

Year-end report for Q4 and FY 2021

Profitable growth and very strong cash flow

Quarter October-December 2021

- Net sales increased 5.9% to MSEK 641.4 (605.6)
- The gross margin was 42.6% (40.3).
- EBITA improved to MSEK 108.8 (77.4)
- EBITA excl. items affecting comparability improved by MSEK 25.3 to MSEK 98.8 (73.5)
- Net profit amounted to MSEK 75.6 (40.8)
- Earnings per share amounted to SEK 4.68 (3.04)

Full-year 2021

- Net sales rose 5.1% to MSEK 1,866.1 (1,774.9)
- The gross margin was 38.4% (37.7)
- EBITA improved to MSEK 124.1 (84.3)
- EBITA excl. items affecting comparability improved by MSEK 45.1 to MSEK 108.5 (63.4)
- The EBITA margin was 6.7% (4.7)
- The adjusted EBITA margin was 5.8% (3.6)
- Net profit amounted to MSEK 50.5 (4.3)
- Earnings per share amounted to SEK 3.31 (0.32)
- The Board proposes a dividend of SEK 3.00 (1.46) per share, to be paid in two equal portions, with the first payment in May and the second six months thereafter

Significant events in the fourth quarter

- Stronger integration of stores and online through testing of a new IT platform for stores. Broad roll-out during the first quarter of 2022.
- A new store opened at a prime location in Gothenburg and a pop-up store opened in Tyresö Centrum.
- Pandemic restrictions were reintroduced in December, which had a somewhat negative impact on Christmas sales in stores.

Comments from the CEO

Bokusgruppen ended 2021 with an excellent fourth quarter and made significant progress towards the financial targets during the year. The improvement in earnings was driven by growth in sales and margin.

It is incredibly gratifying to once again deliver positive results. During the fourth quarter of 2021, sales increased to MSEK 641.4, up 5.9% from the year-earlier period. EBITA improved by 40.5% to MSEK 108.8 (77.4) and the gross margin increased to 42.6%.

During the quarter, we saw an overall increase in sales compared with the year-earlier period, though with shifts between segments. Operations in 2020 were more strongly affected by pandemic restrictions during the fourth quarter, resulting in higher demand in online channels. In the fourth quarter of 2021, we instead saw increased activity in stores and a decrease in online channels. In-store sales increased 16.2% and sales in online channels decreased 8.7%.

Bokusgruppen is Sweden's market-leading book retailer which, with the strong and complementary brands Bokus, Bokus Play and Akademibokhandeln, reaches a very large share of Sweden's population. In addition to books in all channels and formats, a large and inspirational range of other products is also offered. Based on its vision - "Everyone should experience the joy of reading, every day" - Bokusgruppen aims to satisfy the customers' varying requirements and be the preferred choice for as many as possible.

For full-year 2021, net sales increased 5.1% to MSEK 1,866.1 (1,774.9). The gross margin was 38.4%, up 0.7 of a percentage point from 2020. EBITA for 2021 was MSEK 124.1 (84.3).

The increase in sales and the strong result meant that operating cash flow after investment activities for the full year amounted to MSEK 217.2 (188.5). Adjusted for payments of lease liabilities (store rent), the adjusted operating cash flow amounted to MSEK 109.3 (70.6).

Significant progress towards our targets

We are continuing to make significant progress towards our three long-term financial targets. Sales for Akademibokhandeln Stores grew 3.4% in 2021. Sales in online channels grew 7.3% and we are well on our way towards reaching our goal of 10% average annual growth. The adjusted EBITA margin for the full year was 5.8%, close to our EBITA margin target of 6%.

Our customers remained loyal and customer satisfaction trended positively over the year, with a NPS score of 63 for Akademibokhandeln, which is in line with our target, and 59 for Bokus, which exceeded our target. Our high level of customer satisfaction is evidence that we always put the customer first.

During the year, we established our new sustainability targets that we will monitor and report outcomes for in the coming years.

Sustainability in the entire organisation

Our two overall sustainability targets are to lower our CO₂e emissions by 25% and achieve 90% of all our sub-targets within five years. In 2021, we developed and adopted sub-targets, with associated action plans, within seven different areas and we will dedicate significant efforts to achieving them in the coming years. Based on a foundation of profitability, we aim to contribute to a sustainable and democratic society, enabling future generations to also have the opportunity to experience the joy of reading. The joy of reading is an important part of our sustainability agenda and something we have worked with for many years through various reading-promoting initiatives. You can read more about this on pages 11–12 as well as in our Annual and Sustainability Report that will be published in March.

The pandemic continued

Most of the quarter was unaffected by the pandemic and its restrictions. We saw a strong return to stores, which shows the power of the physical store. Our 100 stores around Sweden provide personal customer service that is hard to beat. They are an important space for exposure, even for customers who choose to shop online.

The pandemic affected our results for full-year 2021, especially during the first half of the year when sales in stores were negatively impacted by restrictions. Pandemic restrictions were reintroduced shortly before Christmas but only had a limited impact on Christmas shopping, which is our most important sales period. The consequences of the pandemic, such as uncertain access to goods, disruptions in supply chains and price increases, had less of an impact on our operations than anticipated but the uncertainty is expected to continue in 2022.

An eventful year

For us, 2021 was about more than just the pandemic. Bokusgruppen was listed on Nasdaq First North Premier Growth Market on 4 June, giving us favourable conditions to achieve further growth going forward.

During the last quarter, a new IT platform was rolled out for stores, including mobile and flexible checkout points. This will make it easier for our store employees to provide a high level of proactive customer service. Integrating physical stores with online retail provides an even better shopping experience. We also tested new store formats during the year – a mobile summer bus, a pop-up store in Tyresö ahead of the Christmas season and a new concept store in Gothenburg.

The shipping options in our online channels were expanded. We also launched our range of other products – Skriva Spela Skapa – online at akademibokhandeln.se and achieved strong sales towards the end of the year.

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Increased investments for long-term growth

After several years of strong performance, we can now make more forward-looking investments in creating growth in our online channels. We increased our investment level in 2021 and will increase our investments even further in 2022 to accelerate our digital transformation and the ongoing development of our customer offering.

During this phase, we will place extra emphasis on Bokus Online, which includes Bokus online retail and the Bokus Play digital subscription service. We are investing in further refining our consumer logistics together with a new partner and are increasing our marketing to further strengthen our brands.

Our robust cash flow and low loan-to-value ratio will allow us to finance these initiatives and at the same time propose a dividend of SEK 3 per share for 2021. These accelerated investments might affect earnings negatively in the short term, but in the long term they will enable the online growth we established in our targets by allowing us to meet and exceed our customers' new and rising expectations.

Outlook

All pandemic restrictions were lifted after the end of the quarter, which is incredibly positive. The annual national book sale period is approaching, which is an important sales period where we spread the joy of reading to the entire population of Sweden. I'm pleased that we can now carry out the book sale as usual, without restrictions.

We are confident in our offering and our talented employees. No matter what 2022 has to offer, we know that our products meet an important need. Our loyal customers continue to shop with us, even when world events create challenges.

Maria Edsman, CEO

Further information

Appendix: Bokusgruppen AB (publ) Year-end report for Q4 and FY 2021

The report is available at <https://www.bokusgruppen.com/en/investors/reports/>

Maria Edsman, CEO, and Jane Jangefeldt, CFO, will present the report 17 February at 10:00 CET. The presentation is in Swedish only. To participate, call +46 8-5664 2706, or join the webcast via the link: <https://financialhearings.com/event/43212>

For more information, please contact Maria Edsman, CEO Bokusgruppen, on +46 76 888 26 10 or Alexandra Fröding, Press Contact, on +46 70 775 27 83.

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