

Clas Ohlson nine-month report 2021/22

Growth and improved earnings

Third quarter – 1 November to 31 January

- Sales increased by 7% to 2,831 MSEK (2,635), organic growth up 5% and up 5% in comparable units
- Online sales increased by 14% to 329 MSEK (288)
- Operating profit amounted to 378 MSEK (358). Excluding the effect of IFRS 16, operating profit totalled 359 MSEK (342)
- The operating margin was 13.3% (13.6). Excluding the effect of IFRS 16, the operating margin was 12.7% (13.0)
- Net debt/EBITDA excluding the effect of IFRS 16 (12 months) amounted to -1.1 times (-1.2)
- Profit after tax totalled 287 MSEK (265)
- Earnings per share amounted to 4.53 SEK (4.18)

Nine months – 1 May to 31 January

- Sales increased 4% to 7,004 MSEK (6,746), organic growth up 2% and up 2% in comparable units
- Online sales increased by 21% to 750 MSEK (621)
- Operating profit totalled 729 MSEK (672). Excluding the effect of IFRS 16, operating profit totalled 672 MSEK (619)
- The operating margin was 10.4% (10.0). Excluding the effect of IFRS 16, the operating margin was 9.6% (9.2)
- Profit after tax totalled 538 MSEK (486)
- Earnings per share amounted to 8.49 SEK (7.67)

Events after the end of the reporting period

- Sales in February increased by 8 per cent to 534 MSEK (494), an organic increase of 4 per cent and an increase of 4 per cent in comparable units
- Online sales in February decreased by 9 per cent to 63 MSEK (69).

CEO Kristofer Tonström comments on third quarter 2021/22

I am proud of all co-workers at Clas Ohlson who employed salesmanship and commitment to succeed in delivering improved earnings and increased sales during the year's most important quarter, despite many external challenges. We had prepared for a more open market and saw a positive start to Christmas sales, but new restrictions limited customer footfall and quarantine rules and sickness absence created further difficulties. In addition, price increases on, for instance, food, fuel and electricity have impacted our customers during the quarter. Despite this, we continued to fulfil our customer promise with positive customer reviews of our product range and service level. Total sales amounted to 2,831 MSEK for the quarter, which is an increase of 7 per cent compared with the preceding year. We also delivered continued healthy profitability with an operating profit of 378 MSEK. In February, we increased total sales by 8 per cent, while organic sales increased by 4 per cent. Online sales fell by 9 per cent compared with the previous year and increased by 93 per cent compared to February 2020. Last year's online sales were affected by the fact that large parts of the Norwegian store network were closed due to restrictions.

Positive results in our focus areas

At the same time as we in the short term parry new conditions for customer interactions, as well as in negotiations with both suppliers and transport companies, we are working to develop our business over time. During the year, we have had a particular focus on capturing and converting customer traffic, strengthening important product categories and increasing our online sales. It is pleasing to see that all focus areas are developing well. With a relevant customer offering and rapid and flexible deliveries from our distribution centre and via our store network, we increased our online sales by 14 per cent during the quarter. The conversion rate in our online channel continued to increase, with a particularly favourable trend in Norway and Finland.

Our Club Clas loyalty programme is another key growth engine, which now has more than four million members. We are launching new offerings that provide added value for our members, most recently regular member prices for a number of popular products. The next step for Club Clas is to use the potential we see to further expand our member base in Finland and ultimately grow our most loyal customer category. Customers in this category buy approximately four times more than the average member. To capture customer traffic in the market, we also made additional investments in marketing during the quarter, which benefit sales in the short term, but also build a long-term effect with a stronger presence for the brand now that customer traffic is expected to increase again.

We also saw continued progress in strengthening selected product categories during the quarter. For example, sales of cleaning items in our range grew by more than 50 per cent

compared with last year and cooking and food storage increased by almost 20 per cent in the same period. We also saw that we were on the right track with our Christmas items, which essentially sold at the rate we had planned, meaning that we enter the fourth quarter with a solid inventory containing relevant products.

A relevant and accessible offering

It is gratifying that we are making clear progress in our focus areas, not least in light of a business environment in which many factors are impacting the customers' purchasing power. Due to this, we need, to an even greater extent, to be able to convert the already extensive base traffic that we have on our online shopping platform and in our 229 stores. Our broad and affordable range of products that are needed for everyday life is a key competitive advantage in this context, making us relevant for customers in all market climates. Costs for good transports have remained relatively stable, but at a historically high level, while sourcing costs are continuing to rise. We are working in different ways to offset cost increases. For example, with a large share of private label products, we can choose where we want to be price leading and where we want to take a slightly higher margin. The Chinese New Year, which took place in the first week of February, and when many businesses in the country close, had no material impact on the transportation of our goods. We see a continued positive trend in our overall product availability, although there are shortages in certain product categories, just as there were earlier in the pandemic and where the war in Ukraine could lead to further uncertainty in supply chains.

Sustainable steps towards future growth

We have taken new steps in our ambitious sustainability agenda. A key initiative during the quarter is that we have accelerated work with our updated assessment model for our products, which now sets even stricter demands on, for example, the choice of material, manufacturing and not least, product lifespan. Since the beginning of the year, we have analysed all new products that we sell under private label and we will further gear up this work going forward and thus strengthen our position as the natural choice for customers who want to make sustainable choices.

I would also like to address that it is with dismay that we have been able to follow developments in Ukraine in the recent weeks. Our thoughts are with the millions of people directly or indirectly affected by the war. Clas Ohlson has no operations in Ukraine or Russia, but our first step was to ensure that we did not have any employees traveling in these countries and we are now contributing together with Clas Ohlson Foundation to UNHCR's local work in Ukraine as we also continue our ongoing collaboration with World Childhood Foundation, which has been working for many years with local initiatives for child safety in the country.

To sum up the third quarter, we increased sales and once again succeeded in improving our profitability. We have cash flow from operating activities of 634 MSEK, which continues to build our stable financial position. The investments we have made in our logistics system is another significant foundation, which means that we can increase our sales without compromising on delivery times and positive customer experience. In addition, we have a good and balanced inventory which makes us well equipped for the upcoming quarter. Overall, this provides us with a solid platform from which to grow. Combined with the lifting of restrictions ahead of the imminent spring season, I see that we have every opportunity to benefit from the potential in the market and to create lasting customer and shareholder value for the future.

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: + 443333009265, US: + 16467224902

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:

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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.