

## Clas Ohlson year-end report 2022/23

### Transformation initiatives yielding results – well equipped for sustainable and profitable growth

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

- Sales were unchanged at 1,776 MSEK (1,780), with organic sales up 2%
- Online sales were unchanged at 220 MSEK (221)
- Operating loss amounted to -7 MSEK (-10)
- The operating margin was -0.4% (-0.6)
- Net debt/EBITDA (12 months) excluding the effect of IFRS 16 amounted to 0.2 times (-0.5)
- Loss after tax totalled -23 MSEK (-16)
- Earnings per share amounted to -0.36 SEK (-0.25)

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

- Sales increased by 3% to 9,024 MSEK (8,784), with organic sales up 1%
- Online sales increased by 9% to 1,054 MSEK (971)
- Operating profit totalled 305 MSEK (719). Excluding previously announced non-recurring costs and costs for the closure of operations in the UK, operating profit totalled 459 MSEK (695 MSEK excluding a non-recurring payment from Fora)
- The operating margin was 3.4% (8.2)
- Profit after tax totalled 181 MSEK (523)
- Earnings per share amounted to 2.85 SEK (8.25)
- The proposed dividend is 1,50 SEK per share

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

- Sales in May increased by 6% to 670 MSEK (630), an organic increase of 8% and an increase of 11% in comparable units
- Online sales in May increased by 18% to 96 MSEK (81)
- Clas Ohlson is taking action that is expected to deliver cost savings and reduced depreciation totalling approximately 100 MSEK on an annual basis. These measures entail non-recurring costs of approximately 180 MSEK of which approximately 165 MSEK is expected to be recognised in the first quarter 2023/24

***CEO Kristofer Tonström comments on fourth quarter/financial year 2022/23:***

During the fourth quarter, we continued to strengthen the customer offering and customer meeting. In a very challenging retail climate, we have met customers with the right products on the shelves and managed to convert healthy customer traffic into sales, both in store and online. The organic increase in sales was 2 per cent for the quarter and 1 per cent for the full-year. This demonstrates the organisation's ability to quickly adapt to new conditions, which will be just as important as we look ahead to a year in which customers are likely to have less scope for consumption and will carefully consider their purchasing decisions. The fiscal year 2023/24 has started off good with an organic sales growth in May of 8 per cent compared to last year.

**The right conditions for growth in a more challenging market**

Customers continue to appreciate the Clas Ohlson shopping experience. Our Net Promoter Score (NPS) increased to 58, while product reviews remain on high levels with an average of 4.3 of 5. We are continuing to see very healthy sales in prioritised product categories such as lighting and organise/cleaning and I am optimistic that our methodical way of working will make us equally strong in several categories throughout the entire year. The underlying performance in both our largest markets – Sweden and Norway – has been favourable. In Finland, we have taken major steps in the right direction by enhancing the efficiency of the store network, shortening lead times in online shopping and driving very strong membership growth in Club Clas. The loyalty programme performed well as a whole during the fourth quarter with new members and higher sales per member. Online sales, which is an important growth driver, surpassed SEK 1 billion by some margin for the full-year.

**Lower costs for sustainable competitiveness**

Costs and profitability were in focus during the entire financial year. During the final quarter of the year, parts of the previously announced cost savings measures were realised, and their full effect will be yielded in the 2023/24 financial year. We have succeeded in balancing the product mix with prices in ongoing operations but, as in the past, high purchasing and transport costs and a weak SEK have negatively impacted the gross margin. A new negative factor for us is that the NOK has weakened considerably in 2023. The operating margin was somewhat better for the quarter year-on-year but lower for the full-year. To strengthen competitiveness moving forward and defend our price position in a time with cost inflation in everything from salaries to rent, the office organisation is now being reduced by additional 75 positions. Also, the review of IT

systems that was initiated earlier in the fiscal year has essentially been finalized after the end of the fourth quarter, with the results indicating that there are additional opportunities to consolidate and phase out systems that will not strengthen business going forward. Overall, the measures are estimated to generate cost savings and decreased depreciations of approximately 100 MSEK. The measures also include non-recurring costs of approximately 180 MSEK, of which approximately 165 MSEK is expected to be recognised in the first quarter 2023/24.

### **Growing core operations profitably**

We are further advancing our position by leveraging the unique strength of the Clas Ohlson brand together with a more competitive cost base. We will continue to prioritise efforts with our range to remain relevant for our customers' home fixing all year round. We see additional growth potential in leveraging our tailored range and developed coordination between stores and online to drive up sales in both channels. Confirmation of our position in the forefront of this area came in May when we won "Logistics Solution of the Year" at Sweden's Retail Awards for the concept of selected stores acting as feeder stores.

### **Drive growth by adding new stores**

We are constantly evaluating new opportunities to strengthen Clas Ohlson's core business. With a healthy performance in comparable units and the positive reception of our latest store openings we see potential to drive growth again with new stores. A more constructive dialogue with property owners and a more streamlined and efficient office organisation also creates conditions for proper profitability and attractive store locations in all markets. At the time of writing, we have signed two new store leases and are planning for expanding the store network by approximately a net total of 10 stores during the financial year.

### **On the right track**

Put simply, we are doing many things right in terms of the element we can control ourselves in the uncertain market conditions that we are faced with. The entire financial year was dominated by advances with the aim of creating the best possible conditions for the development of our core operations. An important part of this is our sustainability work, which is very important for remaining relevant in the prevailing market. In addition to all of the ongoing improvement efforts, Clas Ohlson joined the Science Based Targets initiative during the quarter.

I am proud of the entire organisation for having the courage to try new things and flexibly adapt to continually changing conditions, and I am convinced that we are on the right track for creating customer and shareholder value over time. Our May sales has strengthened our self-reliance and I am confidently looking forward to a summer in which customers choose Clas Ohlson for all of their home fixing projects!

**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/q4-2022-2023-en](https://about.clasohlson.com/q4-2022-2023-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](https://about.clasohlson.com/reports) after closing of the presentation.

**For more information, please contact:**

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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 June 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 4,900 co-workers and annual sales of approximately 9 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 people fix their homes with practical and sustainable solutions at attractive prices. Visit [about.clasohlson.com/en](https://about.clasohlson.com/en) to read more about us and how we make home fixing available, sustainable and enjoyable for everyone.*