

Clas Ohlson nine-month report 2022/23

Continued growth and rapid pace of transformation

Third quarter – 1 November to 31 January

- Sales increased by 4% to 2,954 MSEK (2,831), with organic sales up 2%
- Online sales increased by 4% to 343 MSEK (329)
- Operating profit totalled 215 MSEK (378).
Excluding previously announced non-recurring costs, operating profit amounted to 334 MSEK (378)
- The operating margin was 7.3% (13.3)
- Net debt/EBITDA (12 months) excluding the effect of IFRS 16 amounted to -0.1 times (-1.1)
- Profit after tax totalled 158 MSEK (287)
- Earnings per share amounted to 2.50 SEK (4.53)
- The resolved dividend paid amounted to 412 MSEK (the second of two separate payments)

Nine months – 1 May to 31 January

- Sales increased by 3% to 7,248 MSEK (7,004), with organic sales up 1%
- Online sales increased by 11% to 834 MSEK (750)
- Operating profit totalled 312 MSEK (729). Excluding previously announced non-recurring costs and costs for the closure of operations in the UK, operating profit totalled 466 MSEK (704 MSEK excluding a non-recurring payment from Fora).
- The operating margin was 4.3% (10.4)
- Profit after tax totalled 204 MSEK (538)
- Earnings per share amounted to 3.21 SEK (8.49)

Events after the end of the reporting period

- Sales in February increased by 1% to 541 MSEK (534), up 2% organically
- Online sales in February decreased by 5% to 60 MSEK (63)

CEO Kristofer Tonström comments on third quarter 2022/23:

The third quarter of the 2022/23 financial year confirmed the relevance of important parts of our business. Clas Ohlson's position as a popular Christmas destination was confirmed with a favourable sales trend in November and December, in an otherwise weak retail market. In January, when customers wanted to start the new year with organized homes, we had the right assortment on the shelf. In total, sales increased by 4 per cent during the quarter, and organic sales growth was 2 per cent.

Favourable position in the prevailing market situation

Simplifying home fixing for customers remains a beneficial position as more people are choosing to take care of and repair things they already own. Demand for products and energy saving know-how, as well as products that reduce food waste and lower food costs, remains high. In addition to driving sales, this is entirely in line with our sustainability agenda and ambition to help customers save money and live more sustainable lives. Customers are also becoming increasingly positive about the Clas Ohlson experience. The already high customer satisfaction level increased further during the quarter to an NPS of 57, product reviews remained high at 4.4 on a scale of 1 to 5, and our leading price position has further improved in relation to the low-price players in the industry.

Growth strategy focusing on the customer

The Club Clas loyalty programme reached a new milestone having now surpassed five million members. Nine out of ten of these members are active and the most loyal of these currently account for the largest portion of our profitability and growth. The strong membership inflow in Finland is particularly gratifying, with the number of active members increasing by over 50 per cent in the past year as part of our growth plan. In addition, customer traffic and sales trends have been good in many stores, but continued to vary depending on location. Despite having five stores less year-on-year, we still managed to increase total sales during the quarter. We see this as evidence that it is wise to continue to optimise the store network to ensure that Clas Ohlson is present where the customer is, with conditions for each store to contribute to our profitability targets. Even if online growth in the quarter did not reach the desired level, it fared relatively well compared with an otherwise weak online market. Online shopping will remain an important growth driver for Clas Ohlson's total sales in the years ahead.

More simple operations driving sustainable and profitable growth

We have continued to place considerable focus on profitability and the previously announced cost saving measures have been implemented according to plan. Non-recurring costs of 119 MSEK related to personnel reductions at our offices and the disposal of IT systems are thus included in operating profit, which amounted to 215 MSEK (378) in the third quarter. The operating margin was 7.3 per cent (13.3). As previously, high purchasing and transport costs and a weak SEK have negatively impacted the gross margin. Lately, global transport prices have rapidly fallen, but the uncertain economic environment and cost inflation mean that we will continue to have a strong focus on streamlining our processes and reducing costs. One example is how we, with a more cost efficient organization, expanded purchasing activities to more manufacturing markets. This work will give us even better opportunities to offer the right quality and price to our customers going forward. There is also further potential for more efficient inventory management moving forward given that the major disruptions to the global logistics chains during the pandemic has been put to end. This has allowed us to return to more normal lead times for placing orders and deliveries.

Focus on the things we can control

In conclusion, I would like to highlight all good efforts from our employees who, faced with a challenging retail market, have managed to maintain their focus on the things that we can control ourselves. By consistently working with the foundations of our operations such as the customer meeting, product range, availability and value for money, we are creating customer and shareholder value for both today and tomorrow. Another important area that we can impact is the sustainability work, where we recently raised our ambitions further. Our long-term target to be climate neutral across the entire value chain by 2045 remains, but we now also have set the target of being climate neutral in our own operations in only three years, by 2026.

We are now looking forward to a spring in which we will continue to strengthen our customer offering in the most important destination categories, such as lighting, tools and equipment for home fixing, both indoors and outdoors. Welcome to Clas Ohlson this spring!

Webcasted presentation today at 9.00 a.m.

President and CEO Kristofer Tonström and CFO Pernilla Walfridsson will comment on the report at 9:00 CET today at a webcasted presentation. The presentation will be held in English and is followed by a Q&A session.

If you wish to participate via webcast, enter via the link below. Via the webcast, you have the opportunity ask questions in writing. about.clasohlson.com/q3-2022-2023-en.

If you wish to participate via teleconference please register on the link below. After registration you will be provided phone numbers and a conference ID to access the conference. You can ask questions verbally via the teleconference. [Link teleconference](#).

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. This information was submitted for publication, through the agency of the contact person set out above, at 7:00 a.m. CET on 8 March 2023.

Clas Ohlson was founded in 1918 as a mail order business in Insjön, Sweden. Today we are a retail company with customers in three 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 to read more about us and how we simplify home fixing for everyone, responsibly.