

## Clas Ohlson year-end report 2021/22

### Increased sales and a very strong result

#### Fourth quarter – 1 February to 30 April

- Sales increased by 16% to 1,780 MSEK (1,538), organic growth up 12% and up 11% in comparable units
- Online sales decreased by 19 per cent to 221 MSEK (274)
- Operating loss amounted to -10 MSEK (-64). Excluding the effect of IFRS 16, operating loss totalled -30 MSEK (-81)
- The operating margin was -0.6% (-4.2). Excluding the effect of IFRS 16, the operating margin was -1.7% (-5.3)
- Net debt/EBITDA excluding the effect of IFRS 16 (12 months) amounted to -0.5 times (-0.7)
- Loss after tax totalled -16 MSEK (-65)
- Earnings per share amounted to -0.25 SEK (-1.02)

#### Financial year – 1 May to 30 April

- Sales increased by 6% to 8,784 (8,284), organic growth up 4% and up 4% in comparable units
- Online sales increased by 9% to 971 MSEK (894)
- Operating profit totalled 719 MSEK (608). Excluding the effect of IFRS 16, operating profit totalled 642 MSEK (538)
- The operating margin was 8.2% (7.3). Excluding the effect of IFRS 16, the operating margin was 7.3% (6.5)
- Profit after tax totalled 523 MSEK (421)
- Earnings per share amounted to 8.25 SEK (6.65)
- The proposed dividend is 6.75 SEK per share, to be distributed as two separate payments of 3.375 SEK
- Due to the company's strong financial position and considering that no dividend was paid for financial year 2019/2020, the Board of Directors proposes that an extra dividend of 6.25 SEK per share be distributed as two separate payments of 3.125 SEK

#### Events after the end of the reporting period

- Sales in May increased by 3% to 630 MSEK (610), an organic increase of 2% and an increase of 1% in comparable units
- Online sales in May increased by 9% to 81 MSEK (74)
- Decision to discontinue the remaining operations in the United Kingdom. The cost of the closure, which will be charged to the financial year 2022/23, amounts to approximately 35 MSEK

***CEO Kristofer Tonström comments on fourth quarter/financial year 2021/22:***

The retail sector has been undergoing change for a long time, but the pace of change has never been as high as in the 2021/22 financial year and the fourth quarter we have just closed. With the outbreak of war in Europe, an increasingly uncertain global economy and continued impact from the pandemic, customer behaviour is changing all the quicker. We also note that customer preferences and reactions to global events differ in our various markets, further contributing to complexity.

Faced with these conditions, our co-workers have time and again succeeded in tackling new challenges and delivered very strong full-year earnings with total sales that are now back at pre-pandemic levels. Our operating margin for the full-year was 7.3 per cent\* and is therefore within the framework of our profitability target, and total sales amounted to approximately 8.8 billion SEK, up 6 per cent. It is gratifying to note that our mutual efforts during the year have provided us with a continued strong financial position and a stable foundation to stand on as we plan for the future. The financial position also makes it possible for the Board to propose an increased ordinary dividend of 6.75 SEK per share, and considering that no dividend was paid in 2020, an extra dividend of 6.25 SEK per share, which feels very positive.

**Proactivity that generates results**

Looking at the most recent quarter, total sales increased 16 per cent. The key to our success has once again been our dedicated focus on working with what we can influence each and every day. One example is how we have been proactive in our efforts with purchasing and transportation and have had good access to the right products both in store and in our central warehouse throughout the quarter, despite major disruptions in global logistics chains. We are also entering the next quarter with slightly higher inventories compared with the same period last year, which enables us to continue to offer our customers the opportunity to buy the exact products they need for their DIY projects in the home.

Converting our 200 million annual visitors into paying customers by way of product accessibility and a fantastic customer experience is always a key focus area, and we are continually working on becoming even better. Customer satisfaction is increasing on the whole both in store and online, and we see the positive results of the adjustments we made to our online shopping during the quarter in the form of markedly improved conversion rates both in Sweden and Finland. The comparative figures for our

\*Excluding the effect of IFRS 16

Norwegian online shopping were impacted by large portions of the store network in Norway being closed during the comparative quarter last year. In total, online sales for the quarter declined 19 per cent compared with the previous year.

Our Club Clas loyalty programme is also an important part of how we take care of our customers and deepen our relationships with them. In April, we reached 400,000 members in Finland following a 20 per cent membership growth in the fourth quarter, and growth in Norway remains strong. Across all of our Nordic markets, we now have approximately 4.3 million members in total and the number of active members is increasing at the same time as sales per member are going up in all of our markets.

### **Constantly relevant to our customers**

With our broad and affordable range, we have many opportunities to grow faster than the market even in a market climate in which customers are more cautious. We are therefore continuing to invest in marketing and attractive customer offers to ensure that we always remain relevant to our customers as a clear DIY destination.

The product mix and pricing are important aspects of these efforts and we have worked hard to adjust prices during the quarter to achieve the right balance between customer expectations and our own margin targets.

Our sustainability activities are also a way to distinguish us from our competitors. Compared with the preceding year (2020), we have reduced carbon emissions in our own operations by 18 per cent. Other examples of progress in the financial year include a 24 per cent sales increase of spare parts, i.e. products that extend the durability of our assortment, and increased pace of our environmental audits with suppliers, which we perform in addition to our regular factory controls, to now comprise 83 per cent of total purchasing volumes.

### **A strategy with sights set on responsible growth**

Our strategic framework is based on the strength we have in committed co-workers who do their best to ensure that our customers are satisfied each and every day. Happy co-workers lead to happy customers. With this as a cornerstone, we always need to select different paths to take depending on how the world around us is developing in order to create sustainable and profitable growth. For the years ahead, we see a handful of prioritised areas in which we will be investing particular attention. The customer offering is the single most important growth driver, which for us involves providing the customer

with greater clarity about what they can expect from Clas Ohlson and broadening our range in certain categories so that customers choose us over our competitors more often. We also have many initiatives in place to strengthen our two most important sales channels, the store network and online shopping. We also note that there are many benefits in continuing to develop Club Clas. Another growth driver is Finland. After 20 years of activity in Finland, we have still not reached the sales and profitability we see in Sweden and Norway, but there is substantial potential in the market and many of the changes that we have already implemented have yielded positive results.

### **Towards a new financial year**

In conclusion, I would like to extend my warm thanks to our fantastic co-workers for all of their hard work during the quarter and the financial year. Regardless of where in the company you turn, you will find a genuine desire to make a difference for the customer and the strength that we have together is a competitive advantage both today and for the future. We know that the financial year we have recently started is filled with challenges, but these challenges we share with the entire retail industry and it is my firm belief that we have great opportunities to strengthen our position, further develop the company and create long-term shareholder value. This is a journey that I, along with many around me, am looking forward to.

### **Presentation of the year-end report today at 9.00 a.m. and Capital Markets Day at 10:00-12:00 CET**

President and CEO Kristofer Tonström and CFO Pär Christiansen will comment on the report at 9:00 CET today. The webcast is available via this [link](#).

Following the Q4 presentation, at 10:00-12:00 CET Clas Ohlson arranges a Capital Markets Day where the company will give an update on its strategy and priorities, including insights into Clas Ohlson's work with sustainability, assortment and sales channels. This webcast is also available via the link above.

The presentations will be held in English and is followed by a Q&A session.

To participate in the telephone conferences, and thereby be able to ask questions verbally, please dial in on any number below a couple of minutes before the start of the call:

SE: +46850558352, UK: +443333009272, US: +16467224902

On-demand versions of the webcast will be available at [about.clasohlson.com/reports](https://about.clasohlson.com/reports) after closing of the presentation.

**For more information, please contact:**

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This is information that Clas Ohlson AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. This information was submitted for publication, through the agency of the contact person set out above, at 7:00 a.m. CET on 8 June 2022.

*Clas Ohlson was founded in 1918 as a mail order business in Insjön, Sweden. Today we are a retail company with customers in four markets, approximately 5,000 co-workers and annual sales of approximately 8.8 billion SEK. Our share is listed on Nasdaq Stockholm. A lot has happened since the start in 1918, but one thing has remained the same over the years; that we want to help and inspire people to improve their everyday lives by offering smart, simple, practical solutions at attractive prices. Visit [about.clasohlson.com/en](https://about.clasohlson.com/en) to read about us and our passion for simplifying life in all kinds of homes.*