



REPORT BY  
THE BOARD OF  
DIRECTORS

2021



# Report by the Board of Directors for the year 2021

We are driven by our common purpose: pioneering design to make the everyday extraordinary. Fiskars Group pursues profitable growth with the aim of becoming the first choice in the garden and outdoors categories, and in the kitchen and at the table.

To achieve this ambition, Fiskars Group relies on its deep understanding of the everyday, and combines its passion for design, innovation and quality with a firm commitment to sustainability. The company delivers value by building brands that people love, driving a business that customers respect and developing a culture where people can perform at their best.

The Fiskars Group team is made up of diverse and creative professionals, serving people around the world with a portfolio of loved brands. The growth strategy outlines the fewer, bigger and bolder strategic choices that will put Fiskars Group on a healthy path towards organic growth and improved profitability. The logic behind the strategy is clear – the company focuses on winning brands, channels and countries. The brand portfolio is categorized into three groups: winning brands (Fiskars, Royal Copenhagen, Iittala, Moomin by Arabia and Gerber); profitable growth brands (Arabia and Rörstrand); and turnaround brands (Wedgwood, Waterford, Royal Albert and Royal Doulton). In December 2021 Fiskars Group announced that it would be divesting its North

American Watering business, including the Gilmour and Nelson brands.

Fiskars Group's business is based on understanding and predicting consumer needs, aspirations, motives, and behavior. A profound insight into and understanding of the consumer is the starting point for building the brands, offering, sales and marketing activities. A culture that puts consumers at the heart of every discussion, decision and action is enabling Fiskars Group to build loved and trusted brands.

Consumers' understanding of global influences like climate change, resource scarcity and digitalization is greater than ever. For Fiskars Group, this is an opportunity to take action towards solving these global challenges and to create solutions that support consumers in their journey towards a more sustainable future.

Fiskars Group is committed to encouraging employee engagement by creating an inclusive and inspiring working environment. The company recognizes the importance of its people in contributing to its success, and continuously invests in opportunities for employees to learn and grow. Building a values-based leadership helps Fiskars Group's leaders to shape their skills and engage with people, which is crucial in creating value for consumers and other stakeholders. Fiskars Group's culture is based on strong values,

engaging leadership and clear ways of working that set us apart from our competitors.

## The impacts on employees of COVID-19

On March 11, 2020, the World Health Organization (WHO) declared COVID-19 a pandemic. Fiskars Group acted quickly to ensure the health and wellbeing of the employees and other people working in our value chain. Since the start of the pandemic, the number one concern has been the safety and wellbeing of employees.

A wide range of measures has been implemented throughout the pandemic in order to help prevent the spread of COVID-19 and to protect employees and customers. These include continued remote working for all employees able to do so, keeping business travel to a minimum, introducing rigid safety measures in factories and distribution centers as well as safeguards in our stores.

As a result of the pandemic, the last two years have been challenging for Fiskars Group's employees. Nevertheless, they have successfully served consumers and customers while making sure that the company's financial performance has continued on a strong track.

## Year 2021 in brief: Record strong year

Fiskars Group had a strong year, as the company and its employees were able to successfully serve consumers and customers in these dynamic times. Additionally, the financial performance continued on a strong track. Both net sales and comparable EBITA reached an all-time high level. Net sales were driven by all business areas. While the comparable EBITA was driven by business area Vita, both Terra and Crea also performed well against an unusually strong comparison period.

In 2021, there were significant challenges in global supply chains as well as broad-based cost inflation. Fiskars Group has successfully mitigated supply chain constraints and the ability to do so has been a competitive advantage. The company has also successfully mitigated the inflationary pressure. Full-year gross margin increased by 2.5 percentage points in 2021, supported by price increases and improved commercial excellence. Within commercial excellence, the initial actions have been focused on the value-based pricing as well as the in-store and online excellence.

During the second half of the year, the company significantly increased spending to accelerate growth. This increase was mostly related to digital operations and consumer excellence. During the year, Fiskars Group also completed the Restructuring and Transformation programs. The programs were launched in October 2018 and December 2019

and combined targeted annual cost savings of approximately EUR 37 million. These benefits were realized, and a majority were already visible by the end of 2021. The total costs of both programs amounted to EUR 42.5 million, clearly below the original estimate of approximately EUR 70 million.

During 2021, cash flow from operating activities before financial items and taxes amounted to EUR 164.2 million (2020: 223.8). Earnings per share were EUR 1.06 (0.83).

## Group performance

In 2021, Fiskars Group's organizational structure featured three Business Areas (BA): Vita, Terra and Crea. Fiskars Group's four primary reporting segments are Vita, Terra, Crea and Other. In addition, Fiskars Group reports net sales for three geographical areas: Europe, Americas and Asia-Pacific.

BA Vita offers premium and luxury products for the tableware, drinkware and interior categories. It consists of brands such as Iittala, Royal Copenhagen, Waterford and Wedgwood. BA Terra consists of the gardening, watering, and outdoor categories. The brands include Fiskars and Gerber. BA Crea consists of the scissors and creating as well as the cooking categories, mainly with the Fiskars brand. The Other segment contains the Group's investment portfolio, the real estate unit, corporate headquarters and shared services.

## Net sales

| EUR million | 2021           | 2020    | Change | Comparable change |
|-------------|----------------|---------|--------|-------------------|
| Group       | <b>1,254.3</b> | 1,116.2 | 12.4%  | 14.2%             |
| Vita        | <b>544.6</b>   | 456.6   | 19.3%  | 19.3%             |
| Terra       | <b>535.4</b>   | 493.8   | 8.4%   | 11.6%             |
| Crea        | <b>170.6</b>   | 162.0   | 5.3%   | 7.7%              |
| Other       | <b>3.8</b>     | 3.8     | 1.1%   | 1.0%              |

Fiskars Group's consolidated net sales increased by 12.4% to EUR 1,254.3 million (2020: 1,116.2). Comparable net sales increased by 14.2%, supported by all business areas and nearly all channels. Strong demand supported the increase in net sales.

## Comparable EBITA

| EUR million | 2021         | 2020  | Change |
|-------------|--------------|-------|--------|
| Group       | <b>168.8</b> | 136.8 | 23.4%  |
| Vita        | <b>86.7</b>  | 41.0  | 111.4% |
| Terra       | <b>57.0</b>  | 67.5  | -15.6% |
| Crea        | <b>38.0</b>  | 41.1  | -7.4%  |
| Other       | <b>-12.9</b> | -12.8 | -0.7%  |

Fiskars Group's comparable EBITA increased by 23.4% to EUR 168.8 million (2020: 136.8). The increase in comparable EBITA was driven by the Vita segment, whereas it decreased in Terra and Crea.

Comparable EBITA was supported by an increase in net sales, an improvement in gross margin from a more favorable product and channel mix, as well as the benefits from the ongoing programs.

At the Group level, the completed Transformation and Restructuring programs had a positive impact on profitability. At the same time, the previous year's figures were supported by temporary cost savings. Increased spending to accelerate growth had a negative impact during the second half of the year.

## Operating environment in 2021

The operating environment remained volatile in 2021, although less so than in 2020. The significant differences in impact at the category level decreased in 2021 from the level seen in 2020.

The number of store closures varied throughout the year. Overall, it was lower than in 2020, but with regional differences. Despite the decreased impact on brick-and-mortar stores compared to 2020, the importance of e-commerce and hybrid models (such as curbside pickup) is more prominent than before the pandemic.

Global supply chains have continued to come under pressure, as the pandemic is still having an impact on consumer demand and the global economy. The challenges have included a lack of sufficient logistics capacity and port congestions. This has resulted in higher freight costs and longer delivery times. Additionally, raw material prices have risen rapidly. Energy prices in many countries were significantly higher during the second half of the year compared to the previous year's level.

## Reporting segments and geographies

### Vita segment in 2021

| EUR million         | 2021  | 2020  | Change |
|---------------------|-------|-------|--------|
| Net sales           | 544.6 | 456.6 | 19.3%  |
| Comparable EBITA    | 86.7  | 41.0  | 111.4% |
| Capital expenditure | 16.0  | 16.3  | -1.8%  |

Net sales in the Vita segment increased by 19.3% to EUR 544.6 million (2020: 456.6). Comparable net sales increased by 19.3%, rebounding from a difficult first half of 2020, when the pandemic had a more significant negative impact on the financial performance.

Net sales increased for most of the brands and in nearly all important markets. Growth was strongest in China, the Americas and the Nordics. On a channel level, net sales increased most in e-commerce, both direct and indirect. The entire direct channel posted growth figures, even though temporary store closures still had a negative impact on net sales.

Comparable EBITA in the Vita segment increased to EUR 86.7 million (41.0). The comparable EBITA was supported by a number of factors. Sales volumes increased, pricing improved, and the channel mix was more favorable, driven by a higher share of the direct channel. The profitability of the English & Crystal brands has improved. The positive impact from the completed programs has increasingly supported profitability. At the same time, the previous year's figures were supported by temporary cost savings.

Increased spending to accelerate growth had a negative impact on comparable EBITA.

### Terra segment in 2021

| EUR million         | 2021  | 2020  | Change |
|---------------------|-------|-------|--------|
| Net sales           | 535.4 | 493.8 | 8.4%   |
| Comparable EBITA    | 57.0  | 67.5  | -15.6% |
| Capital expenditure | 12.2  | 9.9   | 23.8%  |

Net sales in the Terra segment increased by 8.4% to EUR 535.4 million (2020: 493.8). Comparable net sales increased by 11.6%.

Net sales increased in all markets, Central Europe in particular. Additionally, all categories supported net sales growth despite a negative impact from availability challenges during the year.

Comparable EBITA in the Terra segment decreased to EUR 57.0 million (67.5). While the increase in net sales supported the comparable EBITA, higher manufacturing and logistics costs and increased spending to accelerate growth had a negative impact. At the same time, the previous year's figures were supported by temporary cost savings.

## Crea segment in 2021

| EUR million         | 2021  | 2020  | Change |
|---------------------|-------|-------|--------|
| Net sales           | 170.6 | 162.0 | 5.3%   |
| Comparable EBITA    | 38.0  | 41.1  | -7.4%  |
| Capital expenditure | 3.3   | 1.8   | 90.9%  |

Net sales in the Crea segment increased by 5.3% to EUR 170.6 million (2020: 162.0). Comparable net sales increased by 7.7%.

Net sales growth was driven by the Nordics and Continental Europe. At the same time, net sales decreased in the Americas, where the comparison figures from 2020 were strong. The key driving force behind the growth was the cooking category, where the expansion in Europe proceeded well.

Comparable EBITA in the Crea segment decreased to EUR 38.0 million (41.1). While the increase in net sales and a more favorable product mix supported the comparable EBITA, higher manufacturing, logistics costs and increased spending to accelerate growth had a negative impact. At the same time, the previous year's figures were supported by temporary cost savings.

## Other segment in 2021

| EUR million         | 2021  | 2020  | Change |
|---------------------|-------|-------|--------|
| Net sales           | 3.8   | 3.8   | 1.1%   |
| Comparable EBITA    | -12.9 | -12.8 | -0.7%  |
| Capital expenditure | 2.8   | 2.2   | 30.4%  |

Net sales in the Other segment amounted to EUR 3.8 million (2020: 3.8), consisting of timber sales and rental income. The comparable EBITA for the Other segment amounted to EUR -12.9 million (-12.8).

## Net sales by geography in 2021

| EUR million  | 2021  | 2020  | Change | Comparable change |
|--------------|-------|-------|--------|-------------------|
| Europe       | 592.2 | 495.9 | 19.4%  | 18.7%             |
| Americas     | 475.9 | 471.6 | 0.9%   | 5.4%              |
| Asia-Pacific | 187.7 | 154.1 | 21.8%  | 22.6%             |
| Unallocated  | -1.4  | -5.4  |        |                   |

In Europe, net sales increased by 19.4% and amounted to EUR 592.2 million (2020: 495.9). Comparable net sales increased by 18.7%. Growth was driven by all markets, with a strong performance in the Nordics and Continental Europe.

Net sales in the Americas were close to the previous year's level, amounting to EUR 475.9 million (471.6). Comparable net sales increased by 5.4%, supported by the Vita and Terra segments.

Net sales in Asia-Pacific increased by 21.8% to EUR 187.7 million (154.1). Comparable net sales increased by 22.6%, driven by nearly all markets, China in particular.

## Research and development

The Group's research and development expenses totaled EUR 15.5 million (2020: 16.5), equivalent to 1.2% (1.5%) of net sales.

## Personnel

The average number of full-time equivalent employees (FTE) was 6,081 (2020: 6,104) in 2021. At the end of the year, the Group employed 6,690 (6,411) employees, of whom 1,111 (1,062) were in Finland. In 2021, personnel costs amounted to EUR 293.7 million (264.4), of which wages and salaries constituted EUR 240.0 million (214.2).

## Transformation and Restructuring programs

Fiskars Group has completed its two programs, the Transformation and Restructuring programs. The Transformation program, launched in October 2018, aimed at increasing efficiency, reducing complexity and accelerating long-term strategic development in its former Living segment. The company-wide Restructuring Program launched in December 2019 aimed at reducing costs in a wide range of areas.

Both programs were completed by the end of 2021. The Transformation program targeted annual cost savings of approximately EUR 17 million and the Restructuring program of approximately EUR 20 million, respectively. These benefits were realized, and a majority were already visible by the end of 2021.

The total costs of both programs were originally expected to be approximately EUR 70 million, consisting of EUR 40 million from the Transformation program and EUR 30 million from the Restructuring program. The total cost of both programs amounted to EUR 42.5 million, EUR 30 million for the





Transformation program and EUR 12.5 million for the Restructuring program. The costs have been recorded as items affecting comparability (IAC).

## Financial items, net result and cash flow

In 2021, other financial income and expenses amounted to EUR -0.0 million (2020: -8.9), including EUR -6.2 million of interests related to the tax dispute. Foreign exchange differences accounted for EUR 4.2 million (-2.2) of financial items.

Profit before taxes was EUR 144.1 million (89.8). Income taxes were EUR -56.5 million (-21.3). Out of the total income taxes, EUR -22.1 million relate to the tax dispute concerning intra-group loans forgiven by the company in 2003. The Supreme Administrative Court did not grant Fiskars Corporation a leave to appeal the case in its decision of March 3, 2021, and consequently, the income tax, which was already paid in Q3 2016, was recorded as tax cost in the first quarter of 2021. Interest of EUR 6.2 million relating to the tax decision was posted as an interest expense. Earnings per share were EUR 1.06 (0.83), where the tax dispute had a negative impact of EUR 0.35 per share.

The cash flow from operating activities before financial items and taxes amounted to EUR 164.2 million (223.8). The change was a result of the increase in profit before taxes, while the change in net working capital had the opposite effect. Cash flow from financial items and taxes amounted to EUR -41.3 million (-24.6).

Cash flow from investing activities was EUR -33.7 million (-29.4), including EUR -34.4 million of capital expenditure on fixed assets. Cash flow from financing activities was EUR -123.3 million (-118.9), including EUR -60.5 million of repayments of non-current debt, EUR 12.8 million of change in current debt, EUR -49.2 million of dividends paid and EUR -26.4 million of payment of lease liabilities. The comparison figure from 2020 included EUR -80.0 million of repayments of non-current debt, EUR 40 million of proceeds of non-current debt, EUR -45.7 million dividends paid and EUR -26.4 million of lease liability payments.

Capital expenditure totaled EUR 34.4 million (30.0), mainly relating to retail, supply chain and IT investments. Depreciation, amortization and impairment amounted to EUR 61.6 million (76.1, including an impairment of EUR 10.4 million of the Waterford trademark).

## Balance sheet and financing

Fiskars Group's working capital totaled EUR 164.5 million (134.2) at the end of December. The equity ratio was 57% (57%) and net gearing was 18% (19%).

Cash and cash equivalents at the end of the period totaled EUR 31.5 million (62.5). Net interest-bearing debt amounted to EUR 144.4 million (143.7), of which leases classified as interest-bearing debt under IFRS 16 accounted for EUR 111.5 million (94.5).

Excluding leasing debt, short-term borrowing totaled EUR 64.4 million (61.2) and long-term borrowing EUR

0.7 million (51.2). Short-term borrowing consisted mainly of a term loan maturing in 2022.

In addition to outstanding loans, Fiskars Group had EUR 280 million (300 million) of unutilized long-term committed credit facilities and a commercial paper program of EUR 400 million with Nordic banks.

## The impact of the COVID-19 pandemic on Fiskars Group in 2021

### Market situation

The market situation has been volatile throughout the pandemic. It was most challenging in March-April 2020, after which it improved clearly, and the situation has stabilized during 2021. Throughout the pandemic there have been significant differences by category and market. Overall, consumers have shifted their focus to e-commerce channels as a result of lockdowns and store closures, which has impacted retailers as well.

In the Vita categories demand has improved during the end of 2020 and 2021. Gifting is an important part of the business, and this still has not fully recovered from the hit by social distancing and restrictions on holding meetings. Additionally, customers in the hospitality channel (i.e., hotels, cruise lines, airlines) have largely halted investments.

In the Terra and Crea categories the pandemic had a different impact. Demand has been strong, as people have spent more time at home. In particular, the gardening and watering categories have seen increased consumer interest. For Crea, the



demand for scissors and sewing products increased temporarily as people have spent more time at home. The growth in demand has levelled for both Terra and Crea from the second quarter of 2021 onwards.

### Temporary cost-cutting measures

At the beginning of the pandemic, proactive steps were swiftly introduced to lessen the negative impacts of COVID-19 on operations around the world. As the situation evolved during 2020, a broad range of cost savings were implemented. Most of these measures were taken starting in the second quarter of 2020 and were visible in the financial performance from the second quarter onward. In 2021, these measures have only had a minor impact on profitability.

### Own stores

The company had to temporarily close stores due to the pandemic, starting in the Asia-Pacific region as early as January 2020. The closures and reopenings varied by country and even by city. The closures reached a high in April 2020, when a significant number of the Group's stores were closed. The number of store closures has since been at a lower level. At the end of the fourth quarter of 2021, only a small number of stores were closed.

### Supply chain

The pandemic has impacted most of the company's own production units. During the pandemic, some units have been temporarily closed to adjust to the decrease in demand, while others increased production volumes. In all units, new arrangements were put in place in order to meet regulations

ensuring the health and wellbeing of employees. The strong demand and challenges in the global logistics chains have put pressure on the supply chain, during 2021 in particular. Despite these challenges, the company has successfully served its customers. The ability to deliver has been a competitive advantage for Fiskars.

### Financial position

The liquidity of Fiskars Group has remained strong during 2021. Actions to secure liquidity with short term borrowing were promptly taken during the first quarter of 2020. Driven by the strong cash flow, the remainder of these loans were repaid during the second quarter of 2021.

Throughout the COVID-19 pandemic, Fiskars Group has intensely followed up on and assessed the credit risks of trade receivables. The existing bad debt provision model for expected credit losses is based on the age of the trade receivables. Bad debt provision increases in line with the age of the trade receivables, so as the model is followed, the increased credit risk in the form of more mature trade receivables results in a higher bad debt provision. The model is adjusted for forward-looking information. Credit losses have remained at a historically normal level during 2021.

The credit risk of trade receivables and the amount of bad debt provision was analyzed at the end of the reporting period, with the conclusion being that sufficient provisions have been made.

## Reporting of non-financial information

### Sustainability in 2021

In 2021, Fiskars Group continued working towards its sustainability targets according to the roadmaps in place.

A strong sustainability approach is the right thing to do for people and the planet and the prerequisite to future-proof and grow business. Sustainability represents an opportunity for Fiskars Group to further strengthen the reputation and increase brand love.

Sustainability is one of our key enablers for creating and delivering sustainable growth. Fiskars Group's sustainability approach describes our level of ambition. We are on a mission: for lasting wellbeing of people and planet.

Fiskars Group has continued its work on its three long-term sustainability commitments: against throwaway culture, for a carbon neutral business and for increased joy.

Fiskars Group is committed to taking climate action, and has thus joined the UN Business Ambition for 1.5°C and set science-based targets, aligned with the latest climate science and the most ambitious goals of the Paris Agreement, to reduce greenhouse gas emissions by 2030.

These commitments are guided by Fiskars Group's sustainability ambition and inspired by the United Nations Sustainable Development Goals (SDGs).



These three commitments will help us achieve sustainable growth and long-term value and will support the progress of our mission for the lasting wellbeing of people and the planet.

### Environment

The responsible and reduced use of natural resources and the careful re-usage and recycling of materials are central to Fiskars Group's sustainability approach. Fiskars Group's environmental and energy approach is guided by two main principles: supporting long-term competitiveness and reducing negative impacts.

New business models based on the circular economy such as extending material cycles and introducing service-based solutions provide opportunities to create value. In addition, Fiskars Group is constantly looking for new opportunities to increase the use of recycled or renewable materials in its products. Fiskars Group is committed to promoting efficiency and identifying new solutions throughout the value chain.

### POLICIES AND COMMITMENTS

International standards and guidelines such as ISO 14001 create an important foundation for Fiskars Group's environmental management. Fiskars Group's environmental policy emphasizes common targets and ways of working within Fiskars Group's manufacturing units. Fiskars Group's Supplier Code of Conduct outlines expectations regarding suppliers' energy and emissions management, and every supplier must sign and commit to it to be able to do business with Fiskars Group.

### TARGETS & ACTIONS

#### Targets 2030:

- A majority of our net sales comes from circular products and services\*
- Circularity is fully integrated into innovation\*
- A global concept in use to take-back and recycle/reuse/resell our products, covering all our main brands.
- 100% of our packaging is renewable, preferably recycled and further recyclable

**Target 2022:** business model for recycling and reselling the products in place in select markets.

\* Targets were defined in 2021

Creating new business models is essential for staying relevant in the changing business landscape. The circular economy provides opportunities to create value and support Fiskars Group in resource wisdom: being more efficient and innovating new materials and technologies to mitigate the use of non-renewable materials. Fiskars Group aims to have a majority of its net sales coming from circular products and services, by 2030. Fiskars Group's brands' recycled material product ranges have been popular, and sales of recycled products have increased by 78% since 2020.

Our new services are created at BRUK, Fiskars Group's own innovation hub. BRUK brings together people and knowledge from across the entire Fiskars Group, with the aim of quickly designing, testing, and scaling new ideas.

Aligned with the 2022 target, the Vintage service, which provides people with the opportunity to buy and sell previously-owned Iittala, Arabia and Rörstrand tableware products, continued in Finland and expanded within Sweden, now covering all Iittala stores in both countries. The Vintage service has been very well received by consumers, and plans are in place to expand it further to new categories and markets in 2022.

Vintage products sold during 2021 helped save 116 tons of solid natural resources and 39 tons of CO<sub>2</sub> emissions. The assessment was conducted with Helsinki Metropolitan Area Reuse Centre Ltd to better understand the environmental savings that people can achieve by buying previously-owned tableware instead of new products.

#### Targets 2030:

- Greenhouse gas emissions from own operations (scope 1 and 2) reduced by 60% from a 2017 base year
- Greenhouse gas emissions from transportation and distribution (scope 3) reduced by 30% from a 2018 base year.
- 60% of our suppliers by spending, covering purchased goods and services, will have science-based targets by 2024.

Fiskars Group implemented a number of energy and emission-saving activities in 2021 that decreased energy consumption by 430 MWh. Since 2018, these activities have enabled a decrease in energy consumption by 12,300 MWh. However, our energy



consumption increased by 14% in 2021 compared to the previous year as our total energy consumption was 1,029 TJ (2020: 901 TJ), with 236 TJ of energy coming from renewable sources. This increase in energy consumption is a result of increased production volumes.

In 2021, renewable electricity was taken into use in Denmark and the U.K. Renewable electricity is also used in Finland, Slovenia, Poland, Norway, and Ireland. In 2021, solar panels were installed on the roof of the distribution hall at the distribution center in Hämeenlinna, Finland. In addition, solar panels have been installed at our Royal Copenhagen manufacturing unit in Thailand, as well as at our distribution center in Wall, New Jersey, U.S. Fiskars Group is looking for opportunities to expand these initiatives to other locations in the future.

## ENERGY

### GRI 302-1 Energy consumption within the organization, TJ

|  | 2021  | 2020 | 2019  |
|--|-------|------|-------|
| Direct energy consumption: non-renewable | 686   | 606  | 695   |
| Direct energy consumption: renewable     | 12    | 9    | 5     |
| Indirect energy consumption              | 330   | 285  | 323   |
| Total energy consumption                 | 1,029 | 901  | 1,023 |

In 2021, Group-wide greenhouse gas emissions increased by 11% compared to the previous year due to increased production volumes. Still, compared to the 2017 base year, Fiskars Group achieved a reduction of 38% as a result of energy-saving actions and investments in renewable energy. In total, 71% of the electricity purchased in 2021 was from renewable sources. Even though overall emissions increased, 68 tons of CO<sub>2</sub> equivalents were saved in 2021 through energy and emissions-saving activities in our manufacturing units and distribution centers.

Emissions from business travel decreased (34%) compared to last year as a direct result of the COVID-19 situation affecting work and business travel in 2020 and 2021. Transportation emissions decreased by 8% compared to 2020. In 2021, emissions from inbound and outbound transportation were 23,960 t CO<sub>2</sub>e (26,000 t CO<sub>2</sub>e). The main cause for the decrease is the update of an external logistic partners' emission calculation methodology.

## EMISSIONS

### GRI 305-1 Direct (Scope 1) GHG emissions, 1,000 t CO<sub>2</sub>e

|                   | 2021 | 2020 | 2019 |
|-------------------|------|------|------|
| Scope 1 emissions | 38   | 34   | 38   |

### GRI 305-2 Energy indirect (Scope 2) GHG emissions, 1,000 t CO<sub>2</sub>e

|                   | 2021 | 2020 | 2019 |
|-------------------|------|------|------|
| Scope 2 emissions |      |      |      |
| Market-based      | 16   | 15   | 28   |
| Location-based    | 31   | 28   | 34   |

### GRI 305-3 Other indirect (Scope 3) GHG emissions

|  | 2021   | 2020   | 2019   |
|--|--------|--------|--------|
| Scope 3 emissions                      |        |        |        |
| Business travel                        | 507    | 770    | 5,000  |
| Upstream and downstream transportation | 23,960 | 25,930 | 26,000 |

Business travel includes the emissions from business flights, covering all our main locations. Data is calculated by collecting GHG emissions data from our logistic partners. We were able to receive 94.8% of the emissions from our partners and 5.2% was extrapolated to cover CO<sub>2</sub>e emissions for the whole year 2021.

**Target 2030:** 100% of waste from our own operations (manufacturing, retail, offices and DCs) is recovered or recycled and zero waste goes to landfill

**Target 2022:** Waste to landfill reduced by 80% compared to the 2017 base year

To reach the target, Fiskars Group's manufacturing units and distribution centers have been mapping, measuring, and minimizing their waste, as well as further investigating opportunities for improvement. The overall reduction of waste to landfill has reached 85% since the base year 2017. This means that the 2022 target has already been reached. The total amount of waste sent to landfill in 2021 was 595 (828) tonnes.

Various initiatives carried out at the manufacturing units and distribution centers have made it possible to achieve these reductions. Manufacturing units, for example in Billnäs in Finland, Slupsk in Poland, PT Doulton in Indonesia and the Royal Copenhagen factory in Thailand have managed to reduce waste to landfill significantly by recycling waste and collaborating with external partners. As of the end of 2021, 7 of 21 manufacturing units and distribution centers have been able to reach the target of zero waste to landfill, nine years ahead of the 2030 target.

### Social and employee-related matters

Fiskars Group is committed to inspiring and empowering people to learn and develop as professionals, and to bring in new ideas, skills and views. Fiskars Group is building a globally collaborative culture and needs a diverse team to be

able to serve consumers in the best possible way. Fiskars Group wants to attract, develop and retain a diverse team of high-performing people with different backgrounds and cultures.

One of the key priorities in Fiskars Group's operations is to ensure the safety and well-being of employees and people involved in the value chain. Fiskars Group promotes a culture of zero harm in order to increase safety and hazard awareness. A continuing focus on reducing accidents and near-misses and promoting the reporting of safety observations are vital in developing and retaining a team of people engaged and enabled to do their best.

### POLICIES AND COMMITMENTS

Fiskars Group has outlined a set of policies and guidelines on social and employee matters in order to guide the leadership, employees, and partners in their day-to-day work.

Fiskars Group's Code of Conduct provides a detailed description of Fiskars Group's approach to doing business in an ethical way. Fiskars Group's Supplier Code of Conduct outlines the same expectations for suppliers. Fiskars Group's Code of Conduct was updated in 2021.

The Employment Policy aligns important topics such as diversity and inclusion, employee wellbeing, freedom of association and employee contracts.

Ensuring the safety and well-being of employees and the people involved in Fiskars Group's value chain is a key priority. Fiskars Group's Health and Safety Policy

promotes the culture of zero harm and supports safety priorities. Fiskars Group's Supplier Code of Conduct includes health and safety topics, such as workplace safety, emergency preparedness, and management and communication on health and safety.

### TARGETS & ACTIONS

Fiskars Group organizes regular mandatory training sessions to help all employees implement the principles and guidelines outlined in the Code of Conduct in their everyday work. New employees go through the training during their onboarding process. All employees receive training every two years. By the end of 2021, 91% of our employees had completed our Code of Conduct e-learning training.

### HEALTH AND SAFETY

**Target 2030:** zero harm with a zero Lost Time Accident Frequency (LTAF)

**Target 2022:** LTAF reduced by -20% (compared to the base year 2017)

In 2021, Fiskars Group Lost Time Accident Frequency (LTAF) decreased to 5.2 (2020: 5.9), and the rate of recordable work-related injuries was 8.7 (9.7). We will continue our efforts to improve safety performance.

Throughout the COVID-19 pandemic, the number one concern has been employees' health and wellbeing. In 2021, Fiskars Group continued to diligently follow the guidance of local authorities in the different countries in which the Group operates and take preventive measures towards COVID-19.

Fiskars Group's fourth global Safety Week was celebrated based on the theme: 'I care: Working together for safety!', which focused on employee wellbeing in particular. Participation was active, although due to the continuing COVID-19 pandemic office employees mainly attended activities remotely. In-person events were organized at manufacturing units and distribution centers, as most employees were back at their workplaces. The Safety Week boosted safety observation reporting, and a total of 10,846 (7,690) observations were reported during 2021. A new safety tool for reporting safety observations, near-misses, ideas, and accidents was launched at manufacturing units and distribution centers in 2021. This has made reporting easier, which has also likely influenced the number of safety observations reported. This is an important way for Fiskars Group to promote safety at work, and all these observations are recorded and actions taken to mitigate the hazards.

The safety reporting processes continued to be developed during 2021. For example, retail in Australia increased its technical capabilities, and a strong focus on training employees to report on hazards has resulted in a significant increase in the number of safety observations recorded. A total of 192 (198) safety observations and 7 (10) lost time accidents were reported in the offices and retail stores.

#### DIVERSITY AND INCLUSION

**Focus area 2030:** Engagement score in Our Voice\*

\* The target was further defined in 2021

A diversity and inclusion (D&I) working group was established in 2020 with representatives from different locations and company functions. In 2021 the working group continued to meet on a quarterly basis to align, plan, and implement D&I initiatives and integrate them into Fiskars Group's everyday processes. This year, emphasis was placed on the first focus area: building awareness and understanding. The first step was to hold a company-wide event to introduce Fiskars Group's diversity and inclusion statement and focus areas, as well as information about the importance of D&I.

There are actions Fiskars Group still needs to take and develop to create a truly inclusive, equal opportunities company where everyone can feel safe and perform at their best regardless of gender, age, ethnicity or beliefs. It is not enough to try and eliminate actual barriers, but Fiskars Group is actively creating a culture that is truly inclusive and fair.

Our Voice, Fiskars Group's new employee engagement program, was launched in April 2021. A key part of the program is the employee engagement survey, which was renewed. New targets were also defined based on the survey, with a new focus on the engagement score and the percentage of employees agreeing with the statement "I have good opportunities to learn and grow at Fiskars Group" in Our Voice. Two Our Voice surveys were conducted in 2021, the first in April and the second in November. The engagement score in the second survey was 75, up by two points from April's score. The percentage of our employees agreeing with the statement "I have good opportunities to learn and grow at Fiskars Group" in

the Our Voice survey in November was 62%, up by three points compared to the first survey conducted in April.

#### DIVERSITY AND EQUAL OPPORTUNITIES

##### GRI 405-1 Diversity of governance bodies and employees

| Board of Directors<br>Age group | Female, %   | Male, %     | Total, %      |
|---------------------------------|-------------|-------------|---------------|
| Under 30                        | 0 (0)       | 0 (0)       | 0 (0)         |
| 30-50                           | 25.0 (25.0) | 12.5 (12.5) | 37.5 (37.5)   |
| Over 50                         | 12.5 (12.5) | 50.0 (50.0) | 62.5 (62.5)   |
| Total                           | 37.5 (37.5) | 62.5 (62.5) | 100.0 (100.0) |

| Leadership Team<br>Age group | Female, %   | Male, %     | Total, %      |
|------------------------------|-------------|-------------|---------------|
| Under 30                     | 0 (0)       | 0 (0)       | 0 (0)         |
| 30-50                        | 9.1 (27.3)  | 27.3 (27.2) | 36.4 (54.5)   |
| Over 50                      | 18.2 (18.2) | 45.4 (27.3) | 63.6 (45.5)   |
| Total                        | 27.3 (45.5) | 72.7 (54.5) | 100.0 (100.0) |

| Managers with teams<br>Age group | Female, %   | Male, %     | Total, %      |
|----------------------------------|-------------|-------------|---------------|
| Under 30                         | 2.2 (1.4)   | 0.3 (0.3)   | 2.5 (1.7)     |
| 30-50                            | 28.4 (30.1) | 35.8 (37.4) | 64.2 (67.6)   |
| Over 50                          | 14.8 (13.6) | 18.5 (17.1) | 33.3 (30.7)   |
| Total                            | 45.4 (45.2) | 54.6 (54.8) | 100.0 (100.0) |

### Human rights, anti-corruption and bribery

Fiskars Group has an important opportunity to influence people's lives throughout the value chain. Fiskars Group respects human rights and recognizes the equality of people.

Fiskars Group is committed to the highest possible standards of integrity, accountability and honesty in all its activities with employees and third parties. This is in line with the commitment that Fiskars Group expects of its employees as well as people involved in the value chain to act impartially and in good faith at all times.

#### POLICIES AND COMMITMENTS

Fiskars Group's commitment to human rights is deeply ingrained in its values and is articulated in its company policies and Human Rights Statement. Fiskars Group's Code of Conduct provides a detailed description of Fiskars Group's approach to doing business in an ethical and sustainable manner, including working conditions, labor rights, anti-corruption, bribery and safety at work. Fiskars Group's Human Rights Statement was created by the Fiskars Group Human Rights project group in close consultation with Enact, an external human rights development partner. The Human Rights project group consists of representatives from our HR, Legal & Compliance, Finance, Supply Chain, and Consumer Experience & Communication functions.

Fiskars Group's Supplier Code of Conduct outlines the same expectations for the suppliers. Every supplier must sign and commit to Fiskars Group's Supplier Code of Conduct in order to do business with Fiskars.

Fiskars Group is a participant in the United Nations Global Compact, by which Fiskars Group has committed to mitigate adverse human rights impacts and to work against corruption and bribery. To support Fiskars Group's commitment, the Fiskars Group Anti-Corruption and Anti-Bribery Policy outlines the expectations towards Fiskars Group's employees, and all others that we deal with, to act impartially and in good faith at all times. The policy covers every individual working in or with Fiskars Group, at any level or grade and wherever they are located. Fiskars Group also expects that all of its business partners should be governed by the same or similar principles as stipulated in this policy. Fiskars Group expects all business partners to ensure that those principles are communicated to their employees and sub-contractors.

#### TARGETS AND ACTIONS

Fiskars Group's approach to human rights and anti-corruption and bribery is defined in Fiskars Group's policies and Human Rights Statement, both of which also serve as the foundation for the implementation and targets. Fiskars Group complies with all relevant labor laws and regulations. We do not allow working conditions or treatment that contravene basic human rights. We have zero tolerance for child labor, and we safeguard vulnerable workers from abuse or exploitation regardless of their employment contract or immigration status. Supplier sustainability audits help us to assess and control human rights topics in our supply chain.

Fiskars Group is currently assessing the awareness and commitment to human rights and anti-corruption

and bribery by measuring the percentage of employees that have participated in Code of Conduct training. New employees go through the training during their onboarding process. All employees receive training every two years. As of the end of 2021, 91% of our employees have completed our Code of Conduct e-learning training.

A human rights assessment was conducted in 2019 to better understand the gaps, risks, opportunities, and steps required when developing a human rights due diligence program. Fiskars Group put people's safety and wellbeing first when the business was dealing with the impact of the COVID-19 pandemic in 2020 and continuing into 2021. This limited and slowed down plans relating to human rights work, but progress has been made since then, and the human rights work has continued in alignment with the action plan created. The target is to develop a human rights due diligence process, and rather than creating a separate new process the aim has been to integrate human rights management more deeply into our existing processes. We identified an opportunity to develop our risk management to better cover human rights aspects, and we have made progress on this front.

Fiskars Group is committed to conducting its business in an ethical and responsible manner, tolerating no violations of the Fiskars Group Code of Conduct. Our WhistleBlowing Channel, a third-party platform, is a confidential and anonymous channel for all our employees to report any workplace-related issues, complaints, or suspected violations of the Code of Conduct. The Code of Conduct requires all employees

or other persons working under Fiskars Group's direction to report any suspected violations to their manager, HR, Legal and Compliance function, or through the WhistleBlowing Channel.

All suspected violations and occurrences of misconduct are promptly and thoroughly investigated with confidentiality by our Legal and Compliance function. Depending on the case, relevant functions, such as HR, are engaged to solve the issues. All reported cases are reported annually to our Board's audit committee.

During 2021, there were ten cases reported via our Ethics and Compliance Helpline (also known as Whistleblowing channel) and two cases received via management. The reported cases were related to human resources, discrimination, bullying, harassment, and fraud. Six of these cases were investigated, resolved, and closed during 2021. Six of the cases are still under investigation or are being followed up. In 2021, a total of 19 cases were closed, including related and combined cases from the previous years. Next year the focus is to ensure the awareness of the Ethics and Compliance helpline throughout the organization.

The performance of Fiskars Group's suppliers is followed up through regular audits, and Fiskars Group supports their development through training sessions and workshops. In addition, Fiskars Group has organized training sessions on the Supplier Code of Conduct and the process of managing suppliers' sustainability in order to raise awareness among Fiskars Group employees across different functions.

In 2021, we conducted in total of 81 (46) supplier code of conduct audits for our suppliers. This included audits for finished good suppliers, raw material and component suppliers, and out-licensing partners.

### Risks

The overall objective of Fiskars Group's risk management is to identify, evaluate and manage risks that may threaten the achievement of the company's business goals. The most material sustainability-related risks, such as environmental, human rights and other social aspects, are now included in the established annual risk management process.

This ensures that risks related to sustainability are identified and assessed and that control measures are set. Fiskars Group has put several processes in place to manage risks, such as supplier risk management processes and strategic initiatives to lower emissions and reduce energy consumption.

Climate change, resource scarcity and changing consumer preferences bring with them many new strategic, operative and financial risks as well as opportunities for Fiskars Group. Compliance with the emerging legislation such as the EU's sustainability-related regulations as well as the ability to comply with it in the short to medium term can be challenging, but also presents opportunities. The cost of emissions, non-renewable materials and waste is expected to increase in the future. Consumers are increasingly interested in new business and service models based on the circular economy, such as renting and take-back concepts. Overall, the customer and stakeholder focus on environmental and sustainability aspects is growing. More

information on our climate risk mapping in accordance with the Task Force on Climate-Related Financial Disclosures (TCFD) can be found in the Fiskars Group Sustainability Report 2021.

Human rights, anti-corruption and bribery risks are mainly seen as financial, compliance and reputational risks. But Fiskars Group also sees them as an operative risk. The main risk is the inability to manage these issues throughout the value chain, by failing to ensure the protection of human rights and health and safety within the supply chain.

Retaining employees and attracting talent can become more challenging as the competition for skilled workers increases. Fiskars Group believes that having the widest possible range of perspectives aboard makes it better, and so continues to solidify its work on diversity and inclusion to attract, recruit and retain diverse groups and pools of talent for all positions.

### EU taxonomy

The EU has taken an active role in driving sustainable growth. Directing investments towards sustainable projects and activities is necessary in order to meet the climate targets set by the EU. So far, there has not been a common language or clear definition of what qualifies as sustainable. The EU has therefore been working on a common classification system for sustainable economic activities, the EU taxonomy.

The EU taxonomy consists of a list of environmentally sustainable economic activities. The Taxonomy Regulation establishes six environmental objectives,

of which two (climate change mitigation and climate change adaptation) have been defined so far (EU Taxonomy Climate Delegated Act). As of January 2022, large companies in Finland are required to provide information on their Taxonomy-eligible economic activities.

Sustainability is an important part of Fiskars Group, and the company is constantly working to improve further in this area. Fiskars Group views sustainability as an opportunity to take action in solving global challenges and creating solutions that support consumers in their journey towards a more sustainable future. Fiskars Group has launched new product series that use recycled materials and continues to research and innovate with new and sustainable materials. Fiskars Group has introduced new business models based on services in order to keep products in circulation for as long as possible. The company is developing its processes to become more circular.

Fiskars Group has assessed its Taxonomy-eligible economic activities against the Climate Delegated Act based on 2021 information. Disclosures and calculations have been compiled according to the Disclosures Delegated Act, which specifies disclosure requirements for Article 8 of the Taxonomy Regulation. Fiskars Group has taken a stringent approach to assess Taxonomy-eligibility. The company has thus not included the eligible activities which are certain not to reach Taxonomy alignment into the final assessment and calculation process.

Fiskars Group has assessed Taxonomy-eligibility regarding its revenue, capital and operational

expenditures. Fiskars Group's main business resides in manufacturing consumer products, where Taxonomy-eligible turnover is not generated. The company has assessed capital and operational expenditure from manufacturing units, distribution centers and real estate operations. Fiskars Group has identified individual Taxonomy-eligible expenditures related to, for example, the maintenance of renewable energy technologies and energy-efficiency equipment. However, these figures are insignificant. Due to the nature of its business, Fiskars Group does not provide a substantial contribution to climate change mitigation or adaptation as defined in the Climate Delegated Act.

Fiskars Group is looking forward to the classifications under other environmental objectives, especially regarding the transition to a circular economy. At this stage, while the remaining four environmental objectives have not yet been fully defined, the share of turnover, capital (CapEx) and operational expenditure (OpEx) substantially contributing to the economic activities in the Climate Delegated Act for Fiskars Group are insignificant.

## Changes in organization and management

On February 18, 2021, Fiskars Group announced that the communications function was merged with the Consumer Experience and Growth function, led by Tina Andersson. As a result of the change, Chief Communications Officer Maija Taimi decided to leave the company.

On March 4, 2021, Fiskars Group appointed Peter Cabello Holmberg as Chief Digital Officer and a member of the Fiskars Group Leadership Team. Peter started in his position on March 15, 2021, and reports to the President and CEO.

On May 6, 2021, Fiskars Group announced the appointment of Jussi Siitonen as Chief Financial Officer and deputy to the CEO. He joined Fiskars Group on August 16, 2021. The former Chief Financial Officer and deputy to the CEO, Sari Pohjonen, had decided to leave the company.

On January 18, 2022, Fiskars Group appointed Charlene Patten Zappa as Executive Vice President, Business Area Terra and a member of the Fiskars Group Leadership Team. Charlene started in her position on January 18, 2022, and reports to the President and CEO. As a result, James Brouillard, previous Executive Vice President, Business Area Terra, decided to leave the company, effective immediately. Additionally, the Consumer Experience and Communications function is planned to be split and merged into the Business Areas and other functions. Consequently, Chief Consumer and Communication Officer Tina Andersson will be leaving the company once the process has been finalized.

On January 31, 2022, Fiskars Group appointed Anna Mindelöf as Chief People Officer and a member of the Fiskars Group Leadership Team. She will report to President and CEO Nathalie Ahlström and start in her position on March 1, 2022. Niklas Lindholm, currently Chief People Officer, has decided to leave the company, but will continue in his role until the arrival of Anna.



## Other significant events during the reporting period

### Fiskars Group provided new long-term financial targets on November 8, 2021

The Board of Directors of Fiskars Group decided on new long-term financial targets for the next four-year period. The new financial targets replaced the previous financial targets, which were issued in February 2017 and updated in November 2018.

The new financial targets cover five areas: growth, profitability, cash flow, balance sheet and dividend:

- Annual, FX neutral organic net sales growth: approximately 5% (mid-single digit)
- Comparable EBIT margin: approximately 15% (mid-teen) by the end of 2025
- Cash conversion (Free Cash Flow / Net Profit): At least 80%
- Net debt / LTM (last twelve month) EBITDA: At or below 2.5x
- Dividend (unchanged): Aim to distribute a stable, over time increasing dividend, to be paid biannually

### Update on the Transformation and Restructuring programs provided on October 27, 2021

On October 27, Fiskars Group provided an update on its ongoing programs, the Transformation and Restructuring programs. Both programs will be completed by the end of 2021. The expected benefits from the programs will be realized, with total annual cost savings amounting to approximately EUR 37

million. A majority of these benefits were already visible by the end of 2021.

The total costs of both programs were originally estimated to be approximately EUR 70 million. Fiskars Group now expects the total costs of the programs to be approximately EUR 45 million by the end of 2021. By the end of the third quarter, a total of EUR 34.2 million in costs had been recorded. The costs have been recorded as items affecting comparability (IAC). The update does not have an impact on the company's outlook for 2021.

### Outlook for 2021 upgraded on October 13, 2021

On October 13, 2021, Fiskars upgraded its outlook for 2021. The company expects the comparable EBITA for 2021 to be in the range of EUR 160-170 million. According to the previous outlook issued on June 23, 2021, the comparable EBITA in 2021 was expected to be in the range of EUR 140-160 million.

The upgrade was based on the company's better than expected financial performance during the third quarter, in particular towards the end of the quarter. A central factor was that Fiskars has so far successfully mitigated the global supply chain challenges, which have previously been highlighted as a material risk for the full-year financial performance.

### Record date and payment date of the second dividend installment

The Board of Directors of Fiskars Corporation has on September 9, 2021, resolved in accordance with the resolution of the Annual General Meeting that the dividend payment date for the second

dividend installment of EUR 0.30 per share was to be September 20, 2021. The ex-dividend date for the dividend installment was September 10, 2021, and the record date September 13, 2021.

### Outlook upgraded on June 23, 2021

On June 23, 2021, Fiskars upgraded its outlook for 2021, as the company's financial performance in the second quarter had been better than previously expected. The company then expected the comparable EBITA for 2021 to be in the range of EUR 140-160 million.

### Outlook upgraded on April 19, 2021

On April 19, 2021, Fiskars upgraded its outlook for 2021. The company then expected the comparable EBITA for 2021 to be in the range of EUR 130-145 million.

### Outlook upgraded on March 24, 2021

On March 24, 2021, Fiskars upgraded its outlook for 2021. The company then expected the comparable EBITA for 2021 to be lower than in 2020, but above EUR 120 million.

### Fiskars Corporation was not granted a leave to appeal in relation to the tax re-assessment case by the Supreme Administrative Court

On March 19, 2021, Fiskars Corporation announced that the Supreme Administrative Court did not grant a leave to appeal to Fiskars Corporation in relation to the decision made by the Administrative Court of Helsinki in April 2020, which relates to the tax re-assessment decision from the tax audit carried out in 2014. The decision obliged the company to pay EUR 28.3 million in additional tax, interest and punitive

increases. The tax re-assessment concerns intra-group loans forgiven by the company in 2003 and their tax treatment in subsequent tax years.

Fiskars recorded the EUR 22.1 million in additional tax, EUR 6.2 million in interest and EUR 0.1 million in punitive increases as tax and interest costs during the first quarter of 2021. This did not have a cash flow effect during the first quarter of 2021, as the company paid the additional tax, interest and punitive increases during the third quarter of 2016.

## Corporate governance

Fiskars Corporation is a Finnish public limited company whose duties and responsibilities are defined in Finnish law. Fiskars Group comprises the parent company Fiskars Corporation, and its subsidiaries. The statutory governing bodies of Fiskars Corporation are the General Meeting of Shareholders, the Board of Directors, the Managing Director (President and CEO), and the Auditor. Other Group management supports the statutory governing bodies of Fiskars Corporation. The company's domicile is Raseborg, Finland.

Corporate governance at Fiskars Corporation is based on the Finnish Limited Liability Companies Act, the rules and regulations concerning publicly listed companies, the Company's Articles of Association, the charters of the Company's Board of Directors and its Committees, and the rules and guidelines of Nasdaq Helsinki Ltd. Fiskars Corporation is a member of the Finnish Securities Market Association and complies, with an exception concerning the Nomination

Committee, with the Finnish Corporate Governance Code approved by the Securities Market Association, which came into force on January 1, 2020, and can be reviewed at [www.cgfinland.fi](http://www.cgfinland.fi). In terms of the composition of the Nomination Committee, the company has departed from Recommendation 15 of the Finnish Corporate Governance Code as explained in more detail in the Corporate Governance Statement 2021.

## Shares and shareholders

Fiskars Corporation has one share series (FSKRS). All shares carry one vote and equal rights. The number of shares in the Corporation totals 81,905,242. Fiskars Corporation held 433,677 of its own shares at the end of the quarter. The share capital remained unchanged at EUR 77,510,200.

Fiskars shares are traded in the Large Cap segment of Nasdaq Helsinki. The volume weighted average share price was EUR 18.13 in 2021 (2020: 10.88). At the end of December, the closing price was EUR 23.00 (EUR 14.98) per share and Fiskars had a market capitalization of EUR 1,873.8 million (1220.4). The number of shares traded on Nasdaq Helsinki and in alternative marketplaces in 2021 was 8.0 million (11.1), which represents 9.8% (13.6%) of the total number of shares. The total number of shareholders was 30,080 (25,968) at the end of 2021.

### Flagging notifications

Fiskars was not informed of any significant changes among its shareholders during the year.

## Board authorizations

### Authorizing the Board of Directors to decide on the acquisition of the company's own shares

The AGM decided to authorize the Board to decide on the acquisition of a maximum of 4,000,000 own shares, in one or several installments, using the unrestricted shareholders' equity of the company. The company's own shares may be acquired in public trading on Nasdaq Helsinki Ltd at a price formed in public trading on the date of the acquisition. The authorization may be used to acquire shares to be used for the development of the capital structure of the company, as consideration in corporate acquisitions or industrial reorganizations and as part of the company's incentive system and otherwise for further transfer, retention or cancellation. The Board of Directors is authorized to decide on all other terms and conditions regarding the acquisition of the company's own shares. Based on the authorization the acquisition of the company's own shares may be made otherwise than in proportion to the share ownership of the shareholders (directed acquisition). The authorization is effective until June 30, 2022, and cancels the corresponding authorization granted to the Board by the AGM on March 11, 2020.

### Authorizing the Board of Directors to decide on the transfer of the company's own shares

The AGM decided to authorize the Board to decide on the transfer of own shares (share issue) held as treasury shares of a maximum of 4,000,000 shares, in one or several installments, either against or without consideration. The company's own shares held as treasury shares may, for example, be transferred as

consideration in corporate acquisitions or industrial reorganizations or for the development of the capital structure of the company, or as part of its incentive system. The Board of Directors is authorized to decide on all other terms and conditions regarding the transfer of own shares held as treasury shares. The transfer of own shares may also be carried out in deviation from the shareholders' pre-emptive rights to the company's shares (directed issue). The authorization is effective until June 30, 2022, and cancels the corresponding authorization granted to the Board by the AGM on March 11, 2020.

## Board and board committees

The Annual General Meeting decided that the Board of Directors shall consist of eight (8) members. Albert Ehrnrooth, Paul Ehrnrooth, Louise Fromond, Jyri Luomakoski, Inka Mero, Fabian Månsson, Peter Sjölander and Ritva Sotamaa were all re-elected to the Board of Directors. The term of the Board members will expire at the end of the AGM in 2022.

Convening after the Annual General Meeting held on March 11, 2021, the Board of Directors elected Paul Ehrnrooth as its Chairman and Jyri Luomakoski as the Vice Chairman. The Board decided to establish a Nomination Committee and appointed Paul Ehrnrooth (Chairman), Louise Fromond and Jyri Luomakoski as the members and Alexander Ehrnrooth as an external member to the Nomination Committee and further decided to establish an Audit Committee and appointed Jyri Luomakoski (Chairman), Albert Ehrnrooth, Louise Fromond and Ritva Sotamaa as the members of the Audit Committee and a Human

Resources and Compensation Committee and appointed Paul Ehrnrooth (Chairman), Inka Mero, Fabian Månsson and Peter Sjölander as the members of the committee.

## Risks and business uncertainties

Fiskars Group has identified several uncertainties that may have an adverse impact on the business and financial performance of the company. Sustainability-related uncertainties are described earlier within the reporting of non-financial information. Risk management practices are explained in the Corporate Governance Statement.

### CONSUMER BEHAVIOR AND COMPETITION

The development of new technologies and new retail channels has increased the role of online shopping, social media advertising and selling, as well as the use of mobile applications. An increasing emphasis on sustainability is expected to add demand for new services and business models. In addition, the fast pace of change in consumer trends puts pressure on new product development and speed-to-market processes.

Failure to respond to changing consumer behavior or increased competition may weaken the competitive position and thus lead to a potential loss of net sales and profit. Fiskars Group's focus is on growing in the direct channel, including e-commerce and own stores, and on sustainability by innovating new business models to address the needs of the modern consumer.

More time spent at home during the COVID-19 pandemic has led to an increased demand for certain Fiskars Group product categories. Once the pandemic eases and people spend less time at home, the demand for those product categories may be negatively impacted.

### CUSTOMERS

Fiskars Group's products are sold to wholesale and retail customers, as well as directly to consumers through the company's own stores and webstores. Fiskars Group is exposed to risks from structural changes in the retail landscape. Consolidation among retailers and the increasingly centralized purchasing activity by international retailers may have an impact on the net sales and profit of Fiskars Group. As a supplier, Fiskars Group is also exposed to retailers shifting their strategic focus to their own private label businesses.

Failure to meet customer demands may result in Fiskars Group losing customers or listings with customers. The loss of any of the largest customers, the loss of significant category listings with key channels, or a decrease in business volume with key customers may have a material adverse impact on the net sales and profit of Fiskars Group.

Fiskars Group maintains excellent relationships and trade relations with a diverse customer base. The core competence of Fiskars Group lies in its strong and desired brands, as well as in constantly developing its sales organization and supply chain operations to meet the changes in customer demand.

**SUPPLY CHAIN AND SUPPLIERS**

Fiskars Group's production strategy is based on a combination of its own manufacturing and carefully selected supply partners. Own manufacturing takes place in the United States, Europe and Asia, and most of the suppliers are located in Asia.

Fiskars Group is exposed to rapid changes in quality, price and the availability of suppliers' products. The company and its suppliers are exposed to changes in the legal, economic, political and regulatory landscape in the operating countries.

A strong dependency on a single source of supply, either a supply partner or own supply, can cause business interruptions. The inability to trade with a single-source supplier can result in the lack of a product supply for several months. Fiskars Group mitigates this risk by constantly seeking alternative suppliers and by taking out extensive business interruption insurance.

Failing to meet consumer expectations with regard to sustainability requirements or a lack of transparency in the supply chain may have a negative impact on reputation and on consumers' trust in the brands. Fiskars Group strives to build strong and long-term relationships with trusted suppliers that live up to our corporate values and commit to a timely delivery of products and materials. Suppliers are required to follow the Fiskars Group Supplier Code of Conduct, and the company regularly audits its finished goods suppliers. Currently, transparency is mainly limited to Fiskars Group's direct suppliers, and the challenge is to manage the risks beyond our direct suppliers.

**IT SYSTEMS AND CYBER SECURITY**

Fiskars Group is increasingly dependent on centralized information technology systems that hold critical business information. Breaches, malfunctions, cyber attacks and fraud attempts may have a material adverse effect on the net sales, profit and reputation of Fiskars Group, and may cause business interruptions on either a regional or global level.

Fiskars Group mitigates IT-related risks by applying high-quality IT solutions and by maintaining, developing and testing their function and integrity with leading service and technology providers. Training is organized on core competencies which are required for maintaining the functionality and security of the IT solutions. Changes to new and existing IT systems are made according to standard processes and procedures.

**MACROECONOMIC AND POLITICAL RISKS**

A prolonged recession and weak consumer demand, as well as political uncertainty including trade disputes, sanctions, import restrictions and geopolitical tensions may have a material adverse impact on the net sales and profit of Fiskars Group. A global pandemic which slows down the world economy may directly impact the operations of the company. In addition, negative consumer reactions towards a political situation can be harmful to business.

These risks are mitigated by diversifying the commercial footprint, both in terms of geography and product portfolio. The strong brands and product categories of Fiskars Group are relatively resilient to a moderate decline in consumer confidence.

**TAXATION**

An international tax environment creates uncertainties related to tax obligations. Increasing tax enforcement activity may lead to double taxation and additional costs in the form of penalties and interest. Perceived non-compliance may have an impact on the reputation of Fiskars Group.

Changes in tax or import duty liabilities in countries where Fiskars Group operates may affect the company's profit. Uncertainty regarding tariffs may have an impact on the company's business, as part of the product portfolio sold is imported.

Fiskars Group closely monitors changes in tax regulations and international agreements in order to proactively manage risks relating to taxes and duties. Processes and controls are actively developed and maintained to ensure compliance with any local and international requirements. Fiskars Group promotes open dialog with tax authorities and may seek for advance tax rulings to secure its tax positions beforehand where deemed necessary.

**LEGAL AND REGULATORY COMPLIANCE**

A changing legal and regulatory environment may expose Fiskars Group to compliance and litigation risks regarding for example competition compliance, anti-corruption and human rights. Furthermore, climate change, environment and health and safety-related legislation and regulations are expected to get tighter and may affect for example choices regarding product materials and manufacturing techniques. There are increasing regulatory requirements for data security and data protection, as well as accelerating changes in technology and heightened consumer



and public expectations. These can lead to a need for data inventory and personal data processing activities and third-party audits. There may also be a need for increased resourcing to comply with new regulations and new reporting and disclosure requirements.

Compliance with the regulation may add operative costs and expose the company to the risk of criminal penalties and civil liabilities. Failure to comply with the legal and regulatory requirements may have a material adverse effect on the profit of Fiskars Group.

In order to enhance legal and regulatory compliance, Fiskars Group has implemented various compliance programs, policies, processes, and for example a mandatory Code of Conduct training program for all employees. All finished goods suppliers need to comply with Fiskars Group's Supplier Code of Conduct requirements.

#### **ACQUISITIONS**

Acquisitions are not a central part of the strategy of Fiskars Group; however, the company may also grow through acquisitions. Despite a careful due diligence process, all acquisitions and integrations of acquired businesses include risks. Acquired businesses may not perform as expected, key individuals may decide to leave the company, the costs of the integration may exceed expectations, and synergy effects may be lower than expected.

#### **PRODUCT LIABILITY**

Fiskars Group is committed to offering high-quality and functional products that are safe to use and fit for purpose. Failure to meet safety, quality and legal requirements may lead to a delivery stop or product

recall, reputation loss and indemnities. These costs can be substantial, and in some jurisdictions may include punitive elements.

A product recall gives rise to costs that may be material. Comprehensive insurance cover and a product recall policy are in place to mitigate the financial impact of a recall and to precipitate the process of recalling potentially harmful products from the markets. The product development process at Fiskars Group is based on continuous testing and learning, and the company has invested in product development and quality assurance resources to reduce the recall risk at an early stage of product development.

#### **PEOPLE AND PROCESSES**

An inability to attract and retain talented and committed professionals in the competitive employee market may have an adverse impact on the achievement of Fiskars Group's strategic objectives. Failure to provide an inspiring and motivating working environment may lead to a loss of critical competencies and key employees in strategic positions. The growing demands of working life can result in loss of employee engagement, increased absence rates and high turnover.

People are at the core of Fiskars Group's strategy and the most important asset and enabler. Employee engagement is promoted by providing opportunities to grow, leadership training and by committing to an inclusive culture. The "Our voice" employee surveys are carried out regularly to monitor the engagement and well-being of the company's employees.

Fiskars Group has set a Group-level target of achieving zero lost time incidents, as occupational health and safety risks may cause severe harm to employees and endanger the continuity of operations. Fiskars Group is committed to sustainability, ethical business practices and to respecting human rights and anti-corruption activities, which is also expected of different stakeholders. Failure to keep these commitments can lead to a decrease in employee motivation as well as reputational and financial damage.

Fiskars Group maintains policies and fosters a strong corporate culture to manage the matters mentioned above. Furthermore, staff training is organized to support the corporate culture. Any misconduct can be reported anonymously through a whistle-blowing channel, and the company is committed to taking corrective action when needed.

The risk of human error is prevalent in all business operations. This is mitigated by designing and implementing appropriate processes for all business-critical operations. Risks pertaining to inadequate or missing process descriptions, process disobedience, and deficiencies in the implementation and control of processes may cause inefficiencies and non-compliance with applicable regulations as well as otherwise unintended outcomes.

#### **WEATHER AND SEASONALITY**

Demand for some of Fiskars Group's products is dependent on the weather, particularly garden tools during the spring and snow tools during the winter. Unfavorable weather conditions, such as a cold and rainy spring and summer or no snow in winter may

have a negative impact on the sale of these products, whereas favorable conditions may boost their sales. Extreme weather conditions are expected to increase in the future due to climate change.

The back-to-school and holiday seasons are important for the sales performance during the second half of the year. The last quarter of the year is the most important season for the sale of homeware products.

Any challenges related to product availability or demand during the important seasons for each of the businesses may affect the full-year net sales and profit significantly. Fiskars Group's strategy is to balance seasonality and the impact of changing weather conditions by diversifying and developing its product portfolio.

#### **INTELLECTUAL PROPERTY RIGHTS**

The well-known and strong Fiskars Group brands are exposed to infringement of intellectual property rights (IPR). Counterfeit products may present quality and safety risks to consumers and may damage consumer confidence in Fiskars Group products. Fiskars Group is also exposed to the risk of unintentionally violating other parties' intellectual property rights. Infringement of IPRs may lead to loss of net sales and profit.

Potential IPR infringements are monitored through cross-functional processes and through online monitoring and systems. Fiskars Group has an enforcement policy in place governing the enforcement actions that are taken to protect the exclusivity of Fiskars Group's IPRs. Fiskars Group has

a good understanding of the competitive landscape and provides its employees with training in IPRs.

#### **ENVIRONMENT AND CLIMATE CHANGE**

The impact of climate change on well-functioning ecosystems, temperatures and sea levels may cause unforeseen challenges to Fiskars Group. Regulations on renewable energy, energy efficiency and emissions as well as potential new taxes may increase energy prices. As regulations are tightening and public awareness and expectations are growing, past measures to contain the environmental impact may prove insufficient. The increasing frequency of natural catastrophes such as floods and typhoons may interrupt and impact the operations of Fiskars Group.

Fiskars Group is constantly increasing its sustainability efforts and aims to minimize environmental risks through systematic risk management. Fiskars Group is committed to promoting a circular economy through the value chain, combating climate change by taking actions to mitigate emissions, reducing the use of energy and promoting renewable energy sources. Business interruptions caused by natural hazards are mitigated by insurance.

#### **CURRENCY RATES**

A significant part of Fiskars Group's operations is located outside the eurozone. Changes in foreign exchange rates may have an adverse impact on the reported net sales, profit, balance sheet and cash flow of the company. Changes in foreign exchange rates may also negatively impact the local competitiveness of Fiskars Group. Less than 20% of the commercial cash flows are exposed to fluctuations in foreign

exchange rates. The most significant transaction risks relate to the appreciation of IDR, THB and USD and the depreciation of AUD, JPY and SEK. The most significant translation risks relate to the depreciation of USD.

Currency risks related to commercial cash flows are first managed by offsetting cashflows denominated in the same foreign currency. Purchases of production inputs and the sales of products are primarily denominated in the local currencies of the Fiskars Group companies. The remaining net exports or imports in foreign currencies is hedged up to 15 months in advance using currency forwards and swaps.

#### **RAW MATERIALS, COMPONENTS AND LOGISTICS**

Sudden fluctuations in the price or availability of the most important raw materials, components and energy can have a negative impact on the profitability of Fiskars Group. Examples include steel, water, sand, wood, certain chemicals and renewable raw materials. Continuous global logistic challenges and increases in shipping costs can have a negative impact on profitability. Also, regulatory actions may have a negative impact on Fiskars Group's operations.

Water scarcity and resource scarcity related to exhaustible fossil materials are increasing global challenges in the long term, leading to an increased cost of raw materials and risk of production interruptions. Currently, the challenge is the limited availability and higher prices of more sustainable raw materials such as certified wood materials, renewable plastics and recycled raw materials.



Multiple source contracts and ongoing research carried out on alternative sustainable materials are relied on to manage price and availability risks.

#### FINANCIAL INVESTMENTS

The financial investment portfolio of Fiskars Group mainly consists of investments in unlisted private equity funds. The value of the investments is exposed to fluctuations in the financial markets, including changes in interest rates and foreign exchange rates, and increases in credit risk. The financial investments are treated at fair value through profit or loss.

### Events after the reporting period

#### Changes in the Fiskars Group Leadership Team

On January 18, 2022, Fiskars Group appointed Charlene Patten Zappa as Executive Vice President, Business Area Terra and a member of the Fiskars Group Leadership Team. Charlene started in her position on January 18, 2022, and reports to the President and CEO. As a result, James Brouillard, previous Executive Vice President, Business Area Terra, decided to leave the company, effective immediately.

Additionally, the Consumer Experience and Communications function is planned to be split and merged into the Business Areas and other functions. Consequently, Chief Consumer and Communication Officer Tina Andersson will be leaving the company once the process has been finalized.

On January 31, 2022, Fiskars Group appointed Anna Mindelöf as Chief People Officer and a member of the Fiskars Group Leadership Team. She will report to President and CEO Nathalie Ahlström and start in her

position on March 1, 2022. Niklas Lindholm, currently Chief People Officer, has decided to leave the company, but will continue in his role until the arrival of Anna.

### Outlook for 2021

In 2022, Fiskars expects the comparable EBIT to increase from 2021 (2021: EUR 154.2 million).

There are ongoing challenges in global supply chains as well as raw material and energy price inflation. While the company has managed to mitigate these factors, they continue to pose a risk for 2022 performance.

### Proposal for distribution of dividend

Fiskars' aim is to distribute a stable, over time increasing dividend, to be paid biannually. According to the balance sheet of the parent company at the end of the financial period 2021, the distributable equity of the parent company was EUR 315.8 million (2020: EUR 389.4 million).

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.76 per share shall be paid for the financial period that ended on December 31, 2021. The dividend shall be paid in two installments. The ex-dividend date for the first installment of EUR 0.38 per share shall be on March 17, 2022. The first installment shall be paid to a shareholder who is registered in the shareholders' register of the company maintained by Euroclear Finland Oy on the dividend record date March 18,

2022. The payment date proposed by the Board of Directors for this installment is March 25, 2022.

The second installment of EUR 0.38 per share shall be paid in September 2022. The second installment shall be paid to a shareholder who is registered in the shareholders' register of the company maintained by Euroclear Finland Oy on the dividend record date, which, together with the payment date, shall be decided by the Board of Directors in its meeting scheduled for September 7, 2022. The ex-dividend date for the second installment would then be September 8, 2022, the dividend record date September 9, 2022, and the dividend payment date September 16, 2022, at the latest.

On the date of this financial statement release, the number of shares entitling their holders to a dividend was 81,471,565. The proposed distribution of dividends would thus be EUR 61.9 million (EUR 48.9 million). This would leave EUR 253.8 million (EUR 340.5) of distributable earnings in the parent company.

No material changes have taken place in the financial position of the company since the end of the financial period. The financial standing of the company is good and, according to the Board of Directors' assessment, distributing the proposed dividend will not compromise the company's solvency.

Helsinki, Finland, February 3, 2022

FISKARS CORPORATION

Board of Directors



### **Making the everyday extraordinary**

Fiskars Group's vision is to create a positive, lasting impact on our quality of life. Our brands Fiskars, Gerber, Iittala, Royal Copenhagen, Waterford, and Wedgwood are present in people's everyday lives – at home, in the garden, and outdoors. This gives us an opportunity to make the everyday extraordinary today, and for future generations.

We have a presence in 30 countries, and our products are available in more than 100 countries. Our shares are listed on the Nasdaq Helsinki (FSKRS). Please visit us at [www.fiskarsgroup.com](http://www.fiskarsgroup.com) for more information and follow us on Twitter, @fiskarsgroup