

Clas Ohlson acquires Spares – accelerates presence in accessories and spare parts for electronic products

Clas Ohlson AB (publ) ("Clas Ohlson") has today entered into an agreement to acquire approximately 91% of the shares in Spares Europe AB ("Spares"), a leading company within spare parts and accessories for electronics as well as batteries. The acquisition strengthens Clas Ohlson's core business and creates new growth opportunities within a growing market segment. Clas Ohlson assesses that the acquisition upon closing will be earnings per share accretive. The purchase price corresponds to a valuation of approximately SEK 500 million on a cash and debt free basis (EV) and a potential additional purchase price of up to SEK 225 million.

Clas Ohlson's President and CEO, Kristofer Tonström, comments:

"I am very pleased that we, through the acquisition of Spares, are taking the next step in developing our offering, as we pursue expansion within a prioritised growth segment for Clas Ohlson. The acquisition strengthens our position within accessories for electronics and spare parts that extend the life of the customers' products. With Spares, we are also adding batteries for more than 200,000 electronic devices and strengthen our position as a battery destination. Spares has an impressive history of profitable growth and operates with a sustainable business model in an interesting part of the market, with access to private customers as well as companies and organisations."

An ever-growing demand for circularity and "the right to repair" is expected to be a strong and enduring structural driver within retail going forward. The market for the reuse of electronics is relatively underdeveloped in the Nordics, with considerable potential for growth as consumers and companies increasingly are choosing spare parts, repairs, and reuse rather than buying new units. This enables customers to act more sustainably while lowering their costs.

By acquiring an expert in online sales, Clas Ohlson also strengthens its online capabilities for both private and business customers. The combination of Clas Ohlson's strong brand, market position and purchasing organisation with Spare's product portfolio, pricing model, and speed is expected to generate value-creating synergies between the companies over time.

Spares – entrepreneur-led category expert

The company was founded in 2012 by the brothers Talal and Michel Alshammari. Talal is currently CEO and Michel is Chief Operating Officer. The business grew out of an identified need for an online-based expert in spare parts and accessories for electronics. Since its inception, the company has grown profitably by being well positioned in the growing market for spare parts and reuse of electronics, as well as towards the shift to battery-powered products. With access to more than five million spare parts, batteries for more than 200,000 electronic devices and a focus on affordability and relevance, the company has established a high level of trust among its private and corporate customers. Spares includes sales channels such as Teknikdelar and Batteriexperter. Key sales markets are Sweden, Norway, Denmark and Finland, but the company is also present in Germany and the Netherlands. The company also distributes spare parts and other products to smaller business customers in Europe via Spares and Zand. The business has around 75 employees, with its headquarters and distribution center in Malmö.

Talal Alshammari, CEO and founder of Spares, comments:

"We are thrilled to become a part of Clas Ohlson. In addition to my co-founders Michel and Marwan El Chidiac, I would like to thank Ola Jarvi and the rest of our amazing team, who are helping to reduce global emissions by extending the life of over 1.6 million smartphones and electronics products every year, and to Daniel Ahlstrand at Verdane for a productive collaboration as we have grown to around 75 employees and approximately SEK 820 million in revenue. To become part of Clas Ohlson will open new opportunities to grow the business, take advantage of Clas Ohlson's size, but also to contribute with our expertise, which has enabled us to build a leading category expert in spare parts, accessories, and batteries. We are in the midst of an exciting transition, where more and more people are asking for opportunities to repair, reuse and

extend the lifespan of products. Together, Spares and Clas Ohlson will be able to drive this shift and deliver a competitive offer that makes everyday life easier and keeps costs down for our customers."

Spares has a solid history of profitable growth and attractive cash flow generation. During the unaudited twelve-month period ending 30 June 2023, Spares generated sales of approximately SEK 820 million, with an adjusted EBITA of approximately SEK 49 million, corresponding to an adjusted EBITA margin of 6% (for the group pro forma). Private label sales, mainly through SiGN and Nextbatt, amount to around 20% of sales and are growing.

The transaction

The initial purchase price for 91% of the shares in Spares corresponds to approximately SEK 430 million. Furthermore, there is an additional purchase price of up to SEK 225 million subject to the fulfilment of certain growth and profitability targets during a period that ends at the earliest on May 31, 2024, and at the latest on July 31, 2024. At full additional purchase price, the multiple can amount to a maximum of 10.5x Spares' EBITA. The initial purchase price shall be paid upon closing, which is expected to take place in November 2023. The deal is financed through bank facilities and cash.

Spares will continue to run operations as a separate company under a decentralised structure and will be consolidated into the Clas Ohlson Group.

The seller is Verdane, which has been the main owner of the company since 2018, as well as certain minor shareholders including Spares management. In conjunction with the transaction, the company's CEO Talal Alshammari and several key employees are reinvesting a significant part of their shareholdings.

The transaction is subject to customary regulatory approvals and closing conditions.

Carnegie Investment Bank (publ) (M&A), Advokatfirman Lindahl (legal), ARC (commercial/digital), and PwC (financial/tax) have advised Clas Ohlson.

Presentation to be webcast today at 8.30 a.m.

President and CEO Kristofer Tonström and CFO Pernilla Walfridsson will comment on the acquisition in a webcast presentation, today at 8.30 a.m. 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/webcast>.

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.

<https://conference.financialhearings.com/teleconference/?id=5007942>

An on-demand version of the webcast will be available at

<https://about.clasohlson.com/en/investors/reports-and-presentations/> after closing of the presentation.

For more information, please contact:

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This is information that Clas Ohlson AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. This information was submitted for publication, through the agency of the contact person set out above, at 07.00 a.m. CET on 2 October 2023.

About Clas Ohlson

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 to read more about us and how we make home fixing available, sustainable and enjoyable for everyone.