

Clas Ohlson year-end report 2017/18

Fourth quarter – 1 February to 30 April 2018

- Sales increased by 7% to 1,683 MSEK (1,575), up 6% in local currencies
- Operating profit amounted to -106 MSEK (17), impacted by non-recurring cost and allocation of cost related to strategy implementation of 45 MSEK in total
- Earnings after tax amounted to -86 MSEK (20)
- Earnings per share was -1.36 SEK (0.31)
- The store portfolio was expanded by 5 stores (net)

Financial year – 1 May 2017 to 30 April 2018

- Sales increased by 3% to 8,211 MSEK (7,990), up 3% in local currencies
- Operating profit amounted to 468 MSEK (610), impacted by non-recurring cost and allocation of cost related to strategy implementation of 70 MSEK in total
- Profit after tax amounted to 358 MSEK (479)
- Earnings per share amounted to 5.66 SEK (7.59)
- Cash flow from operating activities amounted to 373 MSEK (699)
- The proposed dividend is 6.25 SEK per share (6.25)

Events after the end of the reporting period

- Sales in May increased by 7% to 604 MSEK (566), up 4% in local currencies
- A new strategy and financial targets was presented 3 May

The 2017/18 financial year comprises the period from 1 May 2017 to 30 April 2018

CEO's comment

New strategy for growth in a new time

During the fourth quarter we began implementing our new strategy, which will be necessary for Clas Ohlson's long-term future growth. During the period, we invested in developing our customer base for growth and was negatively impacted by currency. Fourth-quarter sales totalled 1,683 MSEK, an increase of 7 per cent year-on-year.

Retail is undergoing changes, and the willingness and ability to test new solutions to meet customers' needs – and new ways of shopping – are of importance. In addition, the conditions in today's market require new approaches going forward for ensuring profitability. Clas Ohlson's new strategy aims at precisely this, and takes its starting point from our strong brand and our broad customer base built up over the years.

In the fourth quarter, we began the change to this strategy, in which we make use of our financial strength and our underlying earnings to invest in the future. Sales increased by 7 per cent in the quarter, equivalent to a sales increase in local currency of 6 per cent. Sales in comparable units and local currency increased by 3 per cent. Online sales increased 48 per cent, though from low levels.

The SEK weakened during the quarter, negatively impacting earnings for the fourth quarter, which in terms of sales is Clas Ohlson's smallest. During the period, we also carried out extensive commercial initiatives – above all to strengthen the price position in relation to the consumer, but also investments in marketing. This

negatively impacted earnings during the quarter compared with the preceding year, but will strengthen Clas Ohlson's competitiveness over the long term.

We also reported non-recurring costs of 45 MSEK during the quarter, linked with such issues as the development and launch of the new strategy and the implementation of a number of initiatives under it. Costs linked to the now-complete implementation of the IT platform sCORE, as well as costs for completing the store closure programme in the UK also form part of the non-recurring costs.

All these initiatives impacted earnings negatively, and we reported an operating loss totalling 106 MSEK for the fourth quarter.

Today, we are also reporting sales in May that increased by 7 per cent to 604 MSEK. Online sales increased by 24 per cent in May.

A quarter characterised by a high level of activity and high energy

During the quarter, we celebrated Clas Ohlson's 100th anniversary, not least with attractive customer offerings and surprises in both our stores and in our online shopping channel. We also opened an additional 5 stores during the quarter. Another milestone for the company is that on 27 March, we received our first ever customer order via MatHem.se. After a successful pilot process in April and May, a full-scale launch is under way in June that will cover approximately 700 products with delivery from MatHem's distribution centers in Stockholm, Gothenburg and Malmö in Sweden.

Clas Ohlson's new "100 More Years" strategy and new financial targets were presented at a Capital Markets Day in Stockholm on 3 May. The strategy will develop the company for long-term profitable growth. One of the central parts of the strategy is increased initiatives in online operations to achieve rapid growth and to double online sales every other year, in parallel with efforts to increase flexibility in our store network. Other central portions of the strategy are developing a more focused product offering oriented on the home, offering supplementary services, and finally – last but not least – simplifying and enhancing the efficiency of operations to lower costs.

As a link in developing an even more accessible and relevant offering, during the quarter we began initiatives such as improvements to the Clas Fixer service, which was launched during the autumn. We also began the preliminary phase of a initiative to offer same-day or next-day shipping directly to the customer's door in the metropolitan areas in our markets, with a start prior to the 2018 Christmas shopping season. All this to further increase the availability and convenience of our offering.

As a link in developing even more efficient operations, we began using "big data" methods and tools during the quarter in order, for example, to optimise our commercial processes and campaigns.

Focus on long-term value creation – at least 100 more years

The fourth quarter of 2017/18 is the beginning of something new. It is the first quarter of our transition under the new strategy. We intend to keep the same pace of transformation, and we will continue our commercial initiatives to strengthen our customer offering over the next few quarters. In a period of change for the entire retail sector, we are also changing the course for Clas Ohlson. This means investments over the short term, and creates conditions for long-term competitiveness and profitable growth.

Lotta Lyrå, President and CEO of Clas Ohlson AB

Press and analyst conference

The report will be presented on 8 June at 8:30 am CET by teleconference or audio broadcast. The presentation can also be followed on about.clasohlson.com/q4-2018.

For more information, please contact:

Sara Kraft Westrell, Director of Information and Investor Relations, phone +46 247 649 13

This is information that Clas Ohlson AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out above, at 7:00 am CET on 8 June 2018.

***Clas Ohlson** was founded in 1918 as a mail order business based in Insjön, Sweden. This year, we are celebrating 100 years as a business with customers in five markets, more than 4,800 co-workers and annual sales of approximately 8 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 and inspire people to improve their everyday lives by offering smart, simple, practical solutions at attractive prices. Read more about our history on clasohlson100.com/en or visit about.clasohlson.com for current events and information.*