

Clas Ohlson nine-month report 2020/21

Drive generates results now and in the future

Third quarter – 1 November 2020 to 31 January 2021

- Sales declined 9% to 2,635 MSEK (2,905), organic growth down 5% and down 5% in comparable units
- Online sales increased by 59% to 288 MSEK (181)
- Operating profit totalled 358 MSEK (378). Excluding the effect of IFRS 16, operating profit totalled 342 MSEK (355)
- The operating margin was 13.6% (13.0). Excluding the effect of IFRS 16, the operating margin was 13.0% (12.2)
- Net debt/EBITDA excluding the effect of IFRS 16 (12 months) amounted to -1.2 times (-0.3)
- Profit after tax totalled 265 MSEK (283)
- Earnings per share amounted to 4.18 SEK (4.47)

Nine months – 1 May 2020 to 31 January 2021

- Sales declined by 5% to 6,746 MSEK (7,115), organic growth and comparable units were unchanged
- Online sales increased by 50% to 621 MSEK (413)
- Operating profit totalled 672 MSEK (590). Excluding the effect of IFRS 16, operating profit totalled 619 MSEK (515)
- The operating margin was 10.0% (8.3). Excluding the effect of IFRS 16, the operating margin was 9.2% (7.2)
- Profit after tax totalled 486 MSEK (422)
- Earnings per share amounted to 7.67 SEK (6.68)

Events after the end of the reporting period

- Sales in February decreased by 13% to 494 MSEK (570), organic sales and comparable units down 11%
- Online sales in February increased by 112% to 69 MSEK (33)
- Kristofer Tonström took office as the new President and CEO on 8 February 2021

CEO Kristofer Tonström comments on third quarter 2020/21:

As we look back on the third quarter of the financial year, we can see that we succeeded in offsetting the reduced customer traffic with reduced costs and reached a result that totalled 358 MSEK. A strong result in a turbulent time where we among other things handled new restrictions in Sweden shortly before the year's most important sales week and the lockdown in the Oslo region in January.

Our long-term effort to create a strong omni offering with improved digital capacity was a major advantage during a different kind of Christmas trading. We also demonstrated drive by acting swiftly and adapting to new conditions with the customers' and employees' safety as our clearly highest priority. For example, in November, we brought forward the refurbishment of our store in Barkarby, Stockholm, to enable it to also



serve as a logistics hub for home deliveries. This entails that customers in major parts of Mälardalen could receive their goods already the following day after making an online order. This also strengthens our offering in the long time through increased options and flexibility for our customers in a densely populated catchment area. During the final spurt of Christmas sales, we were also able to offer access to our range through the Click & Collect alternative in 30 minutes until the day before Christmas Eve. In Norway in January, we rapidly adjusted from normal store operations to offering delivery of online orders outside the store when the new restrictions were introduced.

These are just some examples of how we are working to increase our sales despite the challenging market climate. In February our organic sales decreased by 11 per cent while online sales increased by 112 per cent. This reminds of the importance to continue to develop our offer and our sales channels in order to meet the rapidly changing customer needs.

Strengthened gross margin through new ways of working and good cost control

During the quarter, sales declined by a total of 9 per cent. Organic growth for the third quarter was -5 per cent and online growth was 59 per cent.

We are humble that an increased rate of infection in our sales markets could have a major impact on our operations. At the same time, we are resolute in continuing to exert influence on what we can affect and thereby achieving the best possible results from the given conditions. For example, the limited customer traffic to our stores as an effect of the pandemic has meant that we have focused particularly intensively on retaining effective cost control. Through our earlier investments in new work methods, processes and a modern inventory control system, and with, for example, reduced campaign activity in our stores, we succeeded in strengthening our gross margin to 41.3 per cent. Excluding IFRS 16, operating profit declined to 342 MSEK (355) and the operating margin increased to 13.0 per cent (12.2).

We continue to counterbalance changes in an uncertain business environment

We are in a market situation that is characterised by a continued high uncertainty and changing conditions for our operations. The tighter restrictions in Norway meant that we closed at most approximately 30 per cent of our Norwegian store network. In addition, the performance of the NOK continued to have a negative impact on us and we assess that the dependency of the Norwegian Krone will have an effect on our results going forward. Another uncertainty factor is the pandemic's intensifying impact on the global logistics chains. We see that as a company, we are well prepared for this, with the possibility to adapt our offering, and with a newly opened purchasing office in Poland, we will have additional, more local alternatives in our supply chain. Working with suppliers closer to our sales markets is also a key step in our sustainability agenda.

Great potential of the home as a commercial arena

As the new CEO as of 8 February, I am very confident about the future when I see how Clas Ohlson, with its 100-year history, continues to adapt to new customer needs and consumption patterns, regardless of the pace of change and underlying causes. We were able to see this not least in the third quarter of the financial year. In addition, we stand well-equipped with a strong financial position, competent employees, an ambitious sustainability agenda and distinct growth strategy.



With a focus on digitalisation and a unique customer offer that simplifies life in the home, there is fantastic potential in our business. The home has never been as important as it is now and with the right solutions at the right time, we will be able to make an even greater difference for our customers in the future. We have already refined our offering in repairs and DIY and taken several more steps in becoming the customers' first choice for organising their home. And more is in the works.

I now look forward to working with the entire organisation to create the conditions for sustainable customer and shareholder value for at least 100 more years. Strengthened by a well-established position on our Nordic home markets and a vibrant corporate culture I am confident that this will be a successful journey.

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 accessible via this [link](#). To participate in the conference via telephone, and thereby be able to ask questions verbally, please dial in on any number below a couple of minutes before the start of the webcast: SE: +46850558359, UK: +443333009267, US: +18335268380

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Clas Ohlson was founded in 1918 as a mail order business based in Insjön, Dalarna, Sweden. Today, we are a retail company with customers in five markets, approximately 4,500 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 about our passion for simplifying life in all kinds of homes.