

## **Clas Ohlson six-month report 2021/22**

### **A quarter with continued high profitability**

#### **Second quarter – 1 August to 31 October**

- Sales increased by 4% to 2,117 MSEK (2,036), organic growth up 3% and up 3% in comparable units
- Online sales increased by 36% to 202 MSEK (148)
- Operating profit amounted to 204 MSEK (148). Excluding the effect of IFRS 16, operating profit totalled 185 MSEK (130)
- The operating margin was 9.6% (7.3). Excluding the effect of IFRS 16, the operating margin was 8.7% (6.4)
- Net debt/EBITDA excluding the effect of IFRS 16 (12 months) amounted to -0.8 times (-0.3)
- Profit after tax totalled 148 MSEK (105)
- Earnings per share amounted to 2.34 SEK (1.65)
- Non-recurrent payment from Fora of 25 MSEK, recognised as other operating income

#### **Six months – 1 May to 31 October**

- Sales increased 2% to 4,172 MSEK (4,111), organic growth up 1% and unchanged in comparable units
- Online sales increased by 27% to 421 MSEK (332)
- Operating profit totalled 351 MSEK (314). Excluding the effect of IFRS 16, operating profit totalled 313 MSEK (277)
- The operating margin was 8.4% (7.6). Excluding the effect of IFRS 16, the operating margin was 7.5% (6.7)
- Profit after tax totalled 251 MSEK (221)
- Earnings per share amounted to 3.97 SEK (3.49)

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

- Sales in November increased by 6% to 1,021 MSEK (960), an organic increase of 4% and an increase of 4% in comparable units
- Online sales in November increased by 9 per cent to 121 MSEK (111)

***CEO Kristofer Tonström comments on second quarter 2021/22***

We are currently in the midst of the most intense period of the year and we are approaching Christmas sales with great self-confidence, having closed the best second quarter in terms of earnings in Clas Ohlson's 103-year history. Even after adjustments for the large non-recurrent item – the insurance payment of 25 MSEK that we, like many other companies, received from Fora during the quarter – earnings are at a record level. Operating profit for the second quarter totalled 204 MSEK. Total sales for the quarter increased by four per cent and online sales increased by 36 per cent. In November we observed a good start of Christmas sales with a total sales increase of six per cent and an online increase of nine per cent. Compared to 2019, the increase in online sales was 86 per cent and for the first time in the financial year we saw an increase in customer traffic in November to our physical stores compared to the previous year.

**Customer-focused value creation**

The key to our strong result is that we work relentlessly with things that we ourselves can impact. We see that the focus areas we defined for the financial year; strengthening key product categories, capturing traffic both online and in stores and growing e-commerce, are developing positively. When customer footfall in physical stores remains at lower levels than we are accustomed to, the importance of delivering on our customer promise becomes greater than ever. We make everyday life easier for our customers in all kinds of homes, which means it is essential that we understand the various needs of our customers and are able to solve their problems with the right products and the right service. Our co-workers who meet customers every day do a fantastic job of putting the customer first and ensuring that the customer receives a complete solution. This can be seen in our customer satisfaction surveys and that average sales per customer are continuing to rise. We are also taking further steps in developing our range and observe a good performance in many product categories. During this dark time of the year, lighting is a particularly important category and our sales of, for example, solar cell lighting and garden lighting increased by 48 per cent and 17 per cent respectively, compared with last year. In terms of our overall range, customer satisfaction is increasing, and our product reviews are continuing to improve.

The Club Clas loyalty programme reached one million members in Norway in November, just a year after it was launched. We now have a total of 3.8 million club members in our three Nordic markets. Club Clas plays a central role in our strategy for long-term growth

because it enables us to provide customers with a more relevant offering and we can make use of customer data to also develop new products and services that our customers want.

### **Higher availability with improved logistics**

Another central aspect is to offer a higher availability of our products in all sales channels. As a result of investments in automation and inventory control last year, we succeeded in further cutting lead times for online orders, at the same time as volumes are increasing. A prime example of our enhanced capacity is at our distribution centre, where we during Black Week and Cyber Monday handled considerably more orders compared with the previous year and despite that processed a large share within one day and 94 per cent within three days. Due to effective forward planning regarding our supplier orders, we secured well-balanced inventory levels ahead of the second quarter of the year. Based on the same good planning, we can now bring an attractive offering to our customers during the most important sales period of the year. We are also glad to now see signs that previously rising freight prices have started to stabilise. We use several different tools to offset cost increases and freight prices had a limited impact on our gross margin during the quarter.

### **Well-positioned for sustainable growth**

Clas Ohlson has been in Nordic homes for more than a hundred years, and I am convinced that we have a key role to play for at least a hundred more years. Our strong financial position is a solid starting point and another basic prerequisite is our ambitious work to be a positive force for the planet, people and society. We have a Code of Conduct that clearly defines the demands we make on ourselves and our partners, and we have a well-functioning control apparatus for monitoring compliance with our Code of Conduct, something that we are continuously developing. For a few months now, we have expanded our factory inspections by adding more comprehensive environmental audits. This enables us to reduce our climate impact in collaboration with our suppliers. Another area in which we want to make a difference is our assortment that will help our customers make more conscious choices. An example of this is that, we have converted our range of candles from paraffin to stearin. In the past 12 months alone, this has saved 350 tonnes of fossil emissions and we are making similar progress in several product areas.

In summary, we have delivered a quarter with healthy profitability, at the same time as we are continuing to strengthen our relevance and competitiveness. This is important in a market that is characterized by rapid changes, where there is still uncertainty about the development of the pandemic with recently reintroduced restrictions in our sales markets. I am proud of how the entire organisation works every day to make things better and, with our long-term objectives as our compass, we are well-positioned for all customers who need help to improve their homes – both today and tomorrow.

**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: + 46850558375, UK: + 443333009034, US: + 16467224956

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