

clas ohlson

Q1 report

9 September 2020

Lotta Lyrå
President & CEO

Pär Christiansen
CFO



- ✓ **A very strong quarter**
- ✓ **Strong organic growth (+7%)**
- ✓ **Significantly improved EBIT margin (7.1%)***
- ✓ **Solid financial position - net debt/EBITDA -0.5***
- ✓ **Continued strategy execution increasing competitiveness**

*Excl IFRS 16

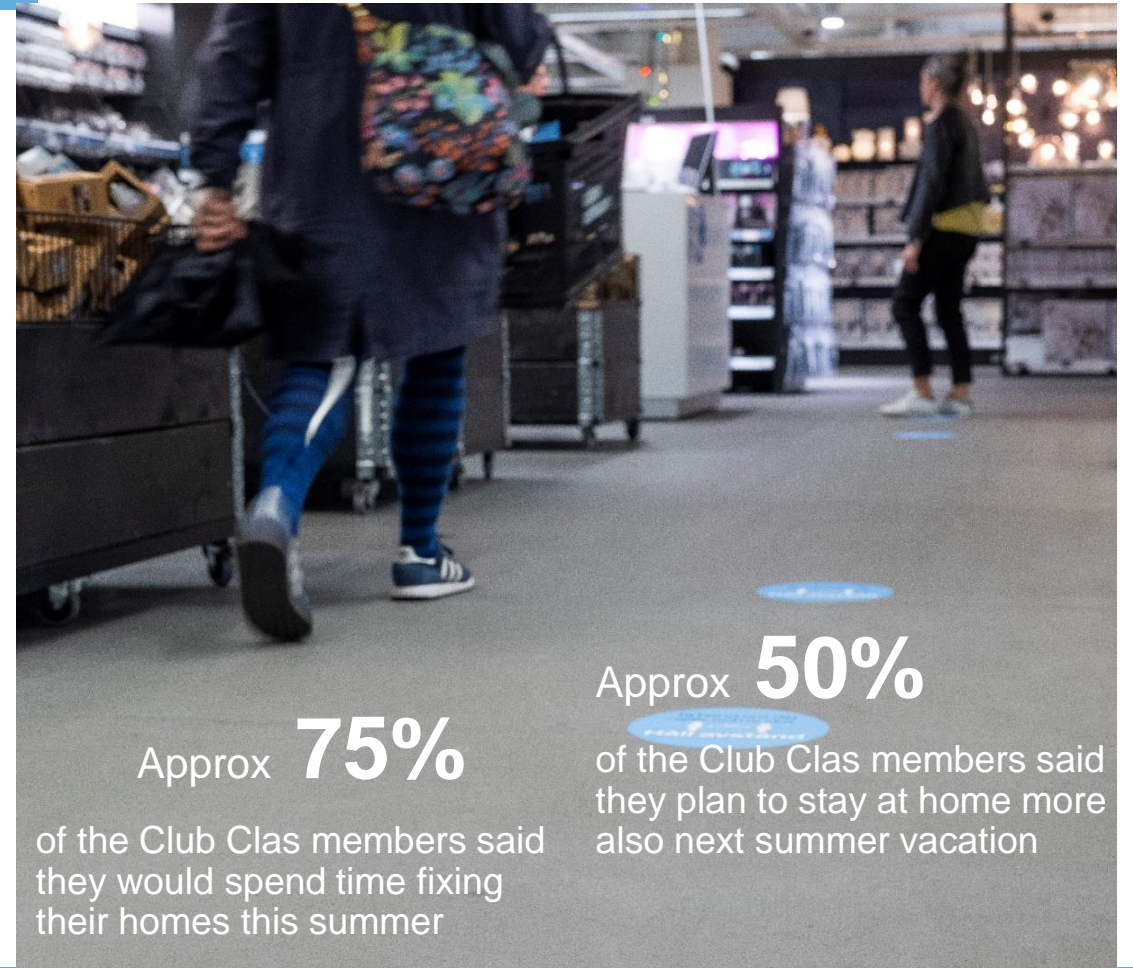
Agenda

- Business update
- Financial development
- Events after the reporting period
- Summary and Q&A



Covid-19 effects in brief

- The safety of coworkers and customers top priority
- Reduced traffic in city stores in larger cities in Sweden and Finland
- Increased online shopping
- Balancing high sick leave with short-term layoffs
- Marginal disruptions in supply chain
- Spending more time for work and holiday in our homes creates new needs and demands



Meeting different customer demands this spring/summer season



Top three categories

Homeware
Garden
Cooking



Top three categories

Outdoor living
Kitchen appliances
Lighting



Top three categories

Garden
Cooking
Hand tools

Q1 2020/21 in brief

- Organic sales up 7% and LFL up 8%
- Total sales +1%
 - Impacted by weak NOK and closure of stores outside the Nordics
- Online sales +63%
- Gross margin improved 38.7% (38.1)
- EBIT-margin significantly improved 8.0% (3.9)
- EBIT-margin (excl. IFRS16) 7.1% (2.6)



BUSINESS UPDATE



SÄLSCOACHPROGRAMMET 2.0

Var tillgänglig för våra kunder

Hjälj och Välkommen!

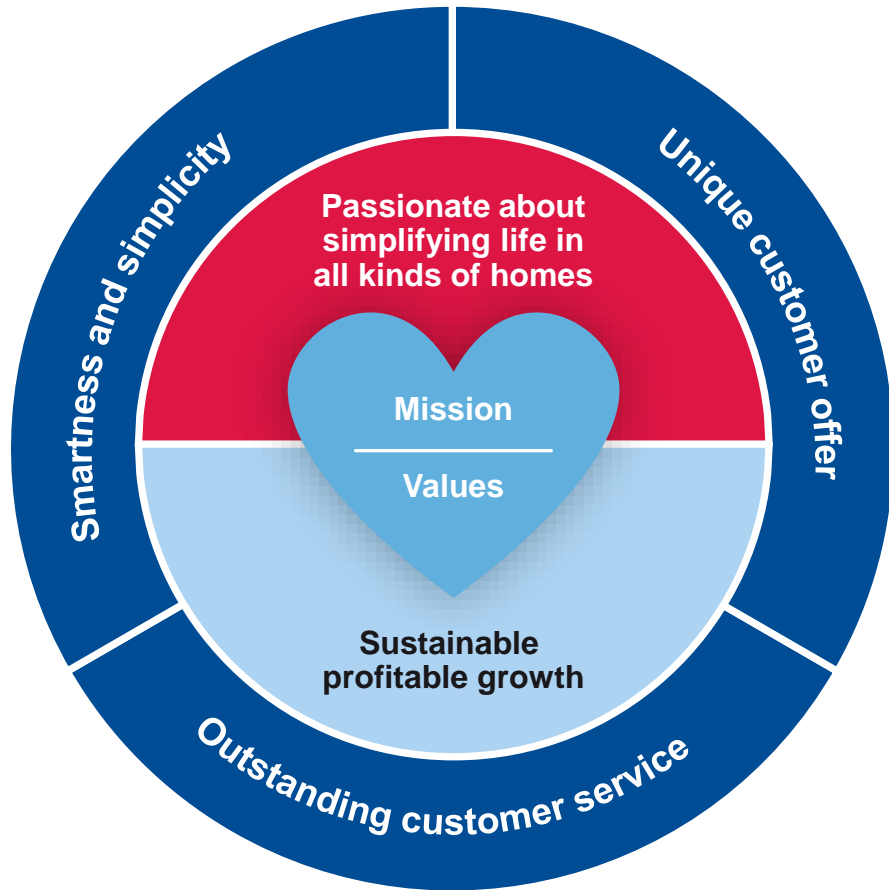
Fokus under dagen.

Fsg föreg. år denna dag: 152 047 kr

clas olsson

Fånga mig om Clas Fixare

The first two-year phase of strategy implementation ended in Q4 2019/20 gave us a stable platform



Summary outcome CO100+

Cost savings

- ✓ Cost level reduced 225-250 MSEK
 - Goods not for resale, 70-75 MSEK
 - Sourcing, 110-120 MSEK
 - Smart and simple organization and logistics, 45-55 MSEK

Growth initiatives

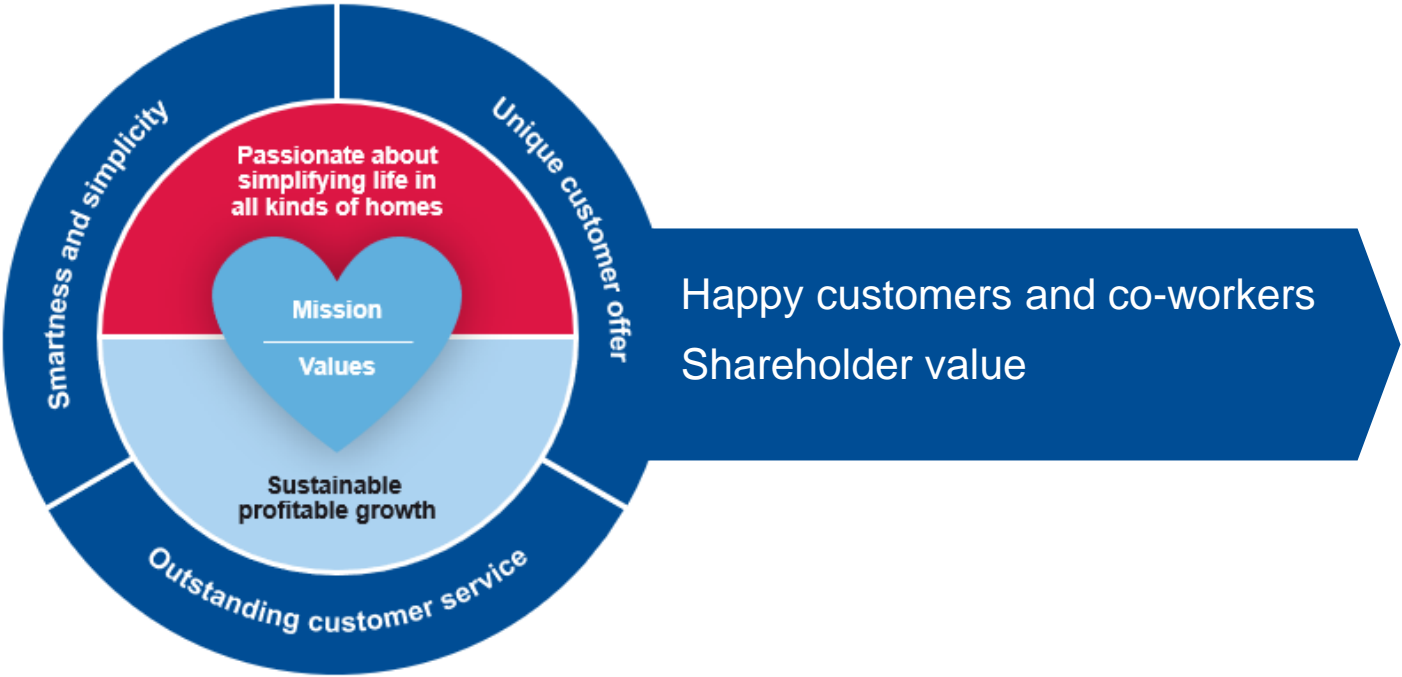
- ✓ Sales per customer up
- ✓ Sales per square meter up
- ✓ Online sales up 84%

- Lower cost level 225-250 MSEK
- Expected P&L-effect of approx. 150-160 MSEK in 2020/21
- Platform for profitable growth

A clear direction more important than ever

Next phase: Capitalizing on our stronger competitiveness and customer insight to further elevate customer and shareholder value...

...to achieve Clas Ohlson's financial targets



Average annual organic sales growth of 5% during the current five year period



Operating margin of 6-8% from FY20/21 and onward

Continuously striving for best in class efficiency

- Streamlined and efficient organisation
- New and enhanced capabilities
- Global sourcing strategy update - an Eastern European based purchasing office is being established
- Increased level of systemation and automation



Continuously strengthening relations with existing customers and growing our customer base

- Better availability and convenience
- Customized advise services
- Preparing for launch of Club Clas in Norway during autumn
- Online - driver for fast growth
- Stores – hub for sustainable growth



228 customer centers and efficient logistics hubs



Strategic collaborations generating new revenue streams

- Valuable experience gained
- Building relations with new customer groups
- Continuously evaluating assortment/service and delivery options
- Drives cross selling, increases own brands share of sales and support sales per customer and sqm

The image shows a screenshot of the Amazon.co.uk website search results for 'clas ohlson'. The search results page displays 1-48 of 125 results. The top result is 'Amazon Prime' with a 'prime' logo and text: 'FREE Delivery on orders over £10 for books or over £20 for other categories shipped by Amazon'. Below this, there is a section for 'Avg. Customer Review' with a star rating. The main product listing is for 'Scandi solutions for all kinds of home' by Clas Ohlson, featuring a chair and a pair of headphones. The product title is 'ess Bluetooth Ear Defenders FM & DAB+ Radio...'. Below the product listing, there is a search bar with the text 'Søk i varer og oppskrifter'. The search results are divided into 'Produkter 108' and 'Oppskrifter 11'. At the bottom of the image, there is a list of products with their prices and descriptions:

Product	Price
Arfollposar m/håndtak 25L, 20 stk	kr 24,90
Matboks 1,2l Transparent 1 stk	kr 19,90
Co-batterier AA LR06, 10 stk	kr 39,90
Kopipapir A4 500 ark 1 stk	kr 39,90
Mignonpære led E14 2W 135lm 1 stk	kr 39,90
Co-batterier AAA LR03, 10 stk	kr 39,90

The Wolt logo is visible in the bottom right corner of the image.

Continuously seizing business opportunities for continued targeted organic growth

- Focused product offering for all channels
- Smart services for problem solution in all types of homes
- Enabling a sustainable life – a business opportunity



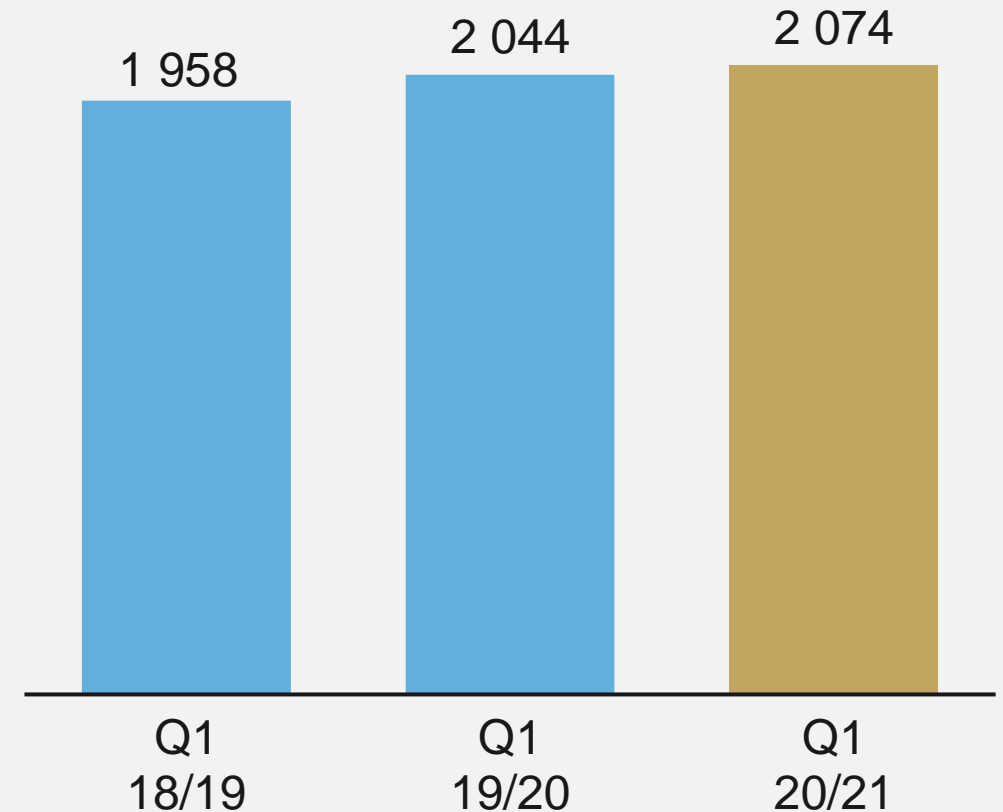


FINANCIAL DEVELOPMENT

Sales development in Q1

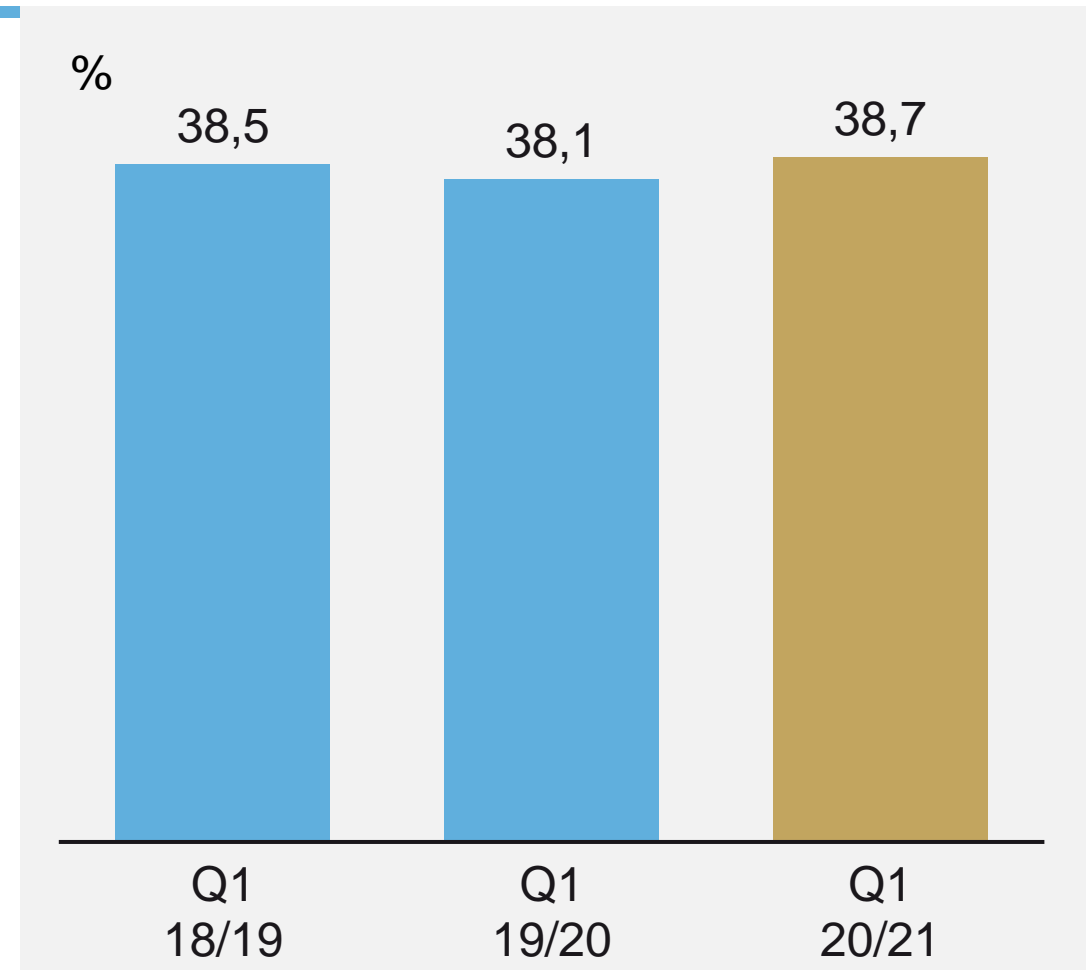
- Total sales up 1% to 2,074 MSEK, organic sales up 7% and LFL sales up 8%
 - Sweden -1% organic
 - Norway 22% organic
 - Finland -4% organic
 - Outside Nordics -55%
- Online sales up 63% to 184 MSEK, corresponding to approx. 9% of total sales
- Four stores less net compared to end of period last year

MSEK



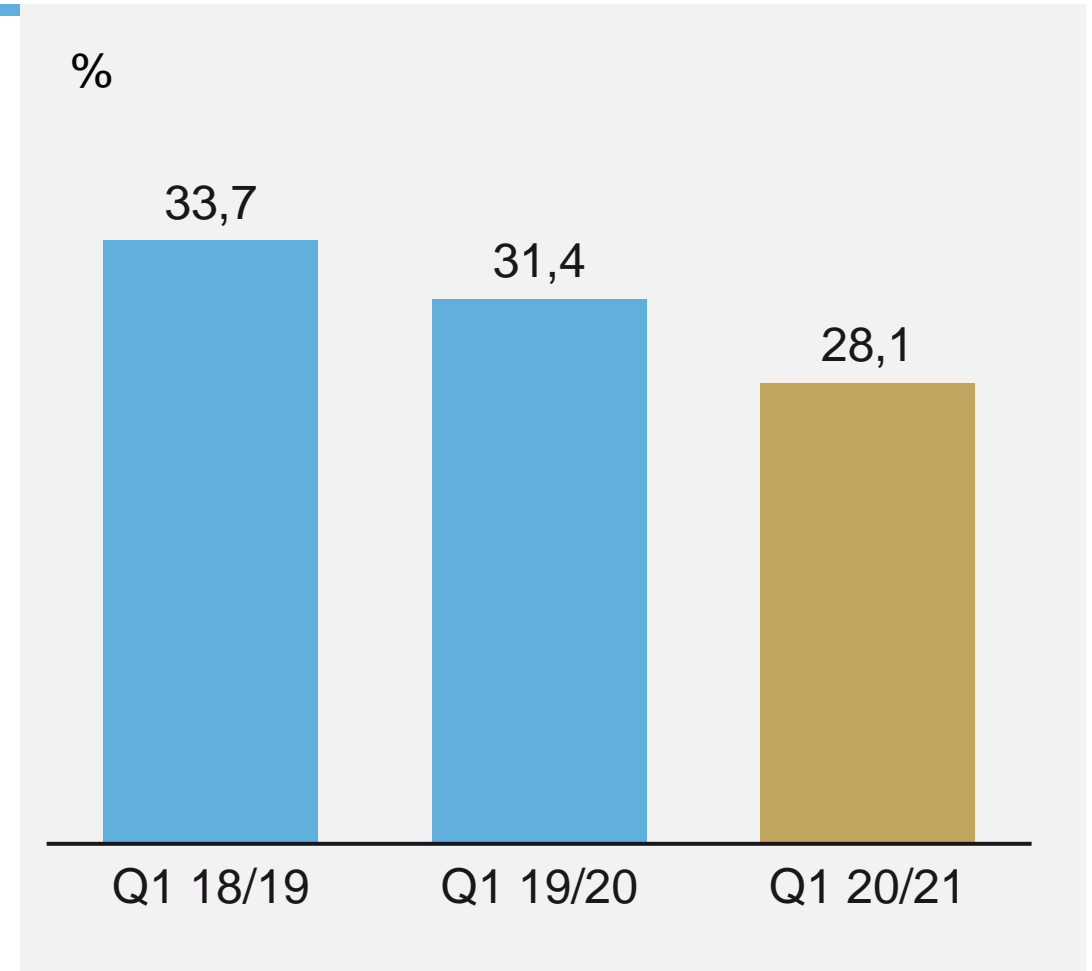
Gross margin in Q1

- Gross margin up to 38.7% (38.1)
 - Positively impacted by currency hedging (NOK), improved product mix, lower campaign intensity, lower sourcing costs
 - Negatively impacted by weakened sales currency (NOK) and stronger purchasing currency (USD)
- Reviewing and reducing purchasing prices
- Continuously reviewing product offerings and pricing on products



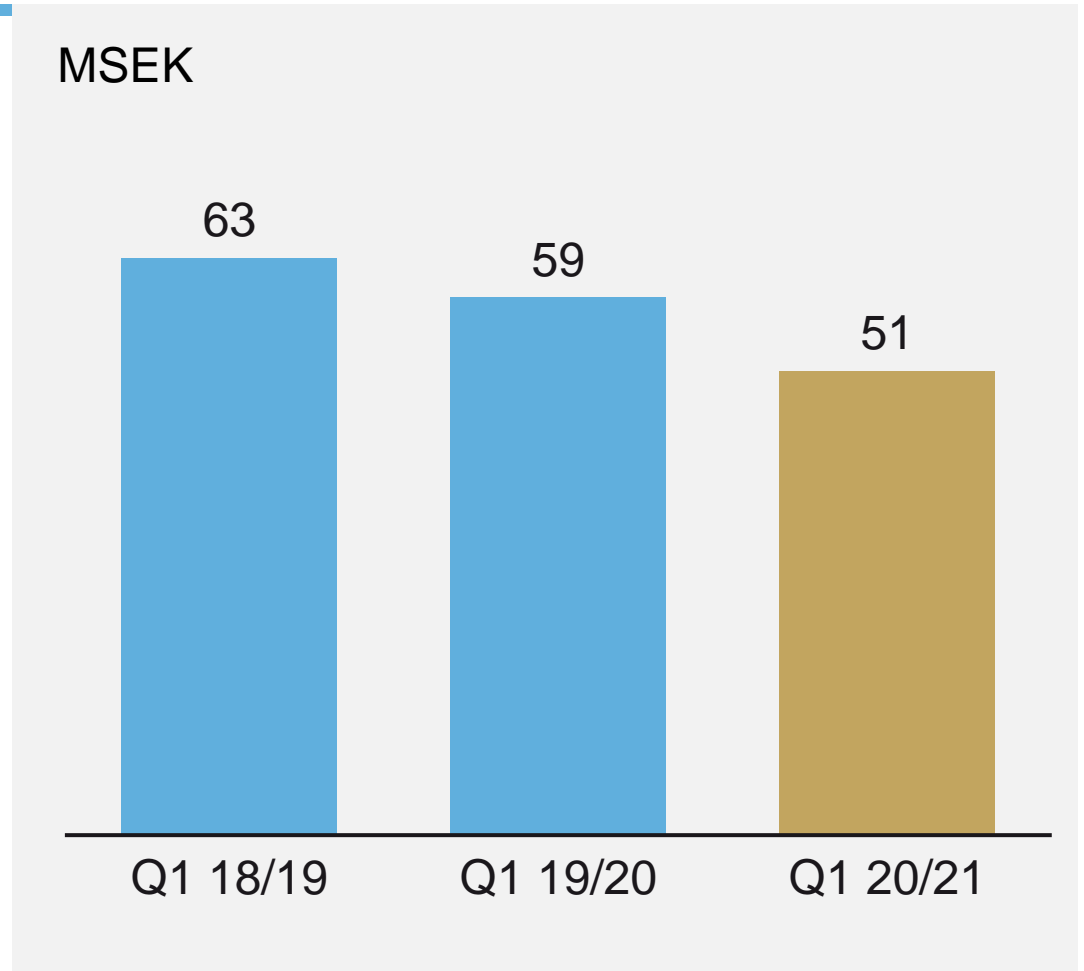
Share of selling expenses in Q1

- Share of selling expenses decreased by 3.3 percentage points to 28.1% (31.4)
- Impacted by lower costs operating the store network, no costs related to the two-year CO100+ action programme completed in the last quarter and lower costs in the UK and Germany



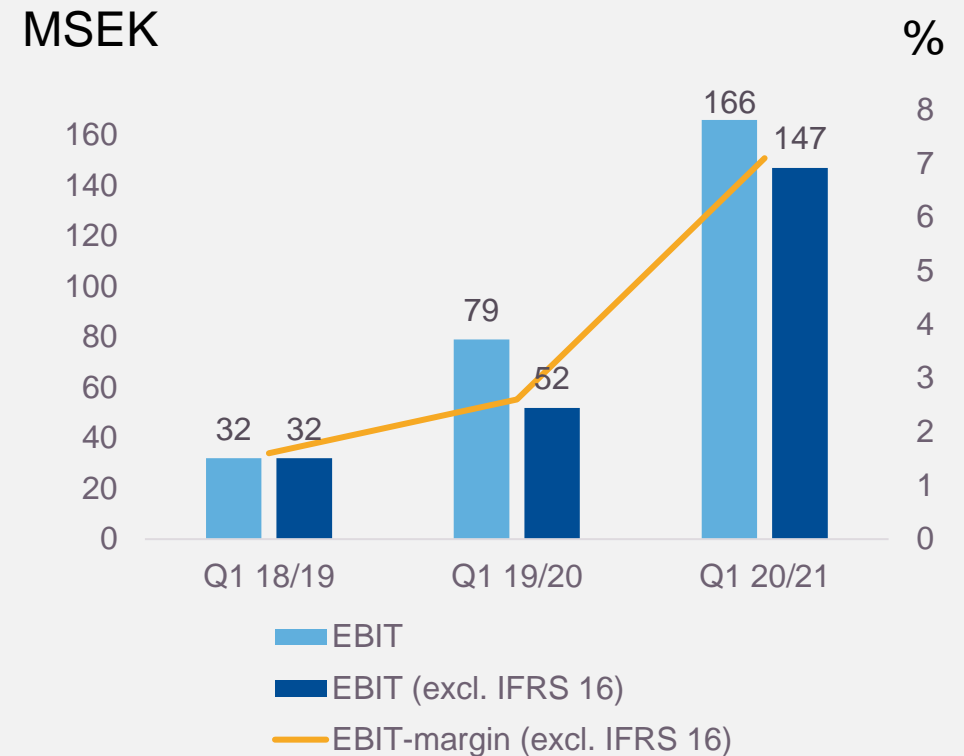
Administrative expenses in Q1

- Administrative expenses decreased by 14% compared to Q1 last year
- Trend in line with expectations after implemented CO100+ activities
- Objective to maintain and continuously improve the level over time



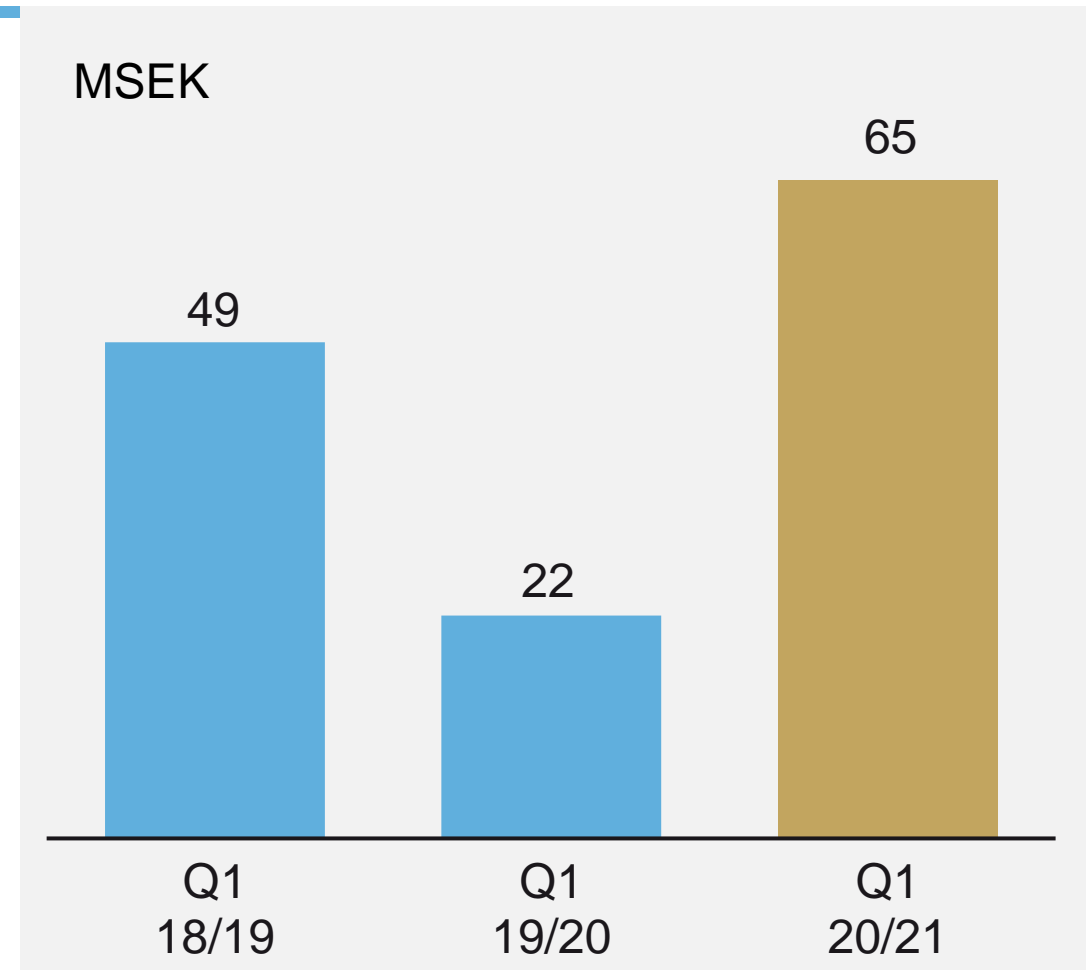
Operating profit in Q1

- Operating profit significantly improved to 166 MSEK (79)
 - Positive IFRS 16 effect of +19 MSEK
- EBIT-margin improved to 8.0% (3.9)
 - Positive IFRS 16 effect of +0.9 percentage points
 - EBIT-margin excl IFRS 16 7.1% (2.6)
- Earnings per share was 1.84 SEK (0.77)



Investments

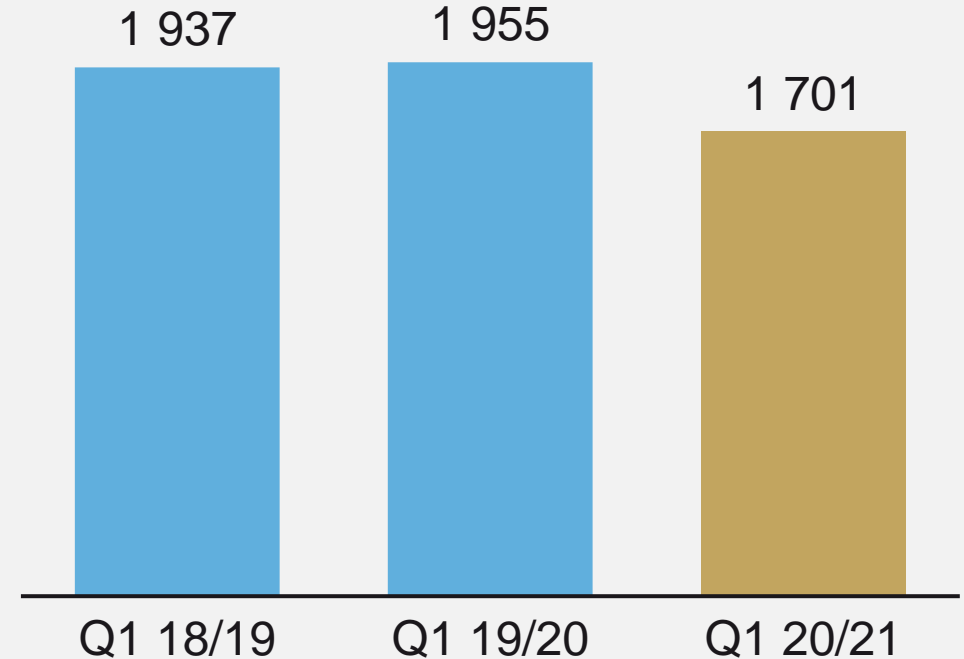
- Total investments 65 MSEK (22)
- New stores and refurbishments 11 MSEK (8)
- IT systems 33 MSEK (11)
- Other investments mainly related to improved distribution system



Inventory level

- Inventory level decreased to 1,701 MSEK (1,955) at the end of the period
- Average inventory level LTM was 1,902 MSEK (2,062)
 - Inventory turnover rate DC 5.7 (5.7)

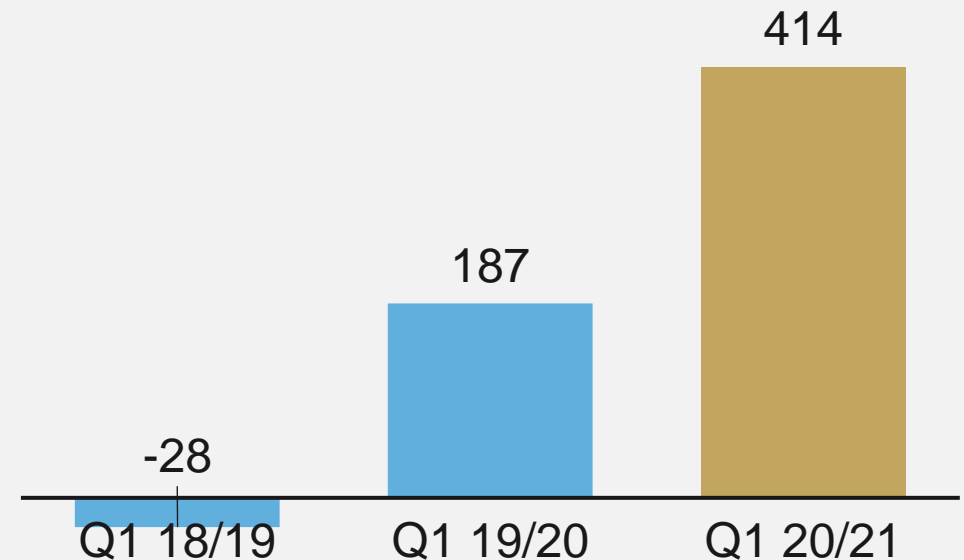
Value of inventories end of period, MSEK



Cashflow Q1 and financial position

- Cashflow from operating activities excl. IFRS 16 was 414 MSEK (187)
 - Cash flow from operating activities was 580 MSEK (310)
- Cash flow after investments and financing activities of 283 MSEK (1)
- Net debt/EBITDA excl. IFRS 16 was -0.5 times (0.0)
- Approved credit facilities of 1,100 MSEK of which used 0 MSEK

Cash flow from operating activities
excl. IFRS 16, MSEK



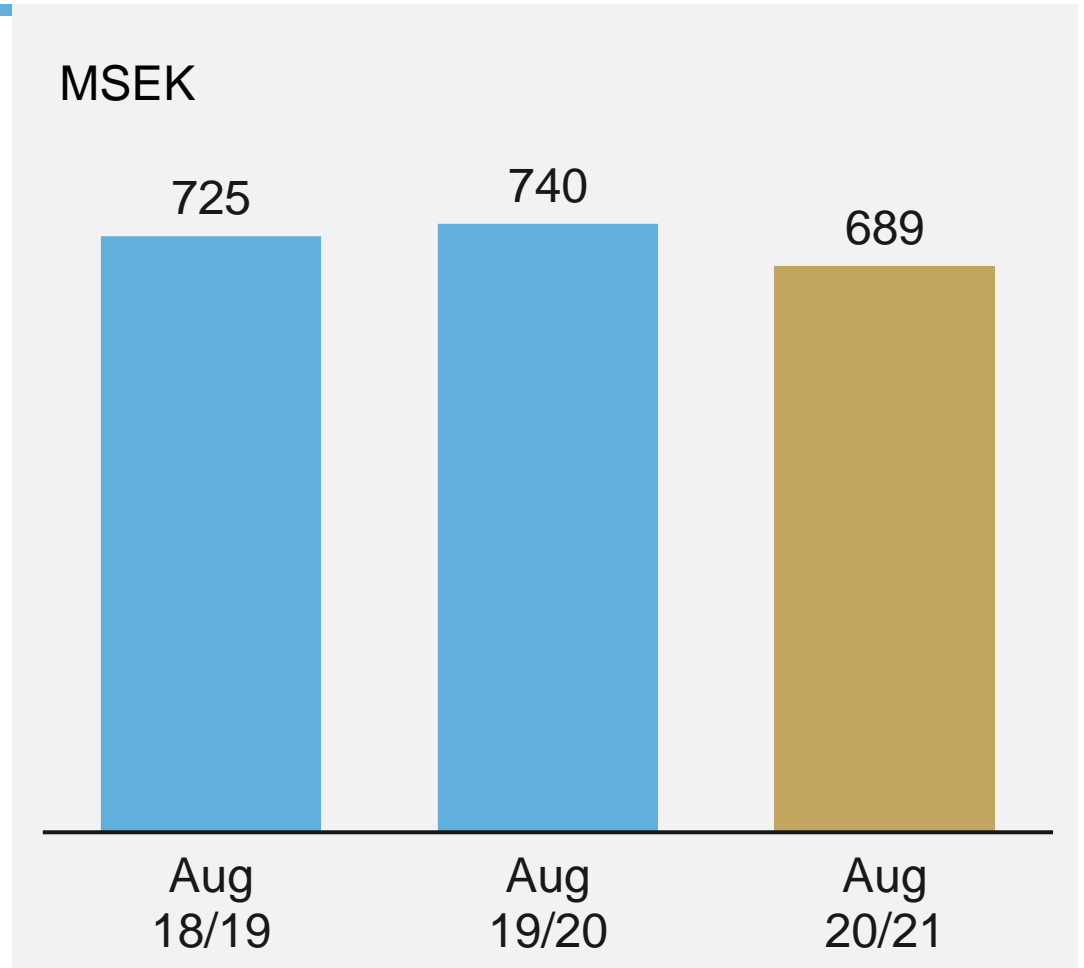
A photograph of a white hammock strung against a brick wall. A wicker basket with green plants hangs from the top of the hammock. In the foreground, a wicker chair with a book and a small container sits on it. The scene is surrounded by lush green plants, including palm trees and ferns, creating a tropical garden atmosphere.

EVENTS AFTER THE REPORTING PERIOD

August sales development

- Total sales down 7% to 689 MSEK, organic sales down 2% and LFL sales down 1%
 - Sweden -7% organic
 - Norway +6% organic
 - Finland -9% organic
 - Outside Nordics -44%
- Negative calendar effect of 2%.

- Online sales up 35%
- New store opened in Trondheim, Norway
- Reduction of three stores net compared to end of August last year



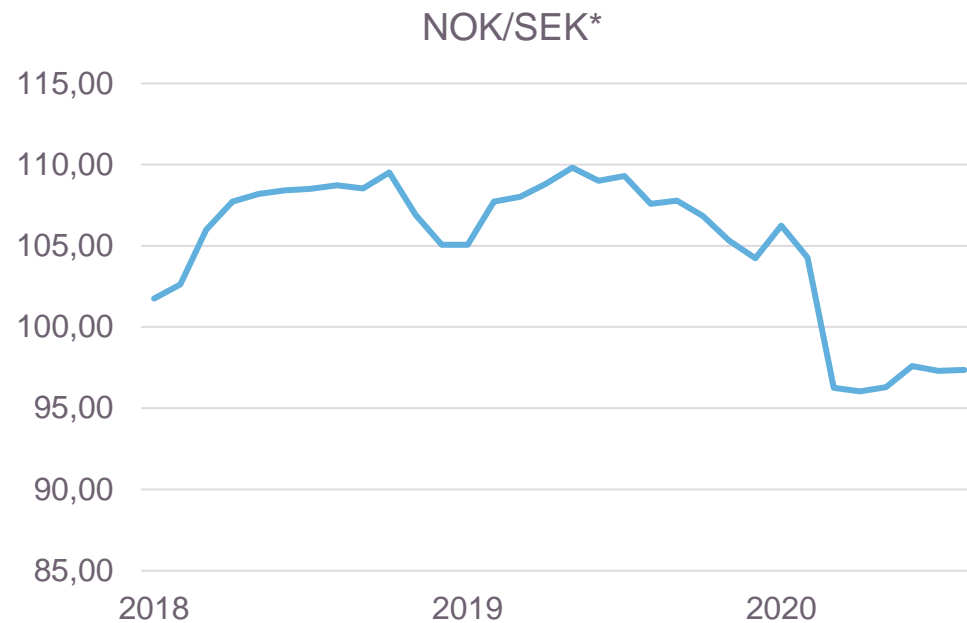
Currency situation

Future impact on Clas Ohlson will depend mainly on these factors:

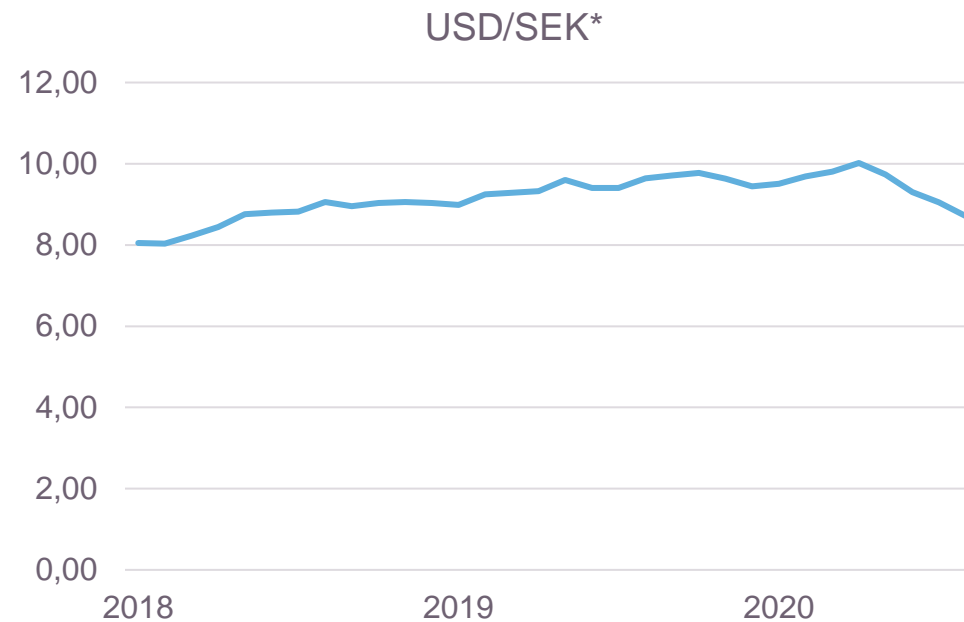
- Translation/transaction effects - Sales instant effects and Purchasing with a time lag
- Hedging policy/effects
- Pricing effects

Counteracting measures:

- Pricing - We expect the long term currency effects to be reflected in consumer pricing over time in the market
- Sourcing – Continuously improve sourcing
- Optimize Sales mix –Private label, Product and category mix



* Monthly average, The Riksbank/Nasdaq



A photograph of a beautifully decorated outdoor patio at night. The scene is illuminated by warm, ambient lighting, including string lights along the railing, a glowing spherical lamp on the floor, and a lantern in a wire cage. The patio features a brick wall in the background, several potted plants, a wicker chair with a fur throw, a rattan table, and a large woven ottoman. A semi-transparent green banner is overlaid across the middle of the image, containing the text "SUMMARY AND OUTLOOK".

SUMMARY AND OUTLOOK

Clear strategy for profitable growth and a very strong first quarter – stable platform going forward

- Continuous monitoring, evaluation and adaption to Covid-19 situation
- Impact depending on future development
 - Macro development
 - Currency
 - Customer behavior
- Focusing on areas with own impact and cost control
- Continue to capitalize on the transformation made and a significantly lower cost level
- Strong financial position and financial preparedness





Q&A

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<https://about.clasohlson.com>