

## **Clas Ohlson three-month report 2023/24**

### **A strong quarter with sales growth and improved gross margin**

#### **First quarter – 1 May to 31 July**

- Sales increased by 7% to 2,193 MSEK (2,044), organic growth up 8% and up 9% in comparable units
- Online sales increased by 9% to 253 MSEK (232)
- Operating profit, excluding costs of 170 MSEK linked to the write-down of IT systems and headcount reductions, totalled 154 MSEK (previous year 19 excluding non-recurring costs for the closure of operations in the UK). Operating loss amounted to -16 MSEK (-16)
- The operating margin was -0.7% (-0.8)
- Net debt/EBITDA (12 months) excluding the effect of IFRS 16 amounted to -0.1 times (-0.4)
- Loss after tax totalled -26 MSEK (-24)
- Earnings per share amounted to -0.42 SEK (-0.38)

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

- Sales in August increased by 14% to 860 MSEK (758), an increase of 14% organically and an increase of 14% in comparable units
- Online sales in August increased by 11% to 92 MSEK (83)

#### **CEO Kristofer Tonström comments on first quarter 2023/24:**

With an organic growth of 8 per cent and a strengthened gross margin, the 2023/24 financial year has started off well. The positive trend continued in August with organic sales growth of 14 per cent. This, despite relatively weak demand for several typically seasonal products. I see it as a testament to the success of the whole organisation in making the customer offering relevant every month throughout the year and that customers appreciate the service and availability we offer in stores and online. We have achieved this in parallel with extensive cost-saving initiatives, and the underlying operating profit improved significantly compared to previous year.

**Growth for all prioritised product categories**

We are continuing to systematically work through our product offering and strengthen our position as the first-hand choice for all home fixing. Our performance in the first quarter shows that these efforts are yielding results. In fact, all five prioritised product categories grew during the quarter in a market characterised by cautious and price-sensitive consumers. There is great interest in products that both save money and are good for the environment, an example of this is a 21-per cent increase in sales of spare parts during the quarter compared with last year. Sales in local currency and comparable units increased by a total of 9 per cent. Online shopping continues to contribute to total growth with sales increasing 9 per cent year-on-year.

**Savings programmes start to generate effects**

The realisation of previously announced cost savings is proceeding according to plan. To make our work leaner and quicker, we have changed our way of working and organisation. During the autumn, the workforce at our offices will be reduced by 160 positions, corresponding to 25 per cent of the entire white collar organisation. This, together with an otherwise strong focus on reducing costs, has largely offset increased purchase prices resulting from unfavourable currency exchange rates and higher salaries and rent. Ensuring a competitive cost base is a priority also going forward as uncertainty remains about macroeconomic development, in particular the strong USD, which will have a negative impact on the gross margin. We are also working intensively to quickly adapt prices both up and down to retain our strong price position in each market. In addition, efficiency in the purchasing organisation and robust inventory management have created a good balance in inventory levels. The inventory value was 255 MSEK lower compared with last year. Cash flow from operating activities totalled 328 MSEK for the quarter (-35).

**Continued implementation of the strategy**

Clas Ohlson is always assessing opportunities to strengthen the core business. In addition to the development of the product range, expansion of the store network is key to profitable growth. Recently, a new Clas Ohlson store was opened in Kristiansand, Norway, and the objective is to open a net of approximately 10 new stores during this financial year. At the time of writing, a further eight new store contracts have been signed and are scheduled to open before 2024/25. We will also grow profitably online. In this work, our primary focus is to devote all resources to giving customers visiting our own e-commerce, clasohlson.com, the best possible experience. Therefore, in line with the previous decision to end the cooperation with Amazon, we are now choosing to end the

partnerships with the e-commerce platforms Mathem and Oda. The Clas Ohlson customer is also the centre point of Club Clas. The number of members has continued to increase, particularly in Norway and Finland, and member sales are becoming an increasingly important part of total sales. Through customised offerings and cost-efficient communication, Club Clas will continue to strengthen relationships with customers and Clas Ohlson's position in the market moving forward.

**Prepared for the autumn season**

As we now enter the autumn, there is still great uncertainty about the economic situation and how this will impact consumer purchasing behaviour. We are concentrating on what we influence ourselves – delivering on our focus areas for profitable growth and quickly adapting to changes in the market. Preparations for the important Christmas shopping season are also in full swing. With many exciting new products and motivated co-workers, I am convinced that we can successfully create value for customers and shareholders. We look forward to seeing you in our stores and online this autumn.

**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. <https://about.clasohlson.com/q1-2324-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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*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 5,000 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.*