

# Q3 report

08 March 2023

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# Agenda

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

- ✓ **Total sales +4% to 2.95 BSEK, organic +2%**
- ✓ **Operating profit 215 MSEK, including 119 MSEK one-off costs**
- ✓ **Cost savings realized of approx. 110 MSEK with full effect 2023/24**
- ✓ **Inventory level down by 686 MSEK Q3 vs Q2**
- ✓ **Solid financial position: net debt/EBITDA -0.1\***
- ✓ **New milestone: 5 million Club Clas members**
- ✓ **February sales: +1% to 541 MSEK, organic +2%**
- ✓ **Earnings per share: 2.50 SEK (4.53)\*\***

\*Excl IFRS 16

\*\* Before dilution

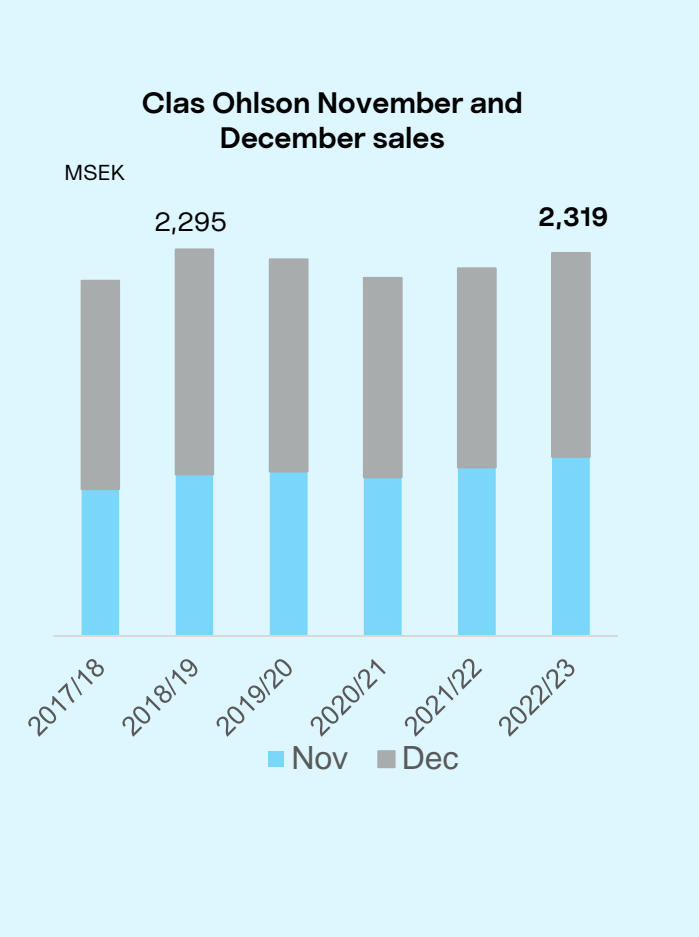




# **Business update**

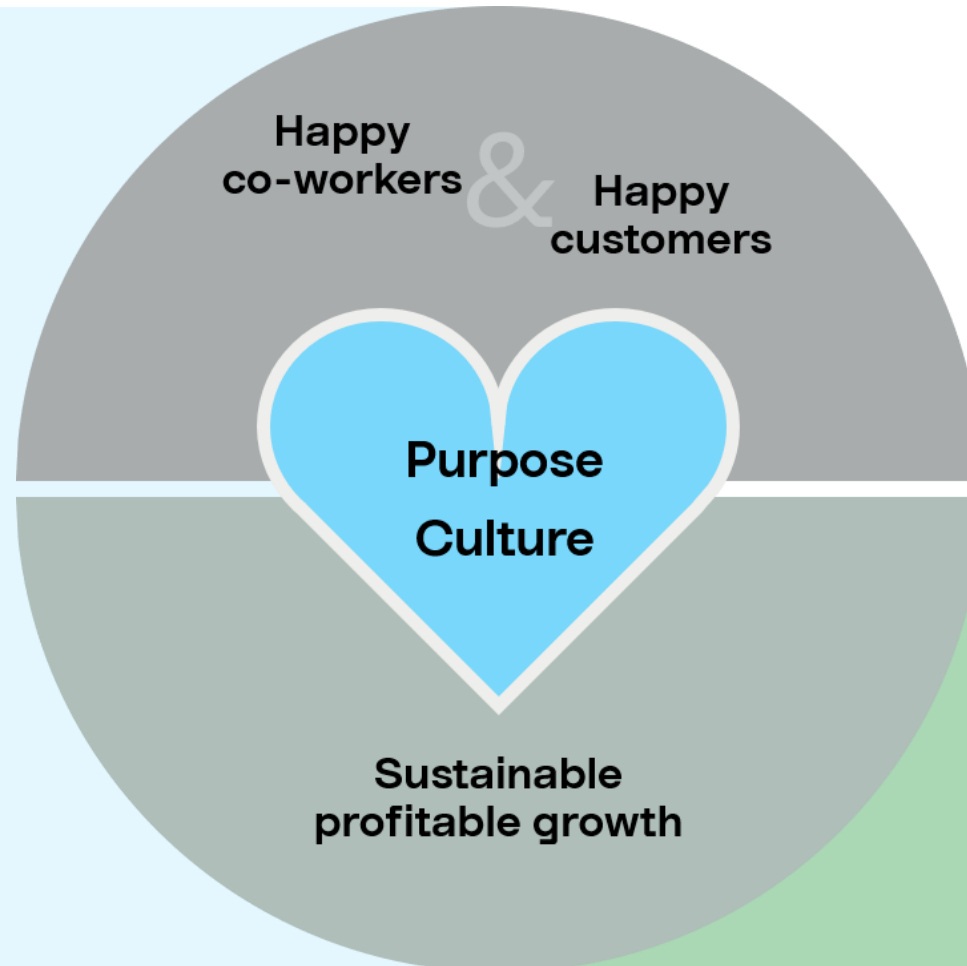
# Clas Ohlson a trusted Christmas destination

- Growing in a declining retail market



# Clas Ohlson strategic framework

- 1 Creating a winning team
- 2 Core customer focus
- 3 Owning key consumer missions
- 4 Using and building the Clas Ohlson brand
- 5 Providing availability & convenience
- 6 Offering in-home services



## Full focus on:

- Purchasing prices
- Transportation costs
- Total rental costs
- Internal cost efficiency

# Growth drivers

1



## Owning key consumer missions

- Positive development of key categories
- Need based shopping
- Strong performance for tidying and organizing the home as well as money saving products

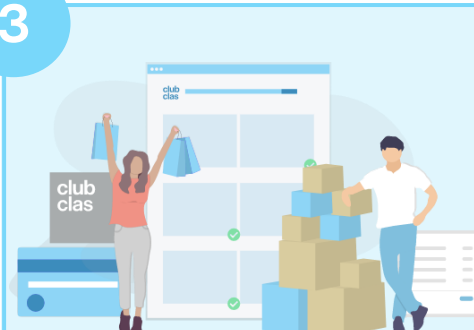
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## Providing availability & convenience

- Increased traffic to physical stores
- Improved online conversion rate
- 224 stores, -5 stores vs LY (2 stores opened, 7 stores closed)

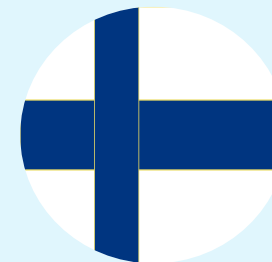
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## Core customer focus

- 5 million members
- Member sales +11% YOY
- Member share of sales 67% (62% LY)

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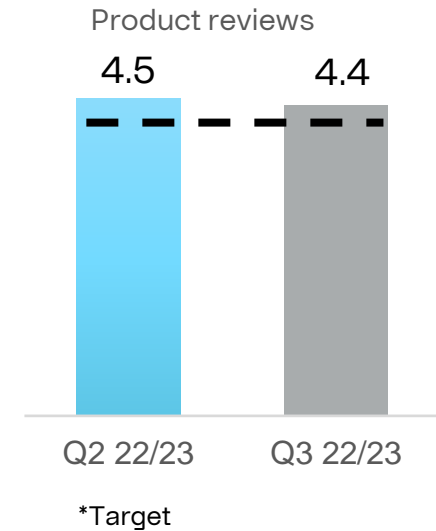
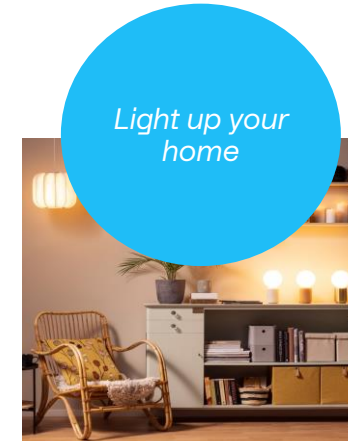
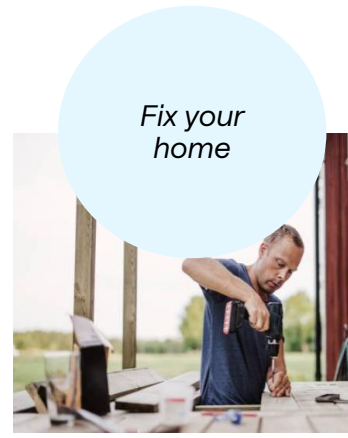
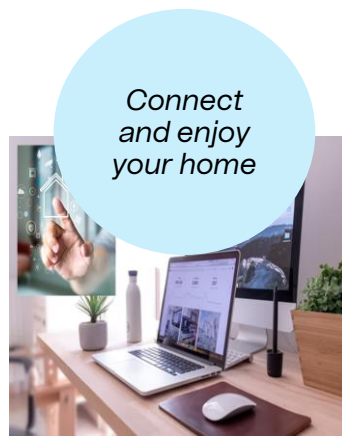
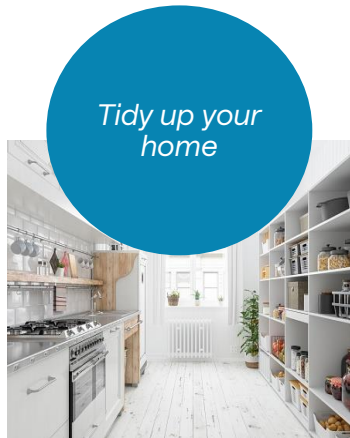


## Win in Finland

- Ongoing optimization of store network
- New marketing concept well received
- Significant Club Clas member growth - member sales up 43% in Q3 YoY

1

# Strong track record for 'Tidy up your home' - continued development of key categories



**Kitchen storage**

**+71%**

**Household cleaning**

**+55%**





2

# High customer satisfaction across all touchpoints

Offering good advice and customer experience in stores and online

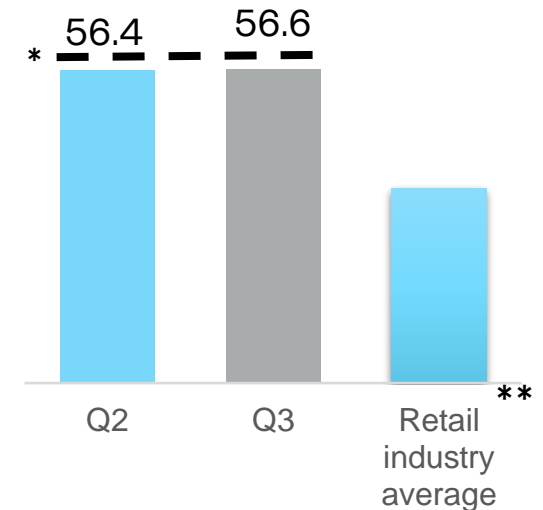


Winner of "Empati Grand Prix"

Clas Ohlson's Customer Care won Brilliant Awards for the fourth year in a row



Improved customer satisfaction, NPS



\*Target

\*\* Source: Delighted by Qualtrics



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# New milestone reached for Club Clas

Members

5,000,000



+19%\*



+45%\*



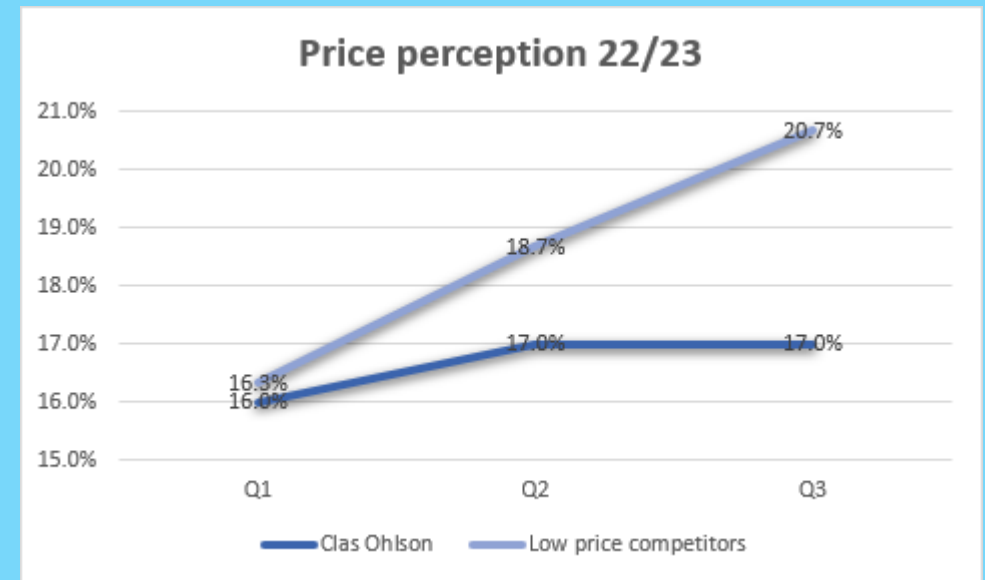
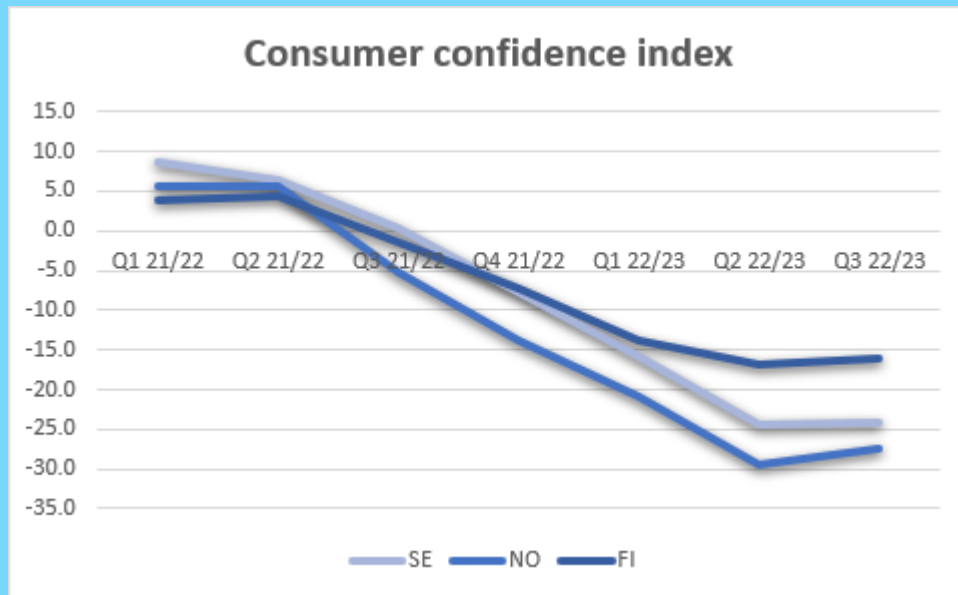
+77%\*

© dak

\*Increase No of members, YoY

- ✓ Building loyalty and long-term relationships with customers
- ✓ Efficient customer communication
- ✓ Tailored customer offerings
- ✓ 9 out of 10 members are active

# Consumers cautious and price sensitive – Clas Ohlson continue to stay ahead



\*Source: Clas Ohlson brand tracker.  
0 = cheap, 100 = expensive



# Helping customers to a more sustainable life



Products		Suppliers	
<p><b>Spare parts</b></p> <p><b>+13%</b> (Q2 +21%)</p> <p>Continuous focus on spare parts with a volume increase of 13 per cent (Q2 +21 %) and roll out spare parts in physical stores in all markets. In total +120 stores offer spareparts.</p>	<p><b>Product assessments</b></p> <p><b>50.4%</b> (Q2 47.6%)</p> <p>Share of (net sales) of private labelled products have been assessed and classified in accordance with new Product Sustainability Assessment Model</p>	<p><b>Free from critical findings</b></p> <p><b>99.0%</b> (Q2 99.4%)</p> <p>Suppliers free from critical findings in relation to our Code of Conduct</p>	<p><b>Environmental assessments</b></p> <p><b>85%</b> (Q12 85%)</p> <p>Environmental assessments still cover 85 per cent of our purchase volume. 169 environmental assessments conducted (Q2 165)</p>

Planet

People

Society



# A more ambitious target set



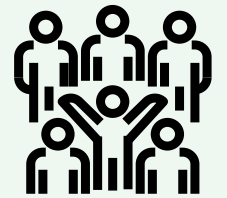
**Long-term target:**  
Climate neutral  
and fully circular by  
2045



**New target added:**  
Climate neutral in  
own operations  
(Scope 1+2) by 2026



Planet



People



Society





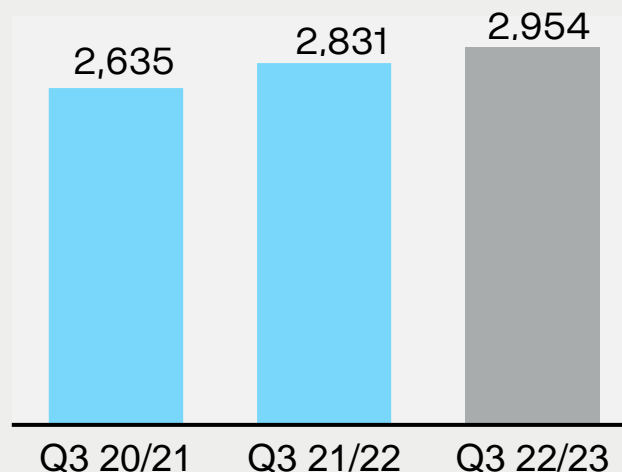
# Financial development

# Sales development

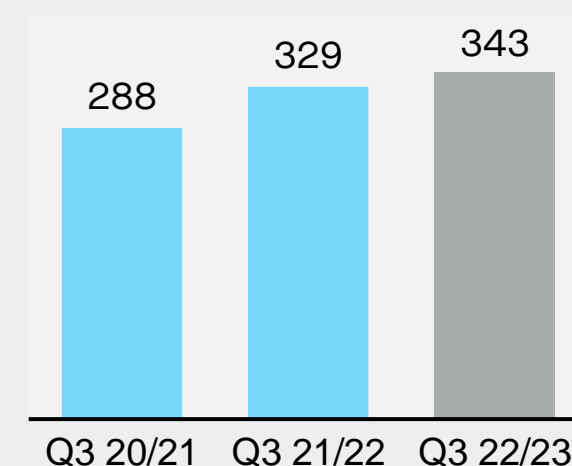
## Q3

- **Total sales up 4%** to 2,954 MSEK, organic sales up 2%
- **Online sales up 4%**
- The store network has decreased by 5 stores compared to end of period last year

Total sales, MSEK



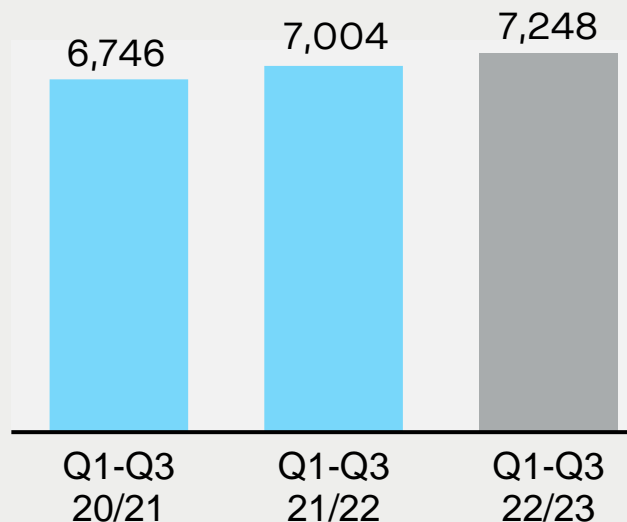
Online sales, MSEK



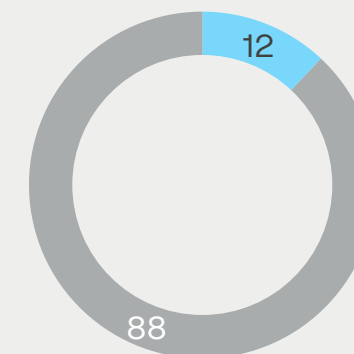
## Q1-Q3

- **Total sales up 3%** to 7,248 MSEK, organic sales up 1%
- **Online sales up 11%**
- The store network decreased by 5 stores during Q1-Q3

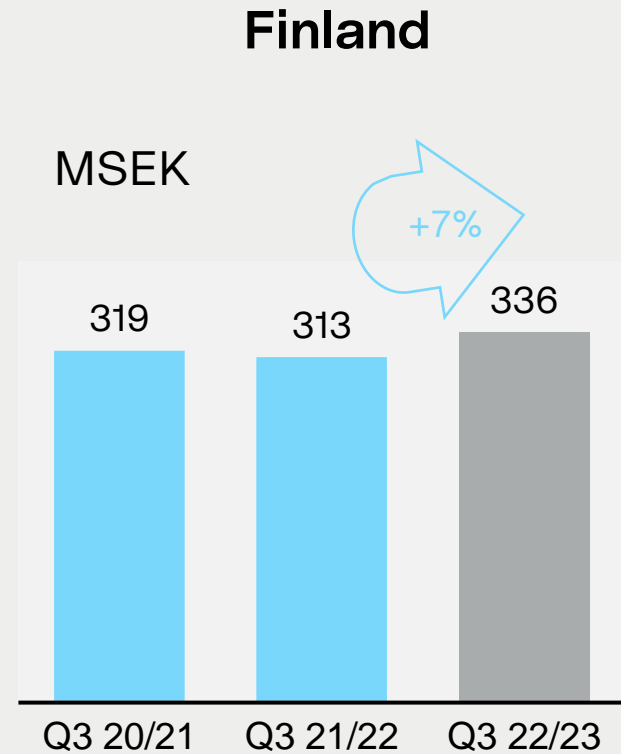
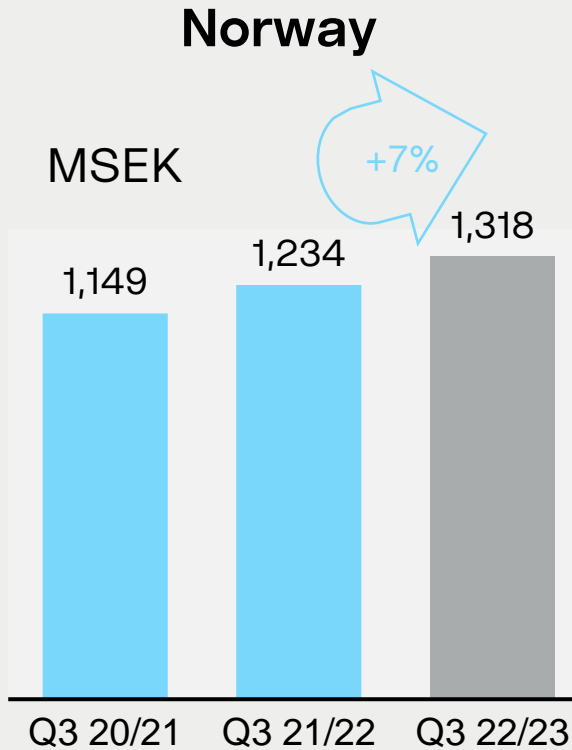
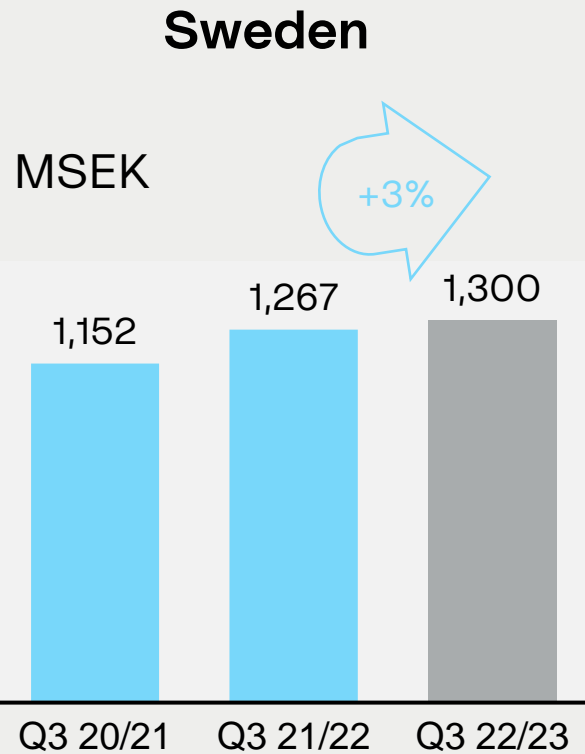
Total sales, MSEK



Online share of total sales (R12), %



# Sales per market



Organic  
growth:

Q3: +3%  
Q1-Q3: +2%

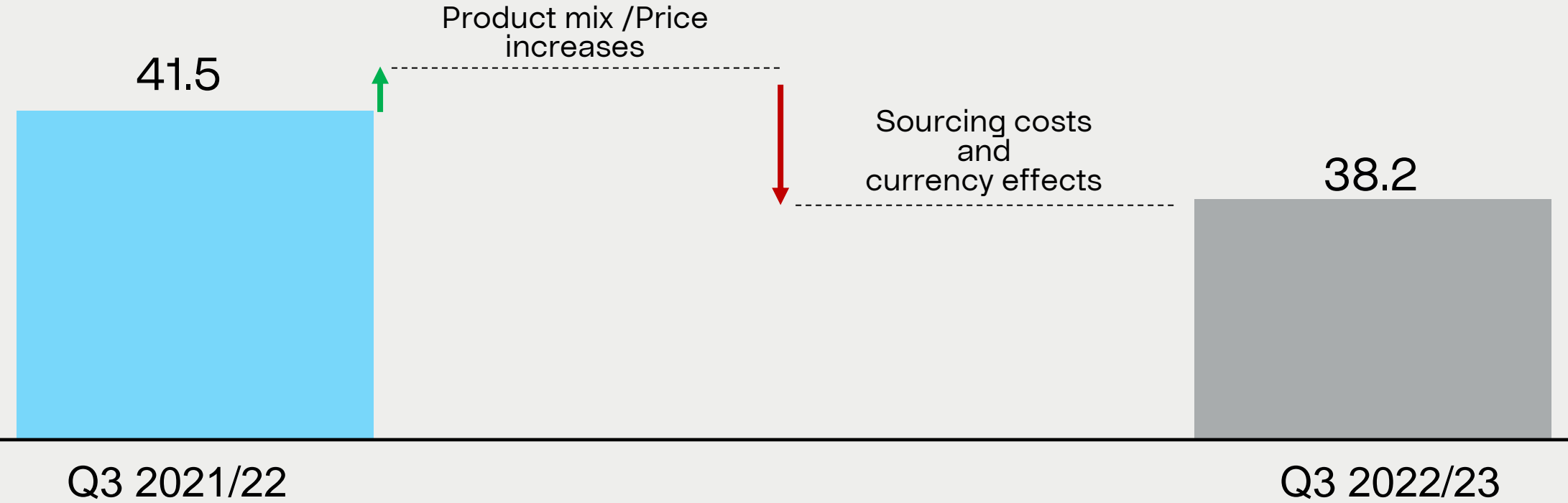
Q3: +3%  
Q1-Q3: 0%

Q3: 0%  
Q1-Q3: +1%





# Macro related factors partly offset by price increases and favourable product mix



# Financial overview

MSEK	Q3 22/23	Q3 21/22	Q1-Q3 22/23	Q1-Q3 21/22
<b>Operating profit</b>	<b>215</b>	378	<b>312</b>	<b>729</b>
<i>One-off items</i>	119	-	154	-25
<i>Operating profit excl. one-off items</i>	<b>334</b>	378	466	704
<b>Profit after financial items</b>	<b>200</b>	362	<b>265</b>	<b>681</b>
<b>Profit for the period</b>	<b>158</b>	287	<b>204</b>	<b>538</b>
<b>EPS before dilution, SEK</b>	<b>2.50</b>	4.53	<b>3.21</b>	<b>8.49</b>

Share of selling expenses, Q3

**25.7** %

(26.3%)

Aministrative expenses, Q3

**51** MSEK

(51 MSEK)

EBIT-margin, Q3

**7.3** %

(13.3%)

# Cost reduction measures executed according to plan

## Internal cost efficiency

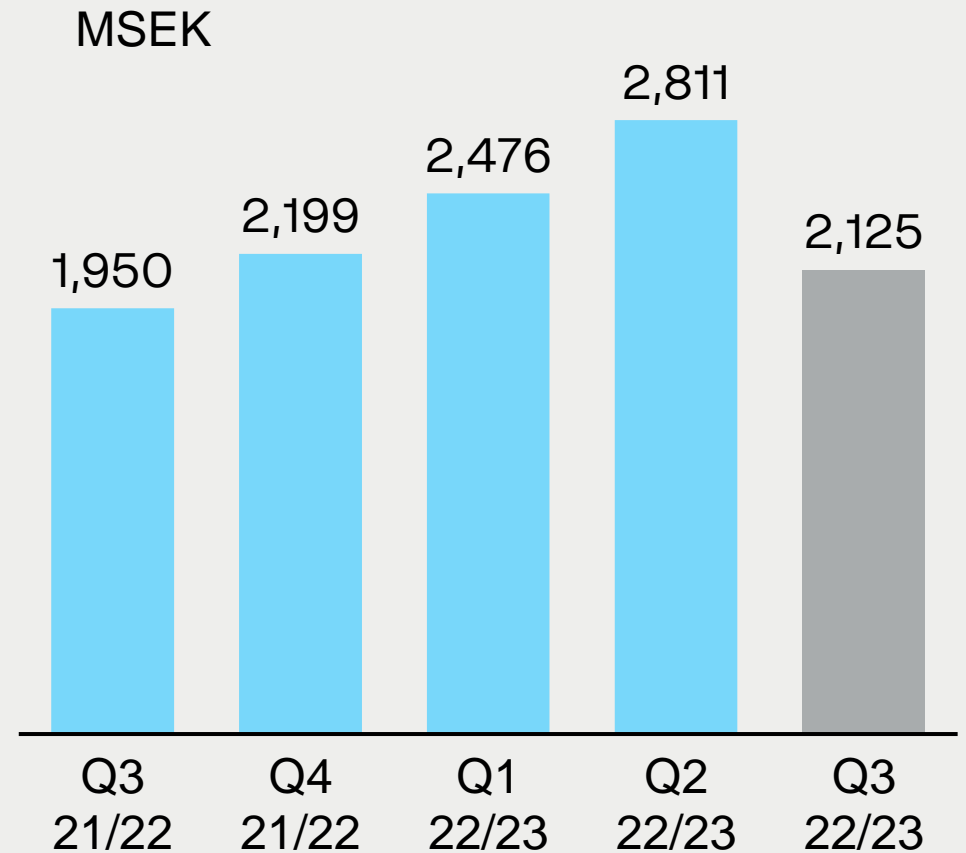
- ✓ Simplifying ways of working
- ✓ Reduced office functions by approx. 85 FTEs
- ✓ Rationalized IT-systems
- ✓ Reducing office space

One-off costs connected to lay-offs and disposals of 119 MSEK was reported in Q3 2022/23

**Cost savings and reduced depreciation of approx. 110 MSEK with full effect from 2023/24**

# Effective inventory management

- **Inventory level:** 2,125 MSEK (1,950) at the end of the period
- **Average inventory level LTM:** 2,394 MSEK (1,875)
- **Inventory turnover rate DC:** 4.5 (5.7)



# Cash flow and financial position

MSEK	Q1-Q3 22/23	Q1-Q3 21/22
Cash flow from operating activities, before change in working capital	880	1,191
Change in working capital	67	111
<b>Cash flow from operating activities</b>	<b>947</b>	<b>1,301</b>
Cash flow from investing activities	-101	-116
Cash flow from financing activities	-1,223	-773
<b>Cash flow for the period</b>	<b>-377</b>	<b>412</b>

Approved credit facilities

**800** MSEK

Of which utilized 12 MSEK

Dividend pay-out

**824** MSEK

(396 MSEK)

Net debt/EBITDA excl IFRS 16

**-0.1x**

(-1.1x)



# Macro trends with business impact

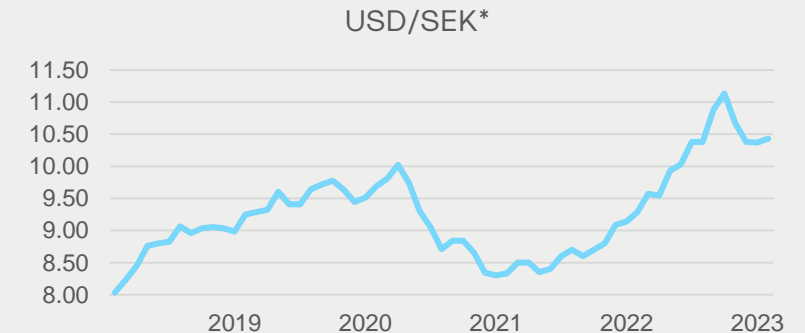
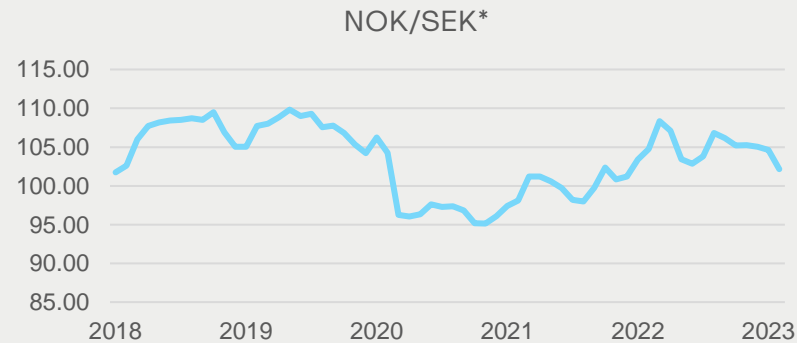
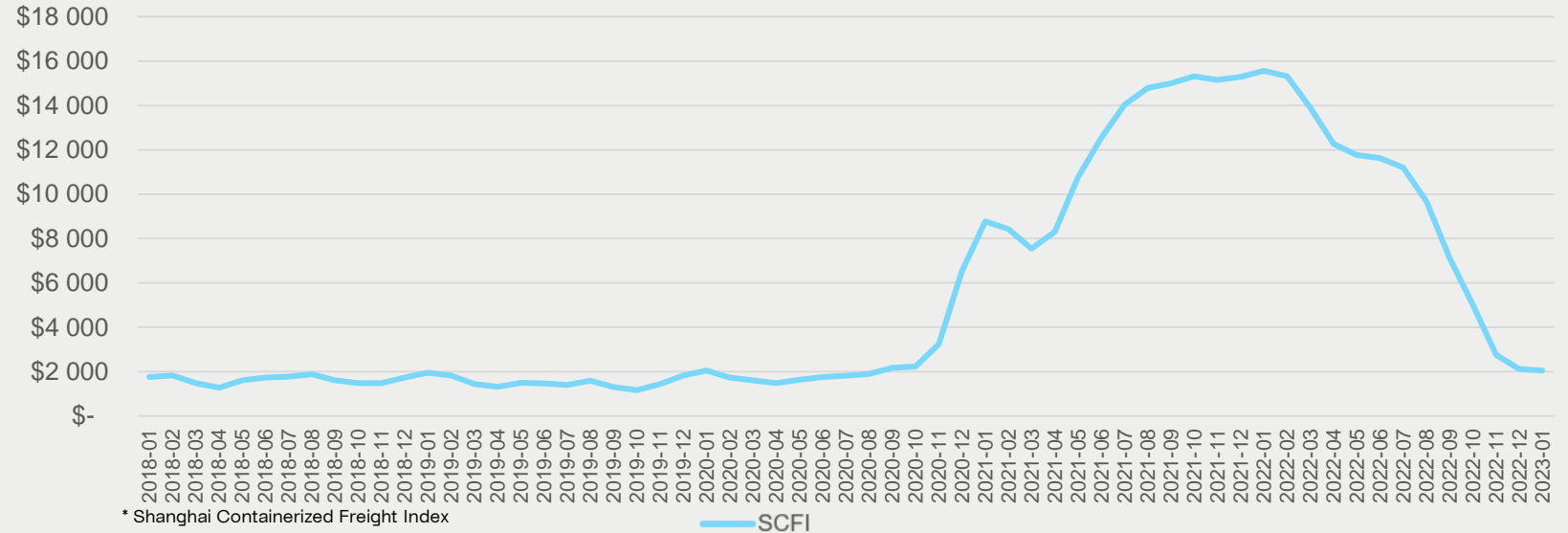
Spot prices for 40t containers from Asia to Gothenburg

## Factors impacting Clas Ohlson:

- Container shipping costs and raw material and commodity prices
- Translation/transaction effects - sales instant effects and purchasing with a time lag
- Hedging policy/effects
- Pricing effects

## Proactive measures:

- Pricing – continuously optimizing prices
- Sourcing – diversified sourcing strategy
- Flexible freight contracts
- Optimize sales mix – private label, product and category mix
- Products and packaging



\* Monthly average, The Riksbank/Nasdaq

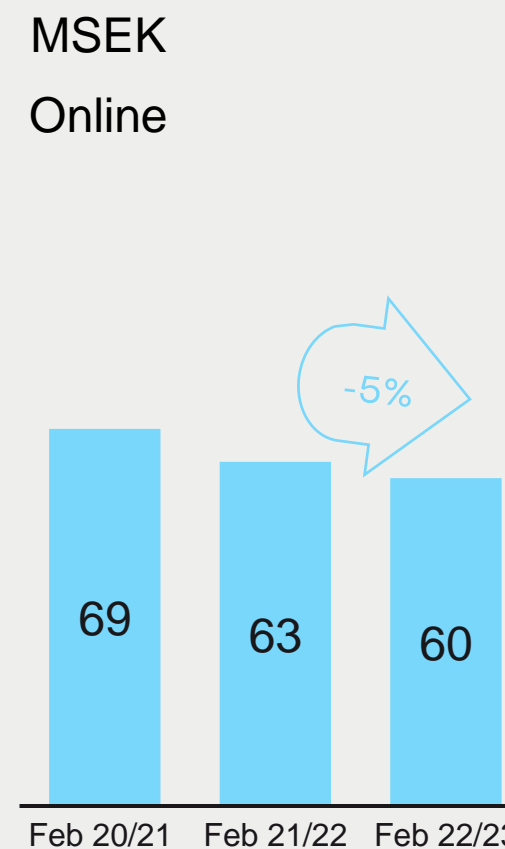
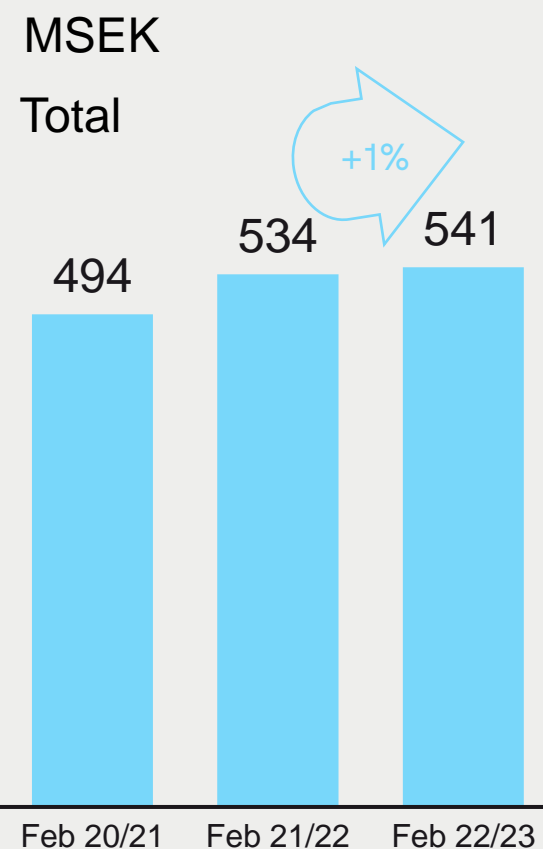




# Events after the reporting period

# February sales development

- Total sales up 1% to 541 MSEK, organic sales up 2%
  - Sweden 3% organic
  - Norway 3% organic
  - Finland -1% organic
- Online sales down 5%
- Decrease of 5 stores compared to end of February last year







# Summary

# Rapid transformation and a stronger customer position

- Sales growth in a challenging market
- Increased uncertainty around consumer spending
- Relevant assortment, value for money and increased flexibility is key
- Loyal and satisfied customers
  - Increased customer base
  - Improved customer satisfaction
  - Strengthened price value position
- Executed on cost saving measures
  - Continued cost focus going forward



# Q&A



