

Bokusgruppen AB (publ) Interim Report January-March 2022

Earnings continue to improve, driven by a strong margin trend

Quarter January-March 2022

- Net sales decreased 4.6% to MSEK 440.8 (461.9)
- The gross margin was 36.4% (32.5)
- EBITA improved to MSEK -0.4 (-2.4)
- EBITA excl. items affecting comparability improved by MSEK 3.0 to MSEK -2.2 (-5.2)
- EBITA LTM was MSEK 126.0 (81.1)
- The Group's net profit/loss improved by MSEK 4.6 to MSEK -10.6 (-15.2)
- Earnings per share amounted to SEK -0.65 (-1.13)

Significant events in the first quarter

- The roll-out of a new IT platform, which will improve the integration of stores and online shopping, continued during the quarter. All centrally owned stores and the majority of franchise stores were migrated to the new platform.
- Pandemic restrictions were lifted as of 9 February.
- A contract was signed with Almroths, our new logistics partner for e-commerce logistics. The transition will be made during the second quarter.
- Launch of the new brand initiative "För livets alla bokstunder" for Bokus and Bokus Play.

Comments from the CEO

Bokusgruppen began 2022 with an improvement in earnings. During the quarter, we saw a return from online shopping to stores, where sales are gradually increasing. Net sales declined compared with the same quarter in 2021, but were in line with the figures for 2020 before the pandemic broke out. This shows once again that Bokusgruppen has a strong capability to respond to changes in customer behaviours and to offer products to customers in every channel and format.

The Group's net loss improved by MSEK 4.6 to MSEK -10.6 (-15.2) during the first quarter of 2022. The improvement in earnings was driven by stronger gross margins in all three segments compared with the same quarter in the preceding year. In SEK, the gross margin increased by a total of 6.8%. A successful annual national book sale contributed to higher profitability. The fact that there is still a net loss is due to our normal seasonal variations, with lower profitability during the first quarters and improving towards the end of the year.

Total net sales declined by 4.6% year on year, but are still on par with the first quarter of 2020. The decline in sales is due to the fact that our online channels did not match the increases seen last year, which were attributable to the pandemic. The beginning of 2021 saw a major impact by pandemic restrictions and the need to hold a large part of the important annual national book sale online. This resulted in an impressive growth rate of 37% for the online channel and major decreases in stores sales, and we are now seeing a reversal of this trend. Customers are making their way back to stores, where we are seeing a gradual increase in sales. Net sales in online channels decreased by 16.3% year on year, but are still 14.9% higher than in 2020. Net sales in

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stores increased by 9.2% during the first quarter of 2022. This reflects a positive trend, but in this quarter it was not sufficient to fully offset the lower sales in online channels.

Several sources indicate that Swedish e-commerce generally decreased during the first quarter, and Bokusgruppen's decline in sales in online channels should be viewed in light of this. For example, the Swedish Trade Federation's e-commerce indicator shows a decline of over 10%. This was probably driven by changes in consumption patterns as a result of the lifting of pandemic restrictions.

Cash flow followed the company's normal seasonal pattern, but was also affected by major accrual deviations related to changes in working capital between quarters.

Changes in consumption patterns after the pandemic

Pandemic restrictions were lifted on 9 February and traffic to stores increased. This meant that we were able to hold the important annual national book sale without pandemic-related restrictions. The book sale performed well in all channels, but especially in stores. This confirms once again the strength of the bookstore as a physical meeting place.

The lifting of pandemic restrictions has also meant a return to cultural and sports events, other large gatherings and restaurants. Consumers are spending money on other forms of entertainment while simultaneously becoming more cautious due to the uncertain world situation, and these may be contributing factors to stores being unable to fully offset the decrease in online channels.

Uncertain times

In addition to a terrible fate for Ukraine and its inhabitants, the invasion of Ukraine is creating immense uncertainty around the world. This has accelerated and exacerbated some of the consequences of the pandemic that we have seen when it comes to global supply chains and the impact on the economy as a whole. Meanwhile a degree of uncertainty associated with the pandemic remains in terms of both the risk of additional pandemic waves and disruptions to supply chains. Energy and raw material prices are increasing, inflation is high and it is believed that interest rates will rise faster than expected. Higher prices for energy and raw materials are affecting us in multiple ways, through higher purchase prices, transport costs and electricity costs for stores. It is necessary for us to selectively correct the prices we charge customers in order to compensate for this.

Performance in stores strengthens omnichannel offering

During the quarter, we saw a higher number of visits to stores, which shows that bookstores remain relevant and attractive. Work to implement the new IT platform in our stores was in full swing during the period. All centrally owned stores and franchise stores are now using the new platform. The purpose is to create a customer offering that combines the physical and the digital in order to improve customer satisfaction as well as the customer experience and customer interactions in stores. This is an extremely important milestone for Akademibokhandeln's continued development.

An eventful quarter with major initiatives in e-commerce and Bokus

We are in the middle of an initiative in e-commerce focusing on Bokus and our online channels. Our digital transformation is moving full speed ahead with the development of our technology platform, which will help make our already successful online channels even better. During the quarter, we also rolled out the major brand initiative "För livets alla bokstunder", which is a joint Bokus and Bokus Play package. At the beginning of the quarter, we entered into an agreement with Almroths, which will take over our e-commerce logistics beginning in July 2022. This new partnership means that we are equipping ourselves for the future: further improving our e-commerce deliveries will

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enable us to meet customers' ever-increasing expectations. These initiatives are being carried out after several years of strong performance and will be financed by robust cash flows. The initiatives might have an adverse impact on earnings and cash flow in the short term, but in the long term they will build growth in line with our objectives.

Outlook

With our strong offering of books in every format and channel and our inspiring "Skriva Spela Skapa" range, we once again succeeded in reaching customers where they want to shop during the quarter. We are showing stable growth over time and continued healthy earnings, although the quarter saw lower sales in online channels year on year. I am confident that all of the development initiatives we are pursuing will create additional value for Bokusgruppen, our customers and our shareholders. Now we are looking ahead to future quarters with no restrictions, and a return to weddings, graduation parties and other summer celebrations where Bokusgruppen's products are highly appreciated as gifts.

Maria Edsman, CEO

Further information

Appendix: Bokusgruppen AB (publ) Interim Report January-March 2022

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

Webcast:

Maria Edsman, CEO, and Jane Jangefeldt, CFO, will present the interim report in a webcast. The presentation is in Swedish only.

Date and time: 28 April at 10:00 a.m. CEST.

Use the following link to connect to the webcast: <https://tv.streamfabriken.com/bokusgruppen-q1-2022>

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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