	261	329
Untaxed reserves	18	8	18
Provisions for pensions	2	1	1
Other non-current interest-bearing liabilities	46	64	57
Other non-current liabilities	0	0	0
Total non-current liabilities	48	65	59
Other current interest-bearing liabilities	15	40	36
Bank overdraft facility	53	125	91
Accounts payable	1	1	1
Liabilities to Group companies	153	123	78
Other current liabilities	1	1	4
Accrued expenses and deferred income	5	7	4
Total current liabilities	228	296	214
Total liabilities	276	361	273
Total equity and liabilities	630	630	620

Quarterly overview

GROUP

MSEK	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024
Net sales	177	197	170	183	190	214	191	170
Gross profit	106	113	104	106	110	125	115	103
Gross margin, %	59.8%	57.2%	61.4%	57.7%	57.7%	58.3%	60.1%	60.7%
EBITA	15	27	15	26	23	34	25	26
EBITA margin, %	8.3%	13.7%	8.9%	14.4%	12.2%	15.7%	13.0%	15.1%
Adjusted EBITA	22	27	18	26	23	34	25	26
Adjusted EBITA margin, %	12.5%	13.7%	10.8%	14.4%	12.2%	15.7%	13.0%	15.1%

NET SALES PER BRAND AND SEGMENT

MSEK	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024
Boråstapeter	68	82	57	66	78	78	61	61
Cole & Son	37	39	37	40	37	36	36	33
Wall&decò	23	22	26	23	27	25	26	20
Pappelina	10	12	12	12	10	12	13	11
Artscape	28	30	26	32	24	46	31	27
Net sales Brands	166	186	158	174	175	197	167	151
Net sales Manufacturing (external)	11	12	12	10	15	17	24	19
Total	177	197	170	183	190	214	191	170

NET SALES BY LARGEST MARKETS

MSEK	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024
Sweden	59	69	49	56	70	70	62	56
USA	35	41	36	46	33	60	45	37
UK	20	21	18	18	20	19	16	21
Rest of World	63	66	66	62	68	65	68	57
Total	177	197	170	183	190	214	191	170

Notes

NOTE 1 Earnings per share

MSEK	Jul–Sep 2024	Jul–Sep 2023	Jan–Sep 2024	Jan–Sep 2023	Full-year 2023
Net profit for the period (SEK)					
Earnings per share before dilution	0.71	0.59	1.98	1.06	1.74
Earnings per share after dilution	0.71	0.59	1.98	1.06	1.74
Performance measures used in the calculation of earnings per share before and after dilution (MSEK)					
Net profit/loss for the period	16	13	45	24	39
Profit above is attributable to Parent Company shareholders in its entirety					
Weighted average number of shares before and after dilution					
Before dilution					
Weighted average number of ordinary shares for calculation of earnings per share before dilution	22,729,179	22,583,877	22,632,665	22,583,877	22,583,877
Warrants					
Adjustment for calculation of earnings per share after dilution attributable to warrants	44,161	0	2,320	0	0
After dilution					
Weighted average number of ordinary shares and potential ordinary shares used as denominator for calculation of earnings per share after dilution	22,773,340	22,583,877	22,634,985	22,583,877	22,583,877

Definitions

ADJUSTED EBITA

EBITA adjusted for items affecting comparability.

ADJUSTED EBITA MARGIN

Adjusted EBITA divided by net sales.

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.

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.

EQUITY RATIO

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

GROSS MARGIN

Gross profit divided by net sales.

GROSS PROFIT

Net sales less cost of goods sold.

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 lease 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, excluding lease liabilities, interest and impairments under IFRS 16.

NET SALES – ORGANIC GROWTH

Change in net sales after adjustments for net sales that have arisen from acquired or divested operations, in constant currencies.

NUMBER OF EMPLOYEES

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

SEGMENT

In connection to the update of strategy and long-term targets, Embellence Group has decided to update its segment reporting to include "Brands" and "Manufacturing". The Brands segment consists of Boråstapeter, Cole & Son, Wall&decò, Pappelina and Artscape. The Manufacturing segment consists of Borås Tapetfabrik.

PUBLICATION

This information is information that Embellence Group AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out below, on 24 October 2024 at 8:00 a.m. CEST.

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FINANCIAL CALENDAR

Q4 2024 – 18 February 2025
Q1 2025 – 06 May 2025
2025 Annual General Meeting – 14 May 2025
Q2 2025 – 17 July 2025

ABOUT EMBELLENC GROUP AB

Embellence Group, founded in 1905, 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.

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