

# Interim report Q2

APRIL – JUNE 2024





## Second quarter 2024

- Net sales amounted to MSEK 191 (170), up 13%. Organic growth amounted to 12%. The exchange rate effect amounted to 1%.
- The gross margin amounted to 60.1% (61.4)
- Operating income (EBITA) amounted to MSEK 25 (15), up 63%.
- The EBITA margin amounted to 13.0% (8.9).
- Net profit for the period amounted to MSEK 13 (–2) and earnings per share for the period before dilution to SEK 0.56 (–0.10).
- Operating cash flow amounted to MSEK 43 (12).

### SIGNIFICANT EVENTS DURING THE QUARTER

On 21 May, Embellence Group introduced an updated strategy and new long-term targets.

### SIGNIFICANT EVENTS AFTER THE END OF THE QUARTER

No significant events to report.



BORÅSTAPETER: BUTTERCUP

MSEK	Apr–Jun 2024	Apr–Jun 2023	Jan–Jun 2024	Jan–Jun 2023	R12 July 2023– June 2024	Full-year 2023
<b>Group</b>						
Net sales	191	170	405	367	778	740
Gross profit	115	104	240	217	455	433
Gross margin, %	60.1%	61.4%	59.2%	59.2%	58.4%	58.4%
EBITA	25	15	58	42	108	92
EBITA margin, %	13.0%	8.9%	14.4%	11.5%	13.9%	12.4%
Net profit/loss for the period	13	–2	29	11	57	39
Operating cash flow	43	12	57	14	104	65
Net debt/EBITDA R12	1.2	2.4	1.2	2.4	1.2	1.7
Earnings per share before dilution (SEK)	0.56	–0.10	1.28	0.47	2.55	1.74
Earnings per share after dilution (SEK)	0.56	–0.10	1.28	0.47	2.55	1.74

# Strong second quarter, updated strategy and new long-term growth target

Sales for the quarter amounted to MSEK 191 (170), corresponding to an increase of nearly 13% compared with the year-earlier quarter. Exchange rate differences contributed 1%.

The Brands segment increased sales with 5%, a particularly strong quarter for Boråstapeter (MSEK +4) and Artscape (MSEK +5). However, this should be compared to weak performance in the year-earlier quarter.

The Manufacturing segment increased external sales with 111% as a result of market shares gained in a Nordic wallpaper market that remained challenging.

Gross profit increased to MSEK 115 (104) for the quarter, corresponding to a gross margin of 60.1%, a decrease of 1.3 percentage points compared with the year-earlier quarter, driven by changes to the product mix.

Profitability improved 63% for the quarter. The EBITA margin amounted to 13.0% (8.9). Increased sales for the quarter were the driving factor behind the improvement in profitability.

Operating cash flow improved to MSEK 43 (12) for the quarter.

## BRANDS SEGMENT – STRONG GROWTH AND EXCITING LAUNCHES

The Brands segment grew for the fourth consecutive quarter. Sales amounted to MSEK 167, corresponding to an increase of MSEK 9 compared with the year-earlier quarter.

Boråstapeter (MSEK +4) carried out several appreciated launch events for its new Orangeri and Landscape collections. A multi-day event was held in Stockholm for interior designers as well as consumers. It was well received by both customers and media.

Cole & Son (MSEK –1) was still challenged by a sluggish consumer market in the UK, its single largest geography. However, it is our assessment that Cole & Son is

continuing to gain market share with its appreciated design icons combined with exciting new launches. It is also gratifying that Cole & Son, as one of only seven brands and the only interior decoration company, was chosen by the iconic British retail chain Harrods to celebrate its 175th anniversary jubilee. A joint event was held in June in London to launch a unique wallpaper and cushion collection.

Wall&decò (MSEK +/-0) had a quarter with forward-looking events in, among others, Paris, Las Vegas and Warsaw. This year's collection of the patented Wall&decò WET System, designed for humid environments, was launched during the world's most influential interior decoration trade fair – the busy and popular Salone del Mobile in Milan, held in April 2024.

Pappelina (MSEK +1) posted a healthy trend of Direct to Consumer (DTC) sales, but we are not satisfied with its performance in the distributor market. However, we are confident that the initiatives started by the new management in the Spring will help us break a weak trend. The primary initiative includes investments related to the brand's 25th anniversary, an improved website and clearer requirements for agents and distributors in the markets where we do not conduct sales ourselves.

Artscape (MSEK +5) confirmed its leading position in North America within designed window film. During the quarter, the organisation was strengthened in the area of digital marketing and sales to further increase online sales.

## MANUFACTURING SEGMENT – CAPTURING MARKET SHARE IN A DIFFICULT MARKET

Borås Tapetfabrik posted strong growth during the quarter and sales to external customers increased MSEK 12, corresponding to 111%. The consumer market remains challenging overall and the market share won was achieved by a strong focus on service and quality. Good opportunities remain to develop the internal offering, which is Borås Tapetfabrik's primary focus, as well as to

win new external customers and thereby further improve capacity utilisation and internal efficiency.

## UPDATED STRATEGY AND NEW LONG-TERM FINANCIAL TARGETS

In May we introduced an updated, more brand-focused strategy at our first Capital Market Day since Embellence was listed in 2021. At the same time, we also introduced an updated long-term financial growth target. The new target is to reach

net sales of SEK 1 billion no later than 2028 through organic growth. Other financial targets (EBITA margin target of >15%, leverage target of <2.5x EBITDA and dividend target level of 30–50%) remain unchanged.

The strategy to focus on organic growth of our existing strong brands entails a clarification of the work that is already ongoing in the Group. Acquisitions of supplementary operations and brands are still an important part of the strategy, but the essential factor is how we ensure

long-term profitable growth with existing brands and any brands we may acquire.

Focus areas to drive organic growth include scaling up marketing efforts focusing on the hospitality channel (hotel and service industries), continuing to invest in own online sales and an increased geographic focus on the North American market and countries around the Mediterranean Basin.

## SOLID PLATFORM FOR CONTINUED PROFITABLE GROWTH

After a couple of difficult years with negative growth for the European interior design market, it is now our assessment that the market is gradually on the road to recovery – though challenges remain in certain specific markets.

For our part, we can note that the forward-looking initiatives and investments we have carried out within products, digitalisation, sales, distribution and marketing have strengthened our brands and thereby our Group.

We now have a stable platform consisting of strong brands, global design icons and a well-established manufacturing operation that, collectively, form a solid platform for continued profitable growth. We will continue on our journey in accordance with our updated strategic framework. Our brand-teams, supported by a driven centralised support organisation, are now looking forward to taking on the second half of 2024 with the ambition to capture additional market shares.

**Olle Svensk**, CEO Embellence Group





# Group performance

## CONSOLIDATED NET SALES

Net sales for the quarter amounted to MSEK 191 (170), corresponding to an increase of 13% compared with the year-earlier quarter. Exchange rate effects contributed 1%. The increase was due to a favourable performance for Boråstapeter and Artscape, as well as a sharp increase in revenue from the Manufacturing segment.

Net sales for the first half of 2024 amounted to MSEK 405 (367), corresponding to an increase of 10% compared with the year-earlier period. Exchange rate effects were 1%. Growth was essentially attributable to the same factors as for the quarter.

## CONSOLIDATED EARNINGS

EBITA for the quarter was MSEK 25 (15). The earnings improvement was mainly attributable to the strong sales trend. The EBITA margin amounted to 13.0% (8.9).

Net profit for the quarter amounted to MSEK 13 (-2), resulting in earnings per share before dilution of SEK 0.56 (-0.10).

EBITA for the first half of the year was MSEK 58 (42). The increase was essentially attributable to the same factors as for the quarter.

Net profit for the first half of the year amounted to MSEK 29 (11), corresponding to earnings per share before dilution of SEK 1.28 (0.47).

## NET FINANCIAL ITEMS

Net financial items for the quarter were MSEK -4 (-12). Interest expense accounted for MSEK -4 (-5) and currency effects for the remaining amount, primarily remeasurement of loans in USD.

Net financial items for the first half of the year were MSEK -12 (-17). The negative net financial items were driven by interest expense of MSEK 8 (9) and revaluation of financial items in foreign currency of MSEK -4 (-8).

## CASH FLOW

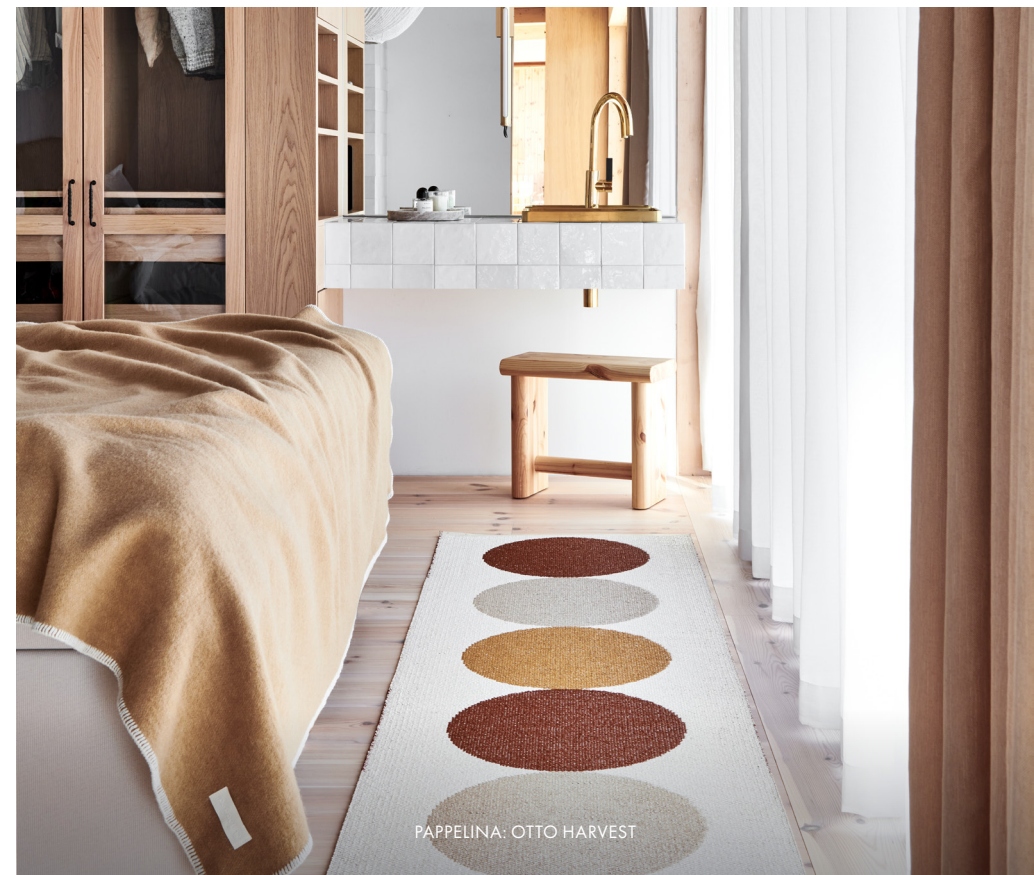
Cash flow from operating activities amounted to MSEK 43 (12) for the quarter. The improvement is due in equal parts to the strong operating profit and improved working capital. Accounts receivable, which increased sharply in the first quarter, were reduced by MSEK 36. Inventory increased MSEK 12, primarily to prepare ahead of the vacation period. Cash flow from investing activities for the quarter amounted to MSEK -1 (-2).

Cash flow from financing activities for the quarter amounted to MSEK -29 (-14), mainly impacted by changes in bank overdraft facilities and repayment of lease liabilities and loans. Option premiums received amounted to MSEK 3. Cash flow for the quarter was MSEK 13 (-4).

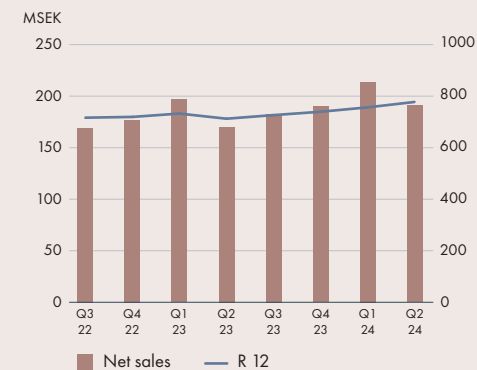
For the first half of the year, cash flow amounted to MSEK 15 (-14). The increase was primarily attributable to the same factors as for the quarter.

## FINANCIAL POSITION

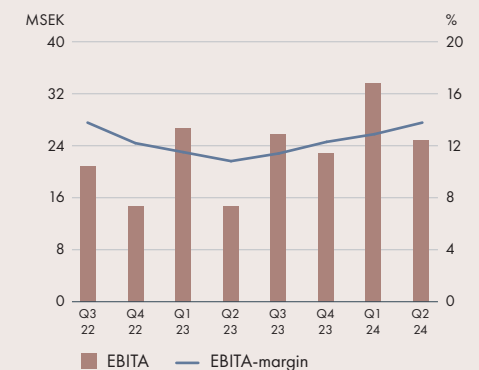
At the end of the quarter, the Group's total assets amounted to MSEK 846 (872). The equity ratio was 55% (48), and cash and cash equivalents at the end of the quarter amounted to MSEK 54 (56). The Group's total net debt amounted to MSEK 159 (249) at the end of the quarter. At the end of the quarter, net debt/EBITDA (R12) was 1.2 times (2.4).



NET SALES, MSEK



EBITA (MSEK) AND EBITA MARGIN R12 (%)



# Segment performance

## BRANDS SEGMENT

Net sales in the Brands segment amounted to MSEK 167 for the quarter, corresponding to an increase of 5% compared with the year-earlier quarter.

### BORÅSTAPETER

Boråstapeter's sales for the quarter amounted to MSEK 61, corresponding to an increase of 6% compared with the year-earlier quarter. The increase was largely due to healthy sales in the home market, Sweden, which in turn was partly due to an early Easter. Exports to the US continued to perform well, as well as sales to the rest of the Nordics.

### COLE & SON

Cole & Son's sales for the quarter amounted to MSEK 36, corresponding to a decrease of 2% compared with the year-earlier quarter. The decrease was primarily due to the continued weak home market of the UK. Sales to

the US increased during the quarter. Strong growth continued within the strategic growth areas of Hospitality and Direct to Consumer (DTC) sales, which partially offset the weaker demand from retail customers.

### WALL&DECÒ

Wall&decò's sales for the quarter amounted to MSEK 26, in line with the year-earlier quarter. Strong growth within hospitality mitigated a weaker demand within retail.

### PAPPELINA

Pappelina's sales for the quarter amounted to MSEK 13, corresponding to an increase of 4% compared with the year-earlier quarter. A major review is being conducted here of the product range, brand positioning and digital presence.

### ARTSCAPE

Artscape's sales for the quarter amounted to MSEK 31, corresponding to an increase of 19% compared with the year-earlier quarter. For the first half of 2024, growth amounted to 39%, a clear sign that the improvements we have implemented since the acquisition are bearing fruit. In a market that is demonstrating underlying growth, Artscape is capturing market share and strengthening its already leading position.



## NET SALES

MSEK	Apr–Jun 2024	Apr–Jun 2023	Change, %	Jan–Jun 2024	Jan–Jun 2023	Change, %	R12 July 2023–June 2024	Full-year 2023
<b>Brands</b>	<b>167</b>	<b>158</b>	<b>5%</b>	<b>364</b>	<b>344</b>	<b>6%</b>	<b>712</b>	<b>693</b>
Boråstapeter	61	57	6%	139	140	-1%	282	283
Cole & Son	36	37	-2%	73	76	-5%	150	154
Wall&decò	26	26	1%	50	48	5%	100	98
Pappelina	13	12	4%	25	25	1%	47	47
Artscape	31	26	19%	77	55	39%	133	111
<b>Manufacturing (external)</b>	<b>24</b>	<b>12</b>	<b>111%</b>	<b>42</b>	<b>23</b>	<b>78%</b>	<b>66</b>	<b>48</b>
<b>EMBELLENCE GROUP</b>	<b>191</b>	<b>170</b>	<b>13%</b>	<b>405</b>	<b>367</b>	<b>10%</b>	<b>778</b>	<b>740</b>

## MANUFACTURING SEGMENT

Net sales within the Manufacturing segment for the quarter amounted to MSEK 24, an increase of 111% compared with the year-earlier quarter. Behind the performance is a strong focus on service, quality and more efficient ways of working, which has resulted in several new external customers. However, potential remains in terms of capacity utilisation and internal efficiency. In parallel, review and development activities are underway in which supplemental digital printing techniques are being evaluated.



## Other Group

### ORGANISATION

The number of FTEs on 30 June 2024 was 227 (236).

### RELATED-PARTY TRANSACTIONS

Implementation of LTI program as decided by Annual General Meeting. Magnus Welander has acquired 400 000 warrants and paid a premium of MSEK 3.

### 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.

### SIGNIFICANT EVENTS DURING THE QUARTER

On 21 May, Embellence Group introduced an updated strategy and new long-term targets.

### SIGNIFICANT EVENTS AFTER THE END OF THE QUARTER

No significant events to report.

### AUDIT

This report was not subject to review by the Group's auditors.

## Parent Company

### SECOND QUARTER 2024

The Parent Company's net sales amounted to MSEK 3 (3).  
Net loss amounted to MSEK -8 (-9).



COLE AND SON: FORNASETTI SENZA TEMPO II VISTA MEDITERRANEA

## 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, 18 JULY 2024

MAGNUS WELANDER  
Chairman

OLOF SVENSK  
CEO

KARIN DENNFORD

MARIA VEERASAMY

HENRIK NYQVIST

CHRISTINA STÅHL

# Condensed consolidated income statement

## GROUP

MSEK	Apr–Jun 2024	Apr–Jun 2023	Jan–Jun 2024	Jan–Jun 2023	Full-year 2023
Net sales	191	170	405	367	740
Cost of goods sold	-76	-66	-166	-150	-308
Gross profit	115	104	240	217	433
Selling and administrative expenses	-96	-95	-192	-187	-364
Other operating income	2	2	3	3	5
Other operating expenses	-1	-1	-2	-2	-4
<b>Operating profit</b>	<b>20</b>	<b>10</b>	<b>49</b>	<b>32</b>	<b>70</b>
Net financial items	-4	-12	-12	-17	-18
<b>Profit before tax</b>	<b>16</b>	<b>-2</b>	<b>37</b>	<b>15</b>	<b>52</b>
Tax	-3	0	-9	-4	-13
<b>Net profit for the period</b>	<b>13</b>	<b>-2</b>	<b>29</b>	<b>11</b>	<b>39</b>
<b>Earnings per share for the period before dilution (SEK)</b>	<b>0.56</b>	<b>-0.10</b>	<b>1.28</b>	<b>0.47</b>	<b>1.74</b>
<b>Earnings per share for the period after dilution (SEK)</b>	<b>0.56</b>	<b>-0.10</b>	<b>1.28</b>	<b>0.47</b>	<b>1.74</b>
<b>Other comprehensive income</b>					
Actuarial gains and losses after tax	0	0	0	0	0
Translation differences	-3	28	22	30	-5
<b>Total other comprehensive income</b>	<b>-3</b>	<b>28</b>	<b>22</b>	<b>30</b>	<b>-5</b>
<b>Comprehensive income for the period</b>	<b>9</b>	<b>25</b>	<b>50</b>	<b>41</b>	<b>34</b>



## Condensed consolidated balance sheet

MSEK	30 June 2024	30 June 2023	Full-year 2023
<b>Assets</b>			
Intangible non-current assets	364	388	358
Tangible non-current assets	77	74	75
Right-of-use assets	51	64	55
Deferred tax assets	10	3	5
Financial non-current assets	4	3	3
<b>Total non-current assets</b>	<b>505</b>	<b>532</b>	<b>496</b>
Inventories	144	149	136
Accounts receivable	101	93	93
Current tax assets	14	9	12
Other receivables	4	6	5
Prepaid expenses and accrued income	24	28	22
Cash and cash equivalents	54	56	38
<b>Total current assets</b>	<b>340</b>	<b>340</b>	<b>306</b>
<b>Total assets</b>	<b>846</b>	<b>872</b>	<b>802</b>
<b>Equity and liabilities</b>			
Share capital	56	56	56
Other contributed capital	87	84	84
Reserves	46	60	24
Retained earnings, including net profit for the year	278	221	250
<b>Equity attributable to Parent Company shareholders</b>	<b>468</b>	<b>421</b>	<b>415</b>
Provisions for pensions	7	7	7
Deferred tax liabilities	16	15	17
Other non-current interest-bearing liabilities	51	68	57
Lease liabilities	41	50	43
Other non-current liabilities	0	0	0
<b>Total non-current liabilities</b>	<b>114</b>	<b>140</b>	<b>123</b>
Other current interest-bearing liabilities	16	39	36
Bank overdraft facility	91	130	91
Lease liabilities	14	18	15
Accounts payable	58	55	53
Other current liabilities	31	15	20
Accrued expenses and deferred income	53	55	48
<b>Total current liabilities</b>	<b>263</b>	<b>311</b>	<b>264</b>
<b>Total liabilities</b>	<b>377</b>	<b>451</b>	<b>387</b>
<b>Total equity and liabilities</b>	<b>846</b>	<b>872</b>	<b>802</b>

## Indebtedness

MSEK	30 June 2024	30 June 2023	Full-year 2023
Lease liabilities	54	68	58
Bank overdraft facility	91	130	91
Other interest-bearing receivables and liabilities	67	107	94
<b>Gross debt</b>	<b>213</b>	<b>305</b>	<b>242</b>
Cash and cash equivalents	-54	-56	-38
<b>Net debt</b>	<b>159</b>	<b>249</b>	<b>204</b>
EBITDA (R12)	134	104	118
<b>Net debt/EBITDA (R12)</b>	<b>1.2</b>	<b>2.4</b>	<b>1.7</b>
<b>Net debt/EBITDA excl. IFRS 16 effects (R12)</b>	<b>0.9</b>	<b>2.1</b>	<b>1.5</b>
<b>Equity ratio</b>	<b>55%</b>	<b>48%</b>	<b>52%</b>
<b>Quota value per share (SEK)</b>	<b>2.5</b>	<b>2.5</b>	<b>2.5</b>

## Condensed consolidated cash flow statement

MSEK	Apr–Jun 2024	Apr–Jun 2023	Jan–Jun 2024	Jan–Jun 2023	Full-year 2023
<b>OPERATING ACTIVITIES</b>					
Operating profit	20	10	49	32	70
Adjustments for non-cash items					
Depreciation and amortisation	11	12	22	24	49
Other	-1	5	7	6	-3
<b>Total</b>	<b>30</b>	<b>27</b>	<b>78</b>	<b>61</b>	<b>116</b>
Interest received	0	1	0	0	1
Interest paid	-4	-5	-8	-9	-19
Tax paid	-3	-8	-7	-10	-17
<b>Cash flow from operating activities before changes in working capital</b>	<b>23</b>	<b>15</b>	<b>64</b>	<b>43</b>	<b>81</b>
Cash flow from changes in working capital	20	-3	-6	-28	-17
<b>Cash flow from operating activities</b>	<b>43</b>	<b>12</b>	<b>57</b>	<b>14</b>	<b>65</b>
<b>INVESTING ACTIVITIES</b>					
Acquisition of non-current assets	-1	-2	-8	-7	-16
Acquisition of companies, less acquired cash and cash equivalents	0	0	0	0	0
<b>Cash flow from investing activities</b>	<b>-1</b>	<b>-2</b>	<b>-8</b>	<b>-7</b>	<b>-16</b>

MSEK	Apr–Jun 2024	Apr–Jun 2023	Jan–Jun 2024	Jan–Jun 2023	Full-year 2023
<b>FINANCING ACTIVITIES</b>					
Change in bank overdraft facilities	-24	12	1	12	-27
Repayment of lease liabilities	-4	-4	-8	-7	-16
New borrowing	0	0	0	0	0
Repayment of loans	-4	-4	-30	-8	-16
Option premiums received	3	0	3	0	0
Dividend	0	-18	0	-18	-18
<b>Cash flow from financing activities</b>	<b>-29</b>	<b>-14</b>	<b>-35</b>	<b>-22</b>	<b>-78</b>
<b>Cash flow for the period</b>	<b>13</b>	<b>-4</b>	<b>15</b>	<b>-14</b>	<b>-29</b>
Cash and cash equivalents at beginning of period	41	57	38	66	66
Exchange rate differences in cash and cash equivalents	0	3	1	4	1
<b>Cash and cash equivalents at end of period</b>	<b>54</b>	<b>56</b>	<b>54</b>	<b>56</b>	<b>38</b>



## Consolidated statement of changes in equity

MSEK	January–June 2024
Opening balance 1 Jan 2024	415
Net profit for the period	29
Option premiums received	3
Other comprehensive income	22
Closing balance 30 Jun 2024	468

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



ARTSCAPE: FLIGHT

## Condensed Parent Company income statement

MSEK	Apr–Jun 2024	Apr–Jun 2023	Jan–Jun 2024	Jan–Jun 2023	Full-year 2023
Net sales	3	3	7	7	13
Administrative expenses	–8	–8	–16	–13	–24
Operating loss	–5	–4	–9	–7	–11
Financial income/loss	–5	–8	–13	–14	105
Profit/loss after financial items	–10	–12	–23	–21	94
Group contributions	0	0	0	0	64
Other appropriations	0	0	0	0	–9
Profit/loss before tax	–10	–12	–23	–21	148
Tax	2	3	5	5	–6
Net profit/loss for the period	–8	–9	–18	–15	143



## Condensed Parent Company balance sheet

MSEK	Jan–Jun 2024	Jan–Jun 2023	Full-year 2023
<b>Assets</b>			
Intangible non-current assets	1	1	1
Tangible non-current assets	0.0	0.0	0.0
Deferred tax assets	5	0	0
Financial non-current assets	618	617	617
<b>Total non-current assets</b>	<b>623</b>	<b>619</b>	<b>619</b>
Current tax assets	2	7	0
Other receivables	0	0	0
Prepaid expenses and accrued income	2	3	1
Cash and cash equivalents	0	0	0
<b>Total current assets</b>	<b>4</b>	<b>10</b>	<b>1</b>
<b>Total assets</b>	<b>628</b>	<b>628</b>	<b>620</b>

MSEK	Jan–Jun 2024	Jan–Jun 2023	Full-year 2023
<b>Equity and liabilities</b>			
Share capital	56	56	56
Statutory reserve	10	10	10
Share premium reserve	105	102	102
Retained earnings, including net profit for the year	143	3	161
<b>Equity attributable to Parent Company shareholders</b>	<b>314</b>	<b>171</b>	<b>329</b>
Untaxed reserves	18	8	18
Provisions for pensions	2	1	1
Other non-current interest-bearing liabilities	51	68	57
Other non-current liabilities	0	0	0
<b>Total non-current liabilities</b>	<b>53</b>	<b>69</b>	<b>59</b>
Other current interest-bearing liabilities	16	39	36
Bank overdraft facility	91	130	91
Accounts payable	2	1	1
Liabilities to Group companies	128	204	78
Other current liabilities	1	1	4
Accrued expenses and deferred income	5	5	4
<b>Total current liabilities</b>	<b>243</b>	<b>380</b>	<b>214</b>
<b>Total liabilities</b>	<b>296</b>	<b>449</b>	<b>273</b>
<b>Total equity and liabilities</b>	<b>628</b>	<b>628</b>	<b>620</b>

## Quarterly overview

### GROUP

MSEK	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024
Net sales	169	177	197	170	183	190	214	191
Gross profit	98	106	113	104	106	110	125	115
Gross margin, %	58.1%	59.8%	57.2%	61.4%	57.7%	57.7%	58.3%	60.1%
EBITA	21	15	27	15	26	23	34	25
EBITA margin, %	12.4%	8.3%	13.7%	8.9%	14.4%	12.2%	15.7%	13.0%
Adjusted EBITA	23	22	27	18	26	23	34	25
Adjusted EBITA margin, %	13.8%	12.5%	13.7%	10.8%	14.4%	12.2%	15.7%	13.0%

### NET SALES PER BRAND AND SEGMENT

MSEK	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024
Boråstapeter	61	68	82	57	66	78	78	61
Cole & Son	34	37	39	37	40	37	36	36
Wall&decò	23	23	22	26	23	27	25	26
Pappelina	12	10	12	12	12	10	12	13
Artscape	31	28	30	26	32	24	46	31
<b>Total net sales Brands</b>	<b>161</b>	<b>166</b>	<b>186</b>	<b>158</b>	<b>174</b>	<b>175</b>	<b>197</b>	<b>167</b>
<b>Total net sales Manufacturing (external)</b>	<b>8</b>	<b>11</b>	<b>12</b>	<b>12</b>	<b>10</b>	<b>15</b>	<b>17</b>	<b>24</b>
<b>Total</b>	<b>169</b>	<b>177</b>	<b>197</b>	<b>170</b>	<b>183</b>	<b>190</b>	<b>214</b>	<b>191</b>

### NET SALES BY LARGEST MARKETS

MSEK	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024
Sweden	52	59	69	49	56	70	70	62
USA	41	35	41	36	46	33	60	45
UK	17	20	21	18	18	20	19	16
Rest of World	60	63	66	66	62	68	65	68
<b>Total</b>	<b>169</b>	<b>177</b>	<b>197</b>	<b>170</b>	<b>183</b>	<b>190</b>	<b>214</b>	<b>191</b>



# Notes

## NOTE 1 Earnings per share

MSEK	Apr–Jun 2024	Apr–Jun 2023	Jan–Jun 2024	Jan–Jun 2023	Full-year 2023
<b>Net profit for the period (SEK)</b>					
Earnings per share before dilution	0.56	-0.10	1.28	0.47	1.74
Earnings per share after dilution	0.56	-0.10	1.28	0.47	1.74
<b>Performance measures used in the calculation of earnings per share before and after dilution (MSEK)</b>					
Net profit/loss for the period	12.5	-2.2	28.8	10.6	39.3
Profit above is attributable to Parent Company shareholders in its entirety					
<b>Weighted average number of shares before and after dilution</b>					
<b>Before dilution</b>					
Weighted average number of ordinary shares for calculation of earnings per share before dilution	22,583,877	22,583,877	22,583,877	22,583,877	22,583,877
<b>Warrants</b>					
Adjustment for calculation of earnings per share after dilution attributable to warrants	0	0	0	0	0
<b>After dilution</b>					
Weighted average number of ordinary shares and potential ordinary shares used as denominator for calculation of earnings per share after dilution	22,583,877	22,583,877	22,583,877	22,583,877	22,583,877

## Definitions

### NUMBER OF EMPLOYEES

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

### GROSS MARGIN

Gross profit divided by net sales.

### GROSS PROFIT

Net sales less cost of goods sold.

### 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.

### 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 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. IFRS 16

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.

### EARNINGS PER SHARE IN SEK

Profit after tax divided by the normal number of shares.

### 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.

### EQUITY RATIO

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

### SEGMENT

In connection to the update of strategy and long-term targets, Embellence Group decided to update the segment reporting to Brands and Manufacturing. The brands consists of Boråstapeter, Cole & Son, Wall&decò, Pappelina and Artscape. Manufacturing 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 person set out below, on 18 July 2024 at 8:00 a.m. CEST.

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#### **FINANCIAL CALENDAR**

Q3 2024 – 24 October  
Q4 2024 – 20 February 2025  
Q1 2025 – 6 May 2025  
2025 Annual General Meeting – 15 May 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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