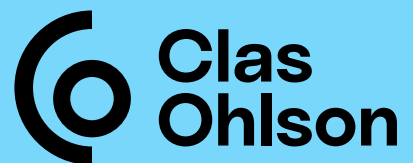


# Q1 report

06 September 2023

**Kristofer Tonström**  
President & CEO

**Pernilla Walfridsson**  
CFO



# Agenda

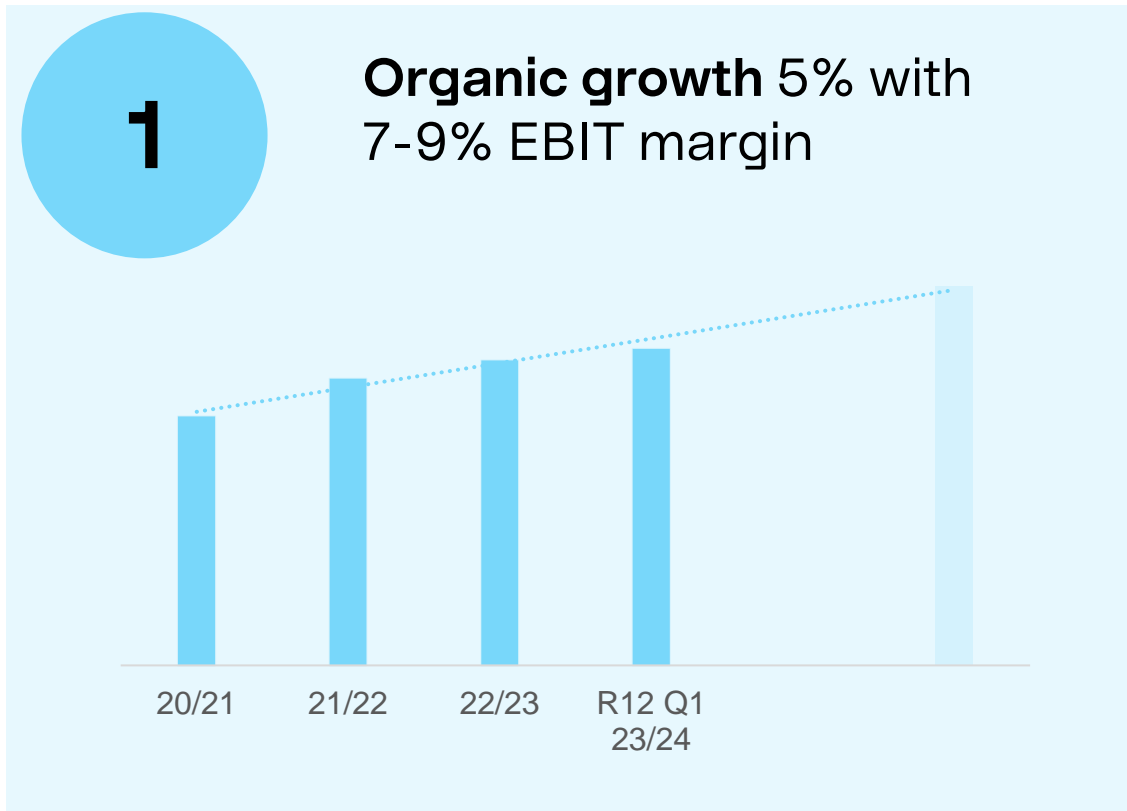
- Business update
- Financial development
- Events after the reporting period
- Summary
- Q&A

- ✓ **Starting the new financial year with 8% organic growth in Q1 and +9% LFL**
- ✓ **Improved gross margin**
- ✓ **Operating cash flow 328 MSEK (-35)**
- ✓ **Entering autumn with a healthy and balanced inventory**
- ✓ **Proactively addressing overhead costs - a new base established**
  - ✓ **Cost efficiency and flexibility important as macro is still challenging**
- ✓ **Assortment relevance – all prioritized categories driving growth**
- ✓ **+14% organic growth in August**



# **Business update**

# Strategy execution – growth plan 24/25



**2** Industry leading in sustainability – deliver on our people agenda and 2045 commitments

Planet      People      Society



# Strategy execution – overview Q1 23/24

## + Make assortment relevant 12 months/year

- ✓ All prioritized categories driving growth
- ✓ Strong sales for base assortment during summer

## + A profitable and growing online business

- ✓ Full focus on delivering customer value in **our own** online channel
- ✓ Online sales +9% Q1

## + Expand the store network

- ✓ New store opened in Norway
- ✓ Net addition of approx. 10 stores 23/24 – on track

### Efficient customer communication

Strong growth of Club Clas members in NO/FI  
Increased share of sales from Club Clas members

### A competitive cost base

Reduced complexity – simpler ways of working – significantly reducing office functions (25%)  
210 MSEK in cost savings being realized

### Execution on our sustainability agenda

Increase in sales of spare parts  
Clas Ohlson recognized on Allbright's "Green list"



# Relevance for all home fixing through consumer missions



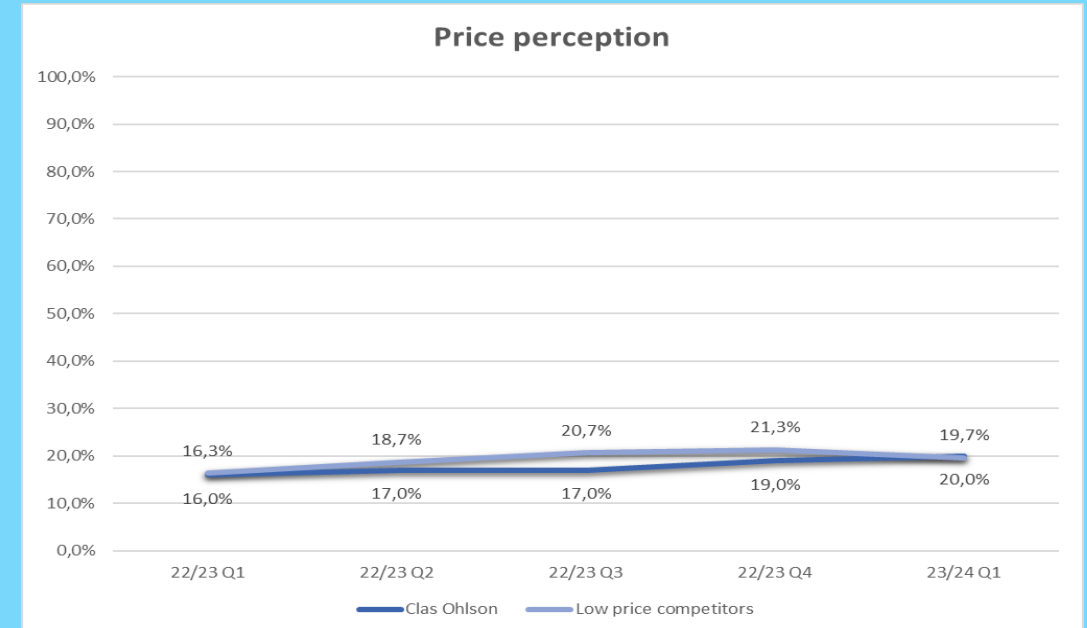
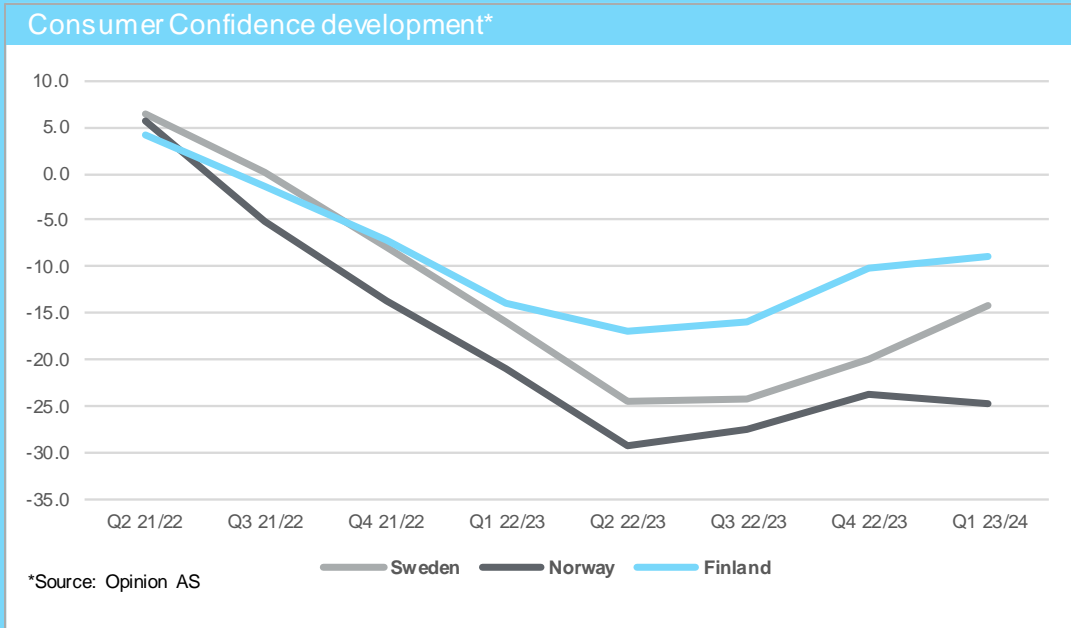
- ✓ All five consumer missions driving growth
- ✓ Numerous new product launches in all missions

← Sustainability / spare parts / seasons →

**Consumables assortment**



# Consumers cautious and price sensitive – Clas Ohlson on par with low price competitors



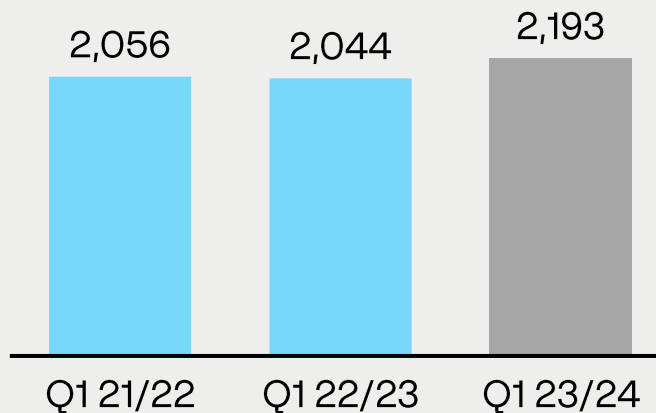




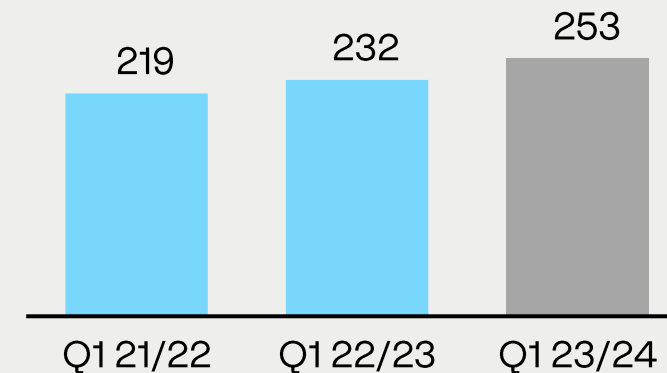
# Financial development

# Sales development

## Total sales, MSEK



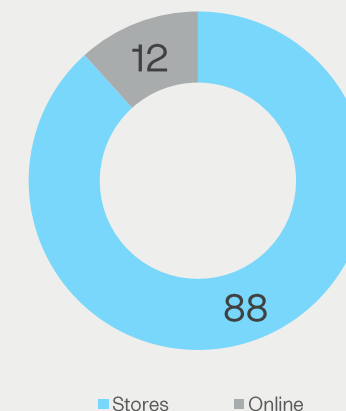
## Online sales, MSEK



Q1

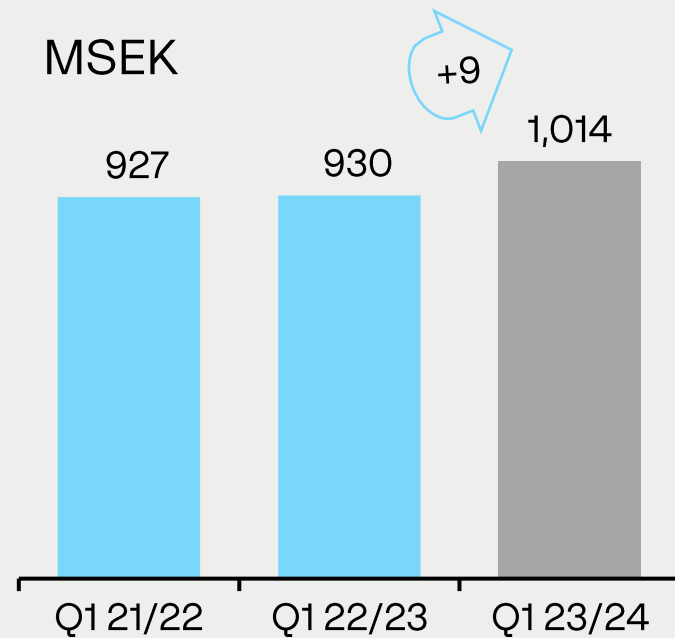
- **Total sales up 7%** to 2,193 MSEK, organic sales up 8%, LFL up 9%
- **Online sales up 9%**
- The store network has decreased by 4 stores compared to last year

## Online share of total sales (R12), %

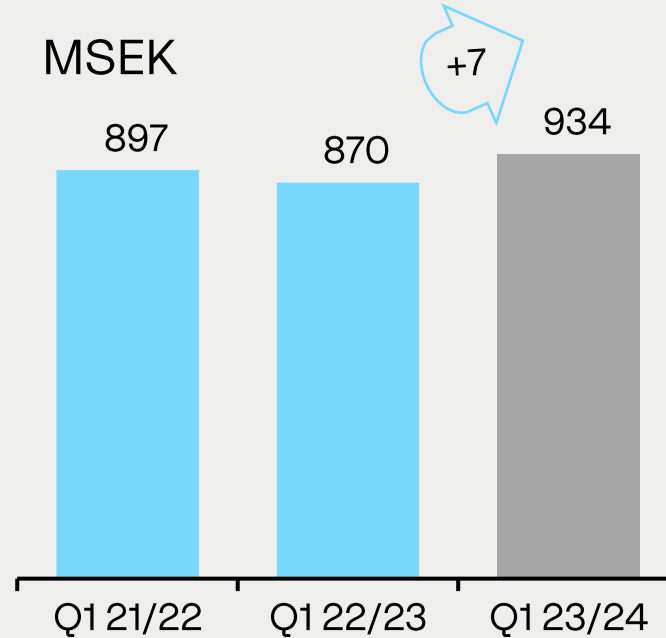


# Sales per market

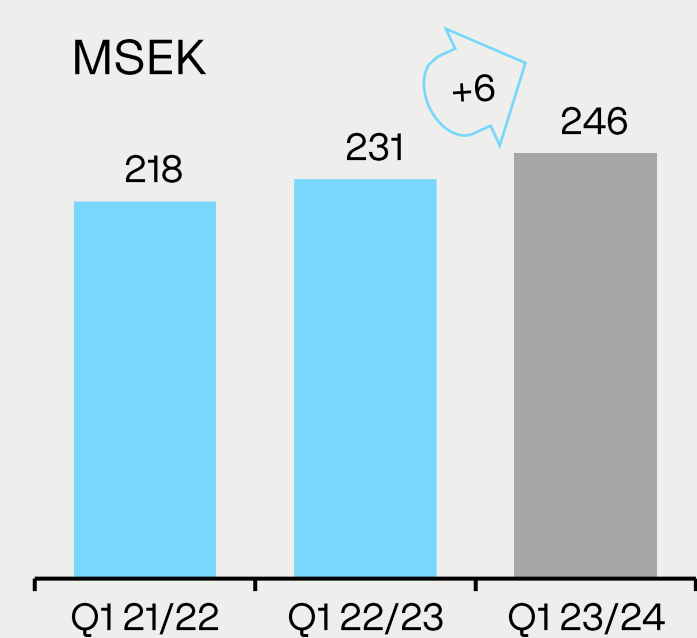
## Sweden



## Norway



## Finland



Organic  
growth:

Q1: **+9%**

Q1: **+11%**

Q1: **-3%**



# Macro trends with business impact

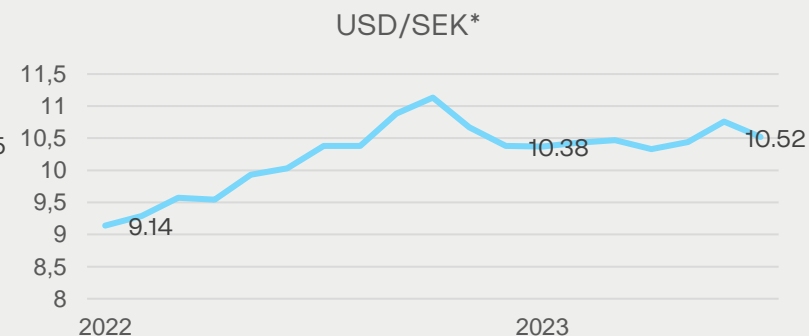
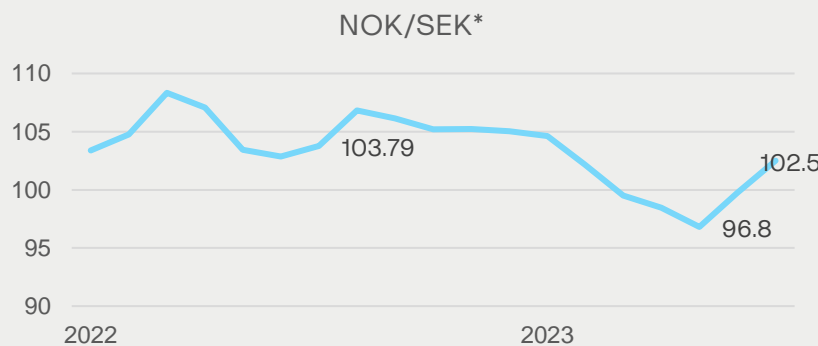
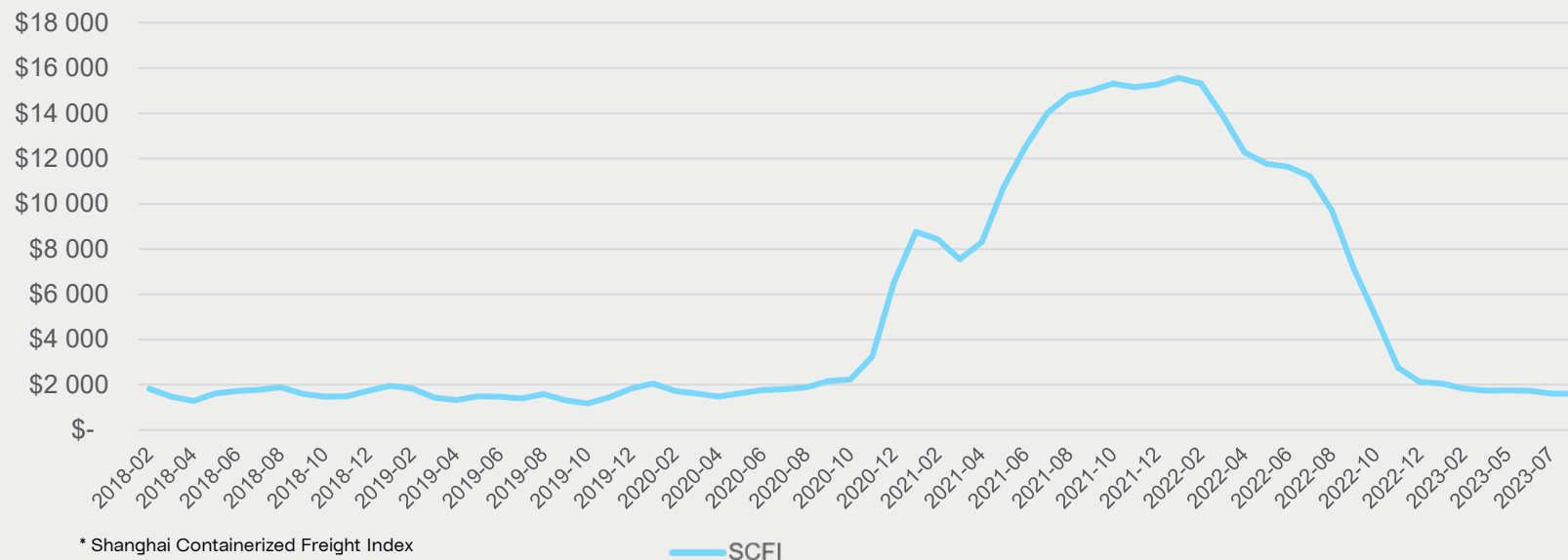
## Factors impacting Clas Ohlson:

- 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

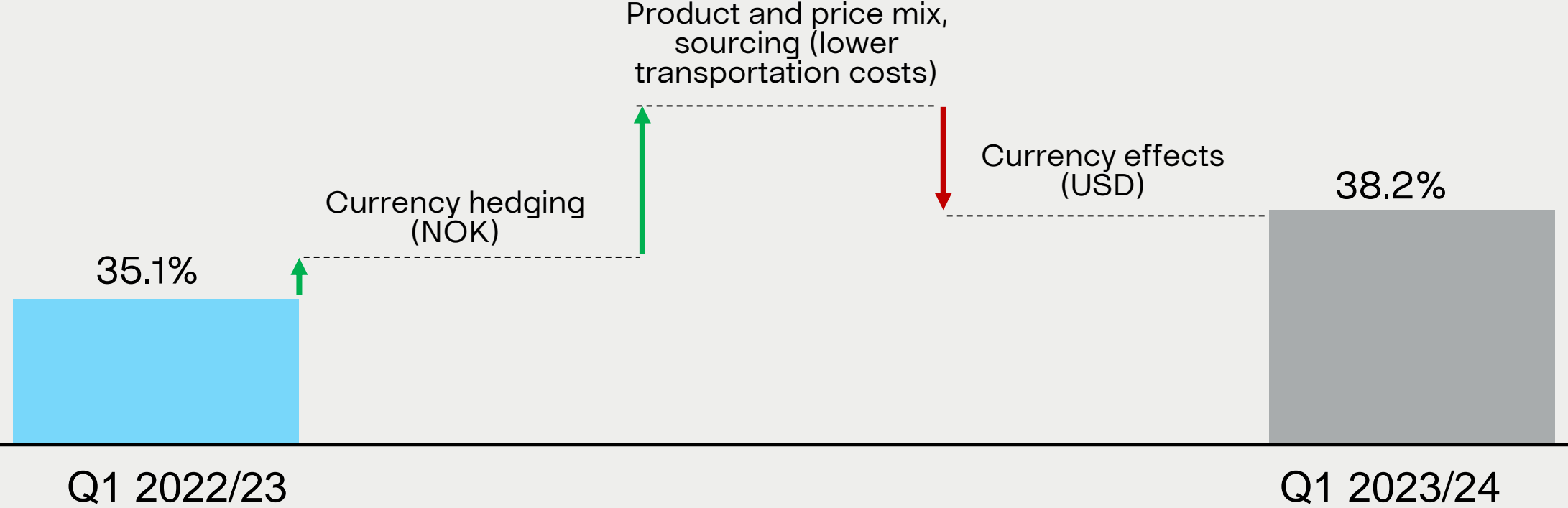
Spot prices for 40t containers from Asia to Gothenburg



\* Monthly average, The Riksbank/Nasdaq



# Improved gross margin – favourable price and product mix compensated for weak SEK



# Cost efficiency by simplifying ways of working runs according to plan

1

**2022/23**

- ✓ Reduced office functions by approx. 85 FTEs
- ✓ Re-assessment of IT-systems
- ✓ Reducing office space

*One-off costs Q3 2022/23: 119 MSEK*

2

**2023/24**

- ✓ Reduced office functions by approx. 75 FTEs
- ✓ Re-assessment of IT-systems finalized

*One-off costs 2023/24: approx. 170 MSEK in Q1 and additional approx. 15 MSEK coming quarters. Major part non cash effect*

**Cost savings and reduced depreciation of:**

- 1 approx. **110 MSEK** with full effect from 2023/24
- 2 approx. **100 MSEK** on a full year basis

# Financial overview

MSEK	Q1 23/24	Q1 22/23
<b>Operating profit excl. one-off items</b>	<b>154</b>	<b>19</b>
<i>One-off items</i>	<i>-170*</i>	<i>-35</i>
<b>Operating profit</b>	<b>-16</b>	<b>-16</b>
<b>Profit after financial items</b>	<b>-32</b>	<b>-31</b>
<b>Profit for the period</b>	<b>-26</b>	<b>-24</b>
<b>EPS before dilution, SEK</b>	<b>-0.42</b>	<b>-0.38</b>

## \*Distribution of one-off costs:

Disposals of IT-systems	-152
White collar reductions	-18
<b>Total</b>	<b>170</b>

Share of selling expenses, Q1

**29.7** %

(31.7%)

Administrative expenses, Q1

**46** MSEK

(44 MSEK)

EBIT-margin, Q1

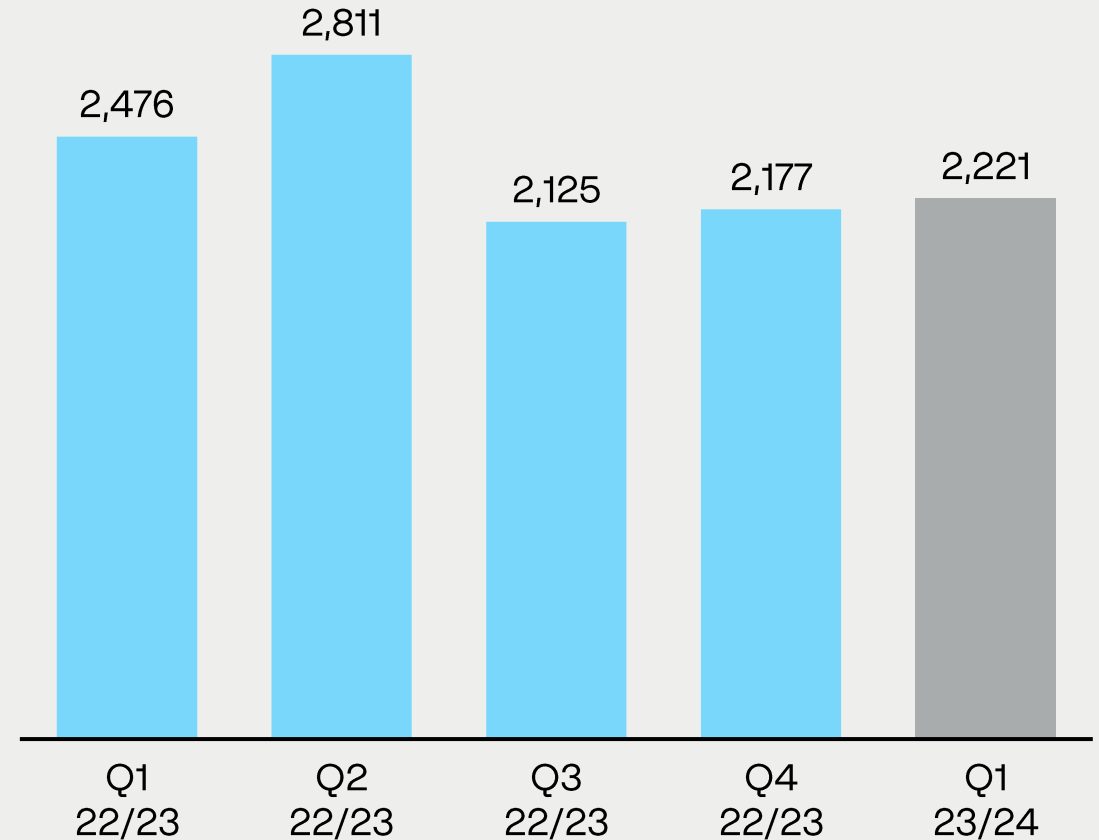
**-0.7** %

(-0,8%)

# Effective inventory management

- **Inventory level:** 2,221 MSEK (2,476) at the end of the period
- **Average inventory level LTM:** 2,346 MSEK (2,133)
- **Inventory turnover rate DC:** 4.8 (5.0)

MSEK





# Cash flow and financial position

MSEK	Q1 23/24	Q1 22/23
Cash flow from operating activities, before change in working capital	250	121
Change in working capital	79	-156
Cash flow from operating activities	328	-35
Cash flow from investing activities	-14	-32
Cash flow from financing activities	-351	-130
Cash flow for the period	-37	-197

Approved credit facilities

**800** MSEK  
Of which utilized 23 MSEK

Net debt/EBITDA excl IFRS 16

**-0.1x**  
(-0.4x)

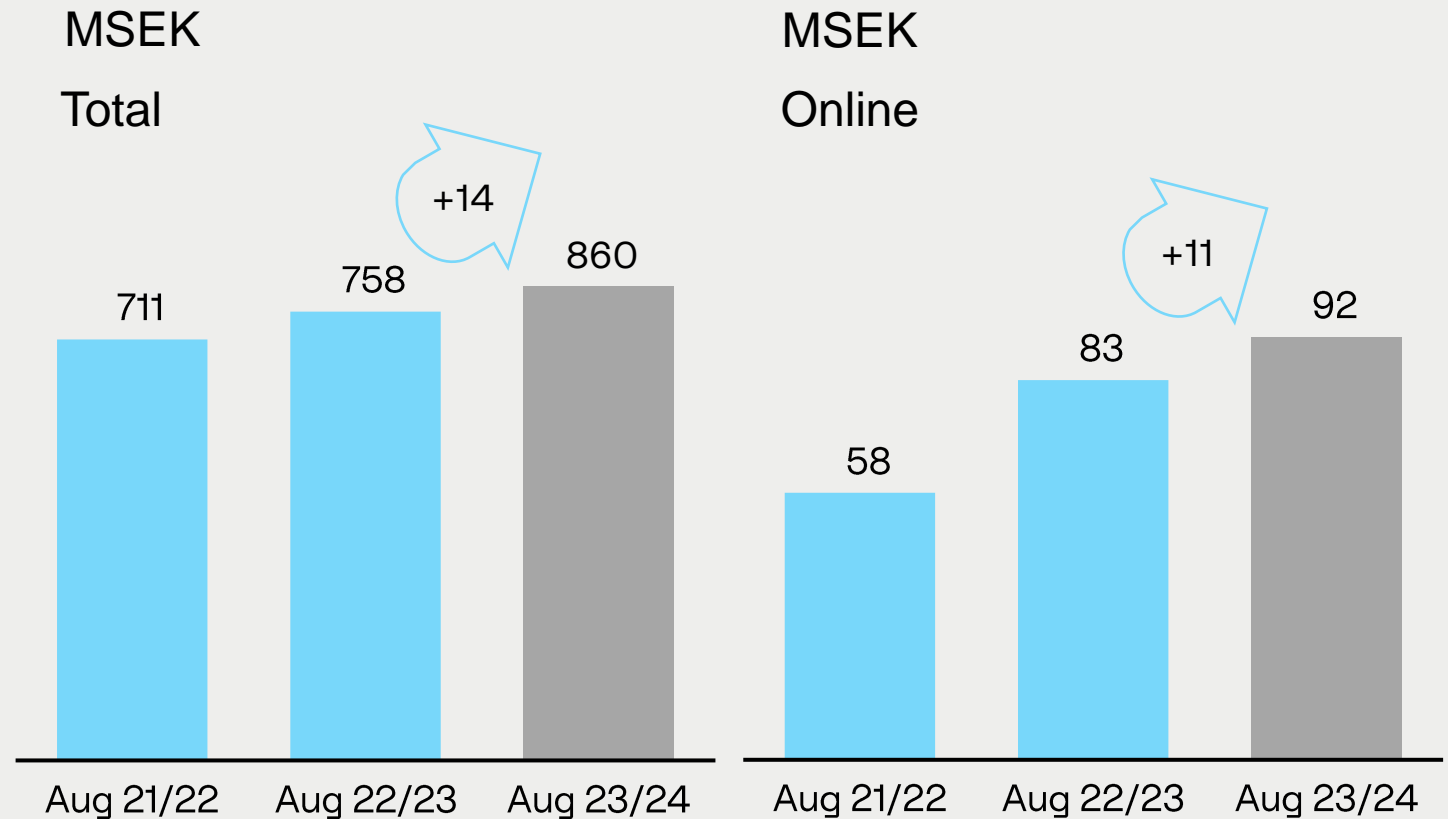




# Events after the reporting period

# August sales development

- Total sales up 14% to 860 MSEK, LFL up 14% and organic sales up 14%
  - Sweden +15% organic
  - Norway +14% organic
  - Finland +8% organic
- Online sales up 11%
- Decrease of 3 stores compared to end of August last year
- All missions driving growth also in August





# Summary

# Executing on our strategic plan

- Challenging market and continued uncertainty around consumer spending
- Relevant assortment, value for money and increased flexibility is key
- Expanding store network and focusing on own online channel
- Executed on cost saving measures - continued cost focus going forward and reducing complexity





**Q&A**

