

FISKARS
EST. GROUP 1649

◆ Interim Report Q3 2023

SALES AND EBIT DECLINED IN A CHALLENGING OPERATING ENVIRONMENT, CASH FLOW AND GROSS MARGIN IMPROVED



JANUARY-SEPTEMBER 2023

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 Q3 2023

SALES AND EBIT
DECLINED IN A
CHALLENGING
MARKET –
CASH FLOW AND
GROSS MARGIN
IMPROVED

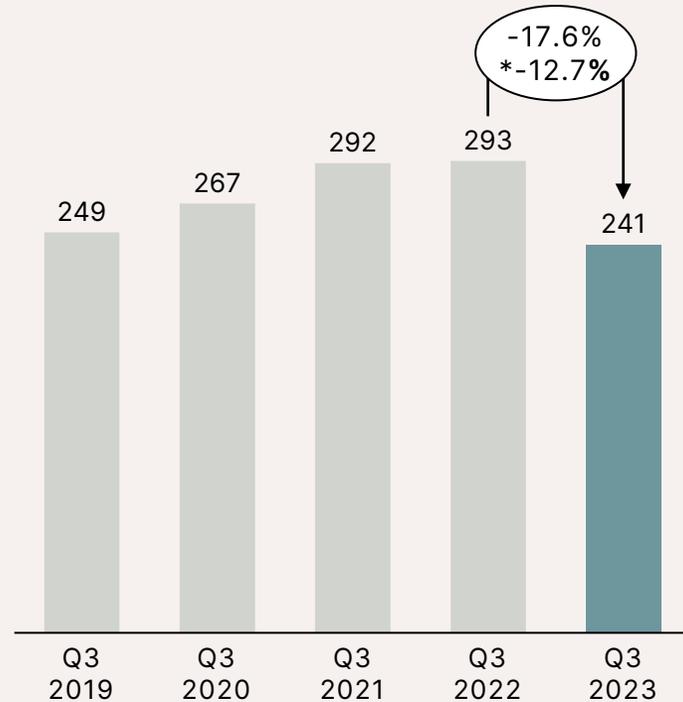
DTC CONTINUED
TO GROW WITH
STRONG GROWTH
ESPECIALLY IN
E-COM

ACCELERATING
OUR GROWTH
STRATEGY:
BUSINESS AREA
FISKARS
ACQUISITION OF
GEORG JENSEN

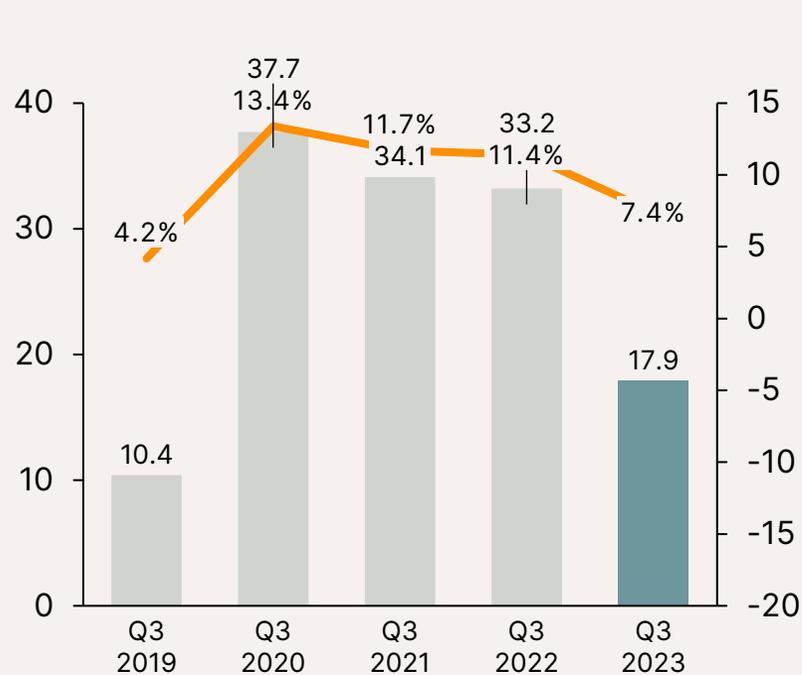
2023 GUIDANCE
UPDATED ON
OCT 12:
COMPARABLE
EBIT EXPECTED
TO BE IN THE
RANGE OF EUR
100-120 MILLION

Q3 2023 Group key figures

NET SALES, EURm



COMPARABLE EBIT (EURm) AND EBIT MARGIN (%)



GROSS MARGIN %

47.2

Q3/2022: 44.9

FREE CASH FLOW EURm

52.9

Q3/2022: -64.2

EARNINGS PER SHARE EUR

0.11

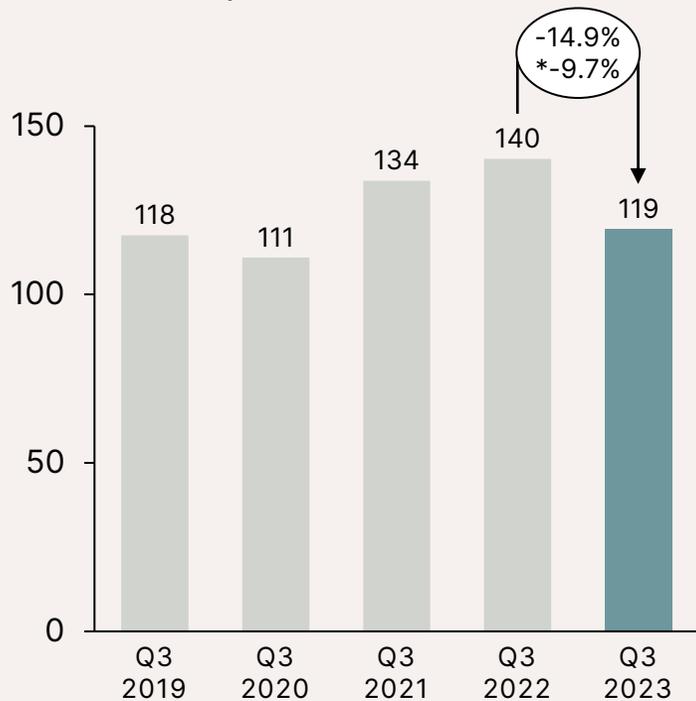
Q3/2022: 0.28

*Comparable change = currency neutral & excl. divestments

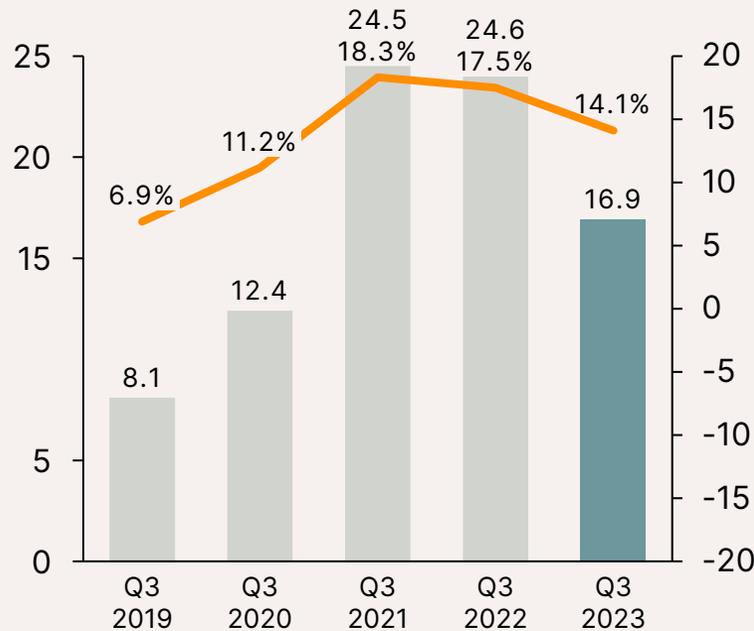


Vita Q3: Own e-commerce continued to develop positively, sales decreased in the retailer channel

NET SALES, EURm



COMPARABLE EBIT (EURm) AND COMPARABLE EBIT MARGIN, %



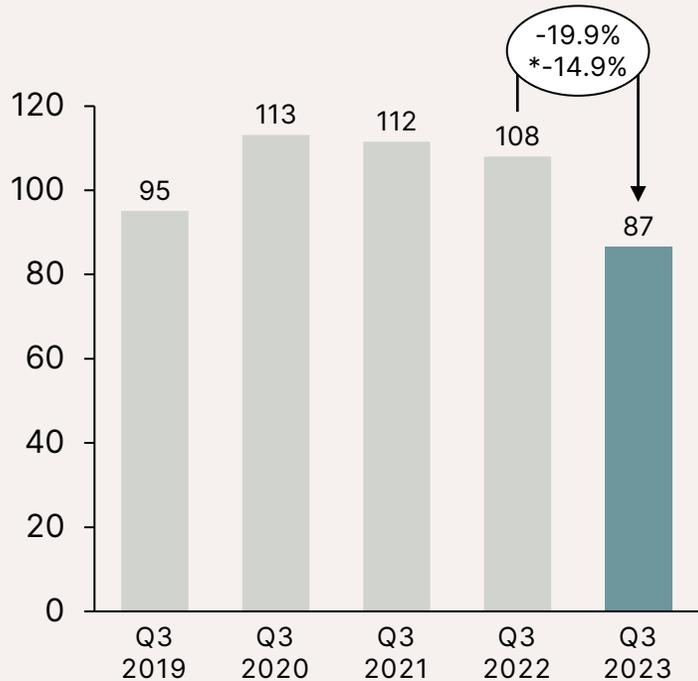
- E-commerce growth driven especially by Moomin Arabia
- EBIT decreased as a result of lower volumes, improved gross margin partially mitigated the impact

*Comparable change = currency neutral & excl. divestments



Terra Q3: Retailers' focus on inventories continued to have a negative impact

NET SALES, EURm



COMPARABLE EBIT (EURm) AND COMPARABLE EBIT MARGIN, %



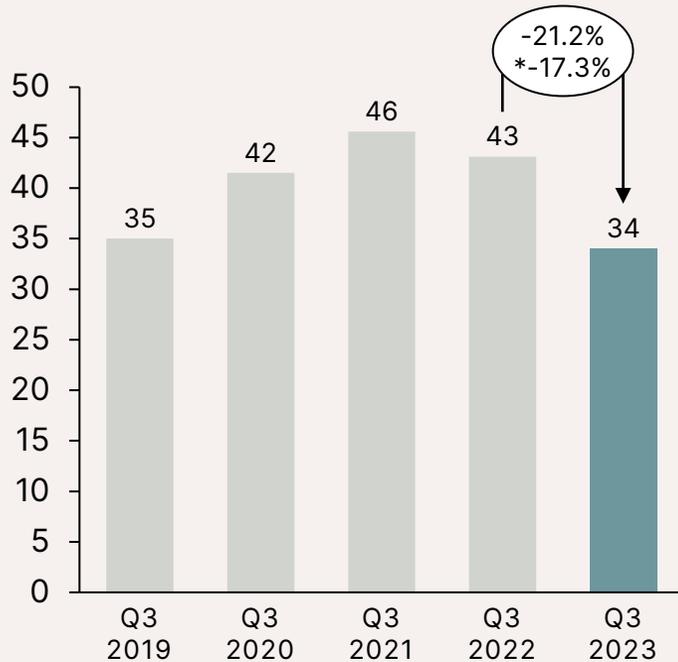
- Net sales decreased especially in Europe; In the U.S., Gerber's sales were supported by distribution footprint expansion
- EBIT decreased due to lower volumes – gross margin improved

*Comparable change = currency neutral & excl. divestments

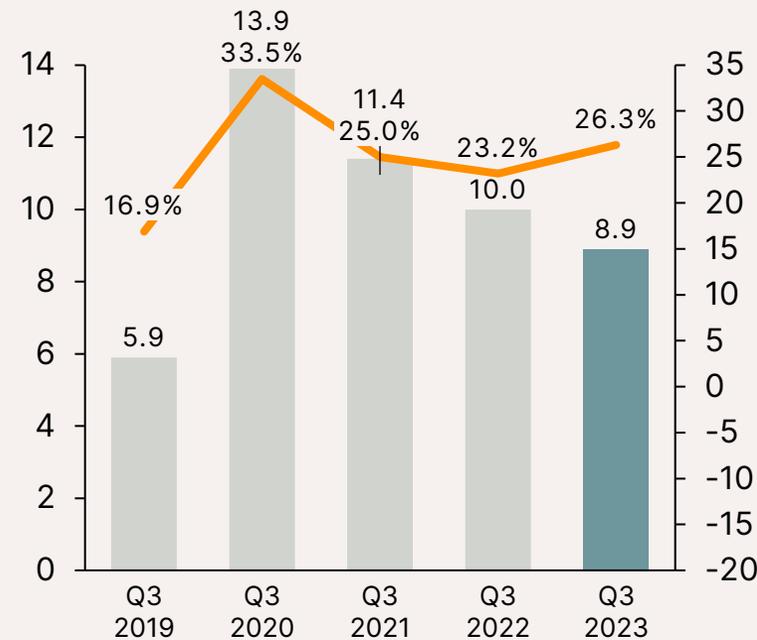


Crea Q3: Strong EBIT margin despite lower volumes

NET SALES, EURm



COMPARABLE EBIT (EURm) AND COMPARABLE EBIT MARGIN, %

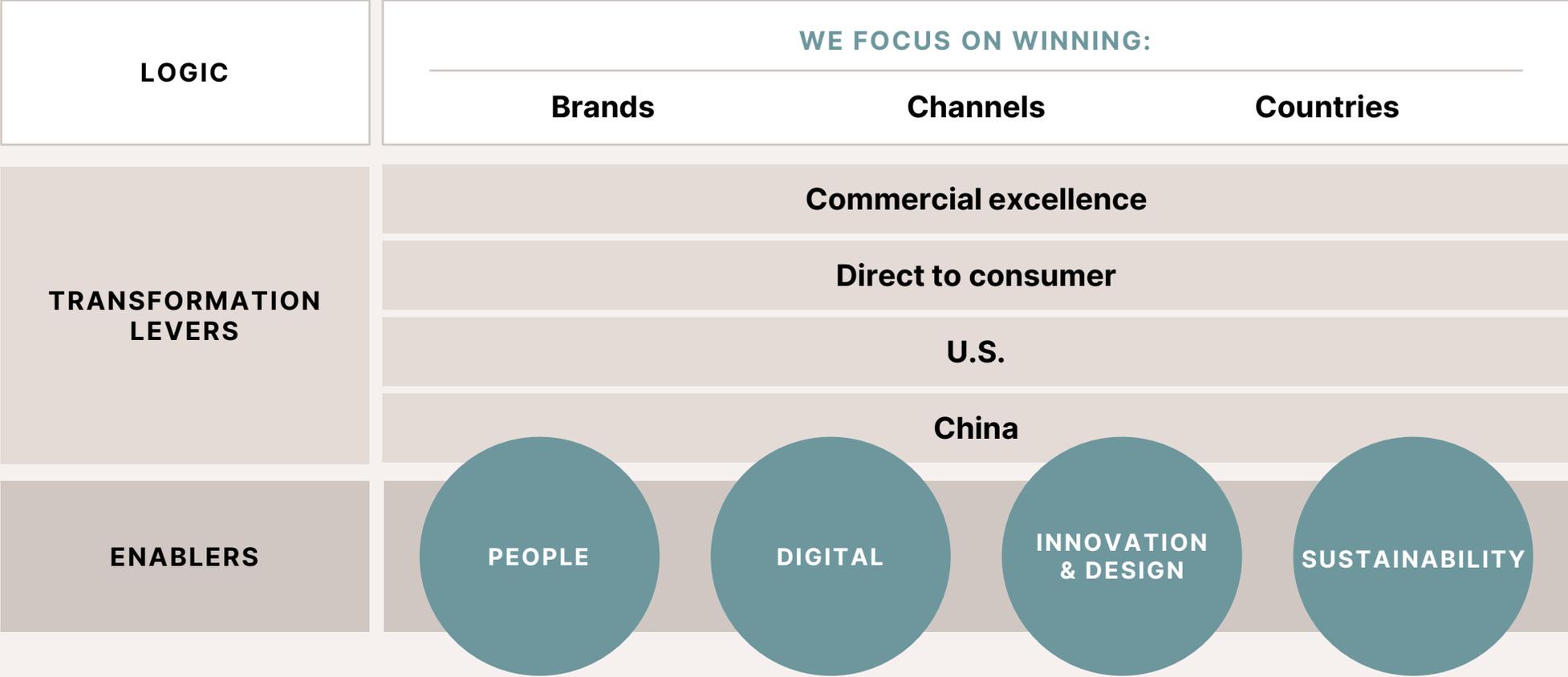


- Sales decreased in Europe as well as in the U.S., where the timing of shipments between Q2 and Q3 had an impact
- EBIT decreased due to lower volumes, but margin improved

*Comparable change = currency neutral & excl. divestments



Our clear Growth Strategy sets the framework for the choices we make



3/4 of transformation levers delivering

	Q3 2023	1-9/2023
Commercial excellence	<ul style="list-style-type: none">Gross margin +240 bps demonstrating power of the brands	<ul style="list-style-type: none">Gross margin +220 bps
Direct to consumer	<ul style="list-style-type: none">DTC: 6% growth; and 25% of net salesE-commerce +16%; own retail network +2%	<ul style="list-style-type: none">DTC: 6% growth; and 22% of net salesE-commerce +19%; own retail network +1%
U.S.	<ul style="list-style-type: none">Net sales -11% as a result of retailers' continued focus on inventory management	<ul style="list-style-type: none">Net sales -16%Decline especially in Terra in H1: shipments in the gardening season were clearly lower
China	<ul style="list-style-type: none">Net sales +14%, local management excelling in a softer economic environment	<ul style="list-style-type: none">Net sales +25%



Continued good progress in our ESG strategy

ENVIRONMENTAL



Net sales from circular products and services



Emissions from own operations (Scope 1 & 2)*



% suppliers by spend have science-based targets

SOCIAL



Zero harm with zero LTAF (Lost time accident frequency)



Measured in connection to the employee engagement survey. Latest survey done in Q2

Inclusion Experience within the top 10% of global high-performing companies

* The company also has a target to reduce greenhouse gas emissions from transportation and distribution (Scope 3) by 30% from a 2018 base year by 2030. Progress in this target is reported once a year.
 **the score is updated every six months with the latest data and might change depending on how the global benchmark develops



Georg Jensen acquisition: Expanding our portfolio of luxury brands

- Renowned Danish lifestyle brand, offering Home and Jewellery products
- Acquisition completed on Oct 1, 2023 for EV of USD 165m (EUR 155m)
 - 9.5x EV/EBITDA* (LTM) on a stand-alone basis
 - 4.7x EV/EBITDA (LTM) with cost synergies, net of integration costs
- Consolidated to the Group's financial reporting, under BA Vita, as of Oct 1, 2023
- Expected to have positive impact on Q4 EBIT

FISKARS GROUP POST TRANSACTION (ILLUSTRATIVE)

>1/3
of net sales from
luxury brands

Another
>100 EURm
brand
in net sales

~1/4
of net sales from
DTC, 45% of Vita
sales

* EV/EBITDA excluding IFRS 16 Leases standard impact

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Organizational changes: speeding up our transformation and increasing efficiency

CHANGES ANNOUNCED IN SEPTEMBER 2023

What

- BAs Terra and Crea combined into the new BA Fiskars – effective in October
- Dr. Steffen Hahn appointed as the EVP for BA Fiskars
- Delaying of some central functions, e.g., supply chain
- Negotiations progressing and expected to be completed by the end of November

Expected outcome

- Reduction of ~400 roles globally
- Total annual cost savings of **~EUR 25m**, majority expected to be realized in 2024
- One-off costs ~EUR 6m, part of which recorded in Q3/2023 and the rest in Q4

Continuation to organizational changes announced and completed in spring 2023

- ~100 roles reduced
- **EUR 30m** annual cost savings, ~half in H2 2023, rest in 2024
- EUR 5m of one-off expenses have been recorded in 2023



Guidance for 2023

(updated on October 12, 2023)

Fiskars expects comparable EBIT to be in the range of EUR 100-120 million (2022: EUR 151.0 million).

Assumptions behind the guidance

- continued volatility of the market environment; low consumer confidence and retailer focus on inventory management affecting demand and sales negatively
- inflation in general and administrative expenses
- investments into key strategic building blocks
- + savings from the targeted organizational changes from H2 onward and prudent cost management
- + EBIT contribution from Georg Jensen in Q4

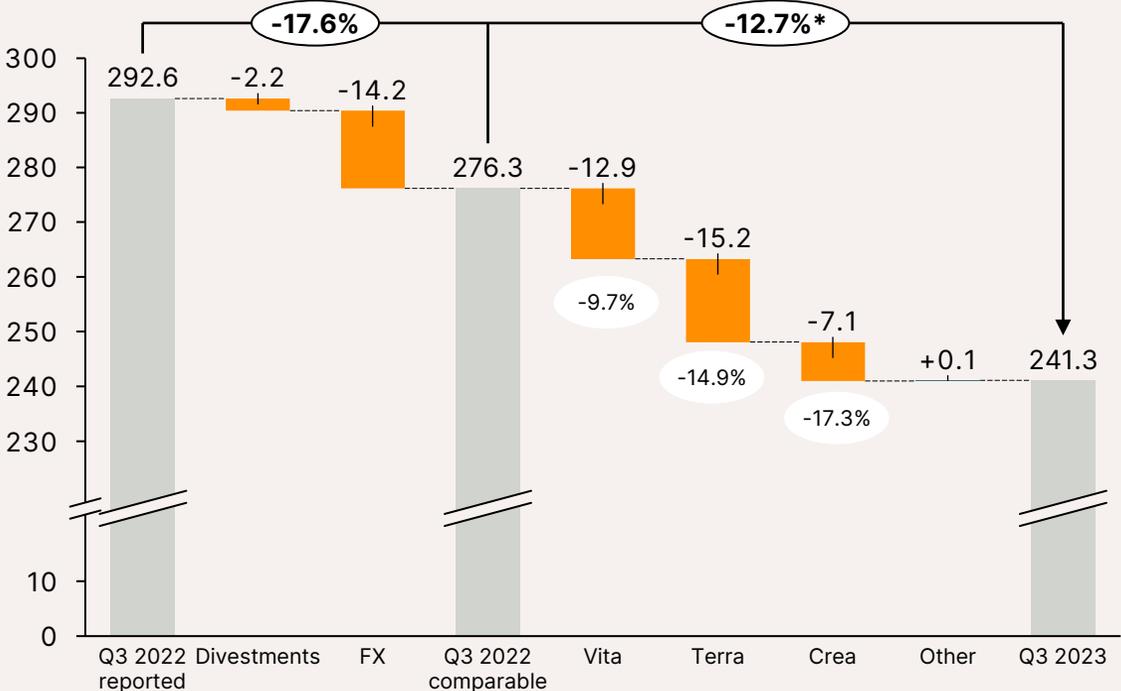


◆ Q3 2023 Financials

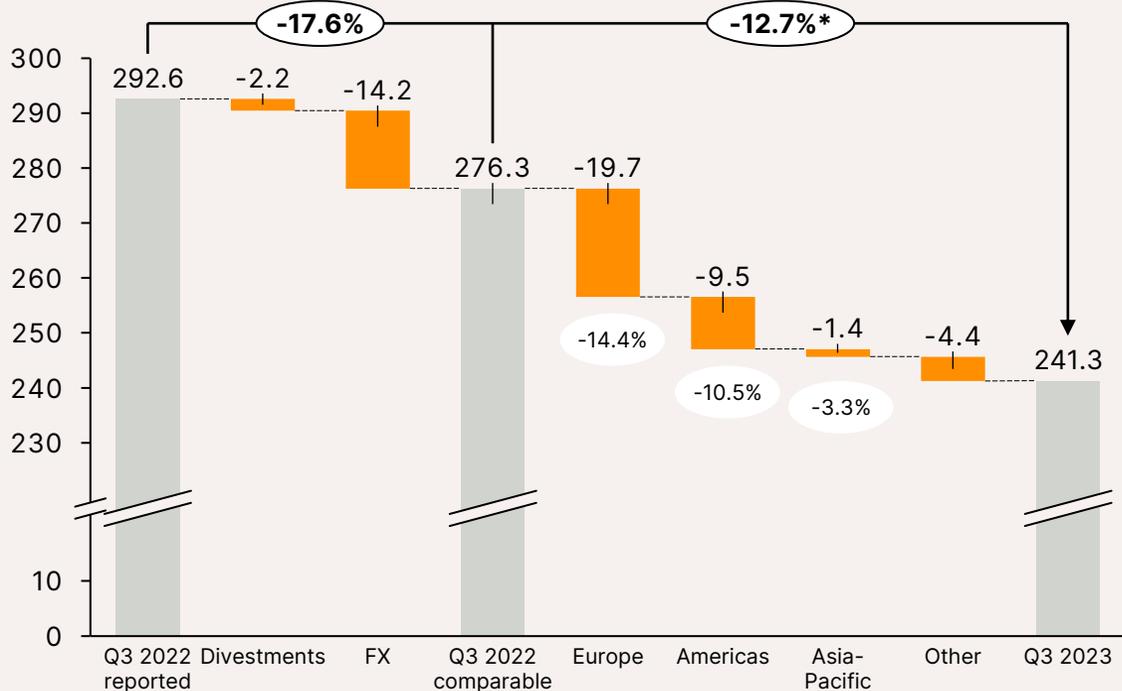


Q3 Net sales declined as low consumer confidence and retailer focus on inventories continued to have an impact

Q3 2023 NET SALES BRIDGE BY BUSINESS AREAS, EURm



Q3 2023 NET SALES BRIDGE BY GEOGRAPHICAL AREAS, EURm

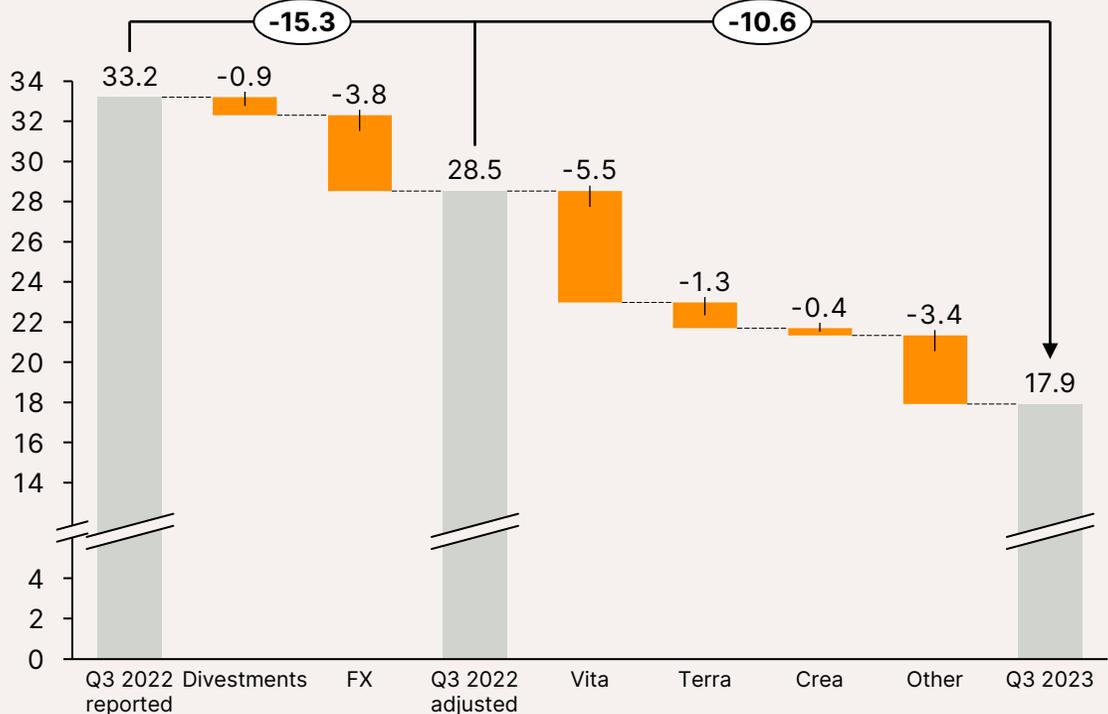


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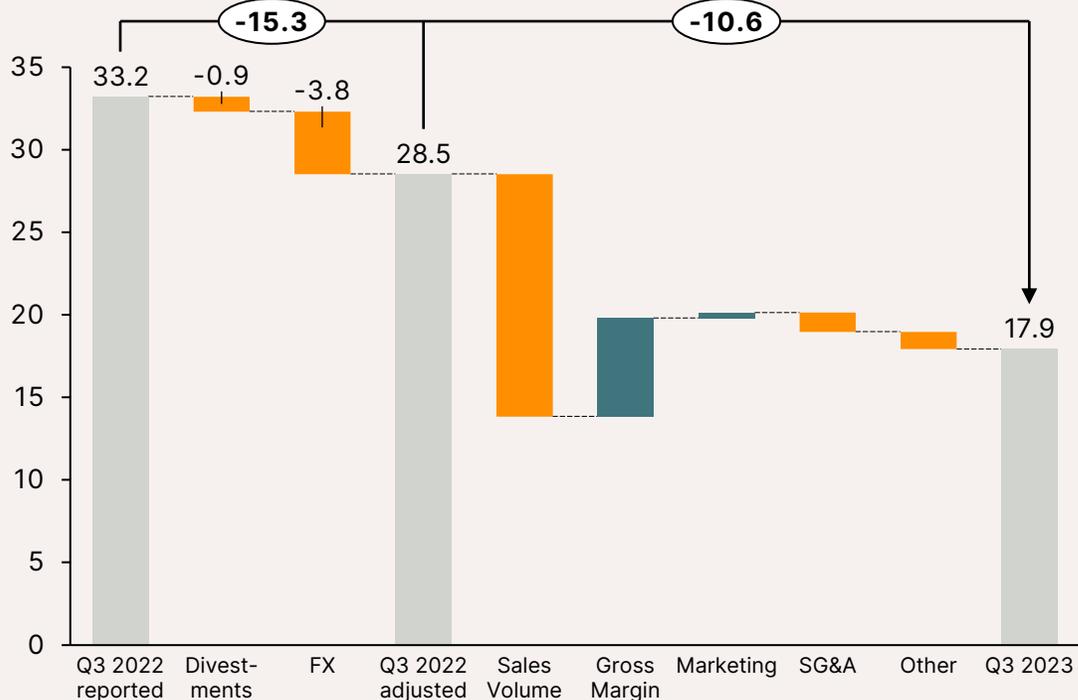


Q3 Gross margin improved clearly, comparable EBIT declined due to volumes

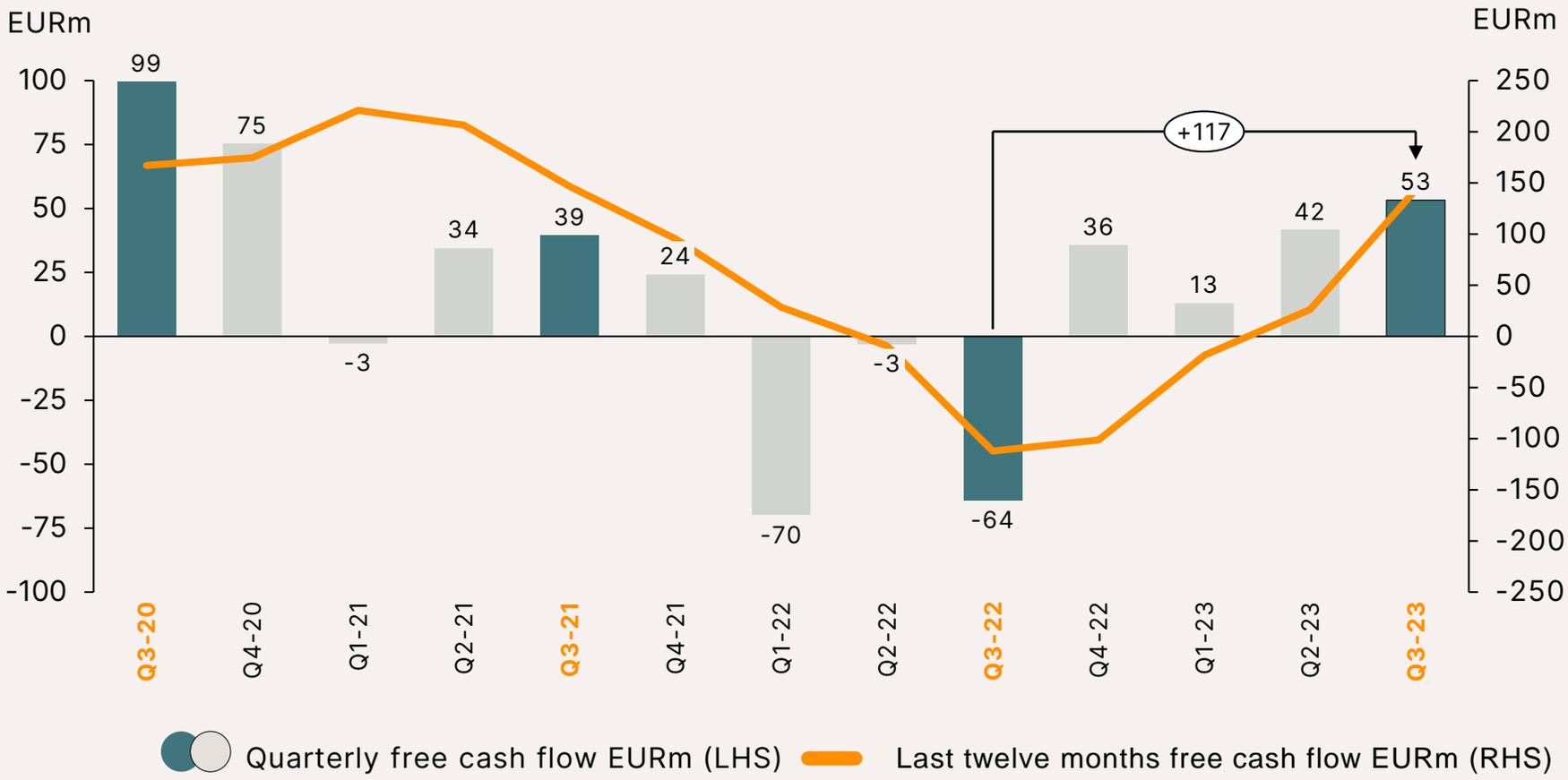
Q3 2023 EBIT BRIDGE BY BUSINESS AREAS, EURm



Q3 2023 EBIT BRIDGE BY COMPONENTS, EURm



Q3 Cash flow increased significantly driven by continued actions to adjust supply volumes

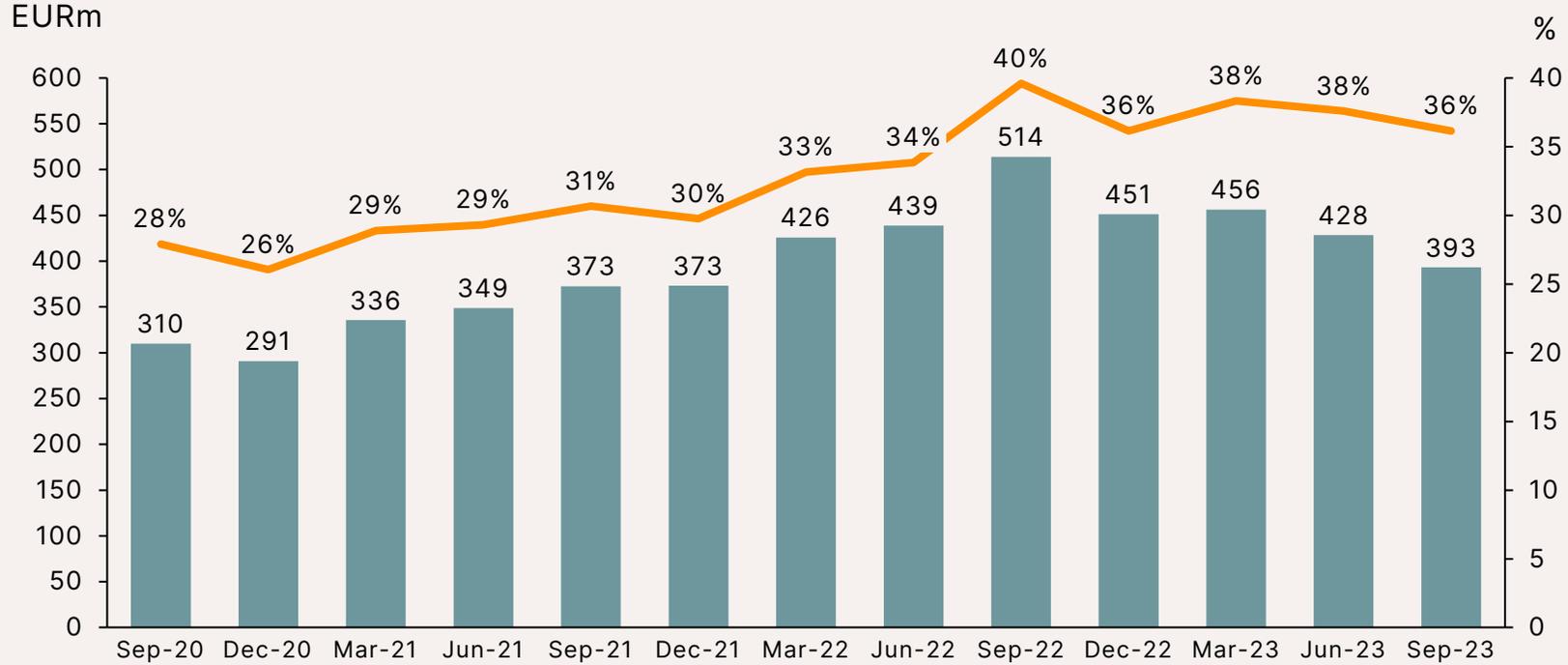


+117
EURm compared to Q3 2022

+245
EURm compared to 1-9/2022



Trade Working Capital reduced by EUR 121 million vs. year-end driven by Terra inventories



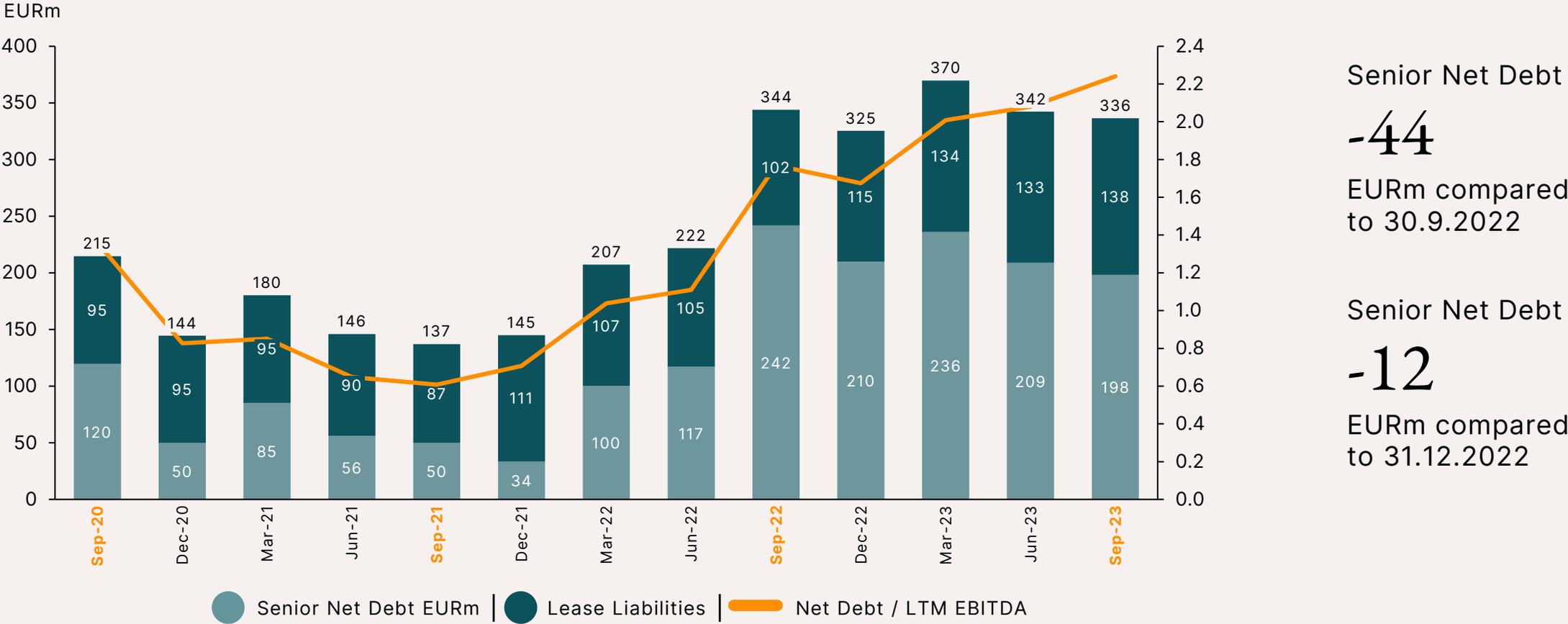
-121
EURm compared to 30.9.2022

-58
EURm compared to 31.12.2022

Inventories	205.3	207.4	219.9	247.1	277.9	306.3	272.5	368.7	397.6	364.7	347.1	311.7	292.8
Trade Rec's	184.4	183.7	220.5	220.3	201.9	206.3	251.1	225.1	209.5	170.5	183.3	176.5	168.2
Trade Pbl's	-79.7	-100.2	-104.7	-118.7	-107.2	-139.3	-97.7	-155.0	-93.2	-83.9	-74.1	-59.9	-67.7
TWC Total	309.9	290.8	335.7	348.6	372.6	373.4	425.8	438.9	513.9	451.3	456.3	428.3	393.2



Net debt decreased in Q3 but still above the year-end level due to increased lease liabilities



Senior Net Debt
~~-44~~
 EURm compared to 30.9.2022

Senior Net Debt
 -12
 EURm compared to 31.12.2022



Capital Employed slightly down from the year-end driven by Trade Working Capital reduction

Capital Employed (EURm)

	<u>30.09.22</u>	<u>31.12.22</u>	<u>30.09.23</u>
GW and other intangible	506	500	506
PPE and biological assets	194	193	198
Capitalised leases (ROU)	97	111	131
Non-Current Assets	797	803	835
Inventories	398	365	293
Trade receivables	209	170	168
Trade payables	-93	-84	-68
Trade Working Capital	514	451	393
Other int-free receivables	73	55	59
Other int-free payables	-232	-203	-187
Operating Capital	1,151	1,107	1,100
Net tax liabilities	-5	3	-4
Capital Employed	1,146	1,109	1,096

Funding (EURm)

	<u>30.09.22</u>	<u>31.12.22</u>	<u>30.09.23</u>
Equity	846	824	802
Interest-bearing debt	296	326	386
Lease liabilities	102	115	138
Cash	-54	-116	-188
Net Debt	344	325	336
Financial assets	-44	-40	-43
Financing Total	1,146	1,109	1,096

Balance Sheet KPI's

	<u>30.09.22</u>	<u>31.12.22</u>	<u>30.09.23</u>
Comparable EBIT margin (LTM)	11.8%	12.1%	9.4%
Capital turnover (average)	1.27	1.22	0.97
ROCE% (LTM)	15.1%	14.8%	9.1%
Cash conversion (LTM)	Negat.	Negat.	271%
Net debt / EBITDA (LTM)	1.77	1.66	2.24
Net debt / equity	41%	39%	42%



Free cash flow delivering, challenging operating environment reflected in progress in sales and EBIT

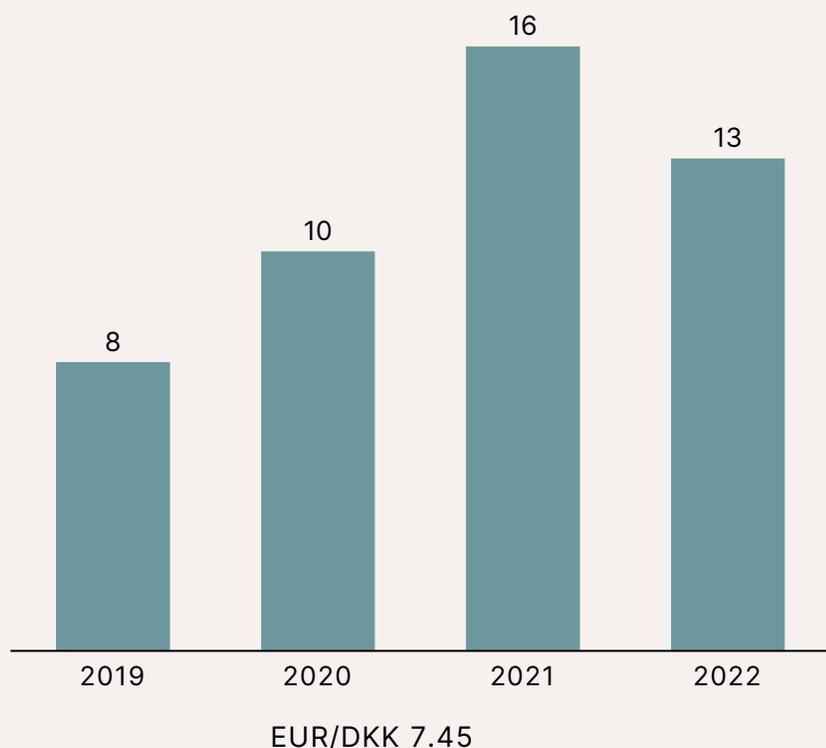
FINANCIAL TARGETS TRACKING

KPI	TARGET		FY 2021		FY 2022		LTM SEPT 2023
NET SALES	Organic, FX neutral Mid-Single-Digit growth	✓	14.2%	✗	1.7%	✗	-12.7%
EBIT	Mid-teen EBIT margin (excl. IAC) by end of 2025	✓	12.3%	≈	12.1%	✗	9.4%
CASH FLOW	Free Cash Flow / Net Profit ≥ 80%	✓	109%	✗	Neg.	✓	271%
BALANCE SHEET	Net Debt / LTM EBITDA ≤ 2.5X	✓	0.7X	✓	1.7X	✓	2.24X



Expected comparable EBIT and IAC impacts from Georg Jensen acquisition

GEORG JENSEN HISTORICAL Q4 EBIT*, EURm



*As published in Georg Jensen's Consolidated Financial Statements and Interim Financial Reports, in accordance with IFRS

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Expected acquisition impact on comparable EBIT in Q4

Positive **organic EBIT contribution**

Negative impact from **amortization of intangible assets** not material (low single digits on annual level)

Other recognized and expected PPA impacts in Q4

Most of the fair value is expected to be addressed to the inventory (valued at net realizable value) and Georg Jensen trademark

Inventory write-up impact on EBIT will be reported as IAC in line with market practice. Trademark is not amortized, but tested for impairment annually

Negative impact on EPS in Q4/2023 and in 2024 (approx. one year inventory turnover)

*At the date of publication of Q3 2023 interim report, purchase price allocations and other calculations have not been finalized.





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Fiskars Group's Capital Markets Day 2023



Date: November 2, 2023 at 14:00-16:00 EET

Place: At Fiskars Group's headquarters in Espoo + the event will also be webcasted

Agenda: To present an update on the progress of the Growth Strategy and our value creation model

More information and a registration link can be found on Fiskars Group's website
<https://fiskarsgroup.com/investors/capital-markets-day/>



Fiskars Group 2023



*Thank
you!*



OCTOBER 26, 2023



Appendix

Consolidated Q3/YTD September 2023 income statement

Q3/YTD September P&L KEY FIGURES, EURm

	Q3		YTD September	
	2023	2022	2023	2022
Net sales	241.3	292.6	784.0	944.3
Comparable gross profit	113.9	131.2	366.8	421.4
Sales and marketing	-62.8	-66.7	-192.8	-201.9
Research and development	-4.3	-4.8	-14.7	-15.1
General admin	-29.4	-28.2	-88.4	-88.0
Other income/expenses, net	0.7	1.7	1.6	4.9
Comparable EBIT	17.9	33.2	72.6	121.3
Items affecting comparability	-4.2	-3.8	-7.7	-11.0
EBIT	13.7	29.4	64.9	110.3
Profit for the period	8.9	22.8	42.1	87.7
Comparable Gross Margin	47.2%	44.8%	46.8%	44.6%
Comparable EBIT Margin	7.4%	11.3%	9.3%	12.8%

Key Takeaways

Gross margin +240bps (Q3), and +220bps (YTD) vs. LY

Operational expenses down EUR 3.2m (Q3), and EUR 9.1m (YTD) vs. LY

- Sales and marketing down EUR 3.9m (Q3) and EUR 9.1m (YTD)
- G&A up EUR 1.2m (Q3) and EUR 0.4m (YTD)

Comparable EBIT down EUR 15.3m (Q3) and EUR 48.7m (YTD) vs. LY



Q3/YTD September 2023 Cash flow

Q3 and YTD Cash Flow vs. LY (EURm)

	Q3		YTD	
	2023	vs. LY	2023	vs. LY
EBITDA	31	-15	114	-41
Non-cash adjustments	0	+1	1	+16
Cash Flow from operations	31	-14	116	-25
Change in inventories	23	+45	79	+185
Change in trade rec's	10	-10	-15	-25
Change in trade Pbl's	8	+70	-16	+31
Change in TWC	41	+105	49	+191
Change in in other int.free items	-4	+22	-18	+65
Change in NWC	37	+127	31	+256
CAPEX (net)	-12	-1	-32	+1
Operating Cash Flow	56	+112	114	+233
Taxes paid	-3	+4	-6	+12
Free Cash Flow	53	+117	108	+244

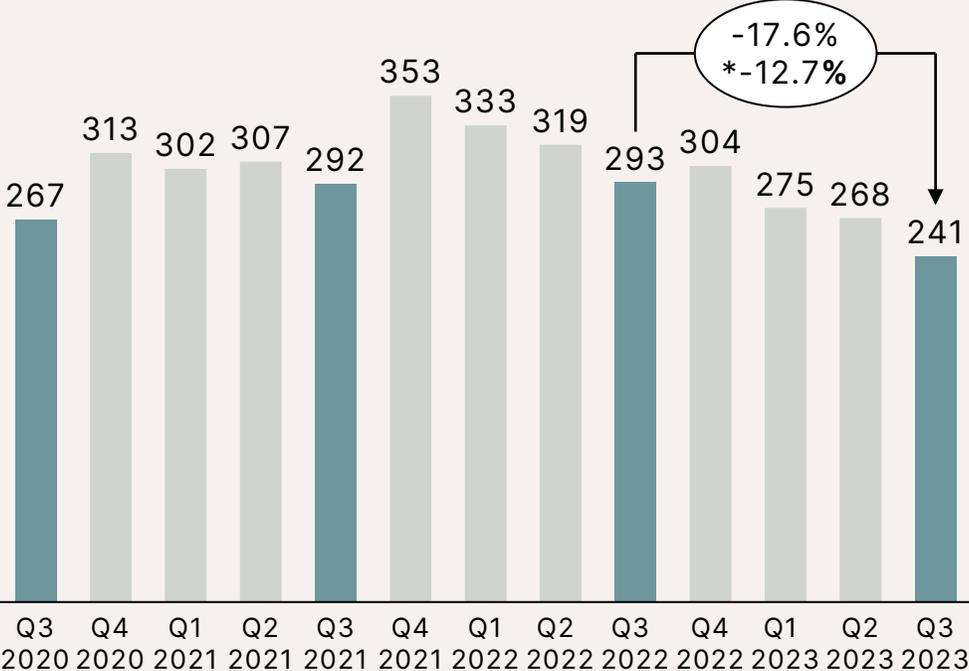
Q3 and YTD Change in Cash vs. LY (EURm)

	Q3		YTD	
	2023	vs. LY	2023	vs. LY
Cash Balance period opening	42	-32	116	+84
Translation difference	-	+1	-1	-5
Free cash flow	53	+117	108	+244
Dividends/ share buy-backs	-33	+6	-65	+14
Financial Items, net	-3	+2	-9	+2
M&A and Divestments	-	+9	0	-35
Change in L-T debt	-0	-0	-0	-0
Payments of lease liabilities	-7	-1	-21	-0
Change in other S-T debt	136	+32	59	-169
Other non-operational changes	0	-0	2	-2
Cash Balance, period closing	188	+134	188	+134

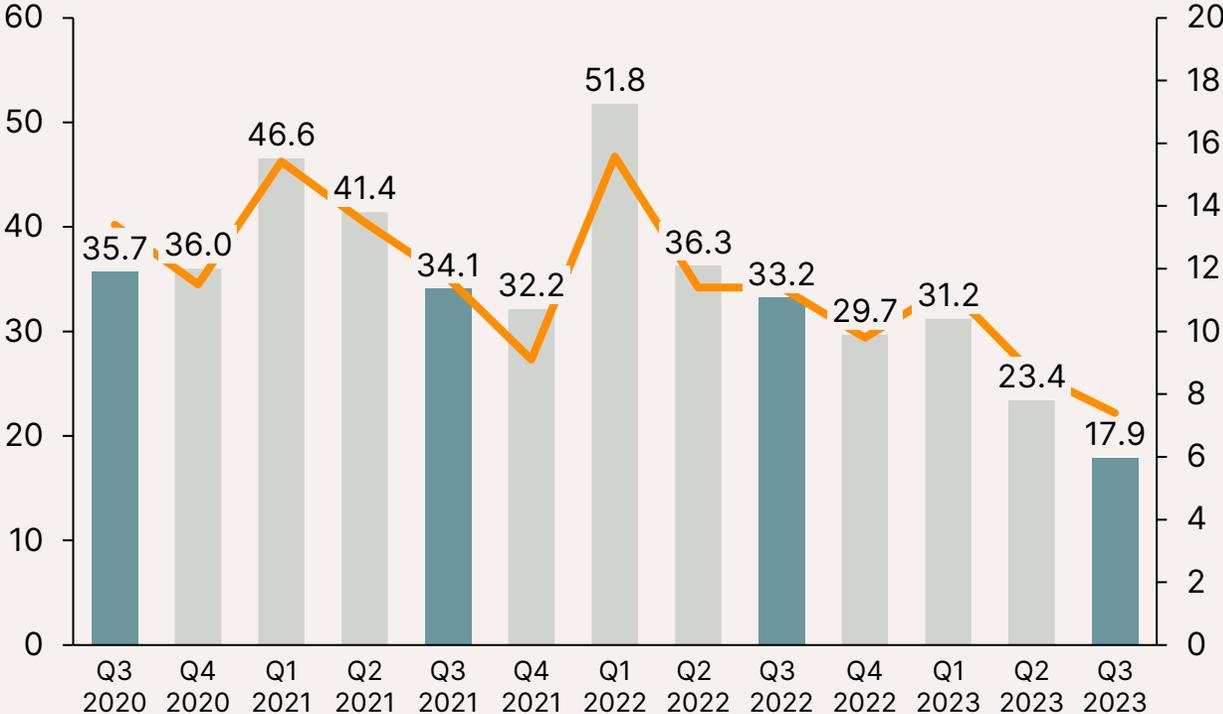


Fiskars Group's quarterly development – last 3 years

NET SALES, EURm



COMPARABLE EBIT (EURm AND EBIT MARGIN, %)

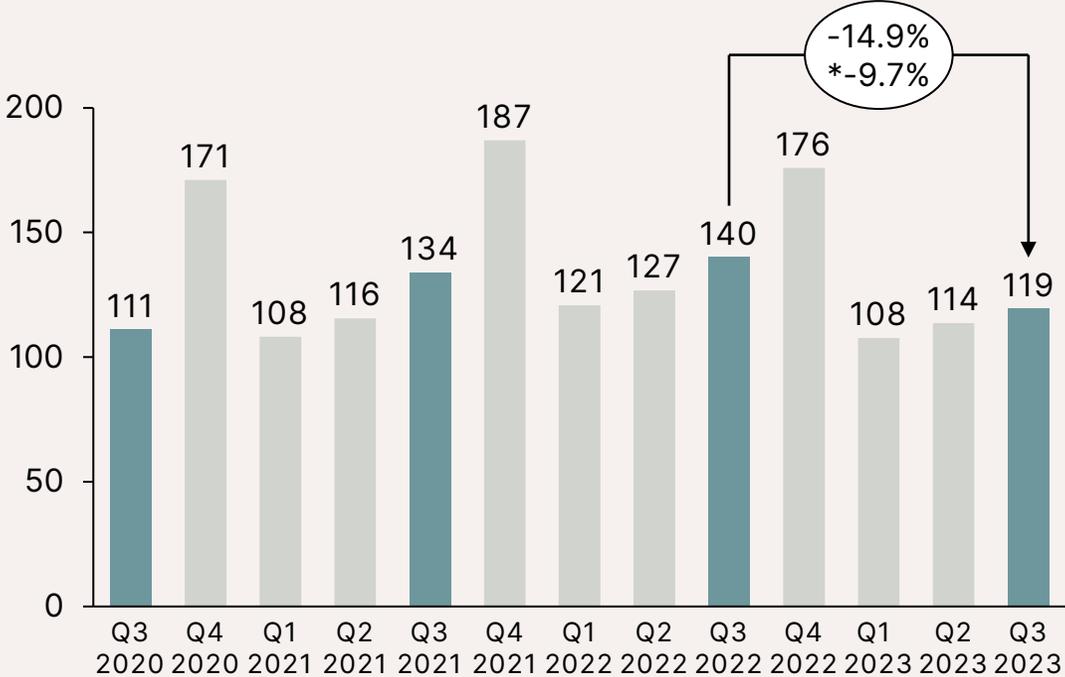


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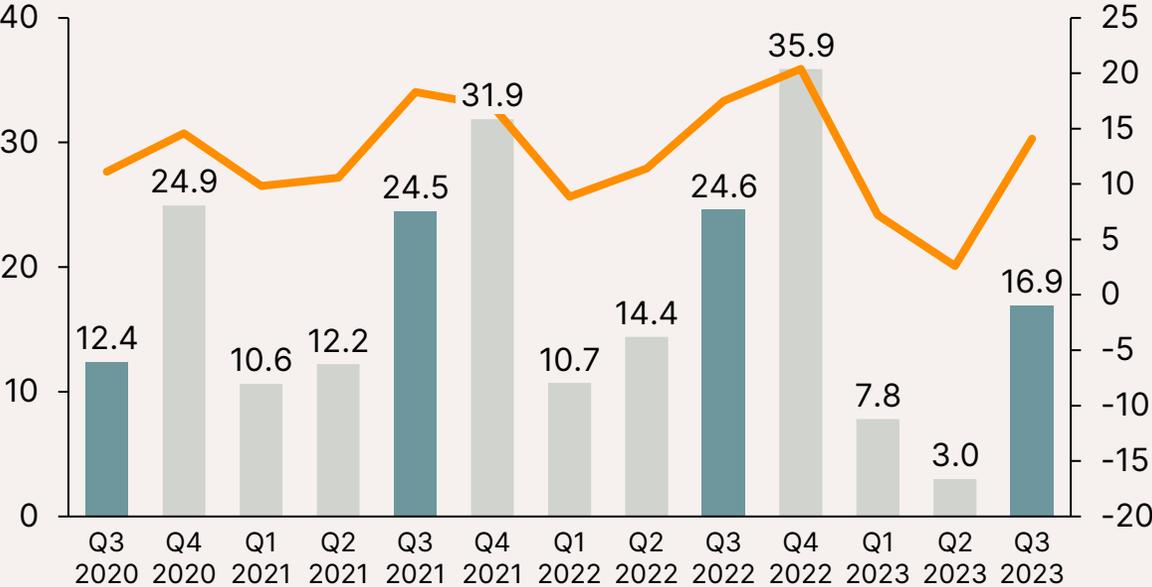


BA Vita's quarterly development – last 3 years

NET SALES, EURm



COMPARABLE EBIT (EURm) AND EBIT MARGIN, %

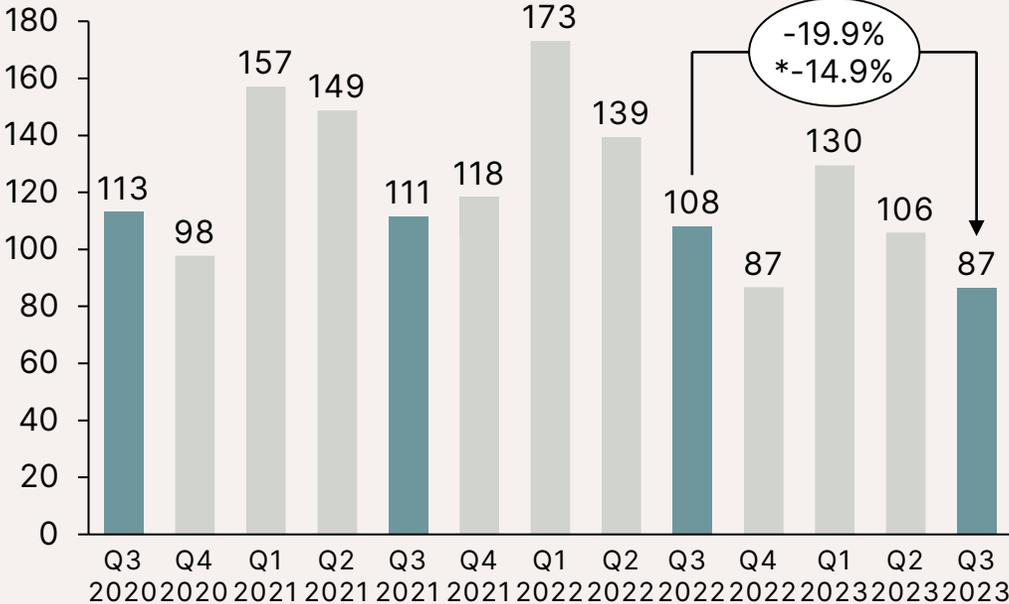


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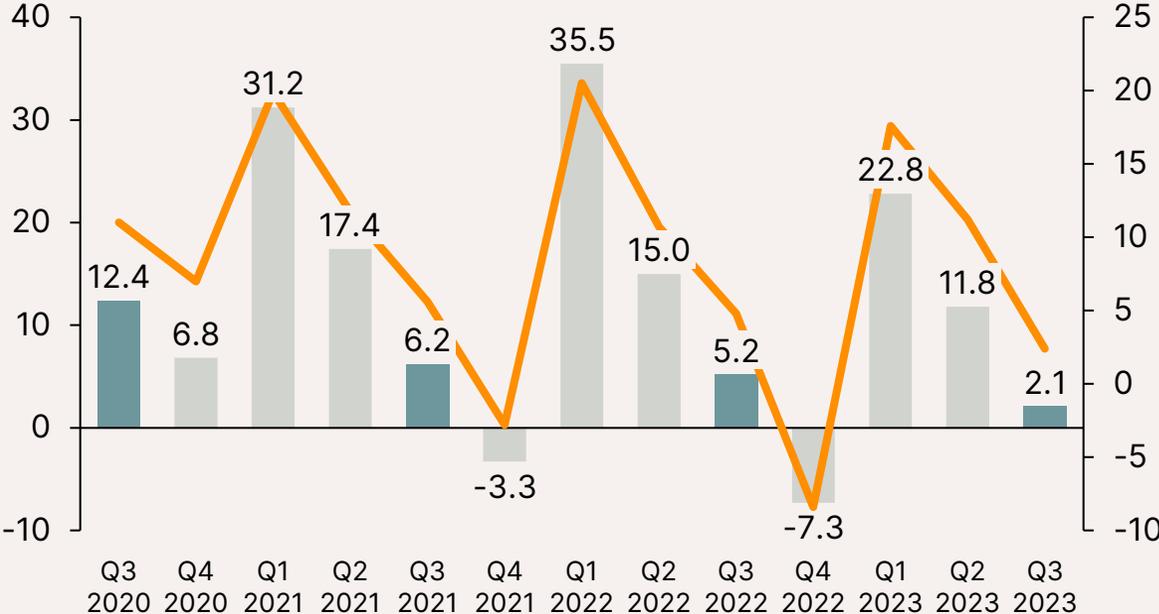


BA Terra's quarterly development – last 3 years

NET SALES, EURm



COMPARABLE EBIT (EURm) AND EBIT MARGIN, %

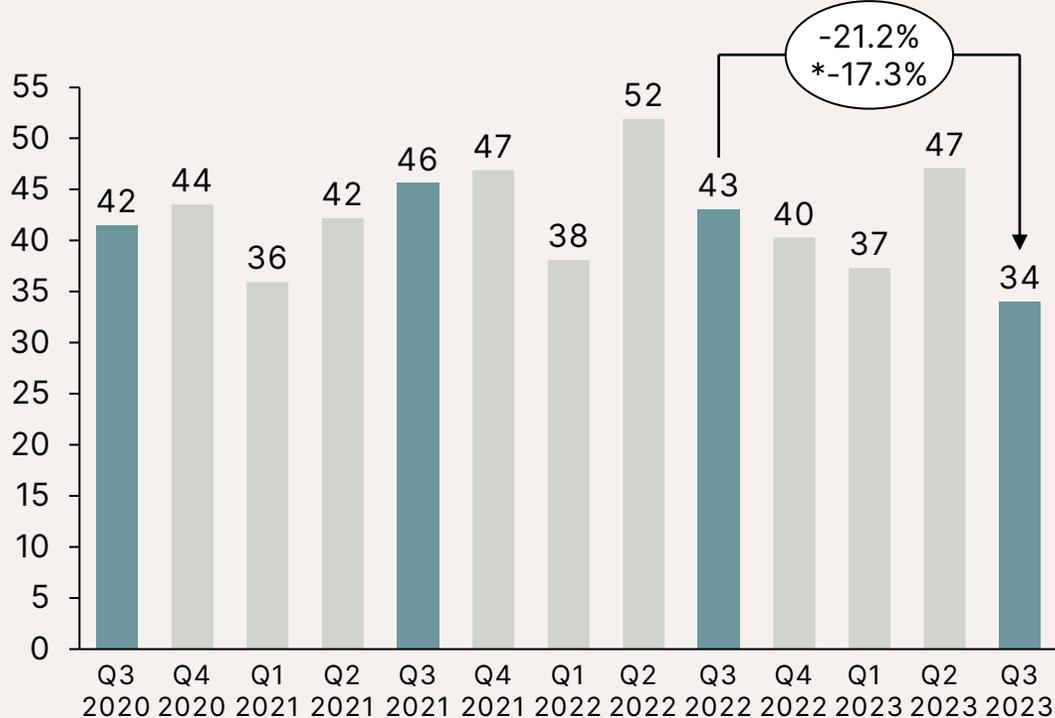


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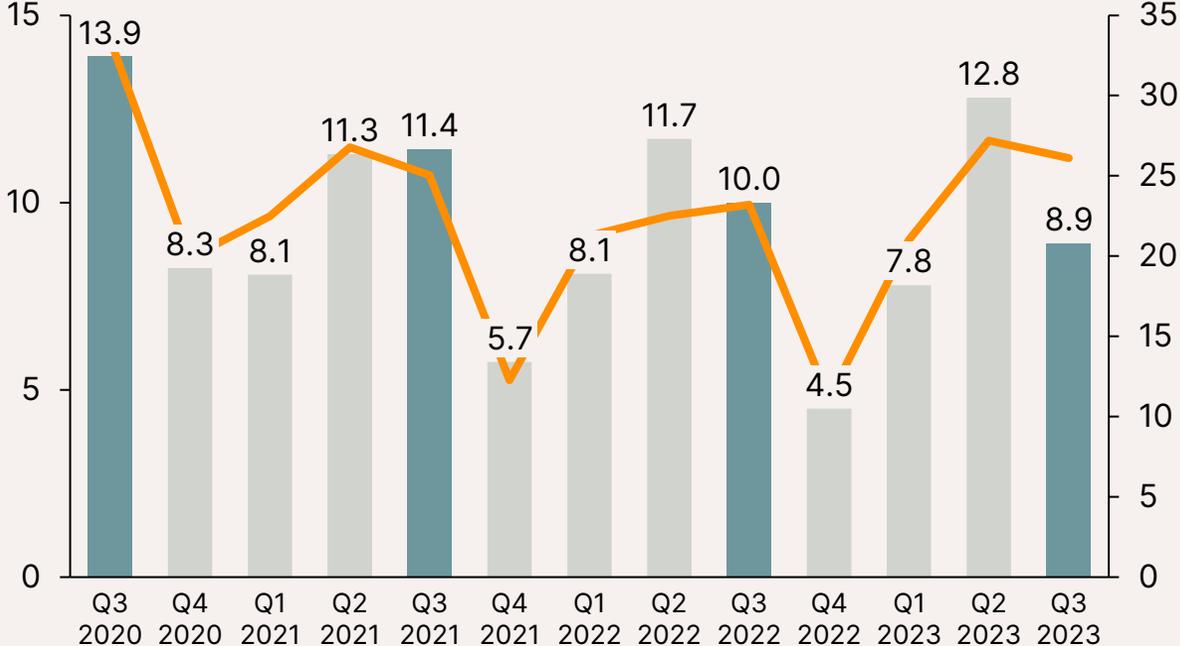


BA Crea's quarterly development – last 3 years

NET SALES, EURm



COMPARABLE EBIT (EURm) AND EBIT MARGIN, %



*Comparable change = currency neutral & excl. divestments

