

FISKARS
EST. GROUP 1649

Interim Report Q3 2022

STABLE DEVELOPMENT IN A CHALLENGING
OPERATING ENVIRONMENT



JANUARY–SEPTEMBER 2022

Disclaimer

This presentation contains forward-looking statements that reflect management's current views with respect to certain future events and potential financial performance. Although Fiskars Group believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. Accordingly, results could differ materially from those set out in the forward-looking statements as a result of various factors.

Important factors that may cause such a difference for Fiskars Group include, but are not limited to:

(i) the macroeconomic development and consumer confidence in the key markets, (ii) change in the competitive climate, (iii) change in the regulatory environment and other government actions, (iv) change in interest rates and foreign exchange rate levels, and (v) internal operating factors.

This presentation does not imply that Fiskars Group has undertaken to revise these forward-looking statements, beyond what is required by applicable law or applicable stock exchange regulations if and when circumstances arise that will lead to changes compared to the date when these statements were provided.






Highlights of Q3 2022

SALES FLAT
COMPARED TO
ALL-TIME HIGH
Q3 PREVIOUS
YEAR

ACTIONS TO
MITIGATE COST
INCREASES
DELIVERING
RESULTS

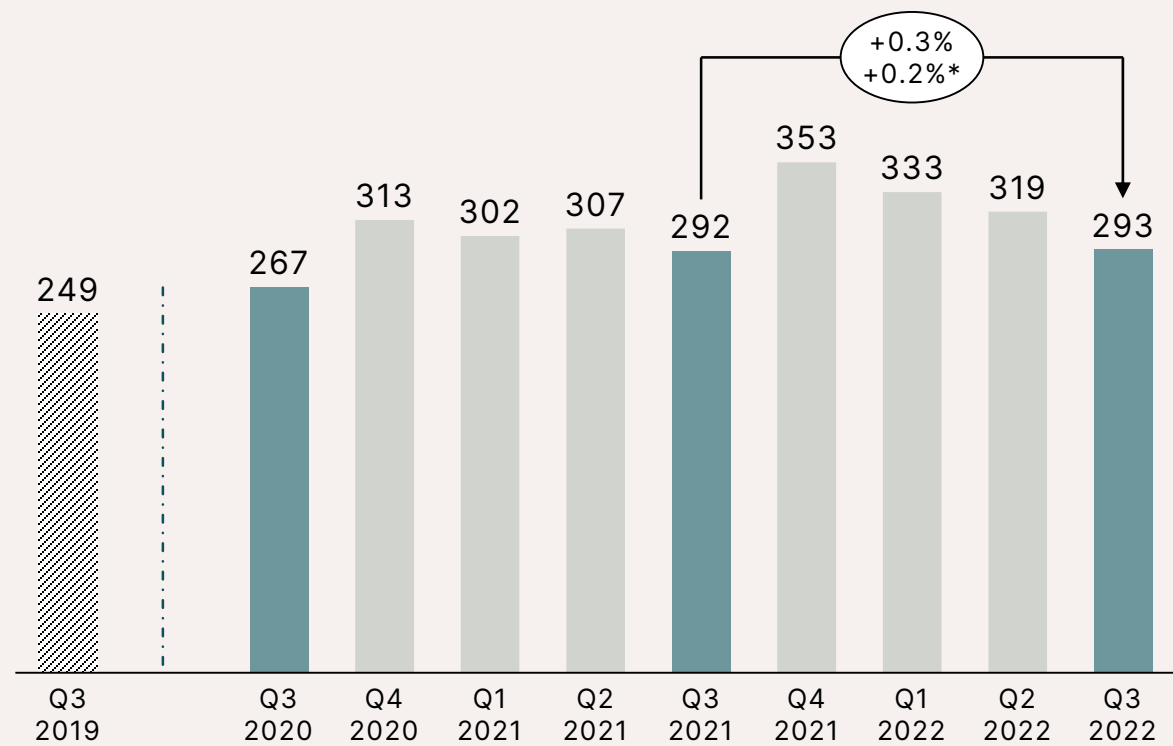
FOCUS ON OUR
GROWTH
STRATEGY –
INVESTMENTS IN
DTC AND DIGITAL
CONTINUE

FY OUTLOOK
UNCHANGED:
COMPARABLE EBIT
TO INCREASE
FROM 2021

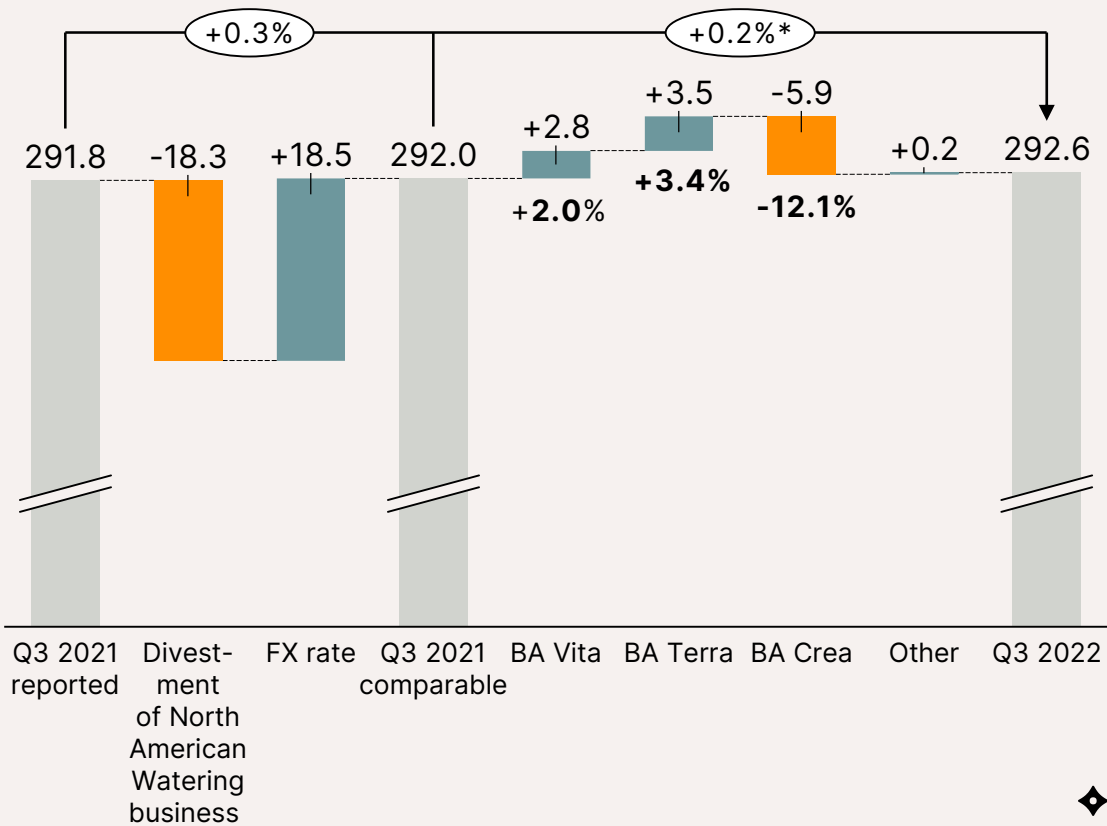


Q3 2022 Net sales on a par with record-high comparison period, clearly higher than pre-Covid

NET SALES, EUR MILLION



Q3 2022 NET SALES BRIDGE, EUR MILLION

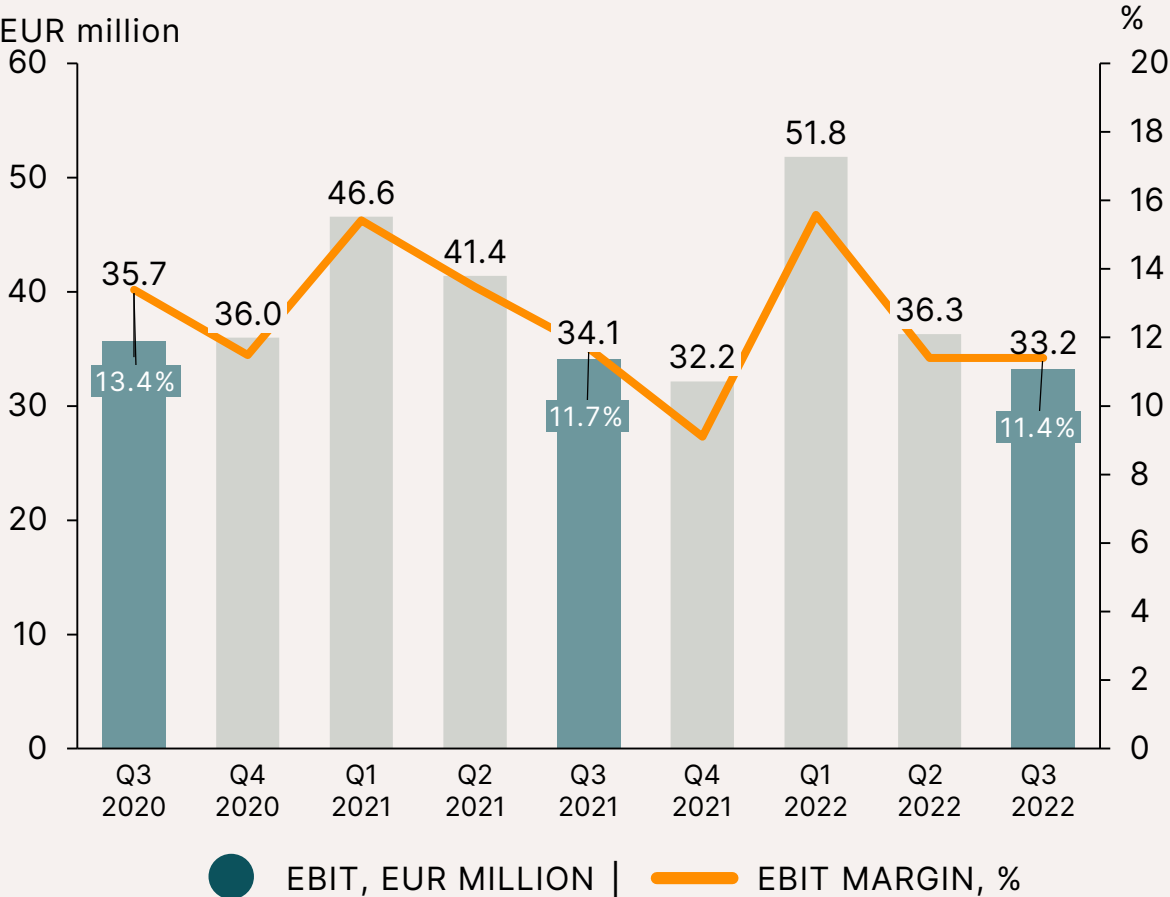


*Comparable change = currency neutral & excl. divestments

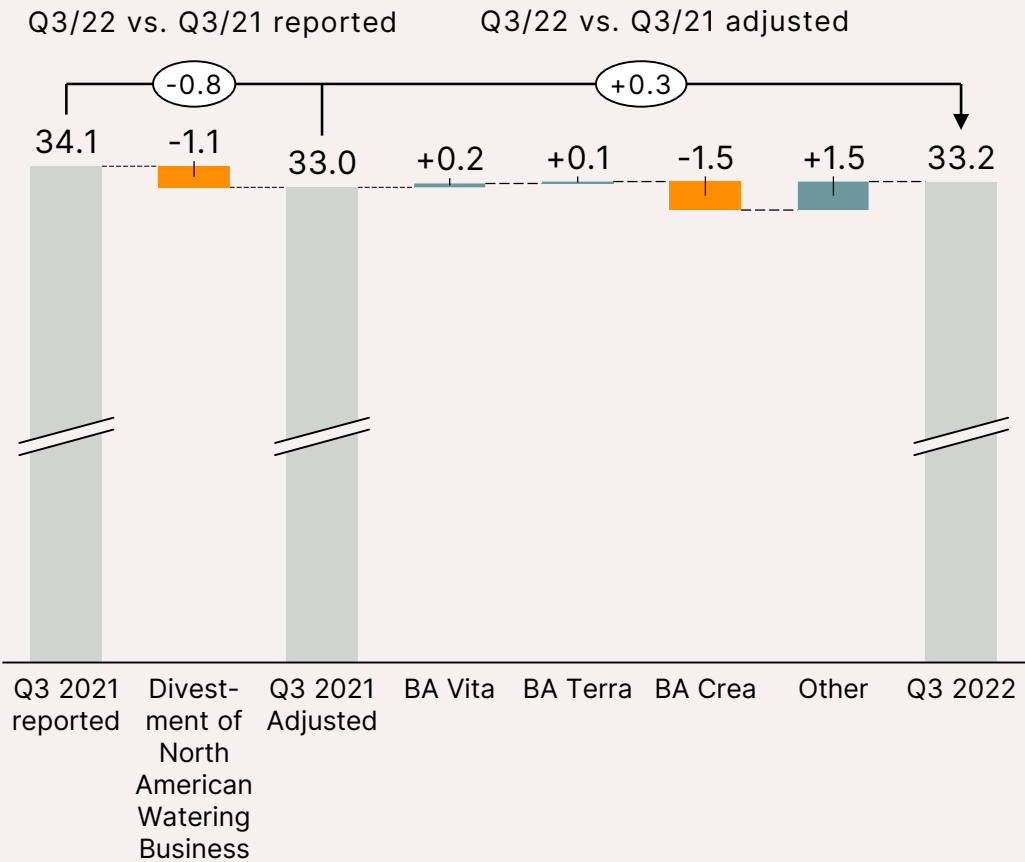


Q3 2022 Comparable EBIT flattish

COMPARABLE EBIT (EUR MILLION) AND EBIT MARGIN (%)



COMPARABLE EBIT BRIDGE, EUR MILLION



Focus firmly on our Growth Strategy



Transformation levers are delivering results

	Q3 2022	Q1-Q3 2022
Commercial excellence	<ul style="list-style-type: none"> • Stable sales in a challenging operating environment • Actions to mitigate cost increases delivering results, gross margin improved organically by +100bps 	<ul style="list-style-type: none"> • Sales growth across the board • Cost increases nearly compensated by mitigation actions, gross margin -30 bps organically
Direct to consumer	<ul style="list-style-type: none"> • Direct channel flat y/y; DTC 21% of net sales • E-commerce +5%; retail -2% 	<ul style="list-style-type: none"> • Direct channel +10%; DTC 19% of net sales • E-commerce +9%; retail +10%
U.S.	<ul style="list-style-type: none"> • Net sales -5% • Retailers' high inventories impacting demand 	<ul style="list-style-type: none"> • Net sales +5% driven by strong Q1
China	<ul style="list-style-type: none"> • Net sales +35% driven by e-commerce 	<ul style="list-style-type: none"> • Net sales +34% despite lockdowns especially in Q2



Concrete actions towards our sustainability targets



Approximately EUR 10 million energy efficiency investment in our Iittala factory in Finland

- Natural gas powered furnaces replaced with electricity-powered furnaces
- With this investment, Fiskars Group's annual direct carbon dioxide emissions (Scope 1) will be reduced by 26% by the end of 2026

Full-year outlook unchanged

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

Fiskars closely monitors the development of consumer confidence, which has dropped to low levels in many of the company's key markets and could impact the demand for its products in the fourth quarter more than anticipated. The fourth quarter is important especially for the Business Area Vita, driven by the holiday season.

The cost environment continues to be dynamic with significant volatility, especially in energy prices. While the company has managed to mitigate the impacts of cost headwinds, they continue to pose a risk for 2022 performance.





The power of our brands

Fiskars ranked as the most valued brand in Finland for the fourth consecutive year, Arabia also rose to top 10

Survey by market research company Taloustutkimus



♦ Q3 2022



On track with sales target - cost inflation burdening EBIT and cash flow affected by inventory growth

FINANCIAL TARGETS TRACKING

KPI	TARGET	FY 2020	FY 2021	LTM SEP 2022
NET SALES	Organic, FX neutral Mid-Single-Digit growth	≈ 3.4%	✓ 14.2%	✓ 8.0%
EBIT	Mid-teen EBIT margin (excl. IAC) by end of 2025	✗ 9.8%	✓ 12.3%	≈ 11.8%
CASH FLOW	Free Cash Flow / Net Profit ≥ 80%	✓ 255%	✓ 109%	✗ Negat
BALANCE SHEET	Net Debt / LTM EBITDA ≤ 2.5X	✓ 0.8X	✓ 0.7X	✓ 1.8X



Consolidated Q3 and 1-9 2022 income statement

Q3 AND YTD SEPTEMBER P&L KEY FIGURES, EUR MILLION

	Q3		YTD	
	2022	2021	2022	2021
Net sales	292.6	291.8	944.3	901.2
Comparable gross profit	131.2	122.5	421.3	387.0
Sales and marketing	-66.7	-59.6	-201.9	-182.6
Research and development	-4.8	-3.7	-15.1	-11.1
General admin	-28.2	-25.9	-88.0	-73.7
Other income/expenses, net	1.7	0.8	4.9	2.5
Comparable EBIT	33.2	34.1	121.3	122.1
Items affecting comparability	-3.8	0.6	-11.0	-3.1
EBIT	29.4	34.7	110.3	119.0
Profit for the period	22.8	29.8	87.7	69.3
Comparable Gross Margin	44.9%	42.0%	44.6%	42.9%
Comparable EBIT Margin	11.4%	11.7%	12.8%	13.5%

Key Takeaways

Gross margin up 290bps (Q3) and 170bps (YTD) vs. 2021

- Structural change main driver; organic GM up +100bps in Q3 and down -30bps in YTD

Operational expenses up MEUR 11 (Q3) and MEUR 38 (YTD) vs. 2021

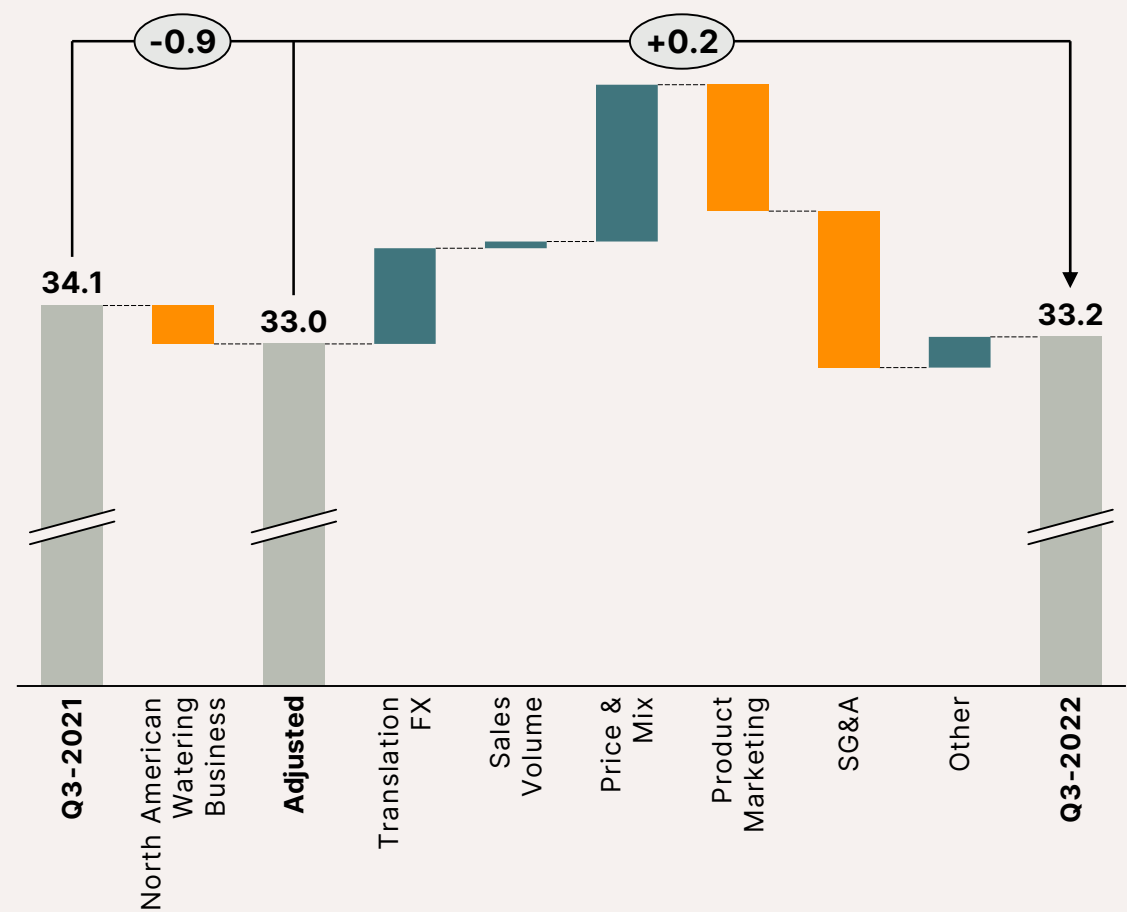
- Marketing, DTC and Digital main drivers; approx. 60% of OPEX growth in both periods.

Comparable Q3 EBIT down EUR 0.9m, YTD EBIT down 0.8m vs. 2021

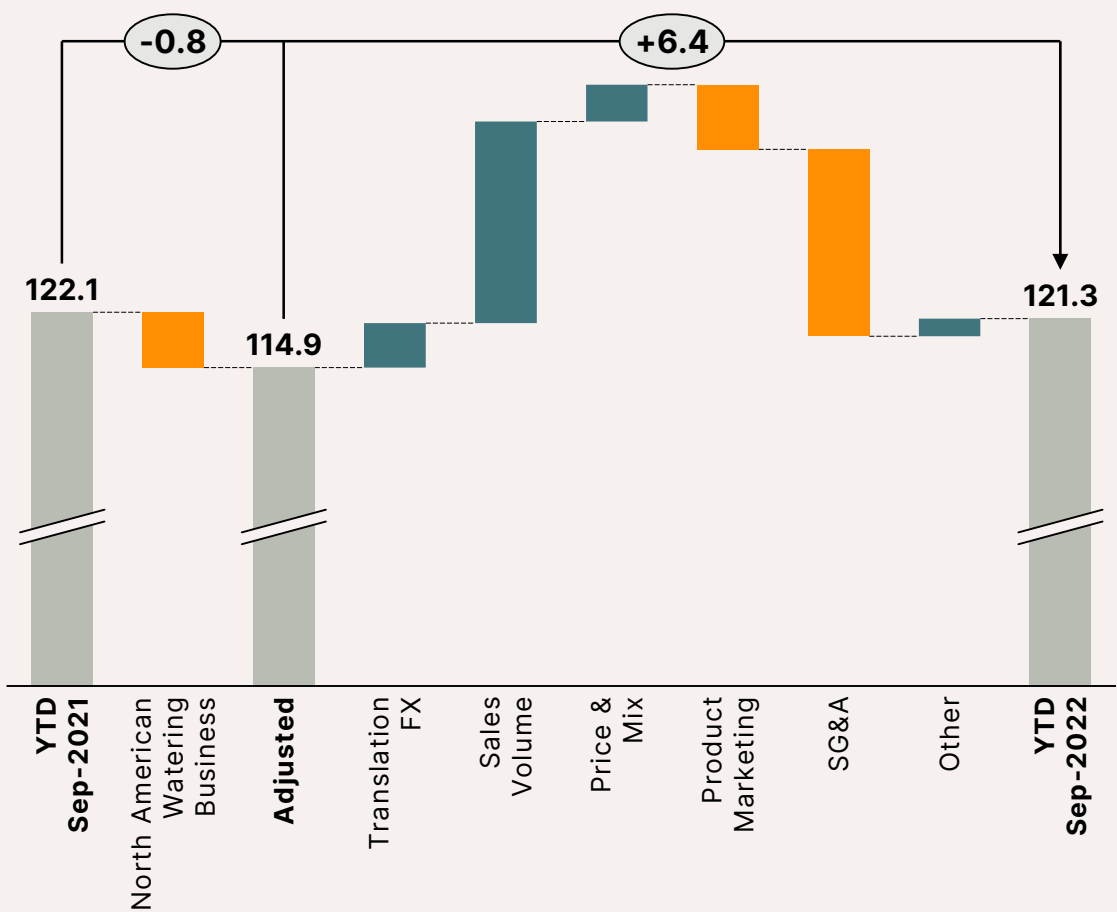


Q3 and 1-9 2022 EBIT bridge

Q3 EBIT BRIDGE, EUR MILLION

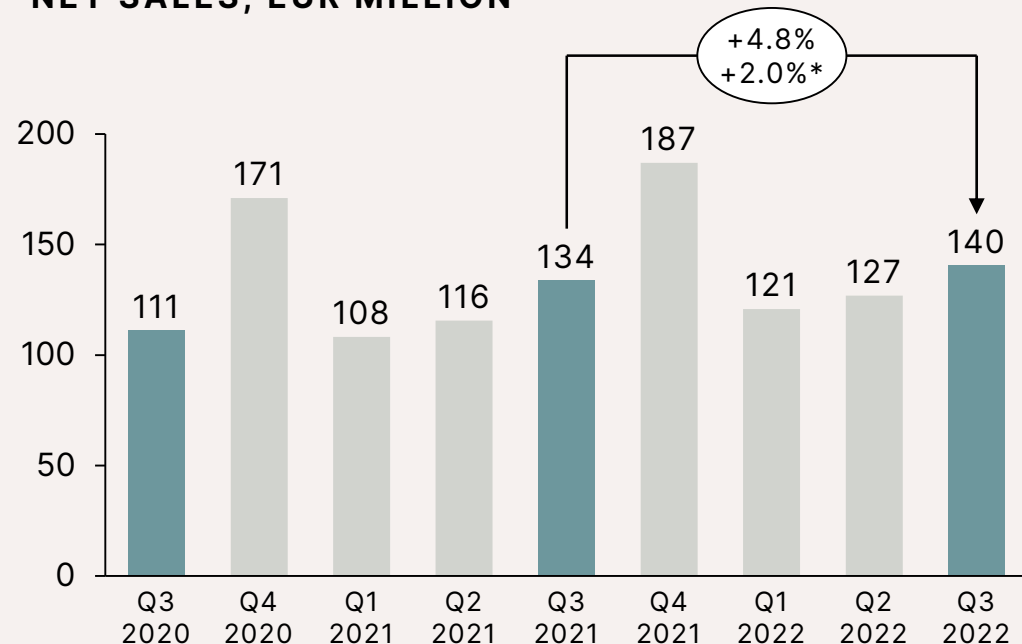


YTD SEPTEMBER EBIT BRIDGE, EUR MILLION



Vita Q3 2022: Sales growth driven by Wedgwood

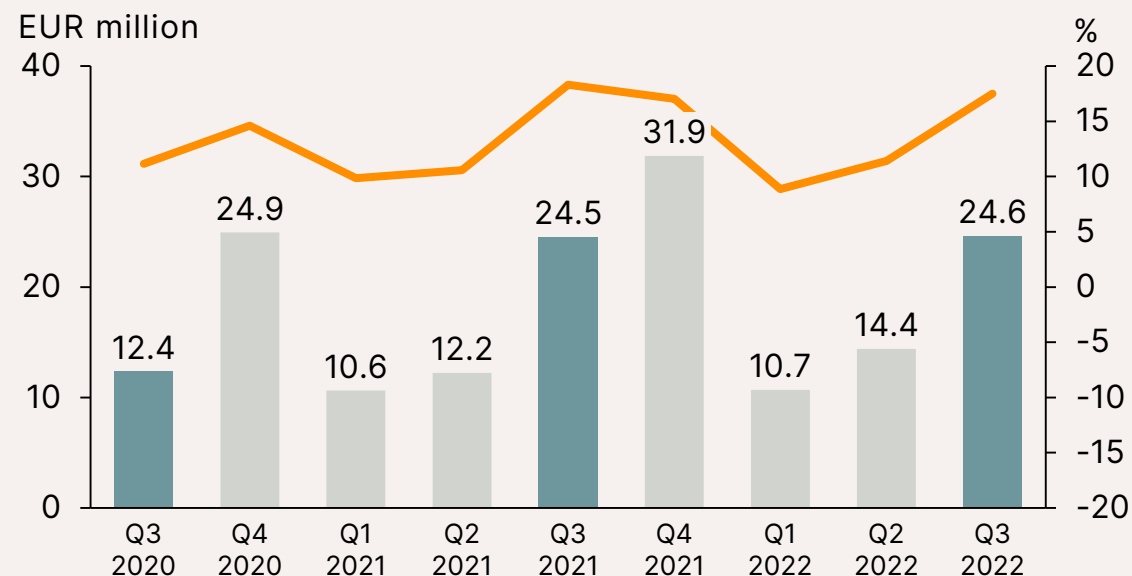
NET SALES, EUR MILLION



*Comparable change = currency neutral & excl. divestments

- Growth driven mainly by the Wedgwood brand
- From a geographical perspective, China and the U.K. were the key growth drivers

COMPARABLE EBIT (EUR MILLION) AND EBIT MARGIN (%)



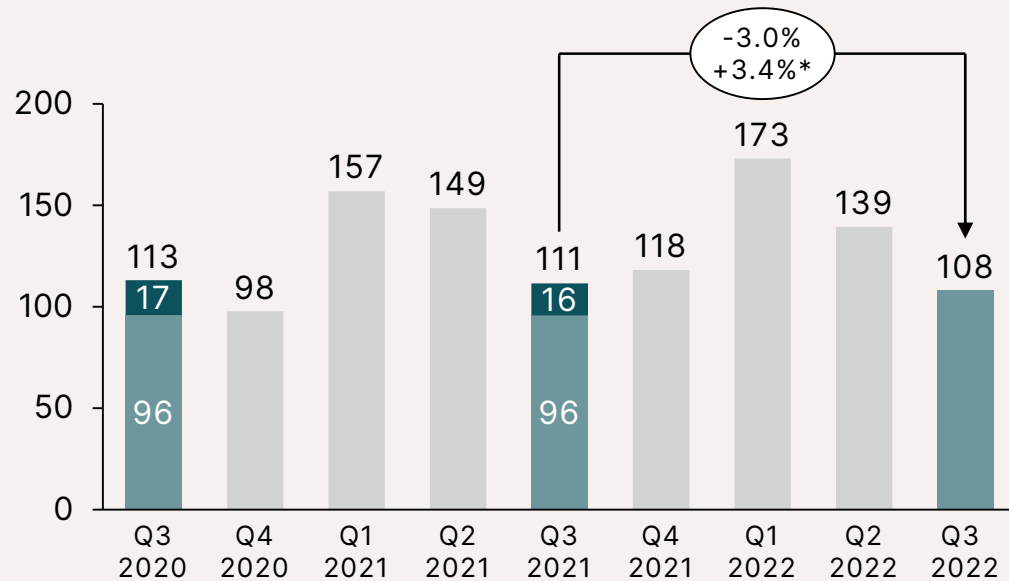
EBIT, EUR MILLION | EBIT MARGIN, %

- EBIT supported by an improved gross margin
- DTC acceleration investment continued



Terra Q3 2022: Good development with Gerber in the U.S. and gardening in Europe

NET SALES, EUR MILLION

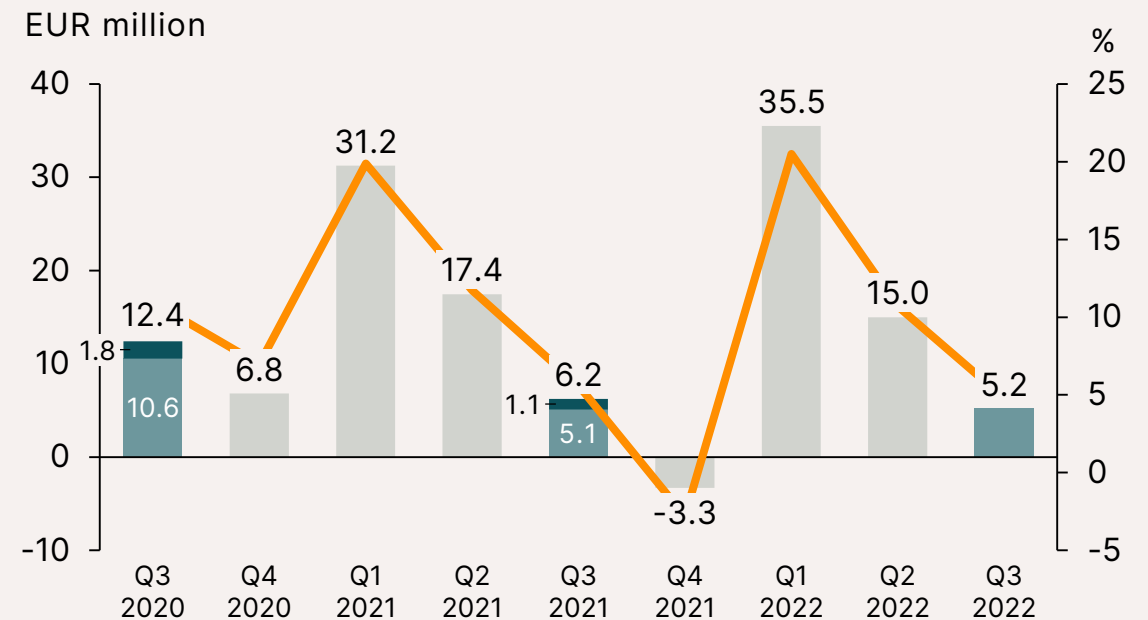


*Comparable change = currency neutral & excl. divestments

■ North American Watering Business (sold Feb 1, 2022)

- Net sales growth driven by the Gerber brand in the U.S and the Fiskars brand's good development in several countries in Europe

COMPARABLE EBIT (EUR MILLION) AND EBIT MARGIN (%)



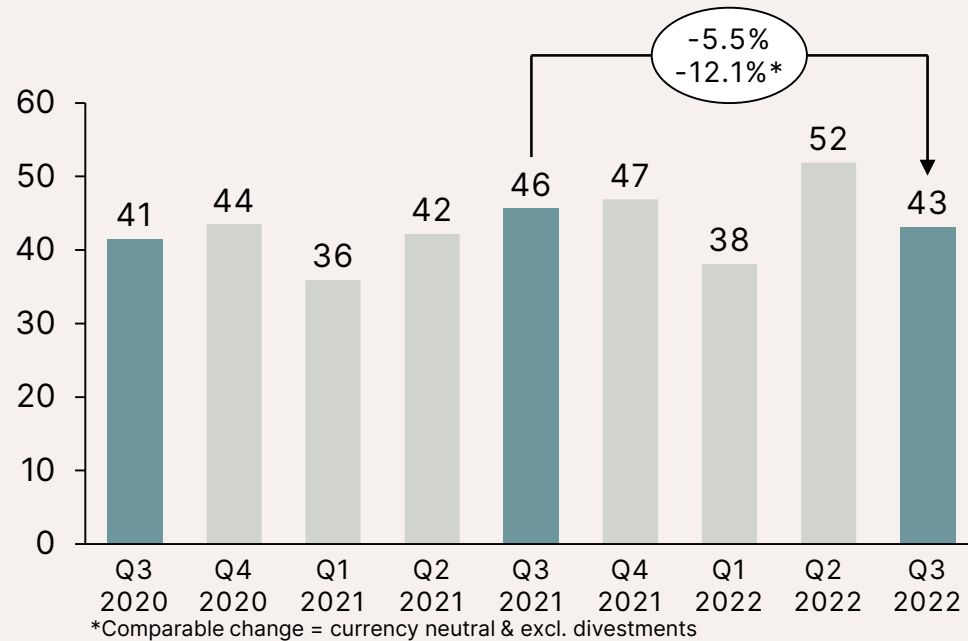
● EBIT, EUR MILLION | — EBIT MARGIN, %

- EBIT was supported by sales volumes and a slightly higher gross margin



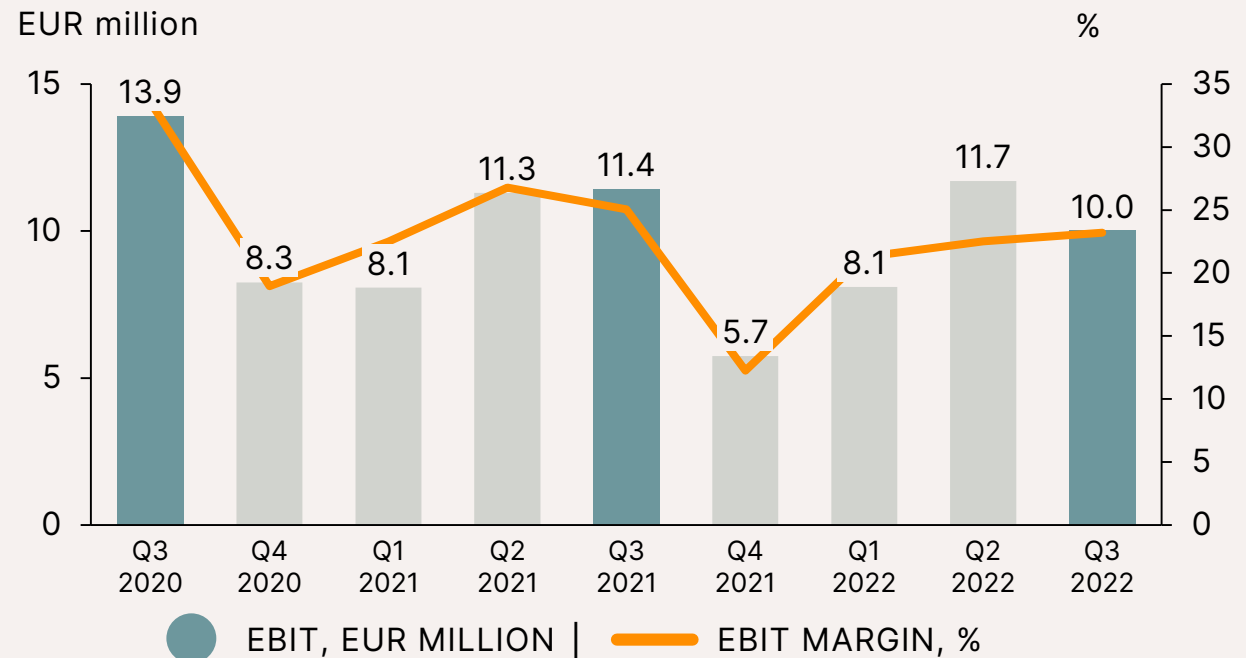
Crea Q3 2022: Sales declined mainly due to Back-to-school season timing

NET SALES, EUR MILLION



- Net sales decreased mainly due to the normalization of back-to-school season timing in the U.S. and a larger share of related sales recorded in Q2
- Sales also decreased in Europe due to slower sell-out and campaign timings

COMPARABLE EBIT (EUR MILLION) AND EBIT MARGIN (%)



- EBIT declined due to lower volumes, gross margin improved compared to the previous year



Q3 2022 Net sales grew in Asia-Pacific, but declined in the Americas and Europe

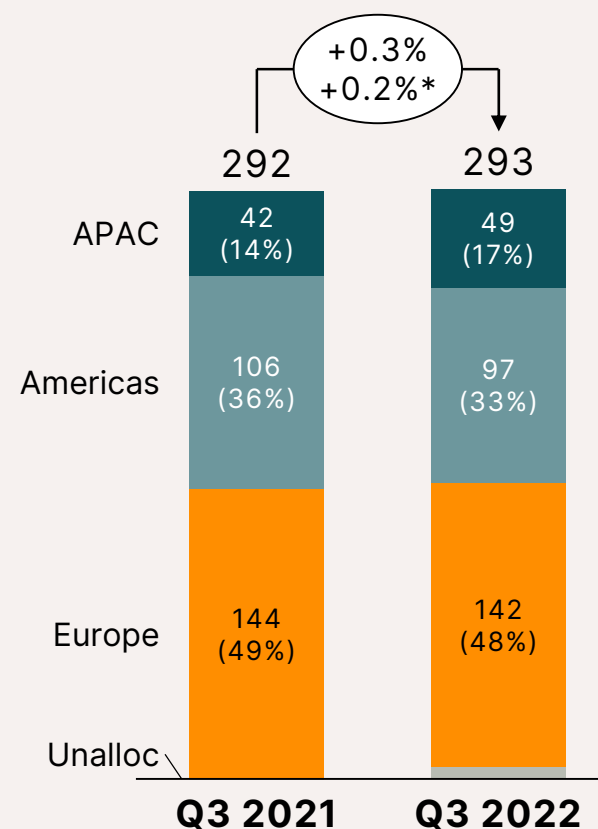
NET SALES BY REGION, EUR MILLION

	Q3 2022	Q3 2021	Change	Comp. Change*
Europe	141.5	143.8	-1.6%	-1.8%
<i>Of which DTC</i>	<i>27.1</i>	<i>29.2</i>	<i>-7.1%</i>	<i>-6.6%</i>
Americas	96.6	106.0	-8.9%	-7.9%
<i>Of which DTC</i>	<i>5.6</i>	<i>4.3</i>	<i>+31.8%</i>	<i>+13.8%</i>
APAC	48.9	42.0	+16.5%	+13.5%
<i>Of which DTC</i>	<i>25.9</i>	<i>24.2</i>	<i>+7.2%</i>	<i>+4.6%</i>
Unallocated**	5.6	-0.1		

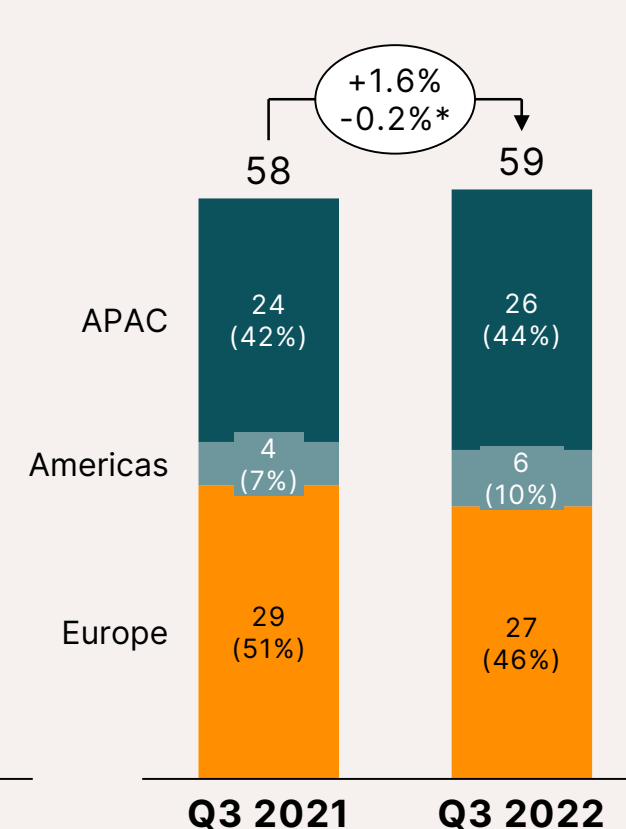
*Excluding the impact of exchange rates, acquisitions and divestments

**Geographically unallocated exchange rate differences

SALES TOTAL, EUR MILLION



DTC, EUR MILLION



Q3/1-9 2022 Cash Flow affected by increased inventory levels

DISTRIBUTABLE CASH FLOW, EUR MILLION

	Q3		YTD Sep	
	2022	2021	2022	2021
EBITDA	46	51	156	166
Non-cash adjustments	-1	9	-16	9
Cash Flow from operations	45	60	140	174
Change in inventories	-22	-35	-106	-71
Change in trade rec's	20	20	10	-13
Change in trade Pbl's	-62	-12	-47	5
Change in TWC	-64	-27	-142	-79
Change in in other int.free items	-26	19	-84	14
Change in NWC	-90	-8	-226	-65
CAPEX (net)	-11	-7	-33	-20
Operating Cash Flow	-56	45	-118	89
Taxes paid	-7	-5	-18	-18
Free Cash Flow	-63	39	-136	71
Paid interests, net	-5	0	-11	-2
Distributable Cash Flow	-68	40	-148	69

CHANGE IN LIQUIDITY, EUR MILLION

	Q3		YTD Sep	
	2022	2021	2022	2021
Cash Balance period opening	74	26	32	63
Translation difference	-1	-	4	1
Distributable Cash Flow	-68	40	-148	69
Dividends/ share buy-backs	-38	-24	-79	-49
M&A and Divestments	-9	-	35	-
Change in L-T debt	-0	-0	-0	-0
Payments of lease liabilities	-7	-7	-20	-20
Change in other S-T debt	104	-8	227	-38
Other non-operational changes	0	-2	4	-1
Cash Balance, period closing	54	24	54	24



Q3 2022 Balance Sheet: Working capital up due to inventories, net debt/EBITDA in line with the target

CAPITAL EMPLOYED, EUR MILLION

	<u>30.9.22</u>	<u>30.9.21</u>	<u>31.12.21</u>
GW and other intangible	506	486	489
PPE and biological assets	194	191	195
Capitalised leases (ROU)	97	82	107
Non-Current Assets	797	759	791
Inventories	398	278	306
Trade receivables	209	202	206
Trade payables	-93	-107	-139
Trade Working Capital	514	373	373
Other int-free receivables	73	32	30
Other int-free payables	-232	-255	-268
Operating Capital	1,151	909	927
Net tax liabilities	-5	-18	-5
Capital Employed	1,146	890	922

FUNDING, EUR MILLION

	<u>30.9.22</u>	<u>30.9.21</u>	<u>31.12.21</u>
Equity	846	793	816
Interest-bearing debt	296	74	65
Lease liabilities	102	87	111
Cash	-54	-24	-32
Net Debt	344	137	145
Financial assets	-44	-39	-39
Financing Total	1,146	890	922

BALANCE SHEET KPIs

	<u>30.9.22</u>	<u>30.9.21</u>	<u>31.12.21</u>
Comparable EBIT margin (LTM)	11.8%	13.0%	12.3%
Capital turnover (average)	1.27	1.34	1.36
ROCE % (LTM)	15.1%	17.4%	16.7%
Cash conversion (LTM)	Negat.	116%	109%
Net debt / EBITDA (LTM)	1.79	0.61	0.71
Net debt / equity	41%	17%	18%






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*Thank
you!*

