Flügger Group
Investor presentation Q1 23/24

Flügger

Flügger at a glance

Key L12M figures Q1 2023/2024

Revenue mDKK	EBIT mDKK
2.561	61

Full-time employees	Markets
2.247	17

No. factories	No. stores
12	346

Flügger's business model

Production
- Production
- R&D

Sales channels
- Own stores
- Franchise stores
- E-commerce
- DIY chains etc.

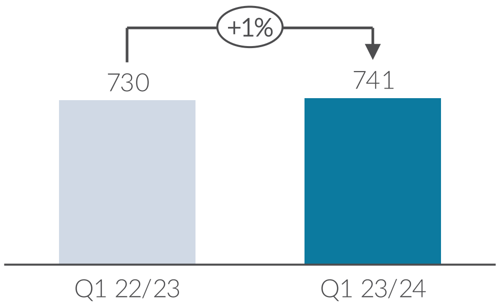
Customers
- BtB
- BtC

Brand examples

Flügger	PP	Stiwex	DETALE CPH	Segment 1
PRIMACOL DECORATIVE	Yunik PRO	LuxDecor	*Private label*	Segment 2
eskaro	AURA	Condor	*Private label*	Segment 3

Q1 23/24 highlights – Revenue and EBIT expectations reached despite currency headwind and challenged markets

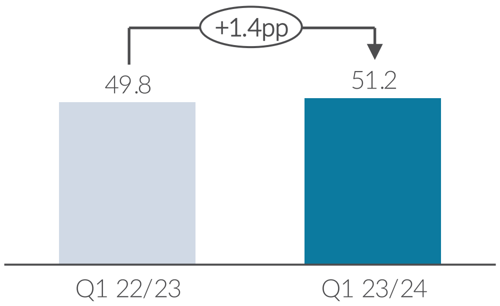
Revenue (mDKK)



Sales overall at a satisfactory level

- Historically high Q1 sales and organic growth of 10%
- Unfavorable currency development of -9% across main markets

Gross margin (%)

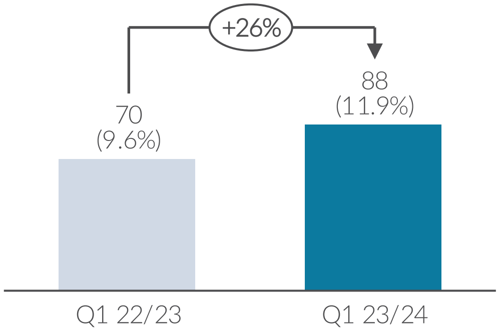


Gross margin slowly normalizes

- Gross margin is positively affected by a slight downward trend in raw materials, energy, and transportation cost
- Combined with the implemented price increases the overall gross margin moved towards a more normalized level

EBIT (mDKK)

(% margin)

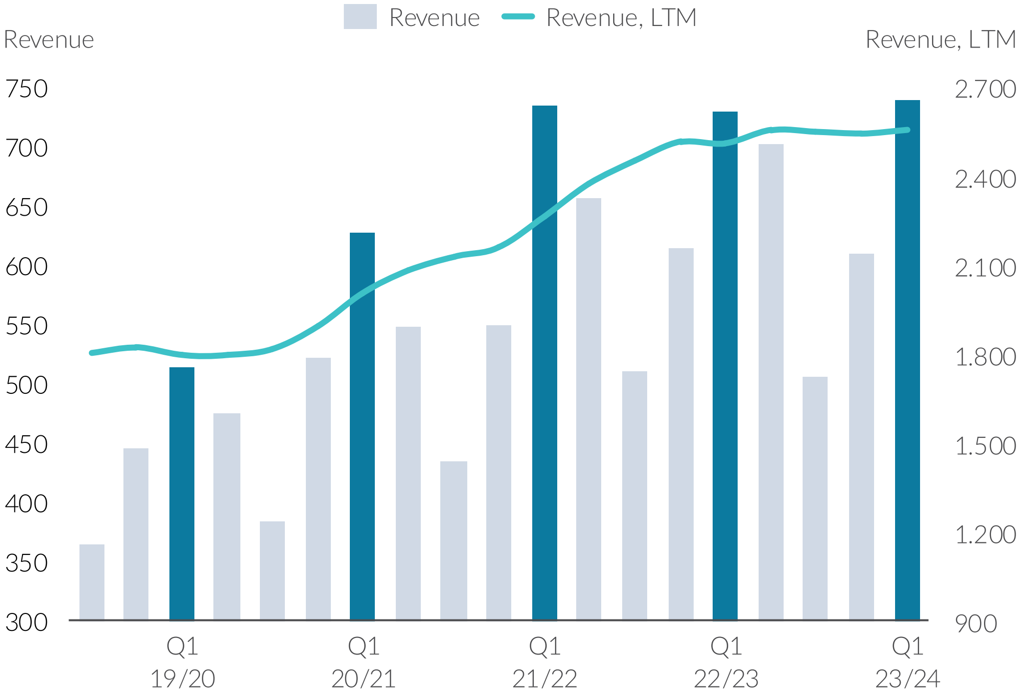


Improvement in main segments

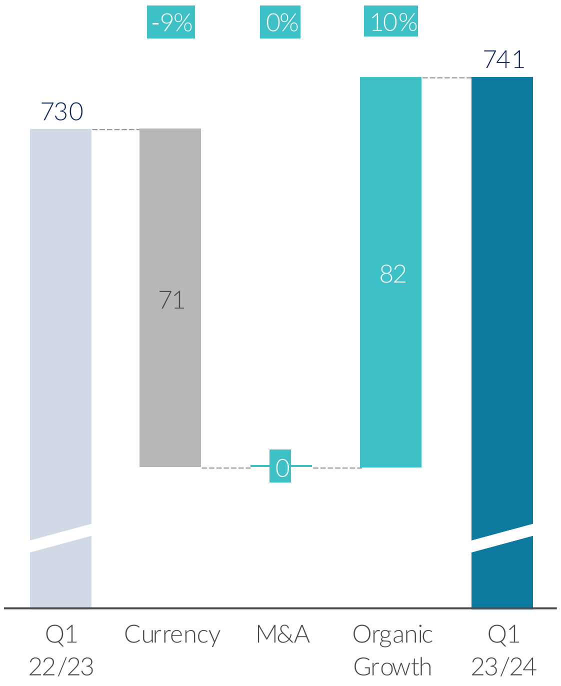
- Improvement in EBIT is driven by segments 1 and 2
- Segment 3 Eskaro declined slightly QoQ

Revenue increased +1% compared to last year driven by price increases, but higher underlying organic growth offset by negative currency effect

Revenue development (mDKK)

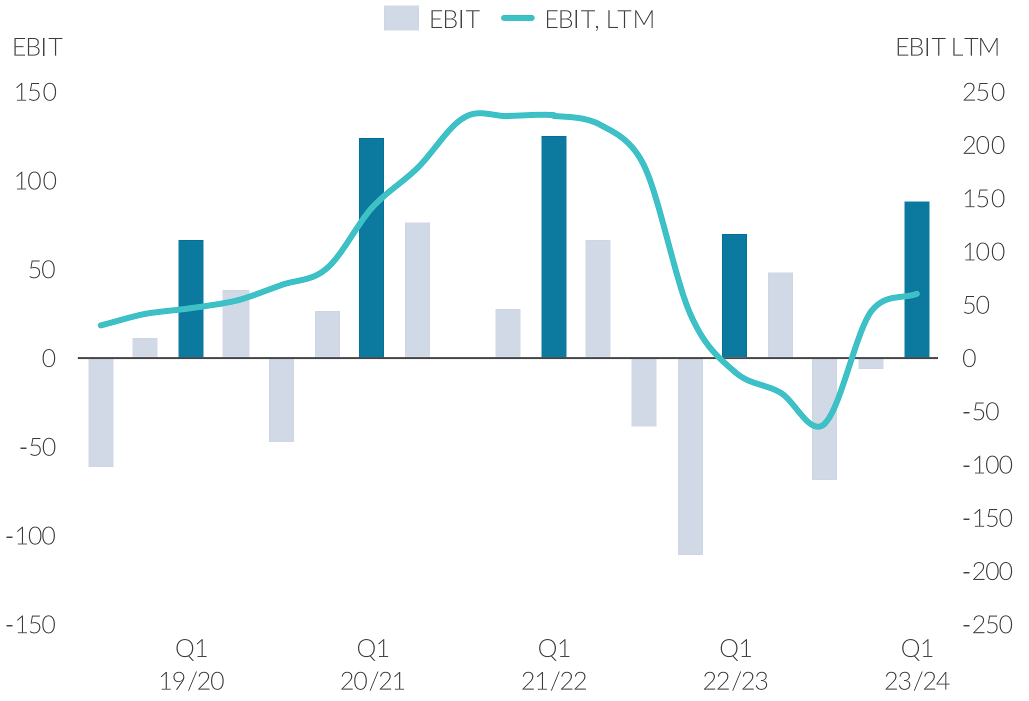


Revenue effects (mDKK)

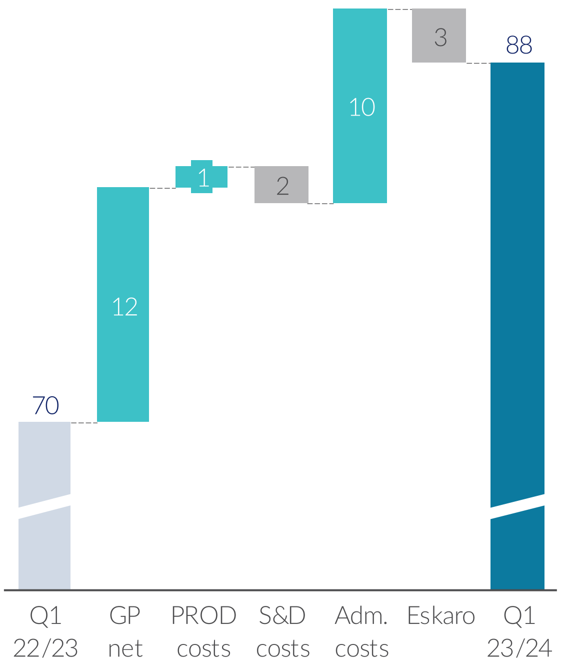


Improvement in EBIT and in line with expectations, however still affected by difficult market conditions, unfavorable customer mix and higher cost levels

EBIT development (mDKK)

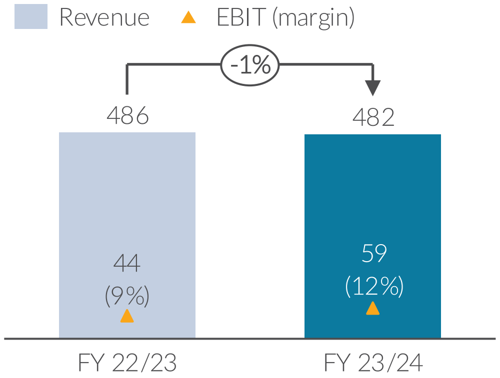


EBIT effects (mDKK)



Q1 23/24 segments – Segment 1 & 2 delivered growth in earnings, while segment 3 was heavily affected by the drop in exchange rates

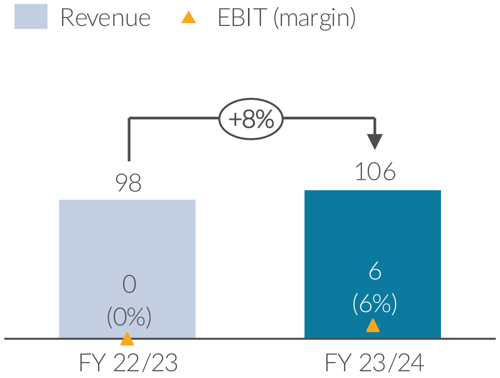
Segment 1 (mDKK)



Steady sales and cost discipline

- Organic growth of 3% across markets, was offset by negative currency of -4%.
- EBIT improved as a combination of price increases, slightly declining raw material prices, and previous cost initiatives

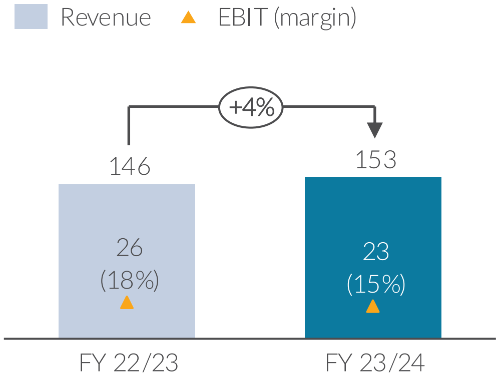
Segment 2 (mDKK)



Organic growth

- 8% organic growth (neutral currency)
- Price increases positively impact now and in future periods
- Earnings improvement from lower raw material and transportation costs

Segment 3 (mDKK)



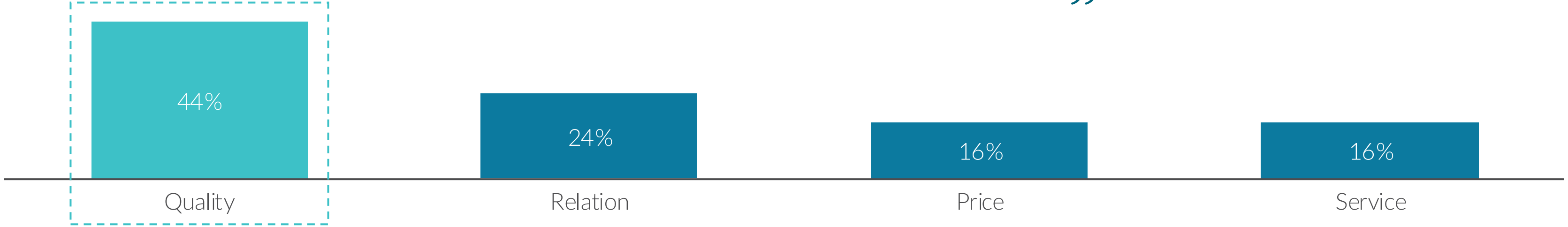
Ukraine in improvement

- Organic growth of 34% driven by Ukraine, partly offset by negative currency of -30% for Eskaro Group
- Drop in earnings is a result of the comparison year with fewer competitors in local markets and favorable currency

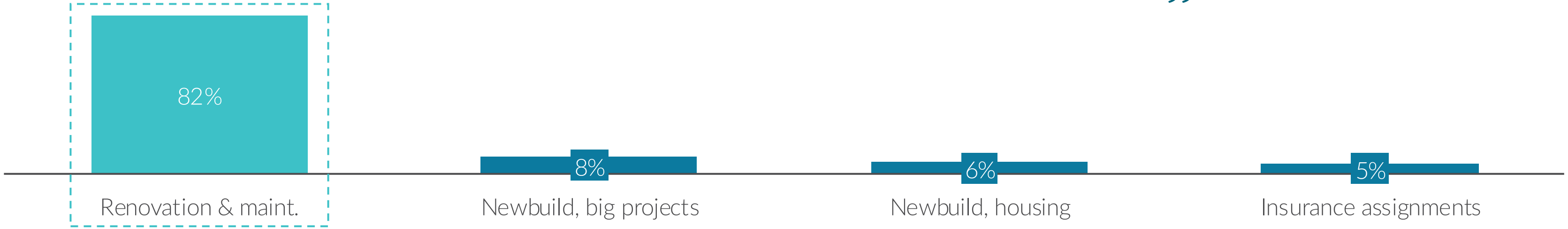
Q1 2023/24 business highlight – Customers in focus

Customers prefer quality and expect renovation work to dominate the market; fits well with Flügger proposition

"What do you rank highest selecting paint supplier?"



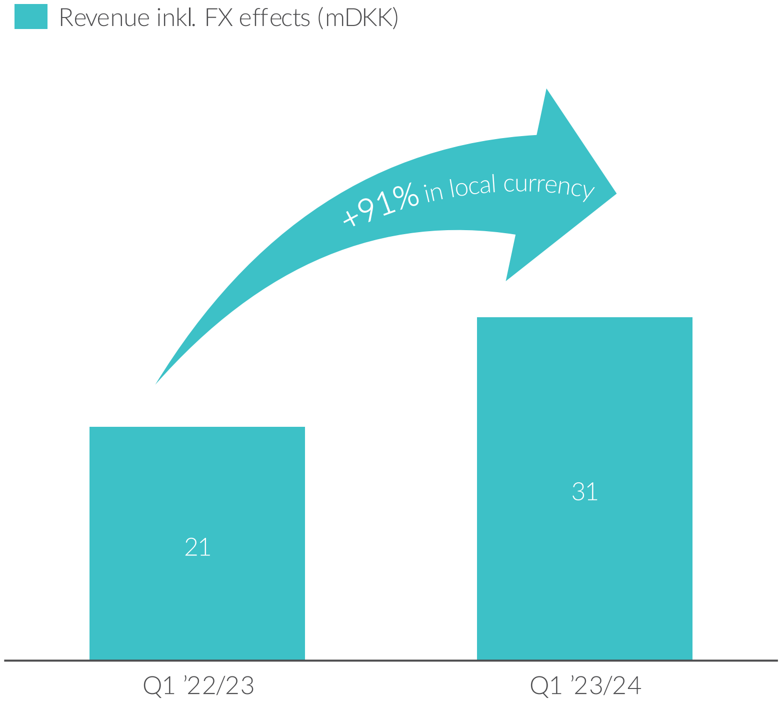
"What type of jobs do you expect to earn your money on in the future"



Note: Based on survey among customers (c. 750) of both active Flügger customers and non-active contacts across Denmark, Norway, Sweden

Q1 2023/24 business highlight – Ukraine is improving

Increased quality in Flügger Segment 3, as Ukraine is regaining momentum and comprises larger share of the segment

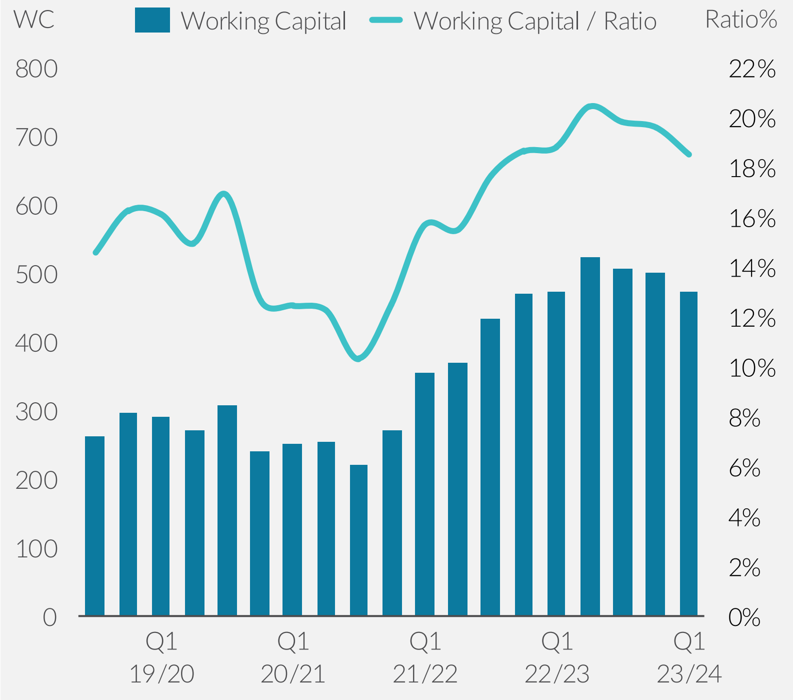


Going green strategy – selected CSR targets and status

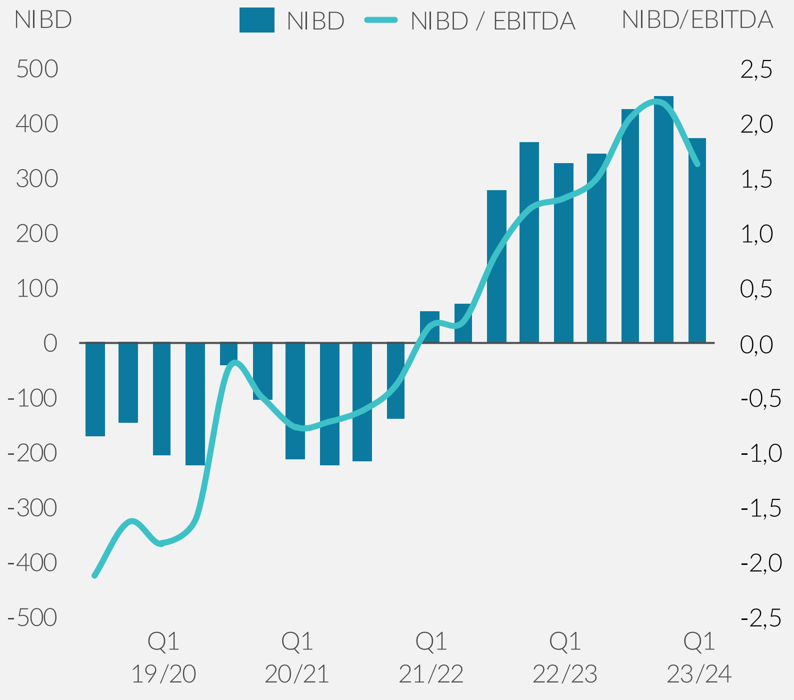
Going Green sustainability focus areas and key selected targets		Selected target '23/24	Current achievement		
			Current	'21/22	'20/21
ReColor Paint	100% environmental labelled paint by 2030	80% ecolabelled paint	82%	76%	100%
ReColor Packaging	75% recycled plastic in packaging by 2030	25% buckets of >50% recycled plastic; 50% recycled plastic in own-produced tools and accessories	20%	11%	5%
ReColor Production	Carbon-neutral production by 2030	50% carbon reduction per liter of wet product produced	47%	41%	47%

Solid inventory reduction brings working capital on par with LY despite lower payables – positive impact on NIBD and ratio

Net working capital (mDKK)

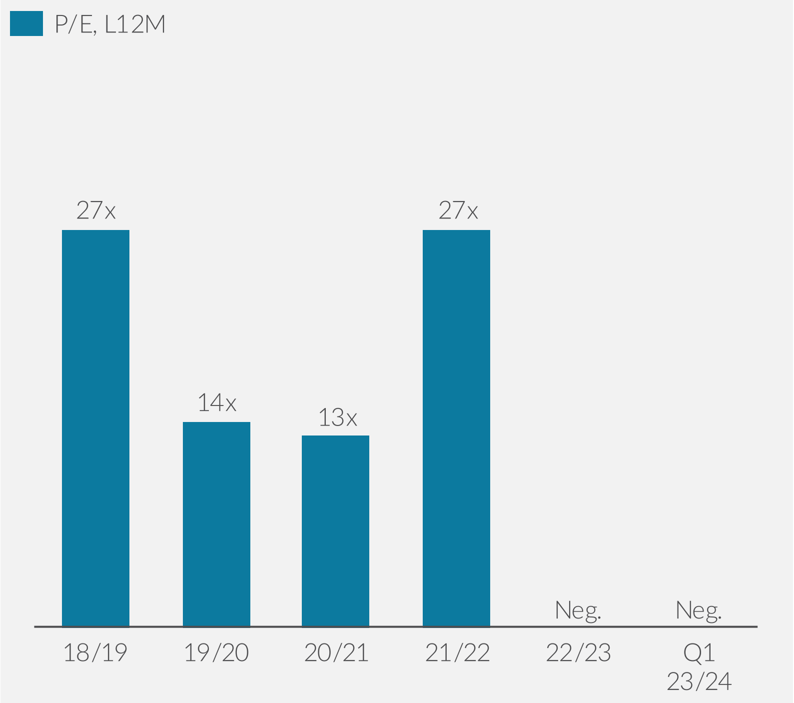


Financial solidity (mDKK)

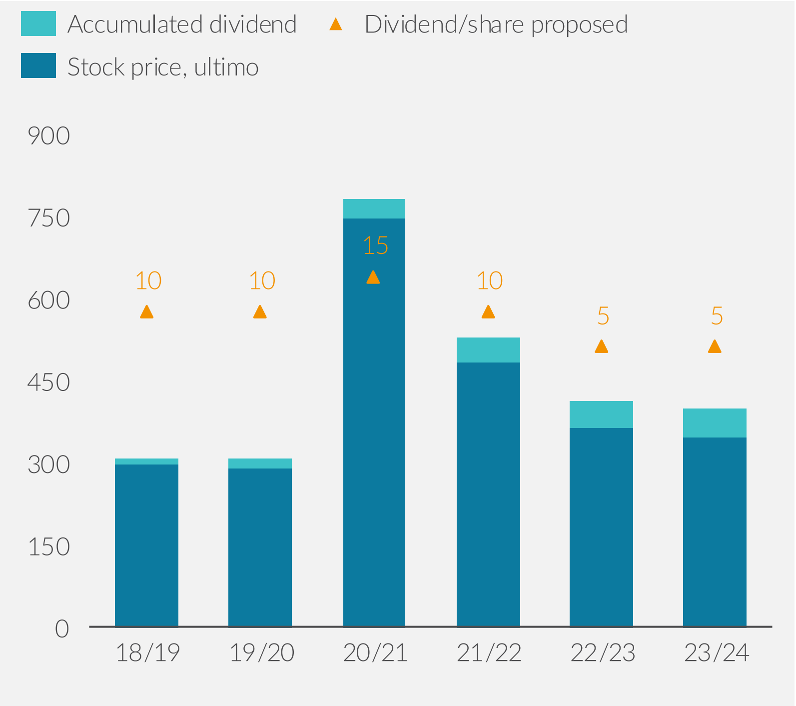


LTM price/earnings ratio affected by challenged earnings due to historically high cost levels. Dividend proposal in 23/24 in line with historical payments

Price/earnings development

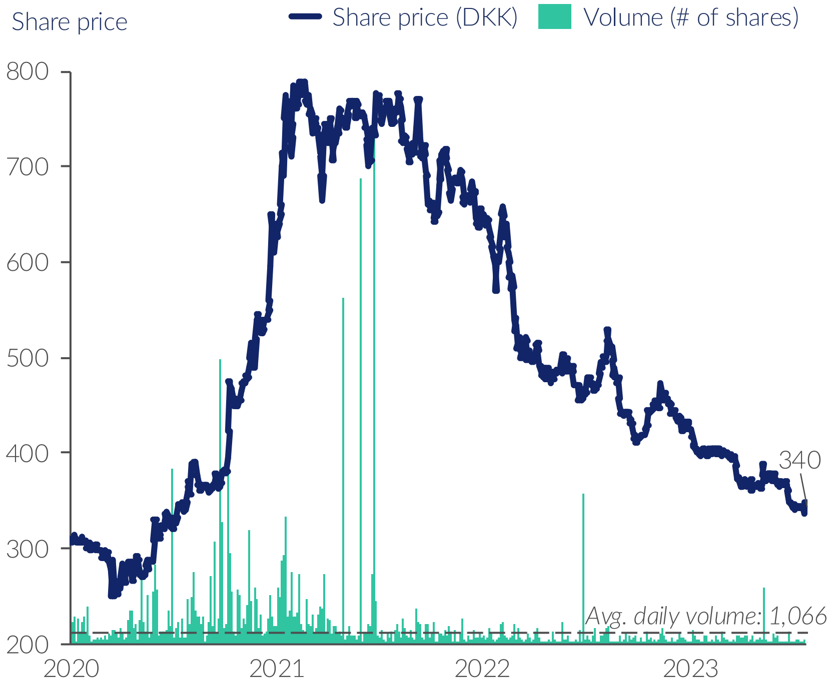


Share price development incl. reinvested dividends

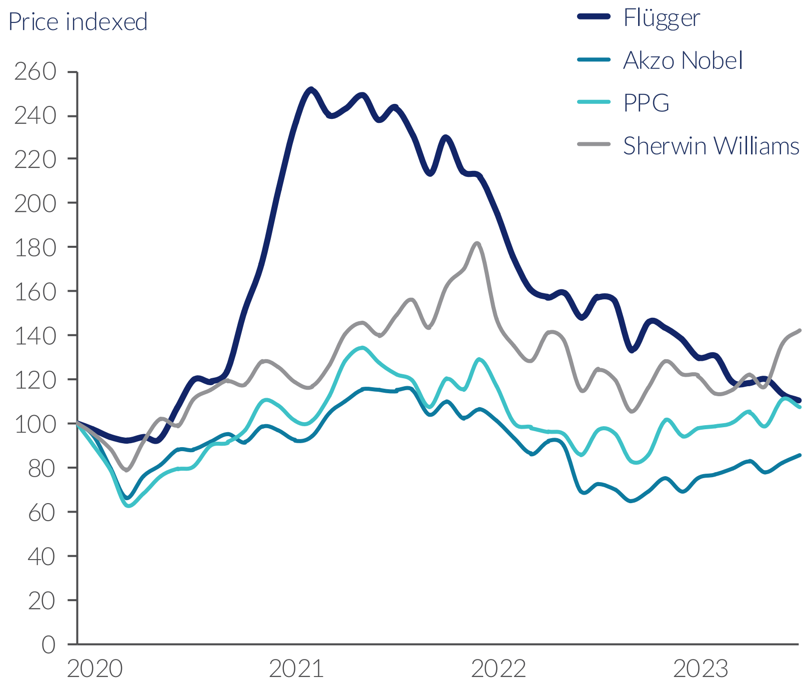


Share price development

Flügger's share price development



Flügger's relative share price development (indexed)



Source: Nasdaq, FactSet

2023/24 Outlook & Financial guidance

2023/24 Outlook and priorities

- The outlook for the future is cautiously optimistic with expectations of continued normalizing cost levels

2023/24 priorities

1. Developing new products and services
2. Value creation with sustainability and quality
3. Setting the right market prices
4. Further reduction of debt and NWC level

Financial guidance 2023/24

Guidance maintained

Revenue	**2,500m – 2,700m**
EBIT	**60m – 120m**

Thank you for listening

Flügger

Please contact IR@flugger.com for any further questions or visit flugger.com/investor

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