

Press Release

October 28, 2022

Interim report January-September 2022

July-September 2022

- Net sales were 422.7 MSEK (415.6), an increase of 1.7% compared to the equivalent period in 2021. Organic growth was -1.1% for the period.
- EBITA was 49.6 MSEK (70.8), an EBITA margin of 11.7% (17.0). The period was affected by a cost reduction of 1.1 MSEK (2.8) regarding a repayment of consolidation funds from Fora. In the previous year, there were one-off costs of 3.8 MSEK during the period regarding hacking.
- Earnings per share were 0.69 SEK (1.15).
- Cash flow after investing activities was 41.9 MSEK (89.5).

January-September 2022

- Net sales were 1,465.7 MSEK (1,335.4), an increase of 9.8% compared to the equivalent period in 2021. Organic growth was 5.0% for the period.
- EBITA was 234.6 MSEK (256.7) an EBITA margin of 16.0% (19.2). The period was affected by a cost reduction of 7.7 MSEK (2.8) regarding a repayment of consolidation funds from Fora. In the previous year, there were one-off costs of 8.2 MSEK during the period in relation to the acquisition of Aqualla Brassware Ltd and hacking.
- Earnings per share were 3.70 MSEK (4.30).
- Cash flow after investing activities was 21.8 MSEK (109.0).

Significant events during and after the quarter

- The company acquired Aqua Invent i Lomma AB, which offers water analysis and solutions to purify water on 7 October.

STATEMENT FROM THE CEO

Uncertain times in the construction market and wider world

We conclude the third quarter with sales totalling SEK 423 million, which is 1.7% higher than the same quarter in 2021. The EBITA margin for the period was 12%. This is weaker than the third quarter of 2021, when the margin was 17%. In the first nine months, growth totalled just under 10% and the operating margin was just over 16%. Both these figures exceed our long-term financial targets.

Sales were significantly weaker for several of our brands and in several countries during the third quarter as a result of the economic situation in the world with rising inflation, interest rates and energy prices. Demand has been lower, from both the professional and more consumer-focused building markets. The Nordic market saw the clearest decline while growth remained strong in the international market where there is more room for continued growth in our chosen niches. The group also saw an unusually strong fourth quarter in 2021 and, in line with our peers in the industry, we expect a weaker market in the final quarter of 2022 and during 2023.

The weakened operating margin is primarily an effect of increased sales and administration costs compared with the third quarter of 2021, this is a result of conscious decisions to continue to grow both our new and existing customer segments. It should be noted that sales costs were unusually low during the pandemic, which affects the comparison with the third quarter of 2021. The gross margin is also weaker for the quarter, and here we are seeing that the price adjustments we have implemented are starting to balance the cost increases. However, cost control is strong throughout the organisation and we are taking active steps to compensate for the lower demand. We also see more normal lead times from our suppliers which gives us better conditions to reduce our inventory level. This is something we will continue to work actively with during the coming quarters and which will contribute to a stronger cash flow.

Amid the market uncertainty, we feel secure in our long-term strategy, have a well-functioning organisation with a clear offering to our customers. Sustainability and attractive design are central concepts and we see great potential for our energy saving, touchless products. Going forward, we will place extra focus on working closely with our customers and on improving cost-efficiency in the organisation.

FM Mattsson AB (publ)
Box 480
SE-792 27 MORA
SWEDEN
Telefon +46 (0)250 59 60 00
Fax +46 (0)250 159 60
info@fmmattssongroup.com
www.fmmattssongroup.com

Finally, we are delighted and excited to be entering a new segment of the market through the acquisition of Aqua Invent, which we completed in the beginning of October. This acquisition gives us a skilled and highly motivated team to offer customers water analysis and water purification solutions, such as water filters, for private wells and industrial customers. We are certain that access to clean water will be an important issue in the future, and it feels very inspiring and beneficial to be expanding in this area, given our long experience. Our aim is to develop Aqua Invent's business in Sweden in the first phase, and in the rest of the Nordic region in the second phase. This represents a new, exciting step in our strategy to offer customers sustainable and attractive products.

For more information please contact:

Fredrik Skarp, CEO, Tel: +46 (0) 250 596 405.
Martin Gallacher, CFO, Tel +46 (0) 250 596 225.

About Us

FM Mattsson Group conducts the sale, manufacture and product development of water taps and related products under the strong, established brands of FM Mattsson, Mora Armatur, Damixa, Hotbath, Aqualla and Adamsez. The group's vision is to be the customer's first choice in the bathroom and kitchen. In 2021 the business generated sales of more than 1.8 billion SEK from its companies in Sweden, Norway, Denmark, Finland, Benelux, UK, Germany and Italy and had 532 employees. FM Mattsson Group is listed on Nasdaq Stockholm.

This information is information that FM Mattsson AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, at 2022-10-28 15:00 CEST.