

## Press Release

August 26, 2022

# Interim report January-June 2022

### **April-June 2022**

- Net sales were 546.4 MSEK (491.7), an increase of 11.2% compared to the equivalent period in 2021. Organic growth was 8.8% for the period.
- EBITA was 90.8 MSEK (105.1), an EBITA margin of 16.6% (21.4). The period was affected by a cost reduction of 6.6 MSEK (0) regarding a repayment of consolidation funds from Fora.
- Earnings per share were 1.45 SEK (1.83).
- Cash flow after investing activities was 9.0 MSEK (57.3).

### **January-June 2022**

- Net sales were 1,043.0 MSEK (919.7), an increase of 13.4% compared to the equivalent period in 2021. Organic growth was 7.7% for the period.
- EBITA was 185.0 MSEK (185.9) an EBITA margin of 17.7% (20.2). The period was affected by a cost reduction of 6.6 MSEK regarding a repayment of consolidation funds from Fora. In the previous year, there were one-off costs of 4.1 MSEK during the period in relation to the acquisition of Aqualla Brassware Ltd.
- Earnings per share were 3.01 SEK (3.15).
- Cash flow after investing activities was -20.1 MSEK (19.5).

### **Significant events during and after the quarter**

- The company has implemented a 3:1 share split during the quarter.
- The Board of Directors has set a target for organic growth of 5% per year over an economic cycle. This replaces the previous target of 3%. The new target reflects the Board of Directors view of the long-term potential for growth that the group has, based on the establishment that has taken place in the international market in recent years.

## STATEMENT FROM THE CEO

### A stable quarter in an uncertain market

We can summarise the second quarter with sales of 546 MSEK, just over 11% higher than the equivalent quarter in 2021. The EBITA margin was 16.6%, higher than our financial target of 15%. The margin was lower than for the second quarter of 2021.

Sales in our Nordic domestic market developed well, while we continued to see strong growth in our international business. During the quarter there were challenges with supply within certain product categories caused by disruptions at our subcontractors. We noted a slowing of demand in more consumer-focused parts of our business. This is a natural consequence of a high level of investment during the pandemic and the general uncertainty surrounding inflation and interest rates. This uncertainty is also affecting professional customer projects, although we are seeing high levels of activity among these customers, at least in the short term.

Given the current market uncertainty, it is satisfying to report an operating profit that exceeds our set target. This is excellent proof of the dedicated efforts made in all parts of the organisation to deal with rapidly changing costs of material and transport as well as the ongoing challenges posed by supply disruptions. During the quarter we adjusted our prices in response to the cost increases seen in the market during the year. This was done in constructive dialogue with our customers. Our new prices will take effect in the third quarter and are expected to compensate for the higher cost levels. The main reasons for the decline in profit this quarter compared with recent quarters were the rapidly rising costs for material and transport and, to a certain extent, an increase in the costs of developing our sales growth going forward.

Despite the market uncertainty, we are optimistic of continuing to develop new, attractive, sustainable products and provide excellent service to our customers. Our organisation has proved more than capable of dealing with disruptions. This, combined with our many exciting customer projects, stands us in good stead to meet the future. During the quarter we exhibited for the first time at the global design expo Salone del Mobile in Milan, where we presented Hotbath to reach an even wider international market. In Scandinavia, we are continuing the launch of our new bathroom products with the Mora X Collection. In addition to our taps, this concept includes matching mirrors, baths and basins. It is encouraging to note that even in these challenging times, interest in, as well as actual sales of, our most sustainable products increased during the quarter. Needless to say, we will continue to develop these products in partnership with our customers.