

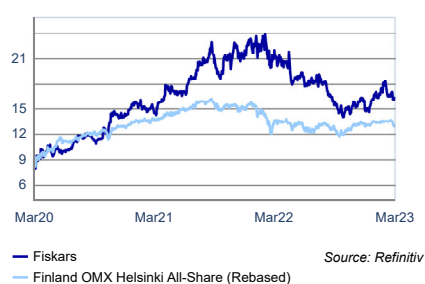
## Fiskars

Consumer Goods  
Finland

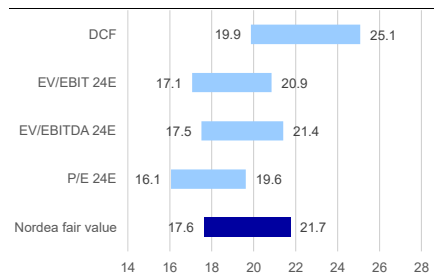
## KEY DATA

Stock country	Finland
Bloomberg	FIS1V.FH
Reuters	FSKRS.HE
Share price (close)	EUR 16.62
Free Float	58%
Market cap. (bn)	EUR 1.35/EUR 1.35
Website	fiskarsgroup.com
Next report date	27 Apr 2023

## PERFORMANCE



## VALUATION APPROACH (EUR/SHARE)



## ESTIMATE CHANGES

Year	2023E	2024E	2025E
Sales	n.a.	n.a.	n.a.
EBIT (adj)	n.a.	n.a.	n.a.

Source: Nordea estimates

## Nordea IB &amp; Equity - Analysts

Joni Sandvall  
AnalystSvante Krokfors  
Director

## Setting the table for future growth

Fiskars is a global home for design-driven indoor and outdoor living brands. Its product offering ranges across a wide variety of segments, with gardening and tableware being the most important. Europe and the US are its main markets, but strategically, the company aims to expand further in the US and China. The company's growth-driven strategy leans on commercial excellence and higher direct-to-consumer sales. Fiskars targets mid-single-digit organic growth, with a mid-teens EBIT margin, by 2025. Following what we believe will be a challenging 2023, we expect the company to continue to grow in line with its targets and to reach a 13.4% adjusted EBIT margin for 2025, up from 12.1% in 2022. We initiate coverage with a DCF- and multiples-based fair value range of EUR 17.6-21.7.

## A global brand house with premium and luxury offerings

Fiskars offers indoor and outdoor products through three business areas. Thanks to multiple efficiency programmes over the past decade, Fiskars has become an integrated consumer goods company with a strong brand portfolio, including the tableware, drinkware, interior, gardening and outdoor categories. Europe is its top market, with 48% of sales in 2022, while the US and China are in focus now, in accordance with the company's strategy. Fiskars aims to improve its organic sales growth and profitability through commercial excellence and a higher share of direct-to-consumer sales (21% in 2022). Lastly, the outlook for global luxury products (25% of company sales) appears to be strong, according to market studies.

## Growth targets seem realistic after a more challenging 2023

Fiskars targets mid-single-digit organic growth, with a mid-teens adjusted EBIT margin by 2025. Sales in China showed a 50% CAGR in 2017-22; we expect double-digit growth to continue. The Vita business area is likely to be the growth and profitability driver in 2023-25. We also expect the ongoing organisational changes to start supporting earnings from H2 2023. Following a more challenging 2023 (we estimate a 3% y/y organic growth decline), we forecast 4-5% organic growth for 2024-25, and expect Fiskars to reach a 13.4% adjusted EBIT margin for 2025 (12.1% in 2022).

## We derive a fair value range of EUR 17.6-21.7 per share

We derive a DCF- and multiples-based fair value range of EUR 17.6-21.7. Our peer group suggests a fair value range of EUR 16-21, while our DCF valuation suggests a fair value range of EUR 20-25.

## SUMMARY TABLE - KEY FIGURES

EURm	2019	2020	2021	2022	2023E	2024E	2025E
Total revenue	1,090	1,116	1,254	1,248	1,191	1,247	1,295
EBITDA (adj)	137	185	216	210	200	220	234
EBIT (adj)	78	109	154	151	143	161	173
EBIT (adj) margin	7.1%	9.8%	12.3%	12.1%	12.0%	12.9%	13.4%
EPS (adj, EUR)	0.84	0.96	1.20	1.40	1.33	1.50	1.62
EPS (adj) growth	-23.8%	13.9%	24.6%	16.8%	-4.7%	12.2%	8.6%
DPS (ord, EUR)	0.56	0.60	0.76	0.80	0.84	0.88	0.92
EV/Sales	1.1	1.2	1.6	1.3	1.3	1.1	1.1
EV/EBIT (adj)	15.3	12.6	13.2	10.5	10.6	8.9	8.1
P/E (adj)	13.3	15.6	19.2	11.0	12.5	11.1	10.2
P/BV	1.2	1.6	2.3	1.5	1.6	1.5	1.4
Dividend yield (ord)	5.0%	4.0%	3.3%	5.2%	5.1%	5.3%	5.5%
FCF Yield bef A&D, lease	3.5%	11.8%	3.4%	-10.6%	16.9%	10.8%	8.1%
Net debt	262	144	145	324	160	82	44
Net debt/EBITDA	2.2	0.8	0.7	1.7	0.8	0.4	0.2
ROIC after tax	6.0%	8.6%	12.8%	11.0%	10.1%	12.2%	13.2%

Source: Company data and Nordea estimates

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# Factors to consider

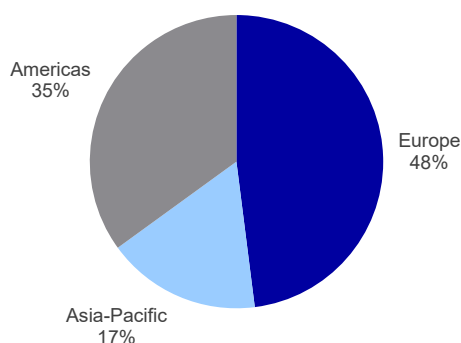
Fiskars is a global, design-driven home for indoor and outdoor living brands. The company is present in 100 countries across Europe, Asia and the Americas. It operates via three business areas: Vita, Terra and Crea. In 2022, Fiskars had net sales of EUR 1,248m, with adjusted EBIT of EUR 151m, corresponding to a 12.1% margin. Fiskars' strategy focuses on stepping up growth to the mid-single digits and achieving an adjusted EBIT margin improvement, mainly from a higher gross margin. The US and China are likely to play a crucial role in achieving top-line and profitability targets. With favourable exposure to the vibrant Chinese market, we expect the largest business area, Vita, to be the growth engine in 2023-25 and to account for 47% of sales and 62% of group EBIT by 2025. After a challenging 2023, we model 4-5% organic growth for 2024-25 and that the adjusted EBIT margin will reach 13.4% for 2025. We initiate coverage with a DCF- and multiples-based fair value range of EUR 17.6-21.7.

## Fiskars Group's three business areas

Three business areas, with main markets in Europe, the Americas and Asia-Pacific

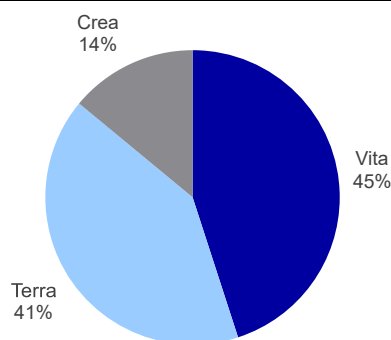
Fiskars has divided its operations into three business areas. In addition, the company has around 11,000 hectares of productive forestland, as well as other culturally and historically important properties in Finland. At the group level, Europe accounted for 48% of sales in 2022, with the Americas at 35% and Asia-Pacific at 17%.

GEOGRAPHICAL SALES SPLIT, 2022



Source: Company data

DIVISIONAL SALES SPLIT, 2022



Source: Company data

Vita is the largest business area, with premium and luxury products for Tableware, Drinkware and Interior, and a high share of DTC sales

The **Vita** business area offers premium and luxury products for the Tableware, Drinkware and Interior categories. It consists of brands such as Iittala, Royal Copenhagen, Waterford and Wedgwood. Vita accounted for 45% of group sales in 2022 and its main markets are Europe, Asia-Pacific and the Americas. Direct-to-consumer (DTC) accounted for as much as 42% of sales in 2022.

Terra is strong in the Americas and Europe in Gardening, Watering and Outdoor

The **Terra** business area consists of the Gardening, Watering and Outdoor categories. The brands include Fiskars and Gerber. Terra accounted for 41% of group sales in 2022, and its main markets are the Americas and Europe.

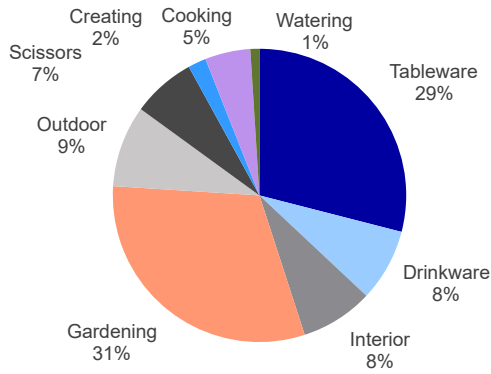
Crea's products belong to Scissors and Creating, as well as Cooking

The **Crea** business area consists of the Scissors and Creating categories, as well as Cooking, mainly through the Fiskars brand. Crea accounted for 14% of group sales in 2022, and its main markets are the Americas and Europe.

Gardening and Tableware are Fiskars Group's top product categories

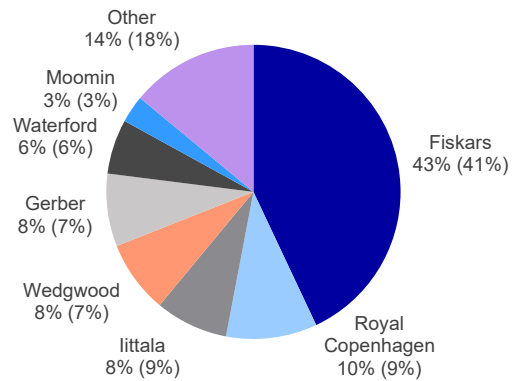
Looking at the category sales split, Gardening (Terra) and Tableware (Vita) are the two largest categories, each accounting for ~30% of sales.

**GROUP SALES SPLIT BY CATEGORY, 2022**



Source: Company data

**GROUP BRAND SALES SPLIT, 2022 (2021)**



Source: Company data

High share of luxury brands, while the classic Fiskars brand accounts for over 40% of sales

Fiskars Group has a wide range of well-known brands, of which Fiskars is by far the most important, with 43% of group sales in 2022. Fiskars Group claims that ~25% of its sales are from luxury goods brands, which include Royal Copenhagen, Wedgwood and Waterford.

**Strategy and financial targets**

Fiskars Group's strategy focuses on growth

Fiskars Group's strategy is a pronounced growth strategy, focusing on winning brands, winning channels and winning selected countries. The transformation levers are commercial excellence, DTC, an increased presence in the US and continued strong growth in China. The enablers are people, digital, innovation and design, and sustainability.

Commercial excellence is a cornerstone of Fiskars Group's strategy and is relevant across all three business areas

**Commercial excellence**

Fiskars Group aims to grow through the right retail partners and, due to its strong brand recognition, it has good access to the largest retailers in its markets. The company is striving for a more dynamic pricing model, both within its retail partners as well as in DTC.

The company targets enhanced visibility within retailers and an increased focus on its own DTC capabilities, by investing in digital channels. In some markets, Fiskars Group has only limited distribution and product coverage. For example, in the US, the Gerber brand has significant untapped potential, and in China, Wedgwood is the leading brand, but a number of other brands still have untapped potential.

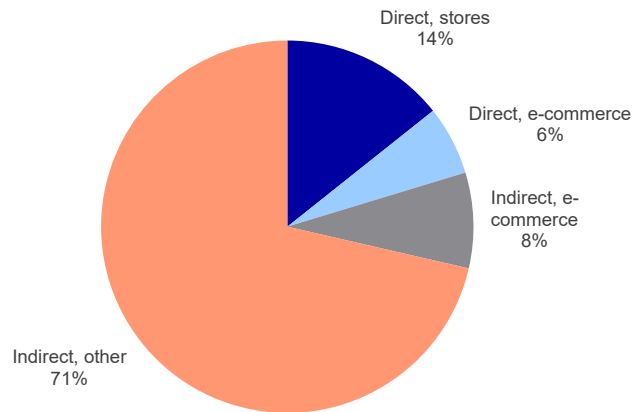
**Direct-to-consumer (DTC)**

DTC sales are important in driving both Fiskars Group's growth, as well as improving its gross margin and EBIT margin

Fiskars Group aims to strengthen its DTC business to win in this channel, which includes both e-commerce, as well as its own stores in some markets, especially in China. The company aims to invest significantly in digital and related capabilities.

In 2022, 21% of Fiskars Group's net sales came from the DTC channel, with ~14% of group sales from own stores and ~6% from direct e-commerce. Indirect e-commerce accounted for ~8% of sales and other indirect (mainly retail partners) for ~71% of group sales.

**SALES SPLIT BY CHANNEL, 2022**



Indirect sales are still a major part of Fiskars' sales

Source: Company data

**The US is Fiskars Group's biggest market**

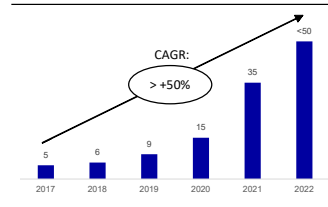
35% of group sales come from North America...

The US market is important for Fiskars Group, as it accounted for more than 30% of sales in 2022. North America (US and Canada) accounted for 35% of group sales in 2022. The company sees several growth drivers in the future.

...where the company has a strong presence at key big-box retailers and e-commerce partners

The US is a demand driver for branded consumer products. Fiskars is a leading gardening brand in the US market and already has a strong presence at key big-box retailers and significant e-commerce partners. In the US, the Fiskars product portfolio is not fully utilised. Gerber has untapped potential, but the Vita turnaround in the US is already progressing well.

**CHINA SALES GROWTH (%)**



Source: Company data

**Growth in China**

Fiskars Group sales in China showed a CAGR of over 50% during 2017-22. Although China still represents less than EUR 50m in sales, at present, or less than 4% of group sales, Fiskars Group sees strong market demand in China and will continue to focus on growing sales in the market.

Growth has been driven by Wedgwood, which, according to the company, commands a number one position in its category (luxury tableware). Fiskars Group aims for continued leadership with Wedgwood and sees further opportunities from other brands in its portfolio (Royal Copenhagen leveraged only since 2021).

Fiskars Group's transformation is proceeding according to plan

**Transformation process is progressing well**

The transformation of the group is progressing according to the company's plan, in the main, despite weakening performance in H2 2022.

- **Winning brands:** Fiskars currently has five brands with annual sales exceeding EUR 100m.
- **Direct-to-consumer (DTC):** For example, the Vita business area brands Royal Copenhagen and Wedgwood have more than 50% of sales coming from the DTC channel.
- **Brand positioning:** In 2022, 25% of Fiskars Group's net sales were derived from luxury brands.
- **From turnaround to winning brand:** During 2022, the Wedgwood brand became a winning brand, from having been classified as a turnaround brand.

Financial targets include growth, profitability, cash flow, balance sheet and dividends

### Long-term financial targets

In November 2021, at the last CMD, Fiskars Group published new long-term financial targets for the next four-year period. The long-term financial targets cover five areas: growth, profitability, cash flow, balance sheet and dividend.

- **Growth:** Annual, FX-neutral organic net sales growth of approximately 5% (mid-single digit).
- **Profitability:** Comparable EBIT margin to reach approximately 15% (mid-teens) by the end of 2025.
- **Cash flow:** Cash conversion (free cash flow/net profit) at least 80%.
- **Balance sheet:** Net debt/LTM EBITDA at or below 2.5x.
- **Dividend:** Fiskars Group aims to distribute a stable dividend, increasing over time, to be paid twice yearly.

#### LONG-TERM FINANCIAL TARGETS

KPI	Target	2020	2021	2022
Net sales	Organic, FX neutral mid-single-digit growth	3%	14%	2%
EBIT	Mid-teen adj. EBIT margin by end of 2025	9.8%	12.3%	12.1%
Cash flow	Free cash flow / net profit ≥ 80%	255%	109%	Neg.
Balance sheet	Net debt / LTM EBITDA ≤ 2.5x	0.8x	0.7x	1.7x

Source: Company data

### Financials

#### We expect net sales to grow by the mid-single digits for 2024-25

Due to an expected sales decline in 2023, we model a mere 1% sales CAGR for 2022-25E, but we expect growth to recover to 4-5% for 2024-25

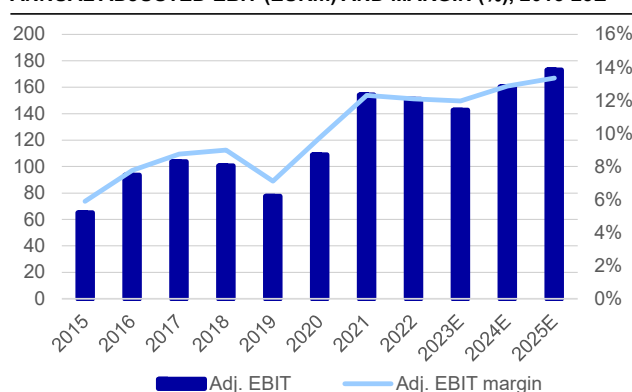
For 2022-25E, we model a 1% sales CAGR, burdened by our expectation of a 5% sales decline for 2023. We believe H1 2023 will be affected by high inventories among Fiskars' customers, but we expect the situation to start normalising in H2. Fiskars benefitted from the staycation trend during COVID-19. On another note, we believe that the company has been able to structurally improve its performance and model an adjusted EBIT CAGR of 5% during 2022-25E. For 2024-25, we expect the company to reach its mid-single-digit targeted growth pace, as we model sales up y/y 4-5%. We expect adjusted EBIT to reach 13.4% for 2025, up from 12.1% in 2022, and slightly below the company's target of a mid-teens EBIT margin.

#### ANNUAL NET SALES (EURm) AND LFL GROWTH (%), 2015-25E



Source: Company data and Nordea estimates

#### ANNUAL ADJUSTED EBIT (EURm) AND MARGIN (%), 2015-25E



Source: Company data and Nordea estimates

Margin support from cost savings in 2023E-24E

#### Margin support from organisational changes

Fiskars has initiated targeted changes to its organisational structure (announced on 23 January 2023), aiming to reach EUR 30m in cost savings, of which approximately half would be realised in the second half of 2023. We model EUR 10m in profit improvement for 2023E and EUR 10m for 2024E.

**Segments: Vita**

For Vita, we model a 2% sales CAGR for 2022-25E...

For Vita, we model a 2% sales CAGR for 2022-25E. We expect sales to decline 3% y/y in 2023, due to tough comps, as sales were up 19% in 2021 and 4% in 2022.

...while we forecast a 8% adjusted EBIT CAGR, driven by growth in China and ongoing operational improvements

We model an adjusted EBIT CAGR of 8% for Vita in 2022-25E. Despite our expectation of declining sales for 2023, we model an improved adjusted EBIT margin, driven by continued growth in China and ongoing operational improvements. Vita's adjusted EBIT margin was 15.2% in 2022, but we model 17.6% for 2025E. In addition to growth in China, we expect Vita to continue to benefit from increasing DTC sales. In 2022, direct sales accounted for 42%, but Fiskars is aiming to increase the share.

**Segments: Terra**

We expect Terra to post a 1% sales CAGR for 2022-25...

For Terra, we forecast a 1% sales CAGR for 2022-25, as we expect 3-4% annual sales growth for 2024-25, after a 5% y/y decline in 2023E. After a cold spring and start of summer 2022, retailers likely have high inventories entering Terra's high season.

...with a drop in the EBIT margin for 2023, but a recovery for 2024-25

Given expected lower volumes, we model 2023E adjusted EBIT of 8.7%, down 80 bp y/y and up 50 bp from the 2019 level. Although Fiskars is aiming for more value-based pricing, we remain slightly cautious with our margin assumptions for Terra and forecast an adjusted EBIT margin of 9.4% for 2025, virtually on par with the 2022 level. Given a flattish sales CAGR for 2022-25E, we expect similar for adjusted EBIT, too. For 2023E-25E, we model an 8% adjusted EBIT CAGR, due to expected headwinds in 2023.

**Segments: Crea**

For Crea, we expect a slightly negative sales CAGR for 2022-25...

For Crea, we model a slightly negative sales CAGR for 2022-25E. Volumes declined significantly towards the end of 2022, and we believe this trend will remain in place through Q4 2023. We forecast that Crea's sales will decline 8% y/y in 2023, followed by 2% sales growth in 2024-25.

... and a clear drop in the EBIT margin for 2023

Against our forecast of slowed sales growth, we model a 30 bp adjusted EBIT margin improvement for Crea for 2025E, compared to the 2022 level of 19.8%. For 2023, due to clearly lower volumes, we expect the adjusted EBIT margin to decline 110 bp y/y.

**Segments: Other**

The Other segment contains group functions; we model roughly EUR -16m in annual EBIT

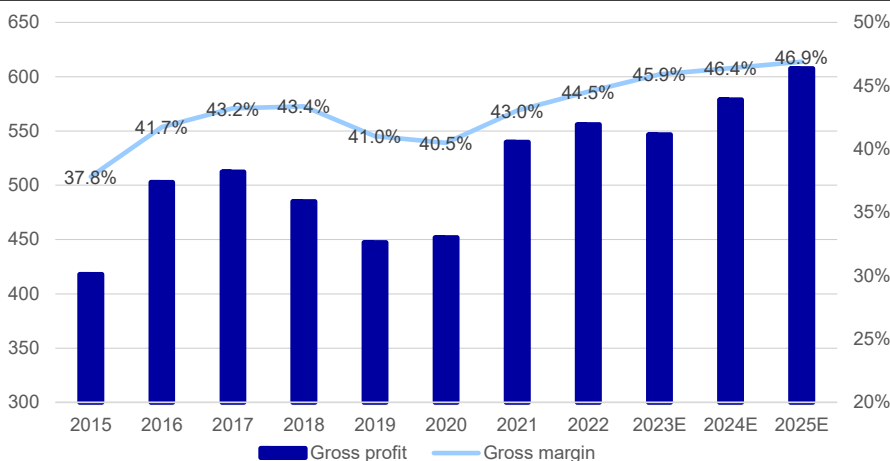
Fiskars' Other segment contains the group's investment portfolio, the real estate unit, corporate headquarters and shared services. For 2023-25, we expect net sales to remain at EUR 4m, while we model adjusted EBIT of EUR -15.5m to -15.9m. We expect that net sales will come from rental income (Fiskars Village) and timber sales.

**Gross margin improvement is expected to continue**

Gross margin set to improve slightly

As indicated at the November 2021 CMD, Fiskars targets a 46-47% gross margin by 2025. However, we note that the company divested its US Watering business at the beginning of 2022, which we expect to have around a 1 pp positive gross margin impact at the group level. We believe the positive trend that started in 2021 is set to continue, although we model a gross margin of 46.9% for 2025, slightly below what we believe is the implicit company target (47-48%).

**GROSS PROFIT (EURm) AND MARGIN (%), 2015-25E**



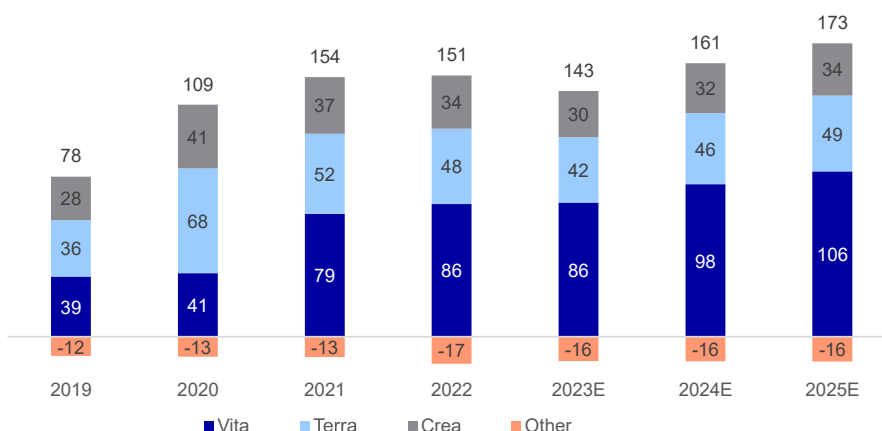
Source: Company data and Nordea estimates

Virtually all of our estimated EBIT growth will come from the Vita business area

We expect that the Vita business area will drive earnings going forward, improving its comparable EBIT significantly over 2022, while we expect Terra and Crea to post similar comparable EBIT for 2025 as they did in 2022.

**ADJUSTED EBIT SPLIT (EURm), 2019-25E**

Vita is expected to be the main adjusted EBIT growth contributor



Source: Company data and Nordea estimates

**Valuation**

**We use a multiples- and DCF-based valuation approach**

We derive a fair value range of EUR 17.6-21.7 for Fiskars

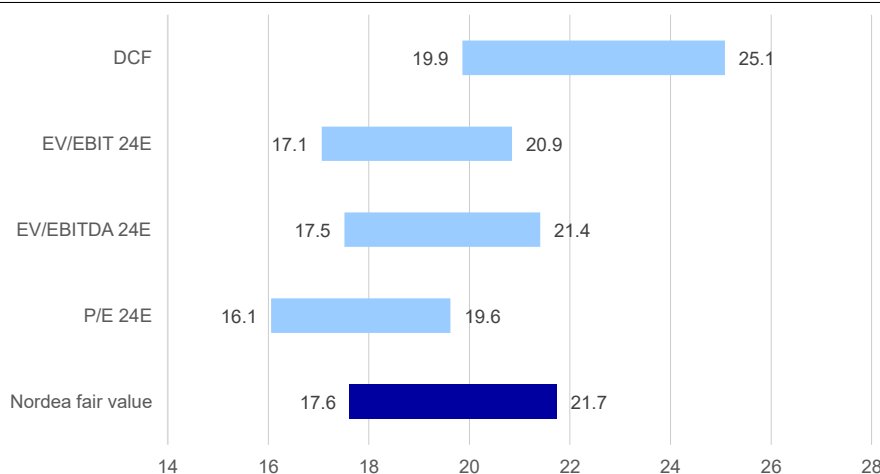
Using a combination of valuation multiples and a DCF model, we derive a fair value range of EUR 17.6-21.7 per share for Fiskars.

Our fair value range is based on 13 peers and a DCF model

Fiskars has no direct listed peers in the Nordics or globally. We therefore select a peer group that reflects Fiskars' offering and company profile. We categorise the companies into global and Nordic peers. Our global peer group consists of eight peers with exposure to at least one of Fiskars' three business areas. The Nordic peer group includes five consumer goods peers.

We base our valuation on a DCF model, but we also turn to peer group valuation multiples for 2024E.

**FAIR VALUE RANGE BASED ON DIFFERENT VALUATION METHODS**



Source: Nordea estimates

Our peer group suggests a fair value range of EUR 16.1-21.4

Looking at peers' 2024E EV/EBITDA, EV/EBIT and P/E multiples, the valuation range is EUR 16.1-21.4 per Fiskars share.

We focus mainly on EV/EBIT in our peer multiple valuation

The table below illustrates the valuation multiples that we derive for Fiskars based on the current share price (EUR 16.2 as of 13 March 2023) and our fair value range (EUR 17.6-21.7). We believe investors will focus mainly on EV/EBIT multiples.

**FISKARS: DERIVED VALUATION MULTIPLES USING OUR FAIR VALUE RANGE AND THE CURRENT SHARE PRICE (AS OF 13 MARCH)**

	Share price EUR 17.6			Share price EUR 21.7			Current share price EUR 16.2		
	2022	2023E	2024E	2022	2023E	2024E	2022	2023E	2024E
EV/sales	1.4x	1.3x	1.2x	1.7x	1.6x	1.5x	1.3x	1.2x	1.1x
EV/EBITDA	8.4x	7.9x	6.9x	10.0x	9.6x	8.4x	7.9x	7.4x	6.4x
EV/EBIT	11.7x	11.1x	9.4x	13.9x	13.4x	11.5x	11.0x	10.3x	8.7x
P/E	12.6x	13.2x	11.8x	15.5x	16.3x	14.5x	11.6x	12.2x	10.9x
FCF yield	-9.3%	16.0%	10.2%	-7.5%	13.0%	8.3%	-10.0%	17.3%	11.1%
Dividend yield	4.5%	4.8%	5.0%	3.7%	3.9%	4.1%	4.9%	5.2%	5.4%

Source: Nordea estimates

Our DCF model suggests a fair equity value range of EUR 1.6-2bn, or EUR 19.9-25.1 per share

On top of our relative valuation, we use a standard DCF model in our valuation of Fiskars. Based on a WACC of 7.4-9.0%, our DCF indicates a fair equity value range of EUR 1.6-2bn or EUR 19.9-25.1 per share.

**What if Fiskars could achieve a 5% sales CAGR with a 15% EBIT margin?**

In addition to our base case, in which we expect a 1% sales CAGR for 2022-25 and a 13.4% adjusted EBIT margin for 2025, we provide a what-if scenario.

In our scenario, we assume Fiskars will reach a 5% sales CAGR for 2022-25, reaching EUR 1.45bn in sales for 2025.

Similarly, we assume a roughly 1 pp annual EBIT margin improvement for 2023-25, leading to a 15% adjusted EBIT margin for 2025. Given our EUR 1.45bn top-line projection, a 15% EBIT margin would yield EUR 217m in adjusted EBIT for 2025E.

We assume similar net financial expenses (EUR 8-9m annually), minority interest (EUR 0.8m annually) and tax rate (20%) as in our base case. The number of shares is 81 million from 2023 onwards.

If we assume a dividend payment in line with our base case, higher profitability would bring EUR 81m in additional cash flow for 2023-25 compared to our base case, we calculate. We adjust our net debt assumptions accordingly in our what-if-scenario.

Based on our what-if scenario, 2025E EV/EBIT would be 5.9x and P/E 7.9x.

If we use 12-14x EV/EBIT and a 10% cost of equity as a discount factor, this would yield a fair value range of EUR 25.4-29.9 per Fiskars share when discounted to the end of 2023.

**WHAT-IF SCENARIO WITH A 5% SALES CAGR AND 15% EBIT MARGIN FOR 2025E (EURm AND EPS IN EUR)**

<b>Base case</b>	<b>2022</b>	<b>2023E</b>	<b>2024E</b>	<b>2025E</b>
Net sales	1,248	1,191	1,247	1,295
sales growth, y/y	0%	-5%	5%	4%
Adj. EBIT margin	151 12.1%	143 12.0%	161 12.9%	173 13.4%
Net financials	-11.6	-9.0	-8.5	-8.0
PTP	124	129	153	166
Taxes	-25	-26	-31	-33
Tax rate	20%	20%	20%	20%
Net profit	99	103	122	132
EPS	1.20	1.26	1.50	1.62
EV/EBIT (adj.)	10.5x	10.3x	8.7x	7.9x
P/E	12.8x	12.9x	10.9x	10.0x
<b>What-if-scenario</b>	<b>2022</b>	<b>2023E</b>	<b>2024E</b>	<b>2025E</b>
Net sales	1248	1311	1376	1445
sales growth, y/y	0%	5%	5%	5%
Adj. EBIT margin	151 12.1%	170 13%	193 14%	217 15%
Net financials	-11.6	-9.0	-8.5	-8.0
PTP	124	155	184	209
Taxes	-25	-31	-37	-42
Tax rate	20%	20%	20%	20%
Net income	99	124	147	167
EPS	1.20	1.53	1.81	2.05
EV/EBIT	10.5x	8.5x	7.0x	5.9x
P/E	12.8x	10.6x	9.0x	7.9x

Source: Company data and Nordea estimates

# Company overview

Fiskars was founded in 1649 and is one of the oldest companies in Finland. It is a design-driven, global brand house for indoor and outdoor living. Fiskars' brands are present in 100 countries across Europe, Asia and the Americas. The company has operations in 30 countries and employs roughly 7,000 people. Its most well-known and so-called winning brands include Fiskars, Royal Copenhagen, Iittala, Gerber and Moomin by Arabia. Fiskars operates through three operating segments: Vita, Terra and Crea. In 2022, Fiskars had net sales of EUR 1,248m with adjusted EBIT of EUR 151m, corresponding to a 12.1% margin.



## One of the oldest companies in Finland

Fiskars was founded in 1649 when Peter Thorwöste was granted permission to set up a blast furnace and bar hammer in Fiskars, Finland to manufacture cast iron and forged products.

In 1883, Fiskars became a limited company, and it was listed on the Helsinki stock exchange in 1915.

## From a conglomerate to a focused consumer goods company

Given its long history, Fiskars has transformed multiple times. In the 1980s and 1990s, the company was still a conglomerate operating mainly within consumer products, uninterruptible power supply (UPS) systems and the construction industry. The company also had meaningful real estate holdings and a large shareholding in Metra (nowadays Wärtsilä). In 1996, the company sold its UPS business and started to focus on consumer products.

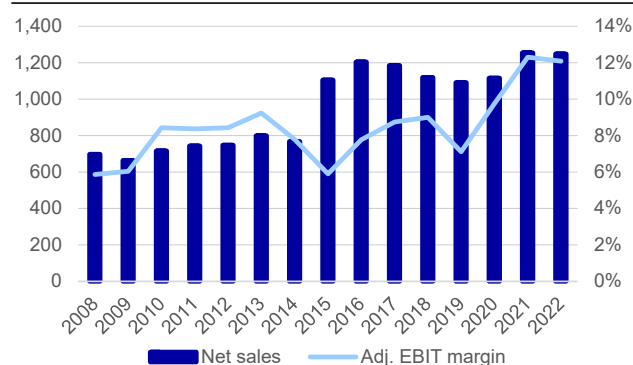
Currently, Fiskars operates in 30 different countries and employs close to 7,000 people. Fiskars' brands are present in 100 countries across Europe, Asia and the Americas.

2022 net sales of EUR 1.25bn

In 2022, Fiskars had net sales of EUR 1,248m with adjusted EBIT of EUR 151m, corresponding to a 12.1% adjusted EBIT margin. The COVID-19 pandemic supported sales growth, as people were spending more time at home, while the company has also invested in growth, in line with its growth strategy.

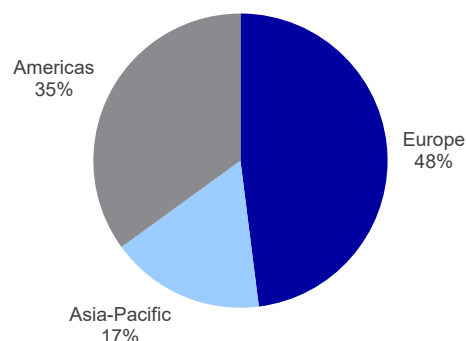
Europe accounted for 48% of sales in 2022, followed by Americas (35%) and Asia-Pacific (17%).

**NET SALES (EURm) AND ADJUSTED EBIT MARGIN (%), 2008-22**



Source: Company data

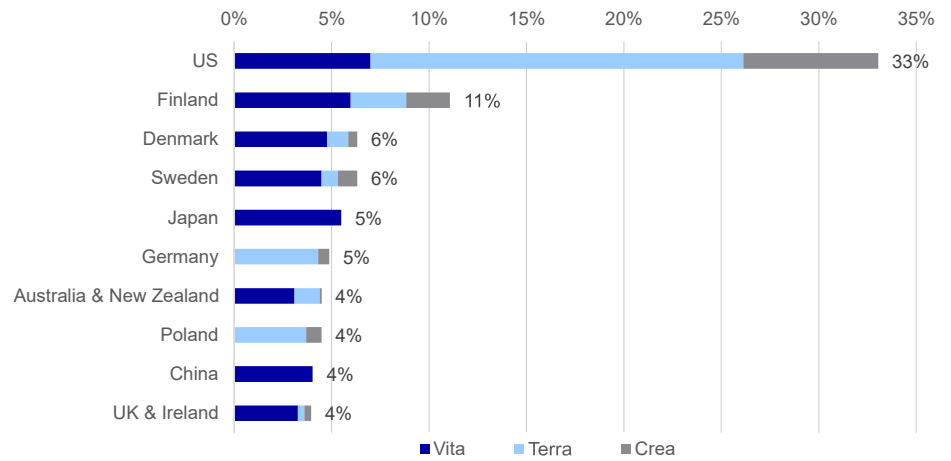
**GEOGRAPHICAL SALES SPLIT, 2022**



Source: Company data

In 2022, the US accounted for more than 30% of sales, followed by Finland with above 10% of group net sales. The rest of the operating countries accounted for less than 10% of annual sales in 2022.

**SALES CONTRIBUTION AND BUSINESS AREA SPLIT OF THE TEN LARGEST MARKETS, 2022**



The US is the most important market for Fiskars

Source: Company data and Nordea estimates

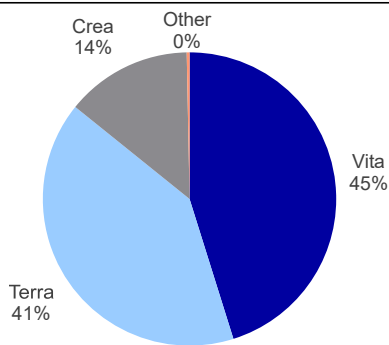
**Three business areas**

Fiskars has divided its operations into three business areas. In addition, the company has around 11,000 hectares of productive forest land including culturally and historically important properties in Finland.

Three business areas and Vita is the largest

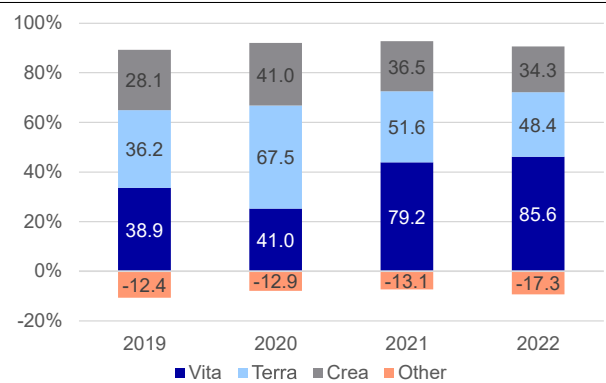
Below, we give a brief overlook of three business areas. In 2022, Vita accounted for 45% of sales, followed by Terra (41%) and Crea (14%). Vita's contribution for 2022 adjusted EBIT was 57%, followed by Terra (32%) and Crea (23%). A more detailed overview of the three business areas can be found later in this report.

**SALES SPLIT BY BUSINESS AREA (%), 2022**



Source: Company data

**ADJUSTED EBIT SPLIT BY BUSINESS AREA (EURm AND %)**



Source: Company data

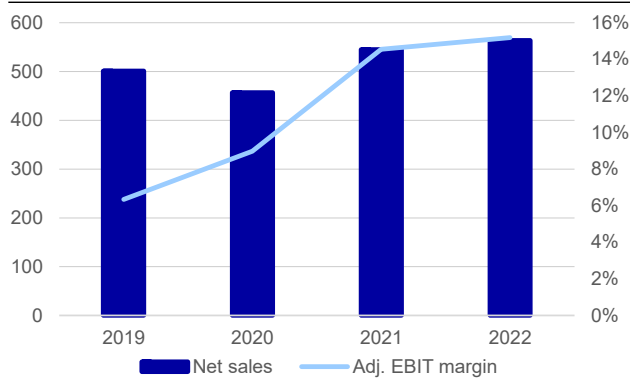
**Vita business area**

Vita offers premium and luxury products in the Tableware, Drinkware and Interior categories. It includes brands such as Iittala, Royal Copenhagen, Waterford and Wedgwood.

Vita had a 4% sales CAGR in 2019-22

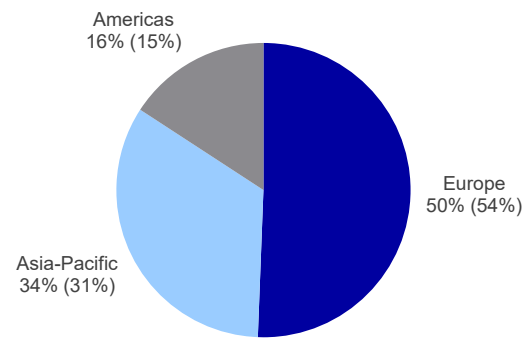
In 2019-22, Vita's sales CAGR was 4%, reaching EUR 564m in sales and EUR 85.6m adjusted EBIT in 2022 (15.2% adjusted EBIT margin). Direct to consumer sales accounted for 42% of Vita sales in 2022. Geographically, Europe is the main market comprising 50% of sales in 2022, followed by Asia-Pacific (34%) and Americas (16%).

**VITA: NET SALES (EURm) AND ADJUSTED EBIT MARGIN (%), 2019-22**



Source: Company data

**VITA: GEOGRAPHICAL SALES SPLIT, 2022 (2021)**



Source: Company data

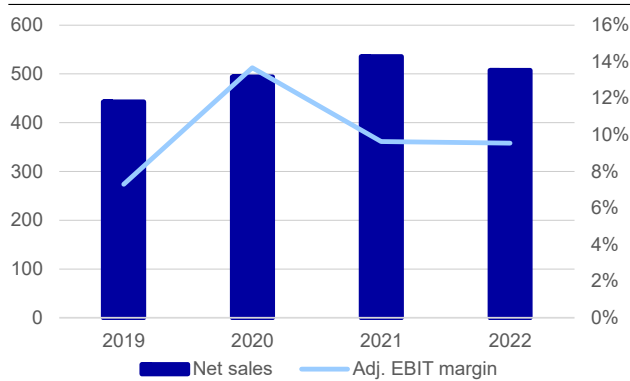
**Terra business area**

Terra consists of the Gardening, Watering and Outdoor categories. Brands include Fiskars and Gerber.

Terra reached 5% sales CAGR in 2019-22

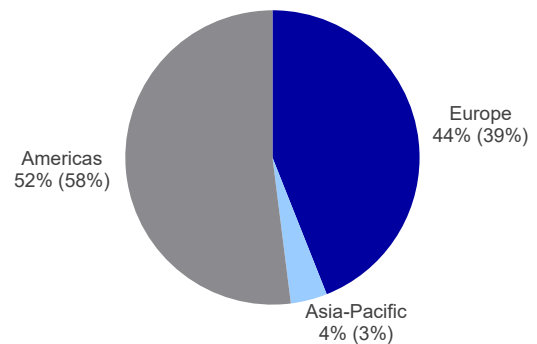
In 2019-22, Terra's sales CAGR was 5%, reaching EUR 507m in sales and EUR 48.4m in adjusted EBIT in 2022 (9.5% adjusted EBIT margin). Sales are mainly indirect (99%), while Americas accounted for 52% of sales, followed by Europe (44%) and Asia-Pacific (4%).

**TERRA: NET SALES (EURm) AND ADJUSTED EBIT MARGIN (%), 2019-22**



Source: Company data

**TERRA: GEOGRAPHICAL SALES SPLIT IN 2022 (2021)**



Source: Company data

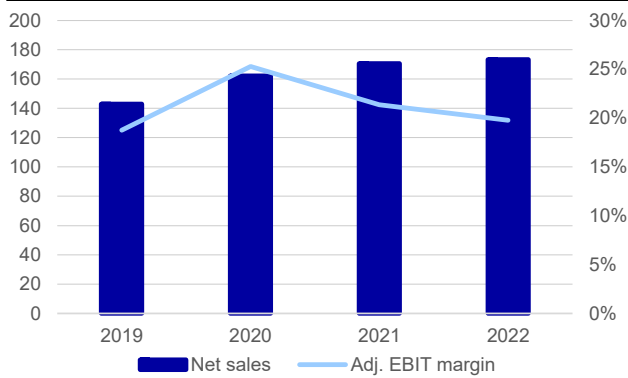
**Crea business area**

Crea consists of the Scissors and Creating, as well as the Cooking categories, mainly under the Fiskars brand.

Crea's sales CAGR was 7% in 2019-22

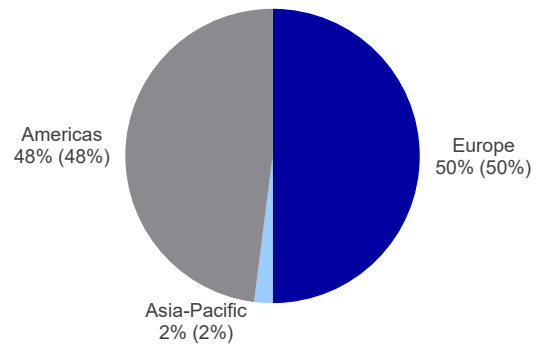
In 2019-22, Crea's sales CAGR was 7%, reaching EUR 173m in sales and EUR 34.3m in adjusted EBIT in 2022 (19.8% adjusted EBIT margin). Sales are mainly indirect (94%). Europe is the main market with 50% of sales, followed by Americas (48%) and Asia-Pacific (2%).

**CREA: NET SALES (EURm) AND ADJUSTED EBIT MARGIN (%), 2019-22**



Source: Company data

**CREA: GEOGRAPHICAL SALES SPLIT IN 2022 (2021)**

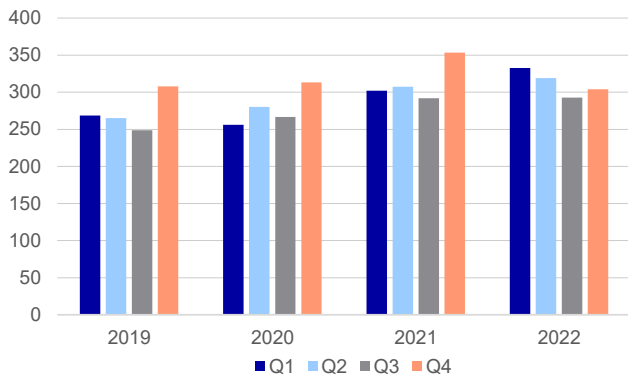


Source: Company data

**Seasonality**

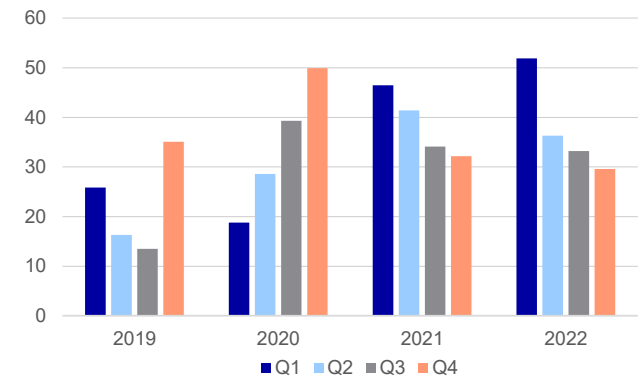
Fiskars' business areas have different seasonality patterns, with Terra accounting for the majority of profits during H1, Vita in H2, while Crea is more evenly distributed.

**GROUP: SALES SEASONALITY (EURm), 2019-22**



Source: Company data

**GROUP: ADJUSTED EBIT SEASONALITY (EURm), 2019-22**

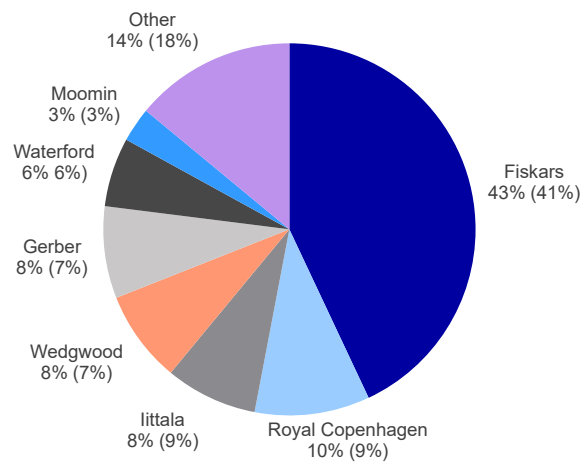


Source: Company data

**Wide range of well-known lifestyle brands**

Fiskars has a wide range of well-known brands, of which Fiskars is by far the most important with 43% of group sales in 2022.

**GROUP BRAND SALES SPLIT, 2022 (2021)**



Fiskars is by far the most important brand

Source: Company data

**ORANGE-HANDLED SCISSORS**

Source: Company data

**BLUE AND WHITE PORCELAIN**

Source: Company data

**AALTO VASES**

Source: Company data

**GERBER FASTBALL KNIFE**

Source: Company data

**WEDGWOOD TEA SET**

Source: Company data

**MOOMIN MUGS**

Source: Company data

**Fiskars**

Fiskars is perhaps best known for its orange-handled scissors, originally developed back in 1967. The company has sold over one billion orange-handled scissors worldwide. In addition to scissors, the company manufactures and sells gardening, cooking, crafting, building and fixing products under the Fiskars brand. In 2022, Fiskars accounted for 43% of group sales, and it is accounted under both the Terra and Crea business areas.

**Royal Copenhagen**

Fiskars acquired Royal Copenhagen in 2013. Royal Copenhagen is a renowned Danish premium porcelain company that was founded in 1775 and is known for its classic blue and white porcelain. Royal Copenhagen products include plates, cups and mugs, bowls, jugs and serveware. In addition to resellers across the world, the company has its own stores in Denmark, Japan, Taiwan and Korea. In 2022, Royal Copenhagen accounted for 10% of group sales and it is accounted under the Vita business area.

**littala**

Another iconic Finnish brand littala, was acquired by Fiskars in 2007. littala was founded in 1881 as a glass factory and has since then grown into an internationally known design brand. littala is best-known for its glassware products, of which the Aalto vase is probably the most famous and a timeless staple for littala. In addition to glassware, littala products are sold in tableware, interior design and cooking categories. In 2022, littala accounted for 8% of group sales. littala belongs to the Vita business area.

**Gerber**

Fiskars has been the owner of the Oregon, US-based company Gerber since 1986. Gerber was founded in 1939 and its innovations have allowed it to gain a global reach and relevance since then. Gerber products (knives, multi-tools, cutting tools and equipment) are carried by e.g. hunters, soldiers and tradesmen. In 2022, Gerber accounted for 8% of group sales and it belongs to the Terra business area.

**English Crystal and Living**

Fiskars acquired WWRD group and its portfolio of luxury home and lifestyle brands (Waterford, Wedgwood, Royal Doulton, Royal Albert and Rogaška). WWRD brands are accounted in the Vita business area.

Wedgwood was founded in 1759 and is known for its eclectic British design. The product range includes tableware, teaware and home decoration. In 2022, Wedgwood's net sales accounted for 8% of group sales.

Waterford Crystal was established in 1783 and is focused on creating luxury crystal. Products include e.g. glassware and bar accessories, and home accessories and entertainment. In 2022, Waterford's net sales accounted for 6% of group sales.

Royal Doulton was founded in 1815 and offers tableware and drinkware products. In 2022, Royal Doulton accounted for less than 3% of group sales.

Royal Albert was established in 1986 and offers tableware, teaware and home décor products. In 2022, Royal Albert accounted for less than 3% of group sales.

**Moomin by Arabia**

Fiskars has been owner of the Arabia brand since the acquisition of littala in 2007. Although Arabia is considered to be more of a local brand, focusing on Finland, Moomin by Arabia is considered as one of the "winning brands" of Fiskars. The first Moomin dishes were designed for Arabia by Tove Jansson in the 1950s, while Fiskars made a minority investment in 2021 into Rights & Brands, master agent of the Moomins. This strategic partnership allows Fiskars to widen its offering beyond the present products and categories (tableware and other products in the home category). In 2022, Moomin by Arabia accounted for 3% of group sales and is accounted under the Vita business area.

### ROGASKA ADRIA VASES



Source: Company data

Fiskars has 11,000 hectares of productive forest and a small portfolio of unlisted financial assets

Fiskars has its own manufacturing facilities on three continents and is present in more than 100 countries

### Local brands

In addition to its "winning brands", Fiskars has a wide variety of local brands that have renowned status in their home markets, even though they are not considered to be as attractive on a global scale.

The most well-known brands include the Finnish Arabia and Hackman, Swedish Rörstrand, and Slovenian Rogaška. In total, Fiskars has more than 20 brands.

In 2022, other brands accounted for 14% of group sales.

### Biological assets, properties and financial assets

Owing to its long heritage, Fiskars has around 11,000 hectares of productive forestland including culturally and historically important properties in Finland.

In 2022, Fiskars harvested around 42,000m<sup>3</sup> of wood. The fair value of its biological assets was EUR 46.5m at the end of 2022. The fair value of investment properties (parent company's buildings and zoned and unbuilt lots for detached houses in Fiskars Village, Finland) was EUR 5.8m in 2022.

In addition to biological assets and properties, Fiskars had EUR 29m of financial assets in unlisted funds as of the end of 2022.

### Fiskars has a global presence with 11 of its own manufacturing plants

Fiskars has its own manufacturing in Europe, the US and Asia, while most product sourcing is from Asia. To our knowledge, the company sources more than 50% of its products from contractors with which it has long-standing relationships. Fiskars started to increasingly use sourcing back in 2005-06 when it underwent a large restructuring in the North American market. To our understanding, Vita has the highest share of own manufacturing produced products, while Terra and Crea source around two-thirds of their sales through contractors.

In Finland, axes, scissors and snow tools are made in the Billnäs factory, while cooking products are manufactured in Sorsakoski. The best-known Iittala glassware products are made in Iittala.

In Europe, Fiskars has manufacturing in Poland (Fiskars-branded stick and cutting tools for gardening), the UK (Wedgwood ceramics), Ireland (Waterford glassware) and Slovenia (Rogaška and Waterford crystals).

In Asia, Fiskars has two manufacturing sites; one in Indonesia (ceramics) and one in Thailand (Royal Copenhagen porcelain).

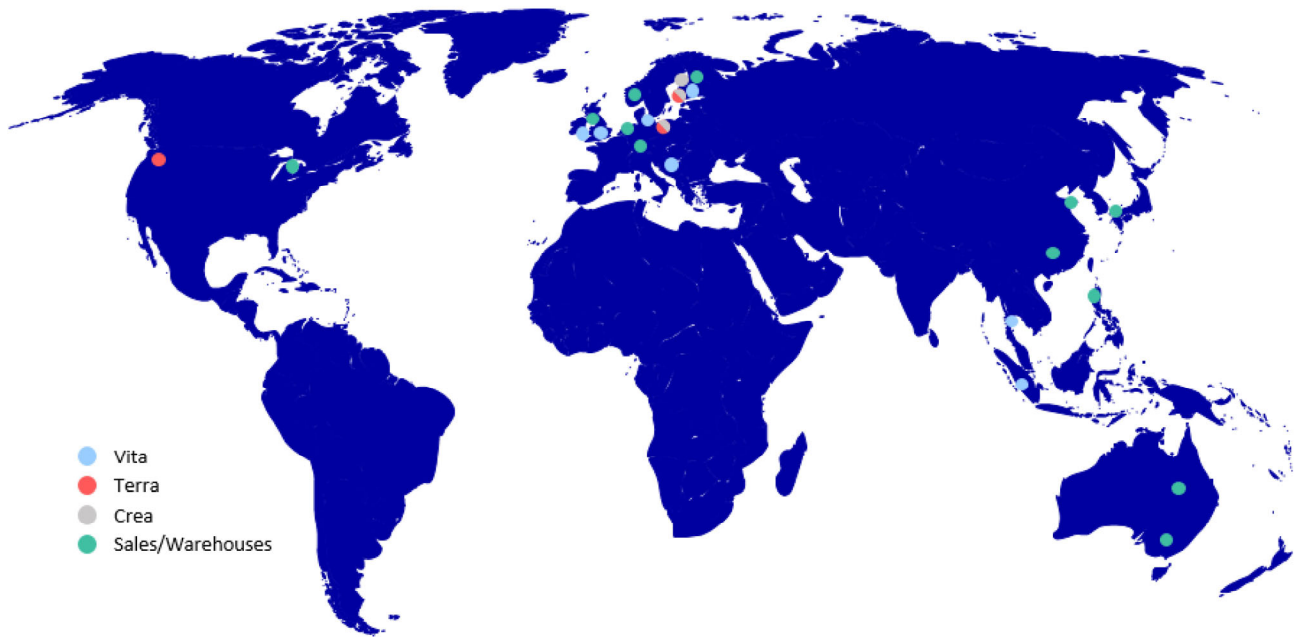
In the US, Fiskars manufactures its Gerber products.

Fiskars is present in more than 100 countries, while the company has approximately 350 of its own stores across the globe. The company has 11 of its own manufacturing units, of which seven serve Vita, three Terra and one Crea.

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**FISKARS' LOCATIONS**


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Source: Company data

### Leadership team

Fiskars leadership team consists of ten people. Combined, the leadership team holds 189,936 shares in the company, corresponding to 0.2% of the total number of shares.



#### President and CEO – Nathalie Ahlström

- Employed: 2020
- Born: 1974
- Education: M. Sc. (Tech.)
- Citizenship: Finnish
- Selected work experience: EVP Confectionery, **Fazer Group** 2018-20; **Amcors Ltd.**, Vice President & GM, High Performance Laminates 2016-18, Director of Strategy and M&A 2014-16, Vice President, Amcor AFAP, Singapore 2012-14
- Shareholding: 106,039 shares (as of 14 March 2023)



#### CFO and deputy CEO – Jussi Siitonen

- Employed: 2021
- Born: 1969
- Education: M. Sc. (Econ.)
- Citizenship: Finnish
- Selected work experience: **Amer Sports**, CFO and member of the Amer Sports Executive Board 2011-21, Senior Vice President, Finance 2009-10; **Stora Enso Group**, Senior Vice President and Group Controller 2008-09, Senior Vice President, Chief Accounting Officer 2006-08
- Shareholding: 70,193 shares (as of 14 March 2023)



### EVP business area Vita – Christian Bachler

- Employed: 2010
- Born: 1976
- Education: MBA
- Citizenship: Austrian
- Selected work experience: **Fiskars Group 2010** – SVP, English & Crystal Living business; Vice President, Business & Portfolio Management, Functional Business Europe & Asia-Pacific; Director, Kitchen and School, Office & Craft Business; Director, Kitchenware category; Business Manager, Homeware brands; **Swarovski**, 2004-10 Head of Product & Design Management
- Shareholding: 3,540 shares (as of 31 December 2022)



### EVP business area Terra – Charlene Zappa

- Employed: 2022
- Born: 1966
- Education: MBA
- Citizenship: American
- Selected work experience: **The J.M. Smucker Co**, Senior Vice President, Integrated Consumer Experience & Innovation, 2020-22; **Leonora Polonsky & Associates**, Senior Consultant 2019; **Procter & Gamble**, 1995-2018, several positions including Vice President & General Manager, Chief Brand-Building Officer, Global Hair Care
- Shareholding: 0 shares (as of 31 December 2022)



### EVP business area Crea – Tuomas Hyyryläinen

- Employed: 2018
- Born: 1977
- Education: M. Sc. (Econ.)
- Citizenship: Finnish
- Selected work experience: **Neste Corporation** 2012-18 SVP, Emerging Businesses SVP, Strategy and New Ventures SVP, Strategy; **F-Secure Corporation**, VP, Strategy and Mergers & Acquisitions, 2010-12; **Nokia Corporation**, leadership positions in strategy and business development, 2004-10
- Shareholding: 6,852 shares (as of 31 December 2022)



### Chief Supply Chain Officer (interim) – Bengt Erlandsson

- Employed: 2022
- Born: 1958
- Education: Studies in Mechanical Engineering and Economics
- Citizenship: Swedish
- Selected work experience: 2019-22 **Fazer Group**, Chief Procurement Officer (CPO); 2015-21 **Erlandsson Consulting GmbH** (focused on procurement consulting), CEO and owner; 2007-16 **Carlsberg Group**, CPO 2007-15; 1979-2007; **IKEA**, several leadership positions in procurement
- Shareholding: 0 shares (as of 31 December 2022)



### Chief Sales Officer, Europe and APAC (excluding China) – Gennady Jilinski

- Employed: 2022
- Born: 1968
- Education: M. Sc. (physics), MBA
- Citizenship: Swiss and Russian
- Selected work experience: **Fiskars Group** 2022-, Senior Vice President of Sales, Europe and APAC; CEO **Amer Sports/Suunto** 2016-21, Vice President Omni-Channel 2020-21, General Manager 2017-19; **Strauss Coffee** 2011-15, Chief Marketing and Innovation Officer; **Procter & Gamble** 1995-2011, marketing, commercial and general management roles
- Shareholding: 0 shares (as of 31 December 2022)



### Chief Sales Officer, Americas and President, Americas – Johan Hedberg

- Employed: 2019
- Born: 1966
- Education: MBA
- Citizenship: Swedish
- Selected work experience: **Fiskars Group** 2019-, Senior Vice President Global Sales, Living Business; **Thule Group** 2013-19, Vice President Sales and Marketing EMEA and APAC regions; **Caddiemaster, Inc.** 2010-12, Chief Operating Officer; **Acushnet Company/Fortune Brands** 2005-09, Director of International Sales Development; **Amer Sports Oyj** 1996-2005, Business Director Suunto EMEA region, General Manager Sweden and Denmark, Product Manager Wilson Sporting Goods EMEA region
- Shareholding: 3,312 shares (as of 31 December 2022)



### Chief Digital Officer – Peter Holmberg

- Employed: 2021
- Born: 1968
- Education: M.Sc. (Econ), eMBA (e-commerce)
- Citizenship: Danish
- Selected work experience: CIO, **Pandora A/S**, 2016-21; CIO **GN Store Nord**, 2014-16; Director Global IT Operations, **A.P. Møller Mærsk/Damco**, 2012-14; VP of IT Operations, **Carlsberg**, 2007-12; VP of Global IT Operations, **ISS A/S**, 2006-07
- Shareholding: 0 shares (as of 31 December 2022)



### Chief People Officer – Anna Mindelöf

- Employed: 2022
- Born: 1968
- Education: B.Sc. (Human Resources Management)
- Citizenship: Swedish
- Selected work experience: **Fenix Outdoor Ab**, Chief Human Resources Officer, 2019-22; **Ericsson AB**, several roles including Head of Talent, Business Area Networks, 2014-19; **Adidas AG**, Head of Performance and Succession, EMEA, 2013-14
- Shareholding: 0 shares (as of 31 December 2022)

## Board of directors

Fiskars' board of directors consists of eight people. In total, the members of the board hold 45.6% of the shares.



### Paul Ehrnrooth – Chairman since 2014, elected to the board in 2000

- Independent of the company and dependent on significant shareholders
- Selected work experience: Managing Director and Chairman, Turret Oy Ab, 2005-; Savox Oy, President and CEO, 1999-2007; management positions at Wärtsilä Corporation, 1994-99; management positions in Kone Corporation, 1993-94
- Other positions of trust: Chairman of the board: Savox Group 2004-; member of the board: Digitalist Group Oyj (Ixonos Oyj until May 2017), 2010-; Wärtsilä Corporation, 2010-15
- Shareholding in the company: 11,430,961 shares (as of 31 December 2022)



### Jyri Luomakoski – Vice chairman since 2018, elected to the board in 2016

- Independent of the company and significant shareholders
- Selected work experience: Uponor Corporation, President and CEO, 2008-21; Deputy CEO 2002-08; CFO, member of Executive Committee 1999-2008; AskO Oyj and Oy Uponor Ab, CFO, 1999-99
- Other positions of trust: Member of the board at Varma Mutual Pension Insurance Company 2015-; EHI, European Heating Industries 2014-18; The European Plastic Pipes and Fittings Association, 2009-21; Procurator-Holding Oy, 2006-16
- Shareholding in the company: 4,000 shares (as of 31 December 2022)



### Albert Ehrnrooth – Elected to the board in 2018

- Independent of the company and dependent on significant shareholders
- Selected work experience: CEO of Vessilä Oy Ab 2010-
- Other positions of trust: Chairman of the board at Virala Oy Ab, 2015- (member since 2005); member of the board: The Ella and Georg Ehrnrooth Foundation 2021-
- Shareholding in the company: 14,333,906 shares (as of 31 December 2022)



### Louise Fromond – Elected to the board in 2010

- Independent of the company and dependent on significant shareholders
- Selected work experience: University of Helsinki, researcher 2004-08
- Other positions of trust: Chairman of the board at Oy Holdix Ab 2010-; Fromille Oy Ab, 2018-22
- Shareholding in the company: 11,168,552 shares (as of 31 December 2022)



### Julia Goldin – Elected to the board in 2022

- Independent of the company and significant shareholders
- Selected work experience: The LEGO Group, EVP and Global Chief Product and Marketing Officer, 2014-; Revlon, EVP and Global Chief Marketing Officer, 2010-14; several management positions at Coca-Cola, 1997-2010
- Shareholding in the company: 0 shares (as of 31 December 2022)



#### **Ritva Sotamaa – Elected to the board in 2015**

- Independent of the company and significant shareholders
- Selected work experience: Unilever PLC, Chief Legal Officer, 2013-22; Siemens Healthcare, Siemens AG, General Counsel, 2009-13; GE Healthcare, General Electric Company, several General Counsel positions, 2003-09; Instrumentarium Corporation, General Counsel, 1998-2003; Sisu/Partek Corporation, Legal Counsel, 1996-98; Instrumentarium Corporation, Legal Counsel, 1989-96
- Shareholding in the company: 3,000 shares (as of 31 December 2022)



#### **Volker Lixfeld – Elected to the board in 2022**

- Independent of the company and significant shareholders
- Selected work experience: Roles at Groupe SEB, including CEO, WMF Group (a Groupe SEB Company), 2001-20; several management positions at Moët Hennessy, 1993-2001
- Other positions of trust: Member of the board of trustees, Aumund Foundation; chairman of the board, Clubhotel Hinterthal, Austria
- Shareholding in the company: 0 shares (as of 31 December 2022)



#### **Carl-Martin Lindahl – Elected to the board in 2022**

- Independent of the company and significant shareholders
- Selected work experience: SVP Worldwide (The Singer Sewing Company), CEO and Board Director, 2018-; Kitchenaid Inc (part of Whirlpool Corporation), General Manager, 2012-18; McKinsey & Co, partner, 2000-12
- Other positions of trust: Member of the board at America Needs You (non-profit)
- Shareholding in the company: 0 shares (as of 31 December 2022)

#### **Major shareholders**

As mentioned previously, the leadership team holds a combined 0.1% of the company, while members of the board of directors hold 45.6% of the shares in the company.

The three main owners – Virala, Turret and Holdix – are owned by board members of Fiskars.

**MAJOR SHAREHOLDERS AS OF 28 FEBRUARY 2023**

No.	Shareholders	Number of shares	% of shares
1	Virala Oy Ab	12,740,000	15.73
2	Turret Oy Ab	11,430,961	14.11
3	Holdix Oy Ab	10,165,537	12.55
4	Sophie Von Julins Stiftelse	2,556,000	3.16
5	Julius Tallberg Corp.	2,554,350	3.15
6	Gripenberg Gerda Margareta Lindsay Db	1,982,000	2.45
7	Varma Mutual Pension Insurance Company	1,659,326	2.05
8	Ilmarinen Mutual Pension Insurance Company	1,594,155	1.97
9	The estate of Greta Von Julin	1,560,000	1.93
10	Ehrnrooth Albert Carl Göran	855,372	1.06
11	Elo Mutual Pension Insurance Company	830,000	1.02
12	Lindsay von Julin & Co Ab	750,000	0.93
13	Hartwall Peter Johan	748,450	0.92
14	Therman Anna Maria Elisabeth	722,436	0.89
15	Åberg Karin Margareta Albertina	627,500	0.77
16	Fromond Lilli Sophie Louise	601,135	0.74
17	Fromond Anna Gabriell	600,518	0.74
18	von Limburg Stirum Mariana	596,298	0.74
19	Hisinger-Jägerskiöld Barbara Maria	544,117	0.67
20	Ehrnrooth Jacob	526,929	0.65
	<b>Total</b>	<b>53,645,084</b>	<b>66.23</b>
	Nominee registered total	2,841,529	3.51
	<b>Number of shares total</b>	<b>81,000,000</b>	<b>100.00</b>

Source: Company data

### Shareholders' agreements

Fiskars is aware of two shareholders' agreements.

#### Agreement between Turret and Holdix:

On 29 December 2017, Fiskars Corporation received information regarding a shareholders' agreement concerning ownership in the issuer and voting behaviour of the persons subject to the notification obligation.

The cooperation comprises a shareholders' agreement between Turret Oy Ab and Holdix Oy Ab, which the closely associated persons have undertaken to comply with as applicable. The closely associated persons comprise Paul Ehrnrooth, Jacob Ehrnrooth and Sophia Ehrnrooth, all of whom are closely associated with Turret Oy Ab, as well as Elsa Fromond, Louise Fromond and Anna Fromond, all of whom are closely associated with Holdix Oy Ab.

Within the framework of the shareholders' agreement, the parties are expected, through the ownership cooperation, to form a united view on how the rights of the parties as shareholders of Fiskars Corporation should be exercised. Furthermore, the parties have agreed on a pre-emption right in case a shareholder wishes to sell shares in Fiskars Corporation. The agreement also contains a number of other terms and conditions customary in this kind of ownership co-operation. The parties have no intention of making a tender offer for Fiskars Corporation and the aggregate ownership will, in accordance with the current strategy, remain below 30%.

#### Agreements between Turret and Jacob Ehrnrooth and Sophia Ehrnrooth

On 26 May 2016, Fiskars Corporation received information according to which Paul Ehrnrooth, Turret Ab Oy, Jacob Ehrnrooth and Sophia Ehrnrooth have signed a shareholders' agreement where all parties have agreed to vote in Fiskars Corporation's General Meetings in accordance with the position of Turret Oy Ab. The parties of the shareholders' agreement have agreed on a mutual pre-emption right, if any of the parties plan to sell Fiskars Corporation's shares.

# Business area Vita

Fiskars' largest business area, Vita, offers premium and luxury products for the Tableware, Drinkware and Interior categories. It includes brands such as Iittala, Royal Copenhagen, Waterford and Wedgwood. In 2022, Vita's net sales were EUR 564m, with EUR 85.6m in adjusted EBIT, corresponding to a 15.2% adjusted EBIT margin. Vita's sales CAGR was 4% in 2019-22. Europe remains the most important market for Vita, although the Asia-Pacific region is on the rise, given Fiskars' ambitions to grow in China.

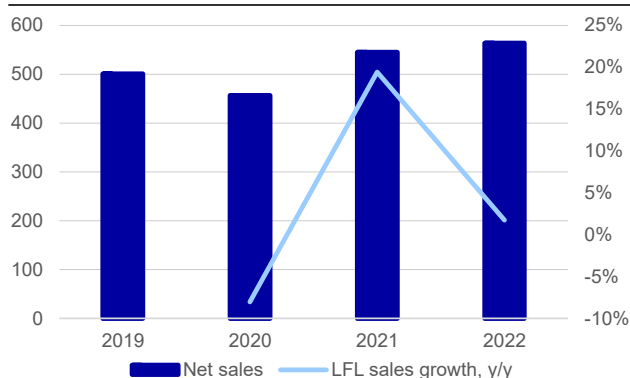
In 2022, Vita had EUR 564m in sales, with a 15.2% adjusted EBIT margin

## Premium and luxury goods with global reach

The Vita segment offers premium and luxury products for the Tableware, Drinkware and Interior categories. Vita's key brands include Iittala, Royal Copenhagen, Waterford and Wedgwood. In 2022, Vita's net sales were EUR 564m, with adjusted EBIT of EUR 85.6m, corresponding to a 15.2% adjusted EBIT margin. Europe is still the most important market for Vita, although the Asia-Pacific region is becoming more relevant, as Vita has been able to grow quickly in China, despite COVID-19-related headwinds.

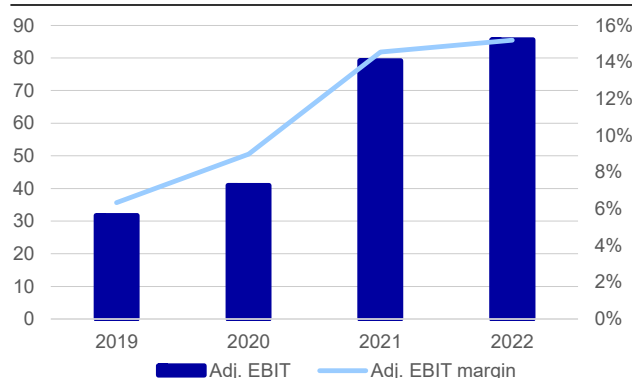
During 2019-22, Vita reached a 4% sales CAGR, and its EBIT margin profile improved markedly. In addition to strong demand after the initial COVID-19 outbreak, we believe that Vita benefitted from the restructuring and transformation programmes launched in 2018-19 and from a higher share of direct-to-consumer sales, which have a positive impact on gross margins. The company continues to improve efficiency, planning to changes to its organisational structure across all business areas during 2023.

**NET SALES (EURm) AND LFL SALES GROWTH (%), 2019-22**



Source: Company data

**ADJUSTED EBIT (EURm) AND MARGIN (%), 2019-22**

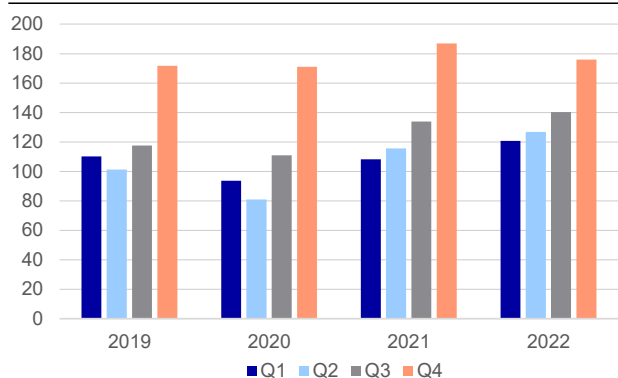


Source: Company data

## H2 is seasonally important for Vita

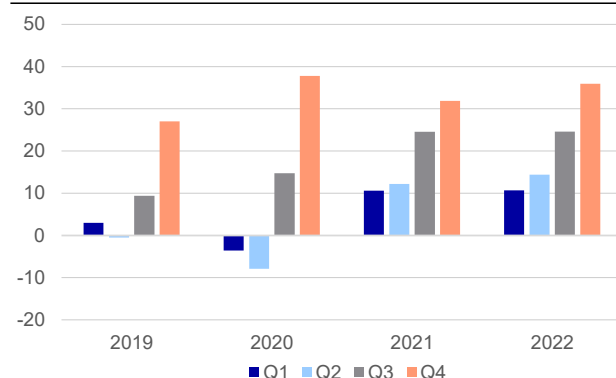
Vita's main season is the year-end holiday period. In 2019-22, Q4 accounted for an average of 34% of full-year sales. Moreover, the average full-year adjusted EBIT contribution from Q4 was 63% over the same time period.

**VITA: SEASONALITY OF SALES (EURm), 2019-22**



Source: Company data

**VITA: SEASONALITY OF ADJUSTED EBIT (EURm), 2019-22**



Source: Company data

For Vita, seasonal pre-orders amount to approximately one-third of the business, while the rest of its sales are generated through replenishment and direct-to-consumer transactions (42% in 2022).

Because Vita only receives orders two to three months in advance of delivery, visibility into the business is relatively short, albeit manageable in a normal business environment.

**EXAMPLES OF VITA'S PRODUCT OFFERINGS**

**littala glassware**



**Wedgewood tableware**



**Waterford bar offering**



**Royal Copenhagen tableware**



**Moomin mugs**



**Arabia tableware**



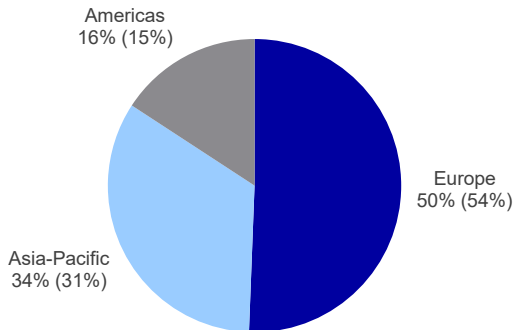
Source: Company data

**Europe is the main market**

Vita's main market is Europe, at 51% of sales, followed by Asia-Pacific (34%) and Americas (16%). Within these geographies, the main markets include the Nordics, the UK, the US, China and Japan.

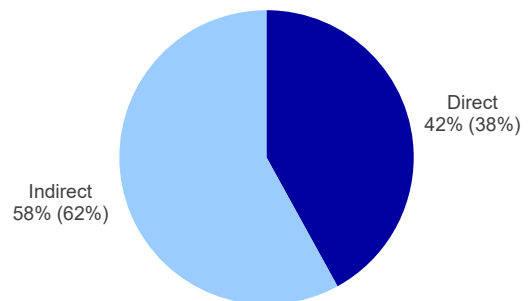
As noted above, direct-to-consumer sales have gained in importance, especially within the Vita segment. In 2022, direct-to-consumer sales accounted for 42% of Vita's sales, up from 38% in 2021.

**SALES SPLIT BY GEOGRAPHY, 2022 (2021)**



Source: Company data

**SALES SPLIT BY CHANNEL, 2022 (2021)**



Source: Company data

**Key brands**

Vita's brands offer premium and luxury products in the Tableware, Drinkware and Interior categories. Its key brands all enjoy a longstanding heritage and worldwide name recognition.

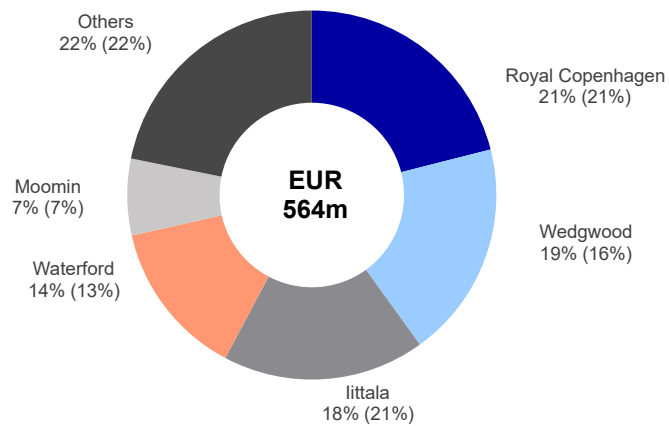
Five key brands that are sold internationally...

Vita has five key brands that are sold internationally. In addition, it has multiple (e.g. Arabia, Hackman and Rörstrand) brands that are mainly sold locally. Royal Copenhagen and Wedgwood accounted for 40% of Vita's sales in 2022, followed by Iittala, Waterford and Moomin.

Prior to the end of 2022, Wedgwood was treated as a turnaround brand, but in conjunction with its Q4 2022 report, the company announced that Wedgwood is now part of its "winning brands" category – which includes Fiskars.

**SALES SPLIT BY BRAND, 2022 (2021)**

...of which Royal Copenhagen is the largest



Source: Company data

**Production**

Seven out of Fiskars' 11 own production facilities make Vita products

Vita's main production facilities are located in Asia; more specifically, in Indonesia (Royal Albert, Royal Doulton, Wedgwood, Royal Copenhagen) and Thailand (Royal Copenhagen). In Europe, Vita products are manufactured in the company's own facilities in Denmark (Royal Copenhagen), Finland (Iittala and Arabia), Ireland (Waterford), Slovenia (Rogaška and Waterford) and the UK (Wedgwood).

In addition, Vita uses its supply chain to source products in different categories. To our knowledge, Vita has the highest share of own-manufactured products in sales out of Fiskars' three business areas. To our knowledge, own-manufactured products account roughly two-thirds of sales. This creates good operating leverage, although it does mean that the cost base is harder to scale down in the event of a sudden drop in market demand.

The company is investing EUR 10m to replace its natural gas-powered furnaces with electricity-powered furnaces in Iittala. The project is set to start in 2023 and is estimated to be completed in 2026.

Fiskars is investing EUR 10m to replace gas-powered furnaces in Iittala

**GLASSBLOWING IN IITTALA GLASS FACTORY**



Source: Company data

**Distribution channels**

Direct sales accounted for 42% of Vita's sales in 2022. Vita's key distribution channel is still through retailers, while its own stores and e-commerce sales have gained traction, and the company aims to increase the share of direct sales. B2B sales are a marginal part of Vita's sales – mainly to hotels and restaurants.

**DISTRIBUTION CHANNELS**

Direct-to-consumer sales are increasingly important – B2B remains marginal



Source: Company data

# Business area Terra

The Terra segment consists of the Gardening, Watering and Outdoor categories. The brands include Fiskars and Gerber. In 2022, Terra's net sales were EUR 507m, with EUR 48.4m in adjusted EBIT, corresponding to a 9.5% adjusted EBIT margin. Terra's sales CAGR was 5% in 2019-22. Americas is the most important market for Terra, even after the divestment of the watering business in the US. Terra's businesses are seasonally H1 heavy, and sales are mainly derived from indirect channels.

## Seasonal products for gardening and outdoor activities

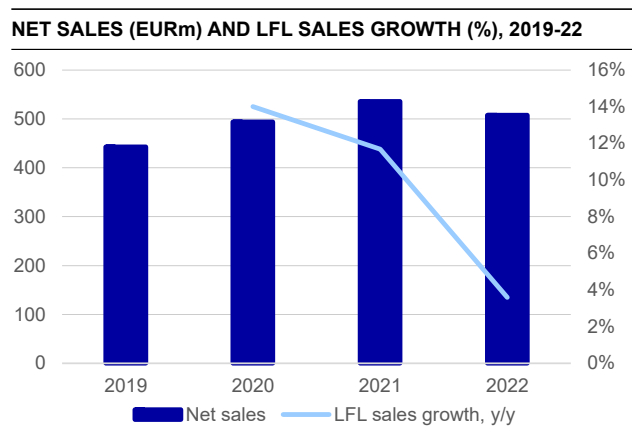
In 2022, Terra had EUR 507m in sales, with a 9.5% adjusted EBIT margin...

Terra consists of the Gardening, Watering and Outdoor categories. The brands include Fiskars and Gerber. In 2022, Terra's net sales were EUR 507m, with adjusted EBIT of EUR 48.4m, corresponding to a 9.5% adjusted EBIT margin.

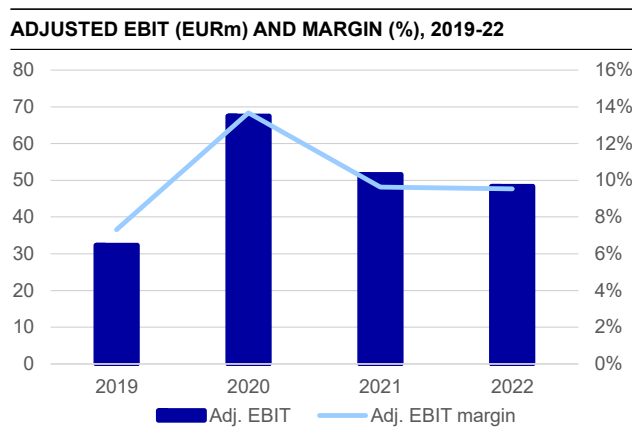
During 2019-22, Terra reached a 5% sales CAGR, while the EBIT margin has improved from the 2019 level. Terra benefitted from a strong demand boost in 2020, but in 2021-22, the EBIT margin contracted to slightly below 10%. We believe that the increase in the EBIT margin seen between 2019 and 2022 was driven by the company's restructuring and transformation programmes and the divestment of the watering business in the US. The company plans to continue to improve its efficiency, with changes to its organisational structure across all business areas during 2023.

...generated through indirect sales channels

Nearly all of Terra's sales are generated through indirect channels, meaning via retailers and wholesalers. Hence, Terra's gross margins are clearly below the group average, but its direct costs are also lower than the group average, due to lower sales and marketing spend.



Source: Company data



Source: Company data

Americas is the main market for Terra...

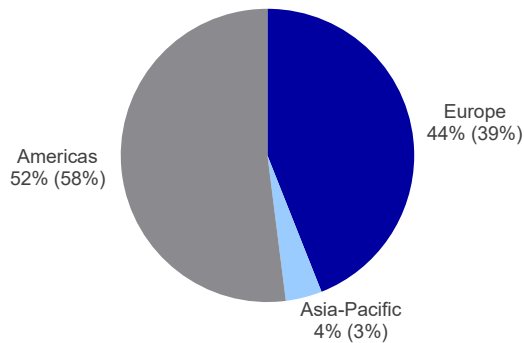
## Americas is the main market even after the divestment

The main market for Terra is the Americas, with 52% of sales, followed by Europe (44%) and Asia-Pacific (4%) in 2022. In terms of countries, the main markets are the US and Northern and Central European countries.

As mentioned earlier, the direct-to-consumer channel plays almost no role in Terra's sales. At the end of 2022, indirect sales accounted for 99% of Terra's sales.

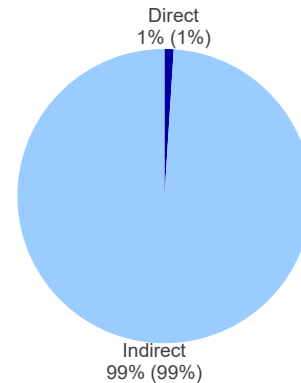
Fiskars divested its US watering business with net sales of around EUR 80m at the beginning of February 2022. The divestment lowered the Americas' share of Terra's sales to 52% in 2022 (58% in 2021).

**SALES SPLIT BY GEOGRAPHY, 2022 (2021)**



Source: Company data

**SALES SPLIT BY CHANNEL, 2022 (2021)**



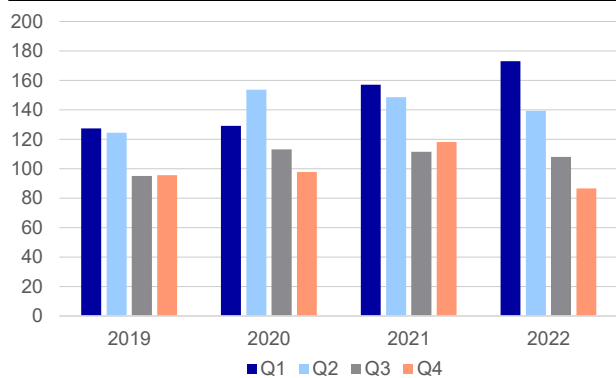
Source: Company data

...with spring and summer as the high season

**Seasonality**

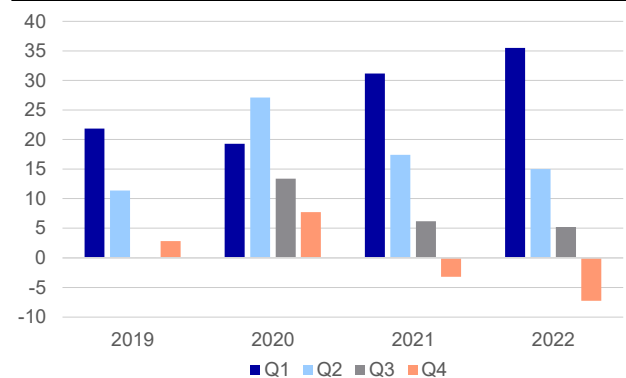
For Terra, spring/summer is the peak season, due to high Gardening exposure (75% of sales). In 2019-22, H1 revenue accounted for, on average, 58% of full-year sales and 91% of adjusted EBIT in Terra. During 2019-22, Terra's adjusted EBIT was only positive during H2 in 2020. In H2 2022, adjusted EBIT fell to EUR -2.1m.

**TERRA: SEASONALITY OF SALES (EURm), 2019-22**



Source: Company data

**TERRA: SEASONALITY OF ADJUSTED EBIT (EURm), 2019-22**



Source: Company data

Seasonal pre-orders are roughly half of the business in the US and Europe, with replenishment making up the rest. Due to a cold spring and start of summer in 2022, we believe that retailers have relatively high inventories, which could lead to low pre-orders and, in the case of a warm spring, large replenishment orders.

For Terra, order intake is four to seven months in advance in Europe, while shipments are made one to two months in advance. In the US, order intake is three to five months in advance, while shipments are made two to three months in advance.

**EXAMPLES OF TERRA'S PRODUCT OFFERINGS**

Fiskars axes



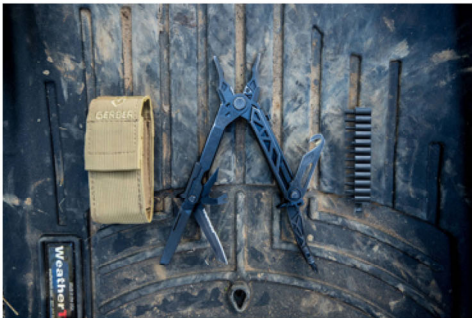
Fiskars spray gun



Gerber Fastball EDC knife



Gerber multitool



Fiskars shovels



Fiskars watering products

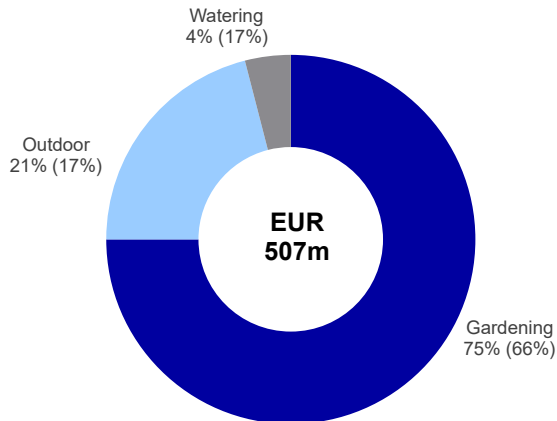


Source: Company data

**Key categories**

Terra has three categories. Gardening accounts for 75% of sales, followed by Outdoor with 21% and Watering with 4% in 2022. Gardening and Watering products are sold under the Fiskars brand, while Outdoor products are mainly sold under the Gerber brand. In 2022, Gerber accounted for 8% of group sales, meaning around EUR 100m.

**SALES SPLIT BY CATEGORY, 2022 (2021)**



Fiskars is the main brand for Gardening and Watering – Gerber for Outdoor

Source: Company data

**Production**

Three out of 11 production facilities manufacture Terra's products

Terra makes some products in-house, but also sources from contractors. Terra's main own production facilities are in Finland (Fiskars), Poland (Fiskars) and the US (Gerber).

To our knowledge, the US government is a large customer for Gerber, so outsourced production for Gerber products is limited. Overall, to our knowledge, Terra sources around two-thirds of its products from contractors. In addition, given its product portfolio, we believe leadtimes are the longest in Terra. Long leadtimes are likely part of the reason why Fiskars' inventories were elevated during 2022 post a cold spring and summer season.

**TERRA'S FACTORY IN BILLNÄS, FINLAND**



Billnäs makes axes, scissors and snow tools

Source: Company data

**Distribution channels**

As noted above, the indirect channel accounted for 99% of Terra's sales in 2022. The segment's main distribution channel is through retailers, although B2B sales are also important. We believe that direct consumer sales are mainly through the segment's own e-commerce platform, although the base is still very low. We believe there is potential to increase direct sales in Terra, although most likely only for Gerber.

**DISTRIBUTION CHANNELS**



Nearly all of Terra's sales are derived from indirect channels

Source: Company data

# Business area Crea

The Crea business area consists of the Scissors, Creating and Cooking categories, mainly sold via the Fiskars brand. In 2022, Crea's net sales were EUR 173m, with EUR 34.3m in adjusted EBIT, corresponding to a 19.8% adjusted EBIT margin. Crea's sales CAGR was 7% in 2019-22. Europe and the Americas are the main markets for Crea. Most of Crea's sales are derived from indirect channels, but this segment is less seasonal than Vita and Terra.

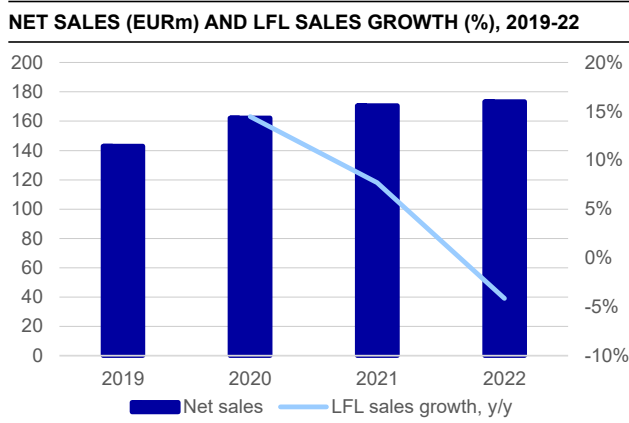
In 2022, Crea's net sales were EUR 173m, with a 19.8% adjusted EBIT margin

## Products for creative at-home activities

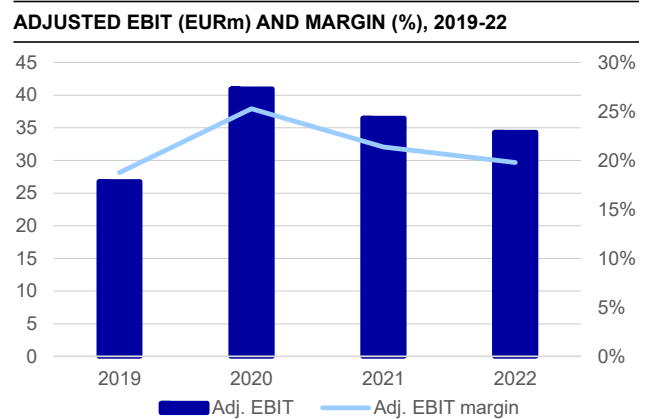
Crea consists of the Scissors and Creating categories, as well as Cooking. The main brand is Fiskars, but the portfolio also contains myriad local brands. In 2022, Crea's net sales were EUR 173m, with adjusted EBIT of EUR 34.3m, corresponding to a 19.8% adjusted EBIT margin.

During 2019-22, Crea reached a 7% sales CAGR, while its EBIT margin improved by 100 bp from the 2019 level. Owing to Crea's product portfolio, we believe that the boost from COVID-19 was somewhat shorter than that seen at Vita and Terra. Most of the boost was visible in 2020. The adjusted EBIT margin peaked in 2020, after which it normalised in 2021-22. The company continues to improve its efficiency with changes to its organisational structure across all business areas planned for 2023.

Most of Crea's sales are generated through indirect channels – retailers and wholesalers.



Source: Company data



Source: Company data

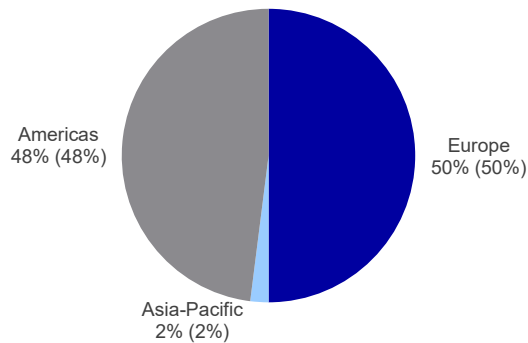
Sales are generated from Europe and the Americas

## Sales are split between Europe and the Americas

Crea's main markets are the Americas and Europe, with around 50% of sales from these two areas. Asia-Pacific is a small geography for Crea at just 2% of sales in 2022. Its chief markets are the US plus Northern and Central European countries.

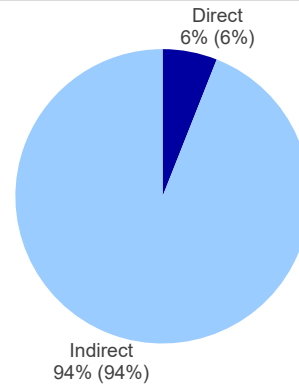
Direct-to-consumer sales play only a small role in Crea's sales. At the end of 2022, indirect sales accounted for 94% of Crea's sales.

**SALES SPLIT BY GEOGRAPHY, 2022 (2021)**



Source: Company data

**SALES SPLIT BY CHANNEL, 2022 (2021)**



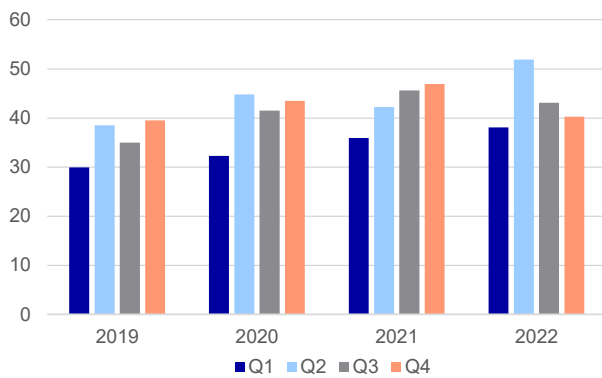
Source: Company data

**Seasonality**

More evenly distributed seasonality than Vita and Terra

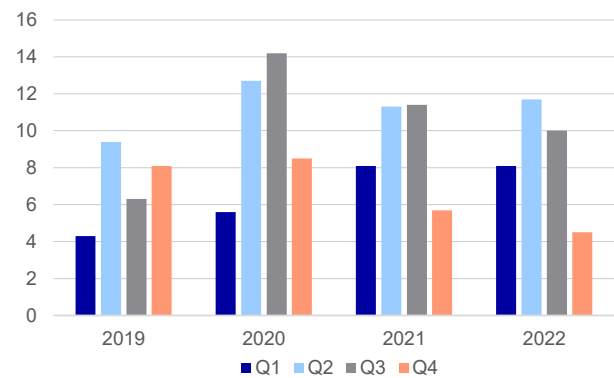
For Crea the back-to-school and year-end holiday periods are high seasons, although business is less cyclical than it is for Vita and Terra, for which high seasons play a far more prominent role.

**CREA: SEASONALITY OF SALES (EURm), 2019-22**



Source: Company data

**CREA: SEASONALITY OF ADJUSTED EBIT (EURm), 2019-22**



Source: Company data

Seasonal pre-orders are roughly half of the business in the US and Europe, with replenishment making up the rest.

For Crea order intake is four to seven months in advance in Europe, while shipments are made one to two months in advance. In the US order intake is three to five months in advance, while shipments are made two to three months in advance.

**EXAMPLES OF CREA'S PRODUCT OFFERINGS**

Fiskars scissors



Fiskars frying pans



Fiskars ReNew scissors

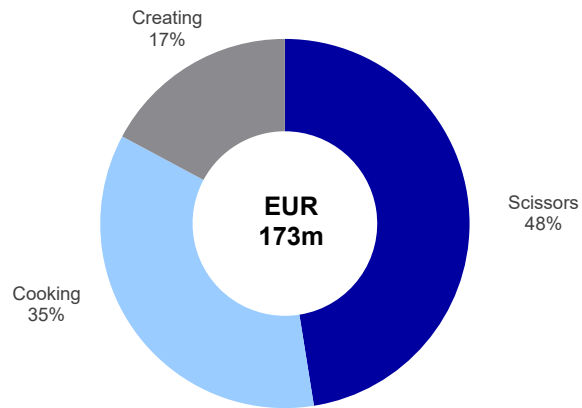


Source: Company data

**Key categories**

Crea has three categories. Scissors accounts for 48% of sales, followed by Cooking at 35% and Creating at 17%, in 2022. In 2021 Scissors and Creating combined accounted for 60% of sales, while Cooking was 40% of sales. We believe that the fading staycation trend is visible in the lower share of Cooking sales, while Scissors and Creating products are used more in schools. Most of Crea's sales are generated through the Fiskars brand, but myriad local brands, such as Hackman and Kitchen Devils, are also sold under Crea's portfolio.

**SALES SPLIT BY CATEGORY, 2022**



Scissors are the most important category for Crea

Source: Company data

**Production**

Two out of 11 production facilities make Crea's products

Fiskars has in-house production for Crea, but some products are still sourced from contractors. Crea's main own production facilities are in Finland. Billnäs manufactures scissors, while Sorsakoski makes cookware products.

To our knowledge, sourced products account for roughly two-thirds of Crea's sales. Yet, given Crea's product offerings, we believe that sourcing for this segment has shorter lead times than it does for Vita and Terra.

**CREA'S COOKWARE FACTORY IN SORSAKOSKI, FINLAND**

Own production for cookware takes place in Sorsakoski, Finland



Source: Company data

### Distribution channels

Indirect sales accounted for 94% of Crea's sales in 2022. This segment's key distribution channel is via retailers, although B2B sales are also important. We believe that the company is aiming to increase its direct-to-consumer sales for Crea, too. Yet, a direct sales channel ramp-up could take time, due to the structure of this segment. The company's own e-commerce platform could provide a lucrative channel to adjust inventory levels for Crea. Nevertheless the e-commerce channel may not be convenient for consumers, as Crea's products are typically bought only when needed. The consideration period for customers is short.

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#### DISTRIBUTION CHANNELS

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Source: Company data

## Other

The Other segment contains the group's investment portfolio, the real estate unit, corporate headquarters and shared services. Fiskars owns around 11,000 hectares of forestland, with an annual harvested amount of approximately 40,000 m<sup>3</sup>. Fiskars' investment properties include the parent company's buildings and zoned and unbuilt lots for detached houses in Fiskars Village, Finland. In 2019-22 on average the Other segment's adjusted EBIT was EUR -14m, with annual sales of around EUR 4m.

### Biological assets include forestland in Finland

Fiskars' biological assets include the group's forestland in Finland. The change in fair value resulting from both growth and change in the market value of standing timber is presented as a separate line item in the income statement after EBIT. Net sales from the sale of standing timber are accounted for through the Other segment – net sales.

Traditional valuation method for forest assets

As there is no existing active market for forest assets, biological assets are valued based on a discounted cash flow model. Cash flows are based on a forest management plan, taking into account forestry costs and harvesting incomes from one growth cycle. To value harvesting incomes, Fiskars applies a three-year rolling average price for standing timber, based on statistics provided by the Natural Resources Institute Finland, adjusted using company-specific price components.

The method used by Fiskars does not offer any value for the land where the forest assets are located. At the end of 2022, the fair value of its biological assets was EUR 46.5m. The harvested amount was 42,000 m<sup>3</sup> in 2022 (37,000 m<sup>3</sup> in 2021).

### Investment properties include Fiskars Village

Investment properties that are not used in the group's operations, or which are held to earn rental income or increase in value, are classified as investment property.

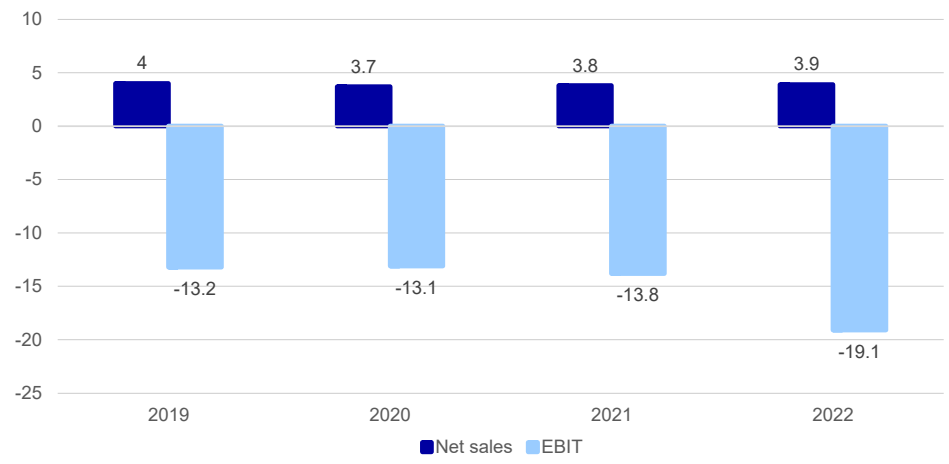
Investment properties consist of buildings and zoned and unbuilt lots for detached houses in Fiskars Village, Finland. The book value of these properties was EUR 5.8m in 2022. Fiskars' rental income was EUR 0.3m in 2022 (EUR 0.3m in 2021).

#### FISKARS VILLAGE DURING WINTER



Source: Company data

**OTHER: NET SALES AND EBIT (EURm), 2019-22**



Source: Company data

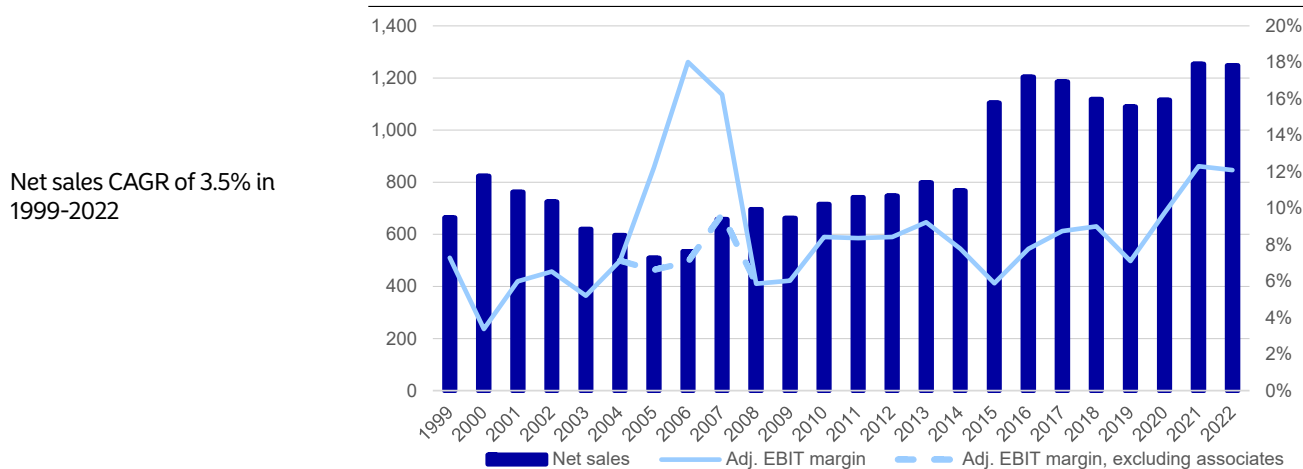
# Historical financials

Fiskars has a long history and has been listed since 1915. In 1999-2022, the net sales CAGR was 3.5%, while the adjusted EBIT margin improved from 7.3% in 1999 to 12.1% in 2022. Fiskars' structure has evolved from a conglomerate to a pureplay premium and luxury consumer goods company, but the Fiskars name remains the company's flagship brand.

## Net sales CAGR of 3.5% over the past 23 years

Fiskars' reported net sales showed a CAGR of 3.5% in 1999-2022. The company has completed multiple M&A transactions over the past 23 years, transforming Fiskars into a global premium and luxury consumer goods company.

### NET SALES (EURm) AND ADJUSTED EBIT MARGIN (%), 1999-2022



Source: Company data

On average, the adjusted EBIT margin was 7.7% in 1999-2022, excluding associated income during 2005-07.

littala, Royal Copenhagen and WWRD are the largest acquisitions during the past two decades

Below, we list the major acquisitions and divestments completed during 1999-2022. Fiskars' focus has shifted towards becoming an integrated consumer goods company. Looking at the current portfolio, we note the acquisitions of littala in 2007, and Royal Copenhagen (and Royal Scandinavian Modern KK) and WWRD in 2015. All three acquisitions were made in the Vita business line, and these now account for the majority of sales in this segment (above 80%).

littala was acquired in 2007 at a debt-free price of EUR 230m. In 2006, littala's net sales were EUR 190m, with EUR 17m operating profit, translating to a 13.5x transaction multiple.

Royal Copenhagen was acquired in 2013 with an enterprise value of EUR 66m. In 2011, Royal Copenhagen's net sales were EUR 66m with EBIT of EUR 5m, translating to a 13.2x transaction multiple.

WWRD was acquired in 2015 with an enterprise value of EUR 406m. In the fiscal year ending in April 2015, WWRD's net sales were EUR 402m, with EUR 31m in EBIT, translating to a 13.1x transaction multiple.

Fiskars sold its Russian operations in August 2022. The company operated locally mainly through the Fiskars brand, while net sales from Russia were approximately 1% of group net sales in 2021. The exit from the Russian market did not have a significant impact on the company's financial position or result in 2022.

**SELECTED ACQUISITIONS AND DIVESTMENTS IN 1999-2022 (EURm)**

Time	Action	Company/assets	Country	Segment	Sales	EBIT
1/1999	Acquisition	Sankey	UK	Gardening		
3/1999	Acquisition	ADP	US	Gardening		
5/1999	Acquisition	Syroco	US	Gardening		
1999						
2004	Acquisition	Asset purchases				
2/2005	Acquisition	Gingher	US	Scissors		
9-12/2005	Acquisition	Product lines	US	Craft consumables/knives		
6/2006	Divestment	Power Sentry division			41.9	2.2
8/2006	Acquisition	Silva	SWE	Outdoor	30	n.a.
5/2007	Acquisition	Leborgne	FRA	Gardening	16	n.a.
8/2007	Acquisition	Iittala	FIN	Homeware	190	17
2008	Acquisition	Minority of Iittala	FIN			
07/2009	Divestment	Product lines	US	Craft consumables	2.4	n.a.
12/2009	Divestment	Brunton	US	Outdoor	8.8	-2.1
7/2011	Divestment	Silva	SWE	Outdoor	15	n.a.
1/2013	Acquisition	Royal Copenhagen	DEN	Homeware	66	5
12/2013	Divestment	Sankey	UK	Gardening	11.7	n.a.
12/2014	Acquisition	Nelson and Gilmour	US	Gardening	76.5	-1.3
5/2015	Acquisition	WWRD	UK	Homeware	402	31
1/2016	Divestment	Buster boats/Inha Works	FIN	Boats	32	1
2016	Divestment	Container gardening	US/EU	Gardening	26	3
4/2019	Divestment	Leborgne	FRA	Hand tools and gardening	12	n.m.
2/2022	Divestment	NA Watering business	US	Gardening	80	n.a.

Source: Company data

### Myriad restructuring and investment programmes over the past ten years

Fiskars has implemented multiple restructuring and cost-cutting programmes over the past ten years. We note the company's good track record on hitting targeted cost savings with lower-than-expected total costs.

#### European investment programme

Fiskars launched a EUR 65m investment programme in 2010

In December 2010, Fiskars launched a EUR 50m investment programme in EMEA to facilitate growth. The plan was funded by cash flow and included a new enterprise resource planning (ERP) system. The programme was upgraded to EUR 65m during H1 2013 and reached EUR 65m by the end of 2016.

#### EMEA 2015 restructuring

The EMEA 2015 restructuring prompted cost savings worth EUR 13m...

In June 2013, Fiskars announced a restructuring programme for EMEA, aiming to improve the competitiveness and cost structure of Fiskars' end-to-end supply chain and align sales units in the region with the company's new business model.

Fiskars estimated the total programme costs to be EUR 25-30m, with investments over EUR 10m and cost savings of EUR 9-11m by 2015. Total costs from the programme were EUR 21.3m in 2013-15. In 2015, Fiskars announced that annual cost savings from the programme would reach EUR 13m in 2016.

#### Supply Chain 2017 programme

...EUR 8m from the Supply Chain 2017 programme...

In September 2015, Fiskars announced its Supply Chain 2017 programme to continue optimising its global supply chain network in Europe and Asia.

Fiskars estimated the total costs of the programme to be EUR 20m in 2015-17, and the company targeted EUR 8m in annual costs savings after 2017. Fiskars completed the programme during 2017, with EUR 11.2m in total costs and EUR 8m in targeted annual cost savings.

#### Alignment programme

...EUR 14m from the Alignment programme...

In November 2016, Fiskars launched its Alignment programme, focusing on structural changes in the organisation. This included proposed headcount reductions and the full integration of the English & Crystal Living business, acquired in 2015. The company estimated the net headcount reduction to be 130 positions globally.

Fiskars estimated the total cost of the programme to be approximately EUR 15m in 2016-17. Fiskars targeted EUR 14m in annual cost savings. The Alignment programme was completed at the end of 2018, with total costs of EUR 15m. The targeted EUR 14m in annual cost savings was achieved in 2017.

### Living transformation programme

In October 2018, Fiskars launched a transformation programme in its former Living business, aimed at increasing efficiency, reducing complexity and accelerating long-term strategic development.

...EUR 17m from the Transformation programme...

The initiative targeted annual cost savings of approximately EUR 17m by the end of 2021. Fiskars estimated the total cost of the programme to be around EUR 40m in 2018-21. The company reached the targeted cost savings by the end of 2021. The total costs of the programme were EUR 30m.

### Restructuring programme

In December 2019, Fiskars announced plans to change its organisational structure and launched a company-wide Restructuring programme with a EUR 20m annual cost savings target. The total costs of the programme were expected to be approximately EUR 30m by the end of 2021.

...and EUR 20m from the Restructuring programme

The company reached the targeted cost savings by the end of 2021. The total costs of the programme were EUR 12.5m.

#### PROFIT IMPROVEMENT PROGRAMMES IN 2013-23

Programme	Start	End	Targeted cost savings	Actual cost savings	Expected costs	Realised costs
EMEA 2015	2013	2016	EUR 9-11m	EUR 13m	EUR 25-30m	EUR 21.3m
Supply Chain 2017	2015	2017	EUR 8m	EUR 8m	EUR 20m	EUR 11.2m
Alignment	2016	2018	EUR 14m	EUR 14m	EUR 15m	EUR 15m
Transformation	2018	2021	EUR 17m	EUR 17m	EUR 40m	EUR 30m
Restructuring	2018	2021	EUR 20m	EUR 20m	EUR 30m	EUR 12.5m

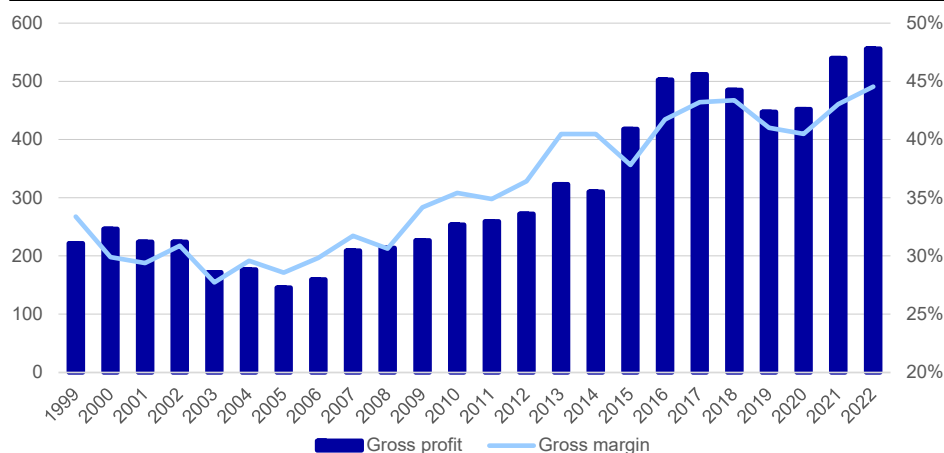
Source: Company data

### Gross margin has improved over time

Fiskars' gross margin has improved over time and reached 44.5% in 2022. We believe the increased share of the current Vita business area brands has been the key driver of the improved gross margin.

Improved gross margin trajectory over the past two decades

#### GROSS PROFIT (EURm) AND GROSS MARGIN (%), 1999-2022



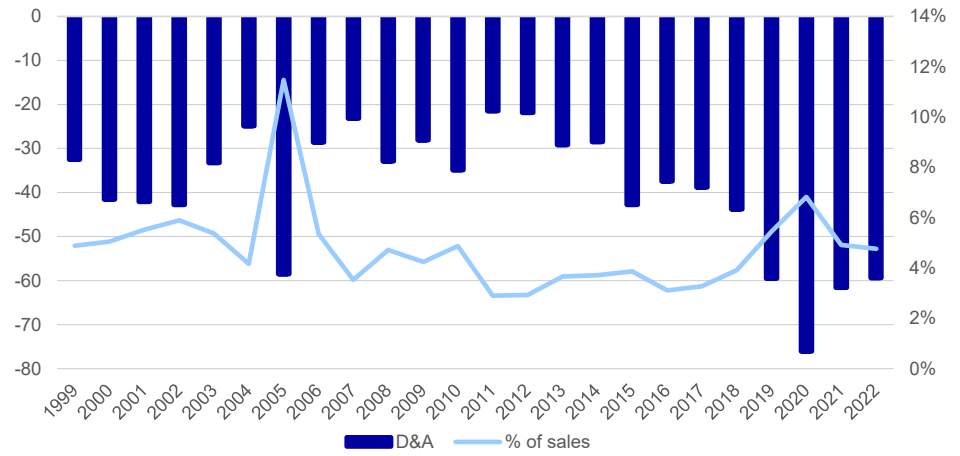
Source: Company data

**Depreciation has remained at below 5% of sales**

Over the past 24 years, depreciation averaged 4.8% of sales, similar to the 2022 level.

Depreciation – tracking at around 5% of sales

**DEPRECIATION AND AMORTISATION (EURm)**



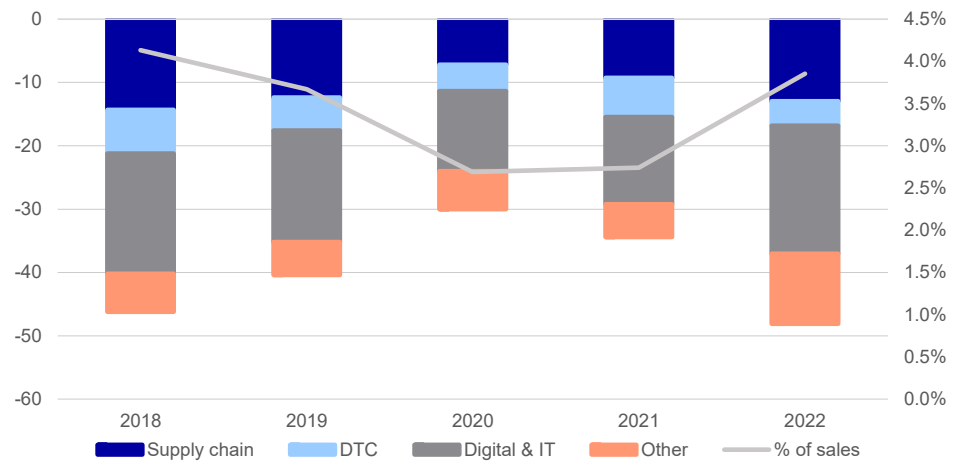
Source: Company data

**Capital expenditure and cash flow**

Over the past five years, Fiskars' capex was EUR 30-48m, with lower spending during 2020-21 due to COVID-19. In 2022, 50% of its capex was allocated to direct-to-consumer and digital and IT.

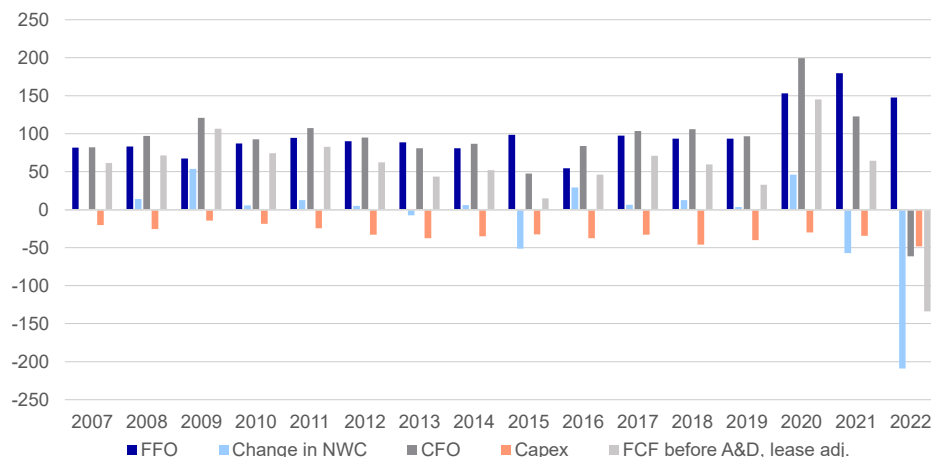
Capex – less than 4% of sales in 2019-22

**CAPITAL EXPENDITURE (EURm), 2018-22**



Source: Company data

Cash flow was burdened in 2021-22 by an increase in net working capital. During 2007-19, operating cash flow was broadly stable, averaging EUR 92m and peaking at EUR 199m in 2020, supported by a EUR 46m positive impact from net working capital and a solid business performance.

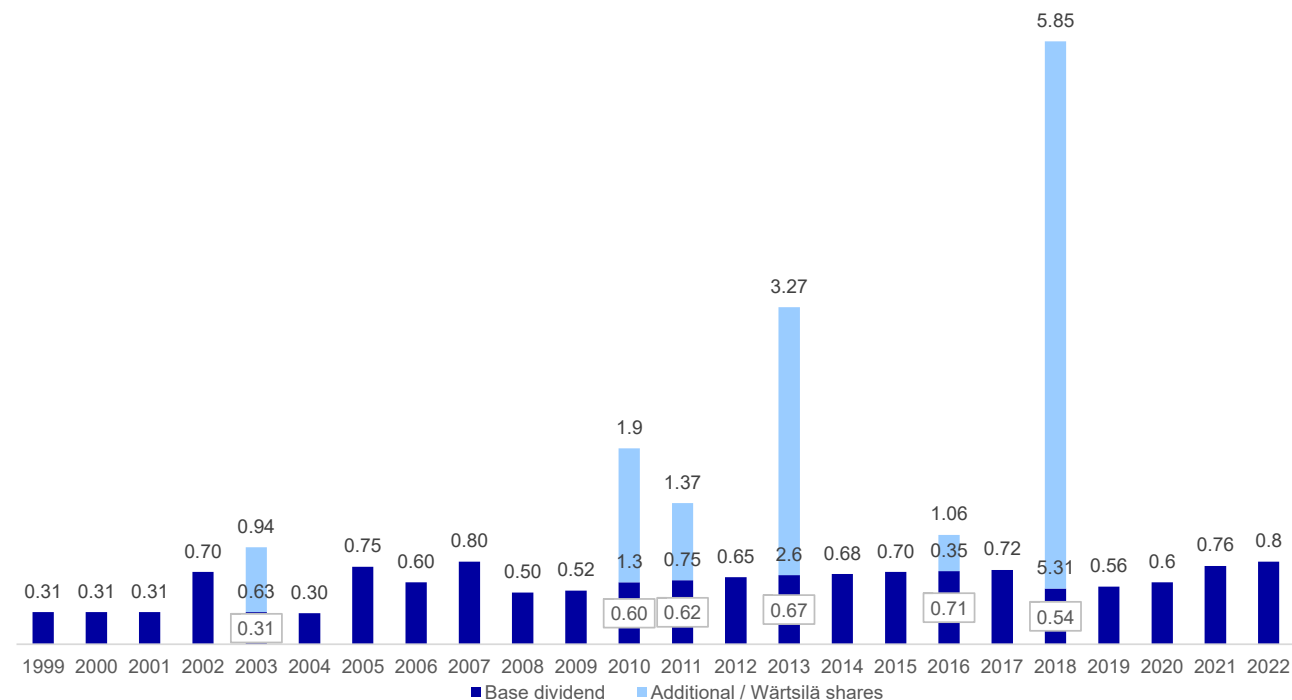
**CASH FLOWS (EURm), 2007-22**

An increase in net working capital burdened cash flow in 2021-22

Source: Company data

**Dividends**

Fiskars aims for a stable dividend, increasing over time, to be paid twice yearly. True to form, dividend payments have been steady. It has also distributed additional dividends, mainly due to its historical ownership in Wärtsilä. The company distributed its remaining Wärtsilä shares (32.6 million) to its owners in 2019 as an additional dividend for 2018 (EUR 5.31 per share).

**DIVIDEND PER SHARE (EUR), 1999-2022**

Source: Company data

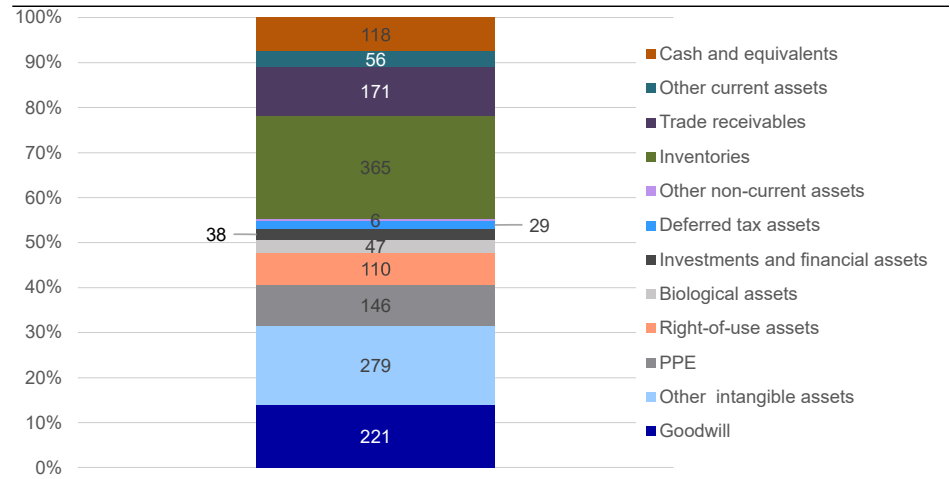
**Balance sheet**

At the end of 2022, the company's non-current assets mainly consisted of goodwill (EUR 221m), other intangible assets (EUR 279m) and property, plant and equipment (EUR 146m). Of the other intangible assets, the trademarks, patents and domain names line item accounted for EUR 228m at the end of 2022. Software had a book value of EUR 21m at the end of 2022; construction in progress was EUR 23.5m.

Current assets consisted mainly of inventories (EUR 365m), trade receivables (EUR 171m) and cash (EUR 118m). Inventories were elevated during 2022. In 2019, inventories were EUR 232m. Of the trade receivables, 84% have not fallen due while ~3% (EUR 5.8m) are due more than 60 days late. At the end of 2022, Fiskars had a EUR 4.9m allowance for credit losses.

**ASSETS (EURm), 2022**

Inventories were elevated in 2022



Source: Company data

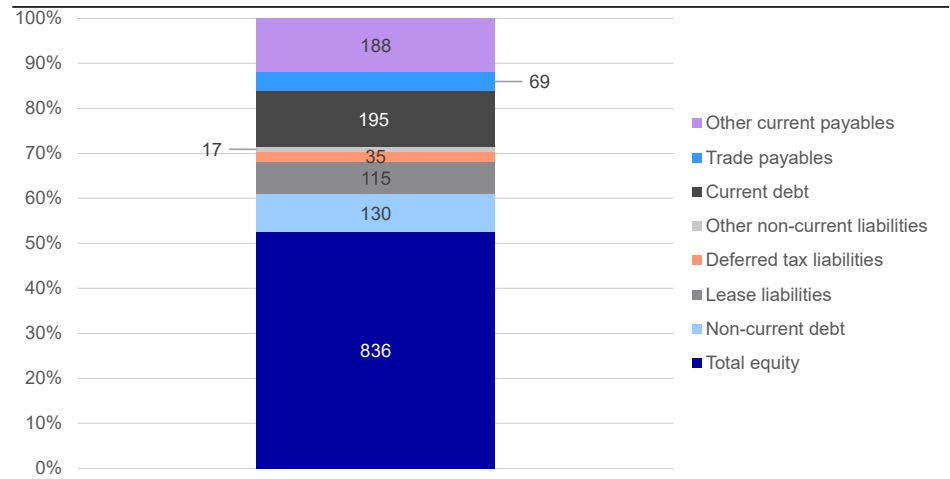
At the end of 2022, Fiskars' total equity was EUR 836m (EUR 4m in non-controlling interest). Interest-bearing financial liabilities were EUR 326m, of which EUR 195m was short term. Lease liabilities were EUR 115m at the end of 2022, taking gross debt to EUR 441m and net debt to EUR 325m.

Trade payables were EUR 69m at the end of 2022; other current payables were EUR 181m. Other current payables include interest (EUR 3m), wages, salaries and social costs (EUR 35m), contract liabilities (EUR 47m) and other (e.g. materials and supplies, EUR 56m).

Net debt/adjusted EBITDA was 1.7x at the end of 2022 (0.7x in 2021).

**EQUITY AND LIABILITIES (EURm), 2022**

53% equity ratio



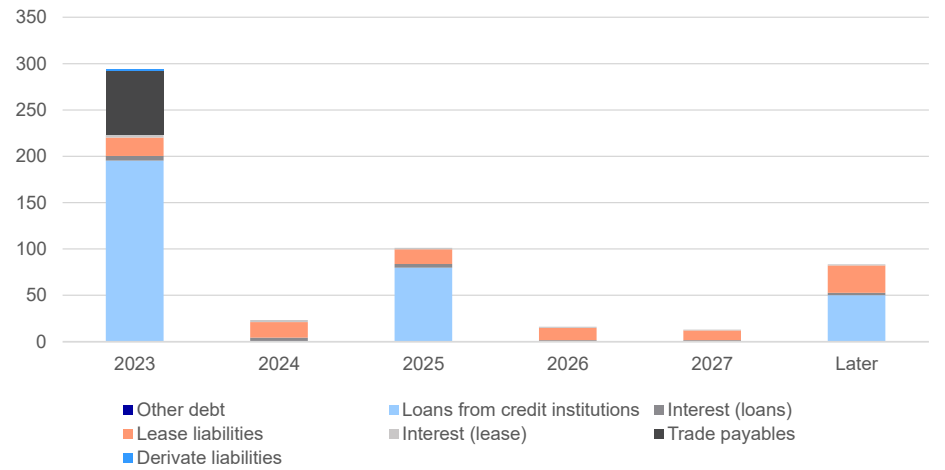
Source: Company data

### Maturity profile

Fiskars has EUR 195m in short-term debt due in 2023. Loans of EUR 80m are due to mature in 2025. Its short-term debt mainly consists of a commercial paper programme (EUR 146m in use at the end of 2022).

#### MATURITY OF LIABILITIES (EURm), 2023 ONWARDS

EUR 146m of a commercial paper programme was in use at the end of 2022



Source: Company data

# Market overview

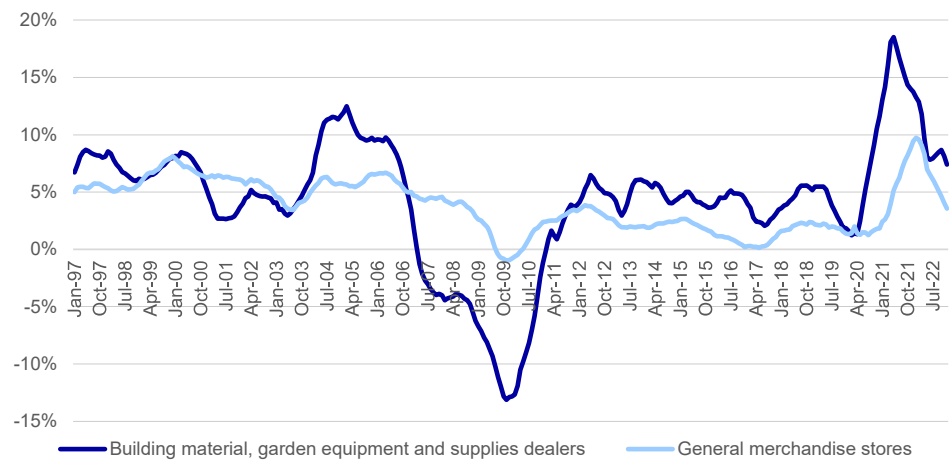
Fiskars' target markets were impacted by the COVID-19 pandemic and the subsequent boost in consumer spending. Now, although the demand situation has normalised overall, high inventory levels and cash flow safeguarding on the part of Fiskars' customers are still affecting demand. The US is the single largest market for Fiskars. China has become increasingly salient, as the company has growth ambitions for the country in line with its strategy.

## COVID-19 supported sales after an initial shock

Looking at how the market developed during the COVID-19 pandemic, it is apparent that companies like Fiskars benefitted from the boost in demand for consumer goods. In the US, where Fiskars is exposed mainly via gardening and crafting, we see that sales growth in categories relevant to the company picked up quickly after an initial COVID-19-driven shock. Building materials, garden equipment and supplies dealers saw the strongest growth, supporting Fiskars' Terra segment. The impact took longer for general merchandise stores which were affected by the pandemic.

US retail sales growth in relevant categories for Fiskars was strong in 2020-22

**US RETAIL SALES: ADJUSTED LTM GROWTH IN RELEVANT CATEGORIES (%), 1997-2022**

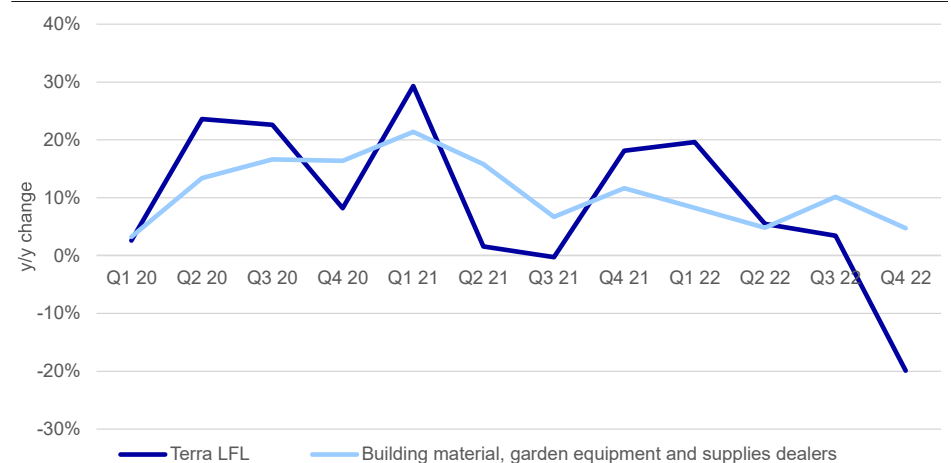


Source: United States Census Bureau

As to the COVID-19 period, Terra's LFL growth was solid during 2020 (14.1%) and 2021 (11.6%), in line with the growth seen for building materials, garden equipment and supplies dealers (11.6% in 2020; 13.7% in 2021). We note that 52% of Terra's sales were derived from the Americas in 2022 (58% in 2021).

US retail sales growth was also visible in Terra's LFL growth

**TERRA: QUARTERLY SALES GROWTH VERSUS US MARKET GROWTH (Y/Y), 2020-22**

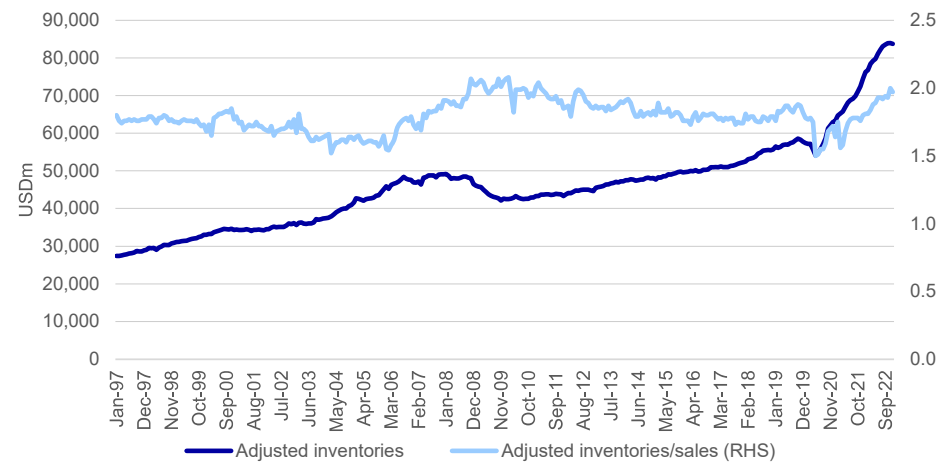


Source: Company data and United States Census Bureau

Terra's LFL sales growth turned negative in Q4 2022, driven by the US where its big-box customers' high inventory levels dented demand. We note a clear uptick in inventories within building materials, garden equipment and supplies dealers throughout the pandemic, likely reflecting availability issues in the market. Adjusted inventories (excluding seasonal variation, trading days and holiday effects) peaked at around USD 84bn in building materials, garden equipment and supplies dealers in November 2022.

Inventories remain high

**ADJUSTED INVENTORIES IN BUILDING MATERIALS, GARDEN EQUIPMENT AND SUPPLIES DEALERS, 1997-2022**

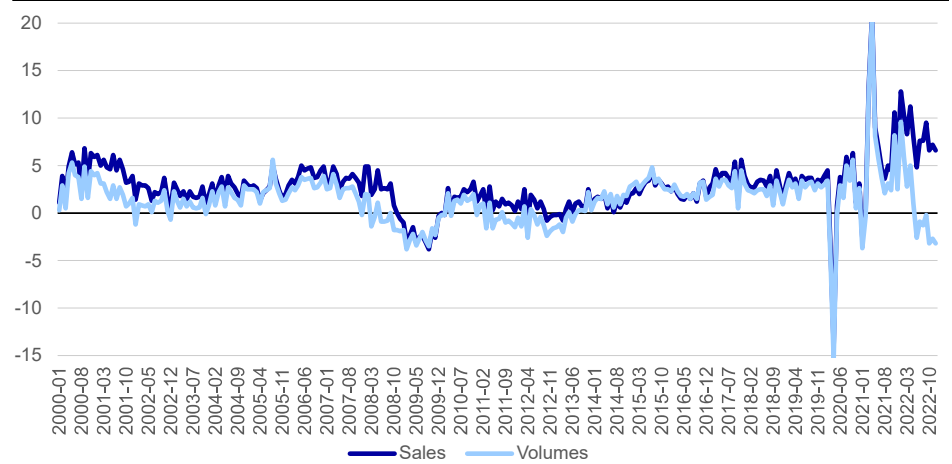


Source: United States Census Bureau

In Europe, growth in the retail trade, excluding motor vehicles, motorcycles and fuel, declined heavily in March-April 2020, but the market recovered quickly, pushing overall 2020 growth to 1.5%, followed by buoyant 6.6% growth in 2021. In 2022, volume growth was only 0.6%, versus sales growth of 8.3%, due to high inflation. Of Fiskars' segments, Vita is the most exposed to Europe, although we note the growing importance of Asia-Pacific.

Retail volume growth in Europe collapsed during spring 2022

**EU-27 RETAIL TRADE, EXCLUDING MOTOR VEHICLES, MOTORCYCLES AND FUEL, Y/Y GROWTH (CALENDAR ADJUSTED), 2000-22**

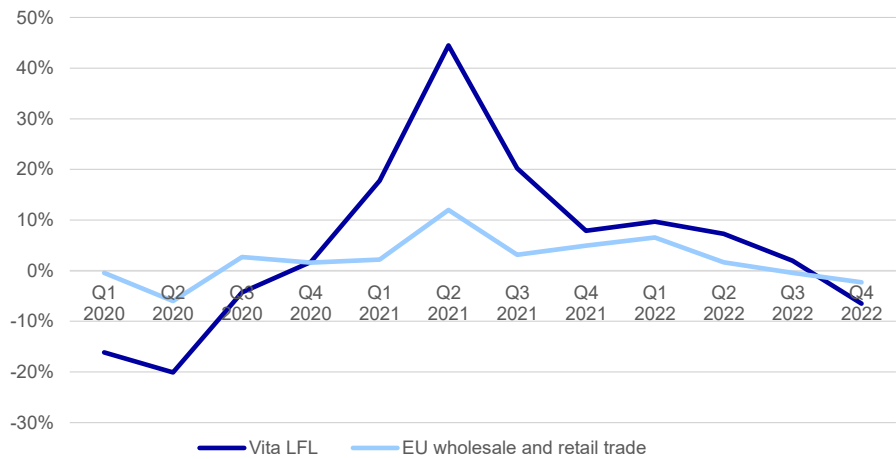


Source: Eurostat

Due to COVID-19 lockdown measures, Vita's LFL growth was weaker than seen in the European wholesale and retail trade in Q1-Q3 2020. Yet, owing to vigorous market demand and an easy comparison base, in 2021 Vita's LFL growth was above European market growth. In 2022, Vita's growth was more aligned with the European market.

Vita's sales growth mirrored European market growth in 2022

**VITA: LFL GROWTH VERSUS EU MARKET GROWTH (Y/Y), 2020-22**

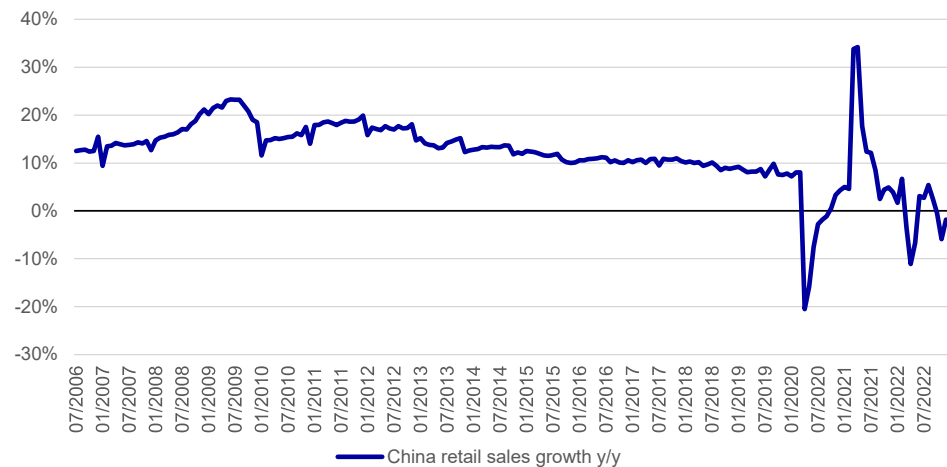


Source: Company data and Eurostat

In China, lockdowns pummelled retail sales. In 2021 retail sales recovered well, but we note continued downward pressure on sales in 2022 due to ongoing lockdowns. We believe that retail sales in China will pick up pace in 2023 given that the lockdown measures have been lifted.

High volatility in Chinese retail sales owing to lockdowns

**RETAIL SALES GROWTH IN CHINA (Y/Y), 2006-22**



Source: Refinitiv

### Market outlook

Fiskars operates in diverse subsegments, but all of its business areas are linked to retail sales. Vita is the most exposed to luxury products through its tableware and glassware products. Terra is more seasonally driven due to its gardening, outdoor and watering offering, and hence it is most affected by weather conditions especially during spring. Crea's offering is tilted towards scissors, so back-to-school is a high season.

European sales accounted for 48% of the total in 2022, followed by the Americas at 35% and Asia-Pacific at 17%.

### Europe's GDP growth is expected to be low in 2023

Nordea expects 1% real GDP growth for the euro area

Nordea's most recent economic outlook forecasts 1% real GDP growth for the euro area for 2023, compared to the European Commission's forecast of 0.3% for 2023. However, the European Commission forecast was released in November 2022. Subsequently gas prices plummeted, buoying the GDP growth outlook.

The European Commission forecasts EU-wide inflation of 7% for 2023, while Nordea forecasts 5.3%. Given the agreed wage increases, we see scope for a slight decline in consumer purchasing power in 2023.

A strong labour market is likely to underpin retail sales at a relatively good level, even in 2023. The European Commission expects the unemployment rate to remain low at 6.5% in 2023 (6.2% in 2022) and 6.4% in 2024.

**The US economy has been resilient so far**

In the US, the economy has been resilient despite rapidly rising interest rates. Most of the US data releases from January onwards have been robust, to the point of suggesting that instead of heading towards a recession US growth might be accelerating. However, despite the solid US employment data from January, the data is volatile. Hence we refrain from drawing overly optimistic conclusions. Moreover, strong economic data could keep the Federal Reserve set on raising interest rates.

US real GDP is expected to grow by 1.3% in 2023

Based on a survey by the Federal Reserve Bank of Philadelphia, US real GDP is expected to increase by 1.3% in 2023. The survey predicts that the unemployment rate will increase from 3.5% in Q1 2023 to 4.1% at the end of 2023. For 2024, the survey indicates 1.4% real GDP growth and a flattish unemployment rate.

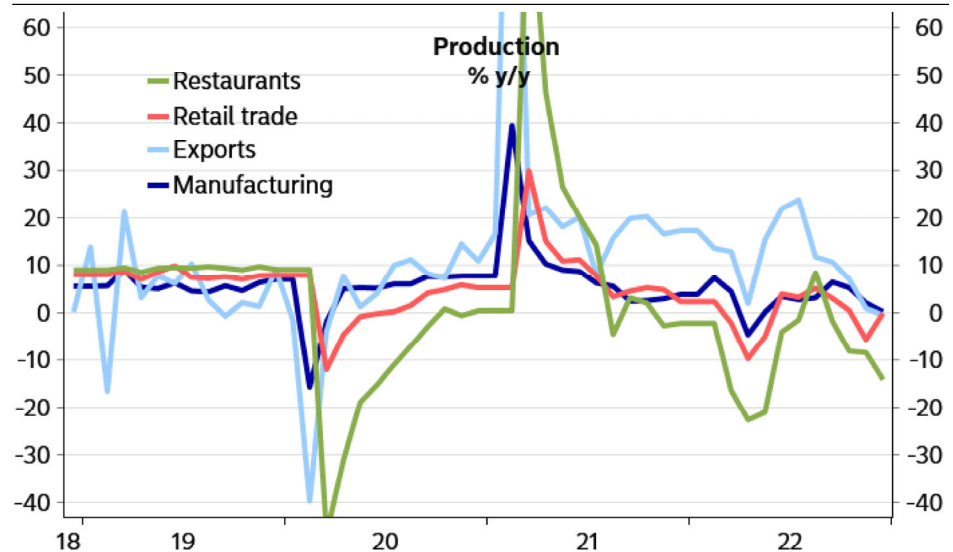
**China's reopening to drive GDP growth**

China's real GDP growth rate is expected to rebound to 6% in 2023

China's real GDP growth rate was impacted by restrictions, with 3% growth in 2022. Nordea expects China's real GDP growth rate to accelerate to around 6% in 2023, driven by consumption. The service sector in particular is expected to benefit from pent-up demand and the removal of restrictions that harmed the economy for nearly three years.

During the pandemic, sector differences were high. We expect the retail trade to rebound in 2023, partly driven by excess savings generated during the pandemic.

**SECTOR DIFFERENCES IN CHINA DURING THE PANDEMIC**



Sector differences were high during the pandemic

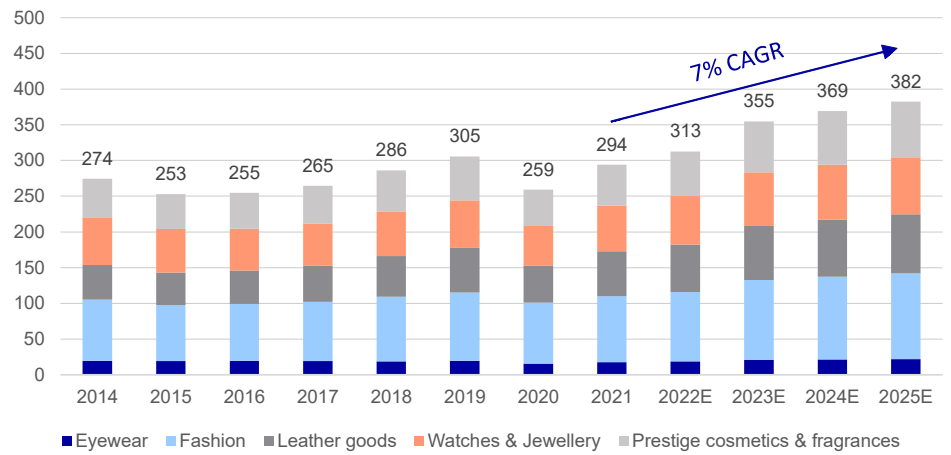
Source: Macrobond and Nordea

**The luxury market is expected to enjoy robust growth in 2023**

In 2022, some 25% of Fiskars' sales came from luxury brands. Luxury brands are within the Vita business area.

According to Statista, the luxury market is expected to show a 7% CAGR in 2021-25. The traditional luxury segment split does not include Fiskars' product offering but we believe that the broader luxury market is a good proxy for Fiskars' luxury products, too.

**LUXURY GOODS HAVE A POSITIVE GROWTH OUTLOOK (USDbn), 2014-25E**

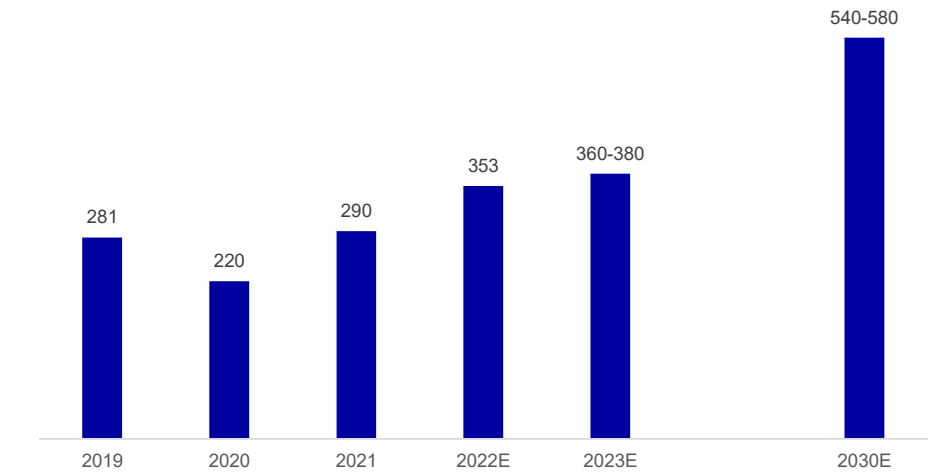


Source: Statista

According to the Bain-Altgamma Luxury Goods Worldwide Market Study from November 2022, the personal luxury goods market has fully recovered to the 2019 level and is expected to reach a value of EUR 353bn in 2022, with 15% y/y constant currency growth. According to the study, market growth could be 5-7% per year until 2030.

**PERSONAL LUXURY GOODS MARKET (EURbn), 2019-30E**

5-7% luxury goods market CAGR



Source: Bain-Altgamma Luxury Goods Worldwide Study, Autumn 2022 edition

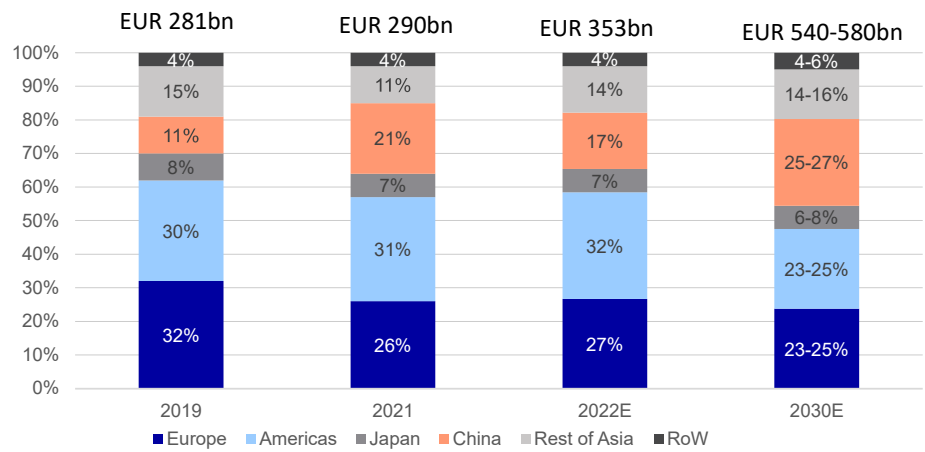
According to the study, one of the drivers will be more than 180 million new mid- and high-income consumers in China.

The share of China in the total personal luxury market is expected to reach 25-27% by 2030, compared to 11% in 2019.

The online share of personal luxury brand sales is expected to grow quickly and reach 32-34% in 2030, up from 22% in 2021.

**LUXURY GOODS MARKET BY GEOGRAPHY, 2019-30E**

China is set to drive market growth



Source: Bain-Alltagamma Luxury Goods Worldwide Study, Fall 2022 edition

# Strategy and financial targets

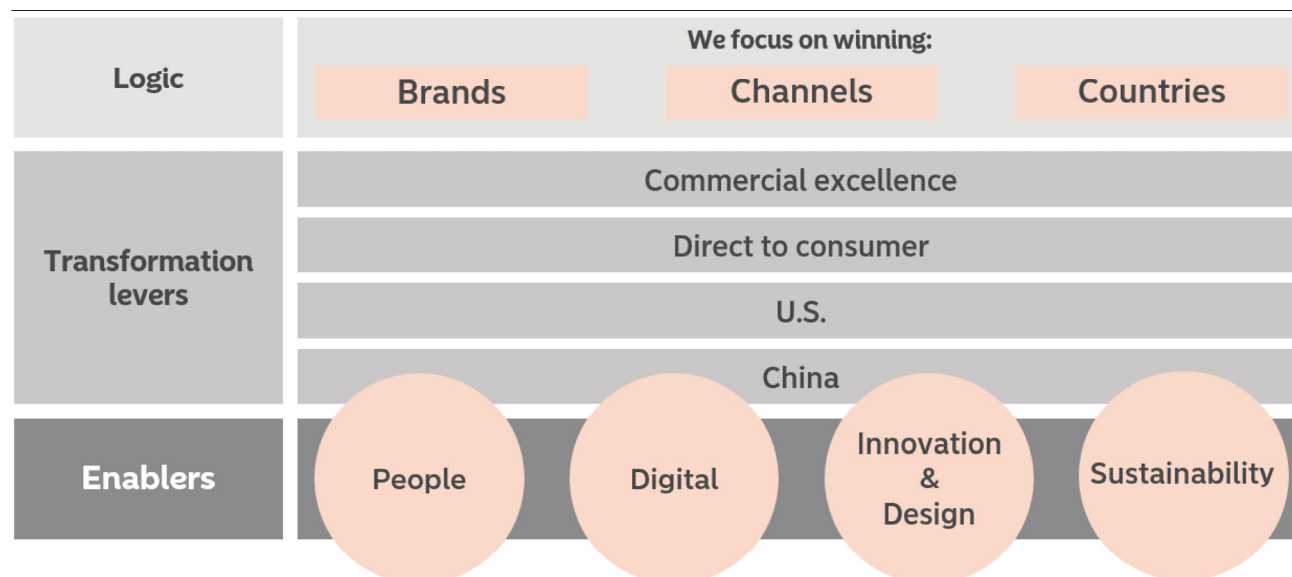
Fiskars Group's strategy aims to step up growth to the mid-single digits and achieve a comparable EBIT margin improvement, mainly from a higher gross margin. The focus will be on winning brands, winning channels and winning in selected countries, mainly the US and China. The transformation levers include commercial excellence across all business areas, increased focus on direct-to-consumer sales, an augmented presence in the US and boosting growth in China. Sustainability is also high on the agenda. Its financial targets for 2025 include organic growth of ~5%, a comparable EBIT margin in the mid-teens (15%), 80% cash conversion and net debt/EBITDA below 2.5x. The company strives to pay a stable and increasing dividend.

## Fiskars Group's strategy focuses on growth

Fiskars Group's strategy focuses on growth with four key transformation levers

Fiskars Group's strategy is a pronounced growth strategy, focusing on winning brands, winning channels and winning in selected countries. The transformation levers include commercial excellence, direct-to-consumer (DTC) sales, an increased presence in the US and continued robust growth in China. The enablers are people, digital, innovation, and design and sustainability.

### GROWTH STRATEGY: CLEAR FOCUS AND TRANSFORMATION LEVERS



Source: Company data

### Commercial excellence

Commercial excellence means... Fiskars Group targets commercial excellence to drive improvement across all channels. Below, we list some examples of what the company means by commercial excellence.

...teaming up with the right retail partners...

- **Win with the winners:** Fiskars Group aims to grow through the right retail partners. Due to strong brand recognition, it has access to the largest retailers.

...more dynamic pricing...

- **Value-based pricing:** Fiskars Group is striving for a more dynamic pricing model, for both its retail partners and direct-to-consumer sales.

...enhanced visibility among retailers and a focus on DTC...

- **In-store and online excellence:** Enhanced visibility among retailers and an increased focus on its own DTC capabilities through investments in digital channels.

...and expanded distribution and product coverage...

- **Distribution and product coverage:** In some markets, Fiskars Group still has limited distribution and product coverage. For example, in the US, the Gerber brand has significant untapped potential. In China, Wedgwood is the leading brand, but a number of other brands have untapped potential.

...in order to improve the gross margin and reach a ~15% EBIT margin by 2025

Commercial excellence is measured in numerical terms, we believe primarily via the gross margin. Commercial excellence will be key for the company to reach its comparable EBIT margin target of 15% by 2025.

DTC accounted for 21% of group sales in 2022...

**Direct-to-consumer (DTC) is increasingly important and growing**

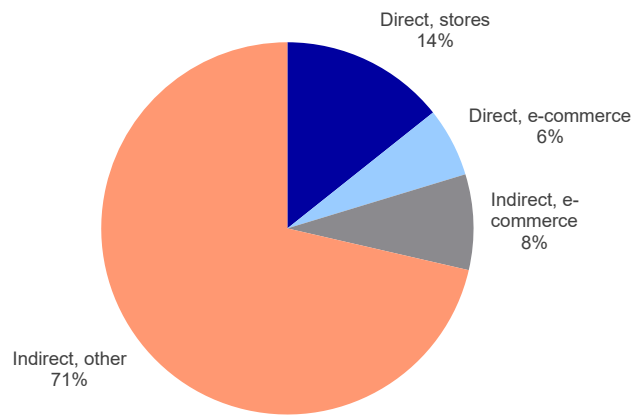
In 2022, 21% of Fiskars Group's net sales came from the direct channel, with ~14% of group sales from own stores and ~6% from direct e-commerce. Indirect e-commerce accounted for ~8% of sales, and other indirect (mainly retail partners) represents ~71% of group sales.

Fiskars Group aims to strengthen its DTC business to win in the channel shift by focusing on growing the direct channel, which includes both e-commerce, and its own stores in selected markets, especially in China. The company aims to invest significantly in its digital organisation and capabilities.

...which will play a key role if Fiskars Group is to achieve its growth and margin targets

DTC performance is measured in numerical terms, mainly via growth in DTC sales, as well as the share of DTC in group sales, we believe. DTC is key for Fiskars Group to reach its ~5% organic annual net sales growth target, as well as to support the 15% comparable EBIT margin target by 2025, we argue.

**SALES SPLIT BY CHANNEL (%), 2022**



Indirect sales are still a major part of Fiskars' sales

Source: Company data

**The US continues to deliver the majority of Fiskars Group's growth**

The US market is important for Fiskars Group, as it accounted for more than 30% of sales in 2022. The company sees several growth drivers in the future.

The US is by far the most important market for Fiskars

The company already has a strong platform in the US...

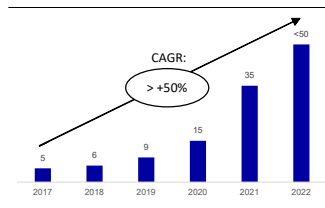
- **Favourable market dynamics:** The US is a demand driver for branded consumer products.
- **Solid platform with scale in place:** Fiskars is a leading gardening brand in the US market and already has a strong presence at key big-box retailers and significant e-commerce partners.
- **Further improvement in sight:** In the US, the Fiskars product portfolio is not fully utilised, Gerber has untapped potential and the Vita turnaround in the US is progressing well.

...with improvement potential for Vita and Terra

Success in the US is crucial for Fiskars Group to reach its sales growth and margin targets

Performance in the US is measured in numerical terms, mainly by organic growth, we believe. We argue the US will be an important factor for Fiskars Group to reach its ~5% organic annual net sales growth target, as well as the 15% comparable EBIT margin target by 2025.

## CHINA SALES GROWTH



Source: Company data

### Strong start in China with significant growth opportunities ahead

Fiskars Group's sales in China showed a CAGR of more than 50% in 2017-22. Although the market at present accounts for less than EUR 50m in sales – i.e. less than 4% of group sales – Fiskars Group sees strong market demand in China and will continue to focus on growing sales in the market.

- **Solid foundation and impressive track record:** Fiskars has a strong and capable local team in place, proven by its net sales CAGR above 50% during the past few years. Growth has been driven by Wedgwood, which, according to the company, commands a no. 1 position in its category (luxury tableware). Thanks to the strong performance of Wedgwood, the brand was moved to the winning brands category.
- **Robust net sales growth set to continue:** Fiskars Group aims for continued leadership with Wedgwood and sees further opportunities from other brands in its portfolio (Royal Copenhagen leveraged only since 2021).

Performance in China is measured in numerical terms, mainly by organic growth, we believe, and also by DTC and e-commerce growth. Although it represented less than 4% of group sales in 2022, we argue that China will be an important factor for Fiskars Group to reach its ~5% organic annual net sales growth target, as well as the 15% comparable EBIT margin target by 2025.

### Three out of four transformation levers improved in 2022

Looking at 2022 results, we affirm that Fiskars Group delivered on three of its four transformation levers.

Out of the three transformation levers, excellence, DTC and China delivered in line or better than targeted in 2022...

...while growth in the US fell short of expectations

Five out of the six winning brands had sales exceeding EUR 100m in 2022

Winning brands perform at least in line with the group average; turnaround brands are meant to improve towards the group average

Wedgwood went from turnaround to winning, thanks to strong performance in China

- **Commercial excellence:** The gross margin improved 160 bp in reported terms and 60 bp organically (adjusted, e.g. for the Gilmour divestment). In Q4 2022, the gross margin improved by 120 bp in reported terms and 90 bp organically y/y.
- **Direct-to-consumer (DTC):** In 2022, DTC grew by 8% (up 3% in Q4) and accounted for 21% (28% in Q4) of group net sales. E-commerce grew by 17% (up 30% in Q4), while own store sales grew by 4% (down 8% in Q4).
- **The US:** Net sales declined by 4% in 2022 (down 26% in Q4), as demand weakened in H2 after a strong H1, owing to lower consumer confidence and retailers' high inventory levels. The US transformation lever did not turn out as expected in 2022.
- **China:** Net sales grew by 36% in 2022 despite COVID-19 disruptions in several quarters. Growth climbed to 40% in Q4, driven by buoyant sales in e-commerce.

### Focus on winning brands, enabled through clear roles across portfolio

Fiskars has divided its brands into two categories: winning brands and turnaround brands. The winning brands are Fiskars (business areas Terra and Crea), Royal Copenhagen (Vita), Iittala (Vita), Wedgwood (Vita), Gerber (Terra) and Moomin (Vita). All of the winning brands except Moomin had net sales above EUR 100m in 2022.

Winning brands are defined as brands that perform at least in line with the group average when looking at their contribution to the group comparable EBIT margin, while turnaround brands are dilutive to the group EBIT margin. Winning brands also have good growth opportunities, while turnaround brands might have a weaker growth outlook.

When the new strategy was presented in November 2021, Fiskars identified five winning brands. As of the Q4 2022 report, Wedgwood was moved to the winning brands category, largely thanks to the success of the brand in China. The number of turnaround brands declined from four in November 2021 to three as of Q4 2022, as the Gilmour and Nelson brands were divested in early 2022.

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**FOCUS ON WINNING BRANDS – CLEAR ROLES ACROSS THE PORTFOLIO**


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Source: Company data

The turnaround brands are Waterford (6% of group sales), Royal Albert and Royal Doulton, all within the Vita business area.

Fiskars is the most important brand for the group and accounted for more than 40% of group sales in 2022

Fiskars Group will continue to drive Fiskars as its No. 1 brand. Fiskars is a global name with strong recognition in the main markets (US and Europe). It accounted for 43% of Fiskars Group's sales in 2022. The Fiskars brand posted ~7% net sales CAGR since 2017. The company believes that it has opportunities to further stretch the brand and surround its customers with new products across key markets. For example, the Fiskars clothing range was well received and enjoys good global visibility.

#### MOOMIN BRAND



Source: Company data

Fiskars Group is also building new winning brands through innovative ways of thinking. One good example of this is the Moomin brand, in which storytelling is translated into collectibles.

- The Moomin brand achieved net sales of close to EUR 40m in 2022 and accounted for 7% of business area Vita's net sales in 2022. At the group level, Moomin accounted for 3% of sales in 2022.
- Fiskars Group acquired a minority holding in Rights & Brands in September 2021. Rights & Brands, with headquarters in Stockholm, Sweden, is a licensing agency focusing on bringing Nordic brands to a global arena.
- The strategic partnership with Rights & Brands enables global growth of the Moomin brand beyond Fiskars Group's strong footprint in the Nordic market.

The transformation of the group is progressing largely according to the company's plan, despite the weaker performance in H2 2022.

DTC is playing an increasingly important role...

...luxury brands account for ~25% of group sales...

...and the company has successfully improved its turnaround brands

- **Winning brands:** At present, Fiskars has five brands with annual sales exceeding EUR 100m.
- **Direct-to-consumer (DTC):** For example, the Vita business segment's brands Royal Copenhagen and Wedgwood have more than 50% of their sales coming from the DTC channel.
- **Brand positioning:** In 2022, 25% of Fiskars Group's net sales came from its luxury brands.
- **From turnaround to winning brand:** During 2022, the Wedgwood brand became a winning brand, having previously been categorised as a turnaround brand.

## Enablers for the future

Fiskars has identified four key enablers for reaching its strategic targets: people, digital, innovation and design, and sustainability.

Fiskars has set its enablers for the future as the following: people, digital, innovation and design, and sustainability

- **People:** Fiskars Group is committed to building an inclusive culture. The company wants to ensure that it has the right people capabilities, the right organisation and efficient ways of working to achieve the group's ambitious goals and create value.
- **Digital:** Fiskars Group wants to be data-driven, and the company is investing significantly in its digital organisation and capabilities.
- **Innovation and design:** Fiskars Group is known for its design. The company wants to develop bold new initiatives and growth opportunities that enrich people's lives.
- **Sustainability:** Fiskars Group is on a mission to ensure the lasting well-being of people and the planet.

## Sustainability in focus

In recent years, Fiskars Group has begun to focus significantly on sustainability. The new ESG strategy contains five key targets.

Fiskars group has five key sustainability targets

1. The majority of net sales from circular products and services by 2030. At the end of 2022, ~5% of group net sales were generated from recycled product ranges.
2. Greenhouse gas emissions from own operations (Scopes 1 & 2) reduced by 60% from a 2017 baseline year by 2030. In 2022, Scopes 1 & 2 greenhouse emissions decreased by 6% compared to 2021 and by 42% compared to the baseline 2017.
3. 60% of Fiskars Group's suppliers (by spend) covering purchased goods and services to have science-based targets by 2024. By the end of 2022, approximately 25% of Fiskars Group's suppliers (by spend covering purchased goods and services) set science-based targets.
4. Zero lost time accident frequency (LTAF) by 2030. In 2022, the score was 4.8.
5. Enhancing diversity, equity, and inclusion. As an example, Fiskars Group expanded paid parental leave in the US from 1 January 2022 so that all birthing parents are paid 100% salary/hourly wage for up to 14 weeks. In the US, there is no requirement for employers to provide paid leave after the birth of a baby, and only one out of four Americans has access to paid family leave.

Fiskars published a comprehensive Sustainability Report for 2022 in conjunction with its Annual Report.

## Long-term financial targets

In November 2021, at its most recent CMD, Fiskars Group published new long-term financial targets for the next four-year period. The long-term financial targets cover five areas: growth, profitability, cash flow, balance sheet and dividend.

Financial targets include growth, profitability, cash flow, balance sheet and dividends

- **Growth:** Annual, FX-neutral organic net sales growth of approximately 5% (mid-single digits).
- **Profitability:** Comparable EBIT margin to reach approximately 15% (mid-teens) by the end of 2025.
- **Cash flow:** Cash conversion (free cash flow/net profit) of at least 80%.
- **Balance sheet:** Net debt/LTM EBITDA at or below 2.5x.
- **Dividend:** Fiskars Group aims to distribute a stable dividend that increases over time, to be paid twice yearly.

### LONG-TERM FINANCIAL TARGETS

KPI	Target	2020	2021	2022
Net sales	Organic, FX neutral mid-single-digit growth	3%	14%	2%
EBIT	Mid-teen adj. EBIT margin 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

Note: Fiskars' definition of free cash flow: EBITDA + change in provisions + non-cash adjustments – capital expenditure +/- change in inventories, trade receivables and trade payables – cash taxes

Source: Company data

The three total shareholder return drivers are profit growth, change in company profile and cash flow contribution

### The growth strategy addresses all value creation levers

Fiskars Group has identified three total shareholder return (TSR) drivers: profit growth, change in company profile and cash flow contribution.

- Profit growth:** Fiskars Group wants to secure profit growth through an increased focus on gross margin improvement. Opex fluidity is a goal to ensure funding for strategic growth investments. The company strives to manage both short- and long-term profit improvement through close control and oversight.
- Change in company profile:** Fiskars Group aims to shift from flattish top-line growth to sustainable mid-single digit (MSD) growth by modernising its channels and turning its focus to direct-to-consumer (DTC) and digital marketing. In addition, the company is increasing its focus on sustainability.
- Cash flow contribution:** Although Fiskars does intend to increase capex for strategic growth drivers, it strives to continue delivering stable cash flows. The dividend policy remains unchanged; the company targets a stable dividend, increasing over time.

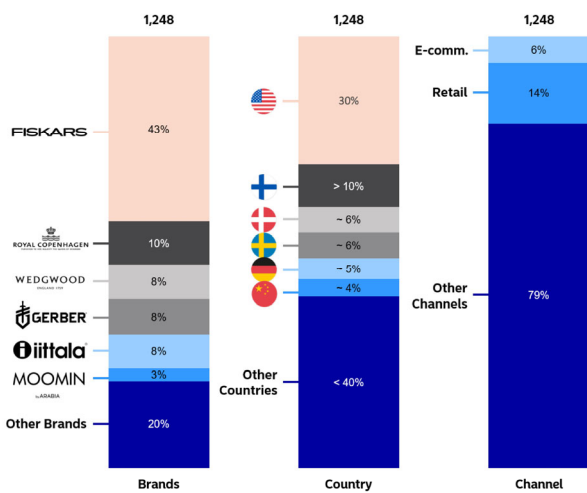
### Winning brands, countries and channels

The chart below illustrates Fiskars Group's net sales split by brand, country and channel in 2022 on the left, and their contribution to 2022 growth versus target growth components on the right.

In 2022, winning brands contributed less to sales growth than targeted, as did winning countries (US and China), while DTC contributed more to growth than targeted

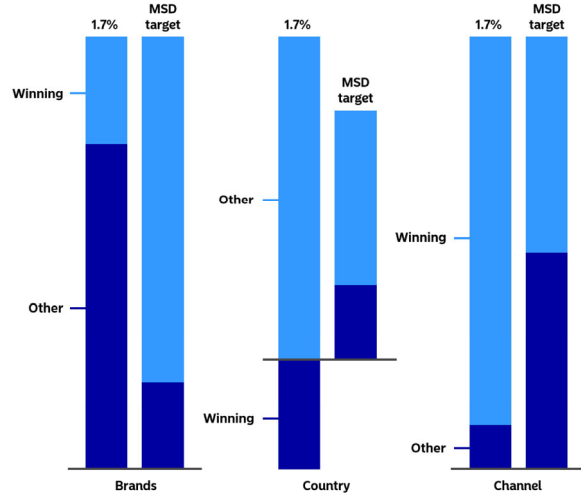
In 2022, due to a weak H2, the company achieved organic growth of 1.7%, versus its target of ~5%. Zooming in on the brands, it is apparent that the winning brands contributed less to growth than the other brands (including turnaround brands). Also, winning countries contributed negatively to growth, as US sales declined in 2022, while China continued its solid growth. 2022 sales growth by channel was more tilted towards the winning channels (DTC), as weak sales growth in the US dented sales from traditional retailers.

NET SALES: WINNING BRANDS, COUNTRIES AND CHANNELS



Source: Company data

EXPECTED VS. ACTUAL CONTRIBUTION TO 2022 GROWTH



Source: Company data

Winning brands, strong performance in Northern Europe, US and China, plus successful DTC sales are vital for Fiskars Group to reach its growth target

In order for Fiskars Group to achieve its target of 5% annual growth, the winning brands will likely play a key role. The company expects the vast majority of this growth to come from the winning brands. Moreover, looking at countries, Fiskars expects the winning countries to contribute the most to the growth target. Within channels, the aim is for DTC (winning) and indirect sales (other) to contribute equally to growth, implying that DTC would need to grow markedly faster than indirect sales, as DTC accounted for a mere 21% of sales in 2022.

Gross margin is likely to play a key role for Fiskars Group to reach its 13-16% comparable EBIT margin target

**Gross margin – key to hitting the EBIT margin target**

At its CMD in November 2021, Fiskars Group presented the chart below regarding how to reach its target of a comparable EBIT margin in the mid-teens, i.e. 13-16%. At the time of the CMD, Fiskars Group's business included the US Watering business, which was sold in early 2022 and was dilutive to both Terra's and the group's gross margin. Our understanding is that the gross margin target for 2025 is slightly higher after the divestment, i.e. 47-48% instead of the 46-47% presented at the CMD. We believe that the Marketing and SG&A target of 31-33% remains intact even after the divestment.

**FUTURE P&L STRUCTURE – EMPHASIS ON INCREASING GROSS MARGIN**

	2019	2020	2021	2022	2025 target
Gross margin	41.0%	40.5%	43.0%	44.5%	46-47%
Marketing and SG&A	34.0%	29.7%	30.6%	31.8%	31-33%
Adj. EBIT	7.1%	9.8%	12.3%	12.1%	Mid-teen

Source: Company data and Nordea

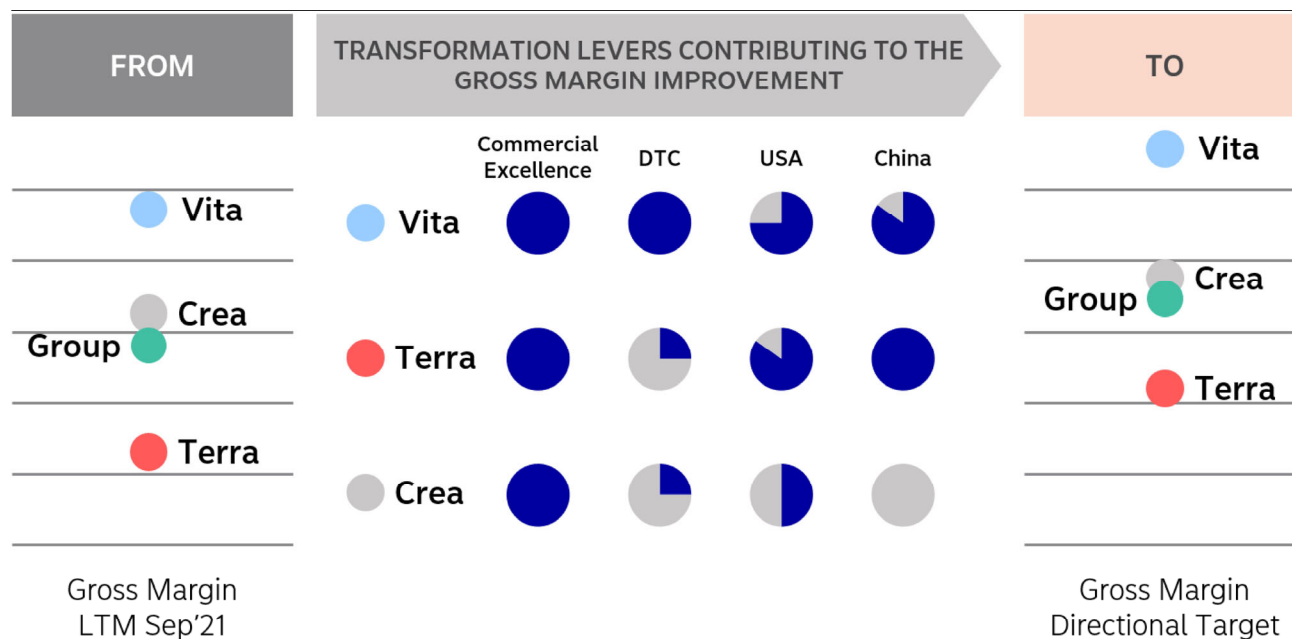
Marketing and SG&A are targeted to account for 31-33% of sales in 2025

Marketing as a proportion of sales for 2025 was targeted at 4-5% at the CMD, while SG&A was targeted at 27-28%, resulting in a comparable EBIT margin target of 13-16%, calculating the high and low from the targeted ranges.

In 2022, gross margin was 44.9%, Marketing and SG&A was 31.8% of sales, with the comparable EBIT margin at 12.1% (12.3% in 2021).

The chart below illustrates the gross margin levels as presented at the CMD in November 2021 on the left for the group and the three business areas, with the long-term targets on the right.

**TRANSFORMATION LEVERS ARE CONTRIBUTING TO GROSS MARGIN**



Source: Company data

Commercial excellence applies across all business areas; DTC is mainly for Vita

Commercial excellence is meant to contribute to all three business areas' gross margin improvement. Direct-to-consumer (DTC) is targeted to mainly improve the gross margin for the Vita business area, as the business areas of Terra and Crea rely heavily on distribution through retail partners. Fiskars Group targets gross margin improvement from the US mainly through Terra and Vita but also from Crea, while in China, for the time being, the focus is mainly on Vita.

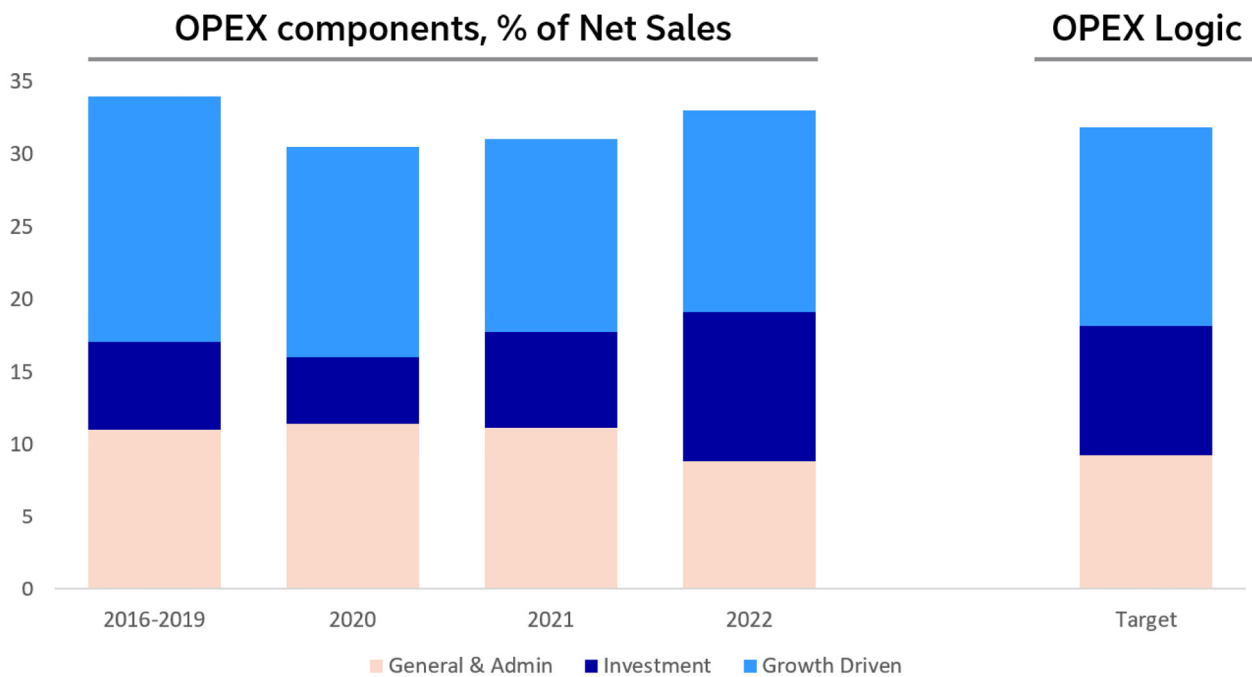
Opex components are split into growth-driven, investment and general & admin investments

**Growth investments funded through fluidity and higher gross profit**

The chart below illustrates Fiskars Group's opex components in 2016-22 and the long-term targets. The opex components are split into growth-driven, investment and general & admin opex.

- **Growth-driven opex:** Includes sales expenses, including DTC, and is expected to mirror top-line growth. Sales expense growth will be driven by DTC and will be mitigated through efficiency improvements in other channels.
- **Investment opex:** Includes commercial excellence, product development, product marketing and e-commerce/digital. Investment opex is expected to grow faster than the top line, driven by digital.
- **General & admin opex:** Includes corporate functions and is expected to grow slower than the top line, and will be managed through fluidity.

**INVESTMENTS IN GROWTH BUILDING BLOCKS FUNDED THROUGH FLUIDITY AND GROSS PROFIT IMPROVEMENT**



Source: Company data

As shown in the chart above, the targeted levels for opex components are similar to the actual outcome in 2022.

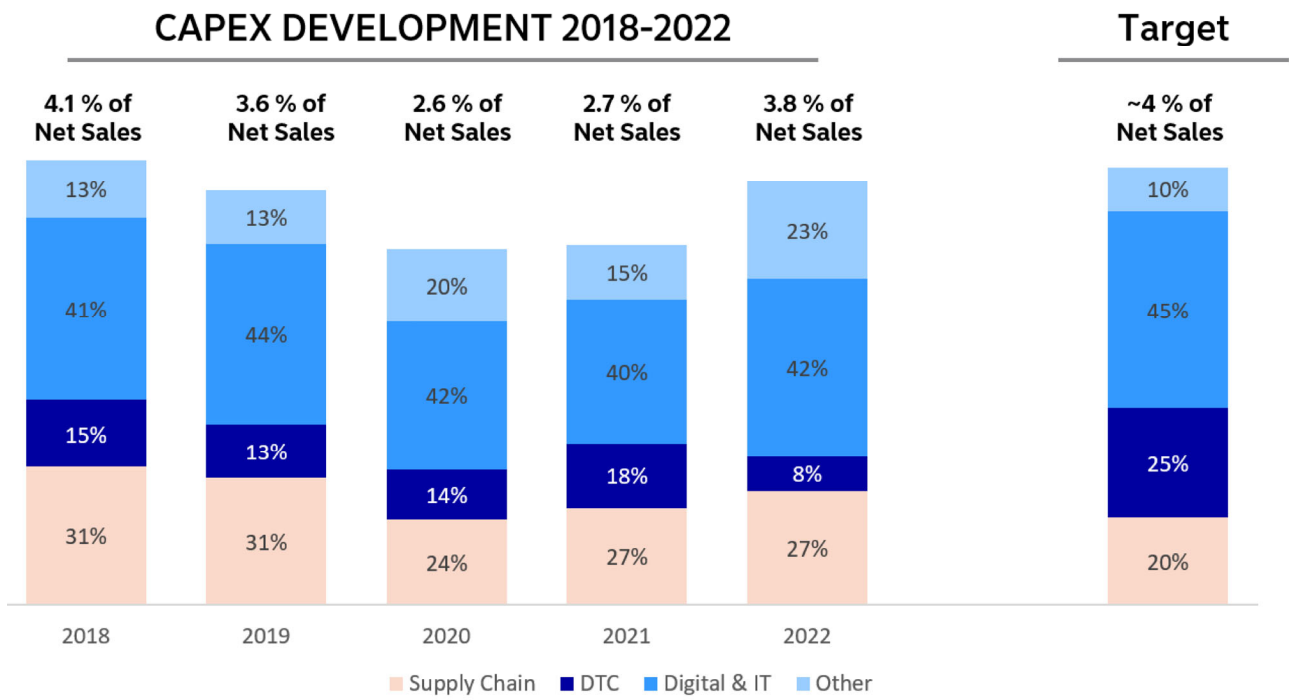
Capex to focus increasingly on DTC and Digital & IT

**Capex allocation follows strategic acceleration – DTC and digital increase**

The chart below illustrates Fiskars Group's capex components in 2018-22 and the long-term target of 4% of sales. The capex components are split into Supply Chain, Direct-to-Consumer (DTC), Digital & IT and other. In 2018-22 capex as a percentage of sales varied between 2.6% and 4.1%, with the long-term target being 4% of sales.

- **Supply Chain:** Share of total capex has varied between 24% and 31%, and the long-term target is 20% of total. In 2022, Supply Chain accounted for 27% of total capex.
- **DTC:** Share of total capex has varied between 8% and 18%, and the long-term target is 25% of total. In 2022, DTC accounted for 8% of total capex.
- **Digital & IT:** Share of total capex has varied between 40% and 44%, and the long-term target is 45% of total. In 2022, Digital & IT accounted for 42% of total capex.
- **Other:** Share of total capex has varied between 13% and 23%, and the long-term target is 10% of total. In 2022, Other accounted for 23% of total capex.

FUND ALLOCATION FOLLOWS THE STRATEGIC ACCELERATION – DTC AND DIGITAL SHARE TO INCREASE



Source: Company data

## Detailed estimates

For 2022-25E, we model a 1% sales CAGR, burdened by our expectation that sales will decline 5% in 2023. We believe that H1 2023 will be affected by high inventories among Fiskars' customers, but we expect the situation to start normalising in H2. Although Fiskars benefitted from the staycation trend during COVID-19, we believe that the company has also been able to structurally improve its performance and we model an adjusted EBIT CAGR of 5% for 2022-25. We expect adjusted EBIT to reach 13.4% in 2025, up from 12.1% in 2022, and slightly below the company's target of an EBIT margin in the mid-teens. We model 5%, or EUR 0.04, annual DPS increases for 2023-25. Given the company's solid cash flow profile, we forecast leverage to decline from 1.7x at the end of 2022 to 0.2x in 2025E.

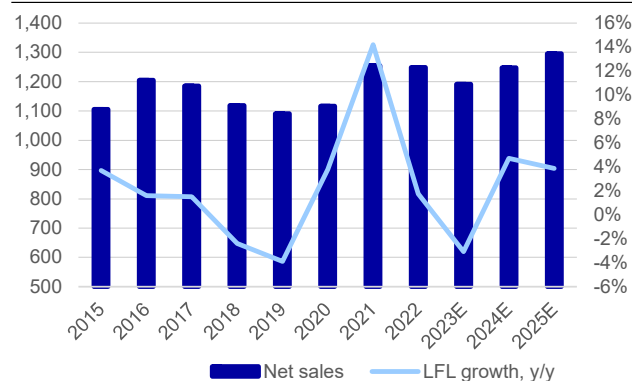
### Net sales to grow by a mid-single digit in 2024E-25E

We forecast net sales to decline 5% in 2023 owing to high inventories among Fiskars' customers and a sluggish macroeconomic outlook, which is likely to affect consumer purchasing behaviour negatively. On an organic basis, we model a 3% decline in 2023, while FX headwind is expected to be 1%.

We expect the inventory situation among customers to ease towards the end of H1 2023, which could improve growth during H2.

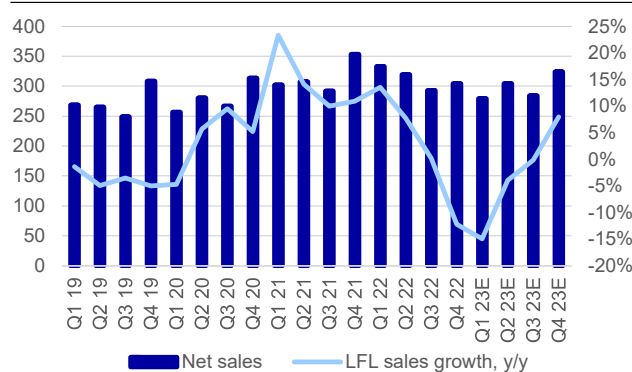
For 2024-25, we expect the company to reach a mid-single digit growth pace, as we model sales up y/y 4-5%. For 2022-25, we forecast a 1% sales CAGR, burdened by a sales decline in 2023E.

ANNUAL NET SALES (EURm) AND LFL GROWTH (%), 2015-25E



Source: Company data and Nordea estimates

INTERIM NET SALES (EURm) AND LFL GROWTH (%), 2019-23E



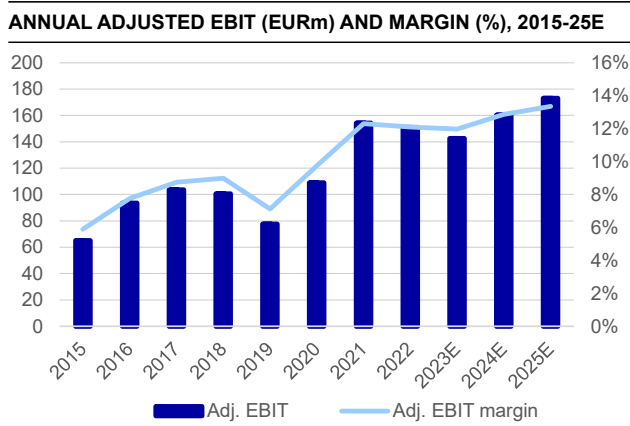
Source: Company data and Nordea estimates

### Margin support from organisational changes

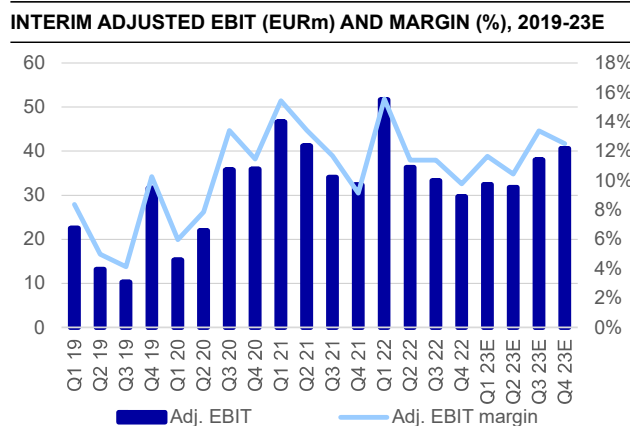
Fiskars has initiated targeted changes to its organisational structure (announced on 23 January 2023), aiming to reach EUR 30m in cost savings, of which approximately half would be realised in the second half of 2023. We model a EUR 10m profit improvement for 2023E and EUR 10m for 2024E.

As inventory levels in the market are high, we expect H1 2023 margins to remain under pressure. We note a cold spring and early summer in 2022, which is likely affecting Q1 deliveries, at minimum. Due to fixed costs and high inventories, we forecast margin pressure, especially in Q1 2023.

In 2022, Fiskars' adjusted EBIT margin was 12.1%, but we expect it to reach 13.4% in 2025, still somewhat below the company's mid-teens target. We forecast a 5% adjusted EBIT CAGR for 2022-25 and 10% for 2023-25.



Source: Company data and Nordea estimates



Source: Company data and Nordea estimates

## Segments

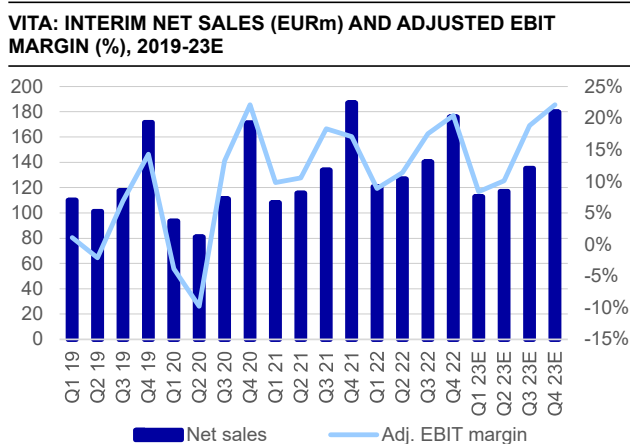
### Estimates for Vita

For Vita, we model a 2% sales CAGR for 2022-25E. We expect sales to decline 3% y/y in 2023, due to tough comps, as sales were up 19% in 2021 and 4% in 2022.

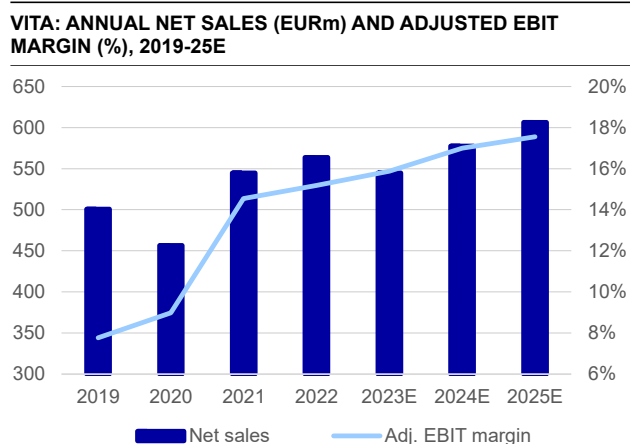
As we expect consumers to remain cautious, at least during H1, we do not expect Vita's sales growth to turn positive until Q4 2023. However, we note uncertainties and China's reopening, which could support sales growth more than we have anticipated. In 2022, China accounted for a little less than EUR 50m of group sales, with sales up 36% y/y. We expect China sales growth to continue, but we expect the larger Europe and Americas sales to decline in 2023.

We model an adjusted EBIT CAGR of 8% for Vita in 2022-25E. Despite our expectation of declining sales, we model an improving adjusted EBIT margin, driven by continued growth in China and ongoing operational improvements. Vita's adjusted EBIT margin was 15.2% in 2022; we model 17.6% for 2025E. In addition to growth in China, we expect Vita to continue to benefit from increasing direct sales growth. In 2022, direct sales accounted for 42%, but Fiskars aims to increase this share.

We believe H1 2023 will be relatively more challenging in terms of profitability. We model H1 adjusted EBIT of 9.3%, compared to H1 2022, at 10.1%. In H2, we expect gradually normalising demand, supported by profit improvements from changes to the organisational structure. We expect the adjusted EBIT margin to increase from 19.1% in H2 2022 to 20.7% in H2 2023.



Source: Company data and Nordea estimates



Source: Company data and Nordea estimates

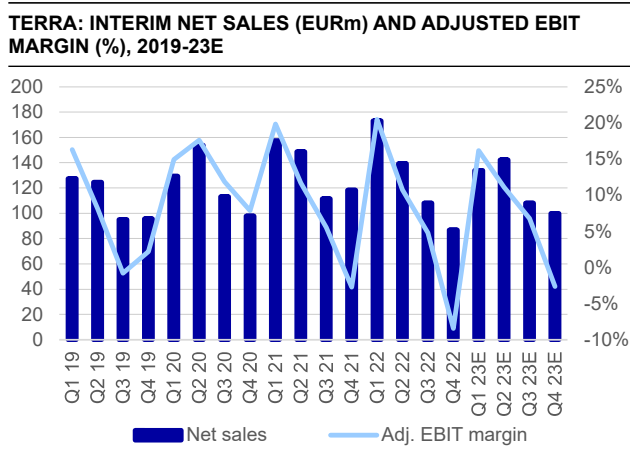
### Estimates for Terra

For Terra, we forecast 1% sales CAGR for 2022-25, as we expect 3-4% annual sales growth for 2024-25, after a 5% y/y decline in 2023. Following a cold spring and start of summer in 2022, retailers likely have high inventories entering Terra's high season. We believe that Q1 will be negatively affected, in particular, but with warm spring weather in the US and Europe, replenish sales could support growth in Q2.

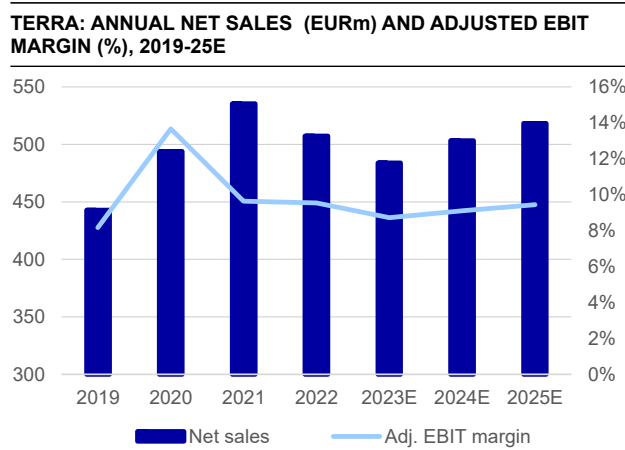
Terra benefitted from the staycation trend in 2020-21, with sales up 12% and 8%, respectively. We expect Fiskars-branded products to be most affected during 2023, while we believe the demand for Gerber will remain fairly stable in 2023 as well.

In light of expected lower volumes, we estimate 2023 adjusted EBIT of 8.7%, down 80 bp y/y and up 50 bp from the 2019 level. Although Fiskars is aiming for more value-based pricing, we remain slightly cautious with our margin assumptions for Terra and we forecast an adjusted EBIT margin of 9.4% for 2025, on par with the 2022 level of 9.5%. Given a flattish sales CAGR for 2022-25E, we expect a similar trend for adjusted EBIT too. However, for 2023-25, we model an 8% adjusted EBIT CAGR, underpinning expected headwinds in 2023.

As noted earlier, we expect high retailer inventories to impact Terra in 2023. This is likely to be most visible in H1 – especially in Q1, when Terra delivers ordered goods ahead of the spring season. We model Q1 2023 sales down 23% y/y (down 27% y/y in Q4) and 2% y/y growth for Q2 2023 (against easier comps). We forecast that the H1 2023 adjusted EBIT margin will be down 260 bp to 13.6% but we expect H2 adjusted EBIT to remain positive.



Source: Company data and Nordea estimates



Source: Company data and Nordea estimates

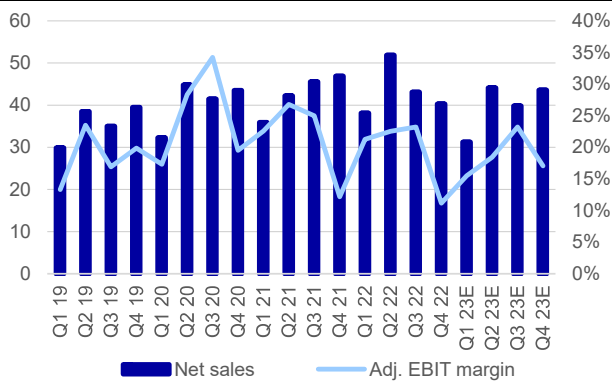
### Estimates for Crea

For Crea, we forecast a slightly negative sales CAGR for 2022-25. Volumes declined significantly towards the end of 2022, and we believe the trend is likely to remain the same until Q4 2023. We forecast that Crea's sales will decline 8% y/y in 2023, followed by 2% sales growth in 2024-25.

Crea's high seasons (back-to-school and year-end) are typically visible in Q2-Q3 sales, but we expect sales growth to remain negative until Q4 2023 due to inventories and more cautious customers. In addition, we note that China's reopening will not have any material impact for Crea, as the Asia-Pacific region is only 2% of Crea's sales.

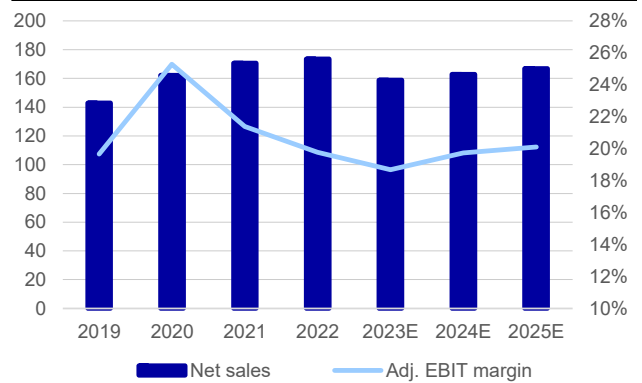
Against an expected slowdown in sales growth, we model a 30 bp adjusted EBIT margin improvement for Crea for 2025E, compared to the 2022 level of 19.8%. For 2023, due to lower volumes, we expect the adjusted EBIT margin to decline 110 bp y/y.

**CREA: INTERIM NET SALES (EURm) AND ADJUSTED EBIT MARGIN (%), 2019-23E**



Source: Company data and Nordea estimates

**CREA: ANNUAL NET SALES (EURm) AND ADJUSTED EBIT MARGIN (%), 2019-25E**



Source: Company data and Nordea estimates

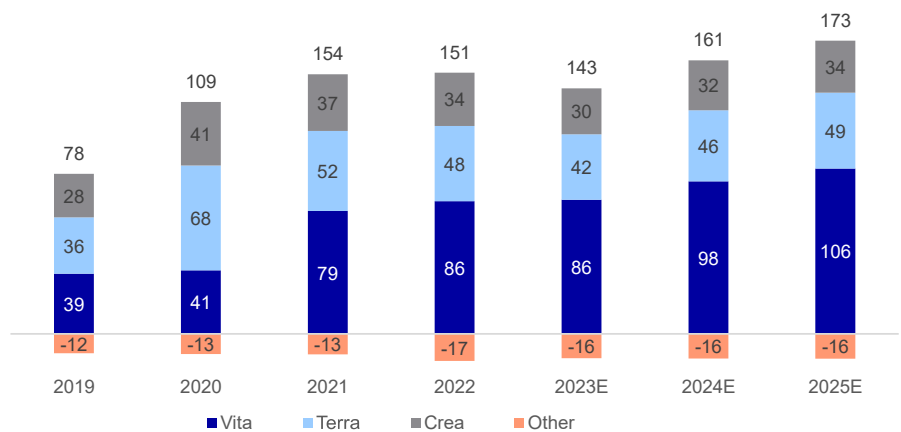
**Other**

Fiskars' Other segment contains the group's investment portfolio, the real estate unit, corporate headquarters and shared services.

For 2023-25, we expect net sales to remain at EUR 4m, while we model adjusted to go from EUR -15.5m to EUR -15.9m. We expect net sales to remain flattish and come from rental income (Fiskars Village) and timber sales.

**ADJUSTED EBIT SPLIT (EURm), 2019-25E**

We believe that Vita will be the main contributor to adjusted EBIT growth

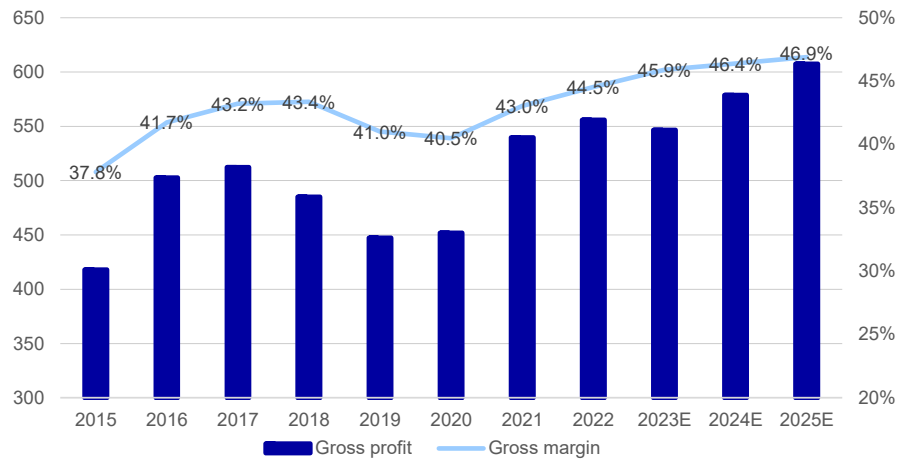


Source: Company data and Nordea estimates

**We expect that the gross margin will continue to improve**

As indicated at the November 2021 CMD, Fiskars targets a 46-47% gross margin by 2025. However, we note that the company divested its US Watering business at the beginning of 2022, which we expect to have around a 1 pp positive gross margin impact at the group level. We believe the positive trend that started in 2021 is set to continue, although we model the gross margin at 46.9% for 2025E, slightly below the company's implicit target.

**GROSS PROFIT (EURm) AND MARGIN (%), 2015-25E**



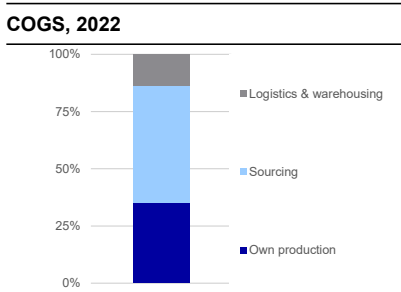
Source: Company data and Nordea estimates

Cost of goods sold (COGS) is mainly driven by sourcing and own production. In 2022, some 51% of COGS was due to sourcing, followed by own production (around 35%) and logistics and warehousing (around 14%).

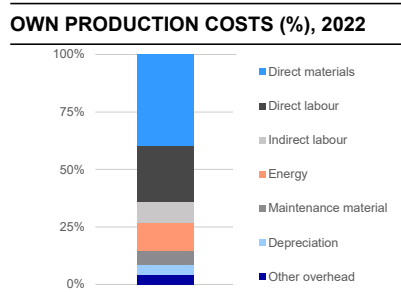
COGS reached EUR 692m in 2022, down from EUR 715m in 2021. Hence, we calculate around EUR 244m in costs from own production. Of this, direct materials were roughly 40%, or EUR 97m, in 2022. Labour costs were around 33% (or EUR 81m) of own production costs in 2022, divided into direct labour (~24% or EUR 58m) and indirect labour (~9% or EUR 23m). Energy costs were around 12% (or EUR 29m) of own production costs.

From direct materials, the largest cost item in 2022 was components (around 28% of direct material costs, or EUR 27m), followed by plastics (~18% or EUR 18m) and packaging (~16% or EUR 16m).

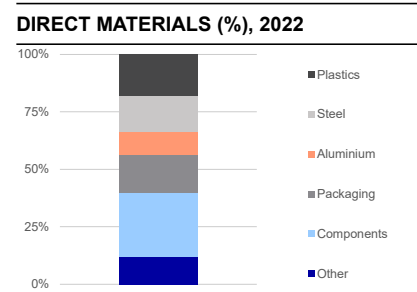
Compared to 2021 COGS, we note that sourcing costs as a percentage of COGS have increased slightly. Cost inflation has been most evident in energy, rising to 12% of own production costs from around 5% in 2021. We calculate a EUR 17m y/y cost increase due to energy in 2022. As per our calculations, in order for Fiskars to reduce its direct material costs for own production by around EUR 17m in 2022, this would translate into a 15% y/y decrease compared to 2021. Much of this item relates to packaging materials. Notably, logistics and warehousing costs remained fairly stable in 2021-22, despite high volatility in the freight market. Given the clear decline in global freight rates, we see room for margin expansion, although we expect cost inflation related to last mile logistics to remain in 2023.



Source: Company data



Source: Company data

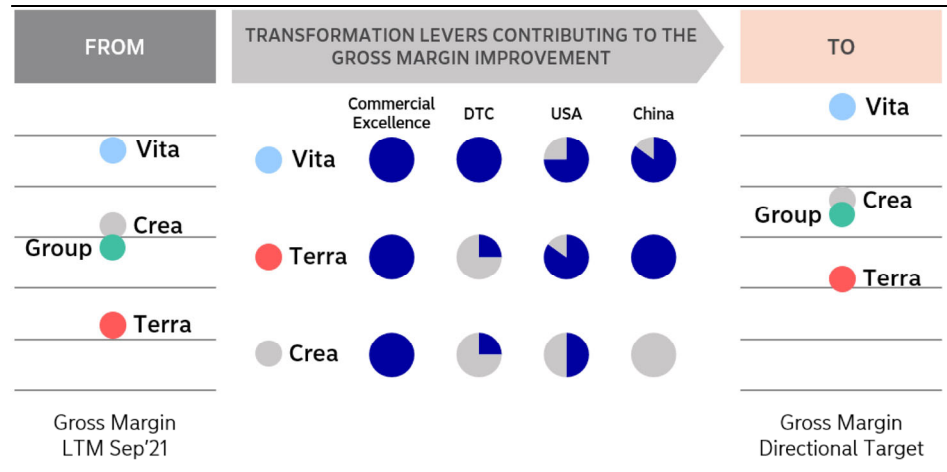


Source: Company data

As mentioned earlier, we expect the positive gross margin trend to continue. This is partly driven by segment mix change, as we believe the lower-gross-margin Terra business area will grow more slowly than the higher-margin Vita business area. In addition, we expect energy costs to ease from the 2022 level, but employee costs to rise.

**ILLUSTRATIVE GROSS MARGIN TRAJECTORY WITH TRANSFORMATION LEVERS**

Fiskars targets gross margin improvement across the board



Source: Company data

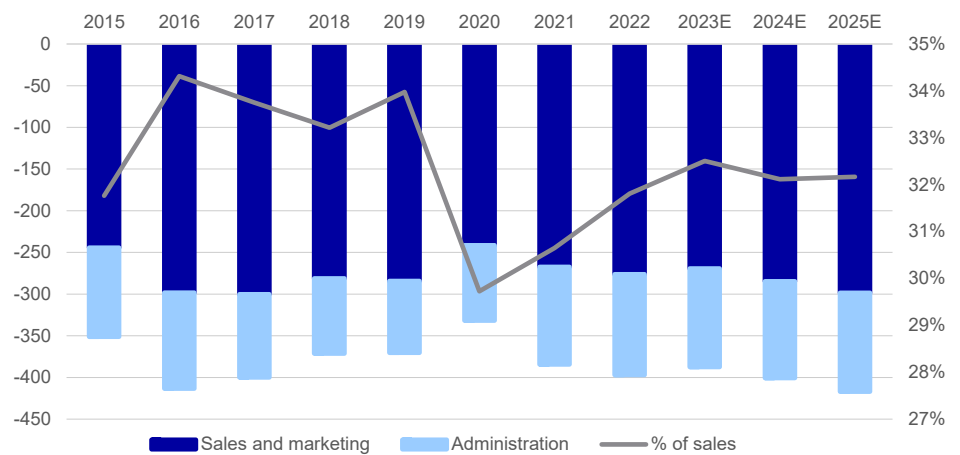
As mentioned earlier, we expect the fastest sales growth for the Vita business area. Similarly, we see the best potential for improving the gross margin in Vita, as it enjoys a higher share of its own production and direct-to-consumer sales. We remain cautious about Terra's and Crea's ability to ramp up direct-to-consumer sales in any sort of meaningful way, as both segments' product offerings appear to us as more suitable to be sold through retailers and wholesalers.

**Marketing and SGA costs are 31-32% of sales**

In 2015-22, marketing and SGA costs were on average 32.4% of net sales. At its November 2021 CMD, the company set a target of 31-33% for 2025. We model marketing and SGA costs to be in the range of 32.2-32.5% for 2023E-25E.

Marketing and SGA costs at around 32% of sales in 2023E-25E

**MARKETING AND SGA COSTS (EURm), 2015-25E**



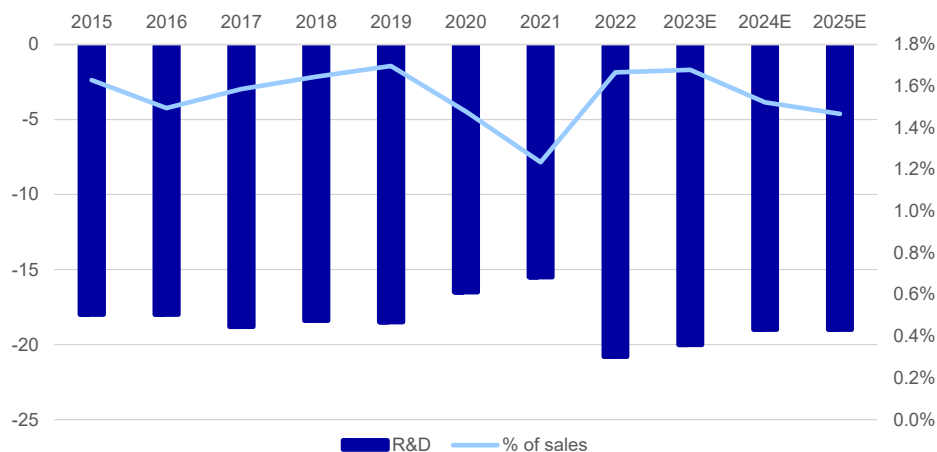
Source: Company data and Nordea estimates

**R&D spend expected to remain at around 1.5%**

Fiskars' R&D costs averaged EUR ~18m during 2015-22. This corresponds to ~1.6% of net sales. We expect fairly stable R&D spend. Because many product categories tend to have a relatively long lifetime, we do not expect any sudden changes to R&D costs.

**R&D COSTS (EURm), 2015-25E**

R&D costs stable at 1.5% in 2023E-25E



Source: Company data and Nordea estimates

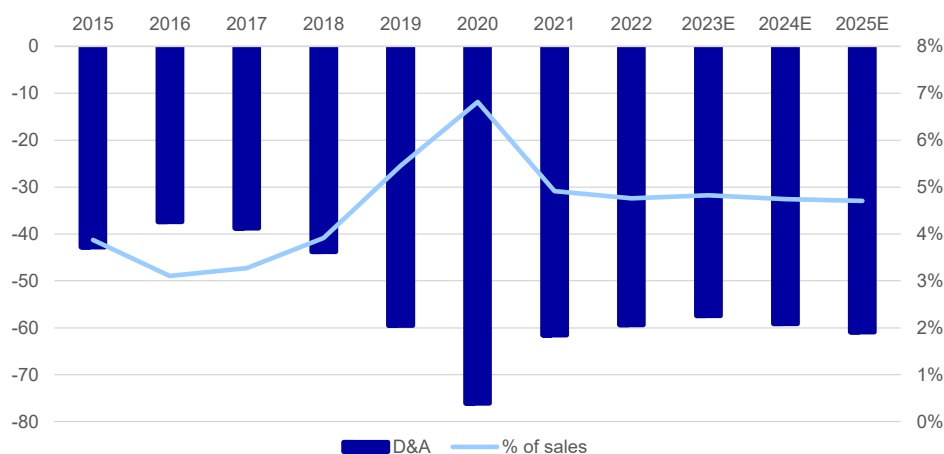
**Depreciation at around 5% of sales**

Following its latest divestments, Fiskars' depreciation was 4.8% of net sales in 2022. Previously, depreciation increased by around EUR 23m in 2019, due to IFRS 16.

We model relative depreciation to remain fairly stable for 2023E-25E. We note that the company continues to invest in its digital and IT infrastructure, taking up close to 50% of annual capital expenditure. We model 4% capex/sales for 2023E-25E.

**DEPRECIATION (EURm), 2015-25E**

Depreciation on average 4.8% of sales in 2023E-25E



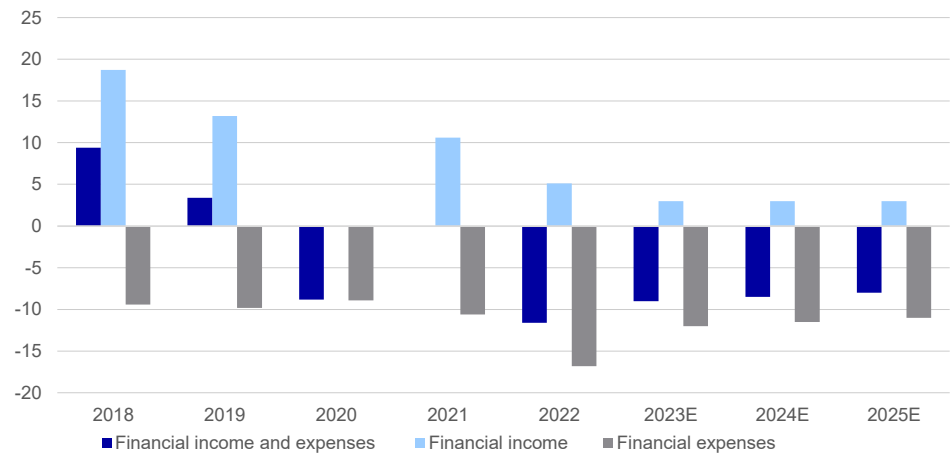
Source: Company data and Nordea estimates

**Financial income and expenses**

During 2018-22, Fiskars' net financial items were on average EUR -1.5m. In 2022, financial income was EUR 5.1m, but it averaged EUR 9.5m in 2018-22. One large component in 2022 was negative fair value changes in investments (EUR -1.3m), although this number averaged EUR 2.5m in 2018-22. Increased financial debt and a higher average interest rate (2.9% at the end of 2022) caused higher financial expenses in 2022. Financial net debt was EUR 210m at the end of 2022 (EUR 33m in 2021).

We expect Fiskars to reduce its financial debt in 2023, driven by lower working capital and lower inventories. We model EUR 8-9m in financial expenses and EUR 3m in financial income for 2023E-25E. We note that a 1 pp increase in the average interest rate would have an approximate EUR 1.6m impact, assuming flat financial net debt.

**FINANCIAL INCOME AND EXPENSES (EURm)**



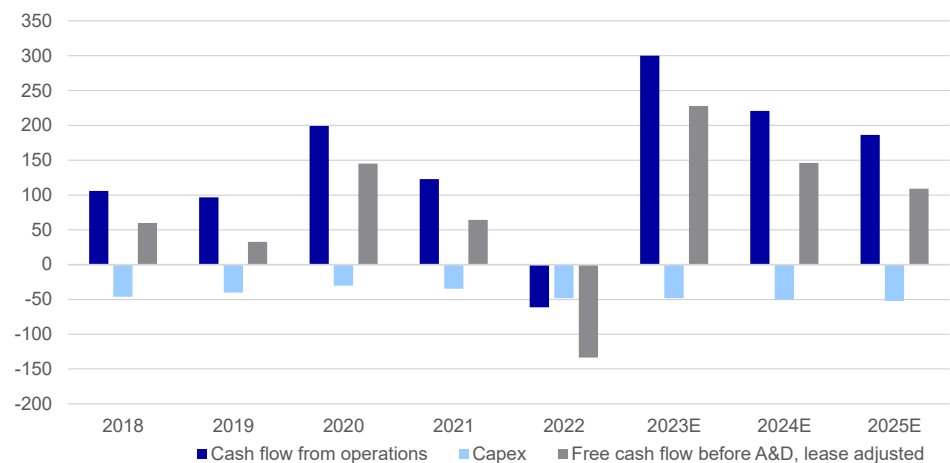
2.9% average interest rate at the end of 2022

Source: Company data and Nordea estimates

**Cash flows burdened by higher working capital**

Fiskars' cash flows have been heavily burdened by increases in net working capital, especially in 2022. We expect the situation to normalise during 2023-24 and forecast free cash flow before acquisitions and divestments (lease adjusted) to be EUR 109-228m in 2023-25.

**CASH FLOWS AND CAPITAL EXPENDITURE (EURm), 2018-25E**



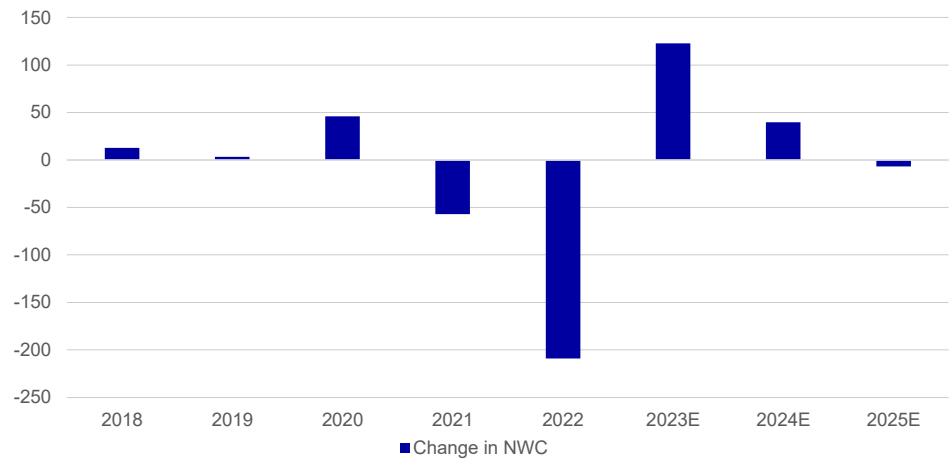
Cash flows were burdened by change in net working capital in 2022

Source: Company data and Nordea estimates

Capital expenditure averaged EUR 40m in 2018-22, corresponding to 3.4% of sales. Given Fiskars' plan to increase the share of direct-to-consumer and digital, we expect capital expenditure to reach 4% of sales for 2023-25 (EUR 48-52m).

As mentioned earlier, we expect the working capital situation to gradually ease during 2023-24. Following the EUR 209m negative impact from a net working capital change in 2022, we model a EUR 123m positive impact for 2023E and a EUR 40m positive impact for 2024E. We expect inventory to remain slightly elevated compared to the pre-COVID-19 period, as the company aims to increase the share of direct-to-consumer sales.

**CHANGE IN NET WORKING CAPITAL (EURm), 2018-25E**



We expect the net working capital situation to normalise during 2023-24

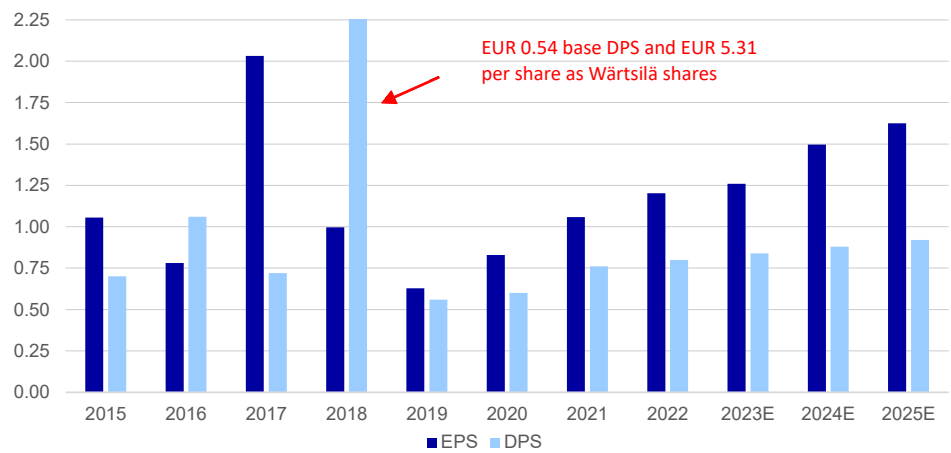
Source: Company data and Nordea estimates

**Annually increasing dividend payment expected**

Fiskars aims to distribute a stable dividend, which increases over time. For 2022, Fiskars aims to distribute EUR 0.80 dividend in two instalments.

We forecast a EUR 0.04 annual increase in DPS during 2023-25 and that DPS will reach EUR 0.92 for 2025.

**EPS AND DPS (EUR), 2015-25E**



Source: Company data and Nordea estimates

## Detailed estimates

## ANNUAL GROUP ESTIMATES

EURm	2016	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E	2022-25E CAGR
Net sales	1204.6	1185.5	1118.5	1090.4	1116.2	1254.3	1248.4	1191.4	1247.4	1295.5	1%
growth y/y	9%	-2%	-6%	-3%	2%	12%	0%	-5%	5%	4%	
LFL	2%	2%	-2%	-4%	4%	14%	2%	-3%	5%	4%	
Gross profit	502.8	512.2	485.0	447.3	452.0	539.7	556.0	546.8	578.7	607.5	3%
Gross margin	41.7%	43.2%	43.4%	41.0%	40.5%	43.0%	44.5%	45.9%	46.4%	46.9%	
Other operating income	18.5	7.1	5.2	1.9	6.4	4.1	5.6	3.6	3.7	3.7	
Sales and marketing	-298.3	-300.2	-281.4	-284.4	-241.4	-267.5	-276.2	-269.4	-284.7	-298.5	3%
Administration	-115.0	-99.9	-90.1	-86.1	-90.4	-116.9	-120.9	-117.9	-115.9	-118.2	-1%
R&D	-18.0	-18.8	-18.4	-18.5	-16.5	-15.5	-20.8	-20.0	-19.0	-19.0	-3%
Goodwill and trademark	0	0	0	0	-11.4	0	0	0	0	0	
Other operating expenses	-7.4	-2.5	-8.8	-0.3	-0.7	-1.1	-8.9	-6.3	-2.3	-2.4	-35%
EBIT	82.6	97.9	91.5	59.9	98.0	142.8	134.8	136.8	160.5	173.0	9%
EBIT margin	6.9%	8.3%	8.2%	5.5%	8.8%	11.4%	10.8%	11.5%	12.9%	13.4%	
NRI	-11.1	-5.8	-9.2	-17.7	-10.9	-11.5	-16.2	-6	0	0	
Adj. EBIT	93.7	103.7	100.7	77.6	108.9	154.3	151.0	142.8	160.5	173.0	5%
Adj. EBIT margin	7.8%	8.7%	9.0%	7.1%	9.8%	12.3%	12.1%	12.0%	12.9%	13.4%	
Change in fair value of biological assets	-0.5	0.7	2	-0.3	0.8	1.3	1.1	0.8	0.5	0.5	
Financial income and expenses	10.5	119.3	9.4	3.4	-8.8	0	-11.6	-9.0	-8.5	-8.0	
PTP	92.6	217.9	102.9	63.0	90.0	144.1	124.3	128.6	152.5	165.5	10%
Taxes	-27.4	-50.8	-21.1	-10.8	-21.4	-56.5	-25.0	-25.7	-30.5	-33.1	
Discontinued operations	0	0	0	0	0	0	0	0	0	0	
Profit for the period	65.2	167.1	81.8	52.2	68.6	87.6	99.3	102.9	122.0	132.4	10%
Minority	1.3	0.7	0.2	0.7	0.7	0.9	0.8	0.8	0.8	0.8	
EPS	0.78	2.03	1.00	0.63	0.83	1.06	1.20	1.26	1.50	1.62	11%
Adj. EPS	0.92	2.10	1.11	0.84	0.96	1.20	1.40	1.33	1.50	1.62	
DPS	1.06	0.72	5.85	0.56	0.60	0.76	0.80	0.84	0.88	0.92	

Source: Company data and Nordea estimates

## ANNUAL BUSINESS AREA ESTIMATES

Business areas, EURm	2016	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E	2022-25E CAGR
<b>Net sales</b>											
Vita				501	457	545	564	545	577	606	2%
Terra				443	494	535	507	484	503	518	1%
Crea				143	162	171	173	159	163	167	-1%
Other				4	4	4	4	4	4	4	1%
GROUP				1090	1116	1254	1248	1191	1247	1295	1%
<b>Adj. EBIT</b>											
Vita				38.9	41.0	79.2	85.6	86.4	98.2	106.5	8%
Terra				36.2	67.5	51.6	48.4	42.2	45.8	48.9	0%
Crea				28.1	41.0	36.5	34.3	29.7	32.1	33.5	-1%
Other				-12.4	-12.9	-13.1	-17.3	-15.5	-15.7	-15.9	-3%
GROUP				77.6	108.9	154.3	151.0	142.8	160.5	173.0	5%
<b>Adj. EBIT margin</b>											
Vita				7.8%	9.0%	14.5%	15.2%	15.9%	17.0%	17.6%	
Terra				8.2%	13.7%	9.6%	9.5%	8.7%	9.1%	9.4%	
Crea				19.7%	25.3%	21.4%	19.8%	18.7%	19.7%	20.1%	
GROUP				7.1%	9.8%	12.3%	12.1%	12.0%	12.9%	13.4%	
<b>Sales growth, %</b>											
Vita					-9%	19%	4%	-3%	6%	5%	
Terra					12%	8%	-5%	-5%	4%	3%	
Crea					13%	5%	2%	-8%	2%	2%	
GROUP					2%	12%	0%	-5%	5%	4%	
<b>Sales split, %</b>											
Vita				46%	41%	43%	45%	46%	46%	47%	
Terra				41%	44%	43%	41%	41%	40%	40%	
Crea				13%	15%	14%	14%	13%	13%	13%	

Source: Company data and Nordea estimates

## QUARTERLY GROUP ESTIMATES

EURm	Q1 21	Q2 21	Q3 21	Q4 21	Q1 22	Q2 22	Q3 22	Q4 22	Q1 23E	Q2 23E	Q3 23E	Q4 23E
Net sales	302.1	307.2	291.8	353.2	332.6	319.1	292.6	304.1	279.0	304.3	283.9	324.2
growth y/y	18%	10%	9%	13%	10%	4%	0%	-14%	-16%	-5%	-3%	7%
LFL	23%	14%	10%	11%	14%	8%	0%	-12%	-15%	-4%	0%	8%
Gross profit	131.9	132.4	122.6	152.8	147.9	140.2	133.3	134.6	126.5	137.8	132.8	149.6
Gross margin	43.7%	43.1%	42.0%	43.3%	44.5%	43.9%	45.6%	44.3%	45.3%	45.3%	46.8%	46.2%
Other operating income	0.9	1.2	1.2	0.8	5.2	7	-6.6	0.0	1.2	1.0	1.4	0.0
Sales and marketing	-59.5	-66.1	-58.9	-83.0	-67.9	-71.2	-63.7	-73.4	-63.1	-70.5	-63.1	-72.7
Administration	-23.7	-25.0	-26.1	-42.1	-32.3	-29.2	-28.2	-31.2	-30.8	-29.7	-27.2	-30.2
R&D	-3.7	-3.8	-3.7	-4.4	-5.0	-5.2	-4.8	-5.8	-5.0	-5.0	-5.0	-5.0
Goodwill and trademark	0	0	0	0	0	0	0	0	0	0	0	0
Other operating expenses	0	-0.4	-0.4	-0.3	-6.5	-2.1	-0.5	0.2	-2.3	-1.9	-1.0	-1.2
EBIT	45.9	38.3	34.7	23.8	41.4	39.5	29.5	24.4	26.5	31.8	38.0	40.6
EBIT margin	15.2%	12.5%	11.9%	6.7%	12.4%	12.4%	10.1%	8.0%	9.5%	10.4%	13.4%	12.5%
NRI	-0.7	-2.9	0.6	-8.5	-10.3	3.2	-3.8	-5.3	-6	0	0	0
Adj. EBIT	46.6	41.2	34.1	32.3	51.7	36.3	33.3	29.7	32.5	31.8	38.0	40.6
Adj. EBIT margin	15.4%	13.4%	11.7%	9.1%	15.5%	11.4%	11.4%	9.8%	11.6%	10.4%	13.4%	12.5%
Change in fair value of biological assets	0.3	0.4	0.3	0.2	0.5	0.6	0.9	-0.9	0.2	0.2	0.2	0.2
Financial income and expenses	-4.3	1.5	2.8	0.1	0.7	-0.7	-2.6	-9.0	-3.0	-2.0	-2.0	-2.0
PTP	41.9	40.2	37.8	24.1	42.6	39.4	27.8	14.5	23.7	30.0	36.2	38.8
Taxes	-33.7	-9	-8	-5.9	-11.2	-5.8	-4.9	-3.1	-4.7	-6.0	-7.2	-7.8
Discontinued operations	0	0	0	0	0	0	0	0	0	0	0	0
Profit for the period	8.2	31.2	29.8	18.2	31.4	33.6	22.9	11.4	18.9	24.0	28.9	31.0
Minority	0.2	0.2	0.2	0.3	0.2	0.1	0.4	0.1	0.2	0.2	0.2	0.2
EPS	0.10	0.38	0.36	0.22	0.38	0.41	0.27	0.14	0.23	0.29	0.35	0.38
Adj. EPS	0.11	0.42	0.36	0.33	0.51	0.37	0.33	0.20	0.30	0.29	0.35	0.38

Source: Company data and Nordea estimates

**QUARTERLY BUSINESS AREA ESTIMATES**

Business areas, EURm	Q1 21	Q2 21	Q3 21	Q4 21	Q1 22	Q2 22	Q3 22	Q4 22	Q1 23E	Q2 23E	Q3 23E	Q4 23E
<b>Net sales</b>												
Vita	108.2	115.6	133.8	187.0	120.8	126.8	140.3	175.9	112.9	117.0	135.2	179.7
Terra	157.1	148.7	111.5	118.2	173.1	139.4	108.1	86.7	133.8	142.2	107.9	99.9
Crea	35.9	42.2	45.6	46.9	38.1	51.9	43.1	40.3	31.3	44.1	39.8	43.6
Other	0.9	0.8	0.9	1.2	0.7	0.9	1.1	1.2	1.0	1.0	1.0	1.0
<b>GROUP</b>	<b>302.1</b>	<b>307.3</b>	<b>291.8</b>	<b>353.3</b>	<b>332.7</b>	<b>319.0</b>	<b>292.6</b>	<b>304.1</b>	<b>279.0</b>	<b>304.3</b>	<b>283.9</b>	<b>324.2</b>
<b>Adj. EBIT</b>												
Vita	10.6	12.2	24.5	31.9	10.7	14.4	24.6	35.9	9.5	11.8	25.4	39.7
Terra	31.2	17.4	6.2	-3.2	35.5	15.0	5.2	-7.3	21.7	15.8	7.3	-2.6
Crea	8.1	11.3	11.4	5.7	8.1	11.7	10.0	4.5	4.8	8.1	9.2	7.4
Other	-3.4	0.5	-8.0	-2.2	-2.4	-4.8	-6.6	-3.5	-3.5	-4.0	-4.0	-4.0
<b>GROUP</b>	<b>46.5</b>	<b>41.4</b>	<b>34.1</b>	<b>32.2</b>	<b>51.9</b>	<b>36.3</b>	<b>33.2</b>	<b>29.6</b>	<b>32.5</b>	<b>31.8</b>	<b>38.0</b>	<b>40.6</b>
<b>Adj. EBIT margin</b>												
Vita	9.8%	10.6%	18.3%	17.1%	8.9%	11.4%	17.5%	20.4%	8.4%	10.1%	18.8%	22.1%
Terra	19.9%	11.7%	5.6%	-2.7%	20.5%	10.8%	4.8%	-8.4%	16.2%	11.1%	6.8%	-2.6%
Crea	22.6%	26.8%	25.0%	12.2%	21.3%	22.5%	23.2%	11.2%	15.5%	18.4%	23.2%	17.1%
<b>GROUP</b>	<b>15.4%</b>	<b>13.5%</b>	<b>11.7%</b>	<b>9.1%</b>	<b>15.6%</b>	<b>11.4%</b>	<b>11.3%</b>	<b>9.7%</b>	<b>11.6%</b>	<b>10.4%</b>	<b>13.4%</b>	<b>12.5%</b>
<b>Sales growth, %</b>												
Vita	16%	43%	21%	9%	12%	10%	5%	-6%	-7%	-8%	-4%	2%
Terra	22%	-3%	-1%	21%	10%	-6%	-3%	-27%	-23%	2%	0%	15%
Crea	11%	-6%	10%	8%	6%	23%	-5%	-14%	-18%	-15%	-8%	8%
<b>GROUP</b>	<b>18%</b>	<b>10%</b>	<b>9%</b>	<b>13%</b>	<b>10%</b>	<b>4%</b>	<b>0%</b>	<b>-14%</b>	<b>-16%</b>	<b>-5%</b>	<b>-3%</b>	<b>7%</b>
<b>Sales split, %</b>												
Vita	36%	38%	46%	53%	36%	40%	48%	58%	40%	38%	48%	55%
Terra	52%	48%	38%	33%	52%	44%	37%	29%	48%	47%	38%	31%
Crea	12%	14%	16%	13%	11%	16%	15%	13%	11%	14%	14%	13%

Source: Company data and Nordea estimates

## Peer group

Fiskars Group has no direct listed peers in the Nordics or globally. We therefore select a peer group that reflects Fiskars' offering and company profile. We group the companies into global and Nordic peers.

### Selected peer group

We assign 13 companies to our peer group

We select a peer group consisting of 13 companies that we find relevant for Fiskars in terms of market exposure, earnings profile, product positioning or brand match. While there is no listed company with a direct match to Fiskars's offering, we find that the companies in this peer group match the company profile of Fiskars when combined. Five of the peers are based in the Nordics, while the remaining eight are based elsewhere in Europe and in the US.

### SELECTED PEER GROUP AND SELECTED FINANCIAL METRICS

	Country	Price	Mcap	EV	Sales Growth			EBIT Margin			ROE		
		Local	EURm	EURm	2022	2023E	2024E	2022	2023E	2024E	2022	2023E	2024E
<b>Global Peers</b>													
Hermes International Sca	France	1,691.0	178,518	171,243	29.2%	13.4%	11.4%	40.5%	40.5%	40.0%	30.8%	27.8%	26.1%
Leifheit Ag	Germany	17.1	171	171	-12.8%	-1.2%	9.1%	1.2%	4.0%	9.4%	1.3%	5.6%	12.2%
Lifetime Brands Inc	US	5.6	112	326	-5.0%	-4.5%	4.9%	4.8%	4.2%	6.3%	-2.5%	-2.6%	7.8%
Newell Brands Inc	US	12.2	4,671	9,427	0.9%	-12.0%	3.5%	10.0%	9.5%	10.8%	15.9%	12.1%	16.0%
Seb Sa	France	101.2	5,600	7,853	-1.2%	2.9%	5.8%	6.9%	8.1%	9.1%	10.3%	12.2%	13.8%
Societe Bic Sa	France	59.1	2,598	2,283	21.9%	5.1%	4.8%	14.0%	14.4%	14.8%	11.6%	12.1%	12.7%
Stanley Black & Decker Inc	US	80.7	11,608	18,208	13.7%	-5.7%	3.8%	7.3%	4.7%	8.7%	7.0%	1.8%	8.2%
Villeroy & Boch Ag	Germany	21	581	461	5.2%	4.0%	3.1%	10.1%	9.2%	9.5%	21.2%	17.5%	17.1%
<b>Global Average</b>					<b>6.5%</b>	<b>0.3%</b>	<b>5.8%</b>	<b>11.8%</b>	<b>11.8%</b>	<b>13.6%</b>	<b>12.0%</b>	<b>10.8%</b>	<b>14.2%</b>
<b>Global Median</b>					<b>3.0%</b>	<b>0.9%</b>	<b>4.9%</b>	<b>8.6%</b>	<b>8.7%</b>	<b>9.5%</b>	<b>10.9%</b>	<b>12.1%</b>	<b>13.3%</b>
<b>Nordic Peers</b>													
Husqvarna Ab	Sweden	88.1	4,460	5,956	8.9%	-7.7%	2.2%	6.0%	8.3%	10.4%	8.5%	11.3%	14.1%
Marimekko Oyj	Finland	9.1	371	372	9.4%	4.5%	8.3%	18.2%	18.1%	18.3%	36.3%	40.4%	38.2%
Orthex Oyj	Finland	4.8	85	108	-5.2%	4.7%	5.7%	6.4%	10.2%	10.8%	6.9%	17.9%	19.9%
Rapala Vmc Oyj	Finland	3.7	145	267	-6.8%	-2.3%	7.1%	7.3%	5.0%	7.5%	2.7%	4.4%	7.7%
Thule Group Ab	Sweden	223	2,046	2,308	-6.8%	-13.6%	9.4%	17.1%	15.0%	17.4%	20.6%	15.7%	18.9%
<b>Nordic Average</b>					<b>-0.1%</b>	<b>-2.9%</b>	<b>6.5%</b>	<b>11.0%</b>	<b>11.3%</b>	<b>12.9%</b>	<b>15.0%</b>	<b>17.9%</b>	<b>19.8%</b>
<b>Nordic Median</b>					<b>-5.2%</b>	<b>-2.3%</b>	<b>7.1%</b>	<b>7.3%</b>	<b>10.2%</b>	<b>10.8%</b>	<b>8.5%</b>	<b>15.7%</b>	<b>18.9%</b>
<b>Total Average</b>					<b>4.0%</b>	<b>-0.9%</b>	<b>6.1%</b>	<b>11.5%</b>	<b>11.6%</b>	<b>13.3%</b>	<b>13.1%</b>	<b>13.6%</b>	<b>16.4%</b>
<b>Total Median</b>					<b>0.9%</b>	<b>-1.2%</b>	<b>5.7%</b>	<b>7.3%</b>	<b>9.2%</b>	<b>10.4%</b>	<b>10.3%</b>	<b>12.1%</b>	<b>14.1%</b>
<b>Fiskars (NDA)</b>	Finland	<b>16.2</b>	<b>1,315</b>	<b>1,645</b>	<b>-0.5%</b>	<b>-4.6%</b>	<b>4.7%</b>	<b>10.8%</b>	<b>11.5%</b>	<b>12.9%</b>	<b>12.0%</b>	<b>12.0%</b>	<b>13.5%</b>
<i>difference (median)</i>					-1.3 pp.	-3.4 pp.	-1.0 pp.	3.5 pp.	2.2 pp.	2.5 pp.	1.7 pp.	-0.1 pp.	-0.6 pp.
<b>Fiskars (cons.)</b>	Finland	<b>16.2</b>	<b>1,315</b>	<b>1,645</b>	<b>-0.5%</b>	<b>-2.1%</b>	<b>3.1%</b>	<b>12.1%</b>	<b>11.1%</b>	<b>12.5%</b>	<b>11.9%</b>	<b>12.9%</b>	<b>14.0%</b>
<i>difference (median)</i>					-1.3 pp.	-0.9 pp.	-2.6 pp.	4.8 pp.	1.8 pp.	2.2 pp.	1.7 pp.	0.8 pp.	-0.1 pp.

Note: As of market close on 13 March 2023

Source: Refinitiv and Nordea estimates

### Global listed peers

Hermès is a France-based luxury company, offering a wide range of clothing, watches, tableware and other clothing accessories

**Hermès** is a France-based company that designs, manufactures and distributes a wide range of luxury clothing, jewellery, and home and outdoor products. It was founded in 1837 as a contemporary artisanal design house, and today, the products are sold in multiple countries across the globe under both the Hermès brand and other non-group brands. While Hermès is entirely positioned towards the luxury market, we believe it offers a great balancing factor for our peer group, due to Fiskars' high-end offering, especially its Vita business area. Hermès had total revenue of EUR ~12bn in 2022 and a market cap of EUR ~180bn at the end of February 2023 (Source: Hermès, Refinitiv).

Leifheit sells laundry, cleaning, kitchen and well-being products mainly in Europe under the Leifheit, Soehnle brands and private labels

**Leifheit** is a Germany-based household product manufacturer, divided into the segments Household, Wellbeing and Private Label. Its products are sold through Leifheit, Soehnle and local private-label brands. The company offers the best comparison for Fiskars' **Crea** segment, due to the home care exposure. In 2022, the company had total revenue of EUR ~251m and a market cap of EUR ~168m at the end of February 2023 (Source: Leifheit, Refinitiv).

Lifetime Brands is a US-based leading provider of kitchenware and tableware; the company has a large assortment of well-known brands sold across the globe

**Lifetime Brands** is a US-based durables consumer products company, with a focus on home products. The company's products are sold worldwide under widely known brands such as KitchenAid, Chef'n, Taylor and Farberware. In addition to the development and distribution of its own brands, Lifetime also licences brands and private-label products to third parties, allowing more control for partners closer to the end customer. The company sells its products through established brick-and-mortar and online retailers as well as via direct consumer channels. According to the company, Lifetime Brands was the No. 1 provider of kitchen tools & gadgets, cutlery, barware accessories and bath scales in the US during 2022. The company has the most overlap with Fiskars' **Crea** and **Vita** business areas. In 2021, Lifetime Brands had total revenue of USD ~863m and a market cap of USD ~174m at the end of February 2023 (Source: Lifetime Brands, Refinitiv).

Newell Brands is active in home appliances, cookware and art and office markets through a large brand portfolio

**Newell Brands** is a US-based consumer goods company that operates in five major segments: Commercial Solutions, Home Appliances, Home Solutions, Learning & Development and Outdoor & Recreation. The products are sold under well-known brands such as Rubbermaid, Dymo, Sistema, Rotring, Marmot and Mr. Coffee. Its largest segments as measured by net sales are Learning & Development (~31% of 2022 net sales) and Home Solutions (~22%), which makes the company a good peer for Fiskars, especially its **Crea** and **Terra** business areas. In total, Newell had net sales of USD ~9,5bn in 2022, and a market cap of USD ~6bn at the end of February 2023 (Source: Newell Brands, Refinitiv).

Groupe SEB is a provider of household equipment, mostly focusing on cooking and kitchenware products sold under various brands, e.g. Tefal and Krups

**Groupe SEB** is a France-based leading household equipment provider, focused on four product ranges: cook/kitchenware, kitchen electronics, home & personal care and professional. SEB hosts a wide range of strong brands, such as Tefal, Krups, Rowenta, Moulinex, WMF and OBH Nordica. The company has presence in ~150 countries. Its largest markets are EMEA (48% of 2022 sales) and China (27%). Roughly 75% of the group's sales originate from markets where the brands are either No. 1 or No. 2 in their respective segments and markets. SEB's brands overlap Fiskars' offering, mostly the **Crea** business area. SEB generated a total of EUR ~8bn in sales during 2022 and a market cap of EUR ~6bn at the end of February 2023 (Source: Groupe SEB, Refinitiv).

Bic is a France-based company offering lighters, stationery and razors

**Société Bic** is a France-based manufacturer of lighters, stationery, pens and razorblades. Its stationery and creative product segment, called Human Expression, is a loose match for Fiskars' **Crea** business area, and Bic has a similar earnings profile as Fiskars. Bic's largest segment, Flame for life, posted an adjusted EBIT margin of 35% in 2022, while its two other major segments' EBIT margins are roughly in the mid-teens. In 2022, Bic had total revenue of EUR ~2.2bn and the company had a market cap of EUR ~2.6bn at the end of February 2023 (Source: Bic, Refinitiv).

Bic has a similar earnings profile as Fiskars, although with less seasonality

Stanley Black & Decker manufactures power tools, outdoor and crafting equipment

**Stanley Black & Decker** is a US-based manufacturer of power tools, outdoor power equipment as well as kitchen, crafting and cleaning equipment. The company is divided into the segments Tools & Outdoor and Industrial, and its products are sold under well-known brands such as STANLEY, Black & Decker and DeWalt. In 2022, the company reached revenue of USD 16.9bn, ~85% of which came from the Tools & Outdoor segment. Stanley Black & Decker's market cap stood at USD ~13.2bn in mid-February 2023. Stanley Black & Decker is mostly exposed to the same markets as Fiskars' **Terra** and **Crea** business areas. (source: Stanley Black & Decker)

Villeroy & Boch is one of the most renowned ceramics manufacturers in the world, with a wide range of e.g. high-end tableware and cutlery products

**Villeroy & Boch** is a Germany-based company that manufactures ceramic tableware and Bathroom & Wellness products. The company's product portfolio within the Bathroom & Wellness segment consists of ceramic kitchen and bathroom sinks as well as furniture, bathtubs and other fixtures and accessories. The Dining & Lifestyle segment manufactures and designs a wide range of tableware, cutlery, glass products and table accessories. While the Bathroom & Wellness segment serves mainly construction companies and architects, the Dining & Lifestyle segment is focused on premium tableware products, in line with Fiskars' offering through its **Vita** business area brands. In 2021, Villeroy & Boch achieved revenue of EUR 945m, with Dining & Lifestyle standing for EUR ~313m, i.e. ~33% of the total revenue. The market cap of the company was EUR ~537m at the end of February 2023, including the unlisted ordinary shares totalling 50% of all company shares (Source: Villeroy & Boch, Refinitiv).

## Nordic listed peers

Husqvarna is a Sweden-based leader within forest and gardening products

The Gardena segment is a direct peer for Fiskars' Terra segment

Marimekko is a Finland-based fashion company best known for its iconic patterns

Most of the company's sales originate from home products that have a similar positioning as Fiskars' Iittala brand, for example

Orthex is a Finland-based leader in storage and houseware

The company is most active in the Nordics

Rapala is a global supplier of recreational and sports fishing products and

The company is most active in North America

Thule is a global market leader in roof racks, roof boxes and bike racks for cars

The products have earned premium reputation in their respective segments, making the company a good peer for Fiskars

**Husqvarna** is a Sweden-based company engaged in the manufacture and distribution of gardening, outdoor and industrial products through three divisions: Husqvarna Forest & Garden, Gardena and Husqvarna Construction. Husqvarna, founded in 1689, is one of the longest-running companies in the world. It is known for its motor saws, trimmers, lawnmowers and garden tractors, but its closest match to Fiskars' offering, in our view, is the Gardena segment (~25% of 2022 sales) that offers gardening and watering solutions akin to Fiskars' **Terra** business area. In total, Husqvarna's sales in 2022 were SEK ~54bn and the company had a market cap of SEK ~53bn at the end of February 2023 (Source: Husqvarna, Refinitiv).

**Marimekko** is a Finland-based design-house known for its bold prints and colours throughout its product lines. Marimekko operates in three segments: Fashion, Home and Bags & Accessories. Marimekko products are positioned towards the premium and affordable luxury segments of their respective markets. This makes Marimekko a good peer for Fiskars, especially the **Vita** business area, as ~47% of Marimekko's sales were generated from the Home segment in 2022. Marimekko has a strong brand that is recognised worldwide, but ~59% of its net sales originated from Finland in 2022. In total, Marimekko's net sales were EUR ~167m in 2022 and the company had a market cap of EUR ~380m at the end of February 2023 (Source: Marimekko, Refinitiv).

**Orthex** is a Finland-based leader in home storage and houseware products with approximately 82% of its group sales coming from the Nordics in 2021. Recently the company has started a stronger expansion beyond the Nordic borders. The company's sales mostly come from the Storage segment (~67% of 2021 sales), while the Kitchen, Home & Yard and Plant Care segments account for the rest. We see Orthex as a peer mainly for Fiskars' **Crea** and **Terra** business areas, although with limited exact product overlap. Orthex had net sales of EUR ~89m in 2021 and a market cap of EUR ~88m at the end of February 2023 (Source: Orthex, Refinitiv).

**Rapala VMC** is a Finland-based company that manufactures and distributes fishing and outdoor products, such as fishing baits and rods, knives and skiing equipment. The company hosts a range of brands such as Rapala, Okuma, Luhr-Jensen, Marttiini and Peltonen. We see Rapala as a peer for Fiskars especially in the **Terra** business area, due to its outdoors-focused brand portfolio. The largest market for Rapala is North America with 2022 net sales of EUR 132m, roughly 48% of the company's total EUR ~274m of revenue. Its market cap of Rapala stood at EUR ~152m at the end of February 2023 (Source: Rapala, Refinitiv).

**Thule Group** is a Sweden-based company focused on developing and manufacturing outdoor and active lifestyle products, such as roof racks, bike racks, strollers, bike trailers and luggage. Thule's products are positioned towards the high end of their respective segments, and its products are sold in 140 markets around the world. While Thule offers a limited match with Fiskars' **Terra** business area, we argue that Fiskars' and Thule's brands are well aligned; thus we have selected the company to balance the peer group with an outdoor-focused brand. In 2022, 62% of Thule's sales were generated through the sales of sport and cargo carriers, and Thule's total revenues were SEK ~10bn. Thule had a market cap of SEK ~24bn at the end of February 2023 (Source: Thule Group, Refinitiv).

# Valuation

Based on a broad multiples-based approach and a DCF model, we derive a fair value range of EUR 17.6-21.7 per share for Fiskars Group. Our peer group consists of 13 listed peers, of which five are Nordic consumer goods peers and eight are global peers with exposure to at least one of Fiskars' three business areas.

## We use a multiples- and DCF-based valuation approach

We derive a fair value range of EUR 17.6-21.7 for Fiskars

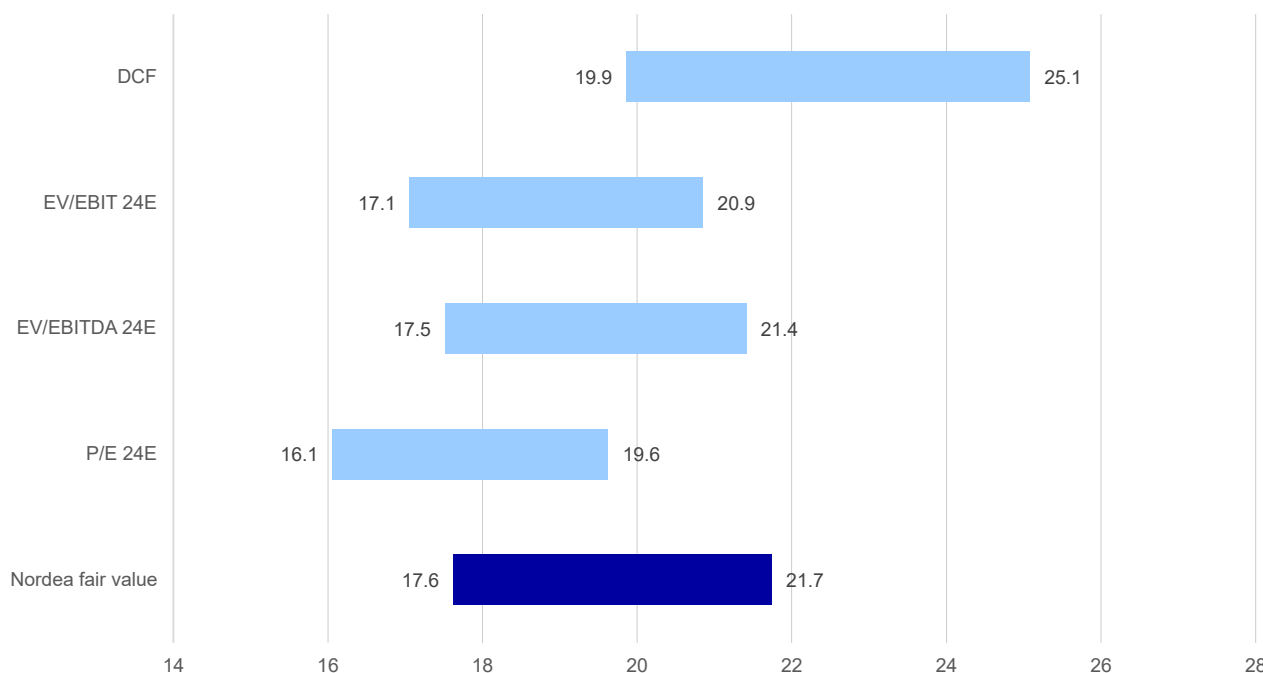
Using a combination of valuation multiples and a DCF model, we derive a fair value range of EUR 17.6-21.7 per share for Fiskars.

Our fair value range is based on 13 peers and a DCF model

Fiskars has no direct listed peers in the Nordics or globally. We therefore select a peer group that reflects Fiskars' offering and company profile. We categorise the companies into global and Nordic peers. Our global peer group consists of eight peers with exposure to at least one of Fiskars' three business areas. The Nordic peer group includes five consumer goods peers.

We base our valuation on a DCF model, with peer group valuation multiples for 2024E.

## FAIR VALUE RANGE BASED ON DIFFERENT VALUATION METHODS (EUR)



Source: Nordea estimates

Our peer group suggests a fair value range of EUR 16.1-21.4

Looking at peers' 2024E EV/EBITDA, EV/EBIT and P/E multiples, the valuation range is EUR 16.1-21.4 per Fiskars share.

We focus mainly on EV/EBIT in our peer multiple valuation

The table below illustrates the valuation multiples that we derive for Fiskars based on the current share price (EUR 16.2 as of 13 March 2023) and our fair value range (EUR 17.6-21.7). We believe investors will focus mainly on EV/EBIT multiples.

## FISKARS: DERIVED VALUATION MULTIPLES USING OUR FAIR VALUE RANGE AND THE CURRENT SHARE PRICE (AS OF 13 MARCH)

	Share price EUR 17.6			Share price EUR 21.7			Current share price EUR 16.2		
	2022	2023E	2024E	2022	2023E	2024E	2022	2023E	2024E
EV/sales	1.4x	1.3x	1.2x	1.7x	1.6x	1.5x	1.3x	1.2x	1.1x
EV/EBITDA	8.4x	7.9x	6.9x	10.0x	9.6x	8.4x	7.9x	7.4x	6.4x
EV/EBIT	11.7x	11.1x	9.4x	13.9x	13.4x	11.5x	11.0x	10.3x	8.7x
P/E	12.6x	13.2x	11.8x	15.5x	16.3x	14.5x	11.6x	12.2x	10.9x
FCF yield	-9.3%	16.0%	10.2%	-7.5%	13.0%	8.3%	-10.0%	17.3%	11.1%
Dividend yield	4.5%	4.8%	5.0%	3.7%	3.9%	4.1%	4.9%	5.2%	5.4%

Source: Nordea estimates

Our fair value range corresponds to 2023E EV/EBIT of 11.1-13.4x and 9.4-11.5x for 2024E

Our fair value range of EUR 17.6-21.7 implies 2023E-24E EV/EBITDA of 6.9-9.6x. Our fair value range corresponds to an EV/EBIT multiple of 11.1-13.4x for 2023E and 9.4-11.5x for 2024E.

Our fair value range corresponds to a 2023E and 2024E P/E of 13.2-16.3x and 11.8-14.5x, respectively, and FCF yield of 13.0-16.0% and 8.3-10.2%, for the same respective years. We note that we expect a high release of working capital due to elevated inventories, especially for 2023. The dividend yield on our fair value range is 3.9-4.8% for 2023E and 4.1-5.0% for 2024E, where we assume a ~60% payout ratio. The company's dividend policy is to distribute a stable dividend, increasing over time.

### Relative valuation

There are no direct peers for Fiskars, so we use a blended peer group

As noted earlier, there are no direct listed peers for Fiskars in the Nordics or globally. Among the Nordic companies, Husqvarna is a relevant peer for the Terra business area, while among global peers, Villeroy & Boch AG and Groupe SEB are relevant for Vita. Luxury brand Hermès is included on our global peers list to reflect Fiskars Group's exposure to luxury brands, representing ~25% of group sales.

We use a broad peer group

In our approach, we use a broad peer group to calculate the relevant average and median valuation multiples, as presented in the table below.

### PEER GROUP VALUATION MULTIPLES

	EV / SALES			EV / EBITDA			EV / EBIT			P/E		
	2022	2023E	2024E	2022	2023E	2024E	2022	2023E	2024E	2022	2023E	2024E
<b>Global Peers</b>												
Hermes International Sca	14.9x	13.1x	11.8x	33.7x	27.9x	24.7x	36.2x	31.4x	28.1x	52.5x	47.1x	42.5x
Leifheit Ag	0.8x	0.8x	0.7x	19.4x	11.6x	5.4x	64.8x	19.8x	6.9x	79.4x	22.5x	8.5x
Lifetime Brands Inc	0.4x	0.4x	0.4x	6.1x	6.4x	4.0x	10.2x	11.7x	6.5x	17.9x	17.0x	5.5x
Newell Brands Inc	0.9x	1.1x	1.0x	8.1x	9.4x	7.8x	10.3x	12.1x	10.0x	7.3x	11.8x	8.9x
Seb Sa	0.9x	0.9x	0.8x	8.7x	7.4x	6.2x	13.3x	10.5x	8.6x	17.6x	14.4x	11.7x
Societe Bic Sa	1.0x	0.9x	0.9x	5.0x	4.7x	4.3x	7.1x	6.5x	5.7x	12.1x	11.0x	10.0x
Stanley Black & Decker Inc	0.9x	1.0x	1.0x	14.1x	16.6x	9.7x	17.0x	24.7x	12.3x	17.2x	78.4x	15.4x
Villeroy & Boch Ag	0.6x	0.5x	0.5x	3.2x	3.2x	2.8x	4.4x	4.5x	3.9x	8.0x	8.2x	7.8x
<b>Global Average</b>	<b>2.5x</b>	<b>2.3x</b>	<b>2.1x</b>	<b>12.3x</b>	<b>10.9x</b>	<b>8.1x</b>	<b>20.4x</b>	<b>15.2x</b>	<b>10.3x</b>	<b>26.5x</b>	<b>26.3x</b>	<b>13.8x</b>
<b>Global Median</b>	<b>0.9x</b>	<b>0.9x</b>	<b>0.9x</b>	<b>8.4x</b>	<b>8.4x</b>	<b>5.8x</b>	<b>11.8x</b>	<b>11.9x</b>	<b>7.7x</b>	<b>17.4x</b>	<b>15.7x</b>	<b>9.5x</b>
<b>Nordic Peers</b>												
Husqvarna Ab	1.0x	1.0x	1.0x	9.3x	9.2x	7.5x	18.7x	14.7x	11.3x	22.8x	18.4x	13.6x
Marimekko Oyj	2.2x	2.1x	1.9x	9.1x	8.7x	7.7x	12.0x	11.3x	10.1x	16.3x	14.8x	13.5x
Orthex Oyj	1.3x	1.2x	1.2x	11.8x	8.3x	7.6x	20.5x	12.0x	10.6x	39.4x	14.9x	11.9x
Rapala Vmc Oyj	1.0x	1.0x	0.9x	8.7x	10.7x	8.1x	13.3x	19.8x	12.4x	25.0x	23.3x	12.6x
Thule Group Ab	2.4x	2.8x	2.6x	12.7x	16.0x	13.0x	14.2x	18.7x	14.7x	16.9x	22.8x	17.6x
<b>Nordic Average</b>	<b>1.6x</b>	<b>1.6x</b>	<b>1.5x</b>	<b>10.3x</b>	<b>10.6x</b>	<b>8.8x</b>	<b>15.7x</b>	<b>15.3x</b>	<b>11.8x</b>	<b>24.1x</b>	<b>18.8x</b>	<b>13.8x</b>
<b>Nordic Median</b>	<b>1.3x</b>	<b>1.2x</b>	<b>1.2x</b>	<b>9.3x</b>	<b>9.2x</b>	<b>7.7x</b>	<b>14.2x</b>	<b>14.7x</b>	<b>11.3x</b>	<b>22.8x</b>	<b>18.4x</b>	<b>13.5x</b>
<b>Total Average</b>	<b>2.3x</b>	<b>2.2x</b>	<b>2.0x</b>	<b>12.2x</b>	<b>11.4x</b>	<b>8.8x</b>	<b>19.8x</b>	<b>16.1x</b>	<b>11.4x</b>	<b>27.0x</b>	<b>24.7x</b>	<b>14.3x</b>
<b>Total Median</b>	<b>1.0x</b>	<b>1.0x</b>	<b>1.0x</b>	<b>9.1x</b>	<b>9.2x</b>	<b>7.6x</b>	<b>13.3x</b>	<b>12.1x</b>	<b>10.1x</b>	<b>17.6x</b>	<b>17.0x</b>	<b>11.9x</b>
<b>Fiskars (NDA)</b>	<b>1.3x</b>	<b>1.2x</b>	<b>1.1x</b>	<b>7.5x</b>	<b>7.4x</b>	<b>6.4x</b>	<b>10.4x</b>	<b>10.3x</b>	<b>8.7x</b>	<b>11.0x</b>	<b>12.2x</b>	<b>10.9x</b>
<i>difference (median)</i>	32%	24%	16%	-18%	-20%	-16%	-22%	-14%	-14%	-38%	-28%	-9%
<b>Fiskars (cons.)</b>	<b>1.3x</b>	<b>1.3x</b>	<b>1.3x</b>	<b>6.9x</b>	<b>7.7x</b>	<b>6.7x</b>	<b>9.6x</b>	<b>11.3x</b>	<b>9.3x</b>	<b>11.0x</b>	<b>13.7x</b>	<b>11.6x</b>
<i>difference (median)</i>	38%	35%	36%	-24%	-16%	-11%	-28%	-6%	-8%	-38%	-19%	-3%

Note: Data as of 13 March 2023

Source: Refinitiv and Nordea estimates

We expect the main valuation multiple to be EV/EBIT

The total peer group is trading at an average EV/EBIT of 16.1x for 2023E and a median of 12.1x. The salient multiples for 2024E are 11.4x and 10.1x, respectively.

### DCF valuation

Our DCF model suggests a fair equity value range of EUR 1.6-2bn, or EUR 19.9-25.1 per share

On top of our relative valuation, we use a standard DCF model in our valuation of Fiskars. Below, we illustrate our general assumptions for calculating our DCF value range. Based on a WACC of 7.4-9.0%, our DCF indicates a fair equity value range of EUR 1.6-2bn or EUR 19.9-25.1 per share. The valuation model is built upon a stringent DCF framework, in which our ROIC-WACC modelling prevents above-market returns in perpetuity.

**DCF VALUATION ASSUMPTIONS**

Averages and assumptions	2023-28	2029-33	2034-38	2039-43	2044-48	2049-53	Sust.
Sales growth, CAGR	3.9%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
EBIT margin, excl associates	13.4%	13.0%	13.0%	13.0%	13.0%	5.0%	
Capex/depreciation, x	1.3	1.0	1.0	1.0	1.0	1.0	
Capex/sales	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	
NWC/sales	14.8%	15.0%	15.0%	15.0%	15.0%	15.0%	
FCFF, CAGR	-9.5%	2.9%	2.5%	2.5%	2.5%	-18.2%	2.5%

Source: Nordea estimates

An estimated 54% of the DCF value is related to the first ten years, and 93% falls into our 30-year estimate cycle, according to the table below. We apply a 2.5% terminal growth rate, which is in line with Nordea's standard assumption. The applied WACC of 7.4-9% is based on Nordea's standard assumption of the risk-free rate and risk premium, as well as a beta of 1.6-2.1x and a 70% equity weighting.

**DCF VALUE BREAKDOWN FOR FISKARS (EUR/SHARE)**

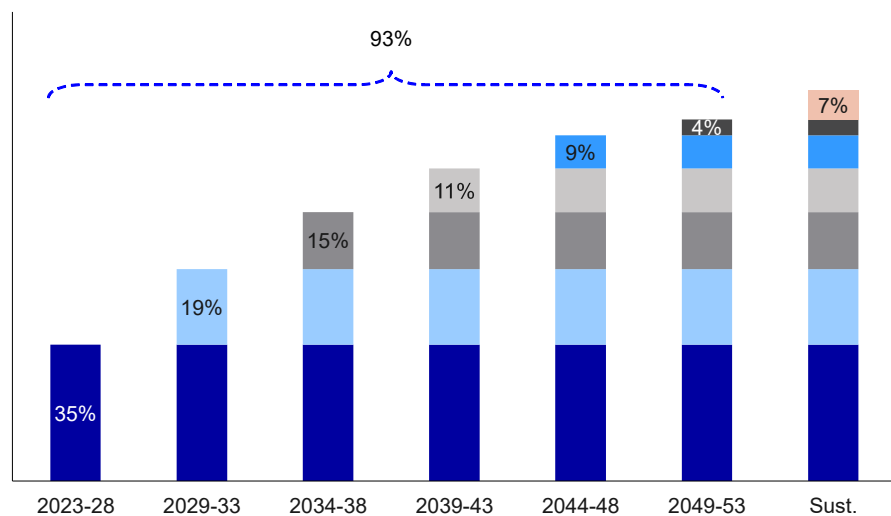
DCF value	Value	Per share
NPV FCFF	1902 - 2324	23.5 - 28.7
(Net debt)	-324	-4.0
Market value of associates	0	0.0
(Market value of minorities)	-4	-0.1
Surplus values	0	0.0
(Market value preference shares)	0	0.0
Share based adjustments	0	0.0
Other adjustments	0	0.0
Time value	35	0.4
<b>DCF Value</b>	<b>1609 - 2031</b>	<b>19.9 - 25.1</b>

Source: Nordea estimates

**WACC BREAKDOWN FOR FISKARS**

WACC components	
Risk-free interest rate	3.0%
Market risk premium	4.0%
Forward looking asset beta	n.m.
Beta debt	0.0
Forward looking equity beta	1.6-2.1
Cost of equity	9.2-11.6%
Cost of debt	4.0%
Tax-rate used in WACC	21%
Equity weight	70%
<b>WACC</b>	<b>7.4-9%</b>

Source: Nordea estimates

**DCF VALUE BREAKDOWN FOR FISKARS, 2023E-53E**

Source: Nordea estimates

### DCF sensitivity

In the table below, we provide a DCF sensitivity analysis of the equity value, with varying levels of sales growth, EBIT margins and WACC. Using changes of  $\pm 0.5$  pp for WACC,  $\pm 0.5$  pp for sales growth, and  $\pm 0.5$  pp for the EBIT margin, our DCF model yields a value range of EUR 20.2-25.1 per share, as shown in the table below.

#### DCF SENSITIVITY (EUR PER SHARE)

		WACC				
		7.1%	7.6%	8.1%	8.6%	9.1%
EBIT marg. change	+1.0pp	28.3	26.0	24.0	22.3	20.8
	+0.5pp	27.3	25.1	23.3	21.6	20.2
		26.3	24.2	<b>22.5</b>	20.9	19.6
	-0.5pp	25.2	23.3	21.7	20.2	19.0
	-1.0pp	24.2	22.5	20.9	19.5	18.3
		WACC				
		7.1%	7.6%	8.1%	8.6%	9.1%
Sales gr. change	+1.0pp	28.3	26.0	24.0	22.3	20.7
	+0.5pp	27.3	25.1	23.2	21.6	20.1
		26.3	24.2	<b>22.5</b>	20.9	19.6
	-0.5pp	25.3	23.4	21.8	20.3	19.0
	-1.0pp	24.5	22.7	21.1	19.8	18.6
		Sales growth change				
		-1.0pp	-0.5pp		+0.5pp	+1.0pp
EBIT margin change	+1.0pp	22.5	23.3	24.0	24.9	25.8
	+0.5pp	21.8	22.5	23.3	24.0	24.9
		21.1	21.8	<b>22.5</b>	23.2	24.0
	-0.5pp	20.5	21.1	21.7	22.4	23.1
	-1.0pp	19.8	20.3	20.9	21.5	22.2

Source: Nordea estimates

### What if Fiskars could achieve a 5% sales CAGR with a 15% EBIT margin?

In addition to our base case, in which we expect a 1% sales CAGR for 2022-25 and a 13.4% adjusted EBIT margin for 2025, we provide a what-if scenario.

In our scenario, we assume Fiskars will reach a 5% sales CAGR for 2022-25, reaching EUR 1.45bn in sales for 2025.

Similarly, we assume a roughly 1 pp annual EBIT margin improvement for 2023-25, leading to a 15% adjusted EBIT margin for 2025. Given our EUR 1.45bn top-line projection, a 15% EBIT margin would yield EUR 217m in adjusted EBIT for 2025E.

We assume similar net financial expenses (EUR 8-9m annually), minority interest (EUR 0.8m annually) and tax rate (20%) as in our base case. The number of shares is 81 million from 2023 onwards.

If we assume a dividend payment in line with our base case, higher profitability would bring EUR 81m in additional cash flow for 2023-25 compared to our base case, we calculate. We adjust our net debt assumptions accordingly in our what-if-scenario.

Based on our what-if scenario, 2025E EV/EBIT would be 5.9x and P/E 7.9x.

If we use 12-14x EV/EBIT and a 10% cost of equity as a discount factor, this would yield a fair value range of EUR 25.4-29.9 per Fiskars share when discounted to the end of 2023.

**WHAT-IF SCENARIO WITH A 5% SALES CAGR AND 15% EBIT MARGIN FOR 2025E (EURm AND EPS IN EUR)**

<b>Base case</b>	<b>2022</b>	<b>2023E</b>	<b>2024E</b>	<b>2025E</b>
Net sales	1,248	1,191	1,247	1,295
sales growth, y/y	0%	-5%	5%	4%
Adj. EBIT margin	151 12.1%	143 12.0%	161 12.9%	173 13.4%
Net financials	-11.6	-9.0	-8.5	-8.0
PTP	124	129	153	166
Taxes	-25	-26	-31	-33
Tax rate	20%	20%	20%	20%
Net profit	99	103	122	132
EPS	1.20	1.26	1.50	1.62
EV/EBIT (adj.)	10.5x	10.3x	8.7x	7.9x
P/E	12.8x	12.9x	10.9x	10.0x
<b>What-if-scenario</b>	<b>2022</b>	<b>2023E</b>	<b>2024E</b>	<b>2025E</b>
Net sales	1248	1311	1376	1445
sales growth, y/y	0%	5%	5%	5%
Adj. EBIT margin	151 12.1%	170 13%	193 14%	217 15%
Net financials	-11.6	-9.0	-8.5	-8.0
PTP	124	155	184	209
Taxes	-25	-31	-37	-42
Tax rate	20%	20%	20%	20%
Net income	99	124	147	167
EPS	1.20	1.53	1.81	2.05
EV/EBIT	10.5x	8.5x	7.0x	5.9x
P/E	12.8x	10.6x	9.0x	7.9x

Source: Company data and Nordea estimates

# Risk factors

Below, we introduce the key risk factors that we believe could affect Fiskars' operations and financial performance.

<p>Macroeconomic uncertainties relate mainly to consumer behaviour and consumer confidence</p>	<p><b>Macroeconomic environment</b></p> <p>The current macroeconomic environment creates uncertainties for Fiskars, due to possible changes in consumer behaviour and possibly lower consumer demand. On a global scale, economic growth is expected to be slower in 2023 than in previous years. Exchange rates could also exert pressure on net sales and profitability, although we note that Fiskars has diversified its commercial footprint.</p>
<p>Political risks, e.g. related to China</p>	<p><b>Political environment</b></p> <p>Given the rise in global political tensions, there is risk of trade disputes, sanctions, import restrictions and other geopolitical conflict, all of which could have a material adverse impact on the net sales and profits for Fiskars. Because China is one of the key supplier countries and a strategic focus for Fiskars, any sanctions or import restrictions would have a negative impact on the company.</p>
<p>Functioning supply chains are important for Fiskars Group</p>	<p><b>Supply chain and suppliers</b></p> <p>As seen during COVID-19, any disturbances to the global supply chain could have a negative impact on the net sales and profitability of Fiskars. Given the current macroeconomic environment, the company may face significant fluctuations in prices, as well as issues related to the availability or quality of raw materials, energy, components and finished products from suppliers.</p> <p>Fiskars manages the price, availability and quality risks inherent in contracts with multiple suppliers and by continuously seeking alternative sustainable materials. The company also holds extensive business interruption insurance.</p>
<p>Fiskars has own manufacturing facilities in Europe, Asia and the US, in addition to its suppliers</p>	<p><b>Interruptions to its own manufacturing</b></p> <p>In addition to its supply partners, Fiskars has its own manufacturing facilities in Europe, Asia and the US. Most of these suppliers are located in Asia. Any interruptions to its own manufacturing efforts could have a negative impact on the net sales and profitability of Fiskars. If not met, the high sustainability and quality requirements from customers could have a negative impact on the company's employer or brand reputation, and on consumer trust in the brands.</p> <p>Fiskars strives to build strong and long-term relationships with trusted suppliers to mitigate any risks before they arise. Suppliers are required to follow the Fiskars Supplier Code of Conduct, which sets out non-negotiable minimum standards.</p>
<p>Changes in consumer behaviour patterns, e.g. accelerating growth in the share of online sales, could affect Fiskars Group's net sales and profitability</p>	<p><b>Consumer behaviour</b></p> <p>In addition to possible lower demand caused by the macroeconomic environment, longer-term changes in consumer behaviour could materialise. An increase in online sales could burden physical store sales and have a negative impact on Fiskars' sales and profitability. Digitalisation may also cause faster changes in consumer preferences or introduce new competition to the market.</p> <p>Fiskars focuses on increasing its direct sales, including via its online and own store channels, as well as sustainability, by innovating circular designs and new business models to address the needs of the modern consumer.</p>
<p>Consolidation among wholesale and retail customers could result in lower pricing power</p>	<p><b>Customers</b></p> <p>Fiskars' main customers are wholesale and retail customers, so it is exposed to changes in the retail landscape. Any consolidation of the market could lead to lower pricing power. Retailers may also switch focus in favour of private label items, heralding lower sales for Fiskars' products.</p> <p>Fiskars enjoys a diverse customer base – no single customer accounts for more than 5% of overall revenue.</p>

Fiskars Group depends on centralised IT systems that could be affected, e.g. by cyberattacks	<p><b>IT systems and cyber security</b></p> <p>Fiskars, like most other large companies, increasingly depends on centralised IT systems and suppliers that hold and process critical business information. Breaches or cyberattacks could hurt Fiskars' reputation and in turn hit sales and profits. The development of IT systems typically requires a large investment, while rapid developments within IT could lead them to become obsolete sooner than anticipated.</p> <p>Fiskars integrates risk management into its decision-making. The security and capabilities of its IT systems are underpinned by various security technologies including network, endpoint and cloud detection and response, firewalls, threat intelligence and security operations.</p>
Some product categories are affected by outside forces, e.g. weather	<p><b>Seasonality</b></p> <p>Fiskars' product categories have seasonal patterns and negative events relating to product availability, demand or increased manufacturing or logistics costs during the high season can have a substantial bearing on full-year sales and profits. Due to the seasonality of some product categories, weather can have a significant impact on the demand for gardening or snow tools.</p> <p>Fiskars addresses this seasonality by maintaining a broad and diversified product portfolio and a wide geographical footprint.</p>
Acquisitions, although not high on Fiskars Group's agenda, could pose a risk	<p><b>Acquisitions</b></p> <p>Although acquisitions are not central to its strategy, the company could grow via acquisitions. Acquired businesses may not perform as expected, key individuals may quit and integration costs may top expectations. Synergies could also disappoint.</p>
Fiskars Group's financial investments could cause fluctuations in group earnings	<p><b>Financial investments</b></p> <p>Fiskars' financial investments centre on unlisted private equity funds. The value of its investments may fluctuate with the financial markets and their fair value can be impacted by changing profits and losses.</p>

# Sustainability

Fiskars updated and simplified its ESG strategy in 2022, aiming to align with the United Nations' Sustainable Development Goals (SDGs). These goals serve as inspiration for the company's ESG targets and overall direction.

## UN SDGs

Fiskars Group's ESG commitments are inspired by the UN Sustainable Development Goals (SDGs). The company is mainly focused on following three SDGs:



Source: United Nations

### Goal 10: Reduced inequalities

- Fiskars states that diversity and equal treatment across the entire value chain is one of the company's main priorities.
- Fiskars' new Group Code of Conduct has equality and fair treatment embedded at its core.
- In 2022, the company piloted two People Networks to nurture a diverse and inclusive workplace, both are the first of their kind for the company – a Women in Business Network and a Pride Network.
- Fiskars partners with multiple external communities and events to promote equality, such as Inklusiiv Community and Helsinki and Stockholm Pride, through its Iittala and Moomin by Arabia brands.



Source: United Nations

### Goals 12 and 13: Responsible consumption and production & Climate action

- Fiskars has committed to the UN Business Ambition 1.5° C campaign led by the Science Based Targets initiative (SBTi).
- The company designs its products to be timeless and durable.
- In 2019, Fiskars launched its Vintage Service as a platform to buy and sell used Iittala, Arabia or Rörstrand branded tableware, lengthening the product lifespan.
- In 2021, Fiskars launched a Pan Care service to thoroughly clean and recoat frying pans and enable a longer lifespan, thereby reducing raw material usage and embracing circularity.
- In 2022, Fiskars partnered with Outokumpu to become the first company to implement the new emission-minimised stainless steel in its cookware. The company also launched the All Steel cookware series, with zero plastic parts. In addition to the manufacturing impact, these products can be recoated to lengthen their lifespan even further.
- The company has set ambitious emission reduction targets, which are implemented within the group as well as across the entire supply chain.

## ESG KPIs

Fiskars updated and simplified its ESG strategy in late 2022, introducing two guiding principles

Fiskars updated and simplified its ESG strategy in late 2022, aiming for a clearer focus and road map towards previously set goals. Fiskars kept its previous goals largely intact, but the new strategy follows two guiding principles: "pioneering design against throwaway culture" and "making the everyday extraordinary". Fiskars' science-based emission reduction targets are in line with the UN 1.5° C climate target and the targets have been approved by the SBTi.

Fiskars Group has set environmental targets for...

Fiskars Group's environmental targets follow the "pioneering design against throwaway culture" guideline. The company has four targets in three categories:

...transitioning to the circular economy...

**Fiskars aims to generate the majority of its group sales from circular products and services by 2030.** The baseline year for this target is 2021. As of 2022, 5% of group sales originated from circular products or services.

...reducing the group's own emissions (Scopes 1 and 2)...

**Fiskars targets a reduction of 60% in greenhouse gas emissions (GHG) from its own operations by 2030, compared to the baseline year of 2017.** In 2022, Fiskars reduced Scope 1 and 2 GHG emissions by 42% compared to the baseline. **The company aims to cut indirect (Scope 3) emissions from transportation and distribution by 30% by 2030 compared to the baseline year of 2018.** In 2022, Fiskars achieved a reduction of 15% versus the baseline year.

...and steering towards a supplier base in which 60% have set science-based targets

**Fiskars targets a supplier base in which 60% of the suppliers – measured in spend towards the suppliers' products and services – have science-based targets by 2024.** The target was set in 2020. In 2022, 25% of Fiskars' suppliers had science-based targets in place.

Fiskars has set two Social targets to improve workplace safety and embrace diversity and inclusion

Turning to Social targets, Fiskars has set two goals for the "making the everyday extraordinary" guideline. Fiskars targets zero harm at the workplace, with a lost time accident frequency (LTAF) target of 0 (2022: 4.8). The company also has diversity, equity and inclusion KPIs under development to monitor and enhance these factors within the company.

**SUMMARY OF FISKARS GROUP'S ENVIRONMENTAL TARGETS**

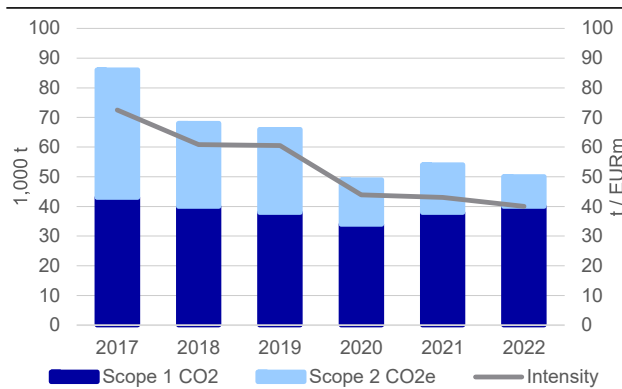
Category	Target	Base Year/Target Set	Target Year	Result in 2022
Circular economy	A majority (>50%) of net sales comes from circular products and services	2021	2030	5% of sales from circular products or services
Own emissions	Reduction of Scope 1 and Scope 2 GHG emissions from own operations by 60%	2017	2030	42% reduction compared to the base year
Own emissions	Reduction of Scope 3 emissions from transportation and distribution by 30%	2018	2030	15% reduction compared to the base year
Suppliers' emissions	60% of suppliers (by services or product spend) will have science-based targets	2020	2024	25% of suppliers have implemented science-based targets

Source: Company data

**ESG: Key figures and recognitions**

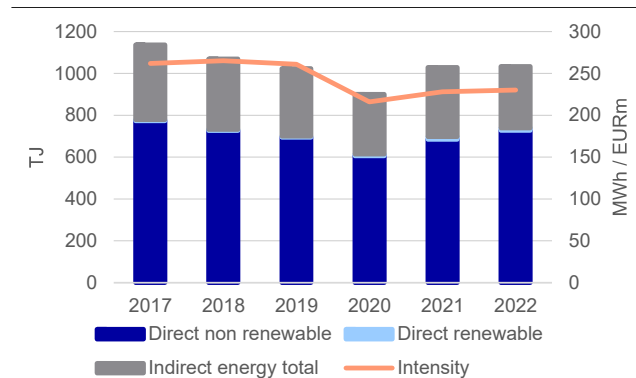
Below we depict Fiskars Group's emissions, energy usage, gender equality and employee turnover rate in recent years. The environmental non-profit organisation CDP recognised Fiskars Group as a leader in corporate transparency and performance on climate change, placing the company on its "A-List" in 2022. Fiskars also reached Platinum level sustainability rating from EcoVadis, meaning that it is in the top 1% of the companies assessed in Fiskars' industry.

**GHG EMISSIONS AND INTENSITY**



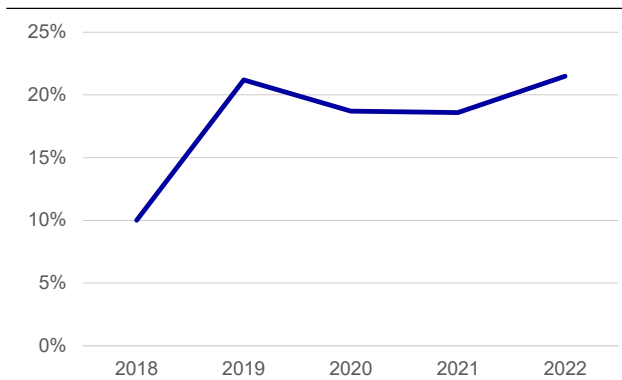
Source: Company data

**ENERGY USAGE AND INTENSITY**



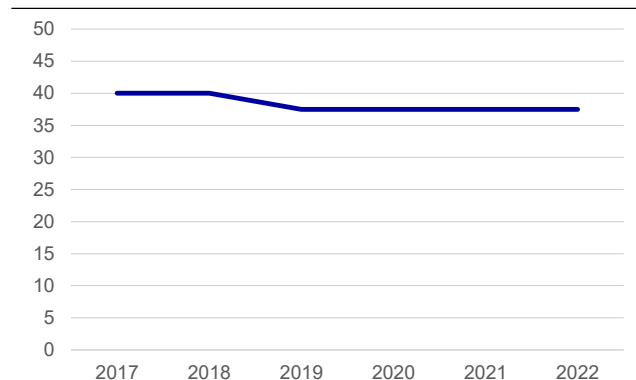
Source: Company data

**EMPLOYEE TURNOVER RATE**



Source: Company data

**FEMALE BOARD MEMBERS (%)**



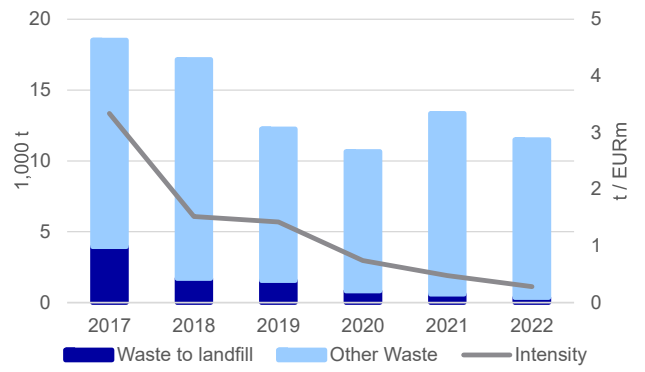
Source: Company data

**EXTERNAL RECOGNITIONS, 2022**



Source: Company data

**TOTAL WASTE AND LANDFILL WASTE INTENSITY**



Source: Company data

# Reported numbers and forecasts

## INCOME STATEMENT

EURm	2015	2016	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E
<b>Total revenue</b>	<b>1,105</b>	<b>1,205</b>	<b>1,186</b>	<b>1,119</b>	<b>1,090</b>	<b>1,116</b>	<b>1,254</b>	<b>1,248</b>	<b>1,191</b>	<b>1,247</b>	<b>1,295</b>
Revenue growth	44.0%	9.0%	-1.6%	-5.7%	-2.5%	2.4%	12.4%	-0.5%	-4.6%	4.7%	3.9%
of which organic	3.7%	1.6%	1.5%	-2.4%	-3.9%	3.8%	14.2%	1.7%	-3.1%	4.7%	3.9%
of which FX	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EBITDA	89	120	137	135	119	174	204	194	194	220	234
Depreciation and impairments PPE	-43	-37	-39	-44	-60	-76	-62	-59	-57	-59	-61
of which leased assets	0	0	0	0	-24	-24	-24	-24	-24	-24	-25
EBITA	47	83	98	92	60	98	143	135	137	161	173
Amortisation and impairments	0	0	0	0	0	0	0	0	0	0	0
EBIT	47	83	98	92	60	98	143	135	137	161	173
of which associates	0	0	0	0	0	0	0	0	0	0	0
Associates excluded from EBIT	0	0	0	0	0	0	0	0	0	0	0
Net financials	23	11	11	9	3	-9	0	-12	-9	-9	-8
of which lease interest	0	0	0	0	0	0	0	0	0	0	0
Changes in value, net	56	-1	109	2	0	1	1	1	1	1	1
<b>Pre-tax profit</b>	<b>126</b>	<b>93</b>	<b>218</b>	<b>103</b>	<b>63</b>	<b>90</b>	<b>144</b>	<b>124</b>	<b>129</b>	<b>153</b>	<b>166</b>
Reported taxes	-39	-27	-51	-21	-11	-21	-57	-25	-26	-31	-33
Net profit from continued operations	86	65	167	82	52	69	88	99	103	122	132
Discontinued operations	0	0	0	0	0	0	0	0	0	0	0
Minority interests	0	-1	-1	0	-1	-1	-1	-1	-1	-1	-1
Net profit to equity	86	64	166	82	52	68	87	99	102	121	132
<b>EPS, EUR</b>	<b>1.05</b>	<b>0.78</b>	<b>2.03</b>	<b>1.00</b>	<b>0.63</b>	<b>0.83</b>	<b>1.06</b>	<b>1.20</b>	<b>1.26</b>	<b>1.50</b>	<b>1.62</b>
DPS, EUR	0.70	1.06	0.72	5.85	0.56	0.60	0.76	0.80	0.84	0.88	0.92
of which ordinary	0.70	1.06	0.72	5.85	0.56	0.60	0.76	0.80	0.84	0.88	0.92
of which extraordinary	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

## Profit margin in percent

EBITDA	8.1%	10.0%	11.5%	12.1%	11.0%	15.6%	16.3%	15.6%	16.3%	17.6%	18.1%
EBITA	4.2%	6.9%	8.3%	8.2%	5.5%	8.8%	11.4%	10.8%	11.5%	12.9%	13.4%
EBIT	4.2%	6.9%	8.3%	8.2%	5.5%	8.8%	11.4%	10.8%	11.5%	12.9%	13.4%

## Adjusted earnings

EBITDA (adj)	108	131	143	145	137	185	216	210	200	220	234
EBITA (adj)	65	94	104	101	78	109	154	151	143	161	173
EBIT (adj)	65	94	104	101	78	109	154	151	143	161	173
EPS (adj, EUR)	1.28	0.92	2.10	1.11	0.84	0.96	1.20	1.40	1.33	1.50	1.62

## Adjusted profit margins in percent

EBITDA (adj)	9.8%	10.9%	12.0%	12.9%	12.6%	16.6%	17.2%	16.9%	16.8%	17.6%	18.1%
EBITA (adj)	5.9%	7.8%	8.7%	9.0%	7.1%	9.8%	12.3%	12.1%	12.0%	12.9%	13.4%
EBIT (adj)	5.9%	7.8%	8.7%	9.0%	7.1%	9.8%	12.3%	12.1%	12.0%	12.9%	13.4%

## Performance metrics

CAGR last 5 years											
Net revenue	9.1%	10.2%	9.7%	7.0%	7.3%	0.2%	0.8%	1.0%	1.3%	2.7%	3.0%
EBITDA	1.2%	10.1%	9.8%	8.4%	10.9%	14.3%	11.2%	7.3%	7.5%	13.0%	6.1%
EBIT	-1.1%	9.4%	8.9%	8.4%	7.0%	16.1%	11.6%	6.6%	8.4%	21.8%	12.0%
EPS	-1.7%	-16.4%	-1.4%	-2.8%	-41.8%	-4.7%	6.3%	-10.0%	4.8%	18.9%	14.4%
DPS	-18.1%	23.4%	2.1%	12.3%	n.m.	-3.0%	-6.4%	2.1%	-32.2%	9.5%	8.9%
Average last 5 years											
Average EBIT margin	6.4%	6.4%	6.5%	6.7%	6.6%	7.5%	8.5%	9.0%	9.7%	11.1%	12.0%
Average EBITDA margin	9.9%	9.9%	10.0%	10.3%	10.5%	12.0%	13.4%	14.2%	15.0%	16.3%	16.8%

## VALUATION RATIOS - ADJUSTED EARNINGS

EURm	2015	2016	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E
P/E (adj)	10.9	14.3	8.5	10.1	13.3	15.6	19.2	11.0	12.5	11.1	10.2
EV/EBITDA (adj)	8.1	6.0	7.4	4.2	8.7	7.4	9.4	7.5	7.5	6.5	6.0
EV/EBITA (adj)	13.4	8.4	10.2	6.0	15.3	12.6	13.2	10.5	10.6	8.9	8.1
EV/EBIT (adj)	13.4	8.4	10.2	6.0	15.3	12.6	13.2	10.5	10.6	8.9	8.1

## VALUATION RATIOS - REPORTED EARNINGS

EURm	2015	2016	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E
P/E	13.2	16.8	8.8	11.2	17.9	18.1	21.7	12.8	13.2	11.1	10.2
EV/Sales	0.79	0.65	0.89	0.54	1.09	1.23	1.62	1.27	1.27	1.15	1.08
EV/EBITDA	9.8	6.5	7.7	4.4	9.9	7.9	9.9	8.2	7.8	6.5	6.0
EV/EBITA	18.8	9.5	10.8	6.6	19.8	14.0	14.2	11.8	11.0	8.9	8.1
EV/EBIT	18.8	9.5	10.8	6.6	19.8	14.0	14.2	11.8	11.0	8.9	8.1
Dividend yield (ord.)	5.0%	8.1%	4.0%	52.4%	5.0%	4.0%	3.3%	5.2%	5.1%	5.3%	5.5%
FCF yield	-27.4%	8.2%	5.3%	6.7%	5.4%	13.7%	4.6%	-5.9%	18.7%	12.7%	10.0%
FCF Yield bef A&D, lease adj	1.3%	4.3%	4.9%	6.5%	3.5%	11.8%	3.4%	-10.6%	16.9%	10.8%	8.1%
Payout ratio	54.6%	115.8%	34.2%	527.7%	66.3%	62.4%	63.4%	57.1%	63.0%	58.8%	56.6%

Source: Company data and Nordea estimates

**BALANCE SHEET**

EURm	2015	2016	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E
Intangible assets	541	526	501	498	508	482	489	500	500	500	500
of which R&D	0	0	0	0	0	0	0	0	0	0	0
of which other intangibles	303	296	280	281	289	268	270	279	279	279	279
of which goodwill	237	230	222	217	220	214	219	221	221	221	221
Tangible assets	204	206	201	207	295	265	278	286	299	315	331
of which leased assets	0	0	0	0	86	68	84	88	86	86	86
Shares associates	22	30	30	34	29	24	32	29	29	29	29
Interest bearing assets	0	0	0	0	0	0	0	0	0	0	0
Deferred tax assets	38	30	29	30	28	27	28	29	0	0	0
Other non-IB non-current assets	0	0	0	0	8	8	4	4	4	4	4
Other non-current assets	0	0	0	0	0	0	7	6	0	0	0
Total non-current assets	804	792	762	770	868	807	838	854	831	847	863
Inventory	234	225	205	220	232	207	273	365	312	290	301
Accounts receivable	211	204	214	220	203	214	206	171	187	220	229
Short-term leased assets	0	0	0	0	23	23	23	23	24	25	25
Other current assets	3	58	53	31	29	29	26	56	30	31	32
Cash and bank	540	482	604	478	9	63	32	118	181	160	198
Total current assets	988	968	1,076	950	496	536	560	731	734	726	785
Assets held for sale	41	0	0	0	0	0	38	0	n.a.	n.a.	n.a.
<b>Total assets</b>	<b>1,833</b>	<b>1,760</b>	<b>1,838</b>	<b>1,719</b>	<b>1,364</b>	<b>1,342</b>	<b>1,435</b>	<b>1,585</b>	<b>1,566</b>	<b>1,573</b>	<b>1,648</b>
Shareholders equity	1,191	1,218	1,269	1,207	761	758	812	832	868	921	982
Of which preferred stocks	0	0	0	0	0	0	0	0	0	0	0
Of which equity part of hybrid debt	0	0	0	0	0	0	0	0	0	0	0
Minority interest	3	2	3	3	4	4	4	4	5	6	7
Total Equity	1,194	1,220	1,272	1,210	765	762	816	836	873	927	988
Deferred tax	50	53	73	44	33	31	32	35	35	35	35
Long term interest bearing debt	183	182	151	151	51	51	1	130	130	80	80
Pension provisions	14	14	13	13	13	13	13	11	0	0	0
Other long-term provisions	5	7	7	5	4	4	3	2	0	0	0
Other long-term liabilities	11	10	7	7	4	5	6	4	0	0	0
Non-current lease debt	0	0	0	0	88	72	89	93	91	91	91
Convertible debt	0	0	0	0	0	0	0	0	0	0	0
Shareholder debt	0	0	0	0	0	0	0	0	0	0	0
Hybrid debt	0	0	0	0	0	0	0	0	0	0	0
Total non-current liabilities	262	266	252	220	194	175	144	275	256	206	206
Short-term provisions	11	17	8	5	4	6	15	5	5	5	5
Accounts payable	237	238	247	268	268	310	139	69	138	181	188
Current lease debt	0	0	0	0	23	23	23	23	24	25	25
Other current liabilities	20	9	10	7	2	6	234	183	175	183	190
Short term interest bearing debt	87	11	49	10	109	61	64	195	95	45	45
Total current liabilities	355	274	314	290	406	405	475	475	436	439	454
Liabilities for assets held for sale	23	0	0	0	0	0	0	0	0	0	0
<b>Total liabilities and equity</b>	<b>1,834</b>	<b>1,760</b>	<b>1,838</b>	<b>1,719</b>	<b>1,364</b>	<b>1,342</b>	<b>1,436</b>	<b>1,585</b>	<b>1,566</b>	<b>1,573</b>	<b>1,648</b>
<b>Balance sheet and debt metrics</b>											
Net debt	-270	-289	-404	-317	262	144	145	324	160	82	44
of which lease debt	0	0	0	0	111	95	112	115	116	116	117
Working capital	190	240	216	197	194	135	132	339	216	177	183
Invested capital	994	1,032	978	966	1,062	942	969	1,193	1,048	1,024	1,046
Capital employed	1,464	1,413	1,472	1,371	1,036	969	993	1,277	1,215	1,169	1,231
ROE	7.4%	5.3%	13.4%	6.6%	5.2%	8.9%	11.0%	12.0%	12.0%	13.5%	13.8%
ROIC	6.5%	7.3%	8.2%	8.2%	6.0%	8.6%	12.8%	11.0%	10.1%	12.2%	13.2%
ROCE	4.7%	6.5%	7.2%	7.1%	6.4%	10.9%	15.7%	13.3%	11.5%	13.5%	14.4%
Net debt/EBITDA	-3.0	-2.4	-3.0	-2.3	2.2	0.8	0.7	1.7	0.8	0.4	0.2
Interest coverage	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Equity ratio	64.9%	69.2%	69.1%	70.2%	55.8%	56.5%	56.6%	52.5%	55.4%	58.6%	59.5%
Net gearing	-22.6%	-23.7%	-31.7%	-26.2%	34.3%	19.0%	17.8%	38.7%	18.3%	8.9%	4.5%

Source: Company data and Nordea estimates

**CASH FLOW STATEMENT**

EURm	2015	2016	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E
<b>EBITDA (adj) for associates</b>	<b>89</b>	<b>120</b>	<b>137</b>	<b>135</b>	<b>119</b>	<b>174</b>	<b>204</b>	<b>194</b>	<b>194</b>	<b>220</b>	<b>234</b>
Paid taxes	-18	-60	-26	-26	-18	-20	-36	-29	-26	-31	-33
Net financials	15	23	-1	-5	-3	-4	-5	-7	-9	-9	-8
Change in provisions	11	9	-9	-5	-2	1	9	-13	-13	0	0
Change in other LT non-IB	-7	7	-2	-2	-8	0	-1	-3	31	0	0
Cash flow to/from associates	0	0	0	0	0	0	0	0	0	0	0
Dividends paid to minorities	0	0	0	0	0	0	0	0	0	0	0
Other adj to reconcile to cash flow	8	-44	-2	-4	5	2	9	6	0	0	0
<b>Funds from operations (FFO)</b>	<b>98</b>	<b>55</b>	<b>97</b>	<b>93</b>	<b>93</b>	<b>153</b>	<b>180</b>	<b>148</b>	<b>177</b>	<b>181</b>	<b>193</b>
Change in NWC	-51	29	7	13	4	46	-57	-209	123	40	-7
<b>Cash flow from operations (CFO)</b>	<b>47</b>	<b>84</b>	<b>104</b>	<b>106</b>	<b>97</b>	<b>199</b>	<b>123</b>	<b>-61</b>	<b>300</b>	<b>221</b>	<b>186</b>
Capital expenditure	-32	-38	-33	-46	-40	-30	-34	-48	-48	-50	-52
<b>Free cash flow before A&amp;D</b>	<b>15</b>	<b>46</b>	<b>71</b>	<b>60</b>	<b>57</b>	<b>169</b>	<b>88</b>	<b>-110</b>	<b>252</b>	<b>170</b>	<b>134</b>
Proceeds from sale of assets	4	48	8	3	1	1	3	36	0	0	0
Acquisitions	-331	-7	-2	-1	-8	-2	-4	0	0	0	0
Free cash flow	-312	88	77	62	50	169	87	-74	252	170	134
Free cash flow bef A&D, lease adj	15	46	71	60	33	145	64	-134	228	146	109
Dividends paid	-79	-59	-87	-60	-51	-46	-49	-63	-66	-68	-71
Equity issues / buybacks	0	-3	0	-3	-1	0	0	-18	0	0	0
Net change in debt	22	-79	7	-43	-1	-45	-48	259	-100	-100	0
Other financing adjustments	354	75	14	17	10	1	2	5	-23	-24	-24
Other non-cash adjustments	-245	-79	110	-99	-475	-26	-23	-23	0	0	0
Change in cash	-261	-58	121	-126	-469	53	-31	86	64	-22	38
<b>Cash flow metrics</b>											
Capex/D&A	75.7%	n.m.	84.5%	n.m.	67.2%	39.4%	55.8%	81.0%	83.6%	84.8%	85.4%
Capex/Sales	2.9%	3.1%	2.8%	4.1%	3.7%	2.7%	2.7%	3.9%	4.0%	4.0%	4.0%
<b>Key information</b>											
Share price year end (/current)	14	13	18	11	11	15	23	15	17	17	17
Market cap.	1,140	1,071	1,458	915	922	1,227	1,884	1,260	1,346	1,346	1,346
Enterprise value	873	784	1,057	601	1,188	1,375	2,033	1,587	1,511	1,434	1,397
Diluted no. of shares, year-end (m)	81.9	81.9	81.9	81.9	81.9	81.9	81.9	81.9	81.0	81.0	81.0

Source: Company data and Nordea estimates

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**Completion Date**

14 Mar 2023, 20:00 CET

Nordea Bank Abp	Nordea Bank Abp, filial i Sverige	Nordea Danmark, Filial af Nordea Bank Abp, Finland	Nordea Bank Abp, filial i Norge
<b>Nordea IB &amp; Equity Division, Equity Research</b> Visiting address: Aleksis Kiven katu 7, Helsinki FI-00020 Nordea Finland	<b>Nordea IB &amp; Equity Division, Equity Research</b> Visiting address: Smålandsgatan 17 SE-105 71 Stockholm Sweden	<b>Nordea IB &amp; Equity Division, Equity Research</b> Visiting address: Grønjørdsvej 10 DK-2300 Copenhagen S Denmark	<b>Nordea IB &amp; Equity Division, Equity Research</b> Visiting address: Essendropsgate 7 N-0107 Oslo Norway
Tel: +358 9 1651 Fax: +358 9 165 59710	Tel: +46 8 614 7000 Fax: +46 8 534 911 60	Tel: +45 3333 3333 Fax: +45 3333 1520	Tel: +47 2248 5000 Fax: +47 2256 8650
Reg.no. 2858394-9 Satamaradankatu 5 Helsinki			