

FISKARS
EST. GROUP 1649

◆
Financial
Statement
Release 2022

SOLID YEAR IN A CHALLENGING
OPERATING ENVIRONMENT



JANUARY–DECEMBER 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.

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Highlights of Q4 2022



PROFITABILITY
IMPROVED IN A
CHALLENGING
OPERATING
ENVIRONMENT
DESPITE A SALES
DECLINE

OUR GROWTH
STRATEGY IS
DELIVERING
RESULTS AND
TRANSFORMING
THE COMPANY

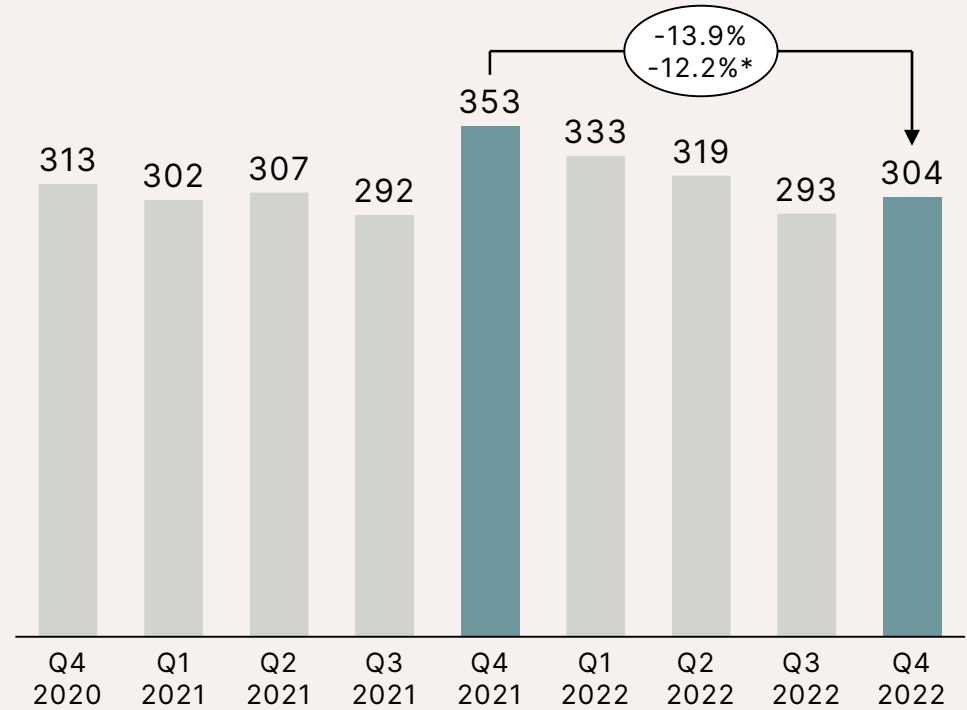
2023 OUTLOOK:
COMPARABLE
EBIT EXPECTED
TO BE SLIGHTLY
BELOW THE 2022
LEVEL

BOARD PROPOSES
AN INCREASING
DIVIDEND

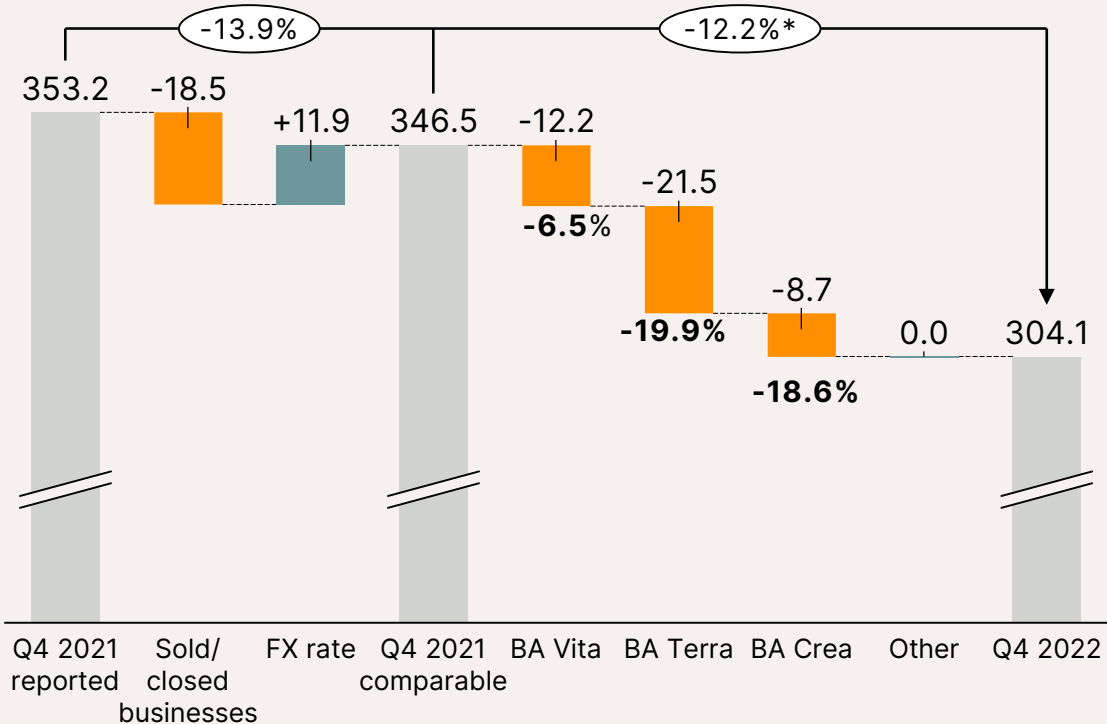
EUR 0.80 PER
SHARE

Q4 2022 Net sales declined due to lower consumer confidence and retailers' high inventory levels

NET SALES, EUR MILLION



Q4 2022 NET SALES BRIDGE, EUR MILLION

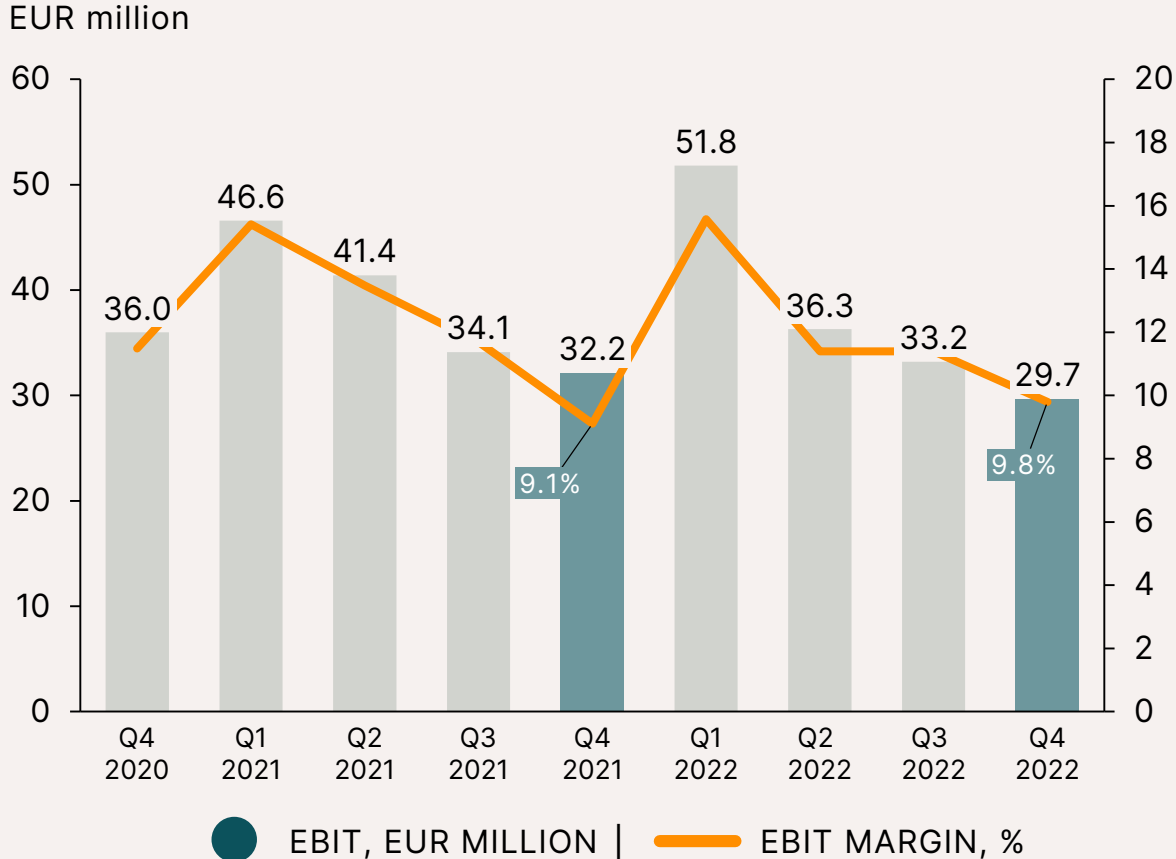


*Comparable change = currency neutral & excl. divestments

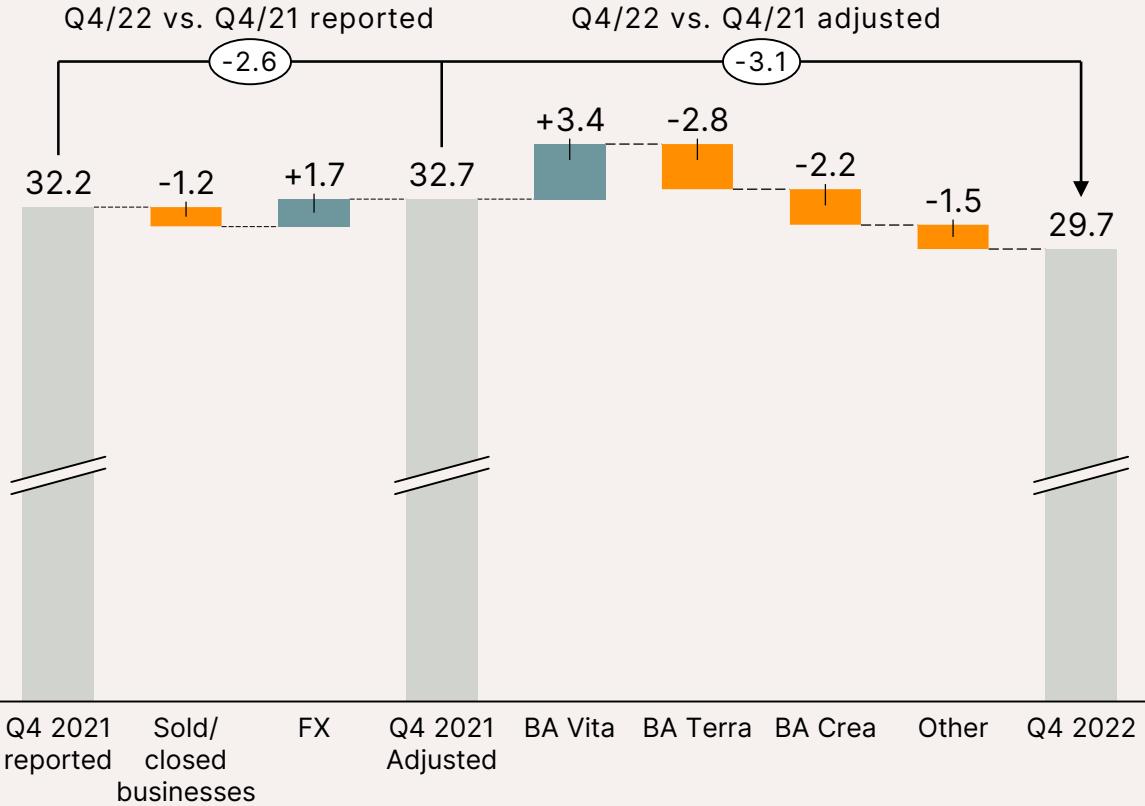


Q4 2022 Comparable EBIT declined due to volume drop, margin improved

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

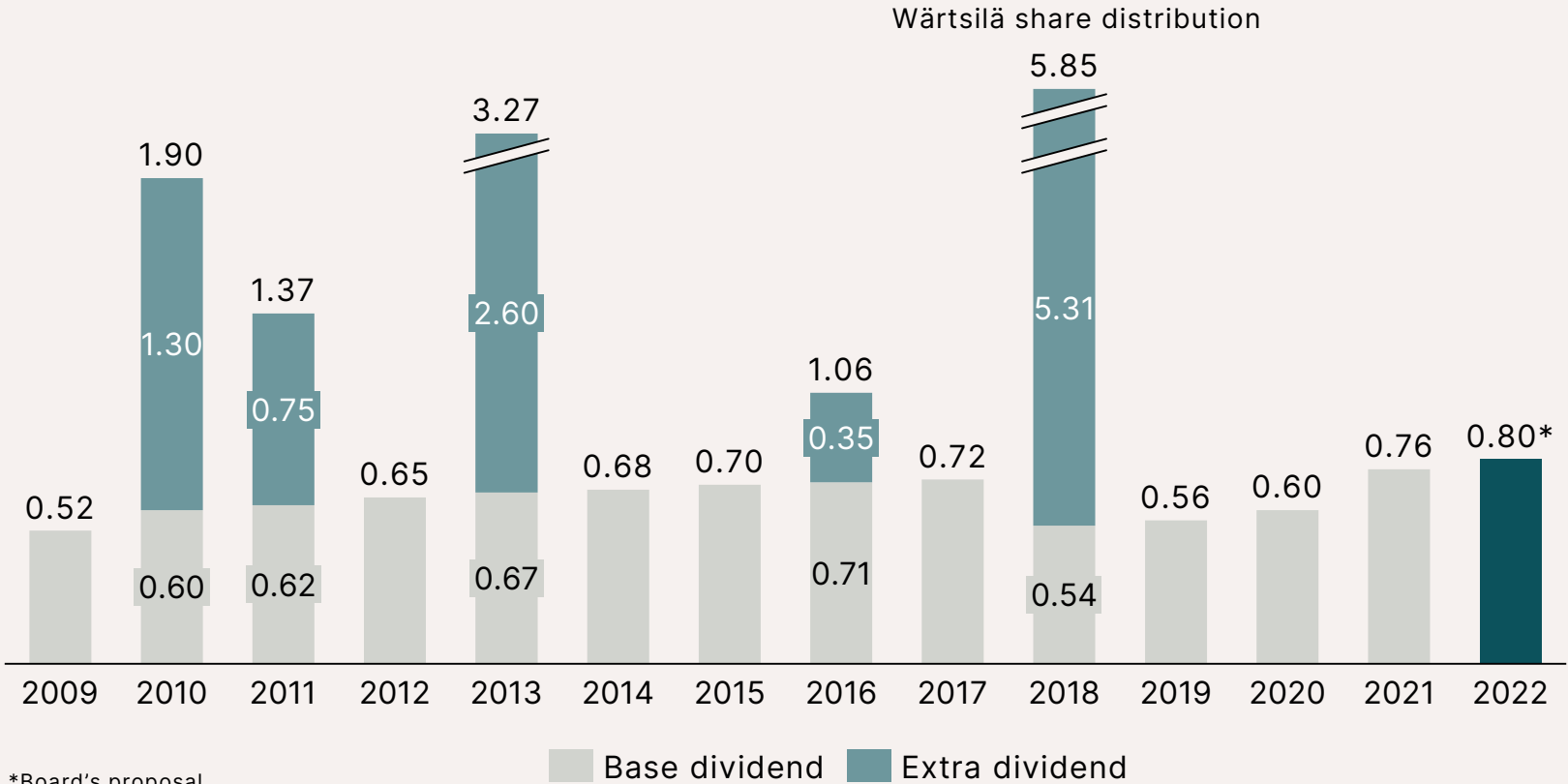


COMPARABLE EBIT BRIDGE, EUR MILLION



Board proposes an increasing dividend of EUR 0.80 per share

DIVIDEND PER SHARE, EUR



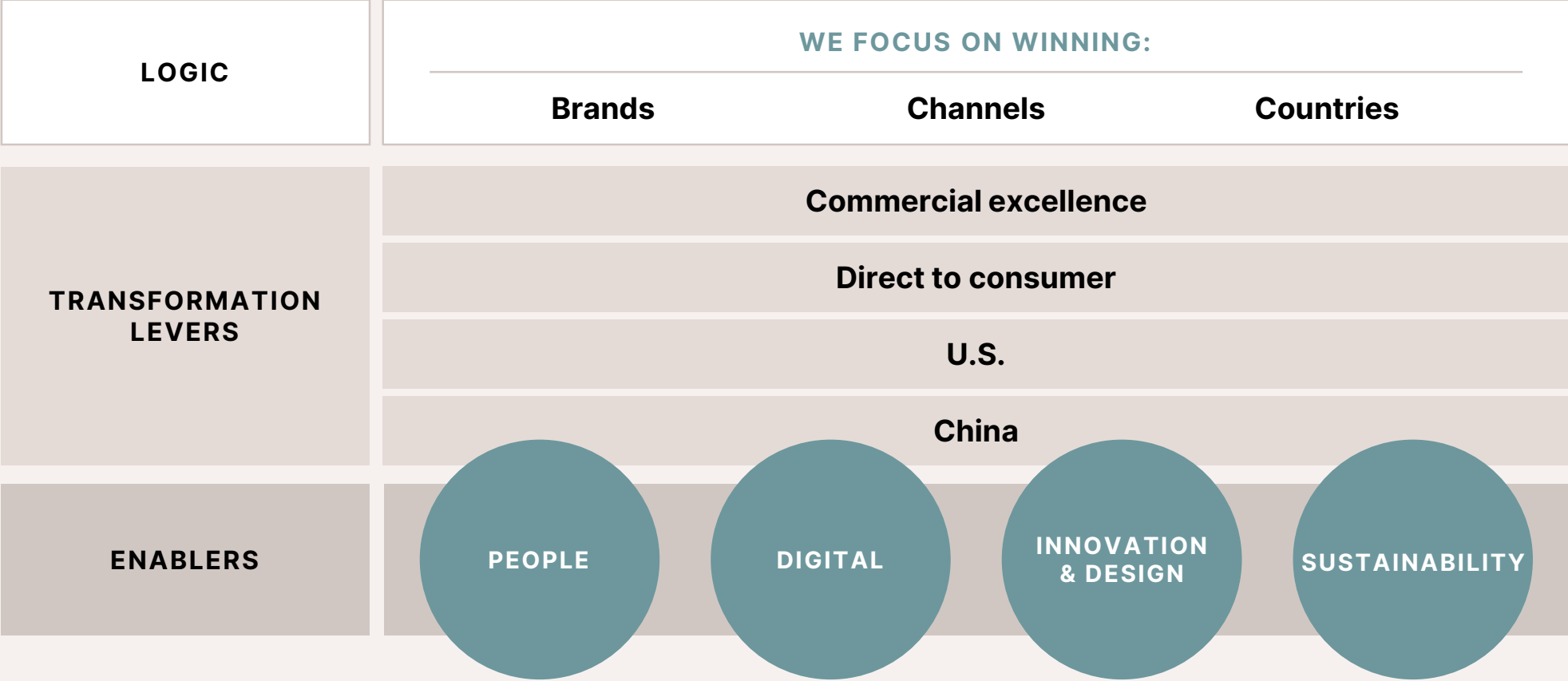
KEY FACTS:

- **Payout ratio:** 66%* (2021: 71.5%)
- **Dividend yield:** 5.2%* (3.3%)
- **Dividend growth:** 5.3%*
- **Dividend policy:** to distribute a stable, over time increasing dividend, to be paid biannually

*Board's proposal



Our focus is firmly on our Growth Strategy



3/4 of transformation levers improving

	Q4 2022	FY 2022
Commercial excellence	<ul style="list-style-type: none">Gross margin +120 bps (+90 bps organically)	<ul style="list-style-type: none">Cost increases compensated by mitigation actions, gross margin +160 bps (+60 bps organically)
Direct to consumer	<ul style="list-style-type: none">DTC: 3% growth; and 28% of net salesE-commerce +30%; physical retail -8%	<ul style="list-style-type: none">DTC+8% growth; and 21% of net salesE-commerce +17%; physical retail +4%
U.S.	<ul style="list-style-type: none">Net sales -26%Lower consumer confidence and retailers' high inventories impacted demand	<ul style="list-style-type: none">Net sales -4%Demand weakened in H2 after a strong start to the year
China	<ul style="list-style-type: none">Net sales +40% driven by e-commerce	<ul style="list-style-type: none">Net sales +36% despite Covid-19 disruptions in several quarters



We are transforming the company

5 brands
>100 MEUR
in net sales

25%
of net sales from
luxury
brands

DTC >50%
of net sales in
Royal Copenhagen
and Wedgwood

Wedgwood
to a winning
brand
from a turnaround brand



Continuing with our ambitious approach to sustainability

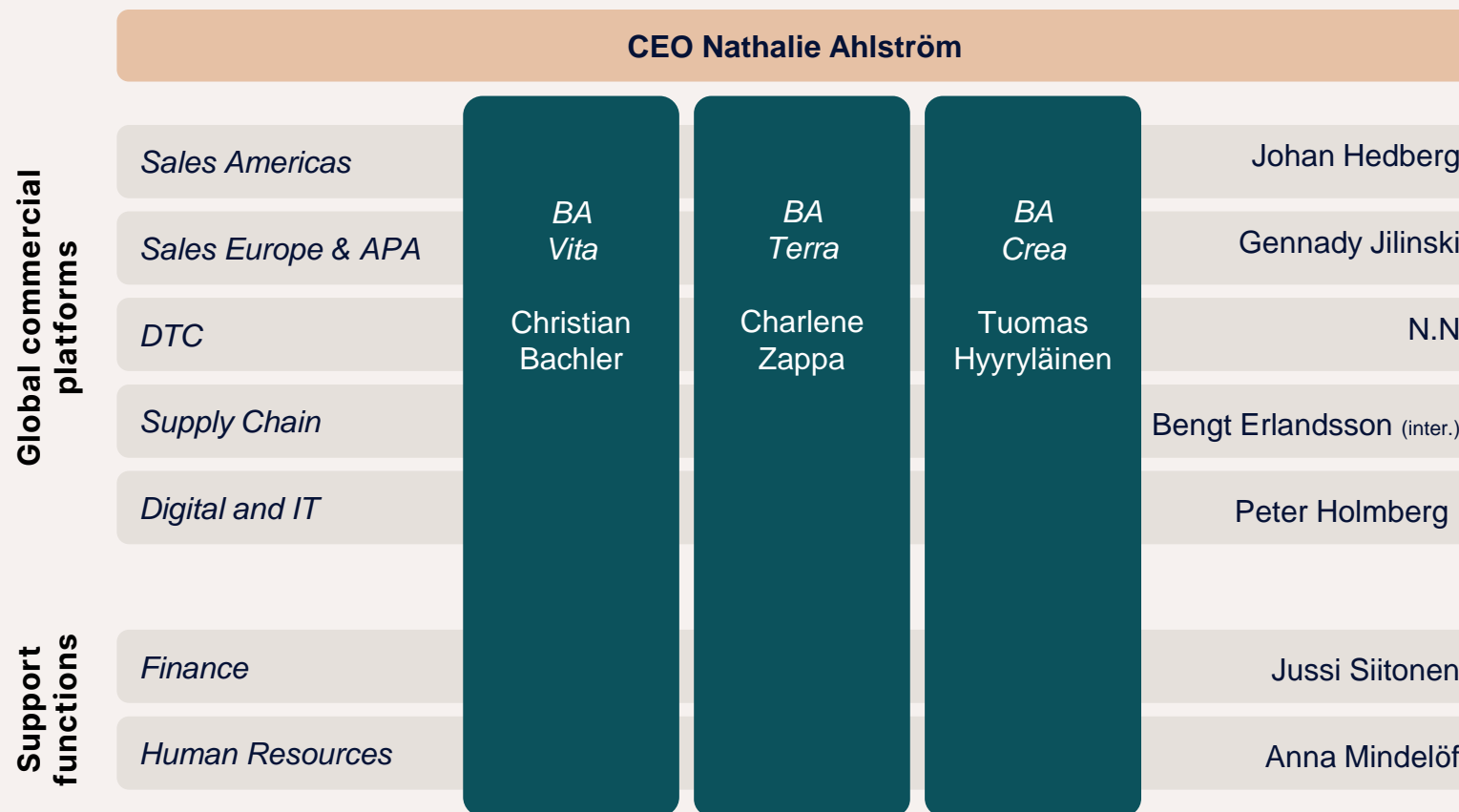
New ESG strategy with 5 key targets:

1. majority of net sales from circular products and services by 2030
2. GHG emissions from own operations (Scope 1 & 2) reduced by 60% from a 2017 base year by 2030
3. 60% of Fiskars Group's suppliers by spend covering purchased goods and services will have science-based targets by 2024
4. Zero Lost Time Accident Frequency (LTAF) by 2030
5. Enhancing diversity, equity, and inclusion

Included on **CDP's annual Climate Change A list** for leadership in corporate transparency and performance on climate change



Accelerating strategy execution and allocating resources to growth drivers



Changes in the Executive Board

(as of Jan 1, 2023)

- New position of EVP, DTC
- Wholesale organization split into two regions

Planned organizational changes

- Mainly in the three BAs to simplify their organizations, drive end-to-end accountability and enhance focus on brands and consumers
- Allocating resources to strategic growth drivers - investments in DTC and digital continue



Outlook for 2023

Fiskars expects comparable EBIT to be slightly below the 2022 level (2022: EUR 151.0 million).

Key factors impacting the outlook

- expected continued volatility of the market environment and weaker demand especially in H1
- investments into key strategic building blocks
- + savings from the planned targeted organizational changes from H2 onwards















◆ Financials



Challenging operating environment is reflected in the progress towards our financial targets

FINANCIAL TARGETS TRACKING

KPI	TARGET	FY 2020	FY 2021	FY 2022
NET SALES	Organic, FX neutral Mid-Single-Digit growth	 3.4%	 14.2%	 1.7%
EBIT	Mid-teen EBIT margin (excl. IAC) by end of 2025	 9.8%	 12.3%	 12.1%
CASH FLOW	Free Cash Flow / Net Profit \geq 80%	 255%	 109%	 Neg.
BALANCE SHEET	Net Debt / LTM EBITDA \leq 2.5X	 0.8X	 0.7X	 1.7X



Consolidated Q4 and FY2022 income statement

Q4 AND FY P&L KEY FIGURES, EUR MILLION

	Q4		FY	
	2022	2021	2022	2021
Net sales	304.1	353.2	1,248.4	1,254.3
Comparable gross profit	138.8	156.8	560.1	543.7
Sales and marketing	-73.4	-79.3	-275.2	-261.9
Research and development	-5.8	-4.4	-20.8	-15.5
General admin	-31.2	-41.4	-119.2	-115.0
Other income/expenses, net	1.3	0.5	6.2	3.0
Comparable EBIT	29.7	32.2	151.0	154.2
Items affecting comparability	-5.3	-8.3	-16.3	-11.5
EBIT	24.4	23.8	134.7	142.8
Profit for the period	11.4	18.2	99.1	87.5
Comparable Gross Margin	45.6%	44.4%	44.9%	43.3%
Comparable EBIT Margin	9.8%	9.1%	12.1%	12.3%

Key Takeaways

Gross margin up 120bps (Q4) and 160bps (FY) vs. 2021

- Organic GM up +90bps in Q4 and up 60bps in FY

Operational expenses down EUR 15m in Q4, up EUR 22m in FY vs. 2021

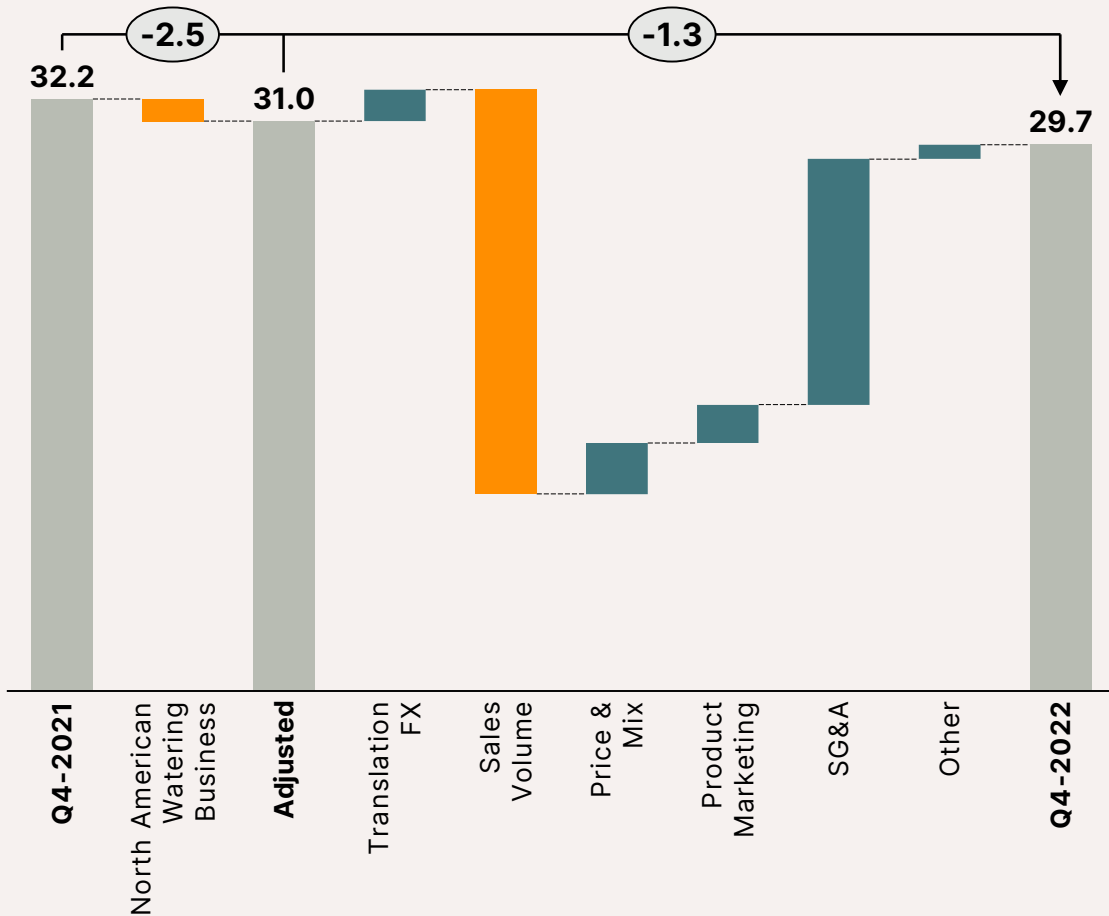
- Q4: Broad-based OPEX efficiency improvement actions delivered results vs. high comparatives LY
- FY: Marketing, DTC and digital each one-third of OPEX growth

Comparable Q4 EBIT down EUR 2.5m, FY EBIT down EUR 3.2m vs. 2021

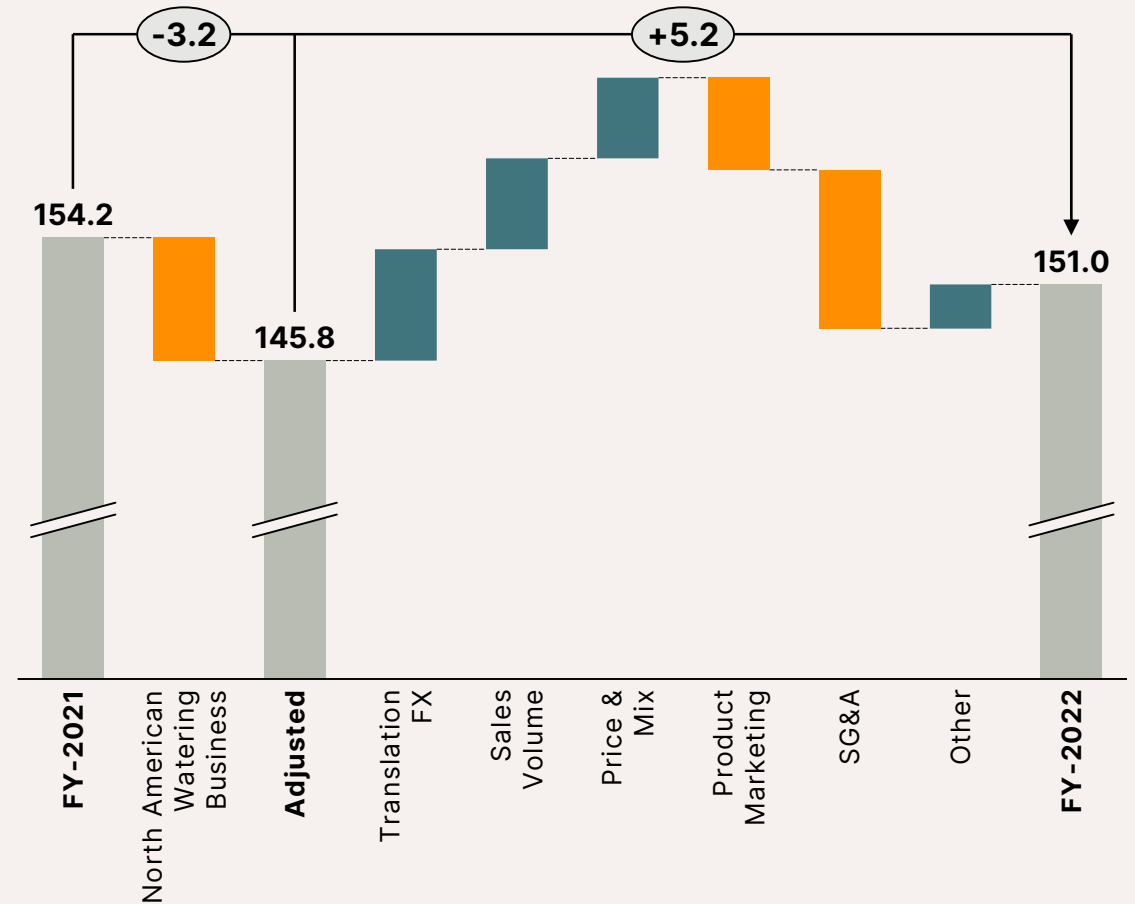


Q4 and FY 2022 EBIT bridge

Q4 EBIT BRIDGE, EUR MILLION

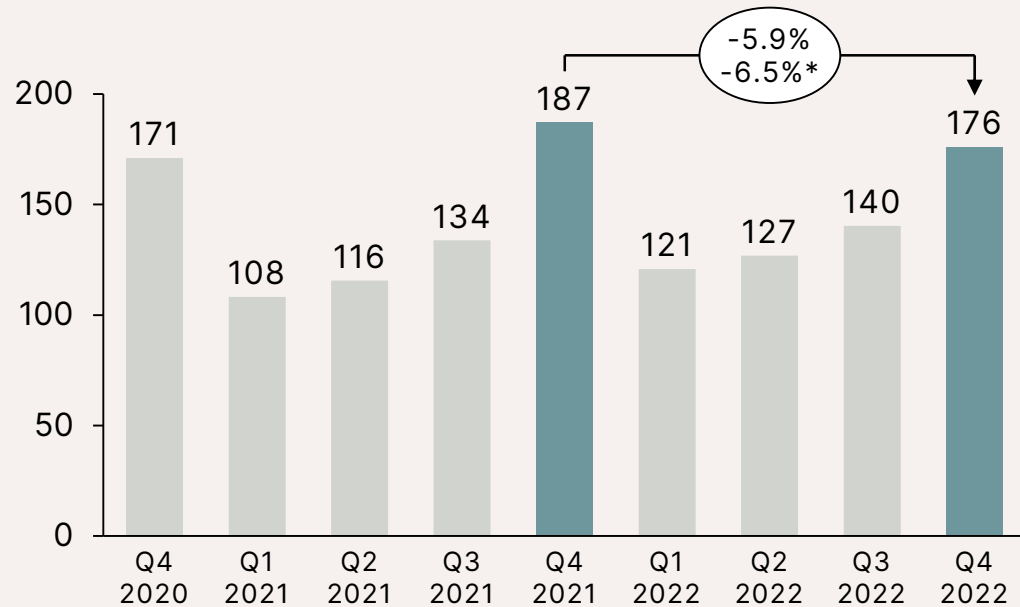


FY EBIT BRIDGE, EUR MILLION



Vita Q4: Own ecom and China helped offset sales decline in the U.S and Nordics, margin reached 20%

NET SALES, EUR MILLION

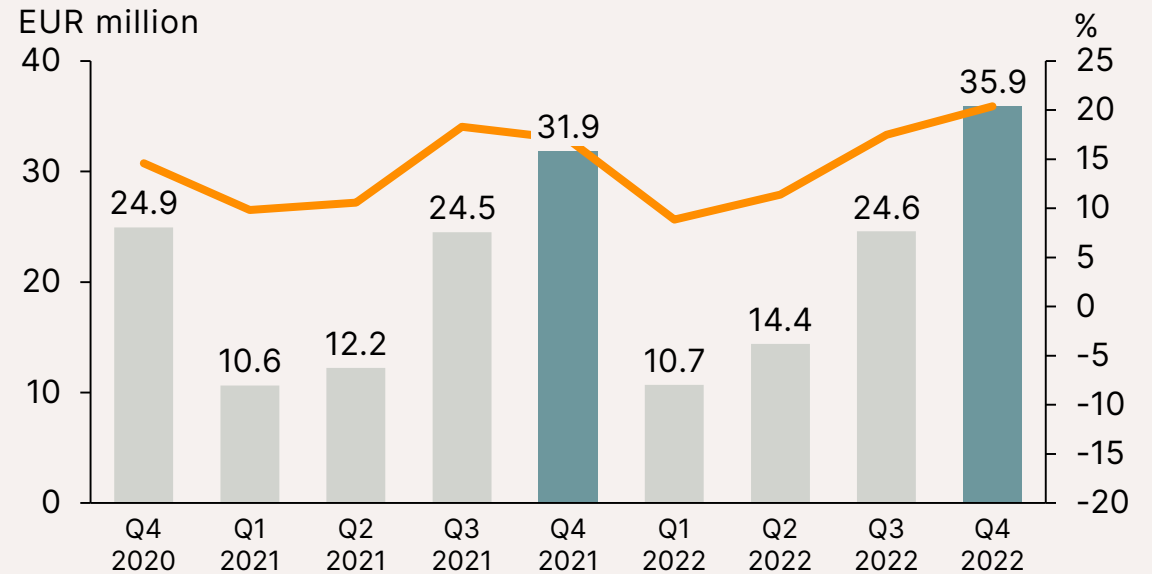


*Comparable change = currency neutral & excl. divestments

- Customers' orders and consumer sales in the holiday season lower than anticipated – sales declined especially in the U.S. and in the Nordics, strong sales growth in China helped offset the declines
- Own e-commerce developed very positively

FEBRUARY 7, 2023

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



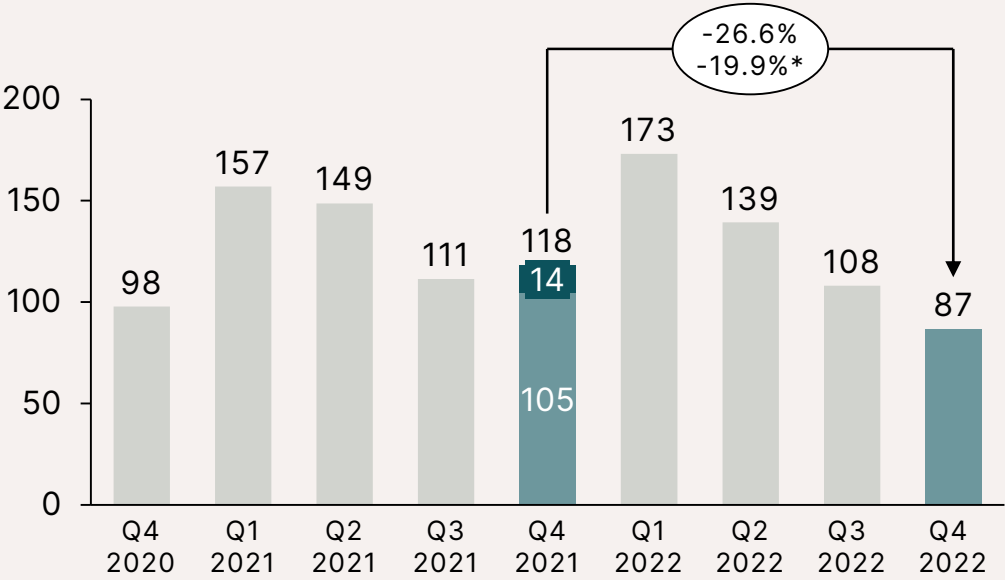
● EBIT, EUR MILLION | — EBIT MARGIN, %

- Lower volumes offset by an improved gross margin and decreased SG&A spend



Terra Q4: Sales declined especially in the U.S. due to retailers' high inventories

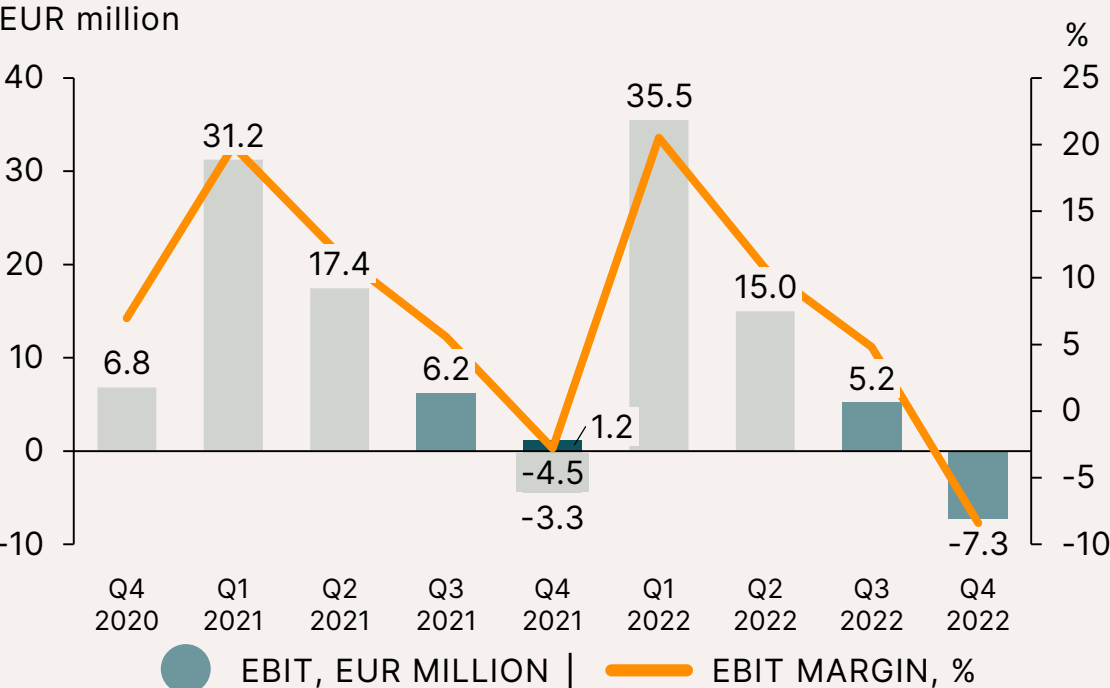
NET SALES, EUR MILLION



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

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



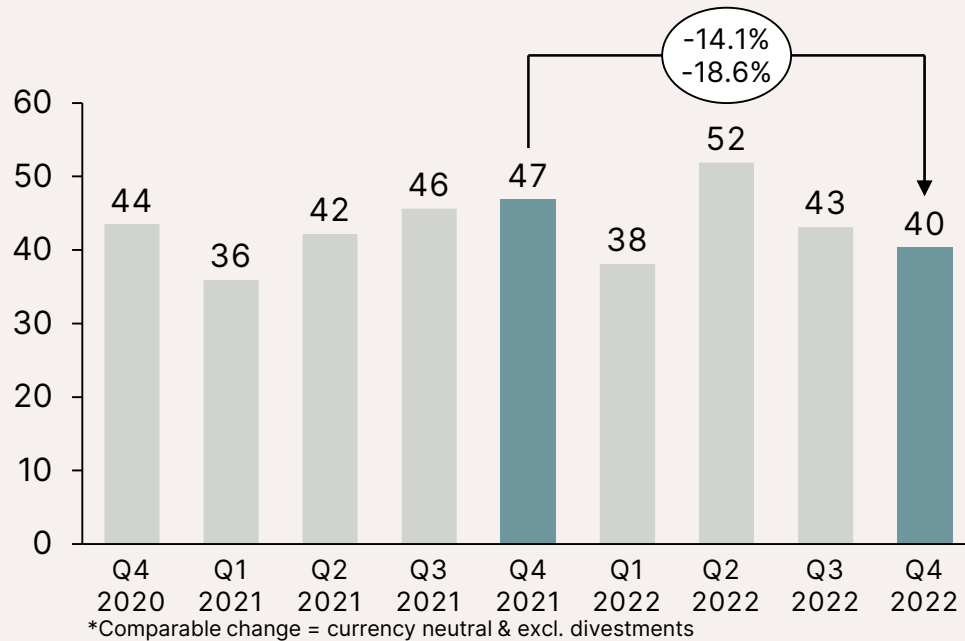
• Significantly lower volumes impacted EBIT

- Sales declined especially in the U.S., where big box customers' high inventory levels impacted their demand
- In Finland and Sweden, sales grew driven by demand for snow tools



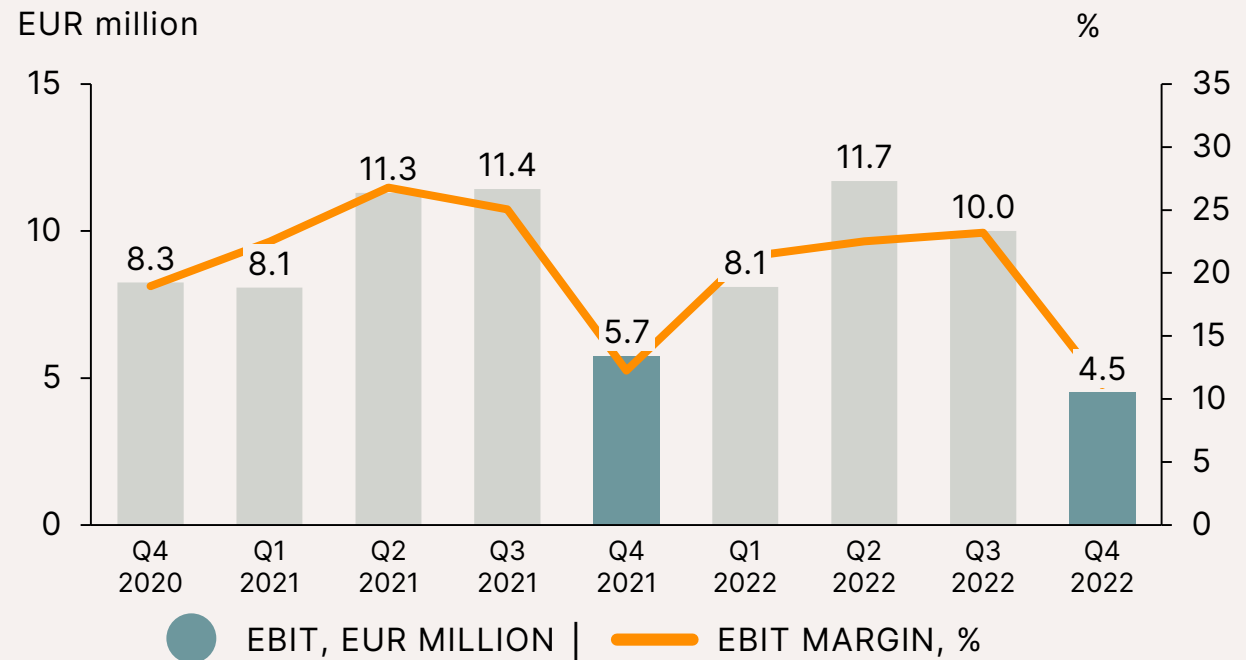
Crea Q4: Sales declined mainly due to the U.S.

NET SALES, EUR MILLION



- Net sales declined mainly due to a decline in the U.S.

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



- EBIT declined mainly due to significantly lower volumes



Q4 Net sales by geography: DTC growth in Europe and America bright spots of the quarter

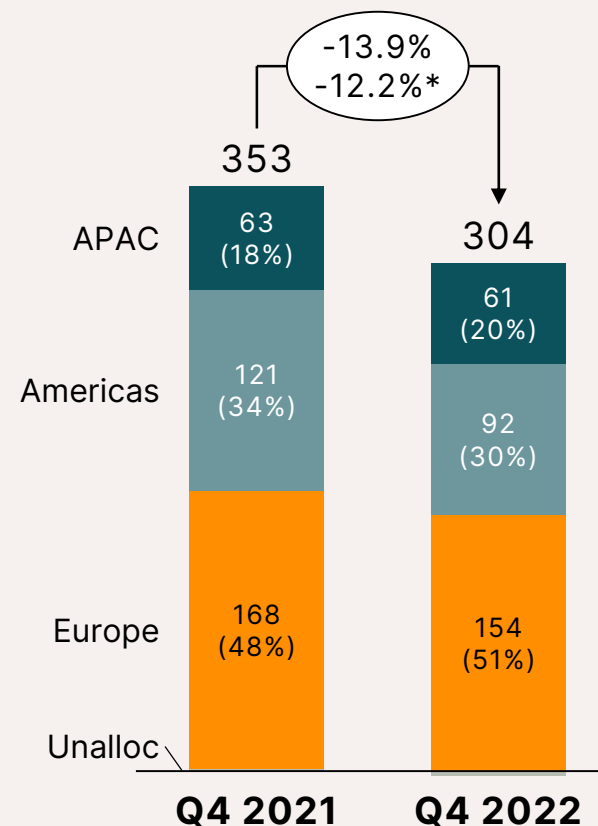
NET SALES BY REGION, EUR MILLION

	Q4 2022	Q4 2021	Change	Comp. Change*
Europe	154.3	167.9	-8.1%	-3.8%
<i>Of which DTC</i>	<i>34.9</i>	<i>32.6</i>	<i>+7.1%</i>	<i>+9.6%</i>
Americas	91.9	121.4	-24.3%	-25.7%
<i>Of which DTC</i>	<i>10.9</i>	<i>8.3</i>	<i>+30.4%</i>	<i>+24.0%</i>
APAC	61.0	62.6	-2.6%	-0.2%
<i>Of which DTC</i>	<i>40.2</i>	<i>42.7</i>	<i>-5.8%</i>	<i>-3.7%</i>
Unallocated**	-3.0	1.3		

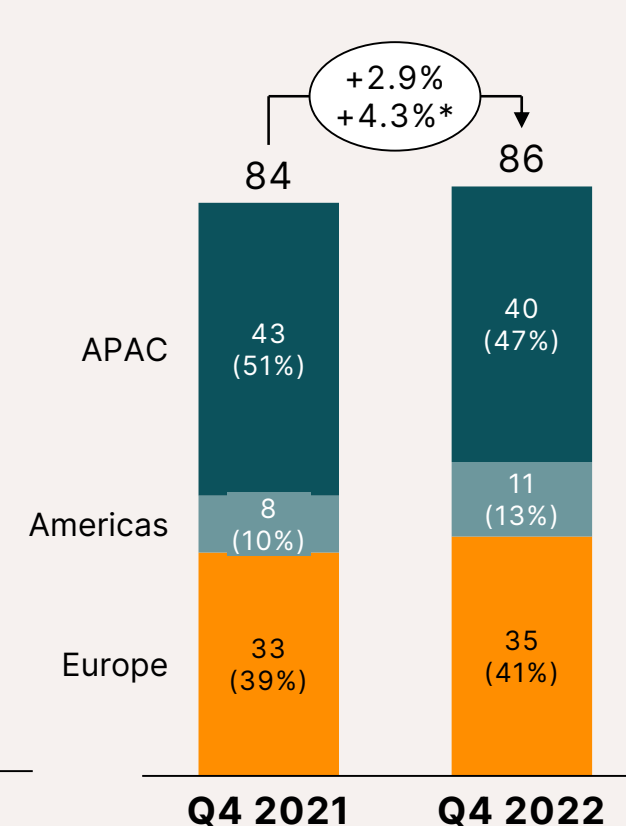
*Excluding the impact of exchange rates, acquisitions and divestments

**Geographically unallocated exchange rate differences

SALES TOTAL, EUR MILLION



DTC, EUR MILLION



Q4 Free Cash Flow improved as a result of actions taken

FREE CASH FLOW, EUR MILLION

	Q4		FY	
	2022	2021	2022	2021
EBITDA	39	39	196	205
Non-cash adjustments	4	7	-12	16
Cash Flow from operations	44	47	184	221
Change in inventories	16	-25	-90	-96
Change in trade rec's	32	-1	43	-14
Change in trade Pbl's	-24	31	-71	37
Change in TWC	24	5	-118	-74
Change in in other int.free items	-8	3	-91	17
Change in NWC	17	8	-209	-57
CAPEX (net)	-14	-12	-47	-33
Operating Cash Flow	47	43	-71	132
Taxes paid	-11	-18	-29	-36
Free Cash Flow	36	24	-101	95

CHANGE IN CASH POSITION, EUR MILLION

	Q4		FY	
	2022	2021	2022	2021
Cash Balance period opening	54	24	32	63
Translation difference	0	2	4	3
Free cash flow	36	24	-101	95
Dividends/ share buy-backs	-2	-	-81	-49
Financial Items, net	4	-3	-7	-5
M&A and Divestments	-	-	35	-
Change in L-T debt	130	-	130	-0
Payments of lease liabilities	-6	-7	-27	-26
Change in other S-T debt	-98	-10	129	-47
Other non-operational changes	-2	-1	2	-2
Cash Balance, period closing	116	32	116	32



Balance Sheet remains strong, but efficiency declined

CAPITAL EMPLOYED, EUR MILLION

	<u>31.12.22</u>	<u>31.12.21</u>	<u>Change</u>
GW and other intangible	500	489	+ 11
PPE and biological assets	193	195	- 3
Capitalised leases (ROU)	111	107	+ 4
Non-Current Assets	803	791	+ 12
Inventories	365	306	+ 58
Trade receivables	170	206	- 36
Trade payables	-69	-139	+ 70
Trade Working Capital	466	373	+ 93
Other int-free receivables	55	30	+ 25
Other int-free payables	-203	-268	+ 65
Operating Capital	1,121	927	+ 194
Net tax liabilities	-0	-5	+ 5
Capital Employed	1,121	922	+ 199

FUNDING, EUR MILLION

	<u>31.12.22</u>	<u>31.12.21</u>	<u>Change</u>
Equity	836	816	+ 19
Interest-bearing debt	326	65	+ 260
Lease liabilities	115	111	+ 4
Cash	-116	-32	- 84
Net Debt	325	145	+ 180
Financial assets	-40	-39	- 1
Financing Total	1,121	922	+ 199

BALANCE SHEET KPIs

	<u>31.12.22</u>	<u>31.12.21</u>	<u>Change</u>
Comparable EBIT margin (LTM)	12.1%	12.3%	-20bps
Capital turnover (average)	1.22	1.39	-0.17
ROCE% (LTM)	14.8%	17.1%	-230bps
Cash conversion (LTM)	Negat.	109%	N/A
Net debt / EBITDA (LTM)	1.66	0.71	+ 0.96
Net debt / equity	39%	18%	+210bps



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*Thank
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