

Clas Ohlson three-month report 2021/22

A solid quarter with strong profitability

First quarter – 1 May to 31 July

- Sales declined by 1% to 2,056 MSEK (2,074), organic growth down 2% and down 2% in comparable units
- Online sales increased by 19% to 219 MSEK (184)
- Operating profit amounted to 147 MSEK (166). Excluding the effect of IFRS 16, operating profit totalled 128 MSEK (147)
- The operating margin was 7.2 per cent (8.0). Excluding the effect of IFRS 16, the operating margin was 6.2% (7.1).
- Net debt/EBITDA excluding the effect of IFRS 16 (12 months) amounted to -1.0 times (-0.5)
- Profit after tax totalled 103 MSEK (117)
- Earnings per share amounted to 1.63 SEK (1.84).

Events after the end of the reporting period

- Sales in August increased by 3% to 711 MSEK (689), an organic increase of 3% and an increase of 3% in comparable units
- Online sales in August increased by 22% to 58 MSEK (48)

CEO Kristofer Tonström comments on first quarter 2021/22

At a time when customer behaviour is changing more rapidly than ever before, we can show in the first quarter of the financial year that Clas Ohlson stands strong. Our sales of 2,056 MSEK were almost on par with last summer's record-breaking sales, and even though operating profit of 147 MSEK declined year-on-year, we can deliver one of our best results for a first quarter. As a comparison, operating profit is up 85% compared with the first quarter of 2019.

Two important reasons for the stable trend is that we can offer customers a relevant product range and we have a high level of service in our sales channels. This has led to higher average sales per customer, which has been decisive during a period of lower customer footfall in our physical stores. We have seen a continued positive trend for our online sales, which rose 19% during the quarter, but it is perhaps even more pleasing that we have successfully shortened lead times and increased conversions for our online shopping. This shows that the investments we have made, and are continuing to make, in our digital customer meetings and for a quicker and more efficient logistics chain have yielded results. At the same time, we have managed to maintain a healthy cost control,

which is reflected in the gross margin increasing to 39.5% (38.7). Excluding IFRS 16, operating profit declined to 128 MSEK (147) and the operating margin thus decreased to 6.2 per cent (7.1).

Development focusing on growth

Although the effects of the pandemic remain evident in customers' purchasing patterns, we continue to plan for more normal market conditions during the autumn. As an increasing amount of people visit city centres and shopping centres, we will reach even more customers who wish to simplify their everyday life in the home. This is where the updated visual identity that we launched in August will be crucial. In addition to showing our customers that we are progressing as a company – from a mail order company to the DIY company with complete solutions for customers in-store, online and in their homes that we have today – we make it easier for customers to recognise us in all channels where we meet each other. I am also particularly proud that we are making this change in our very own Clas Ohlson way. For example, it was a given to reflect on our rich history when we renewed our look, and the new CO symbol is a modification of what has, in one way or another, adorned our head office in Insjön ever since 1972. Doing this in our way also means that we will replace store design, store signs and product packaging in a sustainable way by, in time, replacing products that have reached the end of their service lives or if we have sold out of a particular product.

Just as a more distinct look strengthens the link between us and our customers, our Club Clas loyalty programme is one of our major competitive advantages and growth drivers. As such, I am happy to announce that we have exceeded our targets and now achieved 800,000 members in Norway, barely one year after launch. Our Club Clas members account for a major proportion of our total sales, and the loyalty programme is an important tool for building relationships with our most valuable customers through directed and relevant communication. In total, we now have 3,5 million members in Sweden, Norway and Finland.

Intense work to strengthen our long-term competitive advantage

As always, our main focus is on what we can do to make Clas Ohlson as strong as possible ourselves. The flexibility that our organisation has demonstrated in recent times with changing and finding new solutions when restrictions have prevented our customers from visiting our stores or when customers have, for other reasons, rapidly changed their behaviour, will also be important moving forward. The much-publicised disruptions in

goods transports from Asia is a further challenge that has led to slightly higher transport costs during the quarter, and will have a major impact in the future. In addition to actively working with our customer pricing, we are always looking for the best possible solutions to each individual goods transport, for example, by collaborating with other companies on freight consolidation. We also mitigated the effects of a lack of transport capacity by optimising internal processes and a more diversified supply chain. Work in this area is particularly valuable at the moment and provides us with long-term advantages, for example, through our investments of more purchase offices in new markets. These activities also assist us with our ambitious sustainability efforts. We will be climate neutral along the entire value chain by 2045, efforts that we are continuously following up on in terms of how we can succeed in our work to be both a good employer and a positive force in the communities in which we are active. During the past 15 months, 99% of suppliers have complied with the requirements of our Code of Conduct as regards working conditions, human rights and environment (target: 100%) and we have carried out 335 supplier audits in the same period.

Continued high pace

As we leave the summer behind us and enter the autumn while beginning to prepare for the important Christmas sales period, we do so strengthened by positive results in the first quarter and a robust base to stand on. The positive results are the fruit of hard work and I am proud and grateful for the energy and determination that our co-workers have demonstrated during the special circumstances that the pandemic has brought with it. We will also continue to develop Clas Ohlson with the same energy and determination, creating customer and shareholder value with profitable growth over time.

Webcasted teleconference at 9.00 a.m.

President and CEO Kristofer Tonström and CFO Pär Christiansen will comment on the report at 9.00 am CET today at a webcasted teleconference. The webcast is available via this [link](#). The presentation will be held in English and is followed by a Q&A session.

To participate in the telephone conference, 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: + 46850558354, UK: + 443333009263, US: + 16467224904

An on-demand version of the webcast will be available at about.clasohlson.com/reports after closing of the presentation.

For more information, please contact:

Niklas Carlsson, Group Head of Communications +46 247 44429,
niklas.carlsson@clasohlson.se

This is information that Clas Ohlson AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. This information was submitted for publication, through the agency of the contact person set out above, at 7:00 a.m. CET on 8 September 2021.

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 4,500 co-workers and annual sales of approximately 8.3 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 to read about us and our passion for simplifying life in all kinds of homes.