

## Clas Ohlson year-end report 2020/21

### Strong result during a year with many challenges

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

- Sales declined by 6% to 1,538 MSEK (1,644), organic growth down 6% and down 6% in comparable units
- Online sales increased by 89% to 274 MSEK (145)
- Operating loss amounted to -64 MSEK (-41). Excluding the effect of IFRS 16, operating loss amounted to -81 MSEK (-61)
- The operating margin was -4.2% (-2.5) Excluding the effect of IFRS 16, the operating margin amounted to -5.3% (-3.7)
- Net debt/EBITDA excluding the effect of IFRS 16 (12 months) amounted to -0.7 times (0.0)
- Loss after tax totalled -65 MSEK (-46)
- Earnings per share amounted to -1.02 SEK (-0.73)

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

- Sales declined by 5% to 8,284 MSEK (8,758), organic growth down 1% and down 1% in comparable units
- Online sales increased by 60% to 894 MSEK (558)
- Operating profit totalled 608 MSEK (549) Excluding the effect of IFRS 16, operating profit totalled 538 MSEK (454)
- The operating margin was 7.3% (6.3) Excluding the effect of IFRS 16, the operating margin was 6.5% (5.2)
- Profit after tax totalled 421 MSEK (376)
- Earnings per share amounted to 6.65 SEK (5.94)
- The proposed dividend is 6,25 SEK per share, which will be distributed as two separate payments of 3.125 SEK

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

- Sales in May decreased by 3% to 610 MSEK (630), organic sales and comparable units down 5% and a negative calendar effect of 4 percentage points
- Online sales in May increased by 21% to 74 MSEK (62)

#### **CEO Kristofer Tonström comments on fourth quarter/financial year 2020/21:**

When summarising the most recent quarter and the full-year 2020/21, I can conclude that we have managed to deliver a healthy operating profit and an operating margin of 6.5 per cent for the full-year, which is within the framework of our long-term profitability target of 6–8 per cent. This in a market where our business was strongly restricted by customers not being able to visit our stores as they usually do. Many have instead chosen to shop online and for the first time our e-commerce represented more than 10 per cent of our total turnover after a 60 per cent growth compared to last year.



Our employees' handling of various types of restrictions, ability to continue to deliver customer value, while at the same time balancing expenses, demonstrates that our business is resilient even when faced with the sudden and drastic changes. This is an asset we have as a company and something to develop on further. Strong cash-flow and a low net debt, even during a pandemic, and consequently closing the year with a strong financial position is another strength that gives us a good starting position for the future.

### **Focusing on what we can influence**

The factor that has had the greatest impact on our operations during the fourth quarter is that we have had up to almost half of our Norwegian stores closed due to local restrictions. We rapidly transitioned our store operations by delivering goods outside the stores, which seven out of ten Norwegian customers chose as a delivery option during the quarter. This contributed to increased online sales and satisfied customers, but has also led to higher handling costs, while at the same time we could not fully compensate for the lost volumes in store sales. During the quarter, sales declined by a total of 6 per cent. Organic sales decreased by 6 per cent during the fourth quarter.

Online sales increased 89 per cent in the quarter and we are continuing to invest for growth. We have further developed our online shopping platform and are continuing to recruit digital expertise. We are also automating more online order flows at our distribution centre in Insjön to ensure higher delivery capacity moving forward. Our Club Clas loyalty club also reported strong growth with approximately 250,000 new members during the quarter. On average, the members of our loyalty club buy more and shop more often, and we have more opportunities to create value for these customers by presenting customised offers and adapted communication. Particularly in light of the difficult market conditions, I am proud of how we have continued to work on what we can influence to create the conditions for long-term customer and shareholder value.

### **Towards a re-opening of the society**

We are with confidence looking forward towards an increasingly open society and estimate that we will be seeing a more normalized situation on our sales markets from September onwards. The road to there has been, and remains, challenging. We have seen rapid shifts in customer demand and, in the past few months, considerable disruptions to global logistic chains, the clearest example perhaps being the Suez Canal obstruction that took place at the end of March. With a continued deficit of available containers for the flow of goods from Asia to Europe, costs have increased for goods transports and a shortage of certain products will remain a persistent challenge for some time to come. We also bear in mind that the spread of coronavirus could lead to new restrictions impacting our business, even if the situation currently seems to be improving.

As previously noted, fluctuations in the currency market will continue to impact our earnings. NOK has somewhat recovered during the fourth quarter, following several quarters in which it was unusually weak. Meanwhile, our most important purchasing currency, USD, has weakened compared with SEK, which will have a positive impact on our earnings.

### **Focus areas for the year ahead**

Clas Ohlson has a stable basis with sound finances, engaged co-workers and a high level of customer satisfaction. Our strategy of developing the company for the next 100 years with



increased digital ability and a unique customer offer consisting of products, guidance and services remains firm. We are continually developing our offering to make life in the home easier for our customers, and we have taken many steps towards more optimised and integrated customer interaction, both digitally and in our physical stores. Another important aspect of strengthening our competitiveness is to facilitate a sustainable life in every home. Our spring product launches of garden and outdoor products have exemplified this with sustainability governing our choices of materials and technology.

To take the next step of delivering on our long-term targets for the upcoming year, we will particularly focus on chosen areas where we observe clear growth potential. To start with, we will continue to strengthen selected product categories. We have already seen strong results from our work with solutions for organizing in the home as well as from our new offer for DIY-projects. We will also continue to build further upon growing e-commerce where we can do even more to create an excellent customer experience. Moreover, we will secure large parts of the traffic that is expected to grow, both in stores and online, through relevant and adapted communication.

I would like to conclude by extending my sincere thanks to all of our fantastic co-workers for all efforts during the quarter. With the strong customer focus present among our 4,500 employees, we will continue to make a difference for our customers by solving real everyday problems in all kinds of home. In this way, we will also create shareholder value over time.

**Webcasted presentation today at 9.00 a.m. CET**

President and CEO Kristofer Tonström and CFO Pär Christiansen will comment on the report at 9.00 am CET today at a webcasted presentation. 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 call:

SE: +46850558359, UK: +443333009267, US: +18335268384

**For further information, please contact:**

Niklas Carlsson, Group Head of Communications, +46 247 444 29, [niklas.carlsson@clasohlson.se](mailto:niklas.carlsson@clasohlson.se)

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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 8.3 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](http://about.clasohlson.com/en) to read about our passion for simplifying life in all kinds of homes.*