

21/22

We
fix
it!

Annual and
Sustainability Report





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Clas Ohlson AB (publ) is a Swedish company and is subject to Swedish law. All amounts are stated in Swedish kronor (SEK). Amounts in millions of SEK are abbreviated MSEK and thousands of SEK as SEK 000s. Unless otherwise specified, figures in parenthesis pertain to 2020/21. Data regarding markets and competition reflect Clas Ohlson's own assessments if a specific source is not quoted. These assessments are based on the best and most recent factual data from published sources in the public sector and the consumer goods industry.

About the annual report

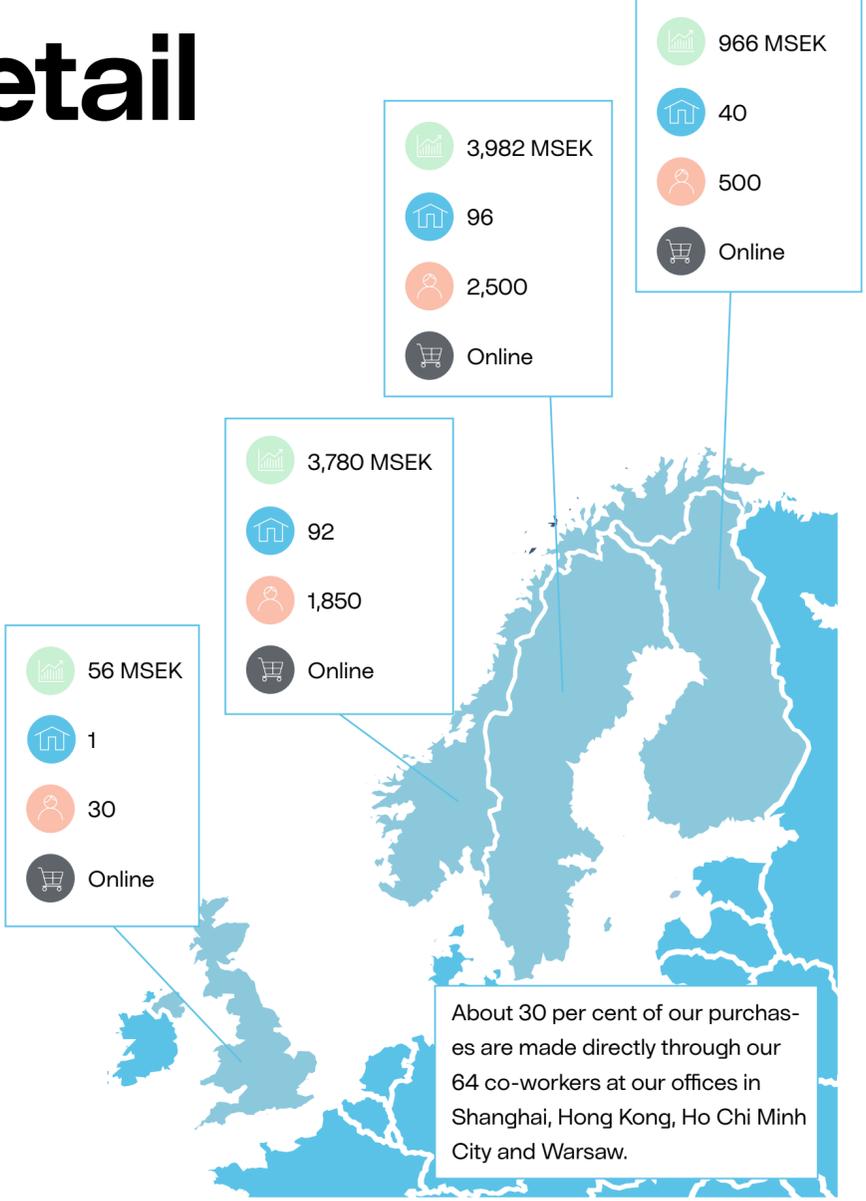
Clas Ohlson presents financial and non-financial information integrated in a single report. The report includes standard and specific disclosures based on the GRI Standards guidelines. The scope of the statutory sustainability report is stated on page 120. The statutory annual report encompasses the Directors' Report and the financial statements on pages 57-106. Produced by Clas Ohlson AB in cooperation with Fotografisk Form & Kommunikation. Photo: Clas Ohlson, Gustav Kaiser.

THIS IS CLAS OHLSON

Unique position in Nordic retail

Clas Ohlson was founded in 1918 as a mail order company based in Insjön, Dalarna, Sweden. Today, we are a retail company with customers in four markets, approximately 5,000 co-workers, and sales of approximately 8.8 billion SEK. Our share is listed on Nasdaq Stockholm.

A lot has happened since the start, 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 how we simplify DIY for everyone in a sustainable way at about.clasohlson.com.



About 30 per cent of our purchases are made directly through our 64 co-workers at our offices in Shanghai, Hong Kong, Ho Chi Minh City and Warsaw.

Our mission
To help and inspire people to improve their everyday lives by offering smart, simple and practical solutions at attractive prices.



Our strategy
Our strategic foundation is a compass for who we are and what we do. There is a blue heart in the centre containing our purpose and culture. Based on this, we decide on our direction, our strategic priorities and the best way forward to achieve our targets.

Relevant and affordable products

We offer products that make DIY easy, with high demands placed on function, price, quality, product safety and sustainability. With around 13,500 products and a large range of spare parts, we have everything you need to maintain your home and garden or fix up your home office.



Sustainable DIY
Our customers and co-workers should be confident that the products and services that we offer are safe to use, were produced under decent working conditions and have as low environmental and climate impact as possible. We strive for sustainable DIY.



The customer's best interests in focus

Customer needs govern the offering in our approximately 230 stores. Our most popular store – our online store – features our entire offering of products and spare parts and is open 24 hours a day, with delivery available to stores, the home or parcel cabinets. Our customer Care centre responds quickly to most questions via phone, chat or e-mail.



The Clas Ohlson spirit

Our co-workers are all unique, but they have one thing in common: the Clas Ohlson spirit. All of our co-workers and customers are to feel welcome and appreciated. Each co-worker brings their unique background and experience to make everyday life a little easier and smarter, always with a focus on the customer.

Five reasons to invest in Clas Ohlson

With a competitive offering, strong brand, an ambitious sustainability agenda and a track-record of delivering results and favourable cash flow, Clas Ohlson operates in a large market with many growth opportunities for the future.

Attractive market with many growth opportunities

The Nordic DIY market is estimated to be worth about 90 billion SEK and, thanks to its size, offers many growth opportunities. Customer demand is driven by factors including an increased focus on the home, rising interest in sustainable products and services and a convenient and flexible shopping experience. Clas Ohlson has a clear growth strategy for 2024/25 that involves growing faster than the market with concrete priorities in four areas: owning key customer missions, providing availability and convenience in physical stores and online, a clear focus on the company's core customers and accelerating growth in Finland. The target is to grow by 5 per cent each year.

A well-positioned brand and competitive offering

Clas Ohlson holds a unique position with a strong and well-established brand among consumers in the Nordics. In the course of one

year, Clas Ohlson has about 200 million customer visits and brand awareness in its sales markets is about 90 per cent. Our combination of about 230 stores and online shopping means that we are always close to our customers with personal service and quick deliveries. Armed with the strength of a competitive, affordable and sustainable customer offering, a comprehensive store and distribution network for customers and a considerable and loyal customer base, Clas Ohlson has every opportunity to be the first choice destination for DIY in all home markets while continuing to play an important role in every home.

A strong ability to deliver results

Owing to a distinct and target-oriented strategy, Clas Ohlson has continually delivered good profitability. The company's expertise, experience and strong corporate culture is the foundation for how we develop the operations and we are continually simplifying and im-



proving the efficiency of all parts of the organisation. To achieve our profitability target, we will continue to pursue a long-term approach and work responsibly with a continual focus on costs.

Dividend policy providing the conditions for attractive dividend yield

Clas Ohlson has a solid balance sheet and a business model that generates stable cash flows. During the past five years, an average of 93 per cent of profit for the year has been distributed leading to an average dividend yield of 6.86 per cent. In accordance with Clas Ohlson's dividend policy, the dividend to shareholders is to comprise at least 50 per cent of earnings per share after tax, taking into account the company's financial position. The loan-to-value ratio is low and net debt in relation to EBITDA excluding the effect of IFRS 16 (12 months) amounted to -0.5 times at the end of 2021/22.

An ambitious sustainability agenda to operate for 100 more years

Contributing to the transition to a more sustainable world is something that Clas Ohlson takes very seriously. The company has long worked to be a positive force on society and the environment through an ambitious agenda and well-distinct objectives for science-based sustainability activities. The overall target is to become a climate neutral and circular company along the entire value chain by 2045, which will impact how operations are run in the long term to enable a sustainable life in every home. Clas Ohlson is also to be an attractive and sustainable employer and a positive force in the communities in which the company operates, in close collaboration with other established companies. Our sustainability agenda is an integrated part of our business and is crucial for Clas Ohlson's long-term success.

THE YEAR IN BRIEF

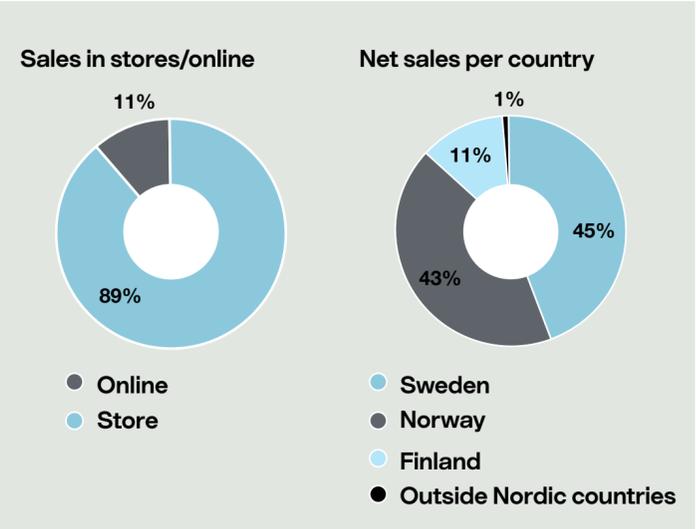
The year in brief

The 2021/22 financial year was another strong year for Clas Ohlson with favourable profitability. The financial year was largely dominated by continued efforts with a number of major forward-looking efforts. The most significant efforts this year include the updated strategy and a new visual identity. In parallel, we have worked on growing our Club Clas loyalty programme, making last-mile deliveries all the way home to the customer even easier by opening up more e-com warehouses in our stores and an even more sustainable offering that sets even more stringent requirements on our products.

8.8 billion SEK
In sales in the 2021/22 financial year

More than four million
Club Clas members in Sweden, Norway and Finland.

About 200 million
Annual customer visits in store and online



Best customer service for the third year in a row
Brilliant Awards honours companies in Sweden that have the best customer service in their respective industry. Happy customers are our priority, and Clas Ohlson's customer service has once again shown that our commitment generates results.

The award is based on customer surveys and we are delighted and proud that the tremendous work that our co-workers do was rewarded for the third year in a row.



Updated strategy
We evaluate and develop our strategy each year to manage a rapidly developing business environment. Our purpose and culture remain the core of our strategy. The adjustments we have made this year mainly concern how we are achieving our targets, read more on pages 11-12.

Updated hardware sections make DIY easy
The hardware sections of Clas Ohlson's stores were updated and remodelled in the spring. We have focused heavily on making it easier to find items in the departments and developed various practical guides that help customers find the right product. Another important part of the update was to inspire people to give new life to the items they already own.

New visual identity

Clas Ohlson has changed time and time again over the past 100 years, and so has our appearance. A new visual identity has been developed using key words such as simplicity and clarity, with an updated colour pallet, a new font and a distinct logo. The inspiration for the new logo is derived from Clas Ohlson's head office in Insjön, Sweden, where the logo has been on the façade since 1972.



More stores with e-com warehouses

To make deliveries even more flexible and faster, we have remodelled selected stores to also include dedicated e-com warehouses. These function as important logistics hubs for our online business. Our logistics partners can collect orders from the warehouses and deliver them to customers in a quick and efficient manner.



More than four million Club Clas members

Clas Ohlson has many loyal and committed customers in all markets and Club Clas is one of the largest customer clubs in the Nordics. Only one year following its launch in Norway, Club Clas now has over a million Norwegian members, and reached 400,000 members in Finland this year. Our members are important for us for many reasons – they are our ultimate ambassadors and they purchase more and more frequently than other customers.



Key ratios		
	2021/22	2020/21
Sales, MSEK	8,784	8,284
Operating profit, MSEK	719	608
Operating profit, excl. IFRS 16, MSEK	642	538
Profit after tax, MSEK	523	421
Gross margin, %	41.0	40.5
Operating margin, %	8.2	7.3
Operating margin, excl. IFRS 16, %	7.3	6.5
Cash flow from operating activities, MSEK	986	1,288
Equity/assets ratio, %	37.3	35.8
Equity/assets ratio, excl. IFRS 16, %	54.8	55.2
Net debt/EBITDA, multiple	0.9	1.1
Net debt/EBITDA, excl. IFRS 16, multiple	-0.5	-0.7
Earnings per share before dilution, SEK	8.25	6.65

Read more about our financial targets and outcomes on pages 14.

THE YEAR IN BRIEF

Assessment of the sustainability of our products

We have updated our assessment model for product sustainability. We now consider 11 different sustainability aspects when we analyse our products. These include choice of materials, manufacturing, transportation and, in particular, the service life of the products. In January 2022, we started to assess existing proprietary products. New and potential products are assessed on an ongoing basis.



Another record-breaking year for the Battery Hunt in Norway

In spring, the Battery Hunt was organised in Norway together with Eco-Agents, VARA and Batteriretur. The Battery Hunt broke a new participant record this year with 850 classes and over 17,700 pupils, who together collected 120 tonnes of batteries in the span of four weeks.



We were named industry winner in the 2022 Sustainable Brand Index in both Sweden and Norway. This means that Swedish and Norwegian consumers rank Clas Ohlson as the most sustainable brand in the "hobby and leisure" category. For Clas Ohlson in Sweden, this comes as a win for the third year in a row. In Norway, we climbed from second place last year to first place, and in Finland, we jumped 25 places. The Sustainable Brand Index is Europe's largest brand study with a focus on sustainability.



Sustainability ambassadors enhance commitment

Our sustainability ambassadors consist of some of our fantastic co-workers who have completed our internal sustainability programme. We are now contributing to our sustainability agenda and engaging the workplace in sustainability issues. At the end of the year, we had a total of 97 ambassadors who represent stores and offices in all countries, DC, our global purchase offices and co-workers in Clas Fix it.



Focus on spare parts

Extending the life of our products is an important part of our sustainability agenda and an increasing amount of products are designed so that they can be easily disassembled and repaired. During the year, we invested in our reserve part offering by creating a new search function and greater visibility in our online store, and by offering more spare parts in physical stores as part of a pilot project.



Green financing

During the year, we entered into an agreement with DNB for green financing with a sustainability-related loan.

Clas Ohlson received a score of B in CDP's global evaluation of the company's climate efforts. Clas Ohlson has been reporting to CDP since 2010.



Key ratios	2021/22	2020/21
Share of net sales of proprietary products that have been assessed according to the new product evaluation model	22%	n/a
Share of suppliers meeting the requirements of the Code of Conduct	99.8%	98.8%
International diversity	10%	9%
Distribution of women and men, all levels	47/53	47/53

Read more about our sustainability targets and outcomes on page 15.

CEO'S STATEMENT

Major opportunities in a changing market

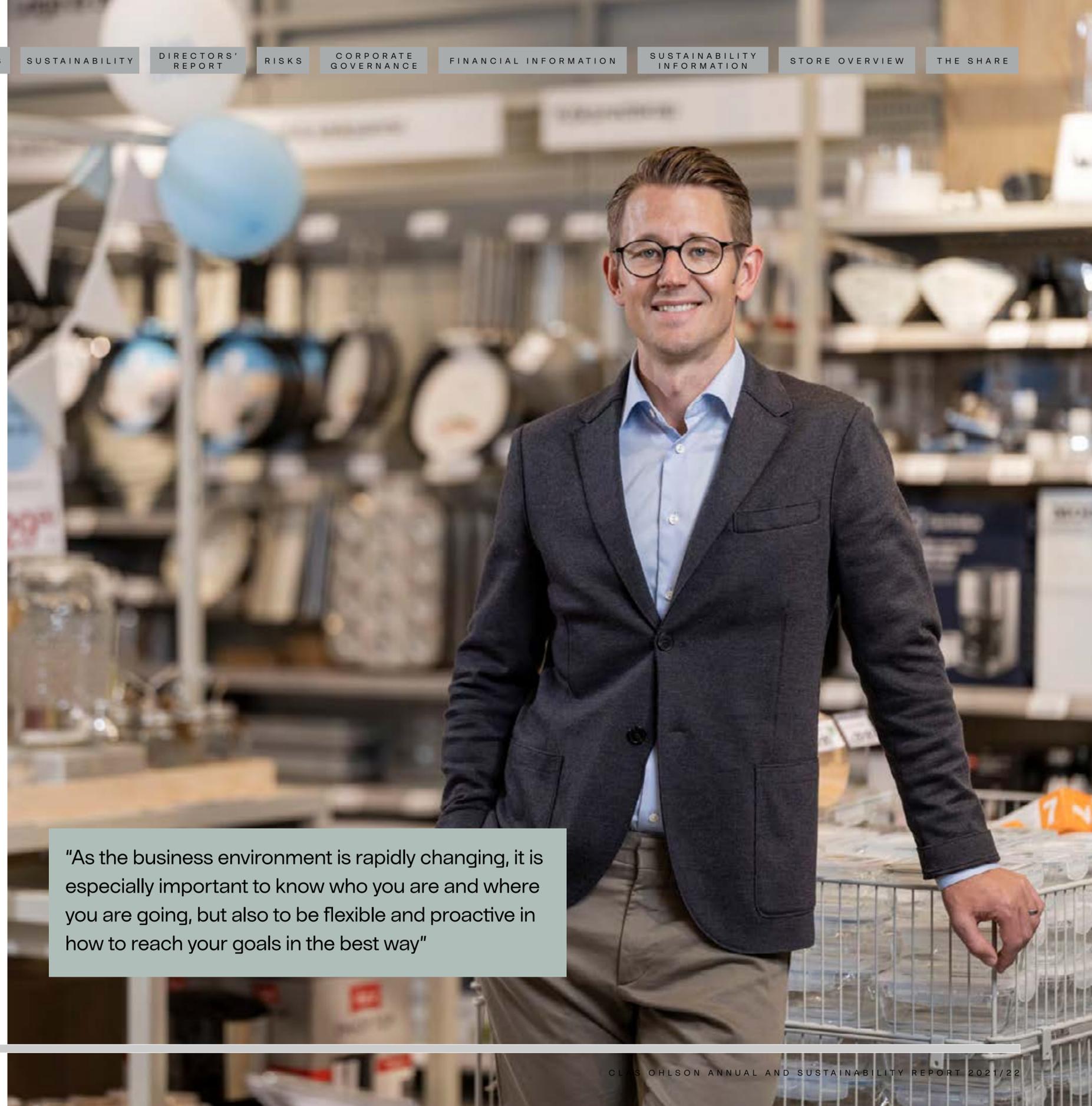
It is with great pride over my colleague's performances that I look back on the 2021/22 financial year. Not only because we increased sales to almost 8.8 billion SEK and delivered an operating margin of 8.2 per cent and 7.3 per cent excluding IFRS 16, which is within the framework of our profitability target. In the longer term, it is even more satisfying that we have demonstrated that our business model is robust and that we have co-workers who are able to find new solutions quickly when we see changes in the market. We have had exceptional conditions to deal with for several years and the market situation remains uncertain with war in Europe, macroeconomic uncertainty and continuing major effects of the COVID-19 pandemic on our supply chain. Despite this, we have continued to generate earnings and are therefore building further on our strong financial position and a net debt/EBITDA that amounted to -0.5 times at the end of the year. This provides us with a healthy starting position regardless of the market climate.

We also note a positive trend among our co-workers who have a rising level of job satis-

faction at Clas Ohlson. The same can be said of our customers, who are giving us more positive reviews than one year ago. We measure customer satisfaction with a Net Promoter Score (NPS) and co-worker satisfaction with an Employee Net Promoter Score (eNPS), both of which increased during the year. In terms of customer satisfaction, we have a NPS of 56 at the time of writing, which is considerable higher than the industry average and in line with our internal target (60). I mention this because it is the core of what we are trying to accomplish – happy co-workers and happy customers. If we are successful with this, we are convinced that we can also create sustainable and profitable growth, as well as shareholder value, over time.

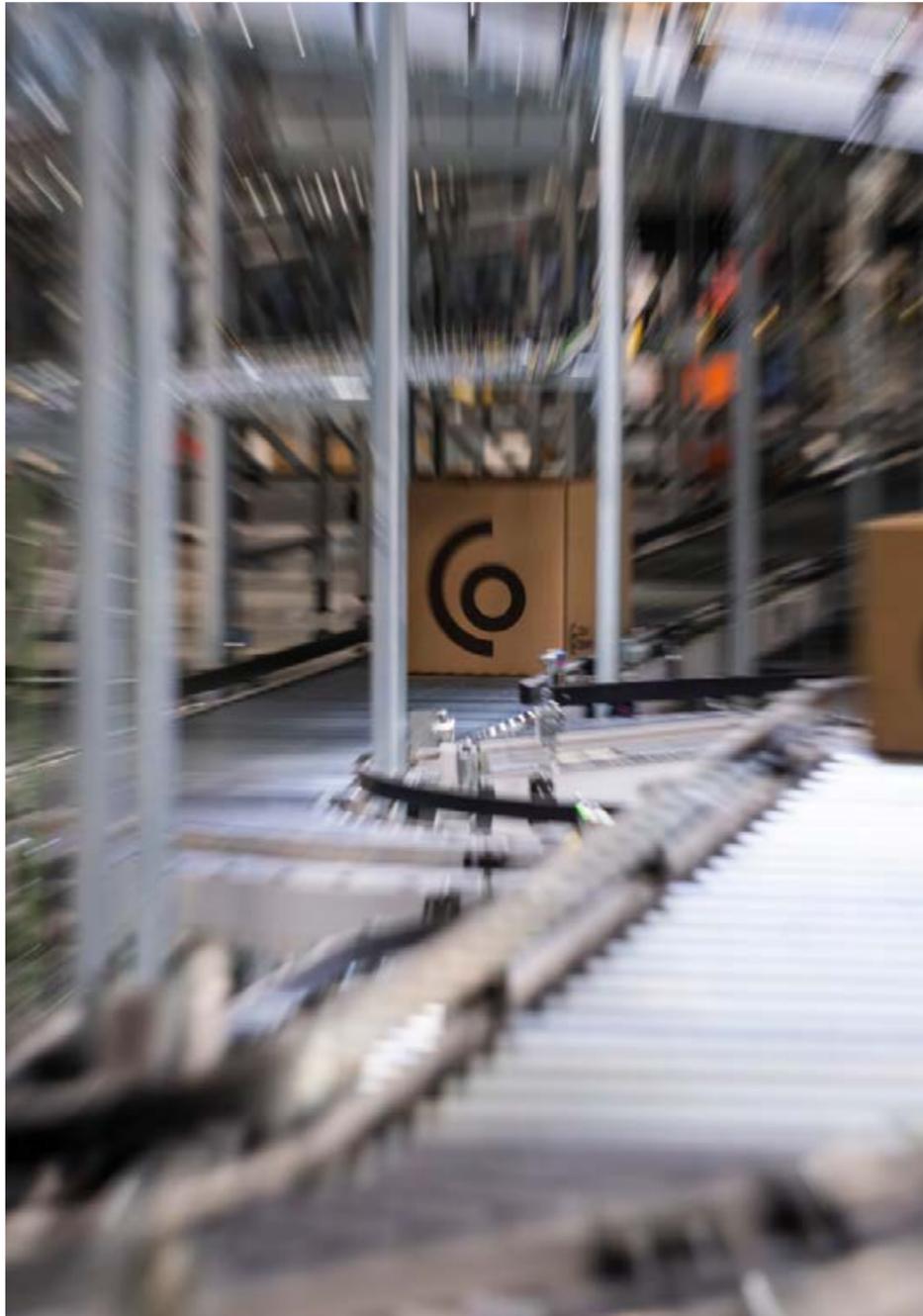
Proactivity and sustainability

"Retail is in a state of rapid change" has been a mantra for many years and the 2021/22 financial year was no exception, rather quite the opposite. As the business environment is rapidly changing, it is especially important to know who you are and where you are going, but also to be flexible and proactive in how to reach your goals in the best



"As the business environment is rapidly changing, it is especially important to know who you are and where you are going, but also to be flexible and proactive in how to reach your goals in the best way"

CEO'S STATEMENT



way. This was our reasoning when, at the same time as tackling rapid changes to our daily work, we also decided to evaluate our priorities for the long term. The result of this work is an updated strategy in which we retain the foundations but where we have chosen to expand our focus on our greatest strengths, including the many and strong customer relationships we have and to enhance the attractiveness and expand our offering in the categories that are most important to our customers. We believe that further potential exists for us to assume the position as the first choice destination for DIY in Sweden, Norway and Finland. More information about our updated strategy can be found on pages 11 and 12.

An important aspect of accomplishing this is that we solve customers' DIY in a sustainable way. If you ask our customers, we are already a leading company in sustainability, which was confirmed during the year when we were ranked highest among all of the companies in our industry in both Sweden and Norway's Sustainable Brand Index. We were also one of the companies whose ranking climbed the most in Finland. But it is not only in the customer's eyes that we deliver on our sustainability agenda. We reduced carbon emissions in our own operations by 18 per cent last year and we are working further to include the entire value chain in our environmental efforts. At present, we are environmentally auditing our suppliers' manufacturing facilities corresponding to 80 per cent of the total purchasing volume, and we have introduced a new, more stringent, assessment model for products that steer our range in a more sustainable direction. This is because the product stage, together with our other customer offering, is where we can have the most positive impact.

Focus on supply chain

Reducing emissions from the transportation of goods is another important part of our sustainability efforts, but the aspect that has attained particular attention during the year concerning transportation is the major disruptions to the global logistics chain. We handled the situation by placing orders earlier and maintaining close dialogue with our suppliers and forwarding agents so that we could act swiftly as conditions change. Our team in China is a source of great strength in this respect and we are always reviewing ways to develop our work with purchases and transports, for example, by opening new purchase offices in new markets. Following the establishment of purchase offices in Poland and Vietnam, we have now made the decision to establish operations in the Indian market to create even better prerequisites to purchase products at the right prices, quality and time. Having products on store shelves or available at our distribution centre is crucial for converting a visitor into a paying customer, and we have therefore consciously built up slightly larger inventories during the year, which has greatly assisted us at a time when predictability for both production and transportation has been limited.

Aside from having products available when the customer has a problem to resolve in their home, it is a given that it is equally important to be able to offer the specific products that the customer demands. One focus area during the year was developing the priority areas of our range. An example of this is products that organise the home and make it neat and tidy, where we managed to increase sales by 16 per cent during the year. We have capitalised on the success of these efforts and further expanded the area to include a larger

The wide geographical range of our stores means that stores also play an important role in the logistics of our e-com.

share of the customer offering, focusing on areas that we want the customer to associate with Clas Ohlson.

Shopping in store and online creates a better customer experience

One area that customers already associate with Clas Ohlson is quality in-store service. Our stores represent a major competitive advantage. Customers can quickly and easily purchase the products they need for DIY or receive good advice from our knowledgeable personnel. The wide geographical range of our store network means that stores also play an important role in the logistics of our e-com. About half of our online sales are distributed via our store network, and regardless of whether the order is collected directly in store or delivered home to the customer from our dedicated e-com warehouses that we have established in nine stores, we are shortening lead times considerably. This is an incredibly important factor for customer satisfaction among our e-com customers. It also means that we must constantly evaluate whether our stores are in the right locations and have the right cost level. We continued to optimise our store network during the year and opened four new stores, closed three stores and remodelled or relocated nine stores. We are also continuing to streamline operations at our distribution centre, and thanks to our fantastic co-workers, we have succeeded in

CEO'S STATEMENT

shortening delivery times considerably during the year. Other factors underlying the continued development and growth of our e-com are that we have improved the customer experience of our online shopping website during the year with a broader range and simplified purchasing process, which has been particularly evident in leading to a higher conversion rate, meaning more of our visitors are making purchases. And that is important. We have about 200 million customer contacts each year in our various sales channels and there is significant scope for us to grow further if we can convert more of these into purchasing customers.

Customer relationships as a competitive edge
 Those customers who make the most purchases most often tend to be members of our Club Clas loyalty programme. During the year, we have increased the number of members by about one million to the now approximately 4.3 million members in Sweden, Norway and Finland. In these times of customer data becoming more and more valuable and customers having greater requirements for tailored and relevant communication, this is a major advantage. We are also continually adding new value for our members such as consistently low member prices and digital bonus cheques. During the year, Club Clas performed particularly strongly in Finland, where we also decided to direct extra focus on providing Finnish operations with the opportunity of becoming a significant growth engine for the entire Group.

Club Clas is part of this, but we are also adjusting our marketing and range to build stronger relationships with our Finnish customers.

Major opportunities despite difficult external conditions

Finally, I would like to thank all co-workers for all of their efforts that made 2021/22 a financial year of increased sales and strong earnings. We are aware that the financial year that has just begun is full of challenges, but these are challenges that we share with the entire industry and I am convinced that we have great potential to advance our position. We have sound finances, a strong brand and co-workers that have already proven that together we have considerable capacity to quickly adapt to new conditions. This, combined with a broad and attractively priced range and an increasingly better omni-channel structure in which stores and online shopping strengthen each other and create a convenient shopping experience, leads to considerable opportunities of growing faster than the market.

We will do this in a responsible manner without compromising with our ambitious sustainability agenda or profitability.



Kristofer Tonström
 President and CEO
 Insjön, June 2022



"We have about 200 million customer contacts each year in our various sales channels and there is significant scope for us to grow further if we can convert more of these into purchasing customers."

BUSINESS ENVIRONMENT

Business environment and trends

Increased customer focus in the wake of an uncertain business environment and rising inflation, taking responsibility for the environment and society and an increased focus on the home are factors that are increasingly impacting the retail industry and us as a company.



Ya Zhang
Business Insight Manager
"It is more imperative than ever before to understand trends in our business environment and transform these insights into concrete actions that meet the changing requirements of our customers."

Value for money

Households are starting to feel the effects of rising inflation, higher electricity and fuel prices and increased interest rates in their wallets. The war in Ukraine and the deteriorated security situation mean greater uncertainty in the future. Customers are consuming more consciously and cautiously, while prices are becoming a more important factor in purchasing decisions. This is expected to increase in line with a challenging economic climate.

The significance of the home

The home has become a more central part of people's lives during the pandemic and it served many different functions, everything from an office to a gym and areas for entertaining, which has increased the need for modular furniture and smart storage. Functionality, convenience and enjoying being at home became, and continue to be important.

Value-driven consumption

Business ethics, social responsibility and environmental impact are important cornerstones from both a business and a risk perspective.

Demand for sustainable products and services is increasing at the same time as a transition to a circular economy is making clear headway. Taking social responsibility is becoming increasingly important for retaining customers, co-workers and investors.

Health and well-being

One of the clearest social trends remains an increased focus on both physical and mental health. After two years of the pandemic, consumption of services and travel is beginning to increase, while diet, exercise and a balanced life remain in focus.

Omni-channel

An intensified pace of digitalisation is driving developments in e-com at the same time as it is enriching physical shopping. Irrespective of whether the customer shops online or in store, they want the process to go quickly, easily and comfortably. The digital purchasing experience must harmonise with the physical store experience and customers expect uniform and seamless interaction with the company regardless of the channel chosen.

The new workplace

Based on the experience of working from home during the pandemic, more office employees expect increased flexibility in their working life and want to be able to work both from home and from the office. The design of the workplace in terms of air quality, cleanliness and cutting down on overcrowding has become more significant.

Impact on retail

- A gloomier economic outlook highlights low-price shopping and the importance of communicating value for money.
- Expenses and purchases for the home continue to represent a considerable share of household budgets, for example, costs for rent/mortgage, food, home electronics, furniture and hardware goods.
- Higher expectations for price, product features and sustainability.
- Data-driven insights provide competitiveness by promoting smarter ways of working and an increasingly relevant customer offering.
- Shorter scope for planning and reduced predictability set high requirements on the company's ability to act and be innovative.

Impact on Clas Ohlson

- A relevant and sustainable product range at the right price is the foundation for the success of our business
- In order to remain competitive and significant moving forward, we are continuing to work towards a positive, coherent and convenient shopping experience online and in store.
- Continued focus on directed and relevant communication to our most valuable and loyal customers, with tailored offers and products.
- Technical expertise, data and customer insight are crucial for retaining and capturing market shares.
- Sound long-term values and clarity in our sustainability efforts are important for customers, co-workers and investors.
- Co-workers expect a flexible workplace with the opportunity to work remotely.



Environmentally friendly and energy saving products are in increasing demand among customers.

STRATEGIC FRAMEWORK

Our strategy

We simplify DIY for everyone, in a sustainable way.

In 1918, the entrepreneur Clas Ohlson founded the company with the idea of simplifying people's everyday lives. Much has happened since then, but our founder's idea is just as relevant today as it was then. We will continue to help and inspire people to improve their everyday life and their home by offering smart, simple and practical solutions at attractive prices.

We evaluate and update our strategy each year in order to continue to grow and be competitive. At the core of our strategy lie, just as before, our purpose and culture – the blue heart that is the basis of who we are and what we do. The adjustments we have made this year mainly concern the strategic priorities we need to make to achieve our targets in a rapidly changing business environment.



How we are delivering on our strategy



Creating a winning team

To work together as one team and as one Clas Ohlson is the very foundation for everything that we do. Our people strategy and our sustainability strategy together with new digital capabilities allow us to work smart and effectively. Happy, close-knit and competent co-workers are crucial for our competitiveness.



Core customer focus

Our loyal core customers shop with us more often and spend more money. This is why we should take extra good care of customers who like to improve their homes and customers who already like Clas Ohlson. We also want to grow the base of loyal customers by increasing the amount of Club Clas members.



Own key customer missions

We are continuing to evolve our assortment into our *key customer missions*, i.e. taking leadership in selected areas of our customers' DIY. The offering consists of various combinations of products, guidance and services in areas such as "Tidy up your home" and "Fix your home".



Using and building the Clas Ohlson brand

Clas Ohlson has a strong brand in our home markets. This we can use even more to drive sales and also fill our brand with more concrete reasons for customers to choose us instead of our competitors. To make sure that customers know which areas in DIY we can solve for them is one thing and to improve how customers perceive our prices is another. We will also further improve communicating on our strengths such as our sustainability work and our unique service offering.



Providing availability & convenience

A high-class logistics chain is fundamental for a customer experience that creates loyalty and profitability. It should be easy for the customer to get what he or she wants, regardless of the channel they select to shop with. This includes, for example, competitive delivery times for our e-com channel and inspiring stores in the right place, with the right size at the right cost.



Offering in-home services

Clas Fix it is already a highly appreciated offering and our very own task-force of skilled professionals that go all the way home to our customers to make everyday life a little bit easier. We are now taking a more entrepreneurial approach to building Clas Fix it as a strong stand-alone business with the aim of reaching bigger scale.

Growth strategy for the next three years

We are breaking down our strategy into four priority focus areas that we identify as particularly important for driving growth until 2024/25.



1 Owning key customer missions

Assortment

If we don't have the right products to sell, or if it is not clear to the customers what they can find in our stores, we will not be able to grow the business. That is why our assortment with consumer missions, revitalised focus on external brands and relevant consumables is a key growth driver. It is about creating a complete customer offering and we will add more products to grow faster than the market within our most important product categories.



2 Providing availability & convenience

Stores

Clas Ohlson has approximately 230 stores and almost 90 per cent of our total sales takes place here. To be able to grow and become a 10 billion (SEK) company by the end of financial year 24/25, our stores have to deliver growth. This means we will keep working on our store footprint, increase ATV, and we have to become even better in converting our customer traffic into paying customers.

E-com

Almost all growth in retail is online. At Clas Ohlson, we have taken great steps in the last couple of years in terms of online customer experience and sales has increased substantially. But still, with the endless aisles we can provide online, we see e-com as a very important growth driver that is crucial for us if we want to reach our long-term targets.



3 Core customer focus

Club Clas

With its just over 4 million members, Club Clas is a fantastic enabler for future growth in all sales channels. Through the loyalty programme, we can reach our most loyal customers in a very efficient way and in turn our members get increased value from their relationships with us as we are adding more and more benefits to our members.



4 Growth in Finland

Finland

We have been present in the Finnish market for 20 years but still not quite reached the same market position as we have in Sweden and Norway. However, we know that there is great potential in Finland and we firmly believe that we can achieve the same success here as we have in Sweden and Norway. Therefore, we have put together a strong plan to accelerate growth in Finland, and we are already underway.

Climate neutral and fully circular by 2045

We want to simplify DIY and make it possible for everyone to lead a sustainable life.

With roots in a bicycle repair shop and a long history of having our own workshops and thousands of smart solutions in our product range designed for DIY, we have, in many ways, engaged ourself in circularity long before there was a word for it. Translated to today's Clas Ohlson, this means that we are simplifying DIY responsibly and sustainably.

Our sustainability strategy, which is based on the impact we have on our planet, people and society, was launched in autumn 2020 in the form of a

long-term commitment. We believe that our targets involve a long journey in a rapidly changing world, but we must act now and we must continually adapt with constantly high ambition.

In addition to targets aimed on consuming less of the world's resources, we have clear, measurable figures for how Clas Ohlson will be a sustainable and long-term employer with happy co-workers and how we will maintain focus on children's rights and be a clear children's rights ambassador.

Focus areas for sustainability



Planet: facilitate a sustainable life for our customers

Our target is to become climate neutral and fully circular by 2045. With a focus on our climate footprint and through a long-term and comprehensive transition of our operations, we want to contribute to keeping within the limitations of our planet. We work with strategical transition programmes in purchasing, products, design and the product range, communication, services and aftermarket to achieve our overall targets.



People: to be a sustainable and long-term employer with happy co-workers

We must be an inclusive organisation with zero tolerance for discrimination and diversity among our co-workers. A sustainable and long-term employer with happy co-workers.



Society: contributing to a fair and prosperous society for future generations

We are to be a children's rights ambassador. We have been working with a children's rights perspective for a number of years, which is directly connected to our offering aimed at every home. We want to ensure a childhood that is free from abuse and safeguard children's right to a safe home and upbringing and the opportunity for education.

TARGETS AND TARGET FULFILMENT

Financial targets and outcomes 2021/22

With strong cash flow and a strong financial position, scope and conditions are created for sustainable and profitable growth.

Growth

Target:

Sales will increase organically an average of 5 per cent annually over a five-year period.

Outcome:

In 2021/22, sales increased 6 per cent to 8,784 MSEK (8,284). Organic sales increased 4 per cent compared with the preceding year. Sales in comparable units and local currency increased 4 per cent. Online sales increased by 9 per cent to 971 MSEK (894).

Profitability

Target:

The operating margin will amount to 6-8 per cent within a five-year period.*

Outcome:

In the 2021/22 financial year, the operating margin was 8.2 per cent (7.3). IFRS 16 had a positive effect on operating margin of 0.9 (0.9) of a percentage point.

*As of June 2022, the target has been adjusted for the operating margin to reach 7-9 per cent including IFRS 16.

Financial position

Target:

Net debt in relation to EBITDA is to fall below 2 times. Investments are to be made with regards to the company's financial position, cash flow and strategic activities.

Outcome:

In the 2021/22 financial year, excluding the effect of IFRS 16, net debt in relation to EBITDA was -0.5 times (-0.7). Net debt in relation to EBITDA including IFRS 16 amounted to 0.9 times (1.1).

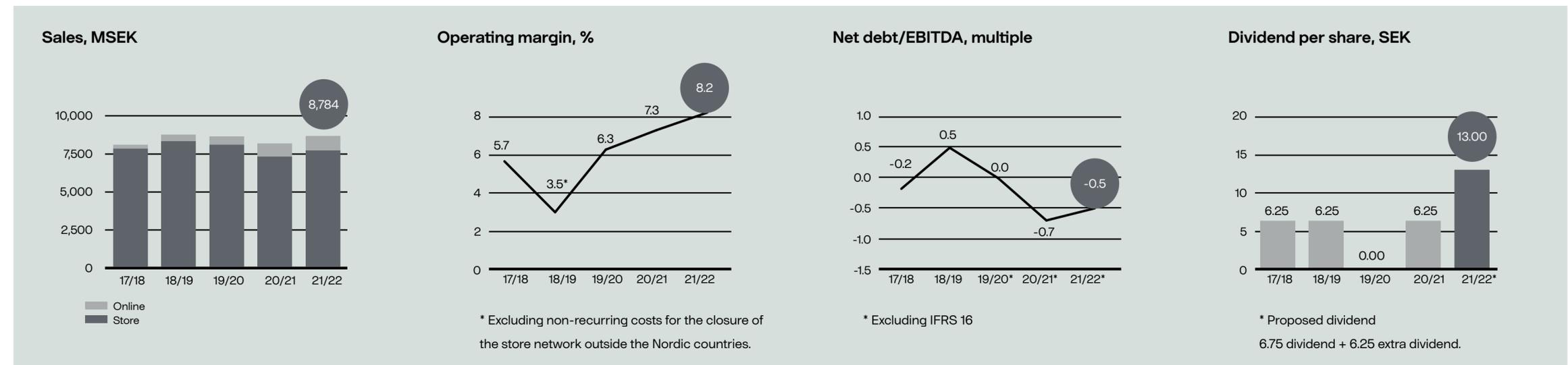
Dividend policy

Target:

The dividend is to comprise at least 50 per cent of earnings per share after tax, considering the company's financial position.

Outcome:

For the 2021/22 financial year, the Board of Directors proposes a dividend of 6.75 SEK per share. Due to the company's strong financial position and considering that no dividend was paid for the 2019/20 financial year, the Board of Directors proposes an extra dividend of 6.25 SEK per share.



Clas Ohlson's financial targets were updated in June 2022. Read more at <https://about.clasohlson.com/en/investors/financial-targets-and-achievements/>

TARGETS AND TARGET FULFILMENT

Sustainability targets and outcomes 2021/22

The planet, people and society are the focus areas of our sustainability strategy. We have ambitious targets in all areas.

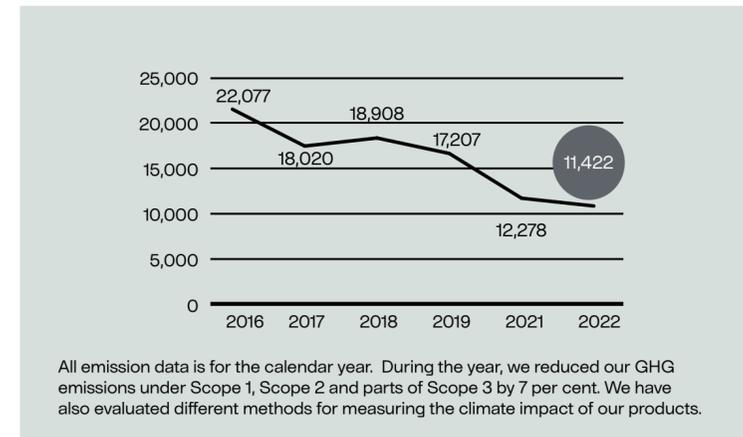
The Planet



Climate impact

Target: Climate neutral and circular throughout the value chain by 2045. As a sub-target, we will reduce emissions relative to our sales by 50 per cent throughout the entire value chain by 2030, corresponding to a reduction of 20 per cent in absolute terms. In addition to measuring emissions from our own operations in Scope 1 and 2 as well as parts of Scope 3, we are continuing to expand reporting of indirect emissions in Scope 3 that are outside our own operations but where the greatest climate impact is taking place.

Outcome: n/a From 2020/21 and for the next two years, we have activity-based targets and focus will be on implementing our strategy.

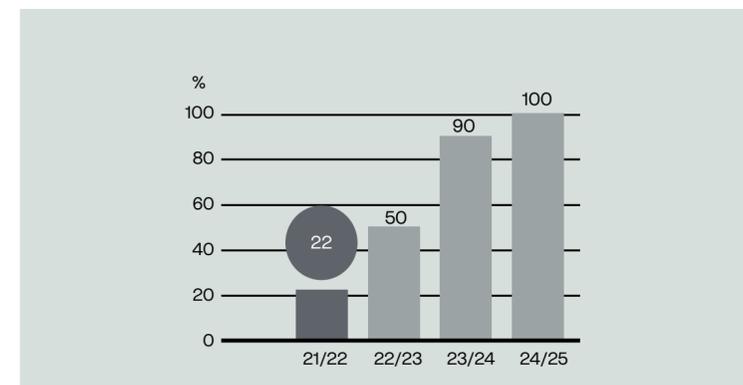


Read more about our emissions specified by Scope 1, 2 and 3 on page 125.

Products

Target: Assess and classify all proprietary products based on the new product evaluation model by 2025. Sub-target of 15 per cent by 2021/22.

Outcome: 22%



People



Gender equality

Target: Equal distribution between women and men at all levels.

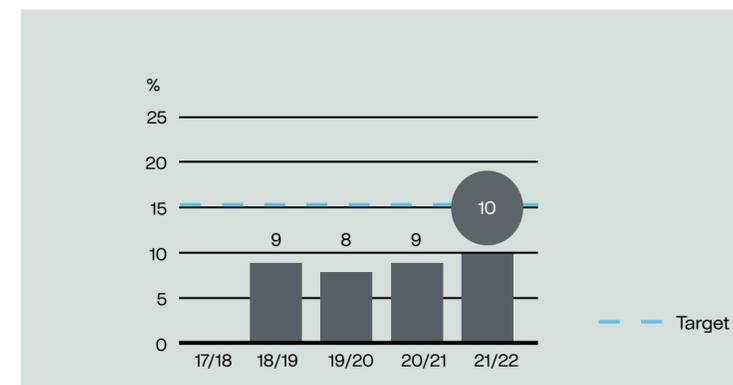
Outcome: 47%



Diversity

Target: 15-20 per cent of our co-workers are to have a background in another country than the one they currently work in by 2025.*

Outcome: 10%



*Measured in the employee survey with the question "Do you work in a different country to the country you were born in?"

Society



The supply chain

Target: 100 per cent of suppliers are to fulfil the requirements of our Code of Conduct as regards working conditions, human rights and environment.

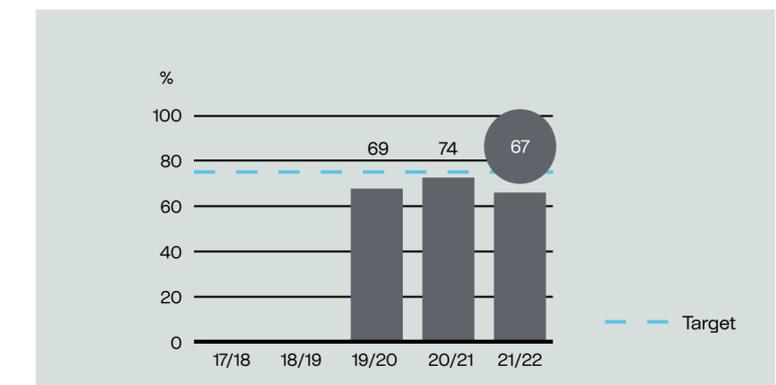
Outcome: 99.8%



A meaningful and trusted brand

Target: Co-workers are to believe that Clas Ohlson works in a trusted manner on sustainability. The target is 77%.

Outcome: The proportion of co-workers who agree that Clas Ohlson works in a trusted manner on sustainability according to our survey was 67 per cent, which is a result of 3.9 out of 5.



CO-WORKERS

Our culture and co-workers

A strong corporate culture is important in our endeavour to have happy customers and co-workers. It is particularly important in a year that has been dominated by rapid change and much uncertainty.



CO-WORKERS



The Clas Ohlson spirit

Our founder Clas Ohlson's approach is a constant inspiration for us. We have described his approach and way of managing the company with five stories.

Customer first

"The customer should be happy with any interaction they have with us," said Clas. Although Clas had many things on his plate, he started every day by answering customer letters. His strong belief was that no matter what you do in the company, the customer and customer experience should always be top of mind.

Today, we are the ones putting the customer first.

Welcome home

Clas Ohlson's home was also where his business was located. He had a genuine interest in both his customers and co-workers. He was aware that every relationship mattered. Each morning he shook the hand of every co-worker and listened to what was going on in their lives. By doing that he not only built a strong workplace, he and his co-workers also learnt what the customers wanted.

Today, we are the ones who make our customers, and each other, feel like home.

Keep it simple

Clas never used fancy words and saw no value in making things more complicated than they were. He often asked "how can we make this more simple and efficient? Where can we cut costs to give the customer a better deal?" With that mind-set, he turned a small bicycle repair shop in Insjön into a successful multinational retail business.

Today, we are the ones keeping it simple and efficient, and growing our business by doing so.

One Clas Ohlson

Clas was curious in nature and eager to learn new things every day. To help the customer – regardless if the customer was his co-worker or someone writing a letter of complaint – was his way to both share his knowledge and develop his business. His co-workers helped him with bringing many of his ideas to life, and they stood by his priorities of always putting the customer first. Together, with shared goals, is how the company Clas Ohlson succeeded.

Today, we are the ones building One Clas Ohlson.

Be like Clas – Be yourself

Clas was honest and direct and went his own way – always one step ahead. He did not hesitate to try new ways, not afraid of failure, because he knew out of a 100 ideas only one or two were successful. But he made sure to reflect and learn from his mistakes – and try again. That's just who he was, courageous, curious and eager to challenge conventions.

Today, we are the ones having the courage to be ourselves. Not afraid to try, and try again.

CO-WORKERS



For us, it is important to be able to offer a stimulating and healthy work environment, where co-workers can enjoy physical and mental well-being, and feel a sense of trust, security and belonging.

Our co-workers are Clas Ohlson

Our co-worker strategy, "Happy co-workers", guides us in how we are to prioritise and position ourselves as an employer in order to achieve our targets. The strategy is based on insights into our co-workers, our business environment and our internal strengths and challenges.

Clas Ohlson are to be a sustainable and long-term employer with happy co-workers reflecting all kinds of homes. The well-being and diversity of our co-workers form the basis of solid and stable operations that are constantly evolving.

Co-workers who enjoy their work, are happy and committed, stay longer and are important ambassadors for the company. It is important to us to be able to offer a stimulating and healthy work environment, where co-workers enjoy physical and mental well-being, and feel a sense of trust, security and belonging.

We want to be an attractive employer that can develop and retain competent and committed co-workers, while attracting new talent. When we recruit, we seek co-workers who want to be a part of our culture and who want to grow together with us. A fundamental idea that we have is that we seek to offer many opportunities to those who want to develop, and nurture different inter-

ests and skills in the company. Having a service mindset, commitment, a business-oriented approach and a willingness to constantly improve are important prerequisites to enjoy working with us. We strive for increased diversity and we are sure that a variety of competencies, backgrounds and personalities is key for creating an innovative, creative climate and profitable growth.

According to the Randstad Employer Brand Research 2022, Clas Ohlson is the 19th most attractive employer in Sweden. 4,614 people took part in the survey as well as the country's 150 largest companies.

The Clas Ohlson spirit

Our corporate culture is the spirit in which our founder, Clas Ohlson, and his co-workers shaped and followed. Back when our business was concentrated to Insjön, Dalarna, everything was deeply ingrained in the work atmosphere. As we expanded, our culture began to be expressed in words and examples and then spread to all parts of the company.

The Clas Ohlson spirit is the core of our approach and way of working to continue to grow and retain our strong brand. "Be like Clas –Be yourself" is one of the stories that describes the Clas Ohl-

son spirit. This slogan, and the other slogans, are to be experienced by our co-workers, customers and partners. To ensure that our corporate culture lives on, we work actively to keep it alive and carry it with us in everything we do. In addition to incorporating it into our everyday lives and how we work and interact, we reinforce and strengthen it by regularly carrying out workshops with different themes connected to the Clas Ohlson spirit with every team. Everyone participates, discusses and agrees on desired behaviours. The behaviours agreed to are to assist our co-workers in feeling at home, having the confidence to be themselves, putting the customer first, working together easily and efficiently and daring to try out new solutions.

Leadership under exceptional conditions

For us, leadership involves embodying the culture and creating the conditions for our co-workers to be themselves and use their strengths in their work. Under the special circumstances caused by the pandemic during the year, and the restrictions and guidelines to be followed, leadership has also been challenged and evolved.

Leadership at our stores has involved ensuring that co-workers feel safe and seen at work during the changeable and challenging conditions generated by the ongoing pandemic. As was the case

CO-WORKERS

for others, COVID-19 negatively impacted our employee attendance, and this has at times led to a strained situation with unpredictable staffing that must be handled by co-workers and managers, who have demonstrated considerable flexibility in helping keeping our stores open. At our offices, we mostly concentrated on the development of digital collaboration and the flexible workplace.

Many of our co-workers have found that working from home has helped increase their efficiency and productivity, and has improved internal communication. On the other hand, collaboration between teams and functions has suffered according to our employee survey. Leadership has also been impacted by changing ways of communicating, and our managers have partly found that the leadership aspect of their role has taken more time and required more discipline and planning.

In spring 2022, society reopened in Sweden and Norway, and restrictions were gradually lifted in Finland, meaning that our offices could once again welcome back our co-workers. In a post-pandemic time, our co-workers appreciate the opportunity of working flexibly. We offer our office co-workers the opportunity to work from home part of the time, depending on the team's needs and the nature of the position.

In 2021/22, we continued to develop our managers by investing in leadership training. We offer a training concept that mixes discussions on leadership with everyday training. The contents of the frequent but short training modules can

quickly be adapted according to the needs of the business. Today, over 300 of our managers are in training, and we are increasing the number of participants every year.

Our employee surveys reveal a continuing positive trend in terms of the development of leadership and, according to the latest survey in spring 2022, 80 per cent of our teams believe that they have good or excellent leadership. We also note that 68 per cent of our co-workers feel motivated or highly motivated in their work.



We are growing together

Clas Ohlson was founded in 1918 and, since then, we have remained up-to-date and in line with the changes that have taken place in society and the world at large. At the same time, we have grown. To be able to continue to develop, we need to nurture and develop our co-workers, since it is our co-workers who together make the company grow.

Competence is developed through customised, formal training and by making it easy to share skills within in the company.

Several of the formal training modules are available on our digital teaching platform: Clasroom. During the financial year, 225 new training modules were prepared ranging from everything from product training to training in sustainability issues. Clasroom is popular with our co-workers, who completed approximately 123,000 training modules of varying lengths during the financial year.

One of the ways in which co-workers share knowledge and experience with one another is through our collaborative tools. One of the most popular tools that we use is Workplace by Meta. During the financial year, 92,315 posts were published on Workplace by 3,157 co-workers, and 148,108 comments on these posts were made by 4,296 co-workers.

We say welcome home

When we welcome new co-workers, it is important to offer them a sound introduction to us as an employer and workplace at an early stage to ensure the best possible start. All co-workers are to feel welcome home to Clas Ohlson from the very beginning. In our stores, this onboarding takes place on site with the help of digital materials through our teaching platform Clasroom. For office co-workers, onboarding typically takes place in Insjön, where different functions introduce themselves and present how they contribute to Clas Ohlson's long-term objectives. Onboarding was carried out digitally during the pandemic.

New co-workers receive a detailed introduction according to the requirements of their position as part of which they meet the people they will be working most closely alongside. The onboarding programme creates a fantastic launchpad for our new co-workers to succeed at Clas Ohlson, and has received very positive reviews from its participants in their evaluations.

We will reflect our customers

Clas Ohlson endeavours to ensure that every workplace and every level of the company has co-workers with different backgrounds, skills and experience.

We know that increased diversity contributes to greater creativity and innovation and that a permissive environment enables perspectives and ideas to be shared and challenged so that we grow both as co-workers and as a company. The more that we can reflect our customers, the better we can comprehend and meet their wishes and needs. Read more about our work on diversity on page 48.

Customer offering

Clas Ohlson offers smart, simple and practical solutions that make DIY a little easier.



CUSTOMER OFFERING



We offer a broad selection of smart and sustainable products to help and inspire customers to improve everyday life at home. We follow trends and changes in consumer patterns to continuously be able to develop our offering so that it meets customer requirements and wishes in the markets that we serve.

In addition to products, we offer guidance in-store and remotely via telephone, social media, our website and videos. Solving challenges that can arise at home should be simple and fun.

Moreover, we offer supplementary services. With our Clas Fix it service, customers who are unable to or do not want to install products at home can get help with everything from products to assembly. Our handymen bring everything that is required for the customer's job to their homes. As an additional service, we offer product rental.



CUSTOMER OFFERING

Products, guidance and services

Clas Ohlson offers products and services that make DIY easier, with high demands placed on function, price, quality, product safety and sustainability. We have a broad product range in the categories of Hardware, Electrical, Multimedia, Home and Leisure. The product range includes both proprietary brands and other well-known brands. In addition, we offer spare parts and accessories that prolong the product lifecycle.

Hardware

In the Hardware category, we sell tools, fittings and materials that make it easier and more enjoyable to renovate, build, paint and repair. We have the tools to get the job done, the paint to paint with and everything else needed to fix up the home.



Multimedia

Our Multimedia range uses simple and smart solutions to connect networks, music, films, and much more.



Clas Rental

We have now made it possible to hire products rather than purchasing them, which is easy on both the environment and the wallet. Our Clas Rental service is available in all our stores in the Nordics.



Spare parts

We have a broad range of spare parts to help extend the life of products and combat wear and tear. Spare parts are an important aspect of our sustainability efforts and an increasing amount of products are designed so that they are easier to disassemble and repair.



Clas Fix it

Clas Fix it is the modern construction company with the aim of changing the industry, both from the perspective of customers and handymen. We pool together all manner of expertise under the one roof: carpenters, electricians, plumbers, tilers and painters.



Leisure

With smart, fun and practical products, we want our customers to get more out of their leisure and hobbies and enjoy great moments in the open air. We have items for everyone from new parents to fishing enthusiasts, boat owners, cyclists and gardeners.



Home

We have thousands of affordable products that make everyday life easier and more enjoyable. The product range includes products for the kitchen, broom cupboard, wardrobe, children's room, laundry room and bathroom.



Electrical

We have many smart, safe and energy-efficient solutions for an electrical-smart home or office, and we also offer energy-efficient and trendy designs in armatures and lighting sources. In the electrical category, we offer products to transmit, charge, monitor, measure, light, heat, link, install, drive and ventilate.



CUSTOMER OFFERING



An offering that defines who we are

The core of our customer offering is built on our product range strategy and a number of areas that we have identified as important for our customers and ourselves, something we internally refer to as *key consumer missions*. For these areas, we want to assume a position as the first company that comes to mind for our customers. An example of a mission is "Light up your home", which consists of a number of product categories such as Christmas lights and solar power lighting. Within some selected product categories, we want to be able to offer our customers a comprehensive solution consisting not only of a precise selection of products but also complementary services and guidance.

Our product range strategy is based on customer insight, market insight and our own knowledge of our range. We have access to a large amount of data from approx. 4.3 million Club Clas members that includes information such as the problems that customers are facing, how customers view our products and past sales.

During the financial year, we introduced a new way of working for long-term product range planning focusing on the customer, where we balance the product range with several important factors

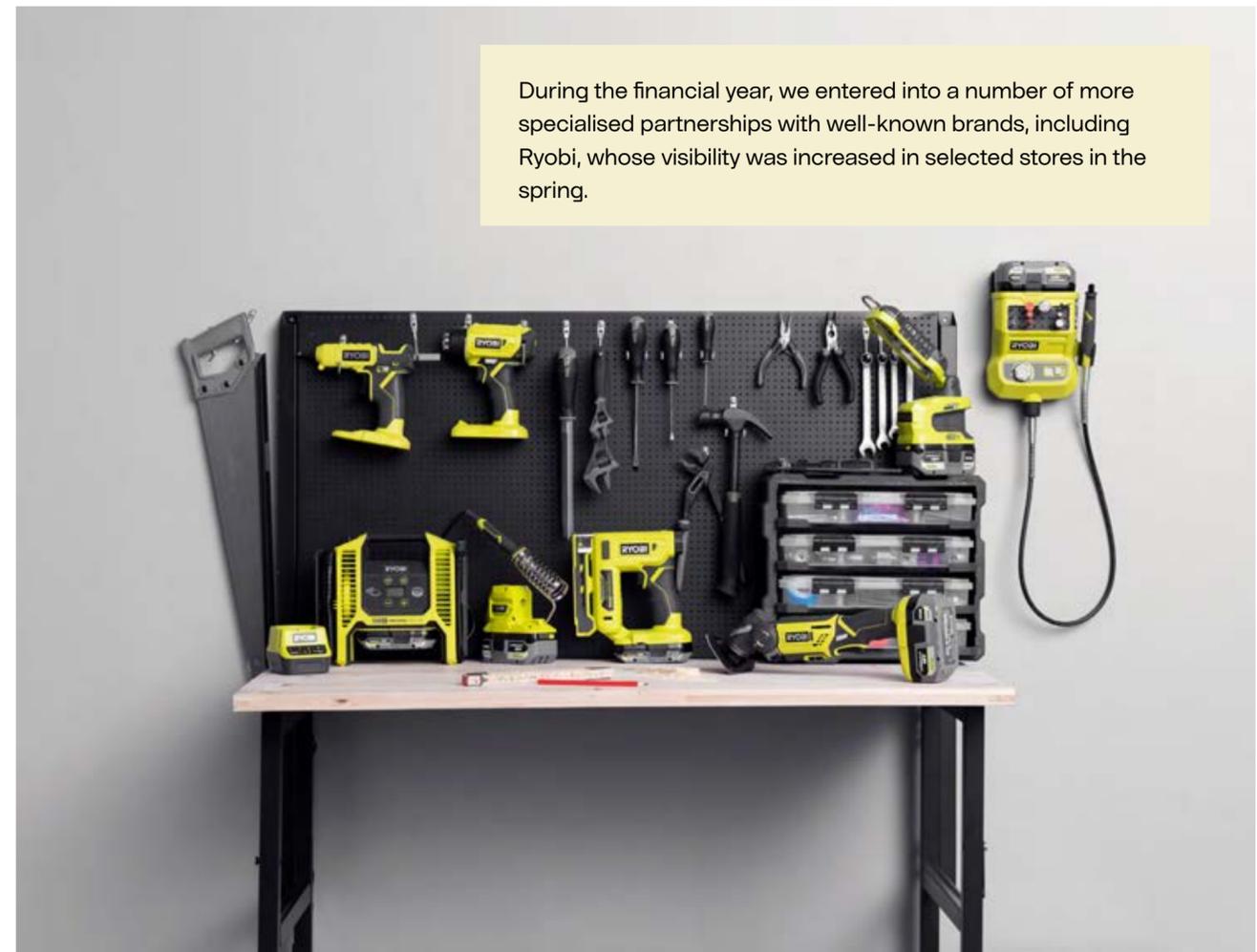
such as sustainability, quality and product mix, combined with how we want to grow in each category.

Our product range consists of a mix of proprietary and well-known brands. The mix of brands depends on the type of category, customer requirements and market. We have strategically chosen a number of well-known brands as closer partners, who we work together with to strengthen our offering to customers.



**Ellinor Wickström,
Range Manager**

"The customer should not need to know how to solve a problem, but instead think 'I'll go to Clas Ohlson' and it will be solved."



During the financial year, we entered into a number of more specialised partnerships with well-known brands, including Ryobi, whose visibility was increased in selected stores in the spring.

CUSTOMER OFFERING

Product design governed by many different sustainability factors

For our team that designs products for our proprietary brands, the sustainability aspect is always included alongside the many other factors that must be considered to find the perfect balance. To assist in this, Clas Ohlson has developed an assessment model in which products are evaluated using a point system that defines how sustainable they are.

Product sustainability can be a somewhat complex area. A common assumption is that natural materials are the most sustainable, but this is not always true. For example, a lunch box made of glass could be assumed to be made of more natural material than one made out of plastic, and is therefore considered to be more sustainable. But by examining factors such as carbon emissions from transportation and lifespan, plastic can weigh less and have a longer service life than glass, and plastic could therefore be the more sustainable option. In the cases where plastic is a better option, we endeavour to work with recycled and renewable plastic to benefit from the functional advantages of the material while minimising environmental impact.

An other aspect that our product design team considers when developing a new product is logistics optimisation. An example of this is flattening packages when possible to minimise emissions from transportation, and making products recyclable when they have reached the end of their service lives. This can involve designing

the products so that they are easy to disassemble and separate into different materials that then can be recycled.

A considerable amount of our products' carbon emissions are generated during the production of both the raw materials and the product itself, and not when they are used. It is therefore a target to ensure that the service life of products is as long as possible before they are recycled. An important aspect of this work is ensuring that the products are easy to repair, and that components can be replaced with spare parts. An example of this is that our customers can order new wheels for suitcases when the old ones are worn out.

In order to further extend product service lives, we have developed a design language for our products that focuses on timeless design. This means that instead of having trendy products, which is something that consumers can quickly get tired of, we aim for a more timeless appearance that ages well.

Even if awareness of sustainability is high among our customers, there are other factors to be considered. Finding a balance between sustainability, high quality and design while retaining an accessible price level for everyone is the driving force of these efforts. At Clas Ohlson, we endeavour to create products that we and our customers can be proud of.

**Linus Hagberg,
Industrial Designer, and
Thomas Fearis,
Senior Industrial Designer**
"A goal we have when designing our products is that they should be easy to repair, and certain components can be replaced by spare parts."



CUSTOMER OFFERING



Repair more often

An important part of the journey towards a more sustainable business and society is to take good care of the products that are already out there. If something breaks, it is often repairable, which is something we want to help enable our customers to do.

Clas Ohlson has its roots in a bicycle repair shop. Spare parts were an early addition to our range when we became a mail order company. Part of our strategy is also to guide people who are unable to repair their products or fix their homes themselves, and offer service to people who are unable to or do not want to do things themselves.

Customer-focused sustainable collaboration

Last year, we began investing in our "Give some love" concept, which involves using products, service and guidance in different ways to enable our customers to extend the life of their products under the conditions we are faced with today. Our first investment was the offering of a kit in which we have grouped together a number of different products for different types of repairs – the First Repair Kit. In the 2021/22 financial year, we took the concept one step further, in part by collaborating with external partners. These partnerships are based on customer benefit, the challenges that customers face and the expertise that partnerships can add.

In the autumn, in partnership with Blocket and Medborgarskolan, we offered the training module "Domestic Science for Millennials –and everyone else who wants to stop asking for help." The course consisted of four digital classes in which participants were trained on how you take care of and repair bicycles, furniture and clothes, and a class about handy tools to have around the house. The feedback after the course was positive.

We also launched a DIY café together with our supplier Henkel and the brands Loctite and Pattex. The idea was to offer customers a cup of coffee while an adhesive expert from Henkel showed them how to repair and pour new life into a variety of items from everything from shoes to plates. The first café was held in the Clas Ohlson store on Drottninggatan in Stockholm in March 2022 and was followed by additional cafés at stores in Farsta, Stockholm and Nordstan, Gothenburg.



**Per Hultberg,
Head of Business Planning
and Business Development**

"The environment and money issues are naturally some of the underlying reasons for looking after your things, but many people also have sentimental reasons for repairing them, such as things they have inherited."

A conscious offering

It is important that our customers feel secure that the products they purchase are manufactured under suitable conditions, and assure that the products have undergone both security and quality inspections.

The quality controls we perform on our products involve a number of steps in which we systematically and structurally review every product before they are put on our shelves.

Social audit of factories

Before collaborating with a supplier, we complete a social audit, a technical audit and an environmental audit. For the social audit, we check that the factory meets the requirements of the Code of Conduct, which includes requirements for working conditions, the work environment, emergency exits, overtime and salaries as well as the prohibition of child labour and forced labour.

1.

Technical audit of factories

The technical audit ensures that the factory is able to manufacture sufficient amounts of our products at the right quality. This involves evaluating the competence of employees, the factory's ability to inspect production itself and the factory's ability to handle deviations.

We began conducting environmental audits in June 2021 with the aim of assisting our suppliers with improvements. Read more on pages 53-54, where we highlight our audit process in the supply chain.

2.

Technical evaluation of products in Insjön

When the factory has met all of the requirements of the social and technical audits, samples are sent to the head office in Insjön, where our engineers evaluate the product. In this stage, we evaluate everything from the product's appearance and function to how it is constructed, inside and out, and how well the product performs when tested under the conditions it is designed to be used. You can read more about how these tests are performed on the next page.

3.

Audit and documentation

In parallel to the work conducted in the workshops, all necessary documentation is reviewed such as certified reports that show that the product has been safety tested and does not contain any hazardous substances or give off harmful radiation. No orders are placed before the documentation and the samples are approved.

4.

Quality control of the product at the factory

When the order is placed and production begins, our quality controllers inspect the product on site at the factory. In some cases, this is performed during the production process, and a final inspection of the product is always performed before the order is sent to our distribution centre. Nothing may be sent from the factory until the final inspection has been completed and approved.

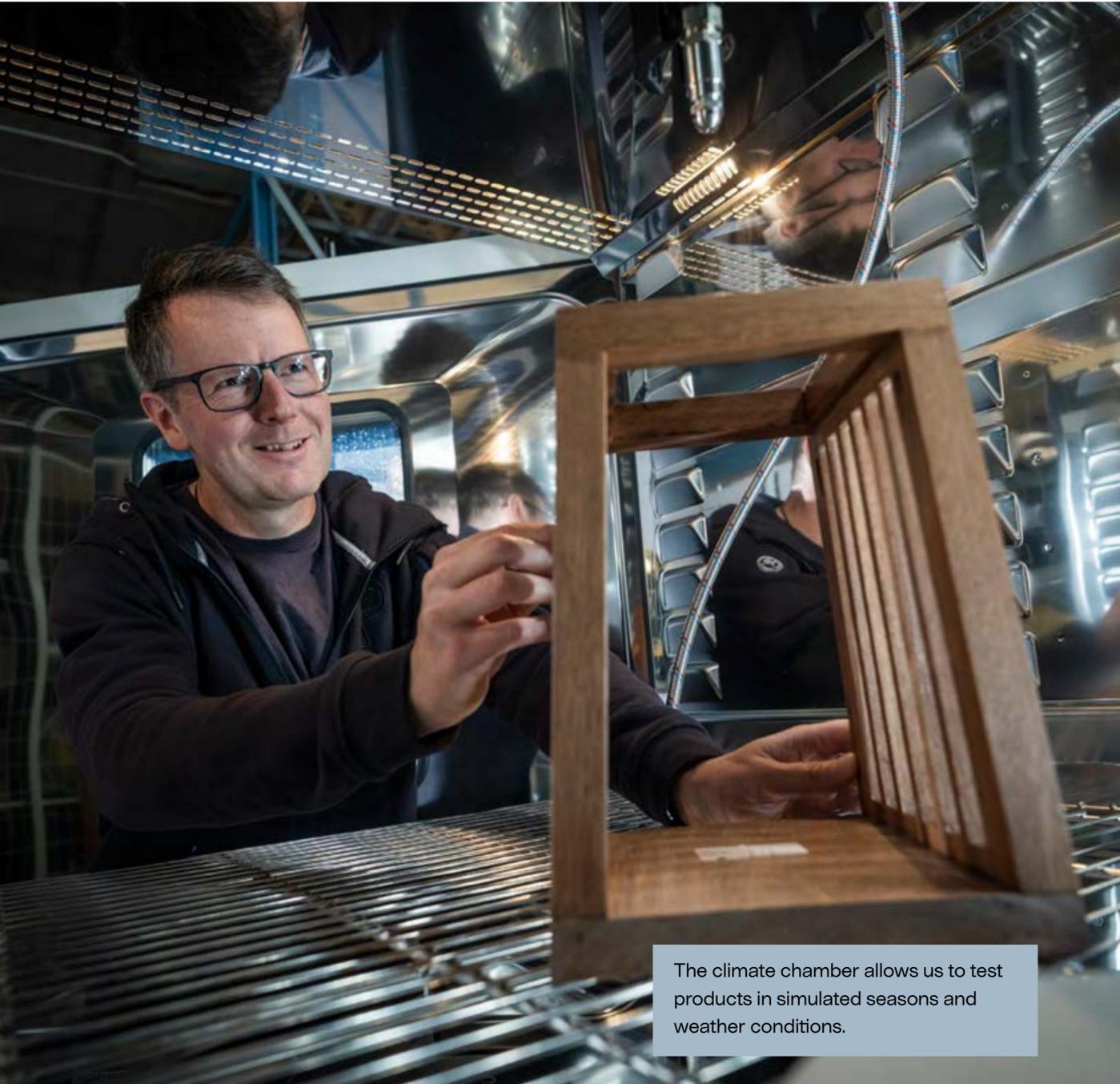
5.

Receiving inspection at the distribution centre

When the product arrives at the distribution centre, a receiving inspection is carried out in which we evaluate bar codes, labelling and packaging.

6.

CUSTOMER OFFERING



The climate chamber allows us to test products in simulated seasons and weather conditions.

Quality control of products in our workshops in Insjön

For a product to be included in Clas Ohlson's product range, it must undergo many thorough tests. The products we import ourselves are tested in our own workshops, but some testing also takes place in external testing laboratories. In many cases, Clas Ohlson has more stringent requirements than the law.

We invest considerable resources in our workshops in Insjön and make sure that we keep them updated with the necessary testing equipment. At our mechanical workshops, we dismantle products down to the smallest components and test comprehensively that the products maintain their quality according to requirements, and we also have more advanced equipment that measures light quality and electromagnetic radiation, among other aspects.

Equipment includes a so-called XRF spectrometer, which can detect hazardous substances, and an environmental chamber that can accelerate the age of products and therefore help us to test the service life of the products.

The XRF spectrometer is a kind of X-ray that can detect traces of, for example, PVC plastic, lead or nickel in just a few minutes if it is aimed at electronics or textiles. The spectrometer provides an initial indication of whether or not we will continue the process of including the product in our range.

In our climate chamber, we are able to simulate various seasons and weather conditions by regulating temperature and humidity. In this way, we can accelerate the ageing of products and evaluate how their quality lasts over time.

Our careful tests help us to raise quality and reduce the number of returns, even for our existing product range. If we detect recurring problems in our statistics with customer returns, such as lighting sources for outdoor use letting in water, we are able to simulate rain and see what the problem is within a couple of hours compared with having to run tests outdoors during an entire summer as we previously had to do.



**Henrik Alfredsson,
Product & Quality
Compliance Manager**

"We test all products thoroughly to ensure that what is written in the product's documentation is completely correct and that the products maintain their quality according to requirements."

CUSTOMER OFFERING



Clear guidance for our customers – both in store and online

Our customers should expect the same high level of guidance and inspiration regardless of whether they are shopping in a physical store or online. We are also focusing on navigation since it should be easy to locate the right product both online and in physical stores.

Customers often use both the internet and a physical store together when they shop – it is very common that customers research online and then go to a physical store to make a purchase in person. This also works the other way around, which is to say that customers go to a store for guidance and inspiration before going home and making purchases online. Our various sales channels support one another and we want to provide customers with the same convenient experience, regardless of the channel they choose to use.

One objective is for the customer to be met with a quick and clear overview of the products that are available as soon as they enter a new section of the store. For more complicated product ranges, we have invested heavily in guides and clear store categories to make it easier for our customers.

Simple, handy products such as stick-on floor protectors or dishcloths are placed in strategic in-store locations to make it easier for the customer to make the purchase decision. We also work with digital screens to provide the customer with even more product information and better service.

Another way that we guide customers online is with the help of product recommendations, meaning that we help customers make a complete purchase by recommending, for example, lighting sources if the customer has added a lamp to their shopping basket. This creates customer satisfaction and additional sales.

We highlight sustainability in many ways both in stores and online. We help customers live more sustainably and make conscious choices by recommending sustainable products. Spare parts is an increasingly important category that is becoming more accessible and visible both in stores and online.



Classroom Live: Training for an even better customer meeting

Classroom Live is an efficient way to convey parts of the considerable product knowledge that we have at our workshops in Insjön to our in-store co-workers. This detailed knowledge of our products is then passed on to our customers. The training module involves a short presentation followed by a questions and answers session in which participants can write questions in the form of a live chat. The module focuses on information about our most important product categories or the current season. We receive recommendations from stores and discuss the topics in which we are aware that customers often ask about.



**Per Dahler,
Customer Care Manager**

"The Classroom Live concept is something that truly benefits both co-workers and customers. We are able to share our expertise, and co-workers who meet customers feel more confident in their work as a result. In turn, this contributes to increased satisfaction at the same time as it leads to higher sales."



With Classroom Live, our co-workers are able to engage in the live feed and interactive training modules and can pose questions directly to the module supervisor. In the spring, our service engineer Lars Stenberg presented products like drills and screwdrivers.

CUSTOMER OFFERING



Clas Rental

We often buy new products when we need something to complete work on our properties or renovate the flat. This may be a patio cleaner, jigsaw or a grinding machine. But sometimes it is better to hire than to buy. That's why we launched Clas Rental, a rental service that is available in all our stores in Sweden, Norway and Finland.

Clas Rental is a simple and affordable service. The customer visits the website, reserves the product and then picks it up in a selected store. All Club Clas members can also hire products at half price.

Our products for hire are suitable for both large and small homes, and we are continually expanding the range. We see that the offering is particularly popular in the large cities where people often live in smaller spaces and therefore have less space to store tools and machines. The most hired product of the year was Kärcher's carpet cleaner, a prime example of a product that is used relatively infrequently and takes up space in the home, which is why hiring is a smart, attractively priced and environmentally friendly alternative compared with purchasing the product.



Give some love to what you have by renting

A new addition to the hiring range this year is the orbital sander. The sander can sand flat and arched surfaces and can remove paint and varnish, polish, sand and grind, helping customers to give some love to the things they have at home. Good for the climate and for the wallet.

Clas Fix it

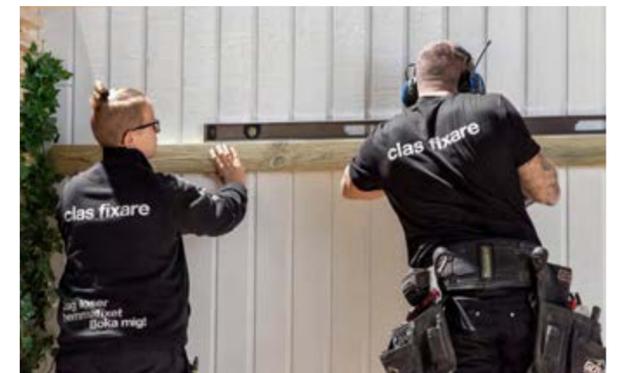
Our subsidiary Clas Fix it is directed at all customers that require a handyman partner for renovation projects at home or in their summer homes. When we started Clas Fix it in 2018, our teams of fixers primarily assisted with tasks that were a little too small for traditional handyman firms, for example, putting up a picture or changing a leaky tap. We are now expanding our range in 2022 and we are even assisting with larger jobs this year that require more qualified professional expertise. We collect all manner of expertise under the one roof to take complete responsibility for the schedule and quality. This means that the customer can receive help with tiling, painting, carpentry, electrical work and plumbing and be assured that we will be there the entire way to the desired outcome.

We updated the Clas Fix it website this year, making it more user friendly and updating it to Clas Ohlson's new visual identity. Pricing has also become easier since we now offer fixed hour and half-hour rates for certain smaller services and fixed rates for product installations and handyman services based on quotes. For our Club Clas members, we always offer an extra discount.

Clas Fix it is still a relatively small part of our operations, but plans moving forward are ambitious. As part of our growth strategy for Clas Fix it, we have now expanded our catchment area for product installations (wall boxes, robotic lawnmowers and smart locks) to include most major cities in Sweden. We also offer trade assistance for minor jobs in Stockholm, Malmö, Gothenburg, Södertälje and the Mälardalen region. Our service was very positively received by customers during the year, and we are continually taking new steps to build the professional handyman firm of the future focusing on the customer.



Niklas Bylund, Clas Fix it:
 "The fun thing about my job is to be with the customer from the very start and follow their entire journey from idea to reality. That's why it's especially exciting with the changes we implemented this year to include larger, more demanding assignments."

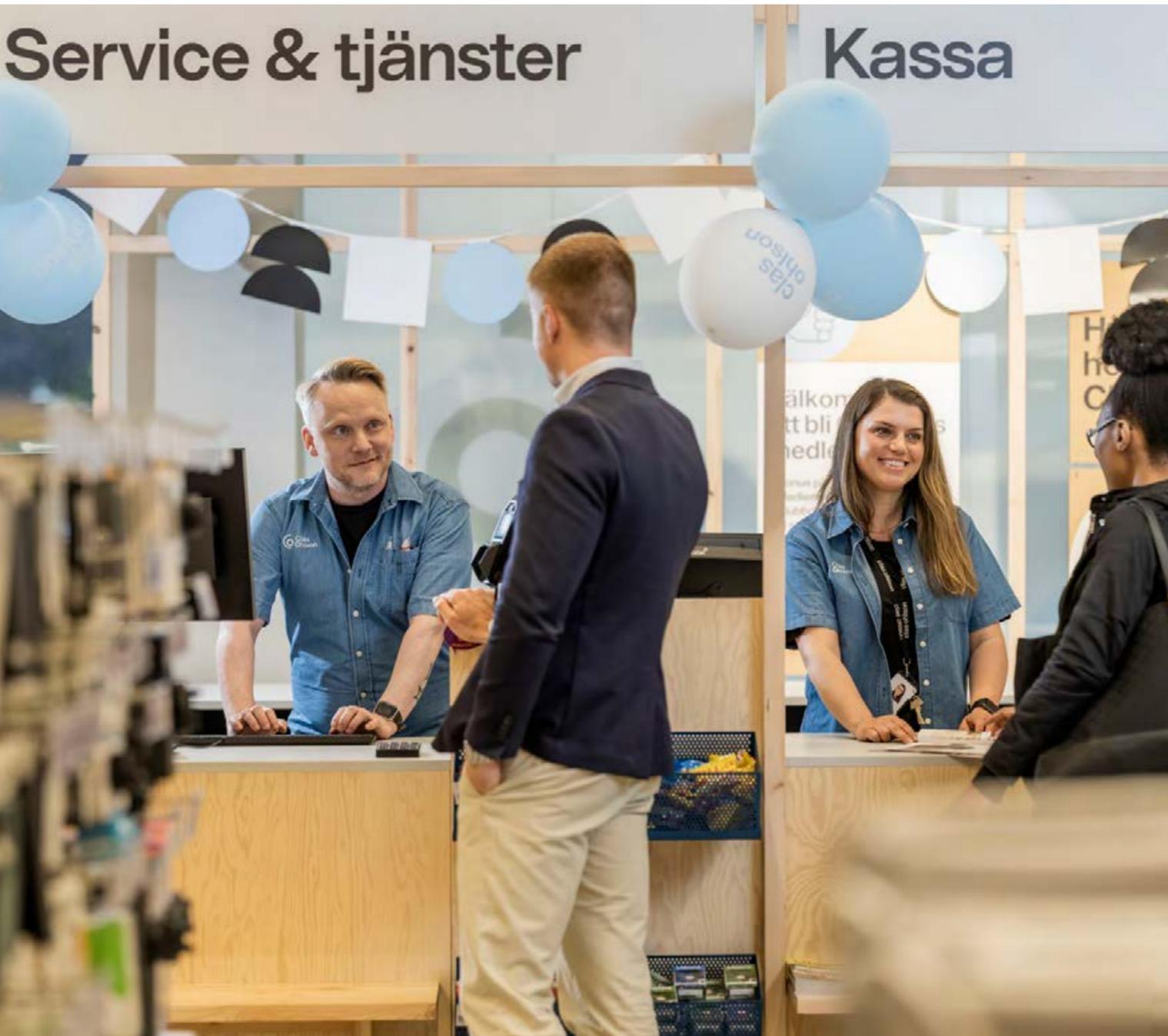


Customer interaction

A world-class customer experience and greater accessibility to Clas Ohlson's offering is a central part of our strategy.



CUSTOMER INTERACTION



Clas Ohlson's customer service receives award for best customer service – three years in a row!

Brilliant Awards – Customer Experience 2022 is a distinction for the company in Sweden that provides the most committed customer service in its industry and can thus address themselves as "Best at customer service". The survey is based on data from 133 different companies and a total of 2.2 million customer surveys that were completed last year. Customers awarded scores for parameters such as overall satisfaction and employee commitment. Clas Ohlson also came top of the survey last year.

Clas Ohlson came first in the Hardware & DIY category of Empati Grand Prix 2021

The competition is based on interviews with 4,000 customers who rank "customer empathy" among 59 leading brands in various categories. The competition organisers see customer empathy as a strategic area that impacts brand experience. Clas Ohlson came top of the Hardware & DIY category.

The customer's best interests in focus

We invest in training our co-workers to create world-class customer interaction, regardless of whether we meet our customers in a store, by phone or online. Several surveys and awards also suggest we are on the right track.

It is important to listen to our customers and understand how they view us and what they think about us. We can always learn more about what our customers want and need to be even more satisfied. We therefore measure customer satisfaction in a number of ways and follow up the results, at the company as a whole and also at individual stores. Happy customers may become our ambassadors, telling friends and acquaintances about their positive experience of us, which further strengthens our brand. We also know that happy customers return to us more often and also purchase more.

For us, happy customers go hand in hand with our corporate culture. We want to be proactive, meeting our customers with commitment and knowledge at all stages and create outstanding customer meetings. Our strategy is based on happy co-workers who create happy customers.

Customer satisfaction – an important key ratio and the core of our strategy

Our co-workers who meet customers every day do a fantastic job of putting the customer first and ensuring that the customer receives a complete solution for their DIY needs. We measure customer satisfaction in our physical stores and online through a Net Promoter Score (NPS), which is a rating system where customers rate how likely they are to recommend a company, service or product to others on a scale from 0 to 10.

Our surveys show that Clas Ohlson has a high level of customer satisfaction and is much higher than the industry average, though we are constantly striving to become even better. For us, this is not just about delivering good products, at the right price and with good service – it is about exceeding the customers' expectations and going the extra mile. On the next two pages, you will find a few examples of happy customers that our co-workers have shared over the past year.

CUSTOMER INTERACTION

Happy customers and happy co-workers

It is wonderful when customers show their appreciation! We often read about it on our internal channels where co-workers share stories from their workday.



Co-worker in Kungsbacka
 "Good work, Jocke! Always nice to be written about in the local newspaper after helping a customer to change the replacement foil on his shaver."

Team Solna Centrum
 "Today, I would like to share a special meeting with a customer! A customer entered the store this morning with fresh chocolate cakes that she had baked herself, to show her appreciation of the excellent service we always provide here in Solna Centrum. It's always great to see that the work we do is appreciated. Extra special that the customer is 94 years old and makes the effort to come all this way just to show her appreciation!"



Co-worker in Gothenburg, Partille
 "Seeing this note when you start an unpacking shift is a real boost!! There is an 's' missing, but so what. Have a great weekend out there!"



Co-worker in Örebro
 "I want to share a small gesture from a very happy customer to staff in store 108. The customer was so happy with the service he received when we helped him with a mobile phone charger that he bought sweets to the staff. Tremendous when things like this happen and you see real confirmation that the customer is happy! Well done, Marieberg!"



Co-worker in Hønefoss
 "A very happy customer who had received fantastic service from Zakariya Ali Ezhigarah came to the store with hand-knitted socks for him for Christmas! It's not every day that you get such a present as a thank you for good service! Very well done, Zakariya. #outstandingcustomerservice #gotoguy"



Customer in Espoo, Iso Omena
 "I was looking for an ink cartridge for my mum's printer. She had already looked at several different places. A young man helped me with this and found an alternative product that would work. He double-checked compatibility and printed the product description for me. Without this my mum would not have believed that it would work since the name was different. No one had suggested an alternative before, they had just said 'we don't have any'. Today, my mum, aged 86, is so happy that her printer is working again! I hope this thank you letter gets to the young man. It's always a pleasure to receive wonderful service."



Co-worker in Västerås
 "Earlier this week a customer entered the store and showed us some love after they had bought and tried our laminating machine. Erikslund would like to forward some "LöV" to all of you Go-to Guys."

CUSTOMER INTERACTION



Co-worker in Gothenburg, Västra Frölunda

"A customer came to us with a rose for Vilma for her exceptional customer service when she helped the customer order a 'Viktor Vit' desk lamp. Good work, Vilma!"



Co-worker Fredrikstad, Torvbyen

"Jim got some Toffifee from a very happy customer as a thank you for all his help with finding lamps for a Christmas candlestick holder. Wonderful to have great feedback during the stressful Christmas period! #gotoguy"

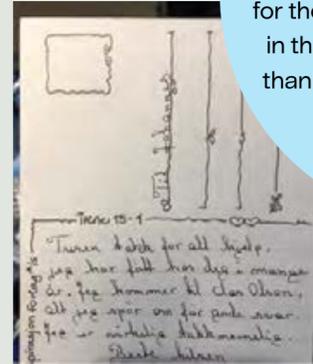
Co-worker Clas Ohlson, Stockholm

"A customer came to our lab-store in Stockholm and wanted to return a printer since it didn't work. Sylwia managed to figure out that the customer's computer didn't have the right software to install the printer. Sylwia took the customer with her to visit the computer store across the street to ask for help. It ended with the customer buying a brand-new computer at the computer store and kept the printer. A couple of hours later the happy customer came with flowers to say thank you to Sylwia for the effort and great personal service. Sylwia - Again and again you show what great customer service is and what the extra time and personal meeting means. Our customers truly love you! You and the team in lab-store are stars!"



Co-worker in Bergen, Storsenter

"OUTSTANDING CUSTOMER SERVICE
A very happy customer was so grateful for the kind service she had received in the store that she wanted to say thanks. Johannes Sæhle at Bergen Storsenter, you are a role model!"



Co-worker in Gjøvik

"A happy customer stopped by today with a box of chocolates for Svein. The customer was over the moon with the service he had received in the store!"

Customer in Helsinki, Tripla

"We visited Clas Ohlson at Tripla last Saturday and Sunday. The service both days was AMAZING. The customer service was truly outstanding, and we felt that we were well looked after at both of our visits. I am writing to you since I assume that people seldom say thank you, so NOW I REALLY HAVE TO do just that!"

CUSTOMER INTERACTION

More than four million Club Clas members in the Nordics

Work with our Club Clas loyalty programme is central for achieving sustainable and profitable growth. We know our Club Clas members visit us both digitally and in our physical stores and that they shop with us more often and spend more than other customers – we must therefore show our most loyal customers how much we appreciate them. Club Clas provides us with tremendous opportunities to create added value for our members and strengthen and build loyalty to us as a brand through attractive and relevant offerings and more precise communication.

During the year, we invested in increasing the number of members of Club Clas and our stores

have done a fantastic job with recruitment. Just a little more than one year after launch in Norway, in autumn 2021, the Norwegian Club Clas reached one million members, and in spring 2022 the number of members in Finland grew by 20 per cent to 400,000. We ended the financial year with 4.3 million members in the Nordics – which we consider a great achievement!

Added value to our most loyal customers

Customer preferences change, technology is progressing, and Club Clas must therefore also evolve. Over the years, we have built up knowledge and gained insights into what our customers want and expect from a loyalty club. We work

actively with customer data to tailor engaging content for customer conversion and to develop products and digital services.

One popular development this year was the launch of fixed member prices on important parts of our product range, such as lighting sources, storage and batteries, which makes customers' DIY even easier and more affordable. Moreover, our members now receive their bonus points directly at the store or online checkout instead of through their letterboxes. This update had been eagerly awaited by both customers and co-workers. Customers expect it to be easy to use their bonus and we know that members who use their bonus points are more committed and profitable.

During the year, we also introduced a range of improvements to the online experience for Club Clas members that have made our online shopping more user-friendly. Club Clas is now a completely digital membership programme in all three countries since, in line with our sustainability strategy, we have also removed the physical membership cards in Finland and simplified and improved the membership process.

Club Clas customers are offered unique club prices, storage of receipts and purchase history, consistently better prices on parts of our standard range of storage and lighting sources, deposits on ink and toner cartridges, free technical support through video calls, 50 per cent discount on tool hire and inspiration and guidance in our magazines and newsletters.



**Helena Holmström,
Head of Customer, Loyalty and Insights**
"We are working hard to develop the Club Clas of the future and are involving our members in these efforts. We want to make sure that the club's benefits and content really make a difference for our members and are constantly striving to ensure the loyalty programme does its part in convincing our customers to always consider Clas Ohlson as the first choice for DIY."

CUSTOMER INTERACTION

Valuable feedback from our customers helps us improve

Reviews and product opinions provide a measure of quality for our range of products and is one of our key ratios. It is of great value to us that our customers share their experiences of the products, and is also a sign of the loyalty shown by customers that they choose to communicate with us.

Reading reviews by other customers provides security for customers when they are planning a purchase. This guidance and inspiration between consumers helps to give as true fair a view of our product range as possible. It also helps us with conversion – turning visitors into customers.

The reviews also provide us with guidance in our work to improve the product range and quality, which in turn leads to fewer returns and complaints. We continually work through the products with the lowest ratings and decide on appropriate action. Sometimes we may improve the existing product – either the quality of the product or product information, if this was unclear to customers – and sometimes we decide to remove the product completely from the range.

In recent years, we have taken major steps in the number of opinions and product reviews received from our customers and in how we use these.

During the year, we have been more active in collecting reviews from our Club Clas customers and online customers. Consequently, the volume of reviews increased substantially while we also can conclude that the reviewers have actually purchased the products, which is a prerequisite for fair and relevant reviews.

Customer feedback is valuable and helps us in several ways. We want to steadily simplify for customers to provide us with their product experience – today, they can easily rate, write opinions and add an image when publishing a review.



Over the past few years, the number of reviews has increased from a few hundred each month to tens of thousands, and the average rating for our products during the same period has risen significantly to its current 4.4 on a scale of 1 to 5.

CUSTOMER INTERACTION



Constantly developing the online experience

Almost all growth in retail is taking place online, and it is naturally important for us that our customers can visit an online shopping platform that is as logical and user-friendly as possible. The overall goal is to create conditions for healthy sales, inspire, guide and gain new loyal and returning customers.

Studies of customer behaviour patterns are important in the development of our online shopping. We conduct tests and interview users when they click through the pages. We ask simple questions, for example about their overall feeling and whether they understand how to move to the next stage. The test group is made up of people of different ages, with different backgrounds, languages, digital literacy, etc. The tests are also important in response to the growing accessibility requirements.

We naturally have a substantial focus on working hard to make it easy for customers to find the product they are looking. Though we have taken major steps to meet customers' increasingly high demands on, for example, delivery alternatives, delivery times, payment options and several other important areas. During the autumn, we also introduced an updated complete experience, with the launch of a new visual identity.

More knowledgeable customers are driving forward developments and we continue with our constant improvement activities to remain at the forefront in meeting the needs of our customers.

Customer behaviour is changing rapidly, and customers today want to shop at any time of the day and through several different channels. The mix and interplay between online and stores is crucial in offering customers a convenient shopping experience.

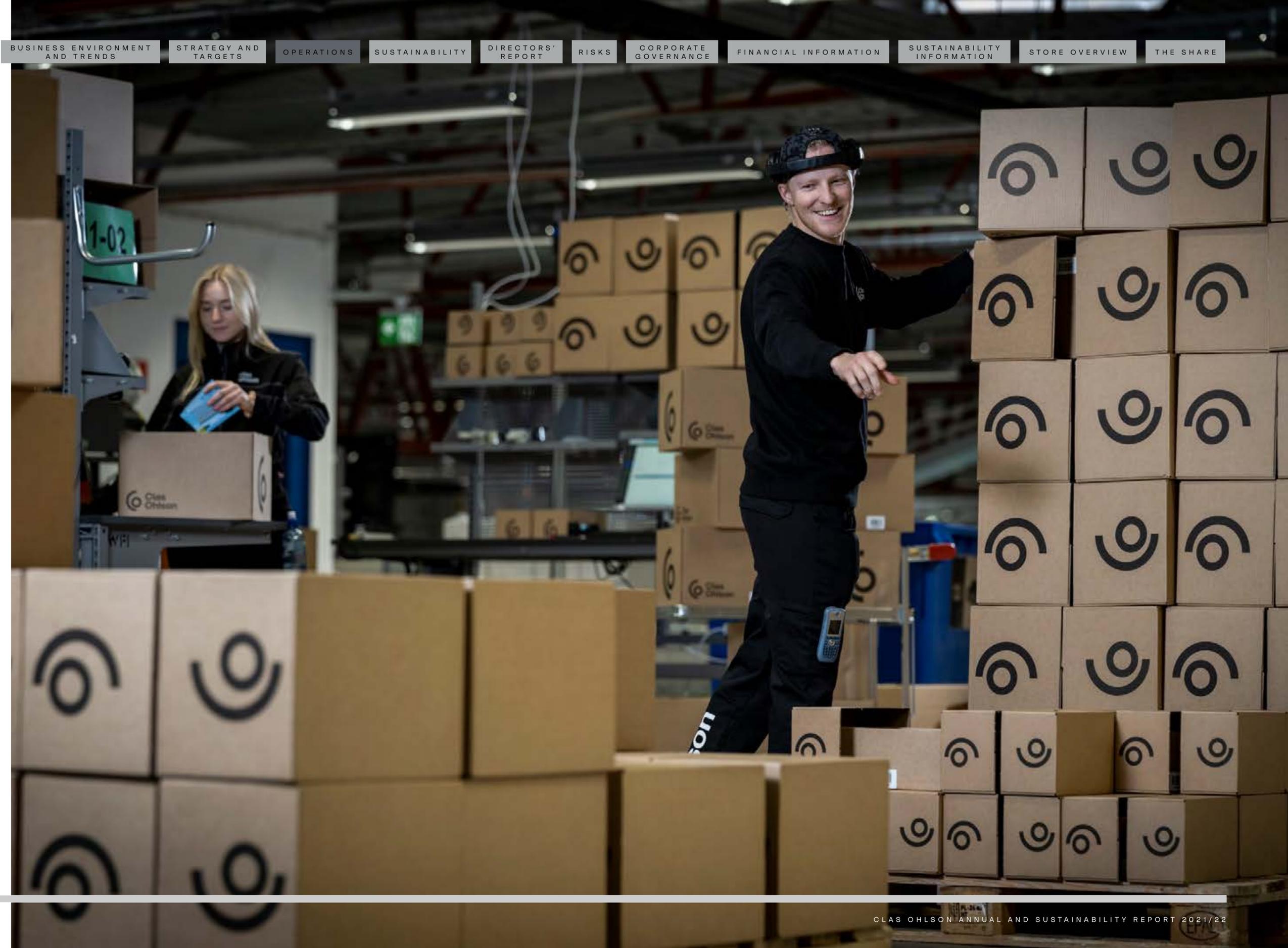
One important improvement in our online shopping platform, which has been sought after by customers, is the way products are presented. We now use bigger product pictures, product information is easier to find, and not least we have easier and better information about inventory status in stores.

We have also improved the overview of delivery alternatives so these are now visible in a single view, which makes it easier for customers to choose a delivery method. Moreover, customers are given a more precise delivery time in the same view, which also helps to provide a better shopping experience.

EFFICIENT LOGISTICS

Efficient logistics

We are continuing to develop and optimise our flow of goods; an important prerequisite for customer service and increased sales.



EFFICIENT LOGISTICS

Smart logistics with refined solutions

The distribution centre at Insjön is the hub of our distribution network.

Most of our deliveries to Insjön from our suppliers end up here for picking and packing before further distribution to one of our stores, or directly to customers. An efficient and sustainable flow of goods to and from the distribution centre is one of our most important success factors.

Automation helps increase efficiency, scalability and flexibility to ensure the supply chain to our store network and manage the fast-growing on-line shopping trend.

The new inventory control system at the distribution centre introduced in autumn 2020 has contributed during the past financial year to an even more refined method of delivering the right product on time in stores. The system is integrated into other systems and uses data history and

sales forecasts per product to become more precise over time as we receive more input data and history to base results on. This optimises inventory in each store, increases the level of service, and is also an important step in meeting increasingly tough competition and future customer demands.

Refined automation for managing orders to our online customers

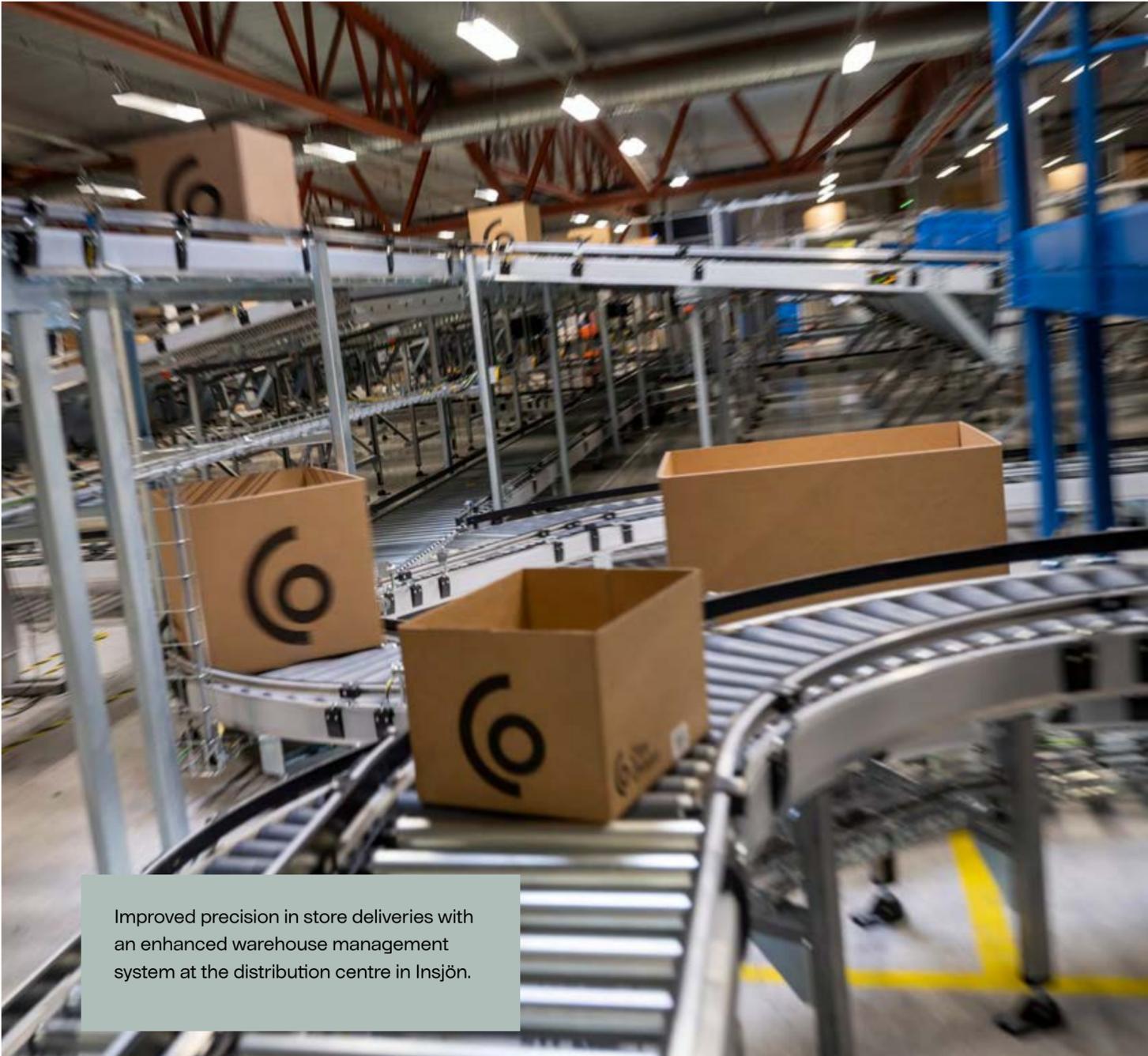
During the financial year, we continued to develop our online shopping flow at the distribution centre. This is crucial for us in order to increase online sales, and also forms the foundation for the future.

The other year, we introduced more automated handling of online orders to quickly manage growing volumes and moved parts of the pick and

pack process to the automated flow. This entailed new packing machines and conveyor belts, which in turn led to fewer instances requiring human interaction from when the order is made from the customer until it is picked, packed and ready to be sent. The system was calibrated during the year and resulted in an even more cost-efficient flow.

New technical aids for unloading containerised cargo

During the financial year, we initiated a project to introduce even better technical equipment and aids for unloading containerised cargo on site. This will provide an even better ergonomic environment for unloading parcels that must be lifted from above shoulder height or below knee height.



Improved precision in store deliveries with an enhanced warehouse management system at the distribution centre in Insjön.

EFFICIENT LOGISTICS

Stores with e-com warehouses

Stores with an e-com warehouse shorten delivery times considerably for our online customers.

Our stores, and perhaps particularly our innovative stores with e-com warehouses, known as feeder stores, are important components in our logistics system and contribute to faster deliveries for many of our online customers. We currently have nine feeder stores in Sweden, Norway and Finland.

A feeder store is a normal store that has a much larger warehouse attached, and customer orders are picked from the attached warehouse and from the shelves in the store. When the orders have been picked and packed, our delivery partners assist us in quickly and efficiently distributing our online orders to the local areas surrounding these stores. The deliveries could either be to parcel cabinets or directly home to customers. Our customers want to receive the right product at the right time and here we can be "top of the class" by meeting our customers' wishes.

Delivery times for customers who order from feeder stores are among the best available since we can often offer home delivery the same day.

Our stores with e-com warehouses have an expanded online product range compared with a normal store. The range also includes our most frequently used spare parts. This means more customers visiting the store, and the stores that have been converted into feeder stores also have higher sales. Our best customers buy in stores and online, and a physical store with an e-com warehouse offers simple and convenient shopping through both channels in a manner that our customers appreciate. Customers that have access to deliveries from feeder stores are more likely to click through the entire purchasing journey online, and complete a purchase, compared with customers who do not have this access. In our customer surveys, we can see that customer satisfaction has increased particularly among online customers.



EFFICIENT LOGISTICS

A more sustainable supply chain

For many years, Clas Ohlson has worked steadily and systematically to reduce emissions along our entire logistics chain, both big and small.

The transport industry is in itself taking major steps with the introduction of more efficient vehicles and fuels, and as a company we are pleased to accelerate this process by setting demands. One way is by actively including requirements when procuring new transportation agreements. This work has meant all trucks leaving our distribution centre in Insjön to our stores now operate on HVO, which is type of renewable biodiesel with a much lower impact on the environment than traditional diesel.

We have also been working for many years to transfer as much transportation as possible from road to rail, since rail freight produces 100-times lower emissions compared with road. Deliveries to many of our stores in Norway are largely transported by rail, and we are continuing to search for additional rail solutions. We must also ensure that we achieve a careful balance and high transport quality in terms of punctuality in order to also fulfil quality targets. All deliveries arriving by sea from Asia to the Port of Gothenburg, which is approximately 60-65 per cent of all our products, are transported from there by rail to Insjön.

Goods arriving from Europe travel by rail from Helsingborg to Eskilstuna, then by road to Borlänge and rail to Insjön.

Major gains can also be made through the fill rate of containers arriving from Asia, both environmental and economic. The use of five different freight consolidation centres in China we can combine more deliveries in the same containers and thereby raise the fill rate. This is long-standing strategic work that is beginning to bear fruit, and last year we set a new record when the fill rate rose from 88 per cent in the preceding year to all of 92 per cent.

A very small portion of our transportation from Asia is by air to Sweden, and is only used for very urgent deliveries.

Carbon emissions from transportation have fallen substantially in recent years. Since 2016 we have gone from already low levels of carbon emissions to roughly one tenth of the emissions from that time. This was made possible thanks to updated work processes and better purchase planning.



Clas Ohlson became part of the Fossil Free Sweden initiative in 2019 with the aim of achieving fossil-free transportation in the Nordics by 2030. Since 2010, our emissions have decreased by 70 per cent in the Nordics.

Distribution of Clas Ohlson's transportation in 2021

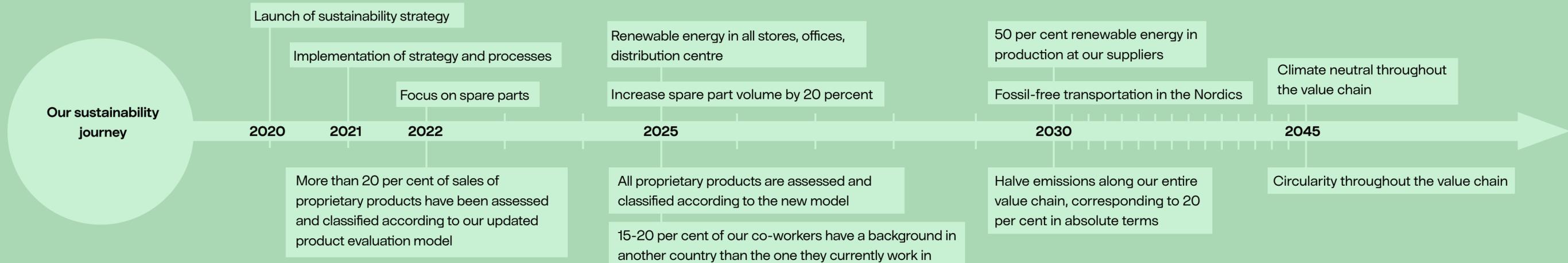
	Sea	Air	Road	Rail
Proportion of tkm	91%	0.02%	7%	2%
Proportion of CO ₂	61%	1%	37%	0%

SUSTAINABILITY

Sustainability

Sustainability is an integrated part of our operations – it is included in our strategy, business model, governance and our day-to-day operations.

Clas Ohlson has been operating since 1918; to achieve profitable growth for 100 more years, we need to meet our sustainability targets. In autumn 2020, we launched a new and more ambitious sustainability strategy, including the overall target of becoming climate neutral and fully circular by 2045.



SUSTAINABILITY



Clas Ohlson's ambition

Climate neutral and fully circular by 2045

Focus areas

- Help our customers live more sustainably.
- Work with strategic transition programmes in purchasing, products, design and the product range, communication, services and aftermarket to reach our overall targets.
- During the first two years of our transition programmes, until 2022/23, we will monitor that the planned measures have been implemented and subsequently review opportunities to measure concrete reductions based on data from the entire value chain.

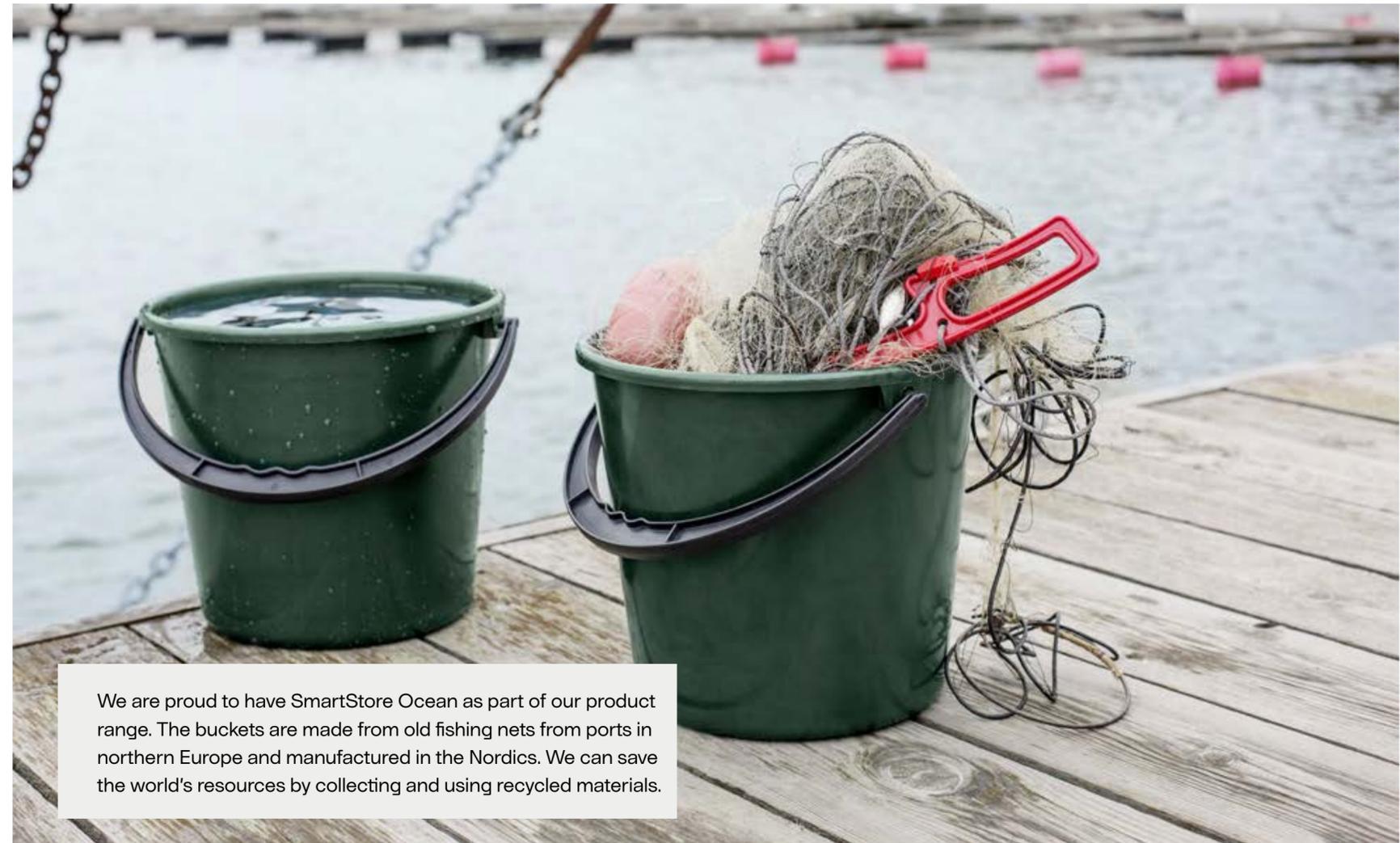


Planet

One of our overall sustainability targets is reducing our carbon emissions in line with the Paris Agreement.

It is a fact that humanity is causing climate change and its grave consequences, such as global warming and the loss of biodiversity. As a business, we have a responsibility to reduce emissions of greenhouse gases into the atmosphere. Clas Ohlson has been in business for more than a hundred years, and will continue to operate for at least as many more years. In our sustainability strategy we have decided on two major objectives to reduce emissions in line with the Paris Agreement and the 1.5°C target: becoming climate neutral and fully circular by 2045.

We have created four transition programmes where we can see the greatest potential to reduce our emissions. These involve primarily our purchasing functions, the commercial function and business development related to the development of our service offering. These transition programmes help us to facilitate a sustainable life in every home.



We are proud to have SmartStore Ocean as part of our product range. The buckets are made from old fishing nets from ports in northern Europe and manufactured in the Nordics. We can save the world's resources by collecting and using recycled materials.



Proud member of the Norwegian Retailers' Environment Fund

During the financial year, we have donated more than 1.3 MNOK to the Norwegian Retailers' Environment Fund. For each plastic bag sold in our Norwegian stores, 0.50 NOK is donated to Norway's largest private environmental fund and the retail industry's joint venture to solve environmental prob-

lems related to plastic. Funds received by the Norwegian Retailers' Environment Fund are earmarked for environmental measures to reduce plastic waste, increase plastic recycling or reduce the use of plastic carrier bags.

From 1 May 2022, the donation was raised to 1 NOK per plastic bag sold.

SUSTAINABILITY



Overall targets: Climate neutral and circular throughout the value chain by 2045.
Sub-target: Reduce emissions relative to our total sales by 50 per cent by 2030, corresponding to 20 per cent in absolute terms.

					
	Scope 3 emissions that we currently do not report	Scope 1	Scope 2	Scope 3	Scope 3 emissions that we currently do not report
Our emissions	Emissions from production	<p>Direct emissions from our own operations, which include:</p> <ul style="list-style-type: none"> - Post, property, caretaker, and pool cars in Insjön - Company cars - Oil-fired combustion at the distribution centre and head office in Insjön that are only used as a reserve for district heating stoppages 	<p>Indirect emissions from purchased electricity and heating, which include:</p> <ul style="list-style-type: none"> - Heating of the distribution centre and head office in Insjön - Energy consumption at the distribution centre, head office and all stores 	<p>Indirect emissions and include emissions from activities taking place outside our own operations, which include:</p> <ul style="list-style-type: none"> - Business travel - Incoming transportation from Europe and Asia - Outgoing transportation to stores and online shopping - Waste from Insjön - distribution centre, head office and stores - Purchased cloud services - Upstream emissions from fuel for electricity, heating and vehicles 	<p>Emissions from use and final processing of sold products.</p> <p>Waste from stores.</p> <p>Co-workers commuting to and from work.</p>
What we do to reduce emissions	<p>We are working to develop a method to improve the ability to estimate and actually measure Scope 3 emissions and thereby include additional emissions from the value chain. We know that emissions from materials in our products are the largest source of emissions.</p> <p>During the year, we conducted 113 environmental audits in China, which covered 83 per cent of our purchasing volume and began collecting energy data from suppliers.</p> <p>Using our new product evaluation model, we assessed and classified 22 per cent of product sales under proprietary brands.</p>	<p>In 2022/23, we will set targets for our own operations (Scope 1 and 2), as a sub-target towards climate-neutrality in 2045. This also means we will be reviewing the vehicles owned by Clas Ohlson.</p> <p>We constantly strive to optimise energy use in our properties.</p>	<p>Target for a 30 per cent energy optimisation in our stores by 2030 (base year 2014) – through converting to LED and reviewing store lighting, average energy consumption declined by 2 per cent and totals minus 21 per cent since 2014.</p> <p>We are actively working to transition to renewable energy in all stores. Our stores currently use 80 per cent renewable energy. Our target is 100 per cent renewable energy by 2025.</p> <p>In a separate initiative during 2022/23, seven stores in Sweden will change to LED lighting. This is part of a separate initiative in addition to converting to LED in our operations. This will reduce consumption by more than 50 per cent, corresponding to 6.8 per cent of the total electricity consumption in Sweden.</p>	<p>Greater share of fossil-free fuel in transportation and higher fill rate in containers.</p> <p>Increased fractions for sorting at distribution centre. We are considering how we can include waste data from stores in the future, though this is a challenge as most of our stores are located in shopping malls.</p> <p>Last year, a new purchase office was opened in Poland to provide us with more and closer supply chain options. This is an important step in our climate work, in terms of both shorter transportation and the ability to increase the share of recycled materials in our products.</p>	<p>We are actively working to find methods to include more of our Scope 3 emissions. Significant emissions are generated from use and waste management of sold products.</p> <p>We want to help our customers extend the life of our products by offering tool and machinery hire, spare parts, Clas Video Assistance, to provide guidance during repair work. Clas Fix it expands to more cities, to help customers with repairs and installation.</p> <p>The product evaluation model includes parameters such as reparability, service life and recyclability.</p> <p>During the year, we worked to develop new sustainability communication to be launched in 2022/23.</p> <p>We have agreements with all sales countries with local companies to fulfil our producer responsibility for the collection and recycling of electrical products and batteries.</p>



Product evaluation and development focusing on sustainability

Clas Ohlson's products and services are central in helping our customers make sustainable choices.

It is also crucial for achieving the sustainability targets we have set over the long term. Product manufacturing has a great impact on the environment and the climate, which is why it is important that we focus on it.

For many years, we have worked with product sustainability and in 2021 implemented an updated assessment model to evaluate how sustainable our products are. Our product evaluation model serves as an overall tool in establishing our starting position and highlighting areas that require more work.

Additional sustainability perspectives

Products under our proprietary brands are evaluated using 11 criteria. We consider the product's function and how resource intensive it is to use, the type of material used, how emissions look and whether the product and packaging can be recycled in a good way. The table to the right shows all of the criteria. Our technicians check usability, functionality and quality and already at this stage some form of product improvement often takes place before manufacturing begins. We also check legal requirements for the product

concerned. This could concern product safety, labelling and test reports, and these are sometimes verified through own measurements.

We rate our products internally in accordance with the parameters in our assessment model and strive to raise the average rating for our products already at the design phase. At an early stage, we take into account materials, production and different ways to extend the product life, for example by preparing products to use spare parts.

We assessed and classified 22 per cent of product sales under proprietary brands. Our target is that all of our existing products are to have been reviewed by 2025. New products are assessed on a continuous basis with strict requirements before being allowed onto shelves.

Products that fail to meet our more stringent sustainability requirements must be improved or phased out.



Carina Hemstrand,
Product Sustainability and Compliance Manager

"Society is moving towards a situation where sustainability is the new normal. People expect companies to help them choose the right products. It should be easy to make the right choice. The more sustainable the entire product range is, the easier it becomes."

Eco-labels increasingly important

Eco-labels will play an increasingly important role for both products and their manufacturing. The most common eco-labels in our product range are the Nordic Swan Ecolabel, FSC®, EU Ecolabel and Oeko-Tex®. These labels have strict requirements drawn up by an independent party. Eco-labels help our customers to choose products that respect nature and the environment. In our new assessment tool eco-labels contribute different points depending on whether or not they stand for a holistic approach.

Our criteria to ensure a sustainable offering:

Functionality, use and recycling, the purpose of the product, enabling a sustainable lifestyle

- Functionality
- User phase
- Service life, reparability, spare parts
- Recyclability, product and material

Sustainable materials and ingredients/substances

- Production of material, eco-labels
- Renewable material
- Recycled material
- Packaging

Sustainable production and logistics

- Production and suppliers
- Packaging materials and transportation
- Social audit of environmental audit

SUSTAINABILITY

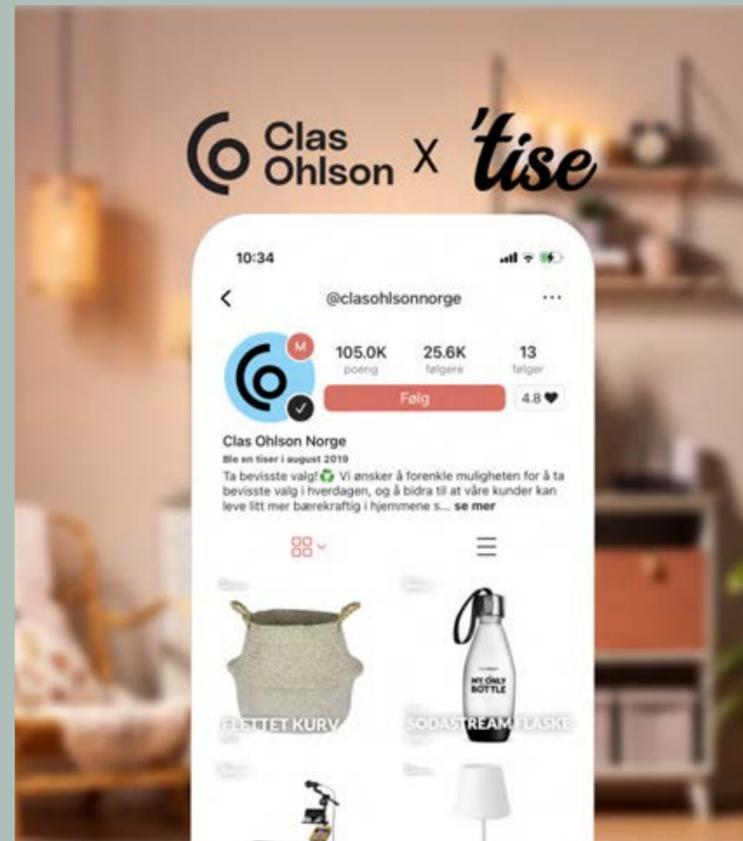


Leftover products to re-use and charity

Since 2019, we have had a profile on the Norwegian mobile marketplace Tise. Tise can be described as a mix of Instagram and Blocket and targets a young audience. In spring 2021, Tise launched its app in Sweden and Finland and we have also started profile in these countries.

Our partnership with Tise involves us donating products for sale. Products sold under our profile are discontinued products, products with damaged or missing packaging, products used for marketing, and sometimes customer returns. All income is passed on to Eco-Agents in Norway, Maskrosbarn, the children's rights organisation in Sweden and Kummit, Association of Friends of the University Children's Hospitals, in Finland. During the year, about SEK 27,000 was donated to the three organisations.

Since 2020, we have also partnered with Sweden's City Missions where surplus products from stores are sent to ten local City Missions. Some products are donated to participants and social operations, while others are sold in City Mission's second-hand stores, where the focus is on work integration. All proceeds go to local social programmes. We are testing a similar approach in Norway with the Church City Mission.



Candles that make a difference

Clas Ohlson phased out all straight and pillar candles made from paraffin back in 2016 and only sells these candles made from stearin.

Last Christmas, we highlighted our Nordic Swan Ecolabel stearin candles in our own and purchased channels with the message that we have chosen to use stearin, which is a renewable component, instead of the fossil-based raw material paraffin. The Nordic Swan Ecolabel helped us to calculate the amount of fossil carbon emissions we have been able to avoid in total in the past year, compared with if the candles we had sold were made from paraffin. In total, we avoided 350 tonnes of fossil carbon emissions, equivalent to driving 60 times around the earth in a petrol car.



All of our straight candles and pillar candles have the Nordic Swan Ecolabel. Our tea lights are also made from stearin, though they do not have the Nordic Swan Ecolabel because of the aluminium cup.

SUSTAINABILITY



Clas Ohlson's ambition

An inclusive organisation with zero tolerance for discrimination and diversity among our co-workers. We aim to be a long-term and sustainable employer with happy co-workers.

Focus areas

- Our diversity and inclusion efforts, as regards recruitment, commitment and added value and communication
- Ambition to offer attractive employment focusing on higher employment rates in our store organisation
- Develop leadership within the organisation
- Active cultural initiatives focusing on the Clas Ohlson spirit
- Increase the share of co-workers who recommend Clas Ohlson as an employer

3 GOOD HEALTH AND WELL-BEING

5 GENDER EQUALITY

10 REDUCED INEQUALITIES

People

A sustainable enterprise is based on co-workers who are happy, and who believe they can contribute to the business and be themselves.

Co-workers who enjoy their work, are happy and committed, stay longer and are important ambassadors for Clas Ohlson as an employer.

Clas Ohlson is to be an attractive employer that develops and retains competent and committed co-workers. When we recruit, we seek co-workers who want to be a part of our culture and who want to grow together with us. We also know that increased diversity contributes to greater creativity and innovation and the more that we can reflect our customers, the better we can comprehend and meet their wishes and needs.



SUSTAINABILITY



We work actively with gender equality and diversity in our recruitment process and in our cultural work. We regularly monitor work towards our goals.

Unique co-workers – our work with diversity

It is important at Clas Ohlson that every co-worker can be themselves, and we are firmly convinced that as an employer we must reflect the diversity of our customers if we are to be a sustainable company that can develop better products and services. In this way, we obtain an inclusive and creative environment where different perspectives help us to make the right decision, and where our co-workers and ultimately our customers believe they can be themselves and feel welcome.

Our culture supports our diversity efforts, as we know that our success is created by harnessing the expertise and qualities of each unique co-worker. English is our corporate language to increase inclusion. Several languages are often spoken in our stores and it is possible for each store to clearly display the range of language skills by using flags on name badges.

We offer traineeships through Jobbsprånget, which is a four-month internship programme for newly arrived graduates. On average, programme candidates have applied for 200 jobs in Sweden without success. Jobbsprånget offers foreign graduates an opportunity to build up their references, network and validate their experiences. During the financial year, Clas Ohlson took part in the initiative over two periods.

We measure diversity in our major annual employee survey by asking the question "Do you work in the country where you were born?" By 2025, 20-25 per

cent of Clas Ohlson's co-workers are to have a background in another country than the one they currently work in. Today, this figure is 10 per cent.

Gender equality at the company

Clas Ohlson is one of the best companies on the Stockholm Stock Exchange in terms of gender equality, according to the Allbright Foundation. For the third year in a row, we are included on Allbright's "green list" – a list of companies with an equal distribution of men and women in their senior executive group. We have set a clear target that we follow up – to have an equal gender distribution in all groups and at all levels. The previous target was 40/60.

During the financial year, 47 per cent were women and 53 per cent men. The gender division in Group Management is 33 per cent women and 67 per cent men. The distribution among all managers is 42 per cent female and 58 per cent male.



11 languages in Lambertseter, Oslo

Asad Durrani is the store manager in our store in Lambertseter, Oslo, Norway. He has been with us for 12 years and enjoys both his duties and working with his co-workers.

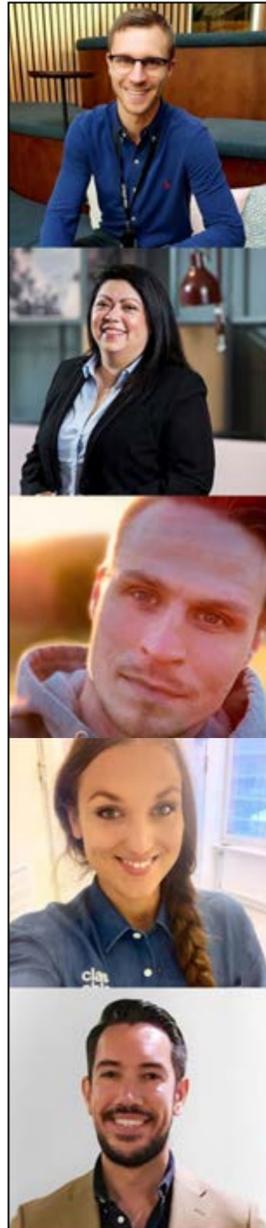


"Oslo is a multicultural city, it is important to have a open-minded work group with people from different countries and cultures to reflect the society in which we live. There must be space to celebrate Christmas, Eid, and Easter, well, every festival!" says Asad Durrani.

Many of the store's customers do not have Norwegian as their first language, and several of Asad's co-workers also have previous experience of living in other countries and cultures. Thanks to their differing backgrounds and experiences, co-workers can provide new solutions to the challenges of daily life. 11 languages are spoken in the store, which means many customers can receive help in their mother tongue.

"We are able to understand and help our customers in a totally different way when we are so diverse. We do not focus on where a person is from, but rather on commitment and doing a good job. We are like a family. When I talk to co-workers in my team I discover so many similarities between cultures that I was unaware of previously, and I learn new things every day," says Asad Durrani.

SUSTAINABILITY



Our co-workers contribute to our sustainability agenda

Our co-workers are the key to our journey towards a sustainable company and several of them have chosen to train to become sustainability ambassadors during the year.

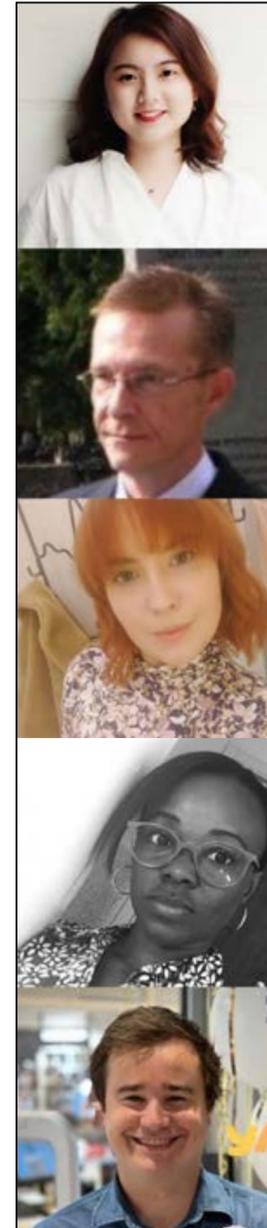
A sustainability ambassador at Clas Ohlson is someone who makes a concrete contribution to our sustainability agenda by learning more about sustainability issues, providing feedback and sharing sustainability information in their workplace. One important part is also to provide tips and guidance to help co-workers and customers to live more sustainably. Today, we have trained 100 sustainability ambassadors, in all countries and at all levels of the company.

To become a sustainability ambassador, co-workers must complete a digital sustainability training course on our

learning platform Classroom, where they learn in more detail about our sustainability strategy and our targets, sustainability related to products and their production. Part of the training includes the World Childhood Foundation's "Important Adult" course which teaches how adults can detect and respond to children who are being abused. After training, the sustainability ambassadors are offered additional meetings for discussions and further information.

Sustainability week

This year, for the second year in a row, we held an internal focus week on sustainability. This week involves extra content and discussions relating to sustainability in our internal communication channels. The focus this year was on increasing the knowledge of our sustainability strategy and the effects of global warming.



**Joycelyn Larea,
AI Business Analyst**
"As a sustainability ambassador, I have a deeper understanding of Clas Ohlson's sustainability work and have learnt more about the challenges in sustainability issues."



A long-term and sustainable employer

Our ambition is to offer attractive employment focusing on a higher level of employment in our store organisation, with predictable employment in terms of schedules and salaries. We believe this can increase our co-workers' commitment and motivation, and contribute to happy co-workers who in turn lead to happy customers. During the 2022/23 financial year, we will define clearer targets for these efforts and begin to measure our successes, and develop a strategy for employment and staffing levels in stores that is in line with our ambition.

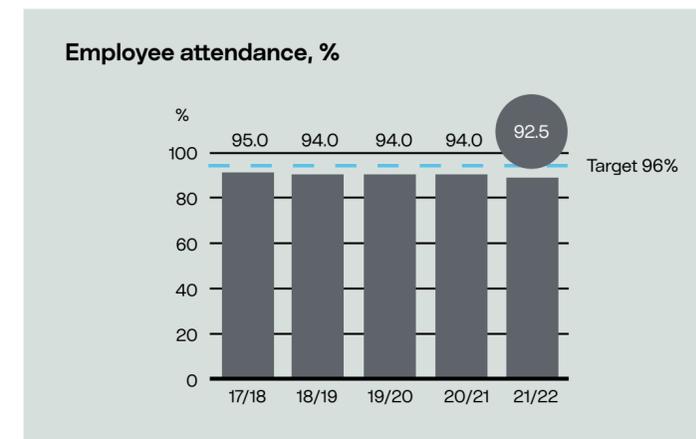
The well-being of our co-workers

Co-workers who enjoy their work, are happy and committed, stay longer and are important ambassadors for Clas Ohlson. It is important to us to be able to offer a stimulating and healthy work environment, where co-workers enjoy physical and mental well-being, and feel a sense of trust, security and belonging. We work actively and preventively to improve the company's employee attendance, through initiatives such as leadership, work environment and preventive healthcare.

Employee attendance in 2021/22 was 92.5 per cent. This is a decrease compared with the preceding year and we failed to reach our goal of 96 per cent. The period was deeply affected by the COVID-19 pandemic, which resulted in higher absenteeism than normal. This has been a difficult period that has

impacted all of our workplaces in various ways, which included home and remote working, restricted store opening hours and social distancing at the workplace. We know that most of our co-workers believe that Clas Ohlson has managed the pandemic well, which we investigated in our employee survey with specific questions about the handling of the effects of the pandemic.

We can also see that employee attendance has risen to more normal levels in March and April 2022 and have not seen an increase in long-term absenteeism during the period.



During the year, we focused on strengthening leadership as an important element in creating commitment, clarity and energy which we know are important aspects in nurturing a healthy workplace. We also continue work with our culture to strengthen collaboration in teams. Change leadership, leading teams in a hybrid environment and handling new work processes were also at the top of the agenda.

SUSTAINABILITY



Clas Ohlson's ambition

Contributing to a fair and prosperous society for future generations

Focus areas

- Follow-up of compliance with Code of Conduct, international laws and regulations
- Ensure zero tolerance toward corruption and compliance with our standards for business ethics.
- Continue work with our programme for socially responsible purchasing
- Further work with our social responsibility close to our operations and our focus area "children's rights" - to be children's rights ambassadors
- Help to make Clas Ohlson a meaningful and trusted brand through partnerships with organisations such as the World Childhood Foundation and Save the Children



Society

As a business, we have an opportunity and responsibility to contribute to a better society. Children's rights are close to our heart.

Our social responsibility is closely linked to our operations and we have a prominent focus on children's rights. Today, the world is more connected than ever before, and through partnerships with other players we can truly make a difference.



SUSTAINABILITY



Children's rights ambassadors

Clas Ohlson has worked from a children's rights perspective for many years. We want to contribute towards a childhood that is free from abuse and where children have the opportunity to receive an education. We want to strengthen children's rights, in part through our collaboration with World Childhood Foundation and Save the Children.

Together with Save the Children's Centre for Child Rights and Business in China, we continue to engage our suppliers and educate migrant workers in parenthood, as well as in their children's rights and well-being. In 2021, eight factories took part in the training, which affected 316 children of 314 factory workers.

In partnership with the World Childhood Foundation, we inform and train our co-workers in identifying and preventing children from being subjected to violence and sexual abuse. In 2020, we produced plasters for sale in our own stores with printed messages about children's rights. The packaging includes a folder that helps the person putting on the plaster to explain about children's rights. Surplus from the sales is donated to the World Childhood Foundation and we also provide Childhood with plasters to sell. To date, we have

sold almost 200,000 packets of children's rights plasters and more than 2,350 co-workers have completed the training.

During the year, we expanded our partnership with the World Childhood Foundation. Since the partnership started in 2019, Clas Ohlson has donated a total of 3 MSEK to the organisation.

A meaningful and trusted brand

An important component for Clas Ohlson to be perceived as a meaningful and trusted brand is through our strategic partnership.

In March, Clas Ohlson and Clas Ohlson Foundation donated 250,000 SEK each, a total of 500,000 SEK, to UNHCR's work in and related to war-affected Ukraine.

Together with the Clas Ohlson Foundation, we also contribute to initiatives for young people in Dalarna. During the financial year, we started a joint initiative with the Locker Room Talk association, which works to break destructive attitudes and language in sports changing rooms. Our support goes to the association's work at Leksands IF's hockey school in summer 2022.



For the tenth consecutive year in Norway, we organised the Battery Hunt together with Eco-Agents, Batteriretur and VARTA. Since starting ten years ago, the Battery Hunt has engaged more than 131,000 children in Norway and collected more than 807 tonnes of spent batteries.



Controlling the supply chain

Responsible purchasing

Clas Ohlson does not own any factories. We buy products from suppliers in Europe and directly from purchase offices in Poland, China and Vietnam. Clas Ohlson's ambition is partnerships in close, trusting relationships with our suppliers. We have a global team dedicated to monitoring our requirements and expectations regarding sustainability and ethics through audits and continual improvements.

Our Code of Conduct forms the basis for work to monitor and develop our supply chain. It is an integrated part of our operations and sets requirements covering human rights, employees' rights, the environment, influence on children's rights and business ethics.

Our audit programme includes just over 530 factories. Our aim is that 100 per cent of factories are free from serious deviations from the Code of Conduct. The outcome for 2021/22 was 99.8 per cent.

Environmental audits – an important part of our climate work

Since June 2021, we have conducted 113 environmental audits, one of which in Vietnam and the remainder in China, with the aim of assisting our suppliers with improvements. A self-assessment form with environmental questions was also sent to nine suppliers in Asia. We use the environmental audit programme to verify legal permits, the use of chemicals, waste water, air pollution and emissions, solid waste and noise.

We also examine the suppliers' energy structure, whether renewable energy is used and how much. To date, we have observed limited use of renewable energy – less than 10 per cent of audited suppliers use this.

The most prevalent types of environmental impact at our suppliers are air pollutant emissions and from water handling, including waste water. We can see that many suppliers write that they have environmental systems in place, but this often only on paper. An important task for us is to help those who are striving to implement the systems.

Number of audits	Type of audit
167	Internal social audits
142	Unannounced social audits
34	New social audits, before placing order – partnership started
3	New social audits, before placing order – no partnership started
7	New social audit of existing supplier, due to new location and address
21	No audit by Clas Ohlson – only valid and approved Sedex report
5	Sedex report outside China
113	Environmental audits



Andreas Oseén, Head of Global Sourcing

"Work is in progress in China to improve sustainability related to production. Our auditors feel they are welcomed with open arms, and suggestions for improvements are well received. They often want to improve but do not know how to achieve this. As customers and purchasers, we can make a contribution to change."

SUSTAINABILITY



Join us on a social audit!

New suppliers

We conduct a social audit of new suppliers before placing the first order. This applies to suppliers located in areas of risk, as defined in the OECD's and the World Bank's ranking of risk regions. We do not initiate a partnership if the supplier fails to meet the requirements. During the financial year, 37 audits were conducted of new suppliers. Three of these failed to meet our requirements and consequently no partnership began.

As part of the overall process, staff at the potential supplier take part in training when we go through CSR standards. We are also given an opportunity to gain an impression of the supplier's level of knowledge and awareness of sustainability.

At the present time, we hold internal audits in China. In India and Vietnam, we use external auditors and Sedex standards.

Member of Sedex for an efficient audit procedure

Clas Ohlson has been affiliated with Sedex since 2017 for increased transparency regarding responsible purchasing that has now been integrated into our supplier programme. The audits use standardised templates and the results can easily be shared with others.

If a supplier has already received a Sedex audit and can share a report that is less than one year old, we will examine this report, and if it fulfils our requirements Clas Ohlson will not conduct its own audit.

Larger proportion of unannounced audits

We conducted 167 internal audits during the financial year. Most of these were in China, where we have a large share of our production. During the year, we increased the proportion of unannounced audits to obtain another picture of the situation at the supplier. An unannounced audit entails that we do inform the supplier of the exact audit date.

Serious deviations in health and safety issues, forced labour and child labour are unacceptable. If an existing supplier cannot meet the minimum requirements our orders are stopped. In respect of certain deviations, production is paused while the supplier is given an opportunity to rectify deviations. If the supplier does not rectify the deviations, the partnership is terminated.

We monitor compliance and offer training when necessary for suppliers with whom we choose to begin partnerships. A subsequent audit is conducted after about 1.5 years. Improvements and rectification of certain deviations are verified in documents and photographs that we request

from the supplier. Other deviations require that we verify both documentation and that the measures have been taken on-site. These follow-up audits take place at the factory 3–6 months after the latest audit. Read more about the most common types of deviation on page 123.

No workers under the age of 16 in China

The minimum age for labour is 15 according to the ILO Convention. The lowest age in China is 16. Clas Ohlson complies with legislation in the countries in which we operate and in China we had three cases of child labour during our financial year, all of whom were 15 but under the age of 16. One case was detected at a potential supplier and a partnership was therefore not started.

Two cases of child labour were detected under Chinese legislation at existing suppliers. Both cases were followed up according to procedures in our action plan for child labour, which means the young people stop working immediately. We interview the young people and their parents, and offer training support to the young people. In one of the cases, the young person was willing to return to school. We also provide the young people with financial support equivalent to an average monthly wage until the young person reaches the age of 16. We also offer financial support for the journey home.



Mandy Liu,
CSR Manager, China

"Sedex provides us with the opportunity to use our internal skills and previous experiences to integrate Clas Ohlson's standards with Sedex regulations."





Ethical business

It is very important that we ensure that our operations maintain a high level of ethics.

We must ensure zero tolerance toward corruption and compliance with our standards for business ethics. Our Code of Conduct and Code of Business Ethics define the requirements and instructions that both co-workers and partners are expected to follow. We conduct continual and regular training for relevant co-workers. Unannounced audits are carried out at regular intervals.

Together with the organisation ECPAT, we previously ensured that our internal policies and processes maintained a high level in efforts to end abuse, exploitation, trafficking and all forms of violence against children. We continue to work actively on spreading knowledge internally about our policies and missives.

In 2019, we installed NetClean on our computers, a tool to stop the spread of material depicting sexual abuse of children.

Reporting deviations and whistleblowing

Clas Ohlson's co-workers, current and former, shareholders, trainees, jobseekers, management or Board members, partners, customers, suppliers etc. as well as all individuals who report on information received in a work-related context, such as individuals who

assist or are associated with the whistleblower, are encouraged and expected to report deviations from our Code of Conduct and our Code of Business Ethics.

Deviations from Clas Ohlson's Code of Conduct may be reported by e-mail to supplychain-report@clasohlson.com and by post, anonymously or openly, to our Head of Sustainability.

Deviations from Clas Ohlson's Code of Business Ethics may be reported anonymously through our external whistle-blower service, WhistleB, or to our General Counsel.

No deviations were reported during the year.

Risk of corruption in the purchasing process

Our largest risk of corruption is in the purchasing process and when signing major agreements. The geographical region where the risk of corruption is greatest is in Asia, where approximately 70 per cent of our products are manufactured. Therefore, we conduct regular training for all co-workers who work with purchasing and high-value contracts, and for our partners in Asia. Digital training and information, including the Code of Business Ethics, are available to all co-workers on the intranet.



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Directors' Report

The Board of Directors and Chief Executive Officer of Clas Ohlson AB (publ), with registered office and head office in Insjön, in the Municipality of Leksand, Sweden, hereby present the annual accounts for the financial year 1 May 2021 to 30 April 2022. Unless otherwise stated, the figures relate to the Group. Figures in parenthesis pertain to the preceding year. All figures are stated in millions of Swedish kronor (MSEK) unless otherwise stated.

Operations

Clas Ohlson works to help and inspire people to improve their everyday lives by offering smart, simple, practical solutions at attractive prices. Our customer offering comprises a base of hardware, electrical, multimedia, home and leisure products as well as a supplementary offering of services that simplify customers' DIY at home. During the year, operations were conducted in Sweden, Norway, Finland and the UK via stores and online shopping, and via purchase offices in China, Poland and Vietnam. No operations were conducted in Germany.

The product range includes approximately 13,500 items that are purchased from a large number of suppliers in some 30 countries. The products arrive to the distribution centre in Insjön, Sweden, and from there are distributed via stores, or via mail order/Internet directly to the customers. Clas Ohlson's ongoing review of the store network takes into consideration the market conditions, new customer behaviour patterns, demand projections and contracts signed with property owners. Geographic location, testing new store concepts and store sizes are continuously assessed and reviewed. The number of stores at the end of the financial year was 229, of which 96 were in Sweden, 92 in Norway, 40 in Finland and one in the UK. Compared with the end of the preceding financial year, the store network has increased by one store (unchanged last year). The number of contracted forthcoming store openings is zero.

Significant events during the financial year

Clas Ohlson was impacted by the COVID-19 pandemic to varying extents during the financial year, and took action to manage the consequences. A return to more normal conditions was noted in the autumn and the operations

were prepared for a more open market and a positive start to Christmas trading, but new restrictions in the lead-up to the most important period of the year in terms of sales meant that customer footfall was limited and quarantine rules and sickness absence created further difficulties. Restrictions and recommendations were lifted in spring 2022 and the market re-opened. Compared with spring 2021, online shopping in Norway was impacted by the closure of most of the store network in the country last year.

In addition to the COVID-19 pandemic, the war in Ukraine resulted in increasing uncertainty in the global economy and Europe. Clas Ohlson is not directly affected since no operations are conducted in Ukraine or Russia. Clas Ohlson is now donating to UNHCR's efforts in Ukraine together with the Clas Ohlson Foundation and is continuing its ongoing partnership with World Childhood Foundation, which has been working on local initiatives for protecting children in the country for many years. Combined with the impact of the pandemic, the war is changing customer behaviour at an increasingly rapid rate. Customer preferences and reactions to global events differ in the various markets served by Clas Ohlson, contributing further to this complexity. Moreover, rising prices of food, fuel and electricity, among other things, impacted customers in the latter part of the financial year.

Costs for good transports were at a historically high level during the financial year, and sourcing costs are continuing to rise. Clas Ohlson is working in many ways to offset these increased costs, for example, using a large share of proprietary brands means that product price levels and margins can be adjusted to meet new circumstances. Overall product availability remains positive, even though there are

DIRECTORS' REPORT

still shortages in certain product categories, just as there were during the pandemic, and the war in Ukraine may cause further uncertainty in the supply chains. Clas Ohlson has been proactive in its efforts related to purchasing and transportation and had healthy access to the right products both in store and at the central warehouse, despite major disruptions in global logistics chains. The current financial year began with slightly higher inventories compared with the same time last year, enabling Clas Ohlson to continue to offer customers relevant products.

In the second quarter, Clas Ohlson received a nonrecurring payment from Afa Försäkring since a decision was made through Fora to pay a surplus in the collectively agreed AGS health insurance related to a favourable performance on the stock exchange and previous changes in the health insurance system. The company received 25 MSEK from Fora, which was recognised as other operating income.

Clas Ohlson's Club Clas loyalty programme is an important growth engine and a key part of taking care of customers and deepening our relationships with them. Across all of our Nordic markets, we now have approximately 4.3 million members in total. The number of active members, and sales per member, are increasing in all markets. The next step for Club Clas is to leverage the potential for further expanding the member base in Finland and ultimately growing our most loyal customer category. Customers in this category buy approximately four times more than the average member. Club Clas plays a central role in the sustainable and profitable growth strategy because it enables the company to provide customers with a more relevant offering. Making use of customer data also means that new products and services that customers want can be developed.

During the financial year, Clas Ohlson took new steps as part of its ambitious sustainability agenda. A key initiative during the financial year was the accelerated work on the updated assessment model for products. The updated model now imposes even stricter demands on, for example, the choice of material, manufacturing and, in particular, service lives. Analyses of all new products sold under proprietary brands have been carried out since the start of the year. These important efforts will be further geared up going forward and thus strengthen Clas Ohlson's position as the natural choice for customers who want to make sustainable choices. Clas Ohlson's sustainability activities are also a way to distinguish the company from its competitors. One example is that the company could reduce its GHG emissions under Scope 1 and 2 by 18 per cent during the 2021/22 financial year. Other examples of progress are

a 24 per cent increase in the volume of spare parts that extend product lifetimes. The company also increased the pace of environmental audits of suppliers during the financial year to now comprise 83 per cent of the total purchasing volume.

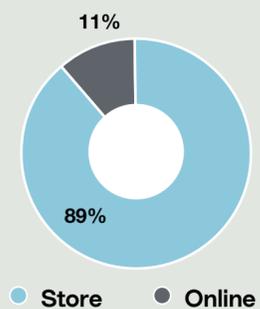
Sales and profits

Sales increased 6 per cent to 8,784 MSEK (8,284). Organic sales increased 4 per cent compared with the preceding year. Sales in comparable units and local currency increased 4 per cent. Online sales increased by 9 per cent to 971 MSEK (894). During the financial year, the store network was expanded by one store (unchanged last year).

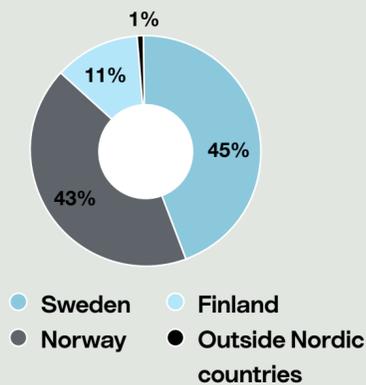
Sales were distributed as follows:

Sales areas (MSEK)				
Countries	2021/22	2020/21	Percentage change	Percentage change, local currency
Sweden	3,982	3,748	6	6
Norway	3,780	3,522	7	3
Finland	966	959	1	1
Outside Nordic Countries	56	56	-1	-5
Total	8,784	8,284	6	4
Of which, online sales	971	894	9	7

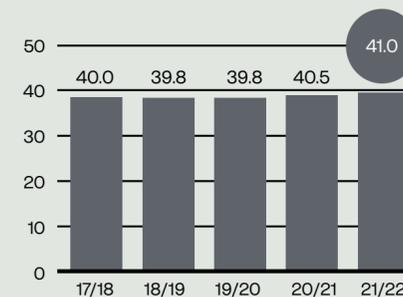
Sales in stores/online



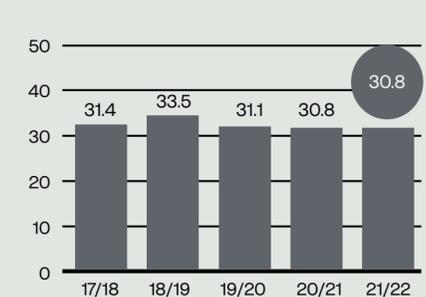
Net sales per country



Gross margin, %



Share of selling expenses, %



DIRECTORS' REPORT

Distribution of sales increase

Comparable units in local currency	4%
New stores	0%
Exchange-rate effects	2%
Total	6%

The gross margin increased by 0.5 of a percentage point to 41.0 per cent (40.5). During the period, the gross margin was positively impacted by a weaker purchasing currency (USD) in relation to SEK and stronger sales currency (NOK). This was largely offset by the effects of currency hedging (NOK) from currency forwards and exchange-rate effects related to delays in inventory, product mix and higher campaign intensity as well as increased sourcing costs.

The share of selling expenses was unchanged at 30.8 per cent (30.8). The share was positively impacted mainly by higher sales in comparable units, which was offset by more

normalised costs for store operations, with lower costs during the preceding year as a result of the COVID-19 pandemic.

Administrative expenses increased 5 MSEK to 200 MSEK (195). There was a continued major focus on costs.

Operating profit totalled 719 MSEK (608). IFRS 16 had a positive effect of 78 MSEK on operating profit, resulting in operating profit of 642 MSEK (538) excluding this effect. Operating profit was positively impacted as a result of COVID-19 relief concerning reduction of employer's contributions and sick pay compensation totalling 13 MSEK. These have been reported as a reduction in cost of the items the subsidy pertains to once the criteria are deemed to have been met. Spot exchange rates for key currencies averaged 1.02 for NOK and 8.90 for USD, compared with 0.97 and 8.76, respectively, in the year-earlier period. Cur-

rency hedging was undertaken in USD and NOK. Currency hedging that fell due during the period had a negative impact of 32 MSEK (NOK) on earnings and a positive impact on inventory value through a decrease of 30 MSEK (USD). The company's policy is to hedge 50 per cent of the expected flow in each currency continuously, with three- to nine-month maturities.

The operating margin was 8.2 per cent (7.3) IFRS 16 had a positive effect on operating margin of 0.9 (0.9) of a percentage point. Profit after financial items totalled 656 MSEK (545). IFRS 16 had a positive impact of 16 MSEK on profit after financial items and a positive impact of 13 MSEK on profit after tax.

Depreciation for the period totalled 753 MSEK (714), of which 502 MSEK (486) pertained to depreciation of right-of-use assets in accordance with IFRS 16.

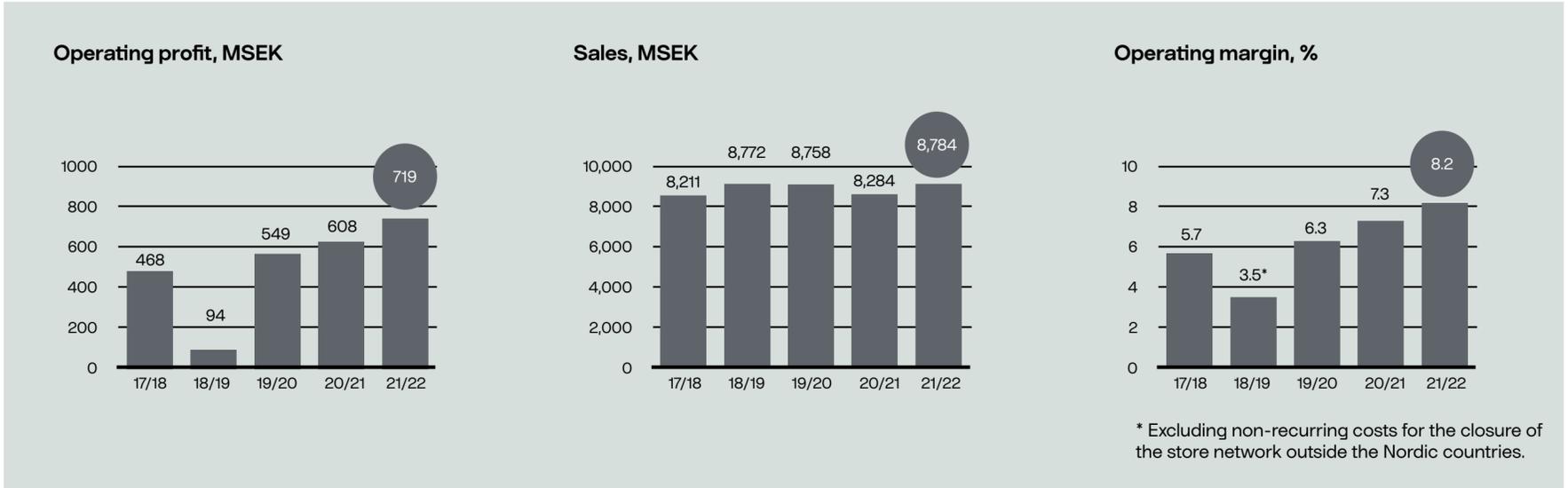
Prospects for the next financial year

The macroeconomic climate and the impact on customer behaviour are the greatest uncertainty factors for the business related to the COVID-19 pandemic and the war in Ukraine. Fluctuations in the currency market and challenges in the supply chain are also having an effect. It should be added that the retail sector is already undergoing extensive change. The underlying structural change in the retail sector will require a great deal of flexibility, sensitivity and continued upgrading of the business model.

In the years ahead, particular attention will be devoted to a handful of prioritised areas. The customer offering is the single most important growth driver, which involves providing the customer with greater clarity about what they can expect from Clas Ohlson and broadening the range in certain categories so that customers choose Clas Ohlson over competitors more often. Several initiatives are being carried out to strengthen the two sales channels: the store network and online shopping. There are also many benefits in continuing to develop Club Clas. Yet another growth driver is Finland. After 20 years of activity in Finland, sales and profitability are not at the same levels as in Sweden and Norway, but there is substantial potential in the Finnish market and many of the changes that have been implemented have yielded positive results.

Investments

Investments during the financial year amounted to 158 MSEK (228). Of this amount, investments in new or refurbished stores accounted for 62 MSEK (60). Investments in IT systems for the period amounted to 53 MSEK (83). Other investments pertained primarily to further development and automation of the company's distribution systems, mainly linked to growing needs for rapid deliveries. The shares in Mathem were measured at fair value amounting to 158 MSEK, a decrease of 148 MSEK during the financial year.



DIRECTORS' REPORT

Financing and liquidity

Cash flow from operating activities for the financial year amounted to 986 MSEK (1,288). Cash flow for the period after investing and financing activities was -81 MSEK (454). Excluding the effect of IFRS 16, cash flow from operating activities amounted to 472 MSEK (749).

The average 12-month value of inventories was 1,986 MSEK (1,731). Over a rolling 12-month period, the stock turnover rate at the distribution centre was 5.5 times (5.8).

At the end of the period, the value of inventories was 2,199 MSEK (1,832). The inventory is well-balanced and the company stands well-equipped for the first quarter. During the current financial year, the inventory value was impacted by external factors, such as increased costs for the purchase of products and incoming transports. As of 30 April, the effects of COVID-19 had not had any significant impact on the total inventory value.

The Group's net debt at the end of the period, meaning interest-bearing liabilities less cash and cash equivalents, amounted to 1,333 MSEK (1,508). Excluding the effect of IFRS 16, the Group had net cash holdings of 457 MSEK (534). Liquidity was not impacted by COVID-19 relief for the postponement of VAT and tax payments. Excluding the effect of IFRS 16, net debt in relation to EBITDA was -0.5 times (-0.7), which is in accordance with the company's financial framework. Credits granted and loan commitments amounted to 650 MSEK, of which 0 MSEK had been utilised at the end of the quarter. The company's financial position remains strong. The equity/assets ratio was 37 per cent (36). Excluding the effect of IFRS 16, the equity/assets ratio amounted to 55 per cent (55).

The share and share capital

Clas Ohlson series B shares are listed on Nasdaq Stockholm. The share capital totals 82 MSEK, comprising 5,760,000 series A shares and 59,840,000 series B shares, each with a quotient value of 1.25. Each series A share carries ten votes, while each series B share carries one vote. All shares carry equal rights to payment of dividends. Holders of series A shares can request that their A shares be converted to series B shares. The share capital is unchanged compared with the preceding year.

On 30 April 2022, the company had a total of 40,437* shareholders, compared with 38,341 on 30 April 2021. The 15 largest shareholders at that time held 62.4 per cent of the capital and 79.3 per cent of the votes. For a summary, see page 132.

The Articles of Association contains no post-sale purchase rights clause or other restrictions for the transferability of series B shares. Apart from authorisation pertaining to the repurchase of shares stated on page 98, there are no other circumstances of the kinds the company is obligated to disclose under the provisions of Chapter 6, Section 2a (4-11) of the Annual Accounts Act. The number of registered shares is 65,600,000 (5,760,000 series A shares and 59,840,000 series B shares), unchanged compared with the preceding year. On 30 April 2022, the company held 2,243,435 shares (2,254,583), corresponding to 3.4 per cent of the total number of registered shares. At the end of the period, the number of shares outstanding, net after buyback, was 63,356,565 (63,345,417). The entire LTI 2021 undertaking has been secured by using shares that were bought back to secure previous LTI programmes where the need has been recalculated (no buy-back in the preceding year).

Employees

The number of employees in the Group was approximately 5,000 recalculated to average full-time equivalents (FTEs), this corresponds to an average of 3,093 (3,013). Further information about employees is found in Notes 6 and 32 in the Annual Report.

Social responsibility

Clas Ohlson works continuously on its social responsibility, including following up our Code of Conduct and Code of Business Ethics. A more detailed description of Clas Ohlson's work on its Code of Conduct is provided on pages 53-55. The company also assumes its social responsibility as regards the rights of children, for example, through its partnerships with Save the Children and the World Childhood Foundation and its involvement with the Clas Ohlson Foundation. Read more on pages 51-52.

Environmental impact

The company has a duty of notification with respect to activities relating to the temporary storage of electronic waste. This duty of notification applies to any Swedish municipality in which Clas Ohlson has a store. The company does not otherwise have any operations for which there is a duty of notification or for which it is mandatory to obtain a permit under the Environmental Code. In Sweden, the company partners with the nationwide El-Kretsen service company in order to fulfil its manufacturer responsibility for the collection and recycling of electrical products and batteries. The company is a member of FTI for recycling packaging and newspapers. In Norway, the company is affiliated to the recycling organisations RENAS (electronics), Batteriretur (batteries) and Grønt Punkt (packaging).

The same form of partnerships are in place in Finland with SERTY (electronics and batteries) and Rinki (packaging), and in the UK with Valpak, which assists in the reporting of packaging, electronics and batteries.

Clas Ohlson's environmental impact is mainly associated with the goods manufacturing, transportation, sales of these and customers' use of products. For this reason, important work is being conducted across the Group to develop the entire range to incorporate a larger share of sustainable products (in terms of design, choice of materials, manufacturing, function, etc.), to improve transportation efficiency and energy efficiency in stores and to help customers to live more sustainably. We have reported our emissions according to the GHG Protocol of the Carbon Disclosure Project since 2015 and improved our score from C to B. We have reported under Scope 1 and 2 (our own operations) and parts of Scope 3 (transportation, business travel) and waste and upstream emissions from fuel for electricity, heating and vehicles). We reduced our GHG emissions under Scope 1 and 2 by 18 per cent during the financial year. Clas Ohlson is continuing on its journey to quantify other GHG emissions (Scope 3) in its value chain and set the target that Clas Ohlson's entire value chain is to be climate neutral by 2045 (Scope 1-3).

Sustainability work covers all areas of activity and is integrated into the entire Annual Report, but is presented specifically on pages 42-55. Refer also the sustainability information on pages 119-128.

* Source: Monitor by Modular Finance AB. Compiled and processed data from various sources, including Euroclear, Morningstar and the Swedish FSA.

DIRECTORS' REPORT

Guidelines for remuneration of senior management

The principles below were adopted by the AGM and updated to comply with the amendments to the Swedish Companies Act. The general principles of remuneration of senior management are to be based on the position held, individual performance, the Group's financial results and the remuneration being competitive in the country of employment. The combined remuneration of senior management is to consist of basic salary, variable salary in the form of a short-term incentive based on annual performance targets, long-term incentives based on multi-year performance, pension and other benefits. In addition, notice of termination and severance pay are subject to terms and conditions.

Clas Ohlson aims to offer a competitive total level of remuneration, focusing on payments based on performance. The objective is that the fixed annual basic salary will be on par with or around that of the competitive market. When Clas Ohlson achieves or exceeds the established performance targets, the total remuneration is to be on par with or around the upper quartile of the competitive market. This means that the variable remuneration may comprise a significant portion of the total remuneration.

Basic salary

The basic salary shall constitute the basis for total remuneration. The salary is to be related to the relevant market and reflect the extent of the responsibilities included in the position. The development of basic salary is to depend on how well work is performed and how well the employees develop their expertise to assume future work assignments involving greater responsibility. The basic salary is to be

reviewed annually to ensure that it is market-based and competitive.

Variable remuneration (Short Term Incentive, STI)

In addition to basic salary, senior management are to qualify for STI for performance that exceeds one or several predetermined performance levels during a financial year, designed to promote the company's long-term value creation. Clearly defined performance targets are to be decided annually by the Board or by individuals elected by the Board. The performance targets are to be predetermined and measurable, and can be financial, non-financial or individually customised objectives and are to support long-term shareholder value. Variable cash remuneration shall aim at promoting the company's business strategy and long-term interests, including its sustainability.

Remuneration from the STI programme is subject to a ceiling, which means that Clas Ohlson can calculate maximum remuneration levels from the beginning. Insofar as performance does not match the lowest performance level, no STI will be paid. STIs depend on the position held and may not exceed 60 per cent of salary if the ceiling is achieved, which also represents the maximum outcome of STI. STI remuneration is also conditional upon the performance on which earnings are based being sustainable over time, and that Clas Ohlson is able to reclaim such remuneration that was paid due to information that later turned out to be obviously erroneous.

Payment of remuneration from the STI programme may also be combined with requirements for a minimum holding of shares.

Long-term incentive, LTI

The aim of LTI programmes is to create the prerequisites for attracting and retaining employees in the Group. The programmes were designed to encourage participants to become shareholders in the company, which is expected to have a positive impact on their long-term work performance. Connecting participants' rewards to the company's profit and value development will continue to promote company loyalty and thus sustainable value growth in the company.

Long-term incentive programmes that entitle employees to acquire shares are subject to AGM approval. The performance period for LTI 2019, LTI 2020 and LTI 2021 were in effect during the financial year. The performance period for LTI 2019 was concluded after the close of the financial year. LTI 2019 and LTI 2020 are share matching and profit-based employee stock option plans, while LTI 2021 encompasses performance shares. The Board of Directors annually evaluates whether long-term incentive programmes will be proposed at future AGMs.

Pension

Pension agreements will, if possible, be defined-contribution and formulated in accordance with levels and practices applicable in the country in which the senior manager is employed.

Other benefits

Other benefits may occur in accordance with the terms applicable in the country in which the senior manager is employed. However, such benefits may not constitute a major portion of the combined remuneration. Medical insurance is to be offered to senior management.

Period of notice and severance pay

Senior management will be offered terms in accordance with the legislation and practices applicable to the country in which the person concerned is employed. A senior manager will be prevented from working in a competing business during the period of notice. In certain cases, prohibition of competition in return for continued remuneration may be applied for a maximum period of 24 months following expiry of the period of notice.

Authorisation for the Board to depart from the guidelines

The Board may temporarily resolve to derogate from the guidelines, in whole or in part, if in a specific case there is special cause for the derogation and a derogation is necessary to serve the company's long-term interests, including its sustainability, or to ensure the company's financial viability. For more information about remuneration, see Note 6.

Parent Company

Parent Company sales for the financial year amounted to 7,187 MSEK (6,696) and profit after financial items totalled 604 MSEK (681). Investments for the period amounted to 99 MSEK (172). Contingent liabilities for the Parent Company amounted to 189 MSEK (192).

Events after the end of the year

The qualification and performance periods for LTI 2019 ran from 1 May 2019 until 30 April 2022. After the end of the reporting period, a total of 5,232 shares were allotted on 2 May in accordance with the AGM's resolution regarding share matching of one share per share purchased to those participants who remained employed after the three-year qualification period.

DIRECTORS' REPORT

The established performance criteria regarding average sales growth and increased earnings per share for the period 2019–2022 were not achieved, meaning that no options were allotted to the participants and, accordingly, the LTI 2019 has been concluded.

The Board has decided to discontinue the remaining operations in the UK. The cost of the closure, which will be charged to the 2022/23 financial year, amounts to approximately 35 MSEK. The decision follows the company's strategy to focus on the Nordic markets and the 2018 decision to close stores in the UK and Germany.

Dividend

Clas Ohlson's dividend policy is that the dividend is to comprise at least 50 per cent of earnings per share after tax, taking into account the company's financial position.

The Board of Directors proposes that a dividend of 6.75 SEK per share be paid for the 2021/22 financial year, comprised of two separate payments of 3.375 SEK each. Due to the company's strong financial position and considering that no dividend was paid for the 2019/20 financial year, the Board of Directors proposes that an extra dividend of 6.25 SEK per share be distributed as two separate payments of 3.125 SEK each. It is proposed that payment be made in September 2022 and January 2023. The proposed dividend amounts to a total of 853 MSEK, representing 163 per cent of the financial year's profit after tax.

Proposed allocation of earnings

The following earnings (SEK 000s) are at the disposal of the Annual General Meeting:

Profit brought forward	566,440
Fund for fair value	-94,257
Profit for the year	514,611
Total	986,794

The Board proposes that profit be allocated as follows:

Dividend payable to shareholders 13.00 SEK per share	852,800 ¹
To be carried forward	133,994
Total	986,794

¹Dividends are based on the number of shares outstanding on the record date.

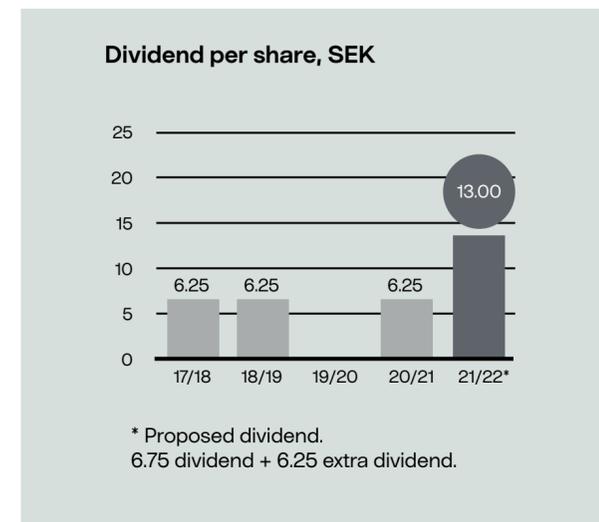
The proposed record date for the first payment is 13 September 2022 and the proposed record date for the second payment is 17 January 2023. It is anticipated that the dividend resolved by the AGM will be distributed on 16 September 2022 and 20 January 2023.

With reference to the information presented above and what has otherwise come to the knowledge of the Board, the view of the Board is as follows: A comprehensive assessment of the financial position of the Parent Company and Group indicates that the dividend is justifiable with reference to the demands made by the nature, size and risks of the operation on the equity and liquidity of the Parent Company and Group. The Group's equity/assets ratio is 37.3 per cent (54.8 excl. IFRS 16) before payment of the dividend and 23.0 per cent (34.8 excl. IFRS 16) after payment of the dividend. This is deemed to be an adequate equity/assets ratio.

For information regarding the company's earnings and position in other respects, refer to the following income statements and balance sheets and the accompanying notes to the accounts.

Annual General Meeting

The Board of Directors intends to convene an Annual General Meeting, that can be attended physically, on Friday, 9 September 2022. The Board of Directors has resolved that shareholders who wish to do so may exercise their right to vote at the Annual General Meeting via advanced voting (postal voting) in accordance with the provisions of the Articles of Association. Further information will be provided in the notice of the AGM. For more information, visit <https://about.clasohlson.com/en/corporate-governance/general-meeting/annual-general-meeting-2022/>



RISKS AND UNCERTAINTIES

Risks and uncertainties

To develop an attractive and relevant customer offering and to ensure our future competitiveness, we must understand how our business environment is changing. The operations conducted entail risks that could negatively impact the Group to varying extents. These risks can be divided into strategic, operational, financial and sustainability risks. The Group's risk scenario can change quickly, and we work continually to update the risk situation and to ensure quick, efficient risk management.

Strategic, operational, including sustainability risks and financial risks impact our opportunities for achieving our strategic and business-related goals. Creating awareness of the risks in the operations means they can be controlled, limited and managed correctly and thus converted into a strategic opportunity for the business. When managed correctly, risks may lead to opportunities and add value to the business.

Risk management process

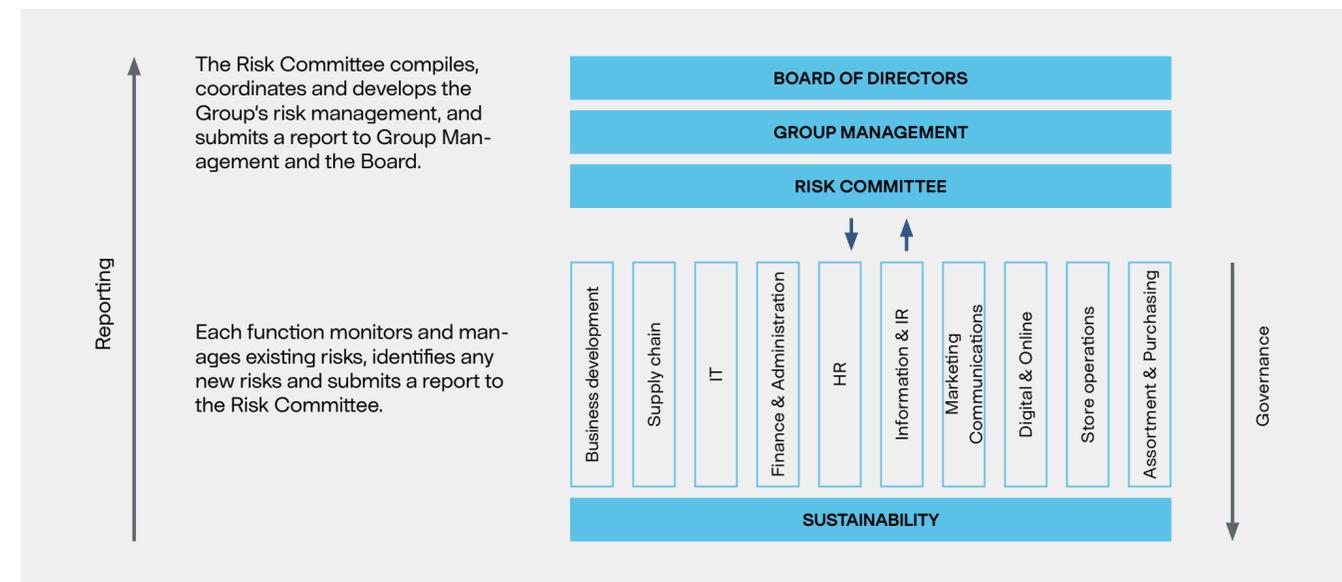
Clas Ohlson works continuously to update the Group's risk exposure through a systematic process in which risks are identified, evaluated, managed and reported. Priority is assigned to the risks assessed as having the greatest negative impact in terms of probability and conceivable effects on operations. Classification is also made on the basis of how well the implemented countermeasures correspond with the desired level. This work is performed in each function based on the composition of Group Management.

Internal reports on measures implemented and changes in risk assessments are issued twice a year and on a continuous basis when necessary. The effects of coronavirus and war in Ukraine, and the resulting macroeconomic effects, on the Group's operations have led to a need to continuously follow up and analyse the Group's risk status.

The risks are compiled in risk maps to clarify overall exposure and the measures to be prioritised. Maps are compiled at Group level and are a key component of the company management's and the Board's strategic and operational governance.

Clas Ohlson's Risk Committee performs the work involved in compiling, coordinating and developing risk management, and is then adopted by Group Management and the Board. The operations are impacted by rapid changes, and these efforts remain a high priority as the company continues to grow and develop.

Risk management



RISKS AND UNCERTAINTIES

Risk map (example)



Strategic risks

The purpose of strategic risks is to ensure that the company's business model meets the needs and demands of customers and other stakeholders in both the short and the long term, and that the company works within environmental, ethical and regulatory limits. In addition, strategic risks are intended to indicate changes in the business environment with potentially significant effects on Clas Ohlson's operations and business goals. Risks of a strategic nature primarily comprise risks associated with changes in the business environment and global events, such as global risks that the company cannot control: war, disasters, pandemics, etc., increased competition, shifts in technology and in customers' purchasing patterns. Other strategic risks derive from market positioning, product range and offering as well as sustainability in its broadest meaning.

Operational risks

Operational risks are directly attributable to business operations with a potential impact on earnings and the financial position. Operational risks can normally be influenced and are often linked to the organisation's processes, working methods and skills. Operational risks are mainly risks associated with purchasing of products, sustainability, IT systems, logistics, key individuals, leases, shrinkage and regulatory risks.

Financial risks

Financial risks are risks with a potential impact on earnings and the financial position. Risks of a financial nature consist primarily of risks associated with changes in the economy, currency exposure, transport costs, raw material prices and wage inflation.

Currencies, currency hedging and currency fluctuations

The company's currency exposure is high, primarily due to sales in Norway and the Group's purchasing. About 50 per cent of the company's purchases are made in currencies other than SEK. The table on the right shows how earnings are impacted by changes in currencies, excluding hedging.

Futures hedging is performed monthly in USD and NOK, with a maturity of three to nine months, against half of the expected flow in each currency. In this way, the company is guaranteed the forward rate on a major proportion of its currency exchanges, but also has the opportunity/risk of making the remaining payments at the prevailing rate.

Sustainability risks

The company's business model constitutes a potential negative impact on people, the environment and society. Even if some of these risks lie outside Clas Ohlson's direct operations, the consequences of not addressing them could impact Clas Ohlson's reputation as a meaningful and trusted brand and company. They can also impact the

confidence that co-workers, owners, customers and other stakeholders have in the operations, impact the company's market position, disrupt production and deliveries, result in unforeseen costs and cause breaches of the law. Identifying environmental, social, human rights and anti-corruption risks is an integral part of sustainability initiatives, and systematic risk management is integrated into our operations.

Sustainability is an integral part of the business model and governance. The foundation of this work is the company's Code of Conduct and ethical guidelines. In autumn 2020, Clas Ohlson launched the company's new sustainability strategy to reduce sustainability risks and raise the level of ambition, and thereby the company's competitiveness.

Risk management COVID-19

The spread of coronavirus and the effects on society were monitored continuously during the financial year and proactive steps were taken to adapt the operations to the prevailing conditions. Regulatory measures and country-specific recommendations were closely followed, mainly in our home markets, but also globally to maintain supply chain continuity. Risks related to COVID-19 are integrated with reports on other risks provided to the Board.

War in Ukraine

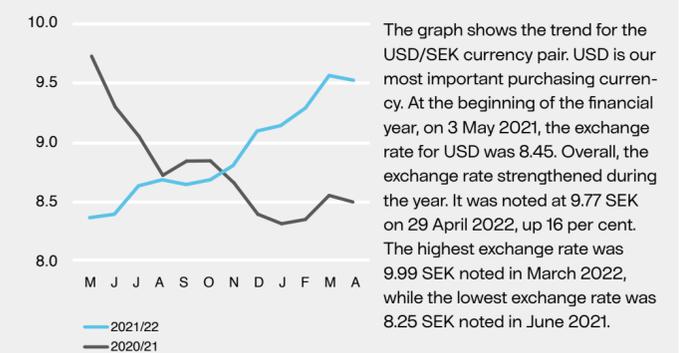
In addition to the COVID-19 pandemic, the war in Ukraine resulted in increasing uncertainty in the global economy and Europe. Clas Ohlson is not directly affected since no operations are conducted in Ukraine or Russia. Combined with the impact of the pandemic, the war is changing customer behaviour at an increasingly rapid rate. Customer preferences and reactions to global events differ in the various markets served by Clas Ohlson, contributing further to this complexity. Moreover, rising prices of food, fuel and electricity, among other things, impacted customers in the latter part of the financial year.

Sensitivity analysis

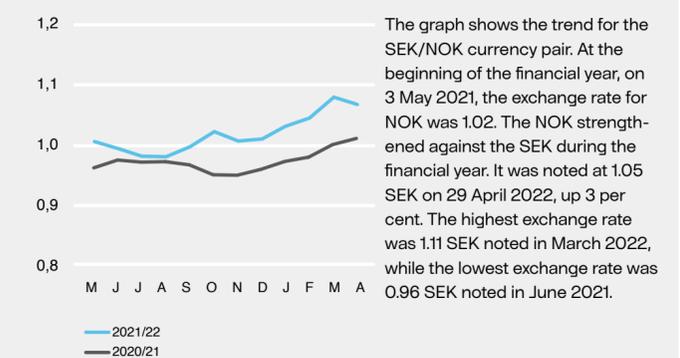
Currency	Change, %	Impact on profit before tax, MSEK
NOK	+/-10	+/- 224
USD	+/-10	-/+ 144
HKD	+/-10	-/+ 3
EUR	+/-10	-/+ 22
GBP	+/-10	+/- 2

The two diagrams below show the SEK trend against the Group's principal currency for purchasing (USD) and the Group's principal currency for sales (NOK).

Monthly average, USD/SEK



Monthly average, NOK/SEK



RISKS AND UNCERTAINTIES

Strategic risks

RISK	DESCRIPTION	RISK MANAGEMENT
CHANGES IN BUSINESS ENVIRONMENT AND COMPETITION	<p>The retail landscape is changing at an increasingly rapid pace owing to changes in, for example, consumer behaviour, purchasing patterns and technology. Online traffic is increasing sharply, at the cost of foot fall in physical stores.</p> <p>We are also seeing increased competition from both new and existing players. Global e-retailers and other digital players are always expanding their business and challenging existing business models. Many are competing for the same customers with similar offerings, and it is easier than ever to make comparisons.</p>	<p>The purpose of Clas Ohlson's new strategy for long-term, profitable growth is to develop operations online, to offer a more unique and focused product offering and simultaneously to add a supplementary service offering to meet increased competition.</p> <p>This means continued work on strengthening the company's digital platform and on developing our product range and our service offering. Clas Ohlson also enters into partnerships with others to develop a relevant, competitive and sustainable customer offering that inspires and helps customers in their everyday lives.</p>
CUSTOMERS' PURCHASING PATTERNS AND MARKET POSITION	<p>Consumers who are constantly online want to buy when, where and how they want, and regardless of the sales channel they use, they expect a simple and consistent shopping experience tailored to their needs.</p> <p>The rising trend of online shopping means that the physical store is increasingly becoming a meeting place and an arena for experiences. Customers expect affordable, quick, reliable and convenient deliveries, and want to choose the best option for them at that specific time.</p> <p>During COVID-19, customers largely worked from home, which is a pattern of behaviour that may become permanent to a certain extent and impact footfall to city-centre stores.</p>	<p>Clas Ohlson continues to focus on integrating and developing various sales channels and delivery options, and on the capacity to interact with customers through digital channels to further improve availability and service levels.</p> <p>Digitalisation provides the company with tools to enhance understanding of customer behaviour, drive sales, build loyalty and easily serve customers throughout the entire decision-making and purchasing process, with respect for their privacy (GDPR). Clas Ohlson is also working to continually optimise our store network with a favourable mix of city-centre and out-of-town locations.</p>
PRODUCT RANGE, OFFERING AND COMMUNICATION	<p>The company's most important task is to offer customers a relevant, attractive, affordable and sustainable product range. If Clas Ohlson were to misjudge new trends and demand for products, services and communication, this could entail lower growth and profitability.</p>	<p>Clas Ohlson works on detailed market and competitor assessments in order to create good conditions for designing an attractive and affordable offering.</p> <p>Clas Ohlson works continually to maintain a clear and inspiring store and online concept, the right pricing and outstanding service.</p>
GROWTH	<p>Clas Ohlson will develop its operations, grow and strengthen its brand in markets where the company conducts operations. Clas Ohlson is developing its customer offering, sales channels and a supplementary service offering. The risk is that these investments in growth will not generate the intended results.</p>	<p>Clas Ohlson conducts detailed market and competitor analyses before decisions on strategic investments in the customer offering and sales channels, and capitalises on the experiences gained from previous ventures.</p>

Operational risks

RISK	DESCRIPTION	RISK MANAGEMENT
PURCHASING OF PRODUCTS	<p>Clas Ohlson currently purchases just over 30 per cent of the company's products directly from manufacturers in Asia, the majority from China. There is a risk of bribes and corruption in the purchasing process, and suppliers in low-wage countries entail increased risk of shortcomings in working conditions and respect for human rights. This high exposure to a single country entails greater risk (political risk, transport risk, currency risk, pandemic risk and so forth).</p>	<p>Clas Ohlson's Code of Conduct and ethical guidelines apply to all our suppliers and purchase agreements. The company has its own audit teams in China and engage third parties in other countries to conduct inspections and monitor compliance with the requirements of the Code of Conduct. Since the start of 2017, Clas Ohlson has been part of Sedex in order to further increase transparency regarding the environment, labour and human rights. Clas Ohlson works continuously on evaluating new potential purchasing markets in both Europe and Asia. Clas Ohlson established purchasing functions in Poland and Vietnam last year.</p>
IT SYSTEMS	<p>Clas Ohlson's operations are highly dependent on IT support. As a result, it is essential that IT systems provide effective support for the company's day-to-day operations and maintain a high level of reliability.</p> <p>It is also important to ensure efficiency to support decision-making processes. Infringements or deficiencies in processing customer information, employee information or business-critical data can lead to decreased confidence, breaches of applicable rules and entail a negative impact on the Group's earnings.</p>	<p>Clas Ohlson has an IT policy and an information security policy. In the event of new legislation or new regulations, the actions to be taken will be decided well in advance. There are standardised processes for implementing new systems, for changing existing systems and for daily operations. Annual audits are performed and measures taken in the event of non-compliance. Clas Ohlson works actively to ensure that personal data is processed securely pursuant to the applicable regulations. Security is a constant focus area, for example, external parties perform scanning and penetration testing.</p>
LEASES	<p>Clas Ohlson leases the premises where shops have their operations. Contract periods vary, depending on the market, but there is a risk that lease terms are too long and contracts are not flexible enough in a changeable market.</p>	<p>Clas Ohlson endeavours to have flexible leases, with suitable contract periods, with the option of re-negotiation during the contract term.</p>
SHRINKAGE	<p>Clas Ohlson is exposed to shrinkage – shoplifting, for example – on a daily basis.</p>	<p>The Group implements long-term preventive measures to reduce shrinkage, using such methods as training initiatives and technical equipment. In addition, security efforts are continually monitored, evaluated and adapted.</p>
LOGISTICS	<p>Clas Ohlson's distribution centre in Insjön is the hub of the Group's distribution chain. Goods from suppliers in Europe and manufacturers in Asia come here to be distributed to all our shops and our online customers. Collecting the logistics in one location carries certain risks, for example, disruptions to communications and infrastructure, as well as fire and strikes.</p>	<p>Clas Ohlson invests continually in further enhancing the efficiency of its logistics and the work in the distribution centre. We are working on maintenance and inspection of systems, fire protection and security systems, etc.</p> <p>The Group also continuously reviews the distribution chain to ensure efficiency and to reduce its impact on the environment.</p>
REGULATORY RISKS	<p>The company operates in a context where laws and regulations undergo continual change, becoming more complex. Deficiencies in interpretation or compliance can damage the company's reputation and result in fines or other sanctions.</p>	<p>Clas Ohlson has an ethical approach and well-functioning internal controls. In the event of new legislation or regulations, the actions to be taken will be decided well in advance of the regulations being implemented.</p>

RISKS AND UNCERTAINTIES

Financial risks

RISK	DESCRIPTION	RISK MANAGEMENT
ECONOMIC CLIMATE	<p>The retail market in general is adversely affected by a weak economy and although Clas Ohlson sells products for every-day use, a weak retail market will have a negative impact on sales.</p> <p>There is the risk that the effects of the COVID-19 pandemic and the war in Ukraine will have consequences in the future.</p>	<p>Clas Ohlson's broad and affordable product range is less sensitive to cyclical fluctuations compared with many other competitors.</p> <p>Clas Ohlson's offering entails a lower risk since demand in one product category could rise while demand in another falls.</p>
CURRENCIES	<p>The company's currency exposure is high, primarily due to sales in Norway and the Group's purchasing. About 50 per cent of the company's purchases are made in currencies other than SEK. The principal currencies for purchasing are the US dollar (USD), Hong Kong dollar (HKD) and euro (EUR). Movement of the SEK against the Norwegian krone (NOK) is also important for the Group, since Norway accounts for approximately 40 per cent of sales. Net exposure to EUR is low, since the company brings in currency through sales in the Finnish market. The Group is also exposed to the pound sterling (GBP) via sales in the UK. The table on page 101 shows how profit is affected by changes in principal currencies, excluding hedging.</p> <p>The risk of greater market volatility related to the COVID-19 pandemic and the war in Ukraine remains.</p>	<p>Futures hedging is usually performed monthly in NOK and USD, with a maturity of three to nine months, against half of the expected flow in each currency. In this way, the company is guaranteed the forward rate on a major proportion of its purchases, but also acquires the opportunity/risk of paying for the remaining purchases at the current rate.</p> <p>The effects of the pandemic and the war in Ukraine are being continuously monitored.</p>
TRANSPORTATION COSTS	<p>Freight shipping prices can vary considerably depending on the global market price, and currency fluctuations. The effects of COVID-19 and the war in Ukraine have resulted in transport disruptions and impacted transport costs materially since prices are influenced by supply and demand.</p>	<p>Clas Ohlson handles changes in freight shipping prices by actively monitoring and assessing the market. We endeavour to optimise the fill rate by increasing the consolidation of goods.</p>
RAW MATERIAL PRICES	<p>Purchase prices for the company's products are largely determined by the price of individual raw materials in global markets. This applies particularly to cables and electronics (copper), batteries (zinc), lighting (aluminium) and plastic products (oil). Hedging against raw material prices is not carried out directly by the company. This entails a risk since the purchase price of the products concerned is affected by price trends for raw materials.</p>	<p>Clas Ohlson has a broad portfolio of products and is therefore less impacted by changes to a specific raw material.</p> <p>Some of Clas Ohlson's suppliers purchase commodities/materials at fixed contract prices, which entails some indirect hedging.</p>
WAGE INFLATION	<p>Clas Ohlson is affected by wage-level changes in countries where the company's products are manufactured. This can vary between products depending on how much labour is involved in the manufacturing process.</p>	<p>Clas Ohlson works continuously to find new purchasing markets, both in Europe and Asia.</p>
FINANCING AND LIQUIDITY	<p>The company's liquidity follows the given structure for seasonal payments, resulting in lower levels of liquidity in the autumn in connection with stock build-up for Christmas shopping and dividend payment.</p>	<p>The company continuously controls and balances the cash flow to the set goals through sales, purchasing, costs, capital balance, etc.</p>

Sustainability risks

RISK	DESCRIPTION	RISK MANAGEMENT
RAW MATERIALS	<p>Non-optimised choice of materials, use of non-renewable resources and inefficient use of raw materials for products and packaging, among suppliers and in Clas Ohlson's operations risks resulting in an excessively large impact on the environment and climate from Clas Ohlson's operations. The company also risks a damaged reputation regarding its choice of materials that customers perceive to be insufficiently sustainable.</p>	<p>Clas Ohlson is working actively to replace fossil fuel-based materials with more sustainable alternatives. Furthermore, the aim is to reduce the use of materials and use more eco-friendly materials. In this context, we are striving to increase the use of recycled materials and to try out recycling opportunities, for example, designing products so that more materials can be separated. These measures will be specified in the framework of implementing the sustainability strategy.</p> <p>The recently opened purchase office in Poland will enable the company to increase the share of recycled materials in products.</p>
CLIMATE AND EMISSIONS	<p>Carbon emissions from the operations risk contributing to global warming above regulatory limits and those of the Paris Agreement.</p> <p>Carbon emissions from the operations arise from, for example, the manufacturing of products, transportation, energy use in stores, offices, warehouses and premises, business travel and electricity consumption from the use of our products.</p> <p>Excessively high carbon emissions entail a negative impact on the environment, climate, lives and society, and reduce the supply of raw materials for future needs. In turn, this can lead to disruptions to production, operations and customers' purchasing patterns as a result of climate-related risks, such as higher sea levels, extreme weather conditions and thus increased costs. It can also result in a damaged reputation among our stakeholders and have regulatory consequences in the event of non-compliance.</p>	<p>Clas Ohlson works continuously to adapt and develop its product range to help customers live more sustainably. Greater focus has started to be directed to investments in energy-efficient products. The offering of products and services that promote a circular economy is increasing, and the company is phasing out less sustainable products or entire product categories.</p> <p>Clas Ohlson is also ensuring energy-efficient stores, offices, warehouses and premises, and is replacing fossil-based materials with more sustainable alternatives.</p> <p>Active measures are being taken to increase the fill rate of goods transportation by consolidating goods and adapting to more sustainable logistics systems. The recently opened purchase office in Poland provides us with more and closer supply chain options.</p> <p>To enhance understanding of the measures that need to be prioritised, more resources are being allocated to data collection and calculating carbon emissions.</p>
CHEMICALS	<p>There is the risk for ground and water pollution, primarily from manufacturing of Clas Ohlson's products. Health risks also arise in the manufacturing, processing and use of products among suppliers and in Clas Ohlson's operations. Incorrect use of chemicals and their impact could also lead to damage to Clas Ohlson's reputation.</p> <p>Regulatory changes regarding the use of chemicals could impact production and the product range. Regulatory consequences may also arise in the event of non-compliance.</p>	<p>Active measures are continuously taken to limit and phase out the potentially hazardous chemicals in products in the Clas Ohlson range. Clas Ohlson also applies frameworks for handling chemicals-adapted to the EU RoHS and Reach legislation. In addition, the cautionary principle is applied through Clas Ohlson's chemicals requirements, which define both general and product-specific requirements that are updated annually.</p>
END-OF-LIFE PRODUCTS	<p>If Clas Ohlson's customers use our products ineffectively, or if the products have short service lives, demand for raw materials increases, as does the negative impact on the environment. There is also the risk of damage to Clas Ohlson's reputation if products are of low quality, have a very short service life or if the product lifecycle is not perceived to be circular.</p> <p>Regulatory changes, for example, service life requirements could affect the development and sale of our products. Regulatory consequences may also arise in the event of non-compliance.</p>	<p>Long-term actions are being taken to increase the quality of products to extend their service lives and product design to promote more sustainable materials and facilitating recycling.</p> <p>Clas Ohlson offers spare parts and solutions for repairing and extending product service lives and offer multi-use products and hiring and sharing services that reduce waste. Customers are also offered a number of initiatives and solutions to facilitate collection, reuse and recycling.</p>

RISKS AND UNCERTAINTIES

RISK	DESCRIPTION	RISK MANAGEMENT
SOCIAL CONDITIONS, HUMAN RIGHTS AND EMPLOYEES		
EMPLOYEES	<p>Employees must have insight into how the strategic direction is to be implemented in practice in order to achieve the set goals and strategies. This places considerable demands on recruitment, skills development and internal mobility. The geographic location of the main office and large parts of our operations at Insjön could also result in difficulties in recruiting employees with the right expertise.</p> <p>If Clas Ohlson is not perceived to be a relevant employer brand, and if the company cannot safeguard talent, offer co-workers the right skills development in digital work processes for example, there is also the risk of not being able to attract the rights skills in the transformation that the retail sector is undergoing.</p> <p>Limited diversity could mean that customers are not reflected and interaction is not optimised. There is also the risk that the company's reputation is damaged if there are shortcomings in its diversity efforts and if Clas Ohlson is not perceived to contribute to an inclusive society.</p>	<p>Clear, communicative and inclusive leadership, combined with skills exchange and development, equip the company for the future and cultivate an organisation prepared to shoulder new challenges. Clas Ohlson has a strong brand as an employer, although certain skills are difficult to find outside the metropolitan areas in the Nordic countries.</p> <p>New work processes have been implemented and impact most co-workers. We have recruited digital expertise in recent years. At the same time, Clas Ohlson is carrying out development and training activities with a teaching platform and structured employee appraisals. Broad training in the digital arena is offered to all employees and updated digital sustainability training courses were offered to all employees during the year.</p> <p>Clas Ohlson has a zero tolerance policy on discrimination. The recruitment process strives to increase diversity. Clas Ohlson has set targets and policies for gender equality and diversity.</p>
WORKING CONDITIONS AND HUMAN RIGHTS	<p>In high-risk countries, there is the risk of violations of the right to free association, fair wages, safety, discrimination and access to social insurance systems among suppliers. There is also the risk of forced and compulsory labour and child labour among suppliers. Families also risk being negatively affected by labour migration that takes place in the supply chain.</p> <p>Breaches of applicable rules may result in regulatory consequences for Clas Ohlson. If regulations or Clas Ohlson's Code of Conduct are breached, there is the risk that partnerships with suppliers must be terminated, which could also damage Clas Ohlson's reputation as a company and a brand.</p> <p>The risk of transparency regarding the impact of our products influences consumer purchasing behaviour.</p>	<p>Clas Ohlson's mitigating activities include consolidation and focus on purchases from strategic suppliers that uphold a high standard in these areas. Compliance with the Code of Conduct and Code of Business Ethics is regularly monitored and any deviations are followed up. The company also works to ensure improvements to working conditions over time at Clas Ohlson's suppliers.</p> <p>Clas Ohlson continuously trains both factory workers and management at the company's suppliers. Clas Ohlson also works on additional action to promote children's rights both in its supply chain and in home markets.</p> <p>Clas Ohlson checks potential suppliers based on the requirements in the Code of Conduct before any partnership begins and refrains from initiating a partnership if serious deviations are discovered.</p>
HEALTH AND SAFETY	<p>If regulations are breached, there is the risk to life and health, regulatory consequences and a damaged reputation for the company and the brand. Costs can also arise due to interruptions in operations as a consequence of sick leave and safety shortcomings.</p>	<p>Clas Ohlson accepts responsibility for all co-workers and subcontractors working in its operations.</p> <p>Clas Ohlson's starting point is to follow laws, regulations and recommendations. The company also has constructive dialogue with employee representatives and safety officers to work on improving health and safety activities according to a long-term plan.</p>
CONFIDENTIALITY AND SECURITY	<p>There is the risk of regulatory consequences in the event of failings in confidentiality and security. There is also the risk of a damaged reputation if policies and internal processes are substandard.</p>	<p>Clas Ohlson applies an information security policy that it adopts every year and processes personal data in accordance with applicable legislation and internal guidelines.</p>

RISK	DESCRIPTION	RISK MANAGEMENT
ANTI-CORRUPTION		
BRIBERY IN THE SUPPLY CHAIN	<p>There is the risk of corruption, among both suppliers and co-workers, that threatens economic and social stability, especially in high-risk countries.</p> <p>If applicable rules are breached, there is the risk of regulatory consequences, higher costs, quality shortfalls, delivery problems and a damaged reputation and harm to the company's brand. Obstacles to establishing operations in new purchasing regions may also arise.</p>	<p>Clas Ohlson has zero tolerance for corruption. The Business Ethics Code is adopted and applied every year as part of the company's Code of Conduct. All suspected deviations are reported. The company has implemented an external anonymous whistle-blower service. Furthermore, senior management, employees who work with purchasing, high-value contracts, and agents in Asia are trained in business ethics.</p>



Chairman's letter

An important task for the Board during the financial year was to support the company in consistently focusing on what it can control.

But being consistent is not the same thing as always doing things in the same way. We must also be flexible and inquisitive about how we solve all of the challenges that have arisen due to the great uncertainty in the business environment.

We excelled at this and I am proud of how all our co-workers and the Board continued to develop Clas Ohlson during the year. I believe that we are setting clear priorities and constantly looking for ways to make the operations as simple and efficient as possible. We are doing this without compromising on what has always been at the heart of the business – putting the customer first.

Based on this, we have carved out a stable financial position that allows the Board and management to apply a long-term approach to our planning. This long-term stability is also a major advantage for us when we evaluate and capitalise on the short-term opportunities for the company, while balancing them with various financial and legal risks. Our corporate governance, based on such international norms as the UN Global Compact's ten principles in the areas of human rights, labour, environment and anti-corruption, provides guidance for us in this work. This is also reflected in our policies, guidelines and how we build relationships with our stakeholders.

The hallmark of the Board's work this past year was the flexible collaborative atmosphere with the Board members bringing a wide variety of valuable perspectives and experiences. The combination of such competencies on the Board forms a strong unit that adds value to the company. We held a total of 13 Board meetings during the year, both virtual meetings and in person. Digital work methods are effective and definitely here to stay, but it has also been valuable to complement these virtual meetings with meeting face to face. Cooperation among operating management was highly successful, with an open dialogue and everyone clearly working for the best of the company.

Finally, on behalf of the entire Board I would like to thank all co-workers, customers and owners for the past year. We have experienced major fluctuations in the market for several years and there is every indication that the 2022/23 financial year will present some new and difficult challenges. But the competition is not won on the downhill slopes – it is all about saving your energy for the climbs. I believe there are many in the industry who would like to have been in our shoes with our healthy cash flows and strong finances. Clas Ohlson has, in many ways, shown that we have the qualities needed to cope with difficult situations and I am convinced that we will create value for our co-workers, customers and shareholders for a long time to come.



Kenneth Bengtsson, Chairman of the Board

Corporate governance

Good corporate governance is a prerequisite for maintaining confidence among shareholders, customers and other external stakeholders and is built on the company's strategies, targets and values permeating the entire organisation.

The governance of Clas Ohlson is based upon Swedish legislation, primarily the Companies Act, the listing agreement with Nasdaq Stockholm and the Swedish Corporate Governance Code (the Code). In addition, governance follows the Articles of Association, internal instructions and policies, and recommendations issued by relevant organisations. The corporate governance report has been prepared in accordance with the Code.

The Swedish Corporate Governance Code

The Swedish Corporate Governance Code is applicable to all companies listed on Nasdaq Stockholm. The aim is to improve corporate governance in listed companies and foster trust in companies among the general public and in the capital market. The Code is based on the "comply or explain" principle, which means that it is possible to deviate from the Code if an explanation is provided as to why the deviation has been made. There were no deviations from the Code within Clas Ohlson during the financial year.

Compliance with applicable regulations for stock exchange trading

Neither the Swedish Securities Council nor the Stockholm Stock Exchange's Disciplinary Committee reported infringements of good stock exchange practices or of the application of stock exchange regulations.

Annual General Meeting

Shareholders exercise their influence through participation in the company's Annual General Meeting (the ordinary annual general meeting). The AGM is the ultimate decision-making body and has traditionally been held physically at the company's place of business in Dalarna at the beginning of September. This is a tradition that will be resumed after a two-year break due to the COVID-19 pandemic.

The Notification of the AGM, which is normally communicated about four weeks prior to the AGM, is published in

Post- och Inrikes Tidningar, as well as on the company's website. All shareholders who are registered in the share register on the fifth day prior to the AGM and registered in time are entitled to participate. Registration can be made by telephone, e-mail, letter or the company's website.

Each year, the AGM appoints the Board, the Chairman of the Board and the auditors for Clas Ohlson. In addition, the AGM decides how profits are to be appropriated. Other issues that arise are mandatory items under the Companies Act and Clas Ohlson's Articles of Association (available at about.clasohlson.com).

On 30 April 2022, the company's largest shareholders, each representing at least 10 per cent of the votes, were Helena Ek Tidstrand (17.2 per cent), Johan Tidstrand (12.7 per cent), Peter Haid (12.0 per cent), Mathias Haid and Charlotte Haid Bondergaard through their companies (12.8 per cent) and Claus-Toni Haid and Grischa Haid through their companies (11.9 per cent).

Nomination Committee

The Nomination Committee's task is to submit proposals for Board members and auditors, as well as fees to Board members (including committee work) and to auditors, to the next AGM at which the Board or auditors are due to be elected. The Nomination Committee also proposes the Chairman of the AGM.

At Clas Ohlson, a nomination process is applied for electing the Nomination Committee. The Chairman of the Board is a member of the Nomination Committee, along with representatives of the four largest registered shareholders or otherwise known shareholders (record date 30 September). If a shareholder does not elect a member, the next largest shareholder will be asked. The Nomination Committee elects a Chairman from within the Committee, who, according to the Code, shall not be the Chairman of the Board or another Board member.

An evaluation of the Board's work and Board composition was carried out during the year. This evaluation was performed as a written appraisal carried out by an external party. The results of the evaluation were presented verbally and in writing by the Board Chairman Kenneth Bengtsson. The assessment is that the Board worked well during the year. Reporting took place in order to enable the Nomination Committee to make as thorough an assessment as possible of the Board's combined expertise and experience.

The Nomination Committee fulfils the guidelines pertaining to independence as stated in the Code. The Nomination Committee represents broad experience of work in boards of directors and nominating procedures.

Nomination Committee prior to the 2022 AGM

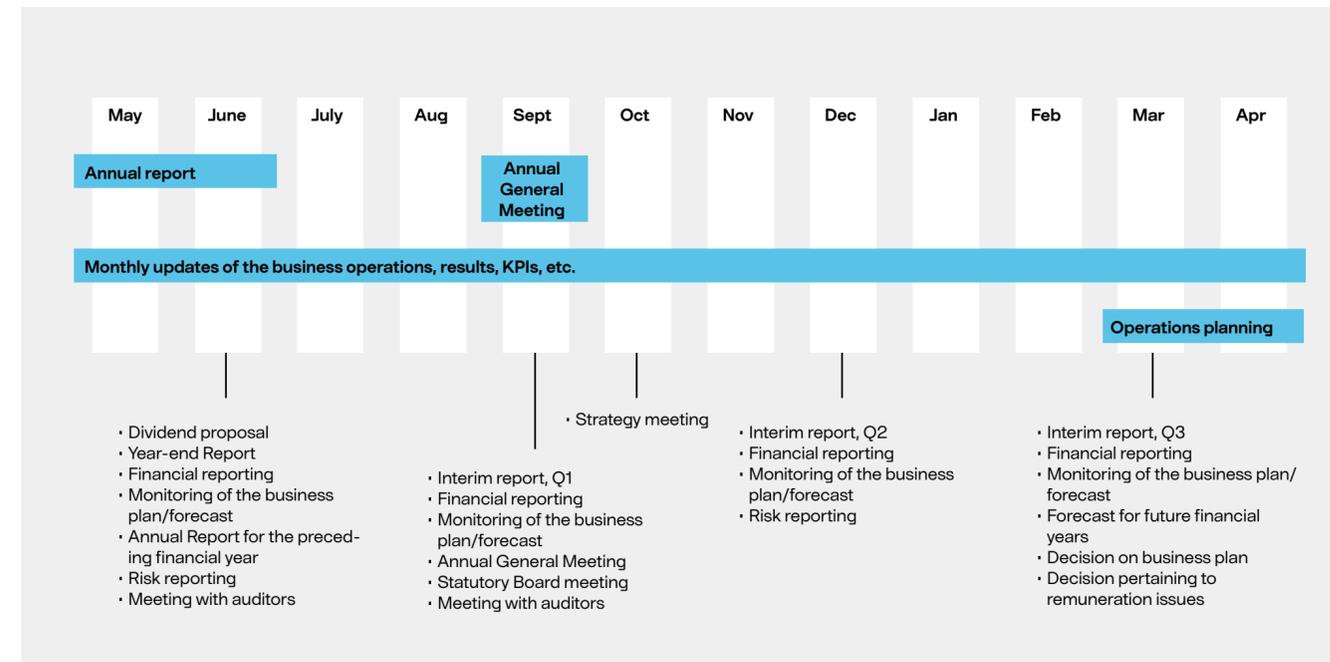
Prior to the AGM held on 9 September 2022, Clas Ohlson's Nomination Committee comprised the following members: Malin Persson, Chairman of the Nomination Committee representing the owner-family Haid, Göran Sundström, representing the owner-family Tidstrand, Richard Wennerklint, representing If Skadeförsäkring AB, Erik Durhan, representing Nordea Funds, and Kenneth Bengtsson, Chairman of the Board of Clas Ohlson.

The composition of the Nomination Committee is based on the ownership structure at 30 September 2021. The Nomination Committee represents slightly more than 74 per cent of the total number of company shares (votes). The Nomination Committee will serve until a new Nomination Committee has been elected.

The objective of the Nomination Committee's work is that the Board is to have the expertise, experience and background required by the assignment. The degree of diversity in the Board was also taken into account and efforts are made to achieve an even gender balance. Factors including the company's diversity policy were considered by the Nomination Committee in its work.

CORPORATE GOVERNANCE

The Board's working schedule



Particular emphasis was placed on the company's strategies and targets, as well as on the demands that the company's future focus will place on the Board. The Nomination Committee also discussed the Board's long-term composition on the basis of future competency requirements, diversity and succession.

The Committee worked on the nominating procedure for Clas Ohlson's AGM and held two recorded meetings, where the Board's composition was evaluated, considered and discussed. In addition, there was individual contact during the 2021/22 financial year, and one recorded meeting was held after the end of the financial year.

The Nomination Committee's work during the mandate period included the following:

- Report on the Board's work from the Chairman of the Board
- Evaluation of the Board's work

- Nomination of the Chairman of the Board and Board members
- Position concerning the independence of Board members and candidates
- Preparation of proposals for fees to the Board and committees
- Preparation of proposals for the Chairman of the AGM
- Nomination of auditors

The Nomination Committee's complete proposals were presented on 3 June 2022.

Auditors

The AGM appoints auditors for the Parent Company each year. The AGM held on 10 September 2021 appointed Deloitte the auditors of the company, with Johan Telander as Auditor in Charge. Johan Telander is an Authorised Public Accountant at Deloitte. Deloitte was elected up to the 2022 AGM.

Composition of the Board and attendance during the financial year ¹

MEMBER ^{2,3}	ELECTED	INDEPENDENT ^{5,6}	BOARD MEETINGS	AUDIT COMMITTEE	PEOPLE COMMITTEE	NOMINATION COMMITTEE
KENNETH BENGTSOON	2013	Yes	13/13 ⁴		4/4 ⁴	2/2
MENGMENG DU	2020	Yes	12/13			
MATHIAS HAID ⁷	2015	Yes ⁵ /No ⁶	11/13		3/4	
PATRIK HOFBAUER	2020	Yes	13/13		4/4	
HÅKAN LUNDSTEDT	2018	Yes	10/13	5/7		
ANNE THORSTVEDT SJÖBERG	2017	Yes	13/13			
CHARLOTTE STRÖMBERG	2017	Yes	13/13	7/7		
GÖRAN SUNDSTRÖM ⁷	2014	Yes ⁵ /No ⁶	13/13	7/7 ⁴		2/2

¹The trade-union organisations have had four representatives on the Board. For further information on Board members, see pages 74-75. The work of the Board and its committees is described on page 71.

²For information on date of birth, work experience, directorships and shareholdings, see pages 74-75.

³Remuneration of Board members is stated in Note 6, see page 95.

⁴Chairman.

⁵Independent in relation to the company and Group Management according to the Swedish Corporate Governance Code.

⁶Independent in relation to major shareholders of the company according to the Swedish Corporate Governance Code.

⁷Representative of or major shareholder, see page 132.

Payment for audit engagements in the Group in the past three years totalled 1.7 MSEK, 2.0 MSEK and 2.3 MSEK, respectively. Payment for other assignments in the past three years totalled 0.2 MSEK, 0.2 MSEK and 0.9 MSEK, respectively. Work in addition to auditing relates primarily to issues pertaining to consultation on tax issues and IFRS accounting rules. The independent position of the auditors is ensured firstly by the internal policies of the auditing firm and secondly by the Board's guidelines indicating what engagements the auditing firm may undertake in addition to auditing.

Board of Directors

Clas Ohlson's shareholders elect the Board of Directors annually at the AGM. The Board comprises eight members, who are elected by the AGM. In addition to these members, the Board includes two representatives and two

deputies for the trade-union organisations in the company. These individuals are elected by their own organisations.

The Board fulfils the independence requirement of the Code. All members, with the exception of Mathias Haid and Göran Sundström, are deemed independent in relation to the company, Group management and major shareholders. Clas Ohlson strives, over time, towards diversity on the Board meaning an equal distribution of men and women on the Board. Gender distribution on the Board among the members elected by the AGM in the past financial year was five men (62.5 per cent) and three women (37.5 per cent). In the preceding year, the corresponding distribution was five men (62.5 per cent) and three women (37.5 per cent). All of the Board members were re-elected at the 2021 AGM.

CORPORATE GOVERNANCE

Board meetings

Immediately following the AGM, the statutory Board meeting is held, at which the rules of procedure for the Board and instructions to the company's CEO are approved. The members of the Board's Audit Committee and People Committee (remuneration committee) and authorised signatories for the company are also appointed at this meeting. In addition to this meeting, the Board holds at least seven further meetings during the financial year. These are held quarterly in conjunction with the publication of the company's financial reports, once in June prior to concluding the Annual Report, once in connection with the Annual General Meeting and once during the autumn for strategic discussions. The strategy meeting usually takes place over two days, while other meetings are held on one day. The strategy meeting mainly discusses issues relating to the Group's targets and strategies, product range, store establishment strategy, major investments and so forth. Other meetings primarily deal with the usual Board issues, the company's reports and reporting by the Board committees.

The company's auditors attend three of the Board meetings to report on what has emerged during the audit. The Board meets the auditors once annually without the presence of Group Management. The Board held 13 Board meetings during the financial year. The Board assesses its work annually.

How the Board works

The rules of procedure for the Board of Directors stipulate which items on the agenda are to be fixed and which may vary. Each Board meeting is normally to be devoted to a specific topic so that the Board can gain more in-depth knowledge and understanding of the various parts of the company's operations. There are also presentations on these topics by employees of the company.

The issues that the Board dealt with during the year included strategic direction, monitoring of the business plan, a

review of risk management, significant business processes, development of current markets, expansion and sustainability targets.

The work of the Board's committees is an important element of the Board's work. The Board has prepared instructions for the committees' work. The People Committee and Audit Committee discuss issues that fall within the committees' remit. Issues that have been addressed in the committee meetings are minuted and notified to the other Board members at the Board meetings.

The rules of procedure also state that the Board must meet with the company's auditors at least once per year. In addition, the rules of procedure also regulate certain formal matters, such as rules for the notification of meetings and secrecy.

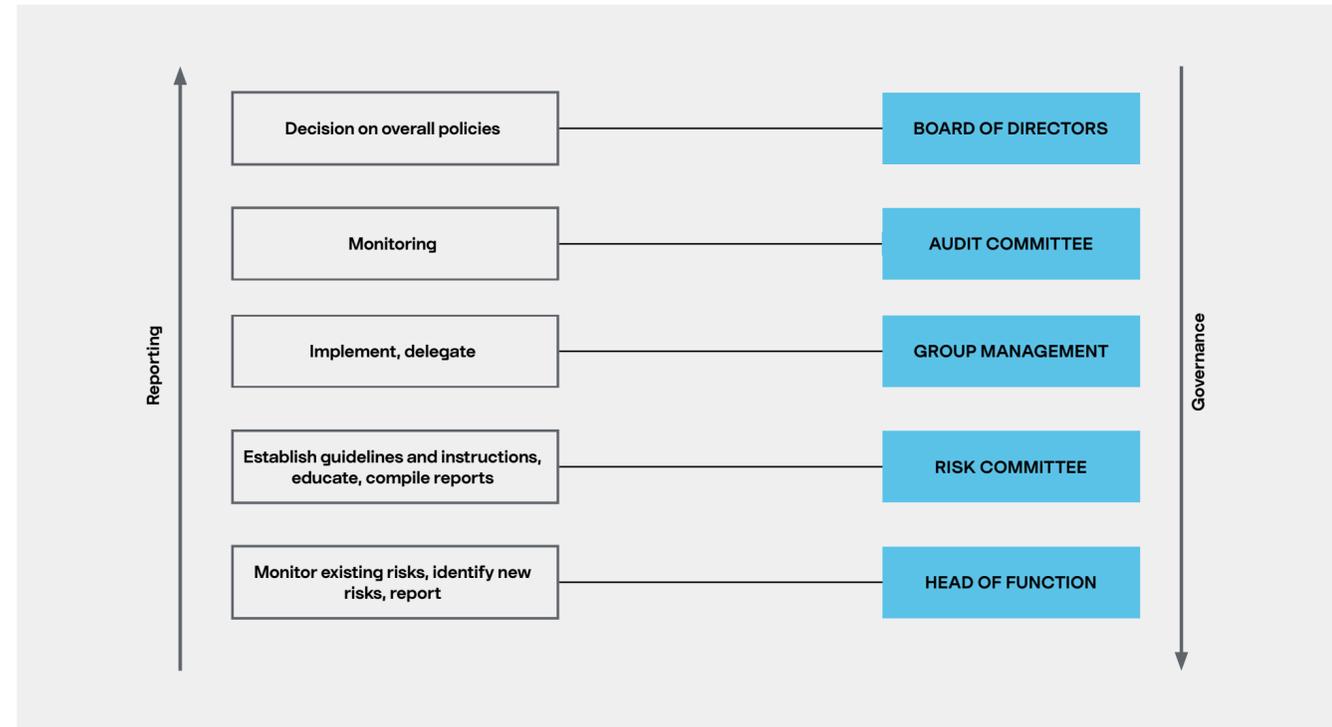
Audit Committee

At its first meeting following the AGM, the Board established an Audit Committee comprising Göran Sundström (Chairman), Charlotte Strömberg and Håkan Lundstedt. The Board has issued instructions for the committee work.

The Audit Committee is responsible for the quality assurance of financial reporting. In addition, the Audit Committee is responsible for supervising the effectiveness of risk management and internal control over the financial reporting.

The members of the Audit Committee met the auditors on two occasions during the financial year to be informed about the focus of the audit and discuss views on the risks faced by the company. The auditors also attended several of the committee's other meetings. Important tasks for the Audit Committee are to serve as a communication link, between the Board and the company's auditors and to establish what services over and beyond auditing can be

Risk management



procured from the company's auditors. The auditing effort is evaluated annually, after which information on the outcome is passed to the Nomination Committee.

The Audit Committee held seven meetings during the financial year. Attendance is shown in the table on page 70. The meetings are recorded and reported at the next Board meeting. Representatives of Group management attended the committee's meetings as co-opted members. The meetings addressed issues aimed at quality assuring risk management and internal control over the financial reporting. Moreover, the Audit Committee dealt with issues regarding the company's interim reports, annual report, accounting, liquidity and other issues.

People Committee

In accordance with the Swedish Annual Accounts Act, the AGM of a limited liability company whose shares are listed for trading on a regulated marketplace is to decide on guidelines for remuneration of senior management. The Code also stipulates that the Board is to establish a remuneration committee, which at Clas Ohlson is called the People Committee.

The Clas Ohlson Board decided at its statutory meeting in September 2021 that the People Committee was to comprise Kenneth Bengtsson (Chairman), Patrik Hofbauer and Mathias Haid. The Board has issued instructions for the committee work.

CORPORATE GOVERNANCE

The People Committee submits proposals for guidelines pertaining to basic salary and variable remuneration for senior management. The process regarding variable remuneration for all employees works in a similar way. The Committee met four times during the financial year. Attendance is shown in the table on page 70. The meetings are recorded and reported at the next Board meeting. The Committee addressed such issues as fixed and variable remuneration, and evaluated the proposed long-term incentive programme (LTI).

Distribution of work between the Board and CEO

The Board appoints the CEO of the company. The distribution of work between the Board and CEO is indicated in the Board's rules of procedure and in the instructions to the CEO. These state that the Board is responsible for the governance, supervision, organisation, strategies, internal control, forecasts and policies of the company. In addition, the Board decides on major investments and matters of principle relating to the governance of subsidiaries, as well as the election of Board members and the CEO. The Board is also responsible for the quality of the financial reporting.

The CEO in turn is responsible for ensuring that the company is managed in accordance with Board's guidelines and instructions. In addition, the CEO is responsible for forecasting and planning the company's operations so that specified targets are attained. The CEO ensures that the control environment is favourable and that the Group's risk-taking at any time is compatible with the Board's guidelines. Any deviations have to be reported to the Board. The Board also receives regular information from the CEO through a monthly report.

CEO and Group Management

Clas Ohlson's CEO leads the Group Management's work and makes decisions pertaining to the operations in consultation with others in Group management. At the end of

the financial year, Group Management comprised eight individuals and meetings were held monthly and as otherwise necessary. The meetings focus primarily on strategic and operative monitoring and development, as well as results follow-up. In addition to these meetings, there is close daily cooperation within management.

Governance of subsidiaries

The seven wholly owned subsidiaries Clas Ohlson AS in Norway, Clas Ohlson Oy in Finland, Clas Ohlson Ltd in the UK, Clas Ohlson GmbH in Germany, Clas Ohlson Sp. Z.o.o. in Poland, Clas Ohlson Ltd (Shanghai) in China and C/O P Investments AB in Sweden are governed by their own boards in the country concerned, principally consisting of representatives of Clas Ohlson AB in Sweden. The Board in Sweden receives continuous information about the subsidiaries through the CEO's monthly reports on the subsidiaries. These reports also include the results of operations and financial position of the company concerned.

External and internal control instruments

Clas Ohlson's governance occurs within the framework for external control instruments, such as Nasdaq Stockholm's rules and regulations, the Swedish Companies Act, the Swedish Corporate Governance Code and the Swedish Annual Accounts Act.

Furthermore, there are internal control instruments consisting of the Articles of Association, the Board's rules of procedure, instructions for the CEO, policies, guidelines, the Code of Conduct as well as Clas Ohlson's values and corporate culture.

Clas Ohlson's corporate culture

The Clas Ohlson spirit encapsulates how we treat each other and our customers and it has in essence been the same since the company was founded in 1918. Read more about the Clas Ohlson spirit on pages 17-19.

Remuneration principles

The general principles of remuneration for senior management are to be based on the position held, individual performance, the Group's financial results and the remuneration being competitive in the country of employment. The combined remuneration of senior management is to consist of basic salary, variable salary in the form of a short-term incentive based on annual performance targets, long-term incentives based on multi-year performance, pension and other benefits. In addition, notice of termination and severance pay are subject to terms and conditions. Clas Ohlson aims to offer a competitive total level of remuneration, focusing on payments based on performance. This means that the variable remuneration may comprise a significant portion of the total remuneration. The aim is for basic remuneration to be in line with the median of the comparable market, while total remuneration, when Clas Ohlson meets or exceeds its objectives, is to be in the upper quartile of the market.

Remuneration

Fees paid to the Board during the financial year totalled 4.02 MSEK, in accordance with the resolution by the AGM. Of the fees paid, 0.6 MSEK pertained to remuneration for work on the Board's People and Audit Committees. Of the Board's total fee, 0.9 MSEK was paid to the Chairman of the Board. No remuneration is paid to members of the Nomination Committee. Read more on page 95, Note 6.

Remuneration of the CEO comprises fixed salary and variable remuneration, and the entire amount is set by the Board. A more detailed presentation of remuneration, pension and severance pay for the CEO is presented on pages 95-98, Note 6.

The guidelines for remuneration of senior management were adopted by the 2021 AGM, and remuneration was based on the Board's proposal for the 2021/22 financial year. These guidelines cover basic salary, variable remuneration,

pension benefits and other benefits. For information on the complete decided guidelines on remuneration, pension and severance pay, see Note 6, pages 95-98.

Risk management

The Board has overall responsibility for the Group's risk effort. The risk situation in Clas Ohlson is updated and analysed regularly. This is done by means of a systematic process in which risks are identified, valued and assessed, managed, monitored and reported. Using an overall assessment, priority is given to those risks whose impact and probability are deemed to represent the most negative effect. A key aspect in this work is the measures undertaken to avoid (control activities), reduce or shift the risk to another party (insurance). The risks are entered in risk maps in order to clarify the overall risk exposure. Mapping is done at the Group level and represents a tool for operational and strategic governance by the Board and the company's Group management. By means of risk mapping, the focus can be aimed at reducing the company's risk exposure and reducing the consequences of any risks emerging. The Risk Committee pursues the work involved in compiling, monitoring and developing the risk management process. Reporting of the Group's overall risk status is made internally to the Audit Committee and the Board twice annually. See also the risk section on pages 63-67.

Sustainability

For Clas Ohlson, it is important to protect and assume responsibility for people and the environment impacted by our operation. Our sustainability agenda is an integrated part of Clas Ohlson's business and is described under each area of operations and on pages 42-55. Refer also the detailed sustainability information on pages 119-128.

Internal control over the financial reporting

The Board has overall responsibility for the company's systems pertaining to internal control. The responsibility is regulated by the Swedish Companies Act, which also

CORPORATE GOVERNANCE

states that the Audit Committee has a specific responsibility for monitoring quality assurance in risk management and internal control over the financial reporting.

The company's work on internal control follows the framework developed by The Committee of Sponsoring Organizations of the Treadway Commission (COSO). The framework consists of five individual areas: control environment, risk assessment, control activities, information and communication, and monitoring.

Control environment

The control environment comprises the organisational structure and the values, guidelines, policies, instructions and so on, according to which the organisation works. Effective Board work forms the basis of good internal control and the Board of Clas Ohlson has established rules of procedure and clear instructions for its work. This includes the Board's People and Audit Committees.

Part of the Board's work involves drawing up and approving the policies that govern the Group's work on internal control. Another part involves creating the necessary conditions for an organisational structure with clear roles and responsibilities, leading to effective management of the risks in the operation.

The Group has regulations governing decision-making and authorisation levels that parallel the Group's organisational structure. The focus is on clarifying who has a mandate to decide on investments, activities, signing of contracts and so forth in each function and the limits in terms of the amounts involved. In the event that the amount exceeds the function's mandate, the decision is assigned to the next level in the organisation. This is done in order to maintain good corporate governance and awareness at the various

levels in the organisation. The regulations governing decision-making and authorisation constitute the basis for decision-making at Clas Ohlson.

Group Management is responsible for implementing guidelines for the maintenance of good internal control. Internal control is continuously being developed and improved. Group Management and the Audit Committee report continuously to the Board according to approved procedures.

All activity is undertaken in accordance with the Group's Code of Conduct and Code of Business Ethics.

Risk assessment and control activities

Clas Ohlson continuously works on the risk-areas that are considered most prioritised based on materiality and risk.

The Group's income consists of sales in stores and online shopping where payment is principally made by credit card or in cash. This income is documented in its entirety in bank accounts which are reconciled daily. The risk of errors in the reporting of income is limited. Group expenses primarily comprise goods-related expenses, freight, salaries and social security contributions, rental expenses and marketing. Income and expenses are forecasted for each store and department. The outcome is checked monthly against both the budget and the preceding year. About 90 per cent of Clas Ohlson's assets consist of inventories and non-current assets. Accordingly, particular emphasis has been placed on preventing and detecting deficiencies in these areas when designing internal controls.

The processes and the control structure are documented in a separate financial manual, which is updated regularly. The most essential processes in the Group are contin-

uously evaluated. The greatest risks in each process are documented.

An assessment is then made of whether the controls that take place are adequate. If there is a need, further compensatory controls are introduced to reduce the risk to an acceptable level. The subsidiaries have accounting managers and controllers who ensure that financial reporting is correct and complete. In addition, they ensure that legislation is observed and that financial reporting is completed within the time frames to Group management and to the Group accounting function. Moreover, there are controllers in major Group functions and in the Group finance function with equivalent working tasks.

The Group finance function has a close and well-functioning cooperation with subsidiaries as regards reporting and closing accounts. Each month, all subsidiaries report complete closing accounts, which constitute the basis for the Group's consolidated financial reporting.

Information and communication

Major policies, guidelines, instructions and manuals that are of significance to internal control are regularly updated and communicated to employees concerned. General guidelines and instructions are also available on the company's intranet.

There are both formal and informal information channels to Group management and the Board for information from employees. The Board receives regular feedback from the operations on questions that relate to internal control through the Audit Committee. For external communication, there are guidelines that support the requirement to provide the equities market with correct information.

Monitoring of internal control

Group management and the Audit Committee regularly report to the Board on the basis of established procedures. The Board regularly receives information about the Group from the CEO, which includes the earnings and financial position of the subsidiaries.

Each interim report is analysed by the Audit Committee with regard to the correctness of the financial information. The Audit Committee also plays a key role in monitoring to ensure that there are sufficient control activities for the most essential areas of risk pertaining to the financial reporting and communicating material issues to Group management, Board and auditors. An important aspect is to ensure that any viewpoints from the auditors are rectified.

Three times a year, the entire Board meets the company's auditors to be informed of the external audit and discuss relevant issues. On the basis of the auditors' reporting, the Board forms a picture of the internal control and the correctness of the financial information. The CEO does not take part in any issues that relate to senior management.

Internal audit

Following evaluations in the financial year and preceding years, the Board has not found it necessary to date to establish an internal audit function. The company's Group-wide controller function has instead been adapted to also deal with internal control activities. The question of whether to establish a separate internal audit function is re-examined annually. Furthermore, the company has a Risk Committee that continuously evaluates material risks and control activities.

Board of Directors



Kenneth Bengtsson

Chairman of the Board since 2014, Board member since 2013. Born in 1961.

Professional experience: CEO and various executive positions at ICA for more than 30 years.

Other significant directorships: Chairman of the Board of Ersta diakoni, Lyko, Envirotainer AB, Mio AB, World Childhood Foundation and JumpYard AB. Board member of Herenco, Synsam and Virtual Stores AB.

Independent in relation to the company, Group Management and major shareholders according to the Swedish Corporate Governance Code.

Own and closely associated holdings*: 67,000 series B shares.



Mengmeng Du

Board member since 2020. Master of Business Administration, Stockholm School of Economics Master of Science in Data Technology, Royal Institute of Technology. Born in 1980.

Professional experience: Startup advisor. Several leading positions at Spotify, COO at Acast, Product Development Manager at Stardoll, Management Consultant at Bain & Company.

Other significant directorships: Board member of Dometic Group AB, Swappie Oy and Tryg A/S.

Independent in relation to the company, Group Management and major shareholders according to the Swedish Corporate Governance Code.

Own and closely associated holdings*: 2,500 series B shares.



Mathias Haid

Board member since 2015. Born in 1970.

Professional experience: Pilot at Lufthansa Cargo AG, training officer at Lufthansa's airline operations and several senior positions in Lufthansa's airline operations 1998-2015. Board member of Clas Ohlson AS and Clas Ohlson Oy 2002-2005.

Other significant directorships: Board member of the Clas Ohlson Foundation.

Dependent in relation to major shareholders according to the Swedish Corporate Governance Code. Independent in relation to the company and Group Management.

Own and closely associated holdings*: 503,980 series A shares and 2,389,777 series B shares.



Patrik Hofbauer

Board member since 2020. IHM Business School, Diploma Marketing management and Master. Born in 1968.

Professional experience: President and CEO of AB Svenska Spel. Previous CEO roles within the Telenor Group at Telenor Sverige AB, Telenor Broadcast Holding and Canal Digial. Previous CEO of Clear Channel Sverige & Baltics and NEC Scandinavia AB. Head of Sales at Scandic Hotels Sverige AB.

Other significant directorships: Chairman of the Board of Presto Brandsäkerhet AB, Board member of the Swedish Gambling Association. Previous Board member of Telenor Sverige AB, Telenor Broadcast, Swedish IT and Telecom Industries and the Confederation of Swedish Enterprise.

Independent in relation to the company, Group Management and major shareholders according to the Swedish Corporate Governance Code.

Own and closely associated holdings*: 3,500 series B shares.



Håkan Lundstedt

Board member since 2018. Born in 1966.

Professional experience: CEO and Managing Director of Synsam. Previously CEO of Mekonomen and Lantmännen, and a number of senior roles at Orkla.

Other significant directorships: Board member of Rizzo Group.

Independent in relation to the company, Group Management and major shareholders according to the Swedish Corporate Governance Code.

Own and closely associated holdings*: 5,300 series B shares



Charlotte Strömberg

Board member since 2017. Master of Business Administration, Stockholm School of Economics. Born in 1959.

Professional experience: Former CEO of Jones Lang LaSalle Nordics, held a number of roles with Carnegie Investment Bank, Alfred Berg/ABN Amro, Consensus and Robur Capital Management.

Other significant directorships: Vice Chairman of Sofina S.A, Board member of Kinnevik AB, Höganäs AB and Lindéngruppen AB, member of the Swedish Securities Council and Founding Partner of DHS Venture, and independent member of Nasdaq Stockholm's Listing Committee.

Independent in relation to the company, Group Management and major shareholders according to the Swedish Corporate Governance Code.

Own and closely associated holdings*: 5,000 series B shares.

* Own and closely associated holdings per 30 June 2022.

BOARD OF DIRECTORS



Göran Sundström

Board member since 2014.
Master of Business Administration, Lund University.
Born in 1962.

Professional experience: Founder and CEO of Sundström & Partners, various senior positions in Corporate Finance at Alfred Berg Fondkommission AB, Aros Securities AB and Nordea Securities.

Other significant directorships: Chairman of the Board of Logitall AB and Board member of Parks & Resorts Scandinavia AB, Sundström & Partners AB and the Clas Ohlson Foundation.

Dependent in relation to major shareholders according to the Swedish Corporate Governance Code. Independent in relation to the company and Group Management.

Own and closely associated holdings*: 4,000 series B shares.



Anne Thorstvedt Sjöberg

Board member since 2017.
Master of Business Administration, University of Gothenburg.
Born in 1965.

Professional experience: Global Vice President Marketing, Electrolux AB. Several years of international experience in leading positions at companies such as Mondelez International, Kraft Foods and Procter & Gamble.

Other significant directorships: Board member of Viva Wine Group.

Independent in relation to the company, Group Management and major shareholders according to the Swedish Corporate Governance Code.

Own and closely associated holdings*: 4,200 series B shares.



Lasse Zwetsloot

Employee representative (Handels) Board member since 2012.
Employed in 2007.
Born in 1976.

Own and closely associated holdings*: 1,601 series B shares.



Caroline Östning

Employee representative Unionen. Board member since 2018.
Employed in 2004.
Born in 1978.

Own and closely associated holdings*: 0.



Freja Aleman

Deputy employee representative Handels. Board member since 2018.
Employed in 2012.
Born in 1979.

Own and closely associated holdings*: 0.



Emma Zetterqvist

Deputy employee representative Handels. Board member since 2019.
Employed in 2016.
Born in 1995.

Own and closely associated holdings*: 0.

* Own and closely associated holdings per 30 June 2022.

Group Management



Kristofer Tonström

President and CEO
Employed in 2021.
Born in 1979.

MSc in Business and Economics, University of Gothenburg.

Professional experience: CEO of Filippa K, General Manager of Perrigo Northern Europe, CEO of Omega Pharma Nordic and several leading positions at Procter & Gamble.

Own and closely associated holdings*:
17,307 series B shares.



Peder Apelgren

Chief Digital Officer
Employed in 2019.
Born in 1971.

MSc in Engineering, KTH Royal Institute of Technology.

Professional experience: Head of Customer Service globally and several other leading positions at IKEA Group. Various positions at Icon Medialab, Ericsson and Hewlett Packard.

Own and closely associated holdings*:
3,268 series B shares.



Eva Berg

Director of Purchasing and Product development
Employed in 2010.
Born in 1965.

Swedish School of Textiles Borås, Köpmannainstitutet Stockholm.

Professional experience: Assortment Manager Clas at Ohlson, Category Manager at Clas Ohlson, Production Office Manager at H&M Hong Kong and other leading positions at H&M.

Own and closely associated holdings*:
6,046 series B shares.



Pär Christiansen

CFO
Employed in 2018.
Born in 1973.

MSc in Engineering, Faculty of engineering, LTH, BSc in Business administration and Economics, Lund University.

Professional experience: CFO at Gant and several leading positions at Transcom, MTR and SAS.

Own and closely associated holdings*:
0 series B shares.

After the end of the financial year, CFO Pär Christiansen, left the company for a new position outside the Group. It was announced on 12 May 2022 that Pernilla Walfridsson had been appointed CFO and she will enter her new role in November 2022.

* Own and closely associated holdings per 30 June 2022.

GROUP MANAGEMENT



Tina Englyst

HR and Sustainability Director, General Counsel
Employed in 2011.
Born in 1976.

Master of Law, Uppsala University and University of Cambridge (LLM).

Professional experience: Associate at Mannheimer Swartling Advokatbyrå, Senior Legal Counsel at MTV Networks AB and Head of Legal at MTV Networks AB.

Own and closely associated holdings*: 9,859 series B shares.



Lene Iren Oen

Head of E-commerce
Employed in 2019.
Born in 1977.

Market economist, BI Norwegian Business School

Professional experience: Commercial Manager at Clas Ohlson Norway, Commercial Director at Komplet AS and Managing Director at Blush AS.

Own and closely associated holdings*: 0 series B shares.



Johannes Åverling

Director of Retail Operations
Employed in 2018.
Born in 1974.

MSc in Business and Economics, School of Business, Economics and Law at the University of Gothenburg

Professional experience: Country Operations Manager Clas Ohlson Sweden, Operations Manager Mio AB, Supply Chain Director Åhléns AB and other leading positions in business development and logistics at ICA Gruppen AB.

Own and closely associated holdings*: 1,111 series B shares



Tim Heldmann

Chief Marketing Officer
Employed in 2021.
Born in 1978.

Bachelor in Business Administration DHBW Mannheim, Germany.

Professional experience: Vice President Brand, Marketing & Retail at Polestar Cars, Head of Brand Strategy, Consumer Insights and New Product Development at Red Bull and several leading positions at Procter & Gamble.

Own and closely associated holdings*: 0 series B shares.

After the end of the financial year, Chief Marketing Officer Tim Heldmann, left the company.



Per-Ove Silverstam

Director Supply and Logistics
Employed in 2012.
Born in 1964.

High school diploma (business administration) and several courses in logistics

Professional experience: Head of Logistics and several other leading positions within sales and purchasing at ICA.

Own and closely associated holdings*: 0 series B shares.

* Own and closely associated holdings per 30 June 2022.

Financial Information

21/22

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Group

Consolidated income statement

MSEK	Note	1 May 2021–30 Apr 2022	1 May 2020–30 Apr 2021
	1, 2		
Sales		8,783.7	8,284.4
Cost of goods sold	4, 5, 6	-5,178.9	-4,928.6
Gross profit		3,604.8	3,355.8
Selling expenses	4, 5, 6	-2,703.9	-2,547.5
Administrative expenses	4, 5, 6, 7	-199.9	-195.2
Other operating income	3	33.8	7.1
Other operating expenses	3	-15.3	-12.1
Operating profit		719.4	608.2
<i>Financial items</i>			
Financial income	8	2.0	0.3
Financial expenses	8	-65.1	-63.6
Profit before tax		656.4	544.9
Income tax	9	-133.9	-123.6
Profit for the year		522.5	421.3
Number of shares at the end of period, million		63.4	63.3
Earnings per share before dilution, SEK	10	8.25	6.65
Earnings per share after dilution, SEK	10	8.25	6.65
Proposed dividend per share, SEK	11	13.00	6.25

Consolidated statement of comprehensive income

MSEK	1 May 2021–30 Apr 2022	1 May 2020–30 Apr 2021
Profit for the year	522.5	421.3
Other comprehensive income, net after tax:		
<i>Items that can later be reversed in the consolidated income statement:</i>		
Exchange rate differences	15.2	18.0
Cash flow hedging	35.4	-60.6
<i>Items that cannot later be reversed in the consolidated income statement:</i>		
Change in fair value of financial assets	-147.8	53.5
Other comprehensive income, net after tax:	-97.2	11.0
Comprehensive income for the year	425.3	432.3
<i>Profit for the year attributable to:</i>		
Parent Company shareholders	522.5	421.7
Equity attributable to non-controlling interests	0.0	-0.3
<i>Comprehensive income for the year attributable to:</i>		
Parent Company shareholders	425.3	432.6
Equity attributable to non-controlling interests	0.0	-0.3

Group

Consolidated balance sheet

MSEK	Note	30 Apr 2022	30 Apr 2021
Assets			
<i>Non-current assets</i>	12		
<i>Intangible assets</i>			
IT and software costs		486.4	538.3
Total intangible assets		486.4	538.3
<i>Tangible assets</i>			
Land and buildings		275.3	302.8
Equipment, tools, fixtures and fittings		462.4	484.1
Right-of-use assets	30	1,678.8	1,915.0
Total tangible assets		2,416.5	2,701.8
<i>Other financial assets</i>			
Securities held as fixed assets	12, 25	158.0	305.8
Total other financial assets		158.0	305.8
<i>Non-current receivables</i>			
Deferred tax assets	9, 30	66.9	72.2
Other non-current receivables	19, 20	27.8	37.1
Total non-current receivables		94.7	109.4
<i>Current assets</i>			
Inventories	13	2,198.6	1,831.7
Accounts receivable	14	57.6	57.7
Tax assets	9	5.0	2.3
Other receivables	20	13.3	6.5
Prepaid expenses and accrued income	15, 17, 30	61.8	40.0
Cash and cash equivalents	16	456.6	533.8
Total current assets		2,793.0	2,472.1
Total assets		5,948.6	6,127.4

Consolidated balance sheet

MSEK	Note	30 Apr 2022	30 Apr 2021
Equity and liabilities			
<i>Equity</i>	18		
<i>Capital and reserves attributable to Parent Company shareholders</i>			
Share capital		82.0	82.0
Other contributed capital		90.4	90.4
Other reserves		-46.6	-97.1
Profit brought forward including profit for the year		2,095.8	2,114.3
Equity attributable to non-controlling interests		0.0	5.8
Total equity		2,221.6	2,195.2
<i>Non-current liabilities</i>			
Long-term lease liabilities	20, 30	1,255.3	1,542.7
Deferred tax liabilities	9	205.2	201.9
Other non-current provisions	22	4.0	8.1
Total non-current liabilities		1,464.5	1,752.7
<i>Current liabilities</i>			
Current lease liabilities	20, 30	534.4	498.8
Accounts payable	20	770.8	732.8
Tax liability	9	52.7	86.4
Other current liabilities	20	207.4	187.0
Accrued expenses and deferred income	17, 21	612.9	597.6
Other provisions	22	84.3	77.0
Total current liabilities		2,262.6	2,179.6
Total equity and liabilities		5,948.6	6,127.4

Group

Consolidated cash flow statement

MSEK	1 May 2021–30 Apr 2022	1 May 2020–30 Apr 2021
<i>Operating activities</i>		
Operating profit	719.4	608.2
<i>Adjustment for non-cash items</i>		
Depreciation	753.1	714.0
Profit/loss from sale/disposal of non-current assets	6.2	5.7
Other non-cash items	1.0	-1.6
Interest received	2.0	0.2
Interest paid	-65.1	-63.5
Tax paid	-121.2	-90.8
Cash flow from operating activities before changes in working capital	1,295.4	1,172.3
<i>Cash flow from changes in working capital</i>		
Accounts receivable	0.7	-7.4
Inventories	-351.5	0.4
Other receivables	-70.5	77.4
Accounts payable	37.3	180.4
Other current interest-free operating liabilities	74.8	-135.3
Cash flow from operating activities	986.1	1,287.8
<i>Investing activities</i>		
Investments in intangible assets	-53.0	-82.6
Investments in tangible assets	-99.4	-145.7
Investments in securities held as fixed assets	-6.2	0.0
Sale of equipment	0.9	0.4
Cash flow from investing activities	-157.7	-227.9

Consolidated cash flow statement

MSEK	1 May 2021–30 Apr 2022	1 May 2020–30 Apr 2021
<i>Financing activities</i>		
Change in current interest-bearing liabilities	0.0	-67.2
Repayment of lease liability	-514.1	-538.3
Change in non-current receivables	0.9	-0.2
Dividend to shareholders	-395.9	0.0
Cash flow from financing activities	-909.2	-605.8
Cash flow for the year	-80.8	454.2
Cash and cash equivalents at the start of the year	533.8	80.1
Exchange rate differences in cash and cash equivalents	3.7	-0.4
Cash and cash equivalents at the end of the year	456.6	533.8

Group

Consolidated statement of changes in equity (Note 18)

MSEK	Share capital	Other contributed capital	Translation differences	Hedging reserve	Profit brought forward	Income attributable to non-controlling interests	Total
Opening balance at 1 May 2020	82.0	90.4	-92.2	37.6	1,639.0	6.2	1,763.1
Profit for the year	-	-	-	-	421.7	-0.3	421.3
Other comprehensive income	-	-	18.0	-60.6	53.5	-	11.0
Employee stock option plan: value of employees' service	-	-	-	-	0.1	-	0.1
Closing balance at 30 April 2021	82.0	90.4	-74.2	-23.0	2,114.3	5.8	2,195.2
Profit for the year	-	-	-	-	522.5	-	522.5
Other comprehensive income	-	-	15.2	35.4	-147.8	-	-97.2
Acquisition of non-controlling interests (minority share)	-	-	-	-	-0.4	-5.8	-6.2
Employee stock option plan: value of employees' service	-	-	-	-	3.1	-	3.1
Dividend to shareholders	-	-	-	-	-395.9	-	-395.9
Closing balance at 30 April 2022	82.0	90.4	-59.0	12.4	2,095.7	0.0	2,221.6



Parent Company

Income statement

MSEK	Note	1 May 2021–30 Apr 2022	1 May 2020–30 Apr 2021
Sales	1, 2, 23	7,187.5	6,696.3
Cost of goods sold	4, 5, 6	-5,094.8	-4,793.1
Gross profit		2,092.7	1,903.2
Selling expenses	4, 5, 6	-1,530.9	-1,394.3
Administrative expenses	4, 5, 6, 7	-155.0	-150.9
Other operating income	3	33.7	7.1
Other operating expenses	3	-12.7	-11.4
Operating profit		427.9	353.7
<i>Financial items</i>			
Dividends from subsidiaries		177.9	329.5
Financial income	8	1.4	1.3
Financial expenses	8	-3.2	-3.0
Profit after financial items		604.0	681.4
Appropriations	26	1.7	22.2
Profit before tax		605.7	703.6
Income tax	9	-91.1	-84.1
Profit for the year		514.6	619.5
Proposed dividend per share, SEK	11	13.00	6.25

Comprehensive income, Parent Company

MSEK	1 May 2021–30 Apr 2022	1 May 2020–30 Apr 2021
Profit for the year	514.6	619.5
Other comprehensive income, net after tax:		
Items that can later be reversed in the consolidated income statement:		
Change in fair value of financial assets	-147.8	53.5
Other comprehensive income, net after tax:	-147.8	53.5
Comprehensive income for the year	366.8	673.1



Parent Company

Balance sheet

MSEK	Note	30 Apr 2022	30 Apr 2021
Assets			
<i>Non-current assets</i>			
<i>Intangible assets</i>			
IT and software costs	12	484.2	538.3
Total intangible assets		484.2	538.3
<i>Tangible assets</i>			
Land and buildings		275.3	302.8
Equipment, tools, fixtures and fittings		253.6	278.4
Total tangible assets		528.8	581.2
<i>Financial assets</i>			
Securities held as fixed assets	12, 20, 25	158.0	305.8
Deferred tax assets	9	4.1	4.2
Receivables, Group companies		0.2	0.0
Non-current receivables	20	2.3	3.1
Participations in Group companies	24	45.5	39.3
Total financial assets		210.2	352.5
Total non-current assets		1,223.2	1,471.9
<i>Current assets</i>			
<i>Inventories</i>			
Merchandise	13	1,636.6	1,332.9
Total inventories		1,636.6	1,332.9
<i>Current receivables</i>			
Accounts receivable	14, 20	32.6	34.3
Receivables from Group companies		114.8	78.7
Other receivables	20	0.7	0.6
Prepaid expenses and accrued income	15	85.9	77.9
Total current receivables		234.0	191.5
Cash and bank balances	20, 27	375.8	480.0
Total current assets		2,246.4	2,004.5
Total assets		3,469.7	3,476.4

Balance sheet

MSEK	Note	30 Apr 2022	30 Apr 2021
Equity and liabilities			
<i>Restricted equity</i>			
Share capital, 65,600,000 shares with a quotient value of 1.25 SEK	18	82.0	82.0
Statutory reserve		106.8	106.8
Development fund		28.2	30.5
Total restricted equity		217.1	219.3
<i>Non-restricted equity</i>			
Profit brought forward		566.4	338.8
Fund for fair value		-94.3	53.5
Profit for the year		514.6	619.5
Total non-restricted equity		986.8	1,011.9
Total equity		1,203.9	1,231.2
Untaxed reserves			
	28	980.6	982.3
<i>Provisions</i>			
Other provisions	20, 22	62.0	57.3
Total provisions		62.0	57.3
<i>Current liabilities</i>			
Accounts payable	20	732.9	697.4
Tax liability		10.6	46.9
Liabilities to Group companies		32.3	38.3
Other current liabilities		50.6	60.5
Accrued expenses and deferred income	20, 21	396.7	362.5
Total current liabilities		1,223.2	1,205.7
Total equity and liabilities		3,469.7	3,476.4

Parent Company

Cash flow statement

MSEK	1 May 2021–30 Apr 2022	1 May 2020–30 Apr 2021
<i>Operating activities</i>		
Operating profit	427.9	353.7
<i>Adjustment for non-cash items</i>		
Depreciation	195.3	175.7
Profit/loss from sale/disposal of non-current assets	4.5	2.5
Other non-cash items	5.6	7.3
Interest received	1.4	1.3
Interest paid	-3.2	-3.0
Tax paid	-78.3	-35.9
Cash flow from operating activities before changes in working capital	553.2	501.7
<i>Cash flow from changes in working capital</i>		
Accounts receivable	1.7	-10.5
Inventories	-303.7	-22.4
Other receivables	-44.1	-69.5
Accounts payable	35.5	165.9
Other current interest-free operating liabilities	-30.6	-198.1
Cash flow from operating activities	212.0	367.0
<i>Investing activities</i>		
Investments in intangible assets	-50.8	-82.6
Investments in tangible assets	-42.6	-89.8
Investments in securities held as fixed assets	-6.3	0.0
Sale of equipment	0.8	0.4
Cash flow from investing activities	-98.8	-172.0

Cash flow statement

MSEK	1 May 2021–30 Apr 2022	1 May 2020–30 Apr 2021
<i>Financing activities</i>		
Change in current interest-bearing liabilities	0.0	-67.2
Change in other non-current receivables	0.8	0.0
Change in non-current receivables, Group companies	-0.2	0.0
Dividends from subsidiaries	177.9	329.5
Dividend to shareholders	-395.9	0.0
Cash flow from financing activities	-217.4	262.3
Cash flow for the year	-104.2	457.2
Cash and cash equivalents at the start of the year	480.0	23.3
Exchange rate differences in cash and cash equivalents	0.0	-0.5
Cash and cash equivalents at the end of the year	375.8	480.0

Parent Company

Change in Parent Company equity

MSEK	Share capital	Statutory reserve	Development fund	Total non-restricted equity	Total equity
Opening balance at 1 May 2020	82.0	106.8	27.8	341.4	558.0
Profit for the year	-	-	-	619.5	619.5
Other comprehensive income	-	-	-	53.5	53.5
Employee stock option plan: value of employees' service	-	-	-	0.1	0.1
Change to development fund	-	-	2.7	-2.7	-
Closing balance at 30 April 2021	82.0	106.8	30.5	1,011.9	1,231.2
Profit for the year	-	-	-	514.6	514.6
Other comprehensive income	-	-	-	-147.8	-147.8
Employee stock option plan: value of employees' service	-	-	-	1.8	1.8
Change to development fund	-	-	-2.2	2.2	-
Dividend to shareholders	-	-	-	-395.9	-395.9
Closing balance at 30 April 2022	82.0	106.8	28.2	986.8	1,203.9

Note 1 Accounting and valuation policies**Compliance with standards and legislation**

The consolidated financial statements for Clas Ohlson have been prepared in accordance with the Annual Accounts Act, RFR 1 Supplementary Accounting Rules for Groups and International Financial Reporting Standards (IFRS) and interpretations from IFRS Interpretations Committee (IFRS IC) as approved by the EU. The financial statements were prepared in accordance with the cost method, apart from financial assets and liabilities (including derivative instruments), measured at fair value.

The accounting policies for the Group indicated below have been applied consistently to all periods presented in the consolidated financial statements, unless otherwise stated. The Group's accounting policies have been applied consistently to the reporting and consolidation of the Parent Company and subsidiaries.

Estimates and assumptions

Preparing the financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that impact upon the application of the accounting policies and the carrying amounts for assets, liabilities, income and expenses. These are based on historical experience and a number of other factors that appear reasonable under the prevailing conditions. Any changes to estimates are recognised in the period in which the change is made if the change has only impacted upon this period, or in the period in which the change is made and future periods if the change impacts upon both the current period and future periods.

Securities held as fixed assets

Securities held as fixed assets are measured at fair value according to level 3 of the fair value hierarchy since they are based on the adjusted value of a transaction in a non-active market. Refer to Note 25 for a more detailed description on assumptions and the sensitivity analysis for measuring securities held as fixed assets.

Restructuring reserves

Restructuring costs include the necessary retirement of assets and other items that do not affect cash flow, as well as estimated costs for redundancies and other direct expenses related to the discontinuation of operations. Cost estimates are based on detailed action plans that are expected to improve the Group's cost structure and productivity. Historical outcomes from similar events in previous action plans are normally used as the basis for the calculations to minimise the uncertainty factor. Reserves for restructuring amounted to 9.9 MSEK (11.8) at year-end, of which 4.0 MSEK (8.1) was classified as long term.

Leases

In a number of cases, the Group's leases have the option for the Group to extend the lease or terminate it in advance. Under IFRS 16, extension options entitling the lessee to extend a lease or terminate it in advance are to be included in the term if it is deemed reasonably certain that the option will be exercised. Accordingly, the assessment affected the amount of the lease liability and the right-of-use asset recognised for the lease. Refer to Note 30 for a more detailed description of the assessments made by the Group as regards the length of lease terms.

New standards and interpretations that come into effect in 2021/22 and after

There were no new or amendments to IFRS or IFRIC interpretations that came into effect in 2021/22 that had a material impact on the consolidated financial statements.

New and amended standards that have not yet come into effect

The new or amended IFRS or IFRIC interpretations that come into effect in the next financial year have not been applied in advance to the preparation of these financial statements. None of the IFRS or IFRIC interpretations that have not yet come into effect are expected to have a material impact on the consolidated financial statements.

Consolidated financial statements

The consolidated financial statements pertain to the Parent Company and all companies over which the Parent Company directly or indirectly has controlling influence. The Group controls a company when it is exposed to or is entitled to variable return from its holdings in the company and has the opportunity to impact the return through its influence in the company.

The purchase method has been applied in preparing the consolidated financial statements. Inter-Group transactions, balance sheet items, as well as unrealised gains and losses on transactions between Group companies are eliminated. Whenever appropriate, the accounting policies have been amended to guarantee consistent application of the Group's policies.

The consolidated financial statements include the wholly owned subsidiaries Clas Ohlson AS, Clas Ohlson Oy, Clas Ohlson Ltd (UK), Clas Ohlson GmbH, Clas Ohlson Ltd (Shanghai), C/O P Investments AB and Clas Ohlson Sp. Z.o.o.

Segment accounting

Clas Ohlson has the following segments: Sweden, Norway, Finland and Outside Nordic countries as well as Group-wide. The Group-wide segment pertains to the Group-wide functions in Sweden that assist sales organisations with purchasing, distribution, marketing, management and other support. A large portion of the Group's value is generated in the Group-wide segment. The Group's internal pricing was adapted to these prerequisites. Operating segments are reported in a manner that corresponds to the internal reporting presented to the Group's CEO.

Translation of foreign currencies**Functional currency and reporting currency**

Items included in the financial statements for the various units in the Group are measured in the currency used in the financial environment where each company is most active (functional currency). The consolidated financial statements use Swedish kronor (SEK), which is the presentation currency for the Group. On the balance sheet date, assets and liabilities in foreign subsidiaries are translated to SEK based on the rate on the closing rate. Revenue and expenses in foreign subsidiaries are translated to SEK at the average rate. All sums, unless otherwise stated, are rounded to the nearest million Swedish kronor plus one decimal point.

Transactions in foreign currency

Transactions in foreign currencies are translated to the functional currency at the exchange rates that apply on the transaction date. Exchange-rate gains and losses arising from the payment of such transactions and from the translation of monetary assets and liabilities in foreign currency at the closing rate are recognised in profit or loss. An exception is when transactions represent hedging that fulfils the conditions for hedge accounting of cash flows, in which case gains/losses are recognised in other comprehensive income. For derivatives, refer to the section on financial instruments.

Group companies

Results and financial position for all Group companies, translated to the Group's reporting currency as follows:

- a) assets and liabilities for each of the balance sheets translated at the closing rate;
- b) revenue and expenses for each of the income statements translated at the average exchange rate; and
- c) all exchange rate differences that arise are recognised in other comprehensive income.

Revenue

The Group conducts retail operations, whereby a large share of all sales, about 89 per cent, is made through store sales. Revenue from sales of goods is recognised when the Group company sells a good to a customer in a store. The transaction price falls due for payment immediately when the customer purchases the good and receives the good in the store. Regarding the remaining approximately 11 per cent of income relating to online shopping, income

is recognised when control of the goods is passed to the customer, which takes place on the delivery date. Variable remuneration, such as discounts and price reductions, are recognised in both cases through deductions from the selling price directly when the transaction takes place in store or as a deduction on the invoice for online shopping. Retail sales usually take place using cash or via invoice with payment terms of 30 days.

Clas Ohlson's customers can choose to become a member of the Club Clas loyalty programme where customer collect points on their purchases. Earning bonus points means that customers have the opportunity to utilise points saved in the form of bonus cheques as payment in the future. A contract liability for the points is recognised at the time of sale. All issued bonus cheques are not redeemed which is why each sale in the loyalty programme is reduced by the fair amount with respect to future redemption of bonus cheques, considering the current degree of redemption. The member's probable redemption of bonus cheques in the future is also taken into account. Earnings are recognised through a reduction in revenue during the earnings period with a corresponding provision in the balance sheet. Provisions for open purchases and gift vouchers are based on historical data. Clas Ohlson also has sales of other services for which income is recognised when the service has been completed. The portion of such services of Clas Ohlson's total sales is not material.

Interest income pertains to interest on bank balances. Revenue is recognised in the period to which the interest pertains.

Employee benefits

Group companies have different plans for remuneration after retirement, including defined-benefit and defined-contribution pension plans.

Pension obligations

A defined-contribution pension plan is a pension plan according to which the Group pays set amounts to a separate legal entity. The Group has no legal or informal obligations to pay additional amounts if this legal entity does not have sufficient assets to pay all remuneration to employees corresponding to the employees' service during the current or previous periods. A defined-benefit pension plan is a pension plan that is not a defined-contribution plan. A typical defined-benefit plan stipulates the amount of the pension benefit an employee will receive after retirement, usually based on one or more factors such as age, service period and salary. In the Parent Company, there are both defined-contribution and defined-benefit pension plans. However, in accordance with statement UFR 10, the defined-benefit ITP pension plan (Alecta) is treated as a defined-contribution pension plan. Defined-benefit pension plans are available in the Norwegian subsidiary. Regarding defined-benefit pension plans, the cost of the pension benefit is determined based on actuarial calculations according to the so-called Projected Unit Credit Method. Revaluations, including actuarial gains and losses, effects of changes in the asset ceiling and the return on the plan assets (excluding the interest components that is recognised in profit or loss) are recognised directly in the balance sheet with income or cost corresponding to the change for the period in the statement of other comprehensive income in the period in which they arise. Revaluations rec-

ognised in other comprehensive income affect profit brought forward and are not reclassified to the income statement. Service costs from prior periods are recognised in profit or loss in the period in which the plan is changed. Net interest is calculated by applying the discount rate at the start of the period to the defined-benefit net liability or asset. The defined-benefit costs are divided into the following categories:

- service costs (including service costs for the current period, service costs in prior periods and gains and losses pertaining to reductions and/or regulations)
- net interest expense or net interest income
- revaluations

The first two categories are recognised in profit or loss as personnel costs (service costs) and net financial items (net interest expense). Gains and losses related to reductions and regulations are recognised as service costs from prior periods. Revaluations are recognised in other comprehensive income. The defined-benefit pension obligation is recognised in the balance sheet corresponding to current surplus or deficit related to the Group's defined-benefit obligations. Any surplus is recognised only to the extent that it corresponds to the present value of future repayments from the respective pension plan or future reductions in premium payments to the plan.

Remuneration in the event of termination of employment

Remuneration in the event of termination of employment is paid when an employee's employment is terminated by the Group before the normal pension date or when the

employee accepts voluntary redundancy in exchange for such remuneration. The Group recognises redundancy remuneration when the Group no longer has the opportunity to withdraw the offer of remuneration. In cases where the company has issued an offer to encourage voluntary redundancy, redundancy remuneration is calculated based on the number of employees expected to accept the offer. Benefits that mature more than 12 months after the end of the reporting period are discounted to the present value.

Share-based payments

The Group has a number of share-based remuneration plans that are settled with shares and whereby the company receives services from the employees in return for the Group's equity instruments (matching shares, options and performance shares). The fair value of the service period that entitles employees to allotment of matching shares and options is expensed and a corresponding adjustment is made in equity. The total amount to be expensed is based on the fair value of the allocated matching shares and options:

- including all market-related conditions
- including e.g. profitability, target for sales increases and that the employee remains with the company for a stipulated period and,
- including the impact of the conditions that do not constitute vesting conditions (e.g. requirement that employees must save or retain the shares for a stipulated period).

At the end of each reporting period, the Group re-examines its assessments of the number of shares that are expected to be vested based on both the market-related performance and the non-market-related vesting conditions and service conditions. The company's performance is continuously compared to the targets and any possible deviation to the original assessments resulting from the reappraisal will be recognised in profit or loss and the corresponding adjustments made in equity.

The social security contributions arising from the allotment of options will be regarded as an integral part of the allocation and the expense will be treated as a cash-regulated share-based remuneration.

Loan expenses

General and specific loan expenses that are directly attributable to purchasing or what is known as qualified assets, which are assets that necessarily take a significant amount of time to complete for intended use or sale are recognised as part of the cost of these assets. Capitalisation ceases when all activities required to complete the asset for its intended use or sale have been completed. There are currently no qualified assets. Other loan expenses are charged to profit during the period they arise.

Intangible assets

Costs for the maintenance of software are expensed when they arise. Development costs directly attributable to the development and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria have been fulfilled:

- It is technically possible to complete the software so that it can be used,
- The company's intention is to complete the software and use or sell it,
- The conditions for using the software exist,
- How the software generates probable financial advantages can be proven,
- Adequate technological, financial and other resources for completing the development and for using or selling the software are available, and
- The costs attributable to the software over the course of its development can be reliably calculated.

Directly attributable costs are capitalised as a portion of the software and include costs for employees and a reasonable share of indirect costs.

Other development costs, which do not meet these criteria, are expensed when they arise. Development costs that were previously expensed are not recognised as an asset in subsequent periods.

Development costs for software recognised as an asset are amortised over the software's estimated useful life.

The following useful lives are applied:
IT and software costs 3-10 years

Impairment of non-financial assets

Intangible assets not ready for use are not amortised but are tested annually for any impairment. Depreciable assets are assessed to determine any decrease in value resulting from events or changes in circumstances indi-

cating that the carrying amount might not be recoverable. An impairment loss is recognised in the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of the fair value of the asset less selling expenses and value in use. In assessing impairment loss, assets are grouped at the lowest levels at which there are separate identifiable cash flows (cash-generating units). For assets that have been previously impaired, testing is conducted on each balance sheet date on whether reversal should be done.

Tangible assets

Tangible assets are recognised at cost less accumulated depreciation and any accumulated impairment losses. Cost includes the purchase price and expenses directly attributable to the asset in order to bring it into the position and condition necessary for it to be utilised in accordance with the purpose of the acquisition. Depreciation is based on the cost and estimated useful life of the assets. Straight-line depreciation is used for all non-current assets. Land is not depreciated. The Group applies component depreciation, which means that depreciation is based upon the estimated useful life of the components. The following useful lives are applied:

Equipment, tools, fixtures and fittings	5-15 years
Buildings	20-33 years
Land improvements	20 years
Leasehold improvements	7-10 years

New acquisitions and replacements are capitalised, while maintenance and repair costs are expensed. The assets' residual value and useful life are tested at the end of

each reporting period and adjusted as needed. An asset's carrying amount is immediately impaired to its recoverable amount if the asset's carrying amount exceeds its assessed recoverable amount. As assets are sold or disposed of, the cost and appurtenant accumulated depreciation are written off. Any profit or loss is recognised. All of Clas Ohlson's properties are owner-occupied properties.

Inventories

Inventories have been valued at the lower of cost and net selling price on the balance sheet date, applying the "first in, first out" principle. Net selling price is the estimated selling price in operating activities less selling expenses. Inter-company profits arising from delivery between companies forming part of the Group are deducted. Necessary provision for obsolescence has been made. Inventory expenses include transfers from other comprehensive income of any gains/losses from cash flow hedging fulfilling the conditions for hedge accounting, attributable to purchases of goods.

Receivables

Receivables with a due date more than 12 months after the balance sheet date are recognised as non-current receivables, while others are regarded as current assets. Receivables are recognised at the amount expected to be paid after individual testing.

Accounts receivables are initially measured at fair value and then at amortised cost applying the effective interest method, less any provision for depreciation.

Financial instruments

The Group applies IFRS 9 Financial Instruments.

A financial asset or a financial liability is recognised in the balance sheet when the Group becomes party to the contractual terms of the instrument. A financial asset is derecognised from the balance sheet when the contractual right to receive cash flows from the asset ceases, are regulated or when the Group loses control of the asset. A financial liability, or portion of a financial liability, is derecognised from the balance sheet when the contractual obligation is met or extinguished in another manner.

Classification and measurement

Financial assets are classified based on the business model under which the asset is held and the characteristics of the cash flows generated by the asset. If the financial asset is held under a business model whose objective is to collect the contractual cash flows (hold to collect) and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, the asset is recognised at amortised cost.

If, instead, the objective of the business model is to both collect the contractual cash flows and sell financial assets (hold to collect and sell) and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, the asset is recognised at fair value through other comprehensive income.

All other business models (other) for which the objective is speculation, held for trading or where the cash flow characteristics exclude other business models entail recognition at fair value through profit or loss.

The Group applies the hold to collect business model for all financial assets. The financial assets are initially measured at fair value and subsequently at amortised cost by applying the effective interest method, less any provision for expected credit losses. However, the valuation method is not applied to the Group's securities held as fixed assets and derivatives that are measured at fair value through other comprehensive income.

Financial liabilities are measured at fair value through profit or loss unless they are held for trading or if they are initially identified as liabilities measured at fair value through profit or loss. Other financial liabilities are measured at amortised cost. All of the company's financial liabilities are measured at amortised cost except derivatives that are measured at fair value.

Fair value of financial instruments

The fair value of financial assets and liabilities traded in an active market is determined based on the quoted market prices. The fair value of other financial assets and liabilities is determined in accordance with generally accepted measurement models, such as discounting of future cash flows and the use of information obtained from current market transactions.

The carrying amount of all financial assets and liabilities is deemed to be a good approximation of their fair value, unless otherwise specifically stated.

Amortised cost and effective interest method

Amortised cost for a financial asset is the amount at which the financial asset is measured on initial recognition less the principal amount, plus the accumulated deprecia-

tion with the effective interest method of any difference between the principal amount and principal amount outstanding, adjusted for any impairment. The recognised gross amount for a financial asset is the amortised cost of a financial asset before adjustments for any loss allowance. The effective interest is the rate that on discounting all future expected cash flows over the expected term results in the initial carrying amount of the financial asset or the financial liability.

Impairment

The Group recognises a loss allowance for expected credit losses on financial assets measured at amortised cost. On each balance sheet date, the Group recognises the change in expected credit losses since initial recognition in profit or loss. For all financial assets, the Group measures the loss allowance at an amount corresponding to the 12-month expected credit losses. For financial instruments for which the credit risk has significantly increased since initial recognition, a reserve is recognised based on full lifetime expected credit losses (general approach).

Simplifications are permissible for accounts receivable entailing that the Group directly recognises expected credit losses for the remaining lifetime of the assets (simplified approach). Cash and cash equivalents and receivables from Group companies are encompassed by the general approach for impairment. The exception for low credit risk is applied to cash and cash equivalents.

The Group's accounts receivable encompassed by the simplified approach for impairment. The expected credit losses on accounts receivable are calculated using a reserve matrix based on past events, current conditions and forecasts of future economic conditions.

The Group defines default as if it is deemed improbable that the company will meet its obligations due to such indicators as financial difficulties and missed payments. Regardless of this, default is deemed to exist when payment is more than 90 days late. The Group writes off a receivable when no possibility of collecting further cash flows is deemed to exist.

Cash flow hedging

The effective portion of changes in the fair value for a derivative instrument identified as the cash flow hedge portion and which meets the conditions for hedge accounting is recognised in other comprehensive income. The gain or loss attributable to the ineffective portion is recognised immediately in profit or loss.

Hedging of net investments

The hedging of net investments in foreign operations is recognised in a similar manner as in the case of cash flow hedging.

The portion of gain or loss attributable to a hedging instrument viewed as an effective hedge is recognised in other comprehensive income. The gain or loss attributable to the ineffective portion is recognised in profit or loss.

Accumulated gains and losses in equity are recognised in profit or loss when non-Swedish operations are partly or totally divested.

Cash and cash equivalents

Cash and cash equivalents consist of cash and immediately available balances at banks and equivalent institutions, as well as short-term investments with a term of less than three months from the time of acquisition.

Leases

The Group mainly leases store, office and warehouse premises. The Group recognises leases as both a right-of-use asset, which represents the right to use the underlying asset, and a lease liability, which represents the obligation to pay lease payments. Lease payments are divided between repayment and interest on the lease liability.

All leases are measured in accordance with the cost method, which entails that the right-of-use assets are measured at cost less accumulated depreciation and impairment and any adjustments due to remeasurement of the lease liability that reflects a revision or modification of the lease. The remeasurement amount is recognised as an adjustment of the right-of-use asset. Right-of-use assets are depreciated straight-line over the lease term.

The lease liability is measured at the present value of the future lease payments on the lease commencement date. The lease payments are discounted using the rate implicit in the lease, if this rate is readily determinable. Otherwise the incremental borrowing rate is used. The latter is the case for most of the Group's leases. The incremental borrowing rate reflects the Group's credit risk, the term of the lease, currency and the quality of the underlying asset to be provided as collateral.

The rate is determined based on publicly disclosed swap yieldcurves in each currency to which a margin is added that reflects the Group's credit rating, the quality of the underlying asset to be provided as collateral and all guarantees. Lease payments include the following:

- Fixed lease payments after deductions of rental and other discounts.
- Variable lease payments that depend on an index or a rate

Non-lease components are not included in the lease payments. The Group has leases with sales-based rent levels. Sales-based rent is a variable payment that is not based on an index or a rate and thus is not included in the lease liability. Sales-based rent is expensed in the period to which the rent applies. The lease liability for the Group's premises with indexed rent is calculated on the rent that applied at the end of each reporting period. At this point in time, the liability is adjusted, with a corresponding adjustment to the carrying amount of the right-of-use asset. When the assessment of the lease term is updated, the right-of-use asset and lease liability are adjusted correspondingly. Changes to the lease term take place when the final cancellation date has passed or if there is a significant event or a significant change in circumstances that is within the control of the Group and that affect the assessment of the lease term. Leases where the underlying asset has a value of less than 50,000 SEK when new and leases with a term of less than 12 months are expensed straight-line over the term.

Current and deferred income tax

Tax expenses for the period include current and deferred tax. Tax is recognised in profit or loss except when the tax pertains to items recognised in other comprehensive income or directly in equity. In such cases, the tax is also recognised in other comprehensive income and equity.

The current tax expense is calculated based on the tax regulations established or established in practice on the balance sheet date in the countries in which the Parent Company and its subsidiaries are active and generate taxable income. Management regularly evaluates the statements made in the income tax return pertaining to situations

where applicable tax rules are subject to interpretation. When deemed suitable, management makes provisions for amounts that will probably be paid to the tax authority.

Deferred tax is recognised for all temporary differences arising between the taxable value of assets and liabilities and their carrying amounts in the consolidated financial statements.

Deferred tax assets are recognised to the extent it is probable that future taxable surplus will be available, against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there are legal offsetting rights for the particular tax assets and liabilities and when the deferred tax assets and liabilities pertain to taxes by the same tax authority and pertain to the same tax subject or different tax subjects and for which there is a plan to settle the balance through net payments.

Accounts payable

Accounts payable are the obligation to pay for products or services that were acquired in the operating activities from suppliers. Accounts payable are classified as current liabilities if they fall due within one year or earlier. If not, they are recognised as non-current liabilities.

Accounts payable are initially measured at fair value and thereafter at amortised cost applying the effective interest method.

Borrowing

Borrowing is initially measured at fair value, net after transaction expenses. Borrowing is thereafter recognised at

amortised cost and any difference between the amount received (net after transaction expenses) and the repayment amount is recognised in profit or loss distributed over the borrowing period, applying the effective interest method.

Charges paid for credit facilities are recognised as transaction expenses for borrowing insofar as it is probable that the credit will be utilised in full or in part. In such cases, charges are recognised when the credit has been utilised. When there is no evidence that the credit will be utilised in full or in part, the charges will be recognised as advance payment for financial services and distributed over the term of current credit facilities.

Borrowing is classified as current liabilities if the Group is not unconditionally entitled to defer payment of the debt for at least 12 months after the balance sheet date.

Provisions

Provisions are recognised in the balance sheet among current and non-current liabilities when the Group has a legal or informal obligation resulting from an event that has occurred and it is likely that an outflow of resources will be required to discharge the commitment and a reliable estimate can be made of the amount. Provisions are made for open purchase, unredeemed gift cards, estimated future guarantee commitments, bonus points to club members as well as for restructuring of the store network in the UK, see Note 22.

Cash flow statement

The cash flow statement is prepared according to the indirect method. The recognised cash flow comprises only transactions that entail receipts or disbursements. In addition to cash or bank balances, current financial investments that are subject only to an insignificant risk of fluctuation in value and have a remaining term of less than three months from the time of acquisition are classified as cash and cash equivalents.

Parent Company accounting policies

The Parent Company has prepared its annual accounts in accordance with the Swedish Annual Accounts Act and Recommendation RFR 2 Accounting for Legal Entities of the Swedish Financial Reporting Board. This means that the Parent Company, in the annual accounts of the legal entity, has to apply all EU-approved IFRS standards and interpretations as far as possible under the terms of the Annual Accounts Act and taking into account the connection between accounting and taxation. The recommendation specifies the exceptions from and additions to IFRS that are to be made.

The financial statements are rounded to the nearest million Swedish kronor plus one decimal point. The accounting policies for the Parent Company have been consistently applied to all periods presented in the Parent Company's financial statements.

Amended accounting policies in RFR 2

Senior management does not expect that amendments to RFR 2 that came into effect during the financial year have any material impact on the Parent Company's financial statements on initial application.

Amendments accounting policies to RFR 2 that have not yet come into effect

Senior management does not expect that amendments to RFR 2 that have not yet come into effect to have any material impact on the Parent Company's financial statements on initial application.

Classification and format

The income statement and balance sheet follow the format of the Annual Accounts Act. This means certain differences compared with the consolidated financial statements, for example, items in the balance sheet are more specified and sub-items have different names in equity.

Tax

The amounts reserved as untaxed reserves are taxable temporary differences. Due to the connection between recognition and taxation, the deferred tax liabilities attributable to the untaxed reserves are not recognised in legal entities. According to Swedish practice, the amendments in untaxed reserves are recognised in the income statement in individual companies under the heading "Appropriations." In the balance sheet, the accumulated value of the reserves is recognised under the heading "Untaxed reserves", whereby 22.0 per cent (attributable to appropri-

ations reserved in the 2018/19 financial year and earlier), 21.4 per cent (attributable to appropriations reserved in 2019/20 and 2020/21) and 20.6 per cent (attributable to appropriations reserved in 2021/22) can be regarded as a deferred tax liability and 78.0 per cent, 78.6 per cent and 79.4 per cent, respectively, as restricted equity.

Loan expenses

Loan expenses are charged to profit in the period in which they arise.

Shares in subsidiaries

Shares in the subsidiaries are recognised at cost less deductions for any impairment.

Financial instruments

The regulations pertaining to financial guarantee agreements are not applied with respect to guarantee agreements for subsidiaries. Otherwise, IFRS 9 is applied in the Parent Company. See Note 20.

Leases

Lease payments are recognised as a cost straight-line over the term unless another systematic basis is more representative of the pattern of the user's benefit.

Other

The financial statements are presented in MSEK with one decimal point, unless otherwise stipulated. Rounding off can result in certain tables not adding up.

Note 2 Financial risks

The Group is exposed to a variety of financial risks through its operations: market risk (including currency risk and interest-rate risk), credit risk, liquidity risk and capital risk. The Group's overall risk management policy focuses on the unpredictability of financial markets and endeavours to minimise potential unfavourable effects on the Group's financial results. The Group's Board has prepared a financial policy, which is updated and adopted at least once a year, to control and manage financial risks. The financial policy stipulates the framework and guidelines for managing financial risks and how the Group is to relate to the financial markets. It states the responsibilities and authorities in the area and how the Group is to act as regards financial matters.

Currency risk

Currency risk relates to risk that affects income statement, balance sheet and cash flow negatively due to changes in currency exchange rate. Currency risk is divided into translation exposure related to valuation of assets and liabilities in foreign currency and transaction exposure related to sales and purchases transactions in foreign currency. A significant portion of accounts payable comprises liabilities in foreign currencies and is therefore subject to currency risks. In the Group, the principal currencies used in purchases are hedged in order to reduce any currency risks, in accordance with the financial policy.

About 50 per cent of the company's purchases is made in currencies other than SEK. The principal currencies for purchasing are the US dollar (USD), Hong Kong dollar (HKD) and euro (EUR). In addition, movements of SEK against the Norwegian krone (NOK) are very significant to the Group because about 40 per cent of sales take place in Norway. Net exposure to EUR is low, because the company has higher sales in EUR, than the Group's purchases in EUR, due to its expansion in the Finnish market. The table below shows how profit is affected by changes in the principal currencies (excluding hedging).

Hedging takes place on a monthly basis with maturities of three to nine months for half of the expected flow in Norwegian kroner (NOK) and US dollars (USD).

Sensitivity analysis regarding currency risk 2021/2022

Currency, MSEK	Change, %	Impact on profit before tax
NOK	+/-10	+/- 224
USD	+/-10	-/+ 144
EUR	+/-10	-/+ 22
HKD	+/-10	-/+ 3
GBP	+/-10	+/- 2

Cash and cash equivalents are also exposed to currency risk since a certain proportion of the funds is invested in foreign currencies.

Refinancing and liquidity risks

Refinancing and liquidity risk pertain to the risk that Clas Ohlson is unable to receive loans or meet payment obligations due to insufficient liquidity. Refinancing requirements are regularly reviewed by Clas Ohlson's central finance function, which is responsible for external borrowing. Refinancing requirements are primarily contingent on market trends and investment plans. The aim of the principles for investing cash and cash equivalents is to safeguard the Group's short and long-term solvency. Investments may only be made in instruments with low credit risk and high liquidity, meaning investments that can be converted into cash and cash equivalents at any given point in time. The Group had bank balances only with Nordic banks on 30 April 2022. See also Note 27.

Granted credit limits

Group	30 Apr 2022	30 Apr 2021
Overdraft facilities	450	450
Credit facility	200	650
Total credit limits granted	650	1,100
Appropriated credit lines	0	0
Unused credit lines	650	1,100
Available bank balances	457	534
Refinancing reserve	1,107	1,634

Maturity structure financial liabilities

Group	<3 months	3-12 months	1-2 years	3-5 years	>5 years
Other non-current provisions	0.0	0.0	2.2	1.8	0.0
Finance leases	140.9	394.7	420.7	755.0	210.2
Accounts payable	770.8				
Other current liabilities	697.2				
Total	1,608.9	394.7	423.0	756.7	210.2

Interest-rate risk

Interest-rate risk entails how changes in interest levels impact the Group's net financial items and how the value of financial instruments varies depending on changes in market interest rates. All of the Group's loans that bear interest have short fixed-interest periods. The Group has assessed that loans with short fixed-interest periods provide the lowest risk and financing expenses over time. Interest-rate risk is also minimised by distributing credit lines over several different loans and maturity dates. A certain level of working capital is also ensured in the Group's currency accounts to optimise the levels.

The effect on interest expenses during the forthcoming 12-month period in the event of a 1-percentage-point increase/decrease in interest rates on interest-bearing liabilities amounts to +/- 19.1 MSEK (19.7). The effect on interest income during the same period and under the same conditions for interest-bearing assets amounts to +/- 6.5 MSEK (4.3).

Credit risk

Credit risk refers to financial risk that the Group is exposed to when a counterparty fails to fulfil its financial obligations to the Group. The vast majority of credit risks and credit losses in the Group are attributable to holdings of cash and cash equivalents and accounts receivable. Accounts receivable are characterised by a very low risk, as each sub-item is small and the Group's credit policy is restrictive. The credit policy states the conditions for credit assessments, credit monitoring, requirements and handling insolvency. The Group's customers are subject to credit checks for which information about customers' financial position is obtained from various credit information companies and limits are set individually per customer. Taking these measures ensures that risk exposure and credit losses are kept at a commercially acceptable level.

The Group uses a matrix model based on historical confirmed credit losses to calculate expected credit losses on accounts receivable. The losses are then adjusted to include current and forward-looking information that could impact customers' ability to pay the receivable. The outcome shows that the loss allowance on the closing date does not total a material amount and thus has not been recognised.

Age analysis of accounts receivable Group

Accounts receivable not due	45.7
Accounts receivable due <1 month	7.2
Accounts receivable due 1-3 months	1.0
Accounts receivable due 3-12 months	0.3
Accounts receivable due >12 months	3.3
Total	57.6

Cash and cash equivalents are invested in various bank accounts. The counterparties' solvency is deemed to be favourable and credit risk is thus deemed to be very low. The total liquidity risk comprises cash and cash equivalents and unutilised overdraft facilities.

Capital risk

Capital risk refers to the ability of the Group to maintain an optimal capital structure that might negatively affect the result of the Group. Capital risk is regarded as low because the Group had a low portion of liabilities at the end of the financial year and an equity/assets ratio of 54.8 per cent excluding IFRS 16.

The goal of the Group's capital structure is to be able to continue to report a favourable return to shareholders, value for other stakeholders and to maintain an optimal capital structure to ensure that capital costs are minimised. The capital structure can be adapted to meet the requirements that arise by altering the dividend to shareholders, buying back shares, issuing new shares or disposing of assets in a bid to reduce liabilities. The assessment of capital requirements is conducted using relevant key ratios such as the relationship between net debt and equity.

Note 3 Other operating income and operating expenses

	Group		Parent Company	
	2021/22	2020/21	2021/22	2020/21
Other operating income				
Fora repayment of surplus	24.9	0.0	24.9	0.0
Rental income	8.0	6.7	8.0	6.7
Profit/loss on sale or disposal of tangible assets	0.9	0.4	0.8	0.4
Total	33.8	7.1	33.7	7.1
Other operating expenses				
Leasing expenses	-11.2	-9.9	-11.2	-9.9
Profit/loss on sale or disposal of tangible assets	-4.1	-2.2	-1.5	-1.4
Total	-15.3	-12.1	-12.7	-11.3

Note 4 Depreciation

Group	2021/22	2020/21
<i>Depreciation by type of asset</i>		
Depreciation on leased assets	501.9	486.2
Intangible assets	104.9	86.3
Land and buildings	27.1	27.1
Equipment, tools, fixtures and fittings	119.2	114.4
Total	753.1	714.0
<i>Depreciation by function</i>		
Cost of goods sold	139.6	128.2
Selling expenses	590.4	561.8
Administrative expenses	23.1	24.0
Total	753.1	714.0

Parent Company

	2021/22	2020/21
<i>Depreciation by type of asset</i>		
Intangible assets	104.9	86.3
Land and buildings	27.1	27.1
Equipment, tools, fixtures and fittings	63.3	62.3
Total	195.3	175.7
<i>Depreciation by function</i>		
Cost of goods sold	86.8	80.4
Selling expenses	101.1	86.7
Administrative expenses	7.4	8.6
Total	195.3	175.7

Note 5 Expenses by type of cost

The item "Cost of goods sold" includes all costs incurred in conveying the goods to the distribution centre and subsequently to the store shelf, such as product costs, freight to the distribution centre and stores, customs duty, environmental charges and handling costs at the distribution centre and stores. The item "Selling expenses" includes primarily stores costs such as payroll costs, rents, marketing and costs for the sales-related support function at the head office. The item "Administrative expenses" includes costs for other support functions at the head office.

Payroll expenses including social security expenses during the financial year totalled 2,069.1 MSEK (2,024.5) in the Group and 1,332.2 MSEK (1,336.7) in the Parent Company.

Depreciation during the financial year totalled 753.1 MSEK (714.0) in the Group and 195.3 MSEK (175.7) in the Parent Company.

Note 6 Expenses for employee benefits

	2021/22	2020/21
<i>Salaries and other remuneration</i>		
Parent Company	989.8	1,002.2
Subsidiaries	624.0	592.5
Group total	1,613.7	1,594.7

	2021/22		2020/21	
	Social security expenses	of which, pension expenses	Social security expenses	of which, pension expenses
<i>Social security expenses</i>				
Parent Company	342.4	81.9	334.5	74.0
Subsidiaries	112.9	34.7	95.3	32.1
Group total	455.4	116.6	429.8	106.1

Of the Parent Company's pension expenses, 2.3 MSEK (2.4) pertained to the Group's Board and CEO. Of the subsidiaries' pension expenses 0.9 MSEK (0.6) pertained to presidents of subsidiaries.

In the Group, expenses for defined-contribution pensions amounted to 101.8 MSEK (93.1) and defined-benefit pensions to -0.1 MSEK (0.2).

The Parent Company only has defined-contribution pension plans (including Alecta) for which the year's expenses was 67.5 MSEK (61.0).

In the Parent Company, the year's expenses for special employer's contribution on pension premiums totalled 14.3 MSEK (13.0). For more information on the defined-benefit pension plans in the Group, refer to Note 19.

Remuneration of Board members, presidents and other senior management

Parent Company	2021/22	2020/21
Salaries and other remuneration	33.6	25.6
– of which, variable remuneration	6.9	3.4
Pension expenses	5.4	4.8
Number of individuals in group ¹	15	14

Group	2021/22	2020/21
Salaries and other remuneration	36.5	30.0
– of which, variable remuneration	7.5	3.9
Pension expenses	5.4	4.9
Number of individuals in group ¹	16	16

¹There are a total of 8 (8) members of Group Management.

Board remuneration

Fees are paid to the members of the Board according to AGM resolutions. Board members who are employed in the company do not receive director fees. No pensions or other incentive programmes are paid to the company's Board.

No director fees were paid in the subsidiaries.

Parent Company	2021/22		2020/21	
	Director fees	Committee fees	Director fees	Committee fees
<i>Board of Directors</i>				
Kenneth Bengtsson, Chairman	0.80	0.13	0.70	0.13
Göran Sundström, member	0.38	0.16	0.34	0.16
Mathias Haid, member	0.38	0.07	0.34	0.07
Charlotte Strömberg, member	0.38	0.09	0.34	0.09
Anne Thorstvedt Sjöberg, member	0.38	0.00	0.34	0.00
Håkan Lundstedt, member	0.38	0.09	0.34	0.09
Mengmeng Du, member	0.38	0.00	0.34	0.00
Patrik Hofbauer, member	0.38	0.07	0.34	0.07
Board total	3.43	0.59	3.08	0.59

Gender distribution on the Board among the members elected by the AGM in the past financial year was five men and three women. In percentage terms, the distribution is 62.5 per cent men and 37.5 per cent women.

Remuneration of senior management

Remuneration paid to the CEO and other senior management is made up of basic salary, variable remuneration and pension contributions. "Senior management" refers to the seven individuals who, together with the CEO, made up Group Management during the financial year.

For the composition of Group Management on 30 April 2022, see pages 76-77.

Group	2021/22				2020/21			
	Basic salary	Vari. remu. STI	Vari. remu. LTI ¹	Bene-fits	Basic salary	Vari. remu. STI	Vari. remu. LTI ¹	Bene-fits
<i>Salaries paid to senior management</i>								
Kristofer Tonström, CEO ²	6.5	2.4	0.4	0.2	1.5	0.5	0.0	0.0
Lotta Lyrå, CEO ³	-	-	-	-	5.2	1.1	-0.6	0.1
Pär Christiansen, acting CEO ⁴	-	-	-	-	1.0	0.1	0.0	0.0
Other senior management (7 individuals and 7 individuals in 2020/21)	17.4	4.2	0.4	1.0	13.9	3.3	-0.5	0.6
Management total	23.9	6.6	0.8	1.1	21.6	5.0	-1.1	0.8

¹ LTI (long-term incentive programme) pertains to reported cost/cost reduction for LTI 2019, LTI 2020 and LTI 2021. Refer below for the description of STI (Short term incentive programme) and LTI.

² Kristofer Tonström took office as the new President and CEO on 8 February 2021.

³ Lotta Lyrå was CEO until 4 December 2020.

⁴ Pär Christiansen held the role of acting CEO between 5 December 2020 and 7 February 2021.

Group	2021/22		2020/21	
	Defined contribution	Defined benefit	Defined contribution	Defined benefit
<i>Pension expenses for senior management</i>				
Kristofer Tonström, CEO ¹	2.3	0.0	0.6	0.0
Lotta Lyrå, CEO ²	-	-	1.5	0.0
Pär Christiansen, acting CEO ³	-	-	0.2	0.0
Other senior management (7 individuals and 7 individuals in 2020/21)	3.2	0.0	2.7	0.0
Management total	5.4	0.0	4.9	0.0

¹ Kristofer Tonström took office as the new President and CEO on 8 February 2021.

² Lotta Lyrå was CEO until 4 December 2020.

³ Pär Christiansen held the role of acting CEO between 5 December 2020 and 7 February 2021.

Under the employment contract with the CEO, the mutual period of notice is six months. Six months' salary is payable should employment be terminated by the company. Applicable salary and benefits are payable during the period of notice. The retirement age is 65.

Salary and other remuneration payable to the CEO are decided by the Board and discussed by a People Committee appointed within the Board. Salary is reviewed at the end of each financial year.

Salaries and other remuneration for other Senior Management are decided by the CEO, supported by the People Committee within the framework decided by the Board.

The principles for variable remuneration are resolved by the AGM. The performance targets are prepared by the People Committee and decided by the Board. During the year, two different types of variable remuneration, STI and LTI, were payable.

Provisions for STI and LTI are posted continuously in the individual annual accounts. All members of senior management are entitled to annual pension contributions, primarily in accordance with the ITP plan. The retirement age is between 65 and 67.

The gender distribution during the financial year among senior management of the Parent Company was two women and five men. In percentage terms, the distribution was 28.6 per cent women and 71.4 per cent men in the financial year. The distribution last year was three women and three men. The gender distribution among senior management in the Group was three women and five men. In percentage terms, the distribution is thus 37.5 per cent female and 62.5 per cent male. The distribution last year was four women and three men.

Further information on decision-making processes in the Group is presented on pages 69-73.

Remuneration principles

The general principles of remuneration of senior management are to be based on the position held, individual performance, the Group's financial results and the remuneration being competitive in the country of employment. These principles contribute to the Group's set goals relating to sustainability, long-term interest and business strategy. The combined remuneration of senior management is to consist of basic salary, variable salary in the form of a short-term incentive based on annual performance targets, long-term incentives based on multi-year performance, pension and other benefits. In addition, notice of termination and severance pay are subject to terms and conditions.

Clas Ohlson aims to offer a competitive total level of remuneration, focusing on payments based on performance. This means that the variable remuneration may comprise a significant portion of the total remuneration. The aim is for fixed remuneration to be in line with the median of the comparable market, while total remuneration, when Clas Ohlson meets or exceeds its objectives, is to be in the upper quartile of the market.

Basic salary

The basic salary shall constitute the basis for total remuneration. The salary is to be related to the relevant market and reflect the extent of the responsibilities included in the position. The development of basic salary is to depend on how well work is performed and how well the employee develops their expertise to assume future work assignments involving greater responsibility. The basic salary is to be reviewed annually to ensure that it is market-based and competitive.

Variable remuneration (Short Term Incentive, STI)

In addition to basic salary, senior management are to qualify for STI for performance that exceeds one or several predetermined performance levels during a financial year, designed to promote the company's long-term value creation. Clearly defined performance targets are to be decided annually by the Board or by individuals elected by the Board. The performance targets may be connected to operational, financial or personal results. Remuneration from the STI programme is subject to a ceiling, which means that Clas Ohlson can calculate maximum remuneration levels from the beginning. Insofar as performance does not match the lowest performance level, no STI will be paid. STI will depend on the position held and may not exceed 60 per cent of salary if the ceiling is achieved, which also represents the maximum outcome of STI. STI remuneration is also conditional upon the performance on which earnings are based being sustainable over time, and that Clas Ohlson is able to reclaim such remuneration that was paid due to information that later turned out to be obviously erroneous.

Long Term Incentive, LTI

The aim of LTI programmes is to create the prerequisites for retaining and recruiting competent employees to the Group. The programmes were designed to encourage participants to become shareholders in the company, which is expected to have a positive impact on their long-term work performance. Connecting participants' rewards to the company's profit and value development will continue to promote company loyalty and thus sustainable value growth in the company.

Long-term incentive programmes that entitle employees to acquire shares are subject to AGM approval. The performance period for LTI 2019, LTI 2020 and LTI 2021 were in effect during the financial year. The performance period for LTI 2019 was concluded after the close of the financial year. LTI 2019 and LTI 2020 are share matching and profit-based employee stock option plans, while LTI 2021 encompasses performance shares.

All ongoing long-term incentive programmes have been approved by an Annual General Meeting. The current programmes cover senior management and other individuals deemed to be able to influence Clas Ohlson's long-term performance. LTI 2019 and LTI 2020 encompass up to 100 participants and LTI 2021 up to 50 participants.

Structure of LTI 2019 and LTI 2020

All participants up to and including LTI 2014 acquired series B shares in Clas Ohlson corresponding to a value of not less than 5 per cent and not more than 10 per cent of their annual basic salary. Participants acquired series B Clas Ohlson shares, at market price, which the company will later match (1:1) free of charge through allotment of matching shares. If the employee holds the acquired shares and is still employed by the Group after the end of the performance period, the company will issue matching shares to the employee.

The employee may also be allotted profit-based employee stock options, see the description below.

The programmes from LTI 2015 have been changed by dividing the participants into two groups:

1. senior management comprising senior executives including the CEO, Group Management and positions elected by the Board, regarded as having considerable potential in their present positions to influence Clas Ohlson AB's long-term performance ("senior management").
2. other employees who could become senior management or assume other key positions within the Group and thus influence Clas Ohlson AB's long-term performance ("key individuals").

For senior management, the programme is unchanged compared with earlier programmes, see the description above. For key individuals, LTI 2019 and LTI 2020 entail that participants receive an allotment of conditional performance-based employee stock options free of charge. The number of allocated employee stock options is based on the calculated number of shares, which, at the prevailing market price at the start of the programme, corresponds to a value of a minimum of 3 per cent and a maximum of 10 per cent of the key individual's annual basic salary.

Employee stock options are allocated free of charge and each stock option entitles the holder to acquire one series B Clas Ohlson share. The price per share when the option is exercised is calculated at 100 per cent of the average of the volume-weighted average price paid for the series B Clas Ohlson share on the Nasdaq Stockholm established for each day during a period of 10 trading days prior to the acquisition period. The exercise price for LTI 2019 and LTI 2020 has been set at 77.50 SEK and 99.90 SEK, respectively. The options may be exercised not earlier than three years and not later than seven years from the date of allotment. For an option to be exercised, the holder must still be employed by the Clas Ohlson Group and have retained his/her personal investment (group 1) for three years from the date of allotment. The option holdings do not provide entitlement to receive dividends on the underlying shares.

The number of employee stock options that may be exercised by participants of LTI 2019 and LTI 2020 depends on the number of series B shares that the employee has acquired within the framework of the programme or the number of shares that the key individual's salary corresponded to at the start of the programme (at least 3 and a maximum of 10 per cent), and whether the company's growth and profit growth during the first three financial years increase to the levels set by the Board. These established levels are: Entry, Target and Stretch, with a straight-line increase between each profit level.

Entry is a minimum level that must be exceeded in order for an employee stock option to be exercised. The three levels correspond to the following number of employee stock options:

- Entry: 5 options per acquired/calculated series B share
- Target: 10 options per acquired/calculated series B share
- Stretch: 15 options per acquired/calculated series B share

In addition to the levels described above, there is a "Max" level. This level is conditional upon the existence of a specific situation and a single senior manager fulfilling the exceptional tasks resolved by the Board. The level corresponds to a maximum of 25 options per acquired series B share.

Accordingly, the total number of employee stock options that may be exercised by each participant is limited to 15 options (25 options for exceptional tasks) per acquired/calculated B share.

It was not possible to exercise any of the options for LTI 2019 or LTI 2020 on 30 April 2022. The number that may be exercised after three years is based on the achievement of growth and profit targets in accordance with the above.

Structure LTI 2021

From LTI 2021, the programme was changed in that all participants of the LTI received one performance share award free of charge that provides the participant the opportunity to be allotted a number of series B shares in Clas Ohlson, provided that the performance conditions of the LTI determined by the Board have been fulfilled. The value of the underlying shares offered when granted a performance share award will be 45 per cent of the individual fixed annual gross basic salary. The amount is divided by the share price at the start of the programme to calculate the number of underlying shares for each participant. The participants comprise senior management and key individuals. Any allotment of performance shares will take place after the end of a three-year vesting period provided that the

participant has been a permanent employee for the entire vesting period and the predetermined performance targets have been achieved.

The assessment of the outcome of the performance conditions is split as follows: net sales (30 per cent), earnings per share (40 per cent) and sustainability (30 per cent). The outcome for each performance condition will be determined individually. This means that not all performance conditions need to be met in order for the Performance Shares to be allotted. Minimum and maximum levels are set for each performance condition. If the minimum level is achieved, 30 per cent allotment related to the performance condition will take place. If the maximum level is achieved or exceeded, the maximum allotment related to the performance condition will take place. If the outcome is between the minimum and maximum levels, straight-line allotment takes place and no allotment takes place if the minimum level is achieved. The number of performance shares that can be allotted for each share right will be adjusted for any dividends made during the period from the determination of the opening value up until the date of the allotment of the performance shares after the end of the vesting period.

Financial year

The sum that is expensed is based on the level of 0 options per share for LTI 2019 and 10 options per share for LTI 2020. Allotment of 65 per cent was expensed for LTI 2021. The total outcome for all ongoing LTI programmes during the financial year (LTI 2019, LTI 2020 and LTI 2021) was a cost in profit or loss of 4.6 MSEK, including social security contributions. Last year the corresponding figure was a total cost of 0.2 MSEK.

In accordance with the below, LTI 2020 will include the following number of series B shares and employee stock options and LTI 2021 the following series B shares for the various participant categories if the target level (LTI 2020) and the level between minimum and maximum (LTI 2021) are achieved.

Extent of LTI 2020 and LTI 2021 at target level¹

Participants	LTI 2020		Target value, ³ MSEK
	Matching shares No. of series B shares ²	No. of employee stock options ²	
President and CEO	0	0	0.0
Other members of Group Management	724	7,240	0.2
Other participants	0	245,931	4.9
Total	724	253,171	5.2

Participants	LTI 2021		Target value, ³ MSEK
	Performance shares No. of series B shares ²	No. of employee stock options ²	
President and CEO	20,077		1.9
Other members of Group Management	34,737		3.3
Other participants	94,145		8.9
Total	148,959		14.1

¹Initially, at the start of the programme, the participants acquired 5,967 shares under the framework of LTI 2020. The table shows status as of 30 April 2022.

²The number of shares and employee stock options may be recalculated due to decisions concerning a possible new share issue or split.

³The target value of the programme is calculated based on the fair value on the date of allotment. The share value on the date of allotment was 81.15 SEK for LTI 2020 and 94.70 SEK for LTI 2021 and the fair value of the option was 20.11 SEK for LTI 2020. To calculate the fair value of the options, the binomial model for option valuation was used. Valuation has been conducted using an initial share price of 82.52 SEK, an exercise price of 99.90 SEK, an expected dividend per share annually, an anticipated lifetime for the options of five years, an interest rate of -0.26 per cent, a volatility of 35 per cent and annual withdrawals of 5 per cent. Volatility is measured as the standard deviation for the expected return on the share price based on a statistical analysis of daily share prices during the past three years. The values were adjusted for the discounted value of future dividend (LTI 2020).

Share awards outstanding

The table below outlines the number of granted, forfeited and exercised share awards during this and previous financial year:

Share awards	2021/22		
	LTI 2020	LTI 2019	LTI 2018
At 1 May	2,934	5,232	5,916
Granted			
Forfeited	-2,210		
Exercised			-5,916
At 30 April	724	5,232	0

Share awards	2020/21			
	LTI 2020	LTI 2019	LTI 2018	LTI 2017
At 1 May		11,708	11,846	7,970
Granted	5,967			
Forfeited	-3,033	-6,476	-5,930	
Exercised				-7,970
At 30 April	2,934	5,232	5,916	0

Outstanding options to exercise

The table below outlines the number of granted, forfeited and exercised options during this and previous financial year:

Options	2021/22			
	LTI 2018	LTI 2017	LTI 2016	LTI 2015
At 1 May	0	0	0	0
Granted	0	0	0	0
Forfeited	0	0	0	0
Exercised	0	0	0	0
At 30 April	0	0	0	0

Participants	Number of options to exercise per programme		
	LTI 2018	LTI 2017	LTI 2016
President and CEO	0	0	0
Other senior management	0	0	0
Other participants	0	0	0
Total	0	0	0

Performance share awards outstanding

The table below outlines the number of granted, forfeited and exercised performance share awards during this financial year:

	2021/22	LTI 2021
Performance share awards		
At 1 May		0
Granted		260,087
Forfeited		-30,920
Exercised		0
At 30 April		229,167

Participants	LTI 2021
President and CEO	30,887
Other senior management	53,442
Other participants	144,838
Total	229,167

LTI 2019 result

The qualification and performance periods for LTI 2019 ran from 1 May 2019 until 30 April 2022. A total of 5,232 shares were allotted on 2 May, after the end of the financial year, in accordance with the AGM's resolution regarding share matching of one share per share purchased to those participants who remained employed after the three-year qualification period. The established performance criteria regarding average sales growth and increased earnings per share for the period 2019-2022 were not achieved, meaning that no options were allotted to the participants and, accordingly, the LTI 2019 has been concluded.

The table below outlines the number of awarded matching shares and options for LTI 2019.

Participants	Allotment LTI 2019	
	Matching shares	Options
President and CEO	0	0
Other senior management	5,232	0
Other participants	0	0
Total	5,232	0

Share repurchase for LTI programmes

Clas Ohlson repurchased series B Clas Ohlson shares to fulfil the company's long-term obligations under the incentive programmes. Repurchased shares will be allotted, sold to participants or to correspond to social security contributions.

Pensions and other benefits

Pension agreements will, if possible, be defined-contribution and formulated in accordance with levels and practices applicable in the country in which the senior manager is employed. Other benefits may occur in accordance with the terms applicable in the country in which the senior manager is employed. However, such benefits may not constitute a major portion of the combined remuneration.

Note 7 Remuneration to auditors

Deloitte	Group		Parent Company	
	2021/22	2020/21	2021/22	2020/21
Audit engagement	1.7	2.0	1.2	1.5
Remuneration for audit-related services	0.0	0.0	0.0	0.0
Tax consultations	0.1	0.1	0.0	0.0
Other	0.1	0.0	0.0	0.0
Total	1.9	2.2	1.2	1.5

Note 8 Financial income and expenses

Financial income is distributed as follows:

Group	2021/22	2020/21
Interest income	1.0	0.2
Interest income Leasing	1.0	0.1
Total	2.0	0.3
Parent Company	2021/22	2020/21
Interest income	0.5	0.1
Interest income, subsidiaries	0.9	1.1
Total	1.4	1.3

Financial expenses are distributed as follows:

Group	2021/22	2020/21
Interest expenses	-2.4	-3.0
Interest expenses leasing	-62.7	-60.6
Total	-65.1	-63.6
Parent Company	2021/22	2020/21
Interest expenses	-2.4	-2.9
Interest expenses, subsidiaries	-0.8	-0.1
Total	-3.2	-3.0

Note 9 Income tax

	Group		Parent Company	
	2021/22	2020/21	2021/22	2020/21
<i>Tax on profit for the year</i>				
Income tax on profit for the year	-132.8	-126.6	-90.9	-85.0
	-132.8	-126.6	-90.9	-85.0
<i>Deferred tax</i>				
Deferred tax pertaining to temporary differences	-1.0	3.0	0.1	0.9
Total recognised tax expense	-133.9	-123.6	-91.1	-84.1
<i>Reconciliation of applicable tax rate and effective rate</i>				
Recognised profit before tax	656.4	544.9	605.7	703.6
Income tax according to the Swedish tax rate (21.4%)	-135.2	-116.6	-124.8	-150.6

	2021/22	2020/21	2021/22	2020/21
<i>Tax effect of:</i>				
Differences in foreign tax rates	0.4	-0.7	0.0	0.0
Non-deductible/non-taxable	0.0	-5.8	-1.3	-4.1
Adjustment earlier taxation	0.0	-0.3	0.0	-0.7
Tax-free dividend subsidiaries	0.0	0.0	36.7	70.5
Other	0.9	-0.1	-1.7	0.8
Recognised tax expense	-133.9	-123.6	-91.1	-84.1
Applicable tax rate for income tax, %	20.6	21.4	20.6	21.4
Effective tax rate, %	20.4	22.7	15.0	12.0
Deferred tax items recognised directly in equity	-8.9	16.5	0.0	0.0
Deferred tax assets	66.9	72.2	4.1	4.2
Deferred tax liabilities	-205.2	-201.9	0.0	0.0

	Amount at start of year	Recognised in profit or loss	Recognised in comprehensive income	Reclassification/ Translation differences	Amount at the end of year
Group 2021/22					
<i>Change in deferred tax in temporary differences during the year</i>					
Inter-company profit in inventories	22.0	-3.0	0.0	0.0	19.0
Accruals and deferrals	5.1	-0.2	0.0	0.0	4.9
Pensions	6.7	0.6	0.0	0.0	7.3
Untaxed reserves	-205.0	4.2	0.0	0.0	-200.8
Hedge accounting	6.3	0.0	-9.5	0.0	-3.2
Leasing	35.0	-2.5	0.6	0.0	33.0
Other	0.2	0.0	0.0	0.0	0.2
Translation differences	0.0	0.0	1.2	0.0	1.2
Total	-129.6	-1.0	-8.9	0.0	-138.4

The Group does not have any unrecognised deferred tax assets or tax liabilities on temporary differences.

Group 2020/21	Amount at start of year	Rec-ognised in profit or loss	Rec-ognised in com-prehen-sive income	Reclassifi-cation/ Transla-tion dif-ferences	Amount at the end of year
<i>Change in deferred tax in temporary differences during the year</i>					
Inter-company profit in inventories	20.9	1.1	0.0	0.0	22.0
Accruals and deferrals	5.4	-0.3	0.0	0.0	5.1
Pensions	3.5	3.3	0.0	-0.1	6.7
Untaxed reserves	-208.2	3.2	0.0	0.0	-205.0
Hedge accounting	-10.2	0.0	16.5	0.0	6.3
Provisions DE/UK	0.1	-0.1	0.0	0.0	0.0
Leasing	36.5	-1.6	0.0	0.0	35.0
Other	0.2	0.0	0.0	0.0	0.2
Total	-151.8	5.7	16.5	-0.1	-129.6

Note 10 Earnings per share*

Group	2021/22	2020/21
<i>Earnings per share before dilution</i>		
Profit for the year	522.5	421.3
Average number of shares before dilution	63.4	63.3
Earnings per share before dilution	8.25	6.65
<i>Earnings per share after dilution</i>		
Profit for the year	522.5	421.3
Average number of shares before dilution	63.4	63.3
Adjusted for:		
- share savings programme	0.0	0.0
Average number of shares after dilution	63.4	63.4
Earnings per share after dilution	8.25	6.65

*Number of shares are expressed in millions of shares.

Earnings per share before and after dilution

The calculation of earnings per share has been based on profit for the year, totalling 522.5 MSEK (421.3) and on an average number of shares outstanding before and after dilution during both 2021/22 and 2020/21.

Note 11 Dividend per share

The dividends paid in 2021/22 and 2020/21 totalled 395.9 MSEK (6.25 SEK per share) and 0 MSEK (0 SEK per share). The Board will propose to the Annual General Meeting on 9 September to pay a dividend for the 2021/22 financial year of 6.75 SEK per share, comprised of two separate payments of 3.375 SEK each. Due to the company's strong financial position and considering that no dividend was paid for the 2019/20 financial year, the Board of Directors proposes that an extra dividend of 6.25 SEK per share be distributed as two separate payments of 3.125 SEK each. It is proposed that payment be made in September 2022 and January 2023. The proposed dividend amounts to a total of 853 MSEK, representing 163 per cent of the financial year's profit after tax.

Note 12 Non-current assets

	Group		Parent Company	
	2021/22	2020/21	2021/22	2020/21
<i>Intangible assets</i>				
Capitalised IT and software costs				
Opening accumulated acquisition cost	902.0	820.6	902.0	820.6
Acquisitions for the year	53.0	82.6	50.8	82.6
Reclassifications	0.0	0.0	0.0	0.0
Sales and disposals	0.0	-1.2	0.0	-1.2
Closing accumulated acquisition cost	955.0	902.0	952.8	902.0
Opening accumulated depreciation cost	-363.7	-277.4	-363.7	-277.4
Depreciation for the year	-104.9	-86.3	-104.9	-86.3
Reclassifications	0.0	0.0	0.0	0.0
Sales and disposals	0.0	0.0	0.0	0.0
Closing accumulated depreciation cost	-468.6	-363.7	-468.6	-363.7
Closing residual value according to plan	486.4	538.3	484.2	538.3

	Group		Parent Company	
	2021/22	2020/21	2021/22	2020/21
<i>Tangible assets</i>				
Land and buildings				
Opening accumulated acquisition cost	754.8	754.8	754.8	754.8
Acquisitions for the year	0.6	0.0	0.6	0.0
Reclassifications	0.0	0.0	0.0	0.0
Sales and disposals	-2.2	0.0	-2.2	0.0
Translation differences	0.0	0.0	0.0	0.0
Closing accumulated acquisition cost	753.2	754.8	753.2	754.8
Opening accumulated depreciation cost	-452.1	-425.0	-452.1	-425.0
Depreciation for the year	-27.1	-27.1	-27.1	-27.1
Reclassifications	0.0	0.0	0.0	0.0
Sales and disposals	1.2	0.0	1.2	0.0
Translation differences	0.0	0.0	0.0	0.0
Closing accumulated depreciation cost	-477.9	-452.1	-477.9	-452.1
Closing residual value according to plan	275.3	302.8	275.3	302.8
Carrying amount, land	6.5	6.5	6.5	6.5

	Group		Parent Company	
	2021/22	2020/21	2021/22	2020/21
<i>Equipment, tools, fixtures and fittings</i>				
Opening accumulated acquisition cost	1,789.9	1,767.3	1,156.9	1,119.2
Acquisitions for the year	98.8	145.7	42.0	89.8
Reclassifications	0.0	0.0	0.0	0.0
Sales and disposals	-73.4	-145.5	-40.8	-52.1
Translation differences	16.7	22.5	0.0	0.0
Closing accumulated acquisition cost	1,832.1	1,789.9	1,158.1	1,156.9
Opening accumulated depreciation cost	-1,305.9	-1,316.5	-878.5	-866.5
Depreciation for the year	-119.2	-114.4	-63.3	-62.3
Reclassifications	0.0	0.0	0.0	0.0
Sales and disposals	67.2	139.4	37.3	50.4
Translation differences	-11.9	-14.4	0.0	0.0
Closing accumulated depreciation cost	-1,369.7	-1,305.9	-904.6	-878.5
Closing residual value according to plan	462.4	484.1	253.6	278.4

Parent Company		
	2021/22	2020/21
<i>Financial non-current assets</i>		
Opening accumulated acquisition cost	46.7	45.8
Increase/decrease in non-current receivables	5.5	0.9
Closing accumulated acquisition cost	52.2	46.7

Group		Parent Company		
	2021/22	2020/21	2021/22	2020/21
<i>Securities held as fixed assets, valued at fair value*</i>				
Securities held as fixed assets, valued at fair value at the start of the year	305.8	252.3	305.8	252.3
Change in fair value during the year	-147.8	53.5	-147.8	53.5
Securities held as fixed assets, valued at fair value at the end of the year	158.0	305.8	158.0	305.8

*According to level three in the fair value hierarchy, see Note 20

Group		
	2021/22	2020/21
<i>IFRS 16 Facilities</i>		
Opening accumulated acquisition cost	4,963.6	4,952.6
Additional right-of-use assets	105.6	306.0
Terminated or renegotiated leases	-104.2	-372.1
Translation differences	68.7	77.2
Closing accumulated acquisition cost	5,033.8	4,963.6
Opening accumulated depreciation cost	-3,087.6	-2,929.1
Depreciation for the year	-493.4	-478.6
Terminated or renegotiated leases	237.2	362.3
Translation differences	-44.2	-42.1
Closing accumulated depreciation cost	-3,388.0	-3,087.6
Closing residual value according to plan	1,645.8	1,876.1

Group		
	2021/22	2020/21
<i>IFRS 16 Cars</i>		
Opening accumulated acquisition cost	3.5	4.3
Additional right-of-use assets	1.5	1.1
Terminated or renegotiated leases	-0.6	-1.9
Translation differences	0.1	0.0
Closing accumulated acquisition cost	4.4	3.5

Opening accumulated depreciation cost	-1.9	-2.5
Depreciation for the year	-1.2	-1.2
Terminated or renegotiated leases	0.9	1.8
Translation differences	0.0	0.0
Closing accumulated depreciation cost	-2.2	-1.9
Closing residual value according to plan	2.2	1.6

Group		
	2021/22	2020/21
<i>IFRS 16 Other</i>		
Opening accumulated acquisition cost	50.9	41.7
Additional right-of-use assets	0.8	9.1
Terminated or renegotiated leases	-0.1	0.0
Translation differences	0.0	0.0
Closing accumulated acquisition cost	51.6	50.9
Opening accumulated depreciation cost	-13.5	-7.1
Depreciation for the year	-7.4	-6.4
Terminated or renegotiated leases	0.1	0.0
Translation differences	0.0	0.0
Closing accumulated depreciation cost	-20.8	-13.5
Closing residual value according to plan	30.8	37.3

Investment commitments

Contracted investments on the balance sheet date not yet recognised in the financial statements:

	Group		Parent Company	
	2021/22	2020/21	2021/22	2020/21
Equipment, tools, fixtures and fittings	1.7	4.5	1.5	0.0

Note 13 Inventories

	Group		Parent Company	
	2021/22	2020/21	2021/22	2020/21
Merchandise	2,198.6	1,831.7	1,636.6	1,332.9
Total	2,198.6	1,831.7	1,636.6	1,332.9
Cost of goods sold	5,178.9	4,928.6	5,094.8	4,793.1
Of which, obsolescence	-2.6	-2.1	-1.2	-0.4

Obsolescence is calculated based on individual assessment on the basis of age analysis in stores and the distribution centre.

Note 14 Accounts receivable

	Group		Parent Company	
	2021/22	2020/21	2021/22	2020/21
Accounts receivable	57.6	57.7	32.6	34.3
Total	57.6	57.7	32.6	34.3
Fair value	57.6	57.7	32.6	34.3

The reserve for expected credit losses on the balance sheet date was not material and therefore not recognised in the financial statements.

Note 15 Prepaid expenses and accrued income

	Group		Parent Company	
	2021/22	2020/21	2021/22	2020/21
Prepaid rent	-	-	50.9	39.0
Prepaid costs of materials	0.0	0.0	0.0	0.0
Other prepaid expenses	66.2	49.4	35.0	38.9
Total	66.2	49.4	85.9	77.9

Note 16 Cash and cash equivalents

Group	2021/22	2020/21
	Cash and bank balances	456.6
Group total	456.6	533.8

At the end of the year, utilised overdraft facilities in the Group, which are not included in cash and cash equivalents, totalled 0 MSEK (0), refer to Note 20.

Total credit limits granted to the Group and to the Parent Company as of 30 April 2022 amounted to 650 MSEK (1,100).

Cash and cash equivalents consists of cash placements in Swedish banks, cash on the way and cash in stores.

The reserve for expected credit losses on the balance sheet date was not material and therefore not recognised in the financial statements.

Note 17 Forward contracts

As per the balance sheet date, outstanding cash flow hedging existed according to the following table.

Currency pair	Recognised and fair value		Nominal amount		Average remaining term in months ¹	
	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21
Sell/buy						
NOK/SEK	-4.7	-13.0	345.5	322.7	3.2	3.4
NOK/USD	20.4	-16.2	388.3	337.3	3.0	3.5
Total	15.7	-29.2	733.8	660.0	-	-

¹Maturity ranges from 4 May to 29 November for NOK/SEK, and from 4 May to 20 October for NOK/USD. In the preceding year, the maturity ranges were from 3 May to 22 November for NOK/SEK, and from 12 May to 22 November for NOK/USD

Forward contracts belong to the derivative category, which is used for hedging purposes. All derivatives are measured at fair value, established by using forward contract prices on the balance sheet date, meaning, level 2 in the fair value hierarchy according to IFRS 13. There were both positive and negative market values for the currency pairs as per 30 April 2022.

Forward contracts with negative market values totalled 7.0 MSEK (29.2), which were recognised in accrued expenses and deferred income. Forward contracts with positive market values amounted to 22.7 MSEK (0.0), which were recognised in the item prepaid expenses and accrued income.

A deferred tax liability of 3.2 MSEK (previous year a deferred tax asset of 6.3) was taken into account and the remaining fair value of 12.4 MSEK (-23.0) was recognised in the hedging reserve in equity. The amount for the NOK/USD forward contract was 20.4 MSEK (-16.2) distributed gross between the currency pair NOK/SEK in the amount of -3.4 MSEK (-14.1) and the currency pair SEK/USD in the amount of 23.8 MSEK (-2.1).

Note 18 Proposed allocation of earnings and Equity

The following earnings (SEK 000s) are at the disposal of the Annual General Meeting:

Profit brought forward	566,440
Fund for fair value	-94,257
Profit for the year	514,611
Total	986,794

The Board proposes that profit be allocated as follows:

Dividend payable to shareholders 13.00 SEK per share	852,800 ¹
To be carried forward	133,994
Total	986,794

¹The Board of Directors proposes that a dividend of 6.75 SEK per share be paid for the 2021/22 financial year, comprised of two separate payments of 3.375 SEK each. Due to the company's strong financial position and considering that no dividend was paid for the 2019/20 financial year, the Board of Directors proposes that an extra dividend of 6.25 SEK per share be distributed as two separate payments of 3.125 SEK each. It is proposed that payment be made in September 2022 and January 2023. The proposed dividend amounts to a total of 853 MSEK, representing 163 per cent of the financial year's profit after tax.

The total number of ordinary shares is 65,600,000 (2020/21: 65,600,000) with a quotient value of 1.25. The number of series A shares is 5,760,000, while the number of series B shares is 59,840,000. Each series A share carries ten votes, while each series B share carries one vote. All issued shares are fully paid up. The company has outstanding stock option plans, whose outcome was hedged through the repurchase of 2,243,435 series B shares (2,254,583). The number of shares outstanding at the end of the year was 63,356,565 (63,345,417). The average number of shares before and after dilution is reported in Note 10.

The Group's reserves contain translation differences of -59.0 MSEK (-74.2), and hedging reserve of 12.4 MSEK (-23.0).

Note 19 Pension obligations

The Group has defined-benefit occupational pension plans for only a few formerly employed salaried employees. The following tables provide an overview of the items included in the net expense for the remuneration recognised in the consolidated income statement for the Group's defined-benefit pension plans. The amounts for the pension plans are also recognised in the consolidated balance sheet. For more information, refer to page 88.

Changes in the asset/liability recognised in the balance sheet are:

	2021/22	2020/21
At the start of the year	1.2	0.9
Net pension cost	-0.1	0.2
Employer contributions	0.0	0.1
Exchange rate differences	0.0	0.1
Recognised provision for defined-benefit obligations	1.2	1.2

Pension obligations:

	2021/22	2020/21
Present value of defined-benefit obligations	2.3	2.5
Fair value of plan assets	3.5	3.7
Actuarial gains/losses	0.0	0.0
Recognised asset in balance sheet for pension obligations	1.2	1.2

Defined-contribution plans

Defined-contribution plans exist in Sweden, Norway and Finland. Payments to these plans are made continuously according to the rules of each plan.

	2021/22	2020/21
Group	91.7	93.1
Parent Company	57.5	61.0

For salaried employees in Sweden, the ITP 2 plan's defined-benefit pension obligations retirement and family pensions are insured on the basis of insurance with Alec-ta. According to a statement from the Swedish Financial Reporting Board, UFR 10 Reporting of ITP 2 pension plans financed through insurance in Alec-ta, this is a multi-employer defined-benefit plan. For the current financial year, the company did not have access to information to recognise its proportionate share of the plan's obligations, plan assets and expenses, which entails that the plan cannot be recognised as a defined-benefit plan. The ITP 2 pension plan insured through insurance with Alec-ta is therefore recognised as a defined-contribution plan. The premium for the defined-benefit retirement and family pensions are individually calculated and depend on such factors as salary, previously earned pension and expected remaining service period. The expected contributions for the next reporting period for ITP 2 insurance policies taken out with Alec-ta amount to 10.8 MSEK (11.8).

The collective funding ratio comprises the market value of Alec-ta's assets as a percentage of the insurance commitments calculated according to Alec-ta's actuarial methods and assumptions, which do not comply with IAS 19. The collective funding ratio is normally permitted to vary between 125 and 175 per cent. To strengthen the collective funding ratio if it is deemed to be too low, a measure could be raising the contracted price for new policies and expanding existing benefits. If the collective funding ratio exceeds 150 per cent, premium reductions may be introduced. At the end of 2021, Alec-ta's surplus in the form of the collective funding ratio was 172 per cent (148).

Note 20 Financial instruments

Carrying amounts											
2021/22	Level	Received contractual cash flows		Received contractual cash flows and sale of financial assets		Other assets		Financial liabilities measured at amortised cost		Total	
		Financial assets measured at amortised cost		Financial assets measured at fair value through other comprehensive income		Financial assets measured at fair value through profit or loss		Financial liabilities measured at amortised cost		Total	
		Group	Parent Company	Group	Parent Company	Group	Parent Company	Group	Parent Company	Group	Parent Company
Financial assets measured at fair value											
Securities held as fixed assets *	3	0.0	0.0	158.0	158.0	0.0	0.0	0.0	0.0	158.0	158.0
Financial assets not measured at fair value											
Other non-current receivables		3.5	2.3	0.0	0.0	0.0	0.0	0.0	0.0	3.5	2.3
Financial leases long-term		24.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	24.3	0.0
Accounts receivable		57.6	32.6	0.0	0.0	0.0	0.0	0.0	0.0	57.6	32.6
Financial leases short-term		10.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	10.2	0.0
Derivative and hedging instrument receivables		22.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	22.7	0.0
Other current receivables		2.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.4	0.0
Cash and cash equivalents		456.6	375.8	0.0	0.0	0.0	0.0	0.0	0.0	456.6	375.8
Total financial assets		577.4	410.8	158.0	158.0	0.0	0.0	0.0	0.0	735.4	568.9
Financial liabilities measured at fair value											
Other non-current provisions		0.0	0.0	0.0	0.0	0.0	0.0	4.0	0.0	4.0	0.0
Long-term lease liabilities**		0.0	0.0	0.0	0.0	0.0	0.0	1,255.3	0.0	1,255.3	0.0
Liabilities to credit institutions		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Current lease liabilities**		0.0	0.0	0.0	0.0	0.0	0.0	534.4	0.0	534.4	0.0
Derivative and hedging instrument liabilities		0.0	0.0	0.0	0.0	0.0	0.0	7.0	0.0	7.0	0.0
Other current liabilities		0.0	0.0	0.0	0.0	0.0	0.0	698.7	459.9	698.7	459.9
Accounts payable		0.0	0.0	0.0	0.0	0.0	0.0	770.8	732.9	770.8	732.9
Total financial liabilities		0.0	0.0	0.0	0.0	0.0	0.0	3,270.2	1,192.8	3,270.2	1,192.8

Carrying amounts											
2020/21	Level	Received contractual cash flows		Received contractual cash flows and sale of financial assets		Other assets		Financial liabilities measured at amortised cost		Total	
		Financial assets measured at amortised cost		Financial assets measured at fair value through other comprehensive income		Financial assets measured at fair value through profit or loss		Financial liabilities measured at amortised cost		Total	
		Group	Parent Company	Group	Parent Company	Group	Parent Company	Group	Parent Company	Group	Parent Company
Financial assets measured at fair value											
Securities held as fixed assets *	3	0.0	0.0	305.8	305.8	0.0	0.0	0.0	0.0	305.8	305.8
Financial assets not measured at fair value											
Other non-current receivables		4.3	3.1	0.0	0.0	0.0	0.0	0.0	0.0	4.3	3.1
Financial leases long-term		32.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	32.8	0.0
Accounts receivable		57.7	34.3	0.0	0.0	0.0	0.0	0.0	0.0	57.7	34.3
Financial leases short-term		3.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.8	0.0
Derivative and hedging instrument receivables		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other current receivables		2.3	0.6	0.0	0.0	0.0	0.0	0.0	0.0	2.3	0.6
Cash and cash equivalents		533.8	480.0	0.0	0.0	0.0	0.0	0.0	0.0	533.8	480.0
Total financial assets		634.7	518.0	305.8	305.8	0.0	0.0	0.0	0.0	940.6	823.8
Financial liabilities measured at fair value											
Other non-current provisions		0.0	0.0	0.0	0.0	0.0	0.0	8.1	0.0	8.1	0.0
Long-term lease liabilities**		0.0	0.0	0.0	0.0	0.0	0.0	1,542.7	0.0	1,542.7	0.0
Liabilities to credit institutions		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Current lease liabilities**		0.0	0.0	0.0	0.0	0.0	0.0	498.8	0.0	498.8	0.0
Derivative and hedging instrument liabilities		29.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	29.2	0.0
Other current liabilities		0.0	0.0	0.0	0.0	0.0	0.0	675.8	421.1	675.8	421.1
Accounts payable		0.0	0.0	0.0	0.0	0.0	0.0	732.8	697.4	732.8	697.4
Total financial liabilities		29.2	0.0	0.0	0.0	0.0	0.0	3,458.2	1,118.4	3,487.4	1,118.4

For other financial assets and liabilities, the carrying amount corresponds to a reasonable approximation of the fair value.

* Valuation of securities held as fixed assets according to level three in the fair value hierarchy. For more information, refer to Note 25

** Lease liabilities are measured according to IFRS 16

Fair value measured according to the three levels below:

- Level 1: Fair value established based on listed prices in an active market for the same instrument.
- Level 2: Fair value established based on valuation techniques with observable market data, either directly (as a

- price) or indirectly (derived from a price) and not included in level 1.
- Level 3: Fair value established using valuation techniques, with significant input from data that is not observable in the market.

Note 21 Accrued expenses and deferred income

	Group		Parent Company	
	2021/22	2020/21	2021/22	2020/21
Accrued payroll expenses	144.1	130.4	82.1	76.8
Accrued holiday pay expenses	211.1	208.7	126.3	124.9
Accrued social security contributions	112.5	109.0	90.9	88.3
Other items	145.2	149.4	97.4	72.5
Total	612.9	597.6	396.7	362.5

Note 22 Other provisions

Sales-related provisions

Pertains to provisions for guarantee commitments, unredeemed gift cards, open purchase and estimated bonus points to customer club members, which are all expected to be utilised during the subsequent financial year. The provision for estimated future guarantee commitments is equivalent to the guarantee expenses for the year with respect to the length of the warranty period.

Gift cards

When purchasing Clas Ohlson's gift cards in stores or via online shopping, the entire amount is recognised as a provision and recognised as income only when the gift card has been used in a store or has expired.

Open purchase and returns

Clas Ohlson offers its customers open purchase for 365 days and have the right to complain about unsatisfactory purchases for up to ten years after the purchase. Most of the returns occur during the week following the purchase. Every month, sales are adjusted taking into account the estimated proportion of returns.

Club Clas

Members of the Clas Ohlson's loyalty programme, Club Clas, receive bonus cheques in various amounts depending on the amount of purchases the customer made at Clas Ohlson. The cheques are distributed continuously and are valid for six months. All issued bonus cheques are not redeemed which is why each sale in the loyalty programme is reduced by the fair amount with respect to future redemption of bonus cheques, considering the current degree of redemption.

Note 23 Inter-Group transactions

	Group		Parent Company	
	2021/22	2020/21	2021/22	2020/21
Guarantee commitments				
Opening provisions	10.0	10.8	5.5	5.7
Utilised during the year	-10.0	-10.8	-5.5	-5.7
Allocated during the year	11.0	10.0	5.5	5.5
Total	11.0	10.0	5.5	5.5

	Group		Parent Company	
	2021/22	2020/21	2021/22	2020/21
Open purchase, unredeemed gift cards and bonus points				
Opening provisions	63.3	53.4	51.7	44.4
Utilised during the year	-63.3	-53.4	-51.7	-44.4
Allocated during the year	67.4	63.3	56.4	51.7
Total	67.4	63.3	56.4	51.7

	Group		Parent Company	
	2021/22	2020/21	2021/22	2020/21
Restructuring				
Opening provisions	11.8	31.9	0.0	0.0
Utilised during the year	-1.9	-20.1	0.0	0.0
Allocated during the year	0.0	0.0	0.0	0.0
Total	9.9	11.8	0.0	0.0
Of which non-current portion	4.0	8.1	0.0	0.0
Total provisions	88.3	85.1	62.0	57.3

Note 24 Participations in Group companies

Of the Parent Company's invoiced sales, intra-Group sales accounted for 3,205.5 MSEK (2,948.7). Of this sum, 2,640.5 MSEK (2,418.0) is related to sales to Clas Ohlson AS in Norway, 552.2 MSEK (528.3) to sales to Clas Ohlson OY in Finland, 12.8 MSEK (3.7) to sales to Clas Ohlson Ltd in the UK and 0.0 MSEK (-1.4) to sales to Clas Ohlson GmbH in Germany. No purchases were made from subsidiaries.

Note 25 Other provisions

Parent Company	2021/22		2020/21	
	Accumulated cost			
At the start of the year	39.3		39.3	
Acquisitions	6.3		0.0	
Total	45.5		39.3	

The table below shows Clas Ohlson AB's holding of shares and participations in subsidiaries according to the balance sheet on 30 April. All companies are 100 per cent owned.

Holding of shares and participations in subsidiaries for Clas Ohlson AB:

Country	Company	Registered office	Corp. Reg. No.	30 Apr 2022		30 Apr 2021	
				Number of participations	Value MSEK	Number of participations	Value MSEK
Norway	Clas Ohlson AS	Oslo	NO 937402198	10,000	0.1	10,000	0.1
Finland	Clas Ohlson OY	Helsinki	FI 1765891-7	500,000	4.7	500,000	4.7
UK	Clas Ohlson Ltd	London	6298382	300,000	4.0	300,000	4.0
Germany	Clas Ohlson GmbH	Hamburg	HRB 130004	1	9.3	1	9.3
China	Clas Ohlson (Shanghai) Co, Ltd	Shanghai	310000400574190	1,500,000	11.3	1,500,000	11.3
Sweden	C/O P Investment AB	Stockholm	559160-9903	1,000	16.3	305	10.0
Poland	Clas Ohlson Sp. Z.o.o.	Warsaw	944416	100	0.0	-	-
Total					45.5		39.3

Note 25 Securities held as fixed assets

The table below indicates fair value for financial assets in the Group. The financial instruments are categorised at three levels based on fair value measurement:

Level 1: Fair value established based on listed prices in an active market for the same instrument.

Level 2: Fair value established based on valuation techniques with observable market data, either directly (as a price) or indirectly (derived from a price) and not included in level 1.

Level 3: Fair value established using valuation techniques, with significant input from data that is not observable in the market.

Parent Company	2021/22	2020/21
Securities held as fixed assets, measured at fair value at the start of the year	305.8	252.3
Change in fair value during the year	-147.8	53.5
Securities held as fixed assets, measured at fair value at the end of the year	158.0	305.8

Valuation method for securities held as fixed assets, level 3:

Company: MatHem

Valuation assumptions: The estimated valuation entails applying a multiple of 1.0 times the company's revenue in 2021 and is based on the most recently available last 12 months' revenue.

The multiple is referenced from a peer group of inventory-holding e-commerce retailers.

Equity value of 158.0 MSEK.

Fair value changes are accounted for in comprehensive income.

Holding of securities held as fixed assets for Clas Ohlson AB:

Country	Company	Registered office	Corp. Reg. No.	Number of participations	Percentage of votes	30 Apr 2022	30 Apr 2021
						Value MSEK	Value MSEK
Sweden	MatHem i Sverige AB	Stockholm	556775-7264	761,480	6%	158.0	305.8
Total						158.0	305.8

Note 26 Appropriations

Parent Company	2021/22	2020/21
<i>The difference between recognised depreciation and depreciation according to plan:</i>		
– equipment, tools, fixtures and fittings	19.1	-6.2
<i>Provision for tax allocation reserve</i>		
Provisions/reversal for the year	-17.4	28.4
Parent Company total	1.7	22.2

Note 27 Cash and bank balances

Parent Company	2021/22	2020/21
Cash and bank balances	375.8	480.0
Parent Company total	375.8	480.0

At the end of the year, utilised overdraft facilities in the Group, which are not included in cash and cash equivalents, totalled 0 MSEK (0). Unutilised overdraft facilities in the Group, which are not included in cash and cash equivalents, totalled 650 MSEK (1.1 billion SEK).

The loss allowance on the closing date does not total a material amount and thus has not been recognised.

Note 28 Untaxed reserves

Parent Company	2021/22	2020/21
<i>Accumulated difference between recognised depreciation and depreciation according to plan:</i>		
Equipment, tools, fixtures and fittings	464.6	483.3
Land and buildings	0.0	0.0
<i>Provision for tax allocation reserve</i>		
Tax 2016	0.0	123.0
Tax 2017	131.0	131.0
Tax 2018	63.0	63.0
Tax 2019	72.0	72.0
Tax 2020	110.0	110.0
Tax 2021	140.0	0.0
Parent Company total	980.6	982.3

Note 29 Pledged assets

	Group		Parent Company	
	2021/22	2020/21	2021/22	2020/21
Cash and cash equivalents	0.0	0.0	0.0	0.0
Total pledged assets	0.0	0.0	0.0	0.0

The company has no collateral for own obligations pertaining to currency forward contracts. Regarding utilised overdraft facilities, the company's reports financial covenants, for which the company met the terms and conditions by a healthy margin. Utilised overdraft facilities in the Group and Parent Company amounted to 0.0 MSEK (0.0) at the end of the year. Total credit limits granted in the Group and in the Parent Company amounts to 650 MSEK (1,100).

Note 30 Leases

Balance sheet:

	Group	
	2021/22	2020/21
Right-of-use assets		
Facilities	1,645.8	1,876.1
Cars	2.2	1.6
Other	30.8	37.3
Closing balance at 30 April 2021	1,678.8	1,915.0

For further description of right-of-use assets, refer to Note 12.

Income statement:

	2021/22	2020/21
Depreciation of right-of-use assets	-501.9	-486.2
Interest on lease liabilities	-61.7	-60.6
Variable lease payments	-16.6	-23.3
Cost of short-term leases	0.0	-1.4
Costs of low value leases, not short-term low-value leases	-18.2	-19.1
Revenue from sublease of right-of-use assets	9.0	8.9
Total result effects attributable to leases	-589.4	-581.8

Cash flows:

	2021/22	2020/21
Interest	-61.7	-60.6
Amortisation	-514.1	-538.3
Payment of variable, short-term and low-value lease payments	-34.8	-43.8
Revenue from sublease of right-of-use assets	9.0	8.9
Total cash flow effects attributable to leases	-601.6	-633.9

For information on the maturity structure of the Group's lease payments, refer to Note 2 on page 93.

Change in lease liability	2021/22	2020/21
Lease liability at 1 May	2,041.6	2,196.2
New and changed leases	236.1	346.2
Amortisation	-514.1	-538.3
Translation differences	26.1	37.5
Lease liability at 30 April	1,789.7	2,041.6

Leases of facilities

The Group's leases of facilities refer to stores, offices and warehouses. The leases normally have a term of between three and ten years. The structure of payments in the leases varies between completed fixed lease payments and leases with a varying degree of variable lease payments. The variable lease payments are based on both changes in the Group's sales in the leased premises during the year and property tax charged by the property owner. Sales-based lease payments totalled approximately 17 MSEK for 2021/22, which were charged to the income statement for the financial year. Index clauses are in-

cluded in the majority of all leases in which the lease level is linked to index adjustments in each country. Joint expenses for marketing and other services are managed as operating expenses. The Group subleases a few premises where majority of the leases are classified as operating leases and one as financial lease.

Extension and termination options

Extension and termination options are included in most leases whereby we as a tenant have the option to terminate a lease in advance or extend the lease for a certain period of time. An individual assessment is made on the commencement date of each lease as to whether it is reasonably certain that such an option will be exercised. A number of parameters are taken into account in such an assessment, related to whether the option of extending or terminating a lease falls within the time range of the Group's long-term business plan (5 years), and based on the current profitability of the store and its strategic location. The leases differ slightly between the markets with extension options mainly being included in leases in the Norwegian options and termination options mainly being included in leases in the Swedish operations. Both extension and termination options were taken into consideration when determining the lease liability. An updated assessment and review take place upon occurrence of either a significant event or a significant change in circumstances that is within the control of the Group.

Leases in the Parent Company

The Parent Company leases stores, offices and warehouse premises that in accordance with RFR 2 are classified as operating leases.

	Parent Company	
	2021/22	2020/21
Leasing expenses for the year	362.1	356.0
Contracted future rents		
Within a year	256.6	268.3
Between one and four years	443.1	522.6
More than four years	123.1	148.1
Total lease commitments	822.8	939.0

	2021/22	2020/21
Parent Company		
<i>Contingent liabilities, Parent Company</i>		
Guarantee in favour of Group companies pertaining to future rental commitments	189.5	192.5

Note 31 Related-party transactions

The number of shareholders in the Parent Company totalled 40,437 at the end of the financial year. The major shareholders are Clas Ohlson's descendants from the Haid and Tidstrand families, who hold 39.3 per cent of the capital and 66.6 per cent of the votes. No transactions with related parties took place during the 2021/22 or 2020/21 financial years. Remuneration of the Board and senior management is presented in Note 6 of the Annual Report. For a further description, refer to the corporate governance report, pages 69-73.

Note 32 Average numbers of employees

	Group		Parent Company	
	2021/22	2020/21	2021/22	2020/21
Total Sweden	1,858	1,855	1,829	1,855
- of whom, women	(887)	(872)	(882)	(872)
Total Norway	839	797		
- of whom, women	(357)	(327)		
Total Finland	336	300		
- of whom, women	(178)	(162)		
Total China	50	50		
- of whom, women	(29)	(29)		
Total UK	10	10		
- of whom, women	(5)	(5)		
Total Poland	1	-		
- of whom, women	(0)	-		
Total Germany	0	1		
- of whom, women	(0)	(0)		
Total	3,093	3,013	1,829	1,855
- of whom, women	(1,456)	(1,395)	(882)	(872)

The average number of employees is based on the total number of hours worked in relation to total annual working time.

Note 33 Segment reporting

Clas Ohlson has the following segments: Sweden, Norway, Finland and Outside Nordic countries as well as Group-wide. The Group-wide segment pertains to the Group-wide functions that assist sales organisations with purchasing, distribution, marketing, management and other support. A large portion of the Group's value is generated in the Group-wide segment. The Group's internal pricing was adapted to these prerequisites. Transactions between Group-wide and the sales organisations consist primarily of deliveries and payment for goods, internal invoicing of services rendered and interest on Group-wide loans. The income measure recognised per segment consists of operating profit. Clas Ohlson has no customers that individually account for more than 10 per cent of the Group's sales.

Sales per segment	2021/22	2020/21
Sweden	3,982.0	3,747.6
Norway	3,780.0	3,522.2
Finland	966.0	958.6
Outside Nordic Countries	55.7	56.0
Group-wide	3,205.5	2,948.7
Eliminations of sales to other segments	-3,205.5	-2,948.7
Total	8,783.7	8,284.4

Operating profit per segment	2021/22	2020/21
Sweden	166.0	154.0
Norway	161.4	150.7
Finland	31.6	33.9
Outside Nordic Countries	2.9	3.2
Group-wide	357.4	266.4
Total	719.4	608.2

Assets per segment	2021/22	2020/21
Sweden	556.6	545.0
Norway	532.9	506.0
Finland	185.1	167.4
Outside Nordic Countries	14.3	16.1
Group-wide	4,203.0	4,359.0
Total	5,492.0	5,593.6

Cash and cash equivalents are not included in the tables above.

Investment and depreciation per segment	Investments		Depreciation	
	2021/22	2020/21	2021/22	2020/21
Sweden	17.5	26.0	29.0	31.2
Norway	36.5	42.6	43.0	39.5
Finland	20.0	13.1	12.3	11.7
Outside Nordic Countries	0.0	0.2	0.3	0.4
Group-wide ¹	83.8	146.1	668.6	631.2
Total	157.7	227.9	753.1	714.0

¹Investments in intangible assets amounted to 53.0 MSEK (82.6). Amortisation attributable to intangible assets amounted to 104.9 MSEK (86.3). Investment in C/O P Investment AB amounted to 6.2 MSEK (0.0).

Note 34 Events after the end of the year

End of performance period, Long-term Incentive Programme, LTI 2019

The qualification and performance periods for LTI 2019 ran from 1 May 2019 until 30 April 2022. After the end of the reporting period, a total of 5,232 shares were allotted on 2 May in accordance with the AGM's resolution regarding share matching of one share per share purchased to those participants who remained employed after the three-year qualification period.

The established performance criteria regarding average sales growth and increased earnings per share for the period 2019-2022 were not achieved, meaning that no options were allotted to the participants and, accordingly, the LTI 2019 has been concluded.

Remaining operations in the UK to be closed

The Board has decided to discontinue the remaining operations in the UK. The cost of the closure, which will be charged to the 2022/23 financial year, amounts to approximately 35 MSEK. The decision follows the company's strategy to focus on the Nordic markets and the 2018 decision to close stores in the UK and Germany.

Certification of the Annual Report

The consolidated financial statements have been prepared in accordance with the IFRS standards as adopted by the EU and provide a true and fair view of the Group's financial position and results of operations.

The Board of Directors and CEO assure that the consolidated financial statements have been prepared in accordance with the IFRS standards as adopted by the EU and provide a true and fair view of the Group's financial position and results. The Annual Report has been prepared in accordance with generally accepted accounting policies and provides a true and fair view of the Parent Company's financial position and results. The Directors' Report for the Group and Parent Company provides a fair review of the development of the Group and the Parent Company's operations, financial position and earnings, and describes material risks and uncertainties facing the Parent Company and the companies included in the Group.

Insjön, 6 July 2022

Kenneth Bengtsson
Chairman of the Board

Mengmeng Du

Mathias Haid

Patrik Hofbauer

Håkan Lundstedt

Charlotte Strömberg

Göran Sundström

Anne Thorstvedt Sjöberg

Kristofer Tonström
President and CEO

Caroline Östning
Employee representative (Unionen)

Lasse Zwetsloot
Employee representative (Handels)

Our auditor's report was submitted on 6 July 2022

Deloitte AB

Johan Telander
Authorised Public Accountant

The financial statements are to be adopted at the Annual General Meeting on 9 September 2022.

Auditor's report

To the general meeting of the shareholders of Clas Ohlson AB (publ) corporate identity number 556035-8672

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Clas Ohlson AB (publ) for the financial year 2021-05-01 - 2022-04-30 except for the corporate governance statement on pages 69-73. The annual accounts and consolidated accounts of the company are included on pages 57-107 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 30 April 2022 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 30 April 2022 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance report on pages 69-73. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our



audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Valuation of inventories

Risk description

Clas Ohlson report inventories of SEK 2 198,6 million as of April 30, 2022. Inventories comprise a substantial part of the group's assets and consists of a large number of articles assorted over 229 stores and a central warehouse. Inventory is accounted for at the lower of cost and net sales value. Inventory accounting is subject to significant judgment and estimates, mainly related to obsolescence, calculation of costs included in the inventory value and supplier bonuses. In addition, we have considered the large transaction volumes and the complexity due to the number of warehouse locations. For further information, please refer to the Risk assessment and control activities on page 73, Estimates and assumptions on page 87, group accounting principles for inventory on page 90 and note 13.

Our audit included but was not limited to the following audit procedures:

- Auditing Clas Ohlson's control environment for inventory management and procurement.
- Auditing of Clas Ohlson's applied calculations of costs included in the inventory value.
- Auditing of the inventory valuation as the lower of cost and net sales value and applied model for obsolescence.
- Completeness testing with data analytics covering all in- and outgoing deliveries from the warehouses.
- Participating in stock taking for selected stores and Clas Ohlson's distribution central in Insjön.
- Evaluating the adequacy of applied accounting principles and relevant disclosures.

Revenue recognition

Risk description

The group's sales for the fiscal year amounts to SEK 8 783,7 million. The company recognizes revenue when material performance obligations are fulfilled. Revenue recognition has been identified as a key audit matter since sales comprise a significant financial statement line item and consists of a large number of small transactions through own stores and online with upfront payment. For further information refer to Risk assessment and control activities on page 73 and note 33 segment reporting.

Our audit included but was not limited to the following audit procedures:

- Auditing of Clas Ohlson's process for revenue recognition, handling of cash and evaluation of the control environment.
- Analytical audit procedures of recorded revenue and reconciliation of total sales on receipt level traced against the corresponding movement in inventory facilitated by data analytics tools.
- Auditing of Clas Ohlson's analysis and evaluation of fluctuations in the gross margin.
- Auditing of the process of handling cash in a selection of stores.
- Auditing of online sales being reported in the correct period
- Evaluating the adequacy of applied accounting principles and relevant disclosures.

Other information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and includes the remuneration report and the pages 3-56 and 112-134. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director

are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts. A further description of our responsibilities for the audit of the annual accounts and consolidated accounts is located at the Swedish Inspectorate of Auditors website: www.revisorsinspektionen.se/revisornsansvar. This description forms part of the auditor's report.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Directors of Clas Ohlson AB (publ) for the financial year 2021-05-01 - 2022-04-30 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit to be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Directors be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or any of the Managing Directors in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations

of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibilities for the audit of the management's administration is located at the Swedish Inspectorate of Auditors website: www.revisorsinspektionen.se/revisornsansvar. This description forms part of the auditor's report.

The auditor's examination of the Esef report
Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4 a of the Swedish Securities Market Act (2007:528) for Clas Ohlson AB (publ) for the financial year 2021-05-01 – 2022-04-30.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report 334887adee6f6465c398035894528b2979b9f5adbc64c7b9fb95ffdb6069f8f6 has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of Clas Ohlson AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.



We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the Esef report in accordance with the Chapter 16, Section 4 a of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a

material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The audit firm applies ISQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with professional ethical requirements, professional standards and legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design audit procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a technical validation of the Esef report, i.e., if the file containing the Esef report meets the technical specification set out in the Commission's Delegated Regulation (EU) 2019/815 and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the Esef report has been marked with iXBRL which enables a fair and complete machine-readable version of the consolidated statement of financial performance, financial position, changes in equity and cash flow.

Auditor's examination of the corporate governance report

The Board of Directors is responsible for that the corporate governance statement on pages 69-73 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevR 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

Deloitte AB, was appointed auditor of Clas Ohlson AB by the general meeting of the shareholders on the 2021-09-10 and has been the company's auditor since 2013-09-07.

Stockholm, July 6, 2022
Deloitte AB

Johan Telander
Authorized Public Accountant

Quarterly results

	2021/22				2020/21			
	Q1 1 May 2021 -31 Jul 2021	Q2 1 Aug 2021 -31 Oct 2021	Q3 1 Nov 2021 -31 Jan 2022	Q4 1 Feb 2022 -30 Apr 2022	Q1 1 May 2020 -31 Jul 2020	Q2 1 Aug 2020 -31 Oct 2020	Q3 1 Nov 2020 -31 Jan 2021	Q4 1 Feb 2021 -30 Apr 2021
MSEK								
Sales	2,055.6	2,116.8	2,831.3	1,780.1	2,074.3	2,036.2	2,635.3	1,538.5
<i>Of which, online sales</i>	<i>218.8</i>	<i>202.0</i>	<i>329.0</i>	<i>221.5</i>	<i>184.3</i>	<i>148.2</i>	<i>288.2</i>	<i>273.8</i>
Cost of goods sold	-1,244.4	-1,204.3	-1,657.2	-1,073.0	-1,272.6	-1,184.7	-1,546.1	-925.2
Gross profit	811.2	912.5	1,174.0	707.1	801.7	851.5	1,089.2	613.3
Selling expenses	-614.1	-679.7	-743.7	-666.4	-583.4	-651.1	-683.3	-629.7
Administrative expenses	-49.7	-50.7	-51.2	-48.3	-50.7	-49.7	-46.8	-48.0
Other operating income/expenses	-0.3	22.2	-1.2	-2.2	-1.4	-3.0	-0.9	0.3
Operating profit	147.1	204.2	377.9	-9.8	166.2	147.8	358.3	-64.0
Financial income	0.3	0.3	0.5	1.0	0.1	0.1	0.1	0.1
Financial expenses	-16.4	-16.5	-16.4	-15.7	-16.2	-16.0	-15.5	-15.9
Profit before tax	131.0	188.0	362.0	-24.5	150.1	131.8	342.8	-79.8
Income tax	-27.6	-39.9	-75.3	9.0	-33.5	-27.2	-78.0	15.1
Profit for the period	103.3	148.1	286.7	-15.6	116.6	104.6	264.8	-64.7
Key ratios for the period								
Gross margin, %	39.5	43.1	41.5	39.7	38.7	41.8	41.3	39.9
Operating margin, %	7.2	9.6	13.3	-0.6	8.0	7.3	13.6	-4.2
Earnings per share before dilution, SEK	1.63	2.34	4.53	-0.25	1.84	1.65	4.18	-1.02
Earnings per share after dilution, SEK	1.63	2.33	4.52	-0.25	1.84	1.65	4.18	-1.02

Comments to the quarterly results

One new store (0) was opened during the first quarter of 2021/22 and one store was closed (0). One new store (1) was opened during the second quarter and one store was closed (1). In the third quarter, two new stores (2) were opened and one store was closed (3). No new stores (3) were opened during the fourth quarter and no stores were closed (2).

Seasonal fluctuations

Clas Ohlson's market and operations have seasonal variations where the third quarter (November-January) is generally the strongest quarter of the financial year. This is followed by the second and first quarters and, finally, the fourth quarter, which is the weakest in terms of sales and profit. See the table above with sales and operating profit per quarter.

Key ratio definitions

Clas Ohlson uses certain financial measures in this annual report that are not defined in accordance with IFRS. Clas Ohlson believes that these key ratios are relevant to users of the financial report as a supplement for assessing Clas Ohlson's performance. These financial measures are not always comparable with the measures used by other companies since not all companies calculate such financial measures in the same way. Accordingly, these financial measures are not to be regarded as a replacement for measures defined according to IFRS. The measures not defined according to IFRS are presented below, unless otherwise stated.

Return on equity

Net profit for the period expressed as a percentage of average equity. Average equity is calculated as the total equity for the most recent 12 months divided by 12.

Return on capital employed

Operating profit plus financial income expressed as a percentage of average capital employed. Average capital employed is calculated as the total capital employed for the most recent 12 months divided by 12.

Gross margin

Gross profit divided by sales for the period.

Gross profit

Gross profit is calculated as the total of sales less cost of goods sold.

Dividend yield

Dividend per share divided by the year-end share price.

EBITDA

Operating profit/loss before interest, tax, depreciation and amortisation.

EBITDA excl IFRS 16

Operating profit/loss before interest, tax, impairment, depreciation and amortisation excl effect on operating expenses according to IFRS 16.

Equity per share

Equity divided by the number of shares outstanding at the end of the period.

Share of selling expenses

Selling expenses in relation to sales.

Sales growth

Sales in relation to sales during the year-earlier period.

Average inventory value

Average inventory value is calculated as the total inventories for the most recent 12 months divided by 12.

Cash flow from operating activities

Operating profit adjusted for items not included in cash flow, interest, paid tax and change in working capital.

Cash flow from operating activities excl IFRS 16

Operating profit adjusted for items not included in cash flow, interest, paid tax and change in working capital excl effect on operating expenses, interest and depreciation according to IFRS 16.

Cash flow from operating activities per share

Cash flow from operating activities divided by the average number of shares before dilution.

Cash flow from operating activities per share excl IFRS 16

Cash flow from operating activities excl effect on operating expenses, interest and depreciation according to IFRS 16 divided by the average number of shares before dilution.

Glossary

Net debt

Interest-bearing liabilities less cash and cash equivalents.

Net debt excl IFRS 16

Interest-bearing liabilities excl interest-bearing lease liabilities less cash and cash equivalents.

Net debt/EBITDA

Net debt divided by EBITDA for the last 12 months.

Net debt/EBITDA, excl IFRS 16

Net debt divided by EBITDA for the last 12 months excl interest-bearing lease liabilities and the effect on operating expenses attributable to IFRS 16.

Organic growth

Sales growth in local currencies, excluding acquisitions.

P/E ratio

Share price at year-end divided by earnings per share before dilution.

Working capital

The total of current assets, minus cash and cash equivalents (inventories and current receivables), less current non-interest-bearing liabilities.

Operating margin

Operating profit divided by sales for the period.

Operating margin excl IFRS 16

Operating profit, excl effects on operating expenses according to IFRS 16, divided by sales for the period.

Operating profit

Operating profit comprises profit before financial items and tax.

Operating profit excl IFRS 16

Operating profit comprises profit before financial items and tax excl effects on operating expenses according to IFRS 16.

Equity/assets ratio

Equity at the end of the period divided by the balance-sheet total (total assets).

Equity/assets ratio excl IFRS 16

Equity at the end of the period divided by the balance-sheet total (total assets) excl effects relating to equity and interest-bearing lease assets according to IFRS 16.

Capital employed

Balance-sheet total (total assets) less current liabilities and non-current liabilities, non-interest-bearing liabilities.

Total return

The sum of the share price change during the period and paid dividend in relation to the share price at the beginning of year.

Comprehensive income per share

Comprehensive income divided by average number of shares before dilution.

Payout ratio

Dividend divided by earnings per share before dilution.

Earnings per share (before and after dilution)*

Profit for the period divided by the number of shares (before and after dilution).

*Defined in accordance with IFRS.

Clas Office

Our concept that facilitates purchases for our corporate customers.

Club Clas

Our loyalty programme, our loyalty club.

UN Global Compact

UN international principles regarding human rights, labour standards, the environment and corruption, designed for companies.

Online sales

Sales whereby the customer shops via digital channels from Clas Ohlson or external partners.

Sales per square metre

Store sales in relation to the effective retail space. For new stores, a conversion has been made in relation to how long the store has been open.

GRI

The Global Reporting Initiative, a global standard for sustainability reporting.

Comparable units

Units that have been in operation during the current period and the entire year-earlier period.

Conversion rate

The percentage of visitors who make a purchase.

Cost of goods sold

Cost for purchases of goods and transport costs, customs and handling costs until the goods are displayed in a store or delivered to the customer.

Nasdaq Stockholm

Marketplace for trading with securities, where Clas Ohlson's Series B share is listed.

Omni-channel

A shopping experience where customers perceive a seamless interaction between physical stores, the online store and telephone sales.

Products for a more sustainable lifestyle

Products with a positive, or significantly lower, environmental impact throughout their life cycle than a standard product.

Level of service

Percentage of the product range that is available "on the shelf" in sales channels.

Average receipt

Average amount per purchase.

Store traffic

Number of visitors.

Code of Conduct

The standards we set for ourselves, and the suppliers of our products and services, regarding working conditions, workplace health and safety and the environment.

Alternative performance measures

This section contains a reconciliation of certain alternative performance measures (APMs) with the closest reconcilable items in the financial statements.

As analysis tools, APMs are limited, and must be considered in their context and not as a replacement of financial measures prepared in accordance with IFRS. APMs are presented to improve an investor's evaluation of the operations, as an aid in forecasts of forthcoming periods, and to simplify meaningful comparisons of earnings between periods. Management uses these APMs, for example, to evaluate the operating activities compared with previous

results, for internal planning and forecasts and to calculate certain performance-related remuneration. For definitions, refer to pages 112-113. The APMs recognised in this annual report may differ from similarly named measures used by other companies.

Return on equity

	Group	
	2021/22	2020/21
Profit for the year	522.5	421.3
Average equity	2,238.6	2,010.5
Return on equity	23.3%	21.0%

Reason for use: Return on equity is a measure of profitability in relation to the carrying amount of equity. Return on equity is a measure of how investments are used to generate increased income.

Return on capital employed

	Group	
	2021/22	2020/21
Operating profit	719.4	608.2
Financial income	2.0	0.3
Average capital employed	4,142.4	3,994.7
Return on capital employed	17.4%	15.2%

Reason for use: Return on capital employed is a measure of profitability after taking into account the amount of capital used. A higher return on capital employed indicates that capital is used more efficiently.

Gross margin

	Group	
	2021/22	2020/21
Gross profit	3,604.8	3,355.8
Sales	8,783.7	8,284.4
Gross margin	41.0%	40.5%

Reason for use: Gross margin shows the difference between net sales and the cost of goods sold expressed as a percentage of net sales. Gross margin is affected by several factors, for example, product mix, price trend and cost reductions.

Gross profit

	Group	
	2021/22	2020/21
Sales	8,783.7	8,284.4
Cost of goods sold	-5,178.9	-4,928.6
Gross profit	3,604.8	3,355.8

Reason for use: Gross profit shows the difference between net sales and the cost of goods sold. Gross profit is affected by several factors, for example, product mix, price trend and cost reductions.

Dividend yield

	Group	
	2021/22	2020/21
Dividend per share	13.00	6.25
Share price 30 April	112.10	90.65
Dividend yield	11.6%	6.9%

EBITDA

	Group	
	2021/22	2020/21
Operating profit	719.4	608.2
Depreciation	753.1	714.0
EBITDA	1,472.6	1,322.2

Reason for use: Measures the operative financial performance before depreciation, interest and income tax.

EBITDA excl IFRS 16

	Group	
	2021/22	2020/21
Operating profit excl IFRS 16	641.9	537.8
Depreciation excl IFRS 16	251.2	227.8
EBITDA excl IFRS 16	893.1	765.6

Reason for use: Measures the operative financial performance before depreciation, interest and income tax.

Equity per share

	Group	
	2021/22	2020/21
Total equity	2,221.6	2,195.2
Number of shares outstanding	63.351	63.345
Equity per share	35.07	34.65

Reason for use: Equity per share measures the company's net value per share and determines whether a company increases its shareholders' capital over time.

Sales growth

	Group	
	2021/22	2020/21
Sales current period	8,783.7	8,284.4
Sales previous year	8,284.4	8,758.3
Sales growth	6.0%	-5.4%

Reason for use: The change in sales reflects the company's realised sales growth over time.

Average inventory value

	Group	
	2021/22	2020/21
Average inventory value	1,985.9	1,731.4

Cash flow from operating activities per share

	Group	
	2021/22	2020/21
Cash flow from operating activities	986.1	1,287.8
Average number of shares before dilution	63.351	63.345
Cash flow from operating activities per share	15.57	20.33

Reason for use: Cash flow from operating activities per share measures the cash flow that the company generates per share before capital investments and cash flows attributable to the company's financing.

Cash flow from operating activities per share excl IFRS 16

	Group	
	2021/22	2020/21
Cash flow from operating activities excl IFRS 16	472.0	749.5
Average number of shares before dilution	63.351	63.345
Cash flow from operating activities per share excl IFRS 16	7.45	11.83

Reason for use: Cash flow from operating activities per share measures the cash flow that the company generates per share before capital investments and cash flows attributable to the company's financing.

Net debt

	Group	
	2021/22	2020/21
Interest-bearing liabilities	1,789.7	2,041.6
Cash and cash equivalents	456.6	533.8
Total Net debt	1,333.1	1,507.8

Reason for use: Net debt shows the company's indebtedness over time.

Net debt excl IFRS 16

	Group	
	2021/22	2020/21
Interest-bearing liabilities excl lease liabilities	0.0	0.0
Cash and cash equivalents	456.6	533.8
Total Net debt excl IFRS 16	-456.6	-533.8

Reason for use: Net debt shows the company's indebtedness over time.

Working capital

	Group	
	2021/22	2020/21
Total current assets	2,793.0	2,472.1
- Cash and cash equivalents	-456.6	-533.8
- Current non-interest bearing liabilities	-1,728.1	-1,680.7
Working capital	608.3	257.6

Reason for use: Working capital is used to measure the company's ability to meet short-term capital requirements.

Operating margin

	Group	
	2021/22	2020/21
Operating profit	719.4	608.2
Sales	8,783.7	8,284.4
Operating margin	8.2%	7.3%

Reason for use: The operating margin shows operating profit as a percentage of net sales and shows operational profitability.

Operating margin excl IFRS 16

	Group	
	2021/22	2020/21
Operating profit excl IFRS 16	641.9	537.8
Sales	8,783.7	8,284.4
Operating margin excl IFRS 16	7.3%	6.5%

Reason for use: The operating margin shows operating profit as a percentage of net sales and shows operational profitability.

Equity/assets ratio

	Group	
	2021/22	2020/21
Total equity	2,221.6	2,195.2
Total assets	5,948.6	6,127.4
Equity/assets ratio	37.3%	35.8%

Reason for use: A high equity/assets ratio provides the financial scope and independence required for conducting the operations and managing variations in the need for working capital and for capitalising on business opportunities.

Equity/assets ratio excl IFRS 16

	Group	
	2021/22	2020/21
Total equity excl IFRS 16	2,344.2	2,329.0
Total assets excl. IFRS 16,	4,281.5	4,219.7
Equity/assets ratio excl IFRS 16	54.8%	55.2%

Reason for use: A high equity/assets ratio provides the financial scope and independence required for conducting the operations and managing variations in the need for working capital and for capitalising on business opportunities.

Capital employed

	Group	
	2021/22	2020/21
Total assets	5,948.6	6,127.4
Non-current liabilities, non-interest-bearing	-209.2	-209.9
Current liabilities, non-interest bearing	-1,728.1	-1,680.7
Capital employed	4,011.2	4,236.7

Reason for use: Capital employed measures the company's ability, in addition to cash balances and cash equivalents, to meet the needs of the operations.

Total return

	Group	
	2021/22	2020/21
Share price at the start of the year	90.65	85.55
Share price at the end of the year	112.10	90.65
Re-invested dividend	6.25	0.00
Total	27.70	5.10
Total return	30.56%	5.96%

Comprehensive income per share

	Group	
	2021/22	2020/21
Comprehensive income	425.3	432.3
Average number of shares before dilution	63.351	63.345
Comprehensive income per share	6.71	6.82

Payout ratio

	Group	
	2021/22	2020/21
Dividend	13.00	6.25
Earnings per share before dilution	8.25	6.65
Payout ratio	157.6%	94.0%

Earnings per share (before and after dilution)*

	Group	
	2021/22	2020/21
Profit for the year	522.5	421.3
Number of shares before dilution	63.351	63.345
Number of shares after dilution	63.359	63.357
Earnings per share before dilution	8.25	6.65
Earnings per share after dilution	8.25	6.65

* Defined in accordance with IFRS.



Ten-year overview

MSEK	2021/2022	2020/2021	2019/2020	2018/2019	2017/2018	2016/2017	2015/2016	2014/2015	2013/2014	2012/2013
INCOME STATEMENT										
Sales	8,783.7	8,284.4	8,758.3	8,772.3	8,210.7	7,990.1	7,601.6	7,329.8	6,807.7	6,518.9
Operating profit	719.4	608.2	549.2	94.0	468.3	609.9	506.4	596.0	530.5	430.6
Operating profit, excl. IFRS 16	641.9	537.8	453.8	94.0	468.3	609.9	506.4	596.0	530.5	430.6
Profit before tax	656.4	544.9	481.8	91.9	467.1	608.9	507.6	597.2	530.2	419.9
Income tax	-133.9	-123.6	-105.8	-20.3	-109.3	-130.2	-128.8	-138.3	-124.8	-88.4
Profit for the year	522.5	421.3	375.9	71.6	357.8	478.7	378.8	458.9	405.4	331.5
BALANCE SHEET										
Non-current assets	1,224.0	1,325.1	1,323.8	1,388.5	1,469.5	1,404.5	1,397.8	1,399.9	1,424.2	1,461.6
Right-of-use assets	1,678.8	1,915.0	2,059.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other financial assets	252.7	415.2	327.7	246.8	239.4	18.5	18.1	11.6	8.1	3.2
Inventories	2,198.6	1,831.7	1,811.2	1,987.3	2,038.0	1,630.7	1,639.2	1,569.3	1,348.2	1,303.9
Current receivables	137.8	106.6	179.8	249.4	336.9	220.6	263.4	242.5	229.5	214.9
Cash and cash equivalents	456.6	533.8	80.1	105.0	115.8	625.1	604.3	517.4	358.3	124.6
Total assets	5,948.6	6,127.4	5,782.4	3,976.9	4,199.7	3,899.4	3,922.8	3,740.7	3,368.3	3,108.2
Equity attributable to owners of the parent	2,221.6	2,189.4	1,756.9	1,940.8	2,263.9	2,250.7	2,138.8	2,144.5	1,964.9	1,836.5
Equity attributable to non-controlling interests	0.0	5.8	6.2	6.6	0.0	0.0	0.0	0.0	0.0	0.0
Total equity	2,221.6	2,195.2	1,763.1	1,947.3	2,263.9	2,250.7	2,138.8	2,144.5	1,964.9	1,836.5
Long-term lease liabilities, interest bearing	1,255.3	1,542.7	1,672.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-current liabilities, interest-bearing	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-current liabilities, non-interest-bearing	209.2	209.9	232.1	204.8	227.4	226.8	195.2	213.3	206.5	185.7
Current lease liabilities, interest bearing	534.4	498.8	523.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Current liabilities, interest-bearing	0.0	0.0	67.2	283.1	0.0	0.0	0.0	0.0	0.0	0.0
Current liabilities, non-interest bearing	1,728.1	1,680.7	1,523.8	1,541.7	1,708.4	1,421.9	1,588.8	1,382.9	1,196.9	1,086.0
Total equity and liabilities	5,948.6	6,127.4	5,782.4	3,976.9	4,199.7	3,899.4	3,922.8	3,740.7	3,368.3	3,108.2
CASH FLOW										
Cash flow from operating activities	986.1	1,287.8	1,283.9	312.0	372.8	698.9	704.6	647.3	689.1	517.8
Investments	-157.7	-227.9	-231.0	-211.4	-497.2	-263.5	-274.1	-192.3	-171.8	-166.5
Cash flow after investments	828.4	1,059.9	1,052.9	100.5	-124.4	435.4	430.5	455.0	517.3	351.3
Financing activities	-909.2	-605.8	-1,073.2	-112.0	-389.8	-418.0	-335.9	-298.9	-283.6	-334.4
Cash flow for the year	-80.8	454.1	-20.3	-11.5	-514.2	17.5	94.6	156.1	233.7	16.9

MSEK	2021/2022	2020/2021	2019/2020	2018/2019	2017/2018	2016/2017	2015/2016	2014/2015	2013/2014	2012/2013
KEY RATIOS										
Sales growth, %	6.0	-5.4	-0.2	6.8	2.8	5.1	3.7	7.7	4.4	4.1
Gross margin, %	41.0	40.5	39.8	39.8	40.0	41.2	42.4	42.9	42.6	41.6
Operating margin, %	8.2	7.3	6.3	1.1	5.7	7.6	6.7	8.1	7.8	6.6
Operating margin, excl IFRS 16, %	7.3	6.5	5.2	1.1	5.7	7.6	6.7	8.1	7.8	6.6
Return on capital employed, %	17.4	15.2	13.5	4.1	21.0	28.4	23.6	29.3	28.0	23.2
Return on equity, %	23.3	21.0	21.4	3.5	16.0	22.4	17.6	22.5	21.7	18.3
Equity/assets ratio, %	37.3	35.8	30.5	49.0	53.9	57.7	54.5	57.3	58.3	59.1
Equity/assets ratio, excl IFRS 16, %	54.8	55.2	51.0	49.0	53.9	57.7	54.5	57.3	58.3	59.1
Net debt/EBITDA	0.9	1.1	1.8	0.5	0.0	0.0	0.0	0.0	0.0	0.0
Net debt/EBITDA, excl IFRS 16	-0.5	-0.7	0.0	0.5	0.0	0.0	0.0	0.0	0.0	0.0
Sales per square metre in store, SEK thousand	31	29	32	31	31	31	30	30	30	31
Number of stores at year-end	229	228	228	232	229	216	205	198	185	174
Number of full-time equivalent employees	3,093	3,013	2,987	3,099	2,951	2,835	2,787	2,736	2,629	2,524
DATA PER SHARE										
Average number of shares before dilution	63,351,284	63,345,330	63,273,680	63,217,741	63,200,598	63,052,803	63,167,924	63,121,729	63,137,148	63,349,241
Average number of shares after dilution	63,358,847	63,356,993	63,297,575	63,230,062	63,311,743	63,254,614	63,461,923	63,400,934	63,243,692	63,421,154
Number of shares outstanding at period end	63,351,333	63,345,417	63,337,447	63,217,794	63,208,135	63,083,438	63,376,420	63,216,061	63,140,994	63,287,808
Earnings per share before dilution, SEK	8.25	6.65	5.94	1.13	5.66	7.59	6.00	7.27	6.42	5.23
Earnings per share after dilution, SEK	8.25	6.65	5.94	1.13	5.65	7.57	5.97	7.24	6.41	5.23
Comprehensive income per share, SEK	6.71	6.82	5.66	1.26	6.37	8.30	5.07	7.41	6.41	4.68
Cash flow per share, SEK	15.57	20.33	20.29	4.93	5.90	11.08	11.15	10.25	10.91	8.17
Cash flow per share excl IFRS 16, SEK	7.45	11.83	12.91	4.93	5.90	11.08	11.15	10.25	10.91	8.17
Equity per share, SEK	35.07	34.65	27.84	30.8	35.82	35.68	33.75	33.92	31.12	29.02
Share price 30 April, SEK	112	91	86	79	96	147	162	143	143	87
Dividend per share, SEK	13.00	6.25	-	6.25	6.25	6.25	5.75	5.25	4.75	4.25
P/E ratio, multiple	14	14	14	70	17	19	27	20	22	17
Dividend yield, %	11.6	6.9	-	7.9	6.5	4.3	3.5	3.7	3.3	4.9

Comments*

Sales

Sales increased by 6 per cent to 8,784 MSEK (8,284), an organic increase of 4 per cent and a 4 per cent increase in comparable units.

Number of stores

During the financial year, four new stores (6) opened, all in Norway. During the financial year, three stores (6) were also closed, one in Sweden and two in Norway. The number of stores at the end of the financial year was 229, of which 96 were in Sweden, 92 in Norway, 40 in Finland and one in the UK.

Gross margin

The gross margin was 41.0 per cent (40.5). During the period, the gross margin was positively impacted by a weaker purchasing currency (USD) in relation to SEK and stronger sales currency (NOK). This was largely offset by the effects of currency hedging (NOK) from currency forwards and exchange-rate effects related to delays in inventory, product mix and higher campaign intensity as well as increased sourcing costs.

Operating profit

Operating profit totalled 719 MSEK (608). IFRS 16 had a positive effect of 78 MSEK on operating profit, resulting in operating profit of 642 MSEK (538) excluding this effect.

Operating margin

The operating margin was 8.2 per cent (7.3) IFRS 16 had a positive effect on operating margin of 0.9 (0.9) of a percentage point.

Cash flow

Cash flow from operating activities for the financial year amounted to 986 MSEK (1,288). Cash flow for the period after investing and financing activities was -81 MSEK (454). Excluding the effect of IFRS 16, cash flow from operating activities amounted to 472 MSEK (749). The cash dividend paid to Clas Ohlson's shareholders during the financial year totalled 395.9 MSEK (0).

Return

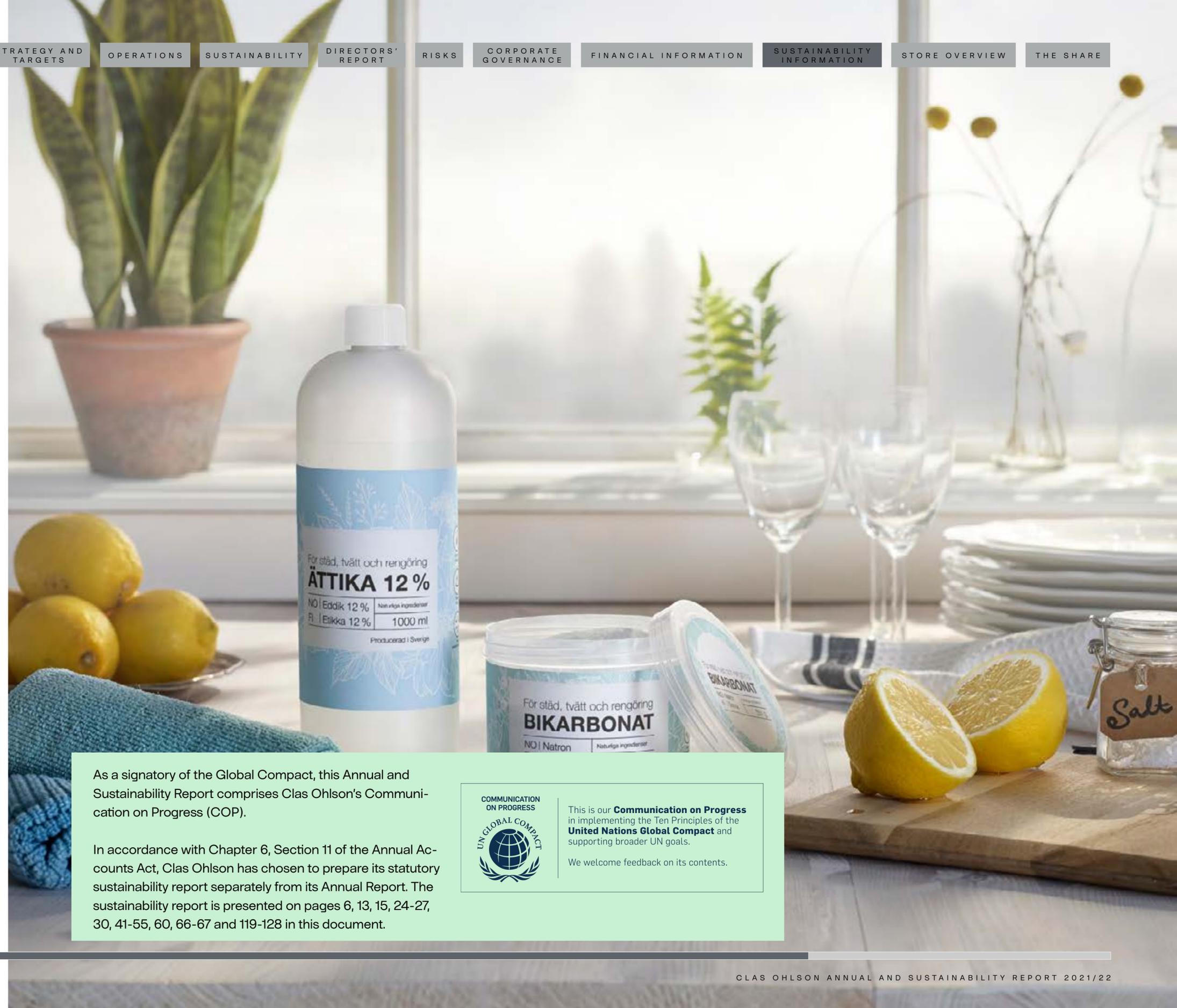
The return on capital employed amounted to 17.4 per cent (15.2) and the return on equity was 23.3 per cent (21.0).

* Refers to the 2021/22 financial year.



Sustainability information 2021/22

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As a signatory of the Global Compact, this Annual and Sustainability Report comprises Clas Ohlson's Communication on Progress (COP).

In accordance with Chapter 6, Section 11 of the Annual Accounts Act, Clas Ohlson has chosen to prepare its statutory sustainability report separately from its Annual Report. The sustainability report is presented on pages 6, 13, 15, 24-27, 30, 41-55, 60, 66-67 and 119-128 in this document.

COMMUNICATION
ON PROGRESS



UN GLOBAL COMPACT

This is our **Communication on Progress** in implementing the Ten Principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

Auditor's report on the statutory sustainability report

To the general meeting of the shareholders in Clas Ohlson AB (publ), corporate identity number 556035-8672.

Engagement and responsibility

It is the Board of Directors who is responsible for the statutory sustainability report for the financial year 1 May 2021 to 30 April 2022 and that it is prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

Opinion

A statutory sustainability report has been prepared.

Insjön, 6 July 2022,
Deloitte AB

Johan Telander
Authorised Public Accountant

Reporting in accordance with Article 8 of the Taxonomy Regulation

As of 2021, the requirements pursuant to Article 8 of the EU's Taxonomy Regulation EU 2020/852 ("EU Taxonomy") apply to Clas Ohlson. The EU Taxonomy came into effect in July 2020 in order to help investors identify and compare environmentally sustainable investments through the use of a common classification system for environmentally sustainable economic activities. Initially, the EU taxonomy focuses on activities in sectors that are considered to have the greatest environmental impact. Clas Ohlson's principal activity is retail, which is not a sector currently covered by the EU Taxonomy. Although our sector is not currently covered, we have reviewed our operations in relation to the economic activities described in the Climate Delegated Regulation regarding climate change mitigation or climate change adaptation (EU) 2021/2139, in order to identify potential economic activities that are eligible under the reporting obligations as stated in the EU taxonomy.

Based on the review, our interpretation is that the installation of charging stations for electric cars conducted by Clas Ohlson's subsidiary Clas Fixare is consistent with activity 7.4, "Installation, maintenance and repair of charging stations for electric vehicles in buildings." However, this activity is in the start-up phase and is so limited in terms of sales as to be considered immaterial, which is why this is not reported this year. Consequently, 0 per cent of the

Group's sales for the current financial year was associated with taxonomy-eligible economic activity. In summary, Clas Ohlson has not identified economic activities that are eligible under the EU Taxonomy nor activities of a material nature, OPEX or CAPEX, that can be associated with such activities. Regardless of the EU taxonomy, we are continuing to work on our ambitious sustainability agenda, which includes activities to reduce the climate footprint and carbon emissions from Clas Ohlson's operations. Simultaneously, we are closely following updates to the EU Taxonomy and future delegated acts that could potentially impact our sector and reporting in the future.



Governance for a more sustainable lifestyle

We integrate key sustainability issues into our strategy, business model and governance. This is a long-term commitment, and a fundamental part of our operations. Every co-worker and function makes this transformation possible, both in their day-to-day work and at a general level.

It is the responsibility of each function to drive and pursue this work based on our values, our Code of Conduct and our sustainability strategy. All co-workers are informed continuously about the sustainability agenda, have access to digital training and seminars, and are involved in initiatives at various levels during the financial year. We believe this is the way to achieve the best results: a business that is sustainable in all areas and strong commitment from our co-workers. With the launch of the new sustainability strategy, we created a programme for training sustainability ambassadors. We also renewed and expanded our offering of sustainability training courses. Store co-workers are offered seasonal modules for enhancing their confidence to help customers simplify and facilitate a sustainable life in every home.

The overall strategy for our sustainability targets and level of ambition is decided annually by the Board.

The responsibility for following up the established strategy, targets and initiatives resulting from the sustainability agenda lies with Group Management and the Head of Sustainability, who is a member of Group Management and reports directly to the President and CEO.

Continuous follow-up of the operations and collaboration across the functions are conducted in the Sustainability Strategy Leads forum, which holds monthly meetings. The Board of Directors is updated regularly regarding sustainability work being conducted and the sustainability risks are reported not less than twice a year within the framework of risk reviews.

Our reporting, such as in our annual Sustainability Report in accordance with GRI, to CDP, Nasdaq and in our financial statements, also comprises an important part of the governance of our sustainability activities.

Selection of policies:

- Code of Conduct
- Code of Business Ethics
- Diversity and Inclusion Policy
- IT Policy
- Security Policy
- Information Policy
- Insider Policy and guidelines
- Whistleblowing guidelines
- Travel Policy

International initiatives and framework for sustainable development

- Agenda 2030 and the Sustainable Development Goals, SDGs
- Global Compact
- The UN Framework Convention on Climate Change and the Paris Agreement
- Convention on the Rights of the Child and Children's Rights and Business Principles
- ILO Declaration on Fundamental Principles and Rights at Work
- UN National Action Plans on Business and Human Rights
- OECD Guidelines for Multinational Enterprises
- EU Taxonomy
- European Green Deal

Materiality analysis

Our way of working with sustainability and reporting impacts is based on analyses and dialogue in which we have identified the most material aspects of the operations.

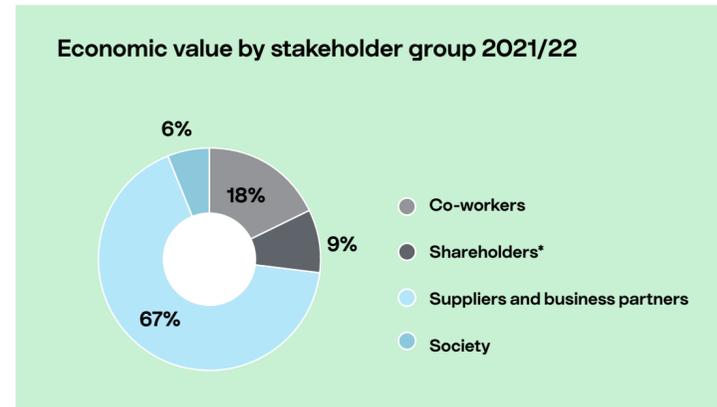
The materiality analysis contributes to identifying the issues that are most relevant for delivering long-term value creation to our most important stakeholders. The analysis also enables identification of the impacts of our business model on the environment and society and the most important contributions to our overall operational targets, and to building Clas Ohlson as a meaningful and trusted brand and company.

In spring 2018, the materiality analysis was updated to be in line with our strategic framework, "100 more years". Following that, a review was conducted in 2020 with external expertise in order to establish the correct starting point and focus on material aspects in designing our sustainability strategy. The starting point was materiality, risk management and relevance for the business as well as environmental and social impact.

We are planning to conduct a new analysis in 2022/23, in line with our updated strategic framework. Continual materiality initiatives were carried out throughout the year, through regular dialogue with owners, co-workers, customers, students and other key stakeholders.

Dialogue for direction and development

A meaningful and trusted brand and company that delivers sustainable profitable growth must understand and satisfy stakeholder requirements and expectations. We maintain a close dialogue with our customers, co-workers, suppliers, owners and various players in society to understand how they view our operation, and what can be developed and changed.



Of the value generated in the 2021/22 financial year, suppliers and partners received a total of 6,094 MSEK. Salaries and other remuneration to co-workers amounted to 1,614 MSEK.

* Proposed dividend 2021/22.



Customers

Understanding our customers and their needs and expectations is vital to succeed in a competitive market. We interact with our customers every day in our physical stores, online and through our customer service centre. Our Club Clas loyalty club also provides valuable information and important insight into how we can improve our offering. For the third consecutive year, we were commended for offering the retail sector's best customer service according to the Brilliant Awards.

Co-workers

About 5,000 co-workers in various markets strive to provide our customers the very best service and the best offering. Committed and goal-oriented co-workers are fundamental to our growth and development, as are leadership, diversity, skills development, flexibility and a focus on health and well-being. According to our employee survey, 75 per cent of co-workers are proud of working at Clas Ohlson, and the majority would recommend us to others as an employer.

Shareholders

Clas Ohlson series B shares have been listed on Nasdaq Stockholm since 1999 and at the end of the financial year, the company had 40,437 shareholders. Many shareholders have been with us for many years. Stable, engaged owners are pivotal for long-term profitability and sustainable development. We meet our shareholders at the Annual General Meeting, at shareholder and investor meetings, and at Capital Markets Days. Shareholders value long-term sustainable and profitable growth as one of the most important issues.

Suppliers

A strong supplier network is a prerequisite for an affordable, innovative and sustainable offering. Important issues are discussed during regular contact with suppliers, on various training courses and as part of audits. Increasing numbers of suppliers want to move away from only supplying goods and to move towards entering strategic partnerships based on jointly established targets.

Society

Clas Ohlson's activities influence, and are influenced by, various players who expect us to take responsibility for our actions throughout the value chain. The UN Agenda 2030 and the 17 Sustainable Development Goals clearly set out what challenges need to be solved over the years ahead. To accelerate progress, we have linked up with the relevant partners and take part in several research and innovation projects.

Deviations in social audits

Deviations from the Code of Conduct

This year, 99.8 per cent of the factories we use had no critical deviations. This means the critical deviations detected at some factories during social audits have been rectified. In the preceding year, the figure was 98.8 per cent. Our aim is that 100 per cent of factories have no critical deviations, and this applies to both the current and new factories we choose to work together with, and is a constantly ongoing process.

36 of the year's 167 deviations were critical.

Critical deviations could for example involve:

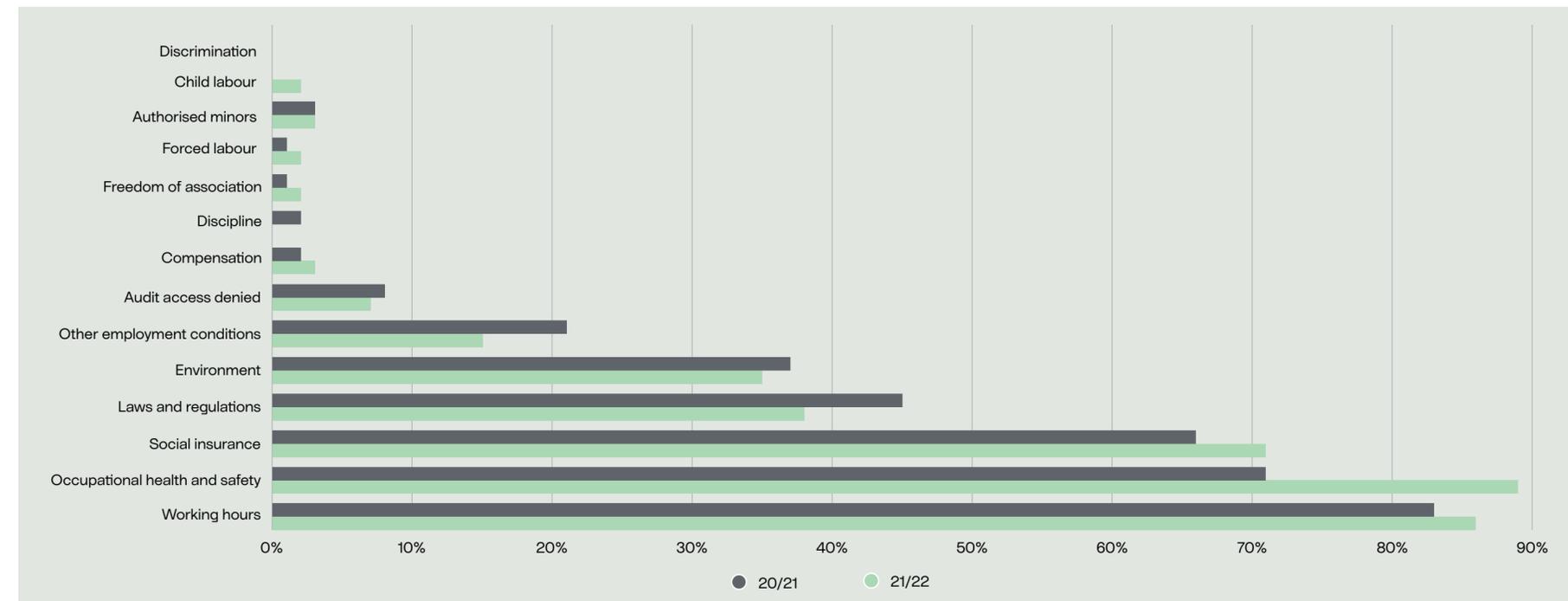
- Occupational health and safety: an extra emergency exit is needed or that dormitories are in the same building as production
- Child labour – under 16 in China, under 15 according to the ILO Convention
- Discrimination – religion, gender, age affect employment
- Forced labour – the factory keeps the employee's ID card or wage to stop the employee from leaving their work, for example that part of the wage is paid monthly but the remainder is paid at the end of the year
- Audit access denied – the supplier does not allow a social audit to take place or does not offer the auditor access to all parts of the factory
- Discipline – monetary fines
- Other employment conditions – the factory uses manual attendance register.

The type of deviations may vary from year to year. Read more about our efforts to rectify deviations on pages 53–54.

Examples of other deviations:

- Working hours – employees work more overtime than permitted by law
- Freedom of association – the factory lacks processes that allow employees to establish trade unions and take part in meetings
- Occupational health and safety – fire prevention measures, chemical safety. For example, that the factory has not identified risk factors in the workplace and not conducted regular tests to minimise risks that could lead to occupational injuries
- Compensation – overtime wages are not paid at the statutory rate
- Laws and regulations – obsolete or missing inspection reports or certificates
- Environment – the factory lacks documents relating to an environmental impact assessment (EIA) or has not identified environmental risks in its operations
- Authorised minors – Lack of registration or health checks for young employees (aged 16-18)
- Social insurance – factories do not pay social insurance for all employees

Deviations from the Code of Conduct when audited, new factories before beginning cooperation and existing factories, %



Comments: Due to the pandemic, we can see a negative trend in the number of deviations found during our audits. The pandemic has led to a major shortage of labour and imbalance in the order volume to factories.

- As a result of the labour shortage, a growing number of employees are employed through agencies. We have also seen greater use of manual attendance registers by factories, since employees from agencies primarily receive piece rates.
- Unclear laws concerning temporary employees in China have increased misunderstandings and also deviations involving working hours and social insurance as factories, due to uncertain order volumes, do not want to risk too many permanent employees (and therefore do not pay social insurance for temporary employees)
- In order to keep employees at the factory, we have noted several new guidelines that contain texts stating that wage deductions will be made for employees who leave within three months. We have only seen this at policy level, not in practice.

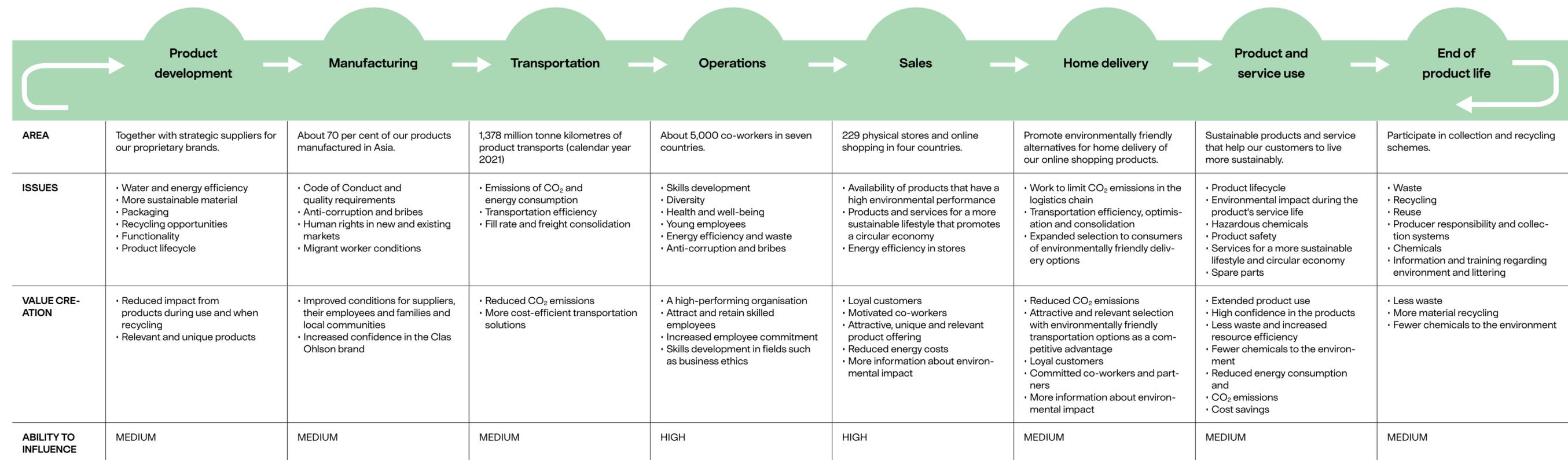
Our value chain

We take responsibility for all our operations, and integrate our sustainability initiatives along our entire value chain to ensure that over the long term it will be as resource-efficient as possible. Managing our positive and negative impact in an effective manner requires that we work on the material issues along the entire value chain.

Our responsibility extends beyond our own operations' direct impact to also encompass impacts that we contribute to or which we are connected to through our business relations with, for example, suppliers, transport companies, strategic partners and customers.

We also have considerable scope for influencing the various parts of the value chain.

Taking into consideration the entire value chain helps us to identify opportunities and risks, to understand boundaries and how we can create value for our stakeholders.



Climate reporting

All emission data is for the calendar year. Corrections were made due to updated emissions factors and new reported figures.

In line with our ambition of expanding our reporting, we have chosen to include WTT (Well-to-Tank), meaning emissions arising from fuel production and distribution, from 2018. We have also increased reporting for company cars for all markets as of 2019 as well as emissions from purchased cloud services to offices from 2021. Accordingly, the trend may appear misleading. We do not climate compensate for carbon emissions.

We are working actively to develop a method to improve the ability to estimate and actually measure Scope 3 emissions and thereby include additional

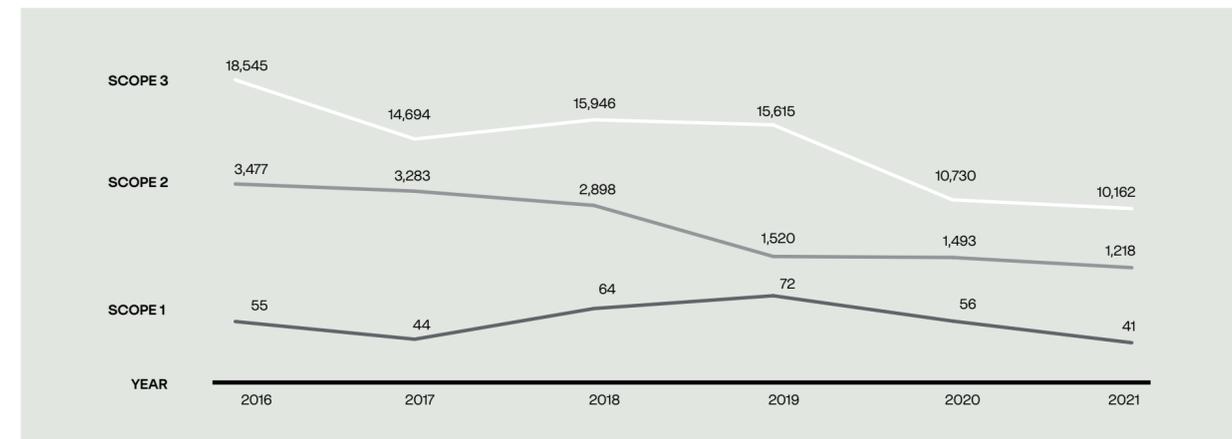
emissions from the value chain, which are estimated to be 5-10 times higher than the emissions we currently report. We know that emissions from materials in our products are the largest source of emissions. We are also aware that significant emissions are generated from use and waste management of sold products.

During 2022/23, we are planning to set a sub-target for emissions from our own operations (Scope 1 and 2) and define interim targets for our long-term ambition to become circular by 2045.

We are also planning to develop an overview of our dependence and impact on biodiversity, in order to create the conditions to establish a strategy for our work in this area moving forward.

GREENHOUSE GAS EMISSIONS (GHG PROTOCOL)	2019	2020	2021
Total emissions, tonnes (tCO2e)	17,206.9	12,277.9	11,421.6
Direct greenhouse gas emissions, Scope 1	72.1	55.5	41.3
Own cars (Pool, property, caretaker, post cars at the distribution centre and head office in Insjön and company cars)	71.9	55.5	37.3
Oil-fired combustion at the distribution centre and head office in Insjön, that are only used as a reserve for district heating stoppages	0.2	0	4
Indirect greenhouse gas emissions, Scope 2	1,519.7	1,492.8	1,218.2
Electricity purchased to all stores and head office, distribution centre	1,502	1,474.5	1,153.2
Heating purchased to the distribution centre and head office in Insjön	17.7	18.3	65.1
Other indirect greenhouse gas emissions, Scope 3	15,615.1	10,729.6	10,162.1
Business travel	458.9	116.7	93.7
Transportation	13,848.1	9,323	9,246.2
of which incoming transportation from Europe	440.1	606.8	713.2
of which incoming transportation from Asia	7,890.5	4,993.7	5,660.3
of which outgoing transportation to stores	4,996.7	3,135	2,394.7
of which outgoing transportation to online shopping	520.8	587.5	478
Waste from Insjön – distribution centre, head office and store	157.2	163.1	158.6
of which recycled materials	25.2	26.5	21.7
of which combustible waste	126	123.4	127.3
of which hazardous waste	2	8	3.7
Office services purchased – cloud service	-	-	10.5
Well-to-Tank (WTT) – Production and distribution of fuel for electricity, heating and vehicles.	1,150.9	1,126.8	653.1

Carbon emissions 2016–2021, tCO2e



Scope 1+2: Greenhouse gas emissions from Clas Ohlson's own operations amounted to 1,259.5 tonnes in 2021, down 18 per cent compared with 2020.

Scope 1+2+3: Greenhouse gas emissions from Clas Ohlson's own operations amounted to 11,421.6 tonnes in 2021, down 7 per cent compared with 2020.

Scope 1: Pool, property, caretaker, post and company cars, oil-fired combustion at the distribution centre and head office in Insjön that are only used as a reserve for district heating stoppages.

Sources: DEFRA 2021 (The Department for Environment, Food and Rural Affairs), Drivmedel 2020.

Comments: Since the preceding year, we have reduced our GHG emissions under Scope 1 by 26 per cent – from 55.5 tonnes CO2e to 41.3 tonnes. Clas Ohlson's emissions under Scope 1 represent a small part of our total emissions. The main reason for this

is that we only own the distribution centre and parts of the head office in Insjön. The greatest contributing factor to the reduction in emissions is a substantial decline in the number of kilometres driven by company cars. The increase in 2018 was due to the extended reporting that year when pool, property, caretaker, post and company cars were added. This year, we also added historical emissions data for 2019 and 2020 from company cars in Finland.

The oil-fired boiler used during stoppages has a high emission factor, but is currently not possible to replace, as it is an important part of our business, to maintain work at the distribution centre and continue to delivery products to stores and customers, despite stoppages by district heating suppliers.

Scope 2: Heating of the distribution centre and head office in Insjön, energy consumption at the distribution centre, head office and all stores.

Sources: IEA (International Energy Agency) 2021, AIB 2021, local environmental data 2020 from Dala Energi Värme AB. Emissions calculations are location-based using the Nordic electricity mix

Comments: Even though we have seen an increase in electricity consumption at our head office in Insjön due to an earlier malfunctioning meter, greenhouse gas emissions have fallen 18 per cent under Scope 2.

We have worked actively with energy optimisation by changing to LED and switching to renewable electricity. All energy is to be renewable by 2025. This applies to stores, offices and distribution centre. Today, we have achieved 80 per cent of total consumption (Sweden, Norway, Finland).

During 2022/23, seven stores in Sweden will change to LED lighting. This is part of a separate initiative to reduce consumption, in addition to converting to LED during refurbishment, renovation or relocation. The change to LED in these seven stores will reduce mea-

asurable consumption by an estimated 56 per cent, corresponding to 6.8 per cent of the total electricity consumption in Sweden.

Our target is to achieve 30 per cent energy optimisation in our stores by 2030 (base year 2014). Average energy consumption declined by 2 per cent and has been a total of minus 21 per cent since 2014.

Scope 3: Business travel, all incoming and outgoing transportation (store and online shopping), waste from Insjön (distribution centre, head office and store) as well as upstream emissions (well-to-tank) from fuel for electricity, heating and vehicles.

Sources: DEFRA 2021 with RF (radiative forcing, which includes the higher emissions at high altitude), Ecoinvent (life cycle inventory database), IEA 2021.

Comments: WTT, business travel (train) for 2020 was adjusted retrospectively. Historical data for private travel by car in Norway was added for 2017–2020.

We have reduced Scope 3 emissions. This was due to a number of reasons:

- All trucks operating out of our distribution centre in Insjön to stores now run on HVO.
- Greater fill rate in containers, from 88 to 92 per cent.
- Large reduction in business travel due to the pandemic.
- The emission factor for Electricity Nordic mix (WTT) has fallen by 56 per cent this year.

A challenge we are currently facing is the inclusion of waste from our stores, since most of our stores are located in shopping malls. We are working together with landlords to obtain this data for future inclusion in our Scope 3 reporting.

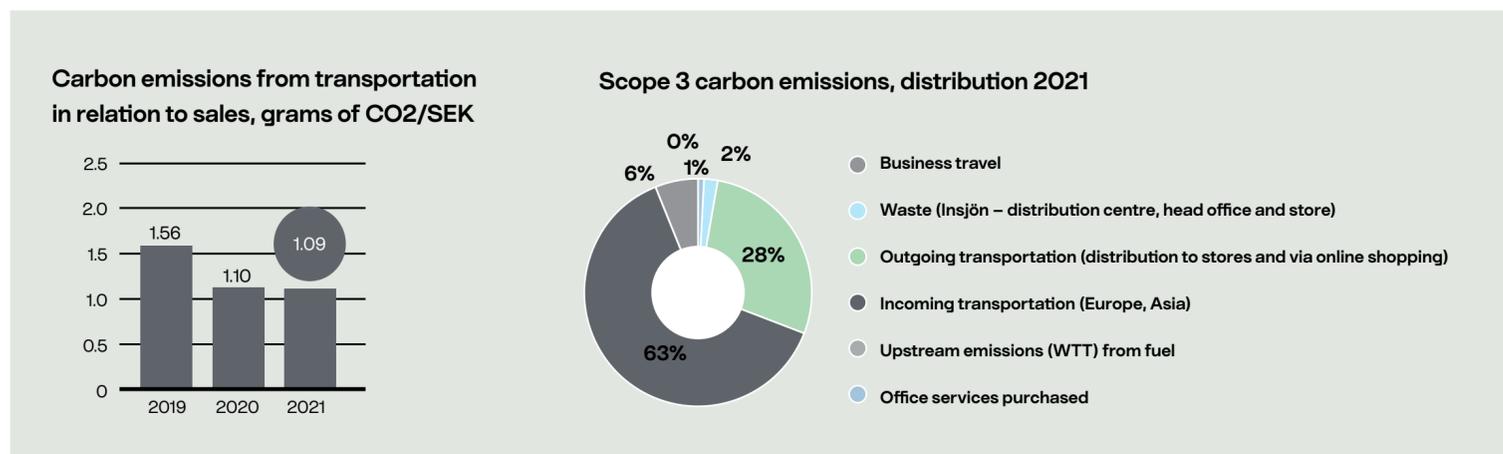
Our target is to continuously reduce emissions from transportation relative to our sales. Read more about our work with transportation on page 41 and in the diagram below.

Climate-related risks and opportunities

Climate-related risks and opportunities are part of our overall risk management process. We update the Group's risks by conducting a documented and systematic process in which risks are identified, measured, monitored and reported to Group Management and the Board twice a year, and on further occasions if required.

Managing our positive and negative impact in an effective manner, and managing physical risks and conditions, requires that we work with material aspects throughout the value chain and includes impacts that we contribute to or which we are connected to through our business relations with suppliers, transport companies, strategic partners and customers. The foundation of risk efforts and guidance in our internal, climate-related risk assessment is our Code of Conduct, as well as our ethical and general terms and conditions or purchase agreements that are applicable to all of our suppliers.

We must take into account potential raw materials shortages or price increases resulting from acute or chronic climate risks. By having a geographically diverse supply chain, we can reduce the negative impact that may come about due to environmental risks. In the risk assessment, we identified an exposure to the risk of flooding, heavy rainfall, water and energy shortages in our operations and at our suppliers. Approximately 70 per cent of the products we sell are manufactured in Asia, primarily in two areas – southern China (electronic products) and Shanghai (other, such as plastic products), where climate change may impact our products' availability and logistics. This risk may entail significant disruptions in our deliveries



and block transportation to our distribution centre in Sweden. This could also potentially lead to damaged products caused by extreme climate-related events which in turn may result in a loss of sales. To manage and minimise the potential impact of the risk we purchase a wide range of products from well-known European-based brands. During the year, we invested in becoming even better at purchasing globally. In spring 2021, we opened two new purchase offices in Warsaw in Poland and in Ho Chi Minh City in Vietnam.

In order to influence and contribute towards a sustainable world we regularly offer our input to EU investigations related to new legislation. The EU's Green Deal and EU taxonomy are examples that will impact our operations and are included in our climate-related risk assessment process.

Clas Ohlson's sustainability strategy was launched in autumn 2020 with the aim of fully integrating this into our business model.

The strategy remains in the implementation phase as does climate work. The new sustainability strategy will guide our efforts in the future with clear long-term target to reduce emissions by 2030 and be climate neutral by 2045.

Globalisation, digitalisation, climate change and demographic changes impact and change our industry, market and the society in which we operate. Current

consumer trends very much reflect these mega-trends, as a growing awareness of climate change may influence consumer preferences with respect to sustainable products and services.

Examples of activities linked to climate-related risks and opportunities:

- Environmental audits have conducted of our supply chain since the 21/22 financial year.
- Our design and packaging strategy focuses specifically on reparability and separability.
- Since January 2022, all new proprietary products are analysed, while we in parallel review the existing product range, on the basis of our new product assessment model for sustainability. Read more on page 45.
- Implementation of repair and re-use services such as Clas Fix it, Video call with Clas and the partnership with Tise are examples of how our operations are changing in step with a more circular economy.
- The increase in sales of spare parts means we are extending our product lifetimes. Spare parts are available online in all of our markets and we are also trialling spare parts in 15 physical stores.
- Our customers can rent tools and cleaning devices in all of our physical stores and we are gradually increasing the number of products and categories on offer.

Co-workers

KPI: Employee attendance and Employee turnover

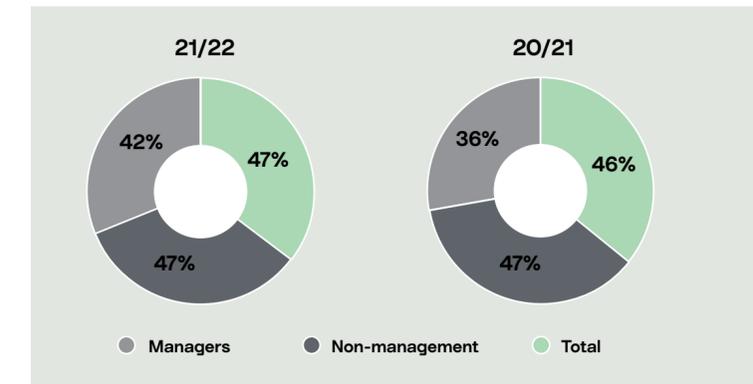
Employment area	Employee attendance		Employee turnover	
	21/22	20/21	21/22	20/21
All stores	91.6%		32.0%	34.0%
All warehouses	87.0%		11.4%	18.9%
All office employees	97.0%		14.9%	15.5%
Total	92.5%	94.0%	27.0%	29.1%

Comments: The period was deeply affected by the COVID-19 pandemic, which resulted in higher absenteeism than normal.

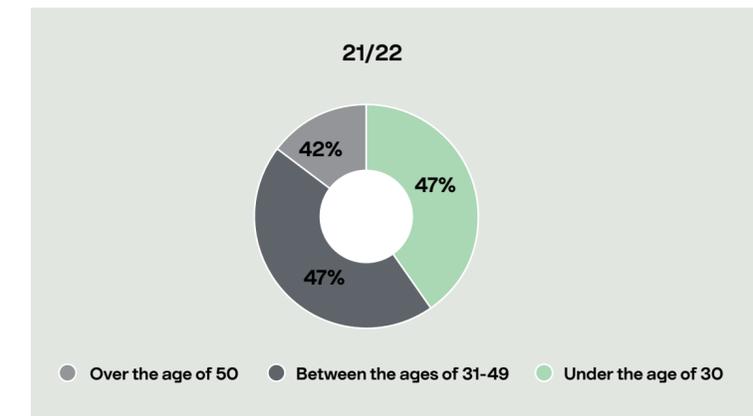
KPI: Number of employees by country, FTEs by country (full-time equivalents)

Country	Number of employees		FTE	
	21/22	20/21	21/22	20/21
Sweden	2,532	2,481	1,858	1,855
Norway	1,866	1,800	839	797
Finland	544	528	336	300
China	59	58	50	50
UK	33	34	10	10
Poland	2	0	1	0
Total	5,036	4,901	3,093	3,013

KPI: Gender, distribution men/women, proportion of women, %



KPI: Age distribution, total, %



GRI Standards Index

For the twelfth consecutive year, Clas Ohlson is reporting its work with sustainability pursuant to the GRI standards. This annual report describes our sustainability areas, as well as relevant goals and key indicators linked to these areas.

The GRI index provides references as regards standard disclosures concerning the company and corporate governance, as well as disclosures concerning material aspects of Clas Ohlson.

The page references refer to the annual report or the website. With the exception of energy consumption and transportation, all data refers to the 2021/22 financial year. Carbon emissions in this report refer to the 2021 calendar year.

GRI Standards Index	GRI	Disclosure	Reference
2016 Standard Disclosures	102-1	Name of the organisation	Directors' Report, p. 57
	102-2	Activities, brands, products and services	About Clas Ohlson, p. 3-4, Customer offering p. 20-23, Directors' Report, p. 57
	102-3	Location of headquarters	Directors' Report, p. 57
	102-4	Location of operations	About Clas Ohlson p. 3
	102-5	Ownership and legal form	Directors' Report, p. 57, The share, p. 130-132
	102-6	Markets served	About Clas Ohlson, p. 3, Directors' Report, p. 57
	102-7	Scale of the organisation	Directors' Report, p. 57
	102-8	Information on employees and other workers	Targets and outcomes, p. 13-15, Co-workers, p. 16-19, People, p. 47-50, Co-workers, p. 127
	102-9	Supply chain	Our value chain, p. 124
	102-10	Significant changes to the organisation and its supply chain	No material changes during the year.
	102-11	Precautionary Principle or approach	Risks and uncertainties, p. 63-67
	102-12	External initiatives	Governance for a more sustainable lifestyle, p. 121, about.clasohlson.com
	102-13	Membership of associations	about.clasohlson.com
Strategy	102-14	Statement from senior decision-maker	CEO's statement, p. 7-9
	102-15	Key impacts, risks and opportunities	Risks and uncertainties, p. 63-67
Ethics and Integrity	102-16	Values, principles, standards and norms of behaviour	Governance for a more sustainable lifestyle, p. 121, Ethical business, p. 55
	102-17	Mechanisms for advice and concerns about ethics	Governance for a more sustainable lifestyle, p. 121, Ethical business, p. 55
Governance	102-18	Governance structure	Corporate governance, p. 69-73, Governance for a more sustainable lifestyle, p. 121
	102-20	Executive-level responsibility for economic, environmental and social topics	Governance for a more sustainable lifestyle, p. 121
	102-27	Collective knowledge of highest governance body	Board, p. 74-75, Group Management, p. 76-77
	102-29	Identifying and managing economic, environmental and social impacts	Risks and uncertainties, p. 63-67
	102-30	Effectiveness of risk management processes	Risks and uncertainties, p. 63-67
	102-31	Review of economic, environmental and social topics	Materiality analysis, p. 121, Our value chain, p. 124
	102-40	List of stakeholder groups	Dialogue for direction and development, p. 122
Stakeholder engagement	102-41	Collective bargaining agreements	97.5 per cent of Clas Ohlson's employees are covered by collective agreements
	102-42	Identifying and selecting stakeholders	Dialogue for direction and development, p. 122
	102-43	Approach to stakeholder engagement	Dialogue for direction and development, p. 122
	102-44	Key topics and concerns raised	Materiality analysis, p. 121, Dialogue for direction and development, p. 122

GRI Standards Index	GRI	Disclosure	Reference
Reporting practice	102-45	Entities included in the consolidated financial statements	Directors' Report, p. 72-73
	102-46	Defining report content and topic Boundaries	Materiality analysis, p. 121
	102-47	List of material topics	Materiality analysis, p. 121, Our value chain, p. 124
	102-48	Restatements of information	No material changes
	102-49	Changes in reporting	GRI index, introduction, p. 128
	102-50	Reporting period	GRI index, introduction, p. 128
	102-51	Date of most recent report	The 2021/22 Annual and Sustainability Report was published on 9 July 2021
	102-52	Reporting cycle	GRI index, introduction, p. 128
	102-53	Contact point for questions regarding the report	Tina Englyst, HR and Sustainability Director, General Counsel; p. 77
	102-54	Claims of reporting in accordance with the GRI Standards	GRI index, introduction, p. 128
	102-55	GRI content index	GRI index, p. 128
	102-56	External assurance	The GRI report is not externally assured. Auditor's report on the statutory sustainability report, p. 120
Economic impact	103-1-3	Explanation of the material topic and its boundary	Corporate governance, p. 69-73, Auditor's report, p. 109-110
	201-1	Direct economic value generated and distributed	Dialogue for direction and development, Economic value by stakeholder group, p. 122
	203-2	Significant indirect economic impacts	Dialogue for direction and development, Economic value by stakeholder group, p. 122
	205-2	Communication and training about anti-corruption policies and procedures	Governance for a more sustainable lifestyle, p. 121, Ethical business, p. 55
Materials	103-1-3	Explanation of the material topic and its boundary	Targets and outcomes, p. 13-15, Customer offering, p. 20-23
Energy	103-1-3	Explanation of the material topic and its boundary	Targets and outcomes, p. 15, Climate reporting, p. 125-127
	302-1	Energy consumption within the organisation	The Planet, p. 44, Climate reporting, p. 125-127
	302-2	Energy consumption outside of the organisation	The Planet, p. 44, Climate reporting, p. 125-127
GHG emissions	103-1-3	Explanation of the material topic and its boundary	Targets and outcomes, p. 15, The Planet, p. 43-44, Climate reporting, p. 125-127
	305-1-3	Direct, indirect and other indirect (Scope 1, 2, 3) GHG emissions	Targets and outcomes, p. 15, The Planet, p. 44, Climate reporting, p. 125-127
	305-5	Reduction of GHG emissions	Targets and outcomes, p. 15, The Planet, p. 44, Climate reporting, p. 125-127

GRI Standards Index	GRI	Disclosure	Reference
Supplier environmental assessment	103-1-3	Explanation of the material topic and its boundary	The Planet, p. 44, Society, p. 53-54, Deviations in social audits, p. 123
	308-1	New suppliers that were screened using environmental criteria	Society, p. 53-54, Deviations in social audits, p. 123
	308-2	Negative environmental impacts in the supply chain and actions taken	Society, p. 53-54, Deviations in social audits, p. 123
Occupational health and safety	103-1-3	Explanation of the material topic and its boundary	Co-workers, p. 17-19, People, p. 54*
Diversity and equal opportunity	103-1-3	Explanation of the material topic and its boundary	Targets and outcomes, p. 13-15, Co-workers, p. 19, People, p. 48
	405-1	Diversity of governance bodies and employees	Targets and outcomes, p. 15, Corporate governance, p. 70
Non-discrimination	103-1-3	Explanation of the material topic and its boundary	Co-workers, p. 18-19, Governance for a more sustainable lifestyle, p. 121
	406-1	Incidents of discrimination and corrective actions taken	No cases during the financial year.
Employment	103-1-3	Explanation of the material topic and its boundary	Co-workers, p. 18-19, Long-term and sustainable employer, p. 50
	401-1	New employee hires and employee turnover	Co-workers, p. 127
Freedom of association and collective bargaining	103-1-3	Explanation of the material topic and its boundary	Targets and outcomes, p. 13-15, Society, p. 53-54, Deviations in social audits, p. 123
	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Society, p. 53-54**, Deviations in social audits, p. 123
	408-1	Operations and suppliers at significant risk for incidents of child labour	Society, p. 53-54**, Deviations in social audits, p. 123
	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	Society, p. 53-54**, Deviations in social audits, p. 123
Customer health and safety	412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Society, p. 53***
	414-1	New suppliers that were screened using social criteria	Society, p. 53
	414-2	Negative social impacts in the supply chain and actions taken	Society, p. 53-54
Customer privacy	103-1-3	Explanation of the material topic and its boundary	Targets and outcomes, p. 13-15, Customer offering, p. 20-27****

* Clas Ohlson has defined its own indicator for this topic.

** This indicator tracks non-compliances based on supplier audits, where there is a higher risk for deviations in regards to freedom of association.

*** All new suppliers are evaluated on their performance against our Code of Conduct criteria.

**** Although this topic is considered material for Clas Ohlson, the associated GRI indicator is not relevant for measuring our impact. Clas Ohlson has continued its process of defining a relevant indicator.

Store overview

Clas Ohlson's store network*

SWEDEN				NORWAY				FINLAND				OUTSIDE NORDIC COUNTRIES	
Store	Opening date	Store	Opening date	Store	Opening date	Store	Opening date	Store	Opening date	Store	Opening date	Store	Opening date
A Alingsås, VimpelnAlingsås	27 Mar 2014	Stockholm, Bromma Blocks	23 Sep 2010	A Alta, Amfi	17 Nov 2011	O Orkanger, Amfi	30 Oct 2014	E Espoo, Ainoa	16 Mar 2017	R Reading, Broad Street	19 Nov 2009		
B Borlänge, Norra Backa	26 Sep 2013	Stockholm, Drottninggatan	21 Oct 2010	Arendal, Alt	28 Nov 2007	Oslo, Alna Senter	27 Sep 2006	Espoo, Iso Omena	14 Oct 2015				
Borås, Knalleland	24 Oct 2002	Stockholm, Farsta Centrum	18 Nov 1999	Asker, Trekanten	16 Oct 2008	Oslo, Bogstadveien	27 Oct 2011	Espoo, Pikkulaiva	8 Nov 2012				
E Eskilstuna, Cityhuset	30 May 2002	Stockholm, Fältöversten Köpcentrum	11 Sep 2019	Askim, Askim Torget	11 Oct 2017	Oslo, Bryn Senter	26 Aug 2010	Espoo, Sello	14 Sep 2005				
F Falun, Falan Gallerian	5 Feb 2009	Stockholm, Gallerian	30 Jun 1989	B Bergen, Galleriet	30 Nov 2017	Oslo, CC Vest	11 Sep 2014	H Helsinki, Itis	6 Nov 2003				
G Gothenburg, Backaplan	19 Apr 2018	Stockholm, Haninge Centrum	10 Dec 2004	Bergen, Lagunen	6 Mar 2003	Oslo, City	11 Nov 2005	Helsinki, Kaari	17 Oct 2013				
Gothenburg, Bäckebo Köpcenter	10 Apr 2003	Stockholm, Hornstull	27 Oct 2016	Bergen, Sartor Storsenter	16 Feb 2006	Oslo, Holmlia Senter	12 Nov 2021	Helsinki, Kaivotalo	3 Nov 2016				
Gothenburg, Frölunda Torg	23 Oct 2009	Stockholm, Kista Galleria	5 Dec 2002	Bergen, Storsenter	22 Apr 1999	Oslo, Lambertseter Senter	12 Oct 2010	Helsinki, Kamppi	2 Mar 2006				
Gothenburg, Mölndal Galleria	27 Sep 2018	Stockholm, Kungens Kurva	24 Apr 2014	Bergen, Vestkanten Storsenter	22 Nov 2012	Oslo, Storo Storsenter	19 Jun 2008	Helsinki, Mall of Tripla	17 Oct 2019				
Gothenburg, Nordstan	1 Jun 1992	Stockholm, Liljeholmstorget Galleria	15 Oct 2010	Bergen, Åsane Horisont	30 Sep 2004	Oslo, Stovner Senter	6 Oct 2016	Helsinki, Redi	20 Sep 2018				
Gothenburg, Partille Allum	9 Apr 2006	Stockholm, Mall of Scandinavia	12 Jun 2015	Bodø, City Torget	7 Jun 2011	Oslo, Torggata	26 Aug 1991	Hyvinkää, Willa	18 Oct 2012				
Gothenburg, Sisjö Shopping	19 Apr 2012	Stockholm, Märsta Centrum	26 Apr 2018	Bodø, Koch Kjøpesenter	1 Feb 2018	Oslo, Tveita Senter	27 May 2021	Hämeenlinna, Goodman	30 Oct 2014				
Gävle, Gallerian Nian	27 Nov 2003	Stockholm, Nacka Forum	29 Mar 2007	Bryne, M44	5 Nov 2009	P Porsgrunn, Down Town	27 Apr 2006	J Joensuu, Iso Myy	6 Nov 2008				
H Halmstad, City	8 Mar 2001	Stockholm, Ringen Centrum	18 Oct 2018	D Drammen, Buskerud	8 Sep 2011	S Sandefjord, Hegnasletta	10 Sep 2015	Jyväskylä, Seppä Shopping Centr	30 Apr 2020				
Halmstad, Flygstaden	16 Jun 2011	Stockholm, Sickla Köp kvarter	6 Dec 2007	Drammen, Gulsbogen	18 Sep 2008	Sandnes, Kvadrat	23 Sep 1998	Jyväskylä, Sokkari	10 Nov 2016				
Helsingborg, Väla Centrum	12 Jun 2003	Stockholm, Skärholmen Centrum	7 Dec 2000	E Elverum, Amfi	18 Nov 2021	Sandnes, Maxi	26 May 2016	K Kokkola, Kallentori	27 Sep 2007				
Hudiksvall, Fyren Gallerian	23 Apr 2009	Stockholm, Sollenstuna Centrum	31 May 2007	F Farsund, Amfi	1 Jun 2017	Sandvika, Storsenter	10 Jan 2002	Kempele, Zeppelin	3 Aug 2017				
I Insjön, Hjultorget	27 June 1918	Stockholm, Solna Centrum	7 Apr 2005	Fauske, Amfi	30 Sep 2021	Sarpsborg, Amfi Borg	5 Nov 2020	Kotka, Pasaati	23 May 2013				
J Jönköping, Asecs (A6) Center	22 May 2003	Stockholm, Sveavägen 52	25 Oct 2018	Finnsnes, Amfi	9 Jun 2016	Ski, Storsenter	16 Oct 2003	Kouvola, Veturi	13 Sep 2012				
Jönköping, City	9 Dec 2010	Stockholm, Tyresö Centrum	3 May 2018	Fredrikstad, Torvbyen	1 Dec 2005	Skien, Herkules	18 Oct 2007	Kuopio, Haapaniemenkatu	24 Feb 2005				
K Kalmar, Baronen Köpcenter	24 Nov 2005	Stockholm, Täby Centrum	25 Oct 2001	Fredrikstad, Østfoldhallen	25 Mar 2021	Slependsen, Senter	18 Sep 2014	Kuopio, Matkus Shopping Center*	1 Nov 2012				
Kalmar, Hansa City Modehuset	14 Mar 2013	Stockholm, Vällingby Centrum	15 Nov 2007	G Førde, Alt	22 Nov 2012	Sogndal, Amfi Sogningen	6 Jun 2013	L Lahti, Karisma	3 Nov 2011				
Karlskrona, Lyckeby Shopping Center	27 Nov 2014	Stockholm, Värmdö Köpcentrum	17 Jun 2015	Gjøvik, CC Kjøpesenter	10 Mar 2006	Sortland, Handelsparken	24 May 2018	Lahti, Syke	31 May 2012				
Karlstad, Bergvik Köpcenter	20 Aug 2015	Stockholm, Väsby Centrum	27 Apr 2007	H Halden, Walkers Gate 12	12 Mar 2015	Stathelle, Alti Brotorvet	23 Nov 2017	Lappeenranta, IsoKristiina	1 Nov 2007				
Karlstad, Mitt i City Gallerian	21 Sep 2006	Strömstad, Nordby Shoppingcenter	29 May 2009	Hamar, CC Stadion	11 Nov 2014	Stavanger, Kilden	25 Oct 2007	Lempäälä, Ideapark	29 Nov 2007				
Kiruna, Österleden	11 Nov 2010	Sundsvall, Birsta	30 Apr 2008	Harstad, Kanebogen	6 Apr 2017	Stavanger, Madla	8 Nov 2007	M Mariehamn, Maxinge Center	16 May 2013				
Kristianstad, C4	22 Nov 2018	Södertälje, Lunagallerian	29 Apr 2010	Haugesund, Oasen	3 Oct 2002	Stavanger, Mediegården	11 Nov 2010	Mikkeli, Akseli	16 Jun 2011				
Kristianstad, Galleria Boulevard	18 Apr 2007	T Trelleborg, Valengallerian	25 Apr 2007	Horten, Sjønsiden	9 Jun 2011	Steinkjer, Amfi	15 Oct 2009	O Oulu, Valkea	25 Nov 2010				
Kungsbacka, Kungsmässan	13 Mar 2008	Trollhättan, Överby Köpcenter, Södra	28 Jun 2012	Husnes, Storsenter	8 Mar 2018	Stjørdal, Torgkvaralet	2 Nov 2017	P Pori, Puuvilla	30 Oct 2014				
Kungälv, Kongahälla Center	28 Mar 2019	U Uddevalla, City Gallerian	19 Oct 2006	Hønefoss, Kuben	19 Feb 2009	Stord, Heiane Storsenter	20 Jun 2013	Porvoo, Lundi	21 Apr 2020				
L Lidköping, Ånghagens Handelsplats	25 Apr 2012	Uddevalla, Torp Köpcentrum	5 Nov 2020	J Jessheim, Storsenter	5 Nov 2008	Strømmen, Storsenter	21 Oct 1999	R Raisio, Mylly	4 Nov 2015				
Linköping, Åhlenshuset	10 Jun 2004	Umeå, Avion Shopping	17 Mar 2016	K Kongsberg, Stortorvet	3 Jun 2010	Svolvær, Alt	8 Dec 2016	Rovaniemi, Rinteenkulma	23 Oct 2008				
Luleå, Smedjan Gallerian	21 Mar 2002	Umeå, MVG Gallerian	13 Apr 2000	Kongsvinger, Kongssenteret	24 May 2012	T Tromsø, Jekta	12 Jun 2008	S Seinäjoki, Ideapark	14 Nov 2019				
Luleå, Storheden	16 Feb 2012	Uppsala, Gränbystaden	25 Aug 2011	Kristiansand, Sandens	6 Nov 2008	Trondheim, City Lade	12 Oct 2017	T Tampere, Hämeenkatu	18 Mar 2004				
Lund, Nova Lund	7 Nov 2013	Uppsala, S:t Per Gallerian	16 Nov 2000	Kristiansand, Sørlandssenteret	19 Nov 1998	Trondheim, City Syd	8 May 2003	Tampere, Ratina	19 Apr 2018				
Löddeköpinge, Galleria Center Syd	26 Nov 2015	V Valbo, Valbo Köpcentrum	23 Feb 2012	Kristiansand, Alt Futura	24 Mar 2011	Trondheim, Sirkus Shopping	13 Aug 2020	Turku, Hansakortteli	3 Mar 2005				
M Malmö, Emporia	25 Oct 2012	Varberg, Gallerian Varberg	28 Sep 2017	L Larvik, Nordbyen	23 Apr 2009	Trondheim, Solsiden	19 Oct 2000	Turku, Skanssi	25 Oct 2012				
Malmö, Gustaf Adolfs Torg	8 Apr 2021	Visby, Österväg	17 Apr 2008	Leira, Amfi	26 Oct 2017	Trondheim, Torg	17 Feb 2011	V Vantaa, Jumbo	27 Oct 2005				
Malmö, Mobilia	26 Sep 2013	Västervik, Ljungheden	6 Dec 2012	Levanger, Magneten Kjøpesenter	5 Jun 2014	Tønsberg, Farmandstredet	21 Sep 2001	Vantaa, Myyrmanni	29 Nov 2011				
Malmö, Triangeln	3 Dec 1993	Västerås, Erikslund Shopping Center	22 Sep 2011	Lillehammer, Strandtorget	18 Nov 2010	V Vestby, Storsenter	14 Mar 2013	Vasa, Rewell Center*	14 Oct 2004				
N Norrköping, Galleria Domino	2 May 1996	Västerås, Kvarteret Igor	22 Nov 2001	Lillestrøm, Torv	22 Nov 2006	Vinstra, Vinstragata 93	16 Feb 2017						
Norrköping, Ingelsta Shopping	25 Feb 2021	Växjö, Grand Samarkand	6 May 2004	Lørenskog, Triaden	30 Nov 2006	Vinterbro, Senter	26 Mar 2015						
Norrköping, Mirum Gallerian	10 Dec 2009	Å Ängelholm, Brännborn Center	23 Mar 2017	M Mandal, Alt	20 Nov 2014	Voss, Handelshus	16 Jun 2016						
Norrköping, Flygfyrn	14 Jun 2012	Ö Örebro, Krämaren	27 Nov 1997	Mo i Rana, Søndre Gate 2	7 Jun 2012	Å Ålesund, Amfi Moa	22 Jan 2004						
Nyköping, Västerport	17 Sep 2020	Ö Örebro, Marieberg Galleria	26 Mar 2009	Molde, Storsenter	22 Oct 2009	Ö Ørsta, Alt	4 Oct 2012						
P Piteå, Gallerian Piteå	20 Sep 2007	Örnköldsvik, Galleria Magasinet	12 Apr 2007	N Moss, Amfi	12 Oct 2006								
S Skellefteå, Citykompaniet	17 Mar 2005	Östersund, Mittpunkten	28 Apr 2005	Narvik, Storsenter	4 Dec 2008								
Skövde, Elins Esplanad	27 Nov 2008												
Stockholm, Barkarby Gate	27 Nov 2014												

* Store portfolio on 30 April 2022
 ** It was announced on 8 June 2022 that a decision had been made to discontinue the remaining operations in the UK.

Visit <https://about.clasohlson.com/en/about-us/stores-markets-sales-channels/our-stores/> to receive continuously updated information about the store portfolio.

Clas Ohlson's broad and affordable product range is also available online in the Swedish, Norwegian and Finnish markets.

www.clasohlson.se
www.clasohlson.no
www.clasohlson.fi

The Clas Ohlson share

Clas Ohlson's series B shares have been listed on Nasdaq Stockholm since 1999. The share is included in the Consumer Services sector index. The share reported a 23.7 per cent increase during the financial year. Clas Ohlson's total market capitalisation amounted to 7.1 billion SEK (5.7) calculated on the most recent share price of 112.10 SEK on 30 April 2022.

Share trend

The Clas Ohlson share increased by 23.7 per cent to 112.10 SEK (90.65) compared with the year-earlier period, while the SIX General Index declined by 5.7 per cent. The total return for the share, including re-invested dividends, amounted to 30.6 per cent.

The highest price paid was 138.80 SEK, quoted in January 2022, while the lowest price paid was 86.00 SEK, quoted in May 2021.

Share turnover

During the 2021/22 financial year, 65,026,799 Clas Ohlson shares were traded, representing a turnover rate of 99 per cent.

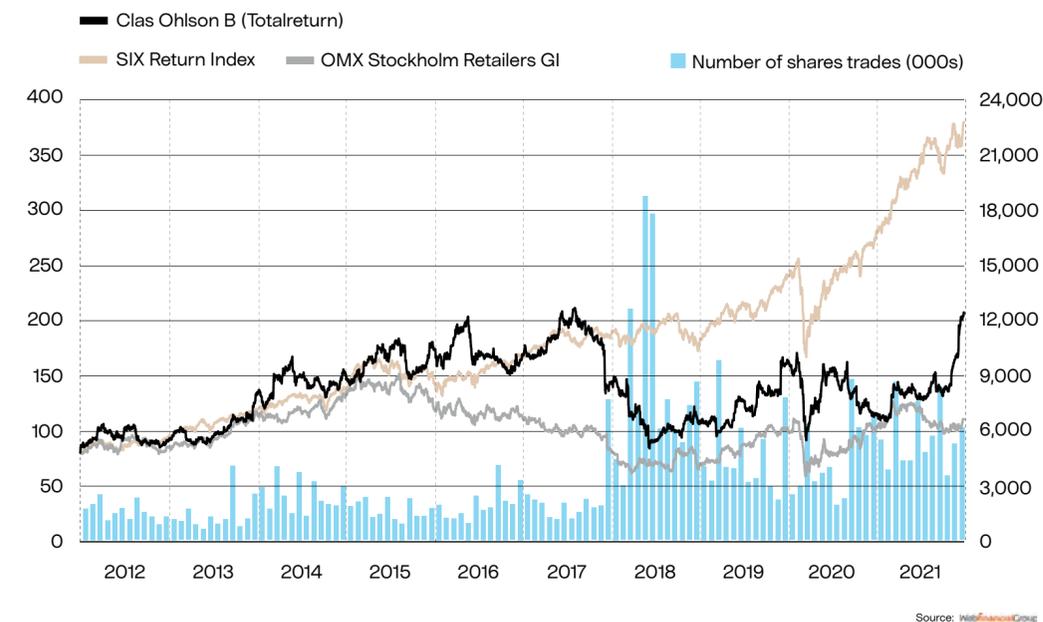
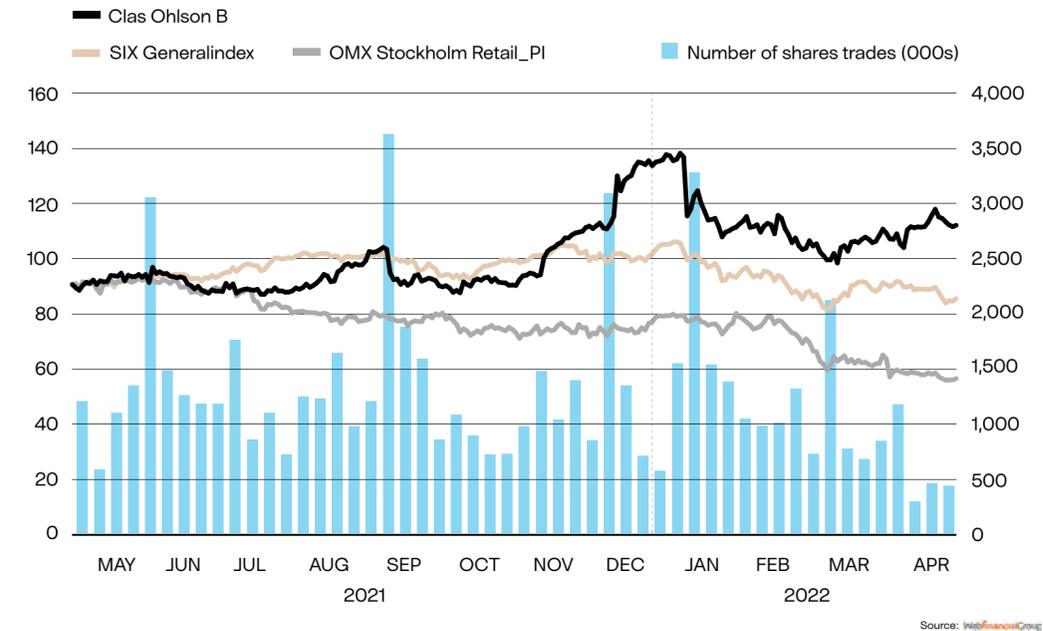
Share capital

The share capital in Clas Ohlson at the end of the financial year totalled 82 MSEK, comprising 5,760,000 series A shares and 59,840,000 series B shares, each with a quotient value of 1.25. Each series A share carries ten votes, while each series B share carries one vote. All shares carry equal rights to payment of dividends. Holders of series A shares can request that their A shares be converted to series B shares.

Treasury shares

The number of registered shares amounted to 65,600,000, of which 2,243,435 (2,254,583) were held by the company at the end of the financial year. At the end of the period, the number of shares outstanding, net after buyback, was 63,356,565 (63,345,417).

The Clas Ohlson share price and turnover trend 2021/22



The entire LTI 2021 undertaking has been secured by using shares that were bought back to secure previous LTI programmes where the need has been recalculated (no buy-back in the preceding year).

Shareholding structure

On 30 April 2022, the company had a total of 40,437 shareholders (38,341). Non-Swedish owners accounted for 39 per cent (38) of the capital and 33 per cent (33) of the votes.

The Swedish ownership is dominated by private individuals, owning 50 per cent (51) of the capital, while institutions own 11 per cent (11).

Dividend policy and dividend

Clas Ohlson's dividend policy is that the dividend is to comprise at least 50 per cent of earnings per share after tax, with consideration of the company's financial position.

The Board of Directors proposes that a dividend of 6.75 SEK per share be paid for the 2021/22 financial year, comprised of two separate payments of 3.375 SEK each. Due to the company's strong financial position and considering that no dividend was paid for the 2019/20 financial year, the Board of Directors proposes that an extra dividend of 6.25 SEK per share be distributed as two separate payments of 3.125 SEK each. It is proposed that payment be made in September 2022 and January 2023. The proposed dividend amounts to a total of 853 MSEK, representing 163 per cent of the financial year's profit after tax.

Data per share¹

	2021/22	2020/21	2019/20	2018/19 ⁴	2017/18
Average number of shares before dilution, million	63.4	63.3	63.3	63.2	63.2
Earnings per share before dilution, SEK	8.25	6.65	5.94	1.13	5.66
Comprehensive income per share, SEK	6.71	6.82	5.66	1.26	6.37
Cash flow per share excl. IFRS 16, SEK ²	7.45	11.83	12.91	4.93	5.90
Equity per share, SEK	35.07	34.65	27.84	30.80	35.82
Share price at 30 April, SEK	112	91	86	79	96
Dividend per share, SEK	13.00 ³	6.25	-	6.25	6.25
P/E ratio, multiple	14	14	14	70	17
Dividend yield, %	11.6	6.9	-	7.9	6.5
Payout ratio, %	157.6	94.0	-	553.1	110.4
Total return, %	30.6	6.0	16.5	-11.4	-30.4

¹ See key ratio definitions on pages 112-113.

² From operating activities.

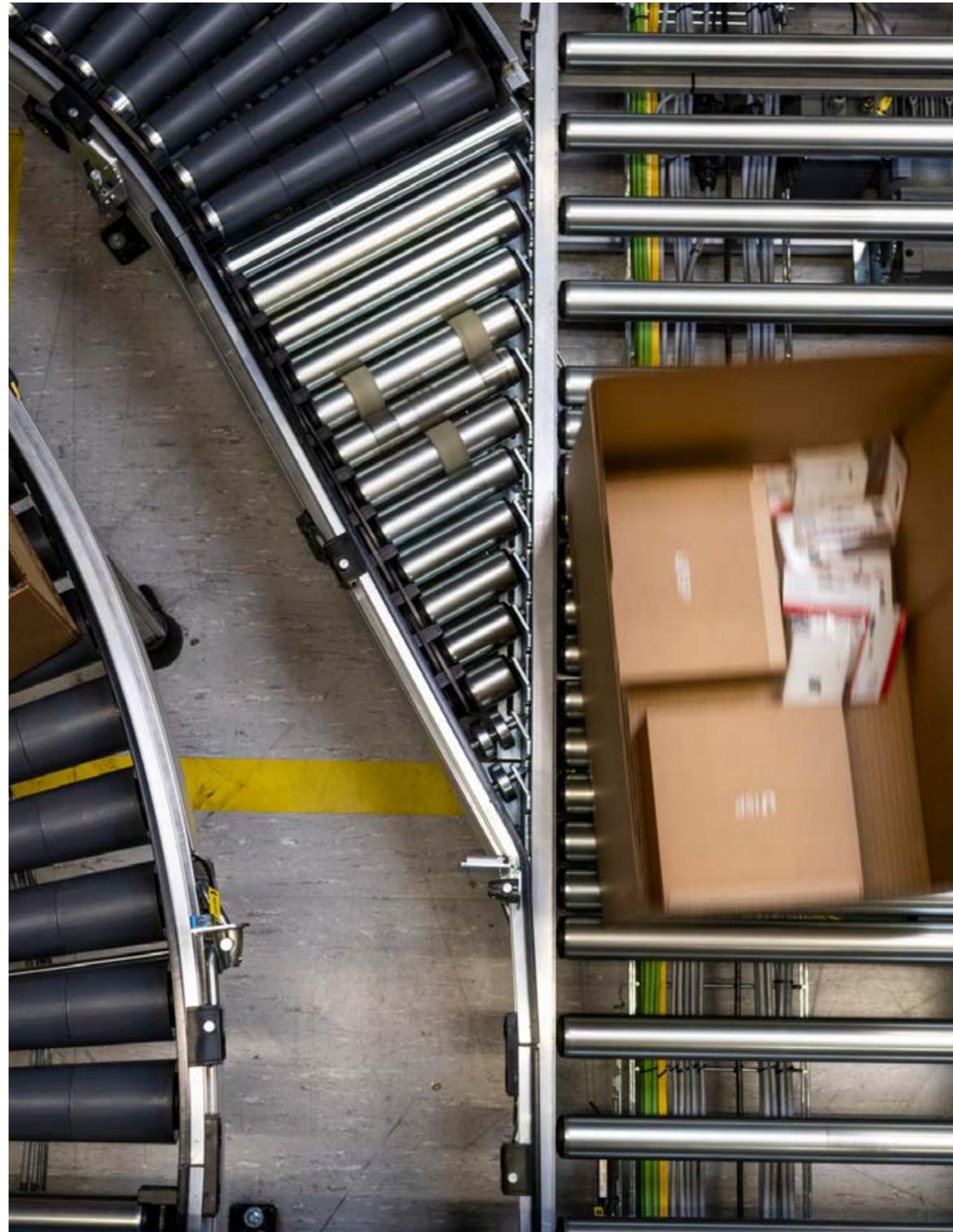
³ Proposed dividend (6.75) including extra dividend (6.25).

⁴ Including non-recurring cost of 210 MSEK for the closure of the store network outside the Nordic countries.

Share data

Listing: Nasdaq Mid Cap
 Ticker: Clas B
 Industry: Consumer Service
 ISIN code: SE0000584948





Trend in share capital

Year	Transaction	Additional shares	Accumulated number of shares	Total share capital
1994			48,000	4,800,000
1999	Split 10:1	432,000	480,000	4,800,000
1999	Bonus issue	6,720,000	7,200,000	72,000,000
1999	Share issue	1,000,000	8,200,000	82,000,000
2001	Split 4:1	24,600,000	32,800,000	82,000,000
2004	Split 2:1	32,800,000	65,600,000	82,000,000

Major shareholders¹

Shareholders	Number of series A shares	Number of series B shares	Percentage of capital	Percentage of votes
Haid family ²	3,023,880	12,029,103	23.8%	36.7%
Tidstrand family ²	2,736,120	7,079,828	15.5%	29.9%
Nordea Fonder	0	5,468,373	8.6%	4.7%
If Skadeförsäkring AB	0	2,427,530	3.8%	2.1%
Vanguard	0	1,297,350	2.0%	1.1%
Norges Bank	0	948,727	1.5%	0.8%
Dimensional Fund Advisors	0	807,207	1.3%	0.7%
Fidelity International (FIL)	0	728,173	1.1%	0.6%
SHB Fonder & Liv	0	542,569	0.9%	0.5%
BlackRock	0	519,930	0.8%	0.5%
SEB Fonder & Liv	0	496,777	0.8%	0.4%
Avanza Pension	0	380,955	0.6%	0.3%
JP Morgan Asset Management	0	375,599	0.6%	0.3%
WisdomTree Asset Management	0	366,977	0.6%	0.3%
Nordea Funds (Lux)	0	315,188	0.5%	0.3%
Total 15 largest	5,760,000	33,784,286	62.4%	79.3%
Other	0	26,055,714	37.6%	20.7%
Total	5,760,000	59,840,000	100.0%	100.0%
Shares owned by Clas Ohlson	0	2,243,435	3.4%	1.9%

Shareholder categories¹

Shareholders	Number of series A shares ²	Number of series B shares	Percentage of capital	Percentage of votes
Swedish private shareholders	4,752,040	27,036,756	50.0%	60.4%
Swedish institutions	0	7,283,490	11.0%	6.2%
Non-Swedish shareholders	1,007,960	25,519,754	38.9%	33.3%
Total	5,760,000	59,840,000	100.0%	100.0%

Shareholding structure¹

Size interval	Number of shares	Percentage	Number of known shareholders
1-500	3,723,502	5.7%	34,215
501-1000	2,992,773	4.6%	3,704
1,001-5,000	4,545,725	6.9%	2,132
5,001-10,000	1,442,474	2.2%	195
10,001-20,000	1,228,486	1.9%	87
20,001-	47,659,871	72.7%	104
Anonymous shareholding	4,007,169	6.1%	-
Total	65,600,000	100.0%	40,437

¹On 30 April 2022

²All series A shares were held by descendants of Clas Ohlson

Information to shareholders

Annual General Meeting

After the past two years of uncertainty regarding COVID-19 meaning that the AGM was held by postal voting, the Board intends to convene a physical AGM once again.

The AGM of shareholders of Clas Ohlson AB will be held on Friday, 9 September 11:00 a.m. in Tegera Arena, Leksand, Sweden. The AGM venue will open for registration at 10:00 a.m. Further information will be provided in the notice of the AGM. For more information, refer to <https://about.clasohlson.com/en/corporate-governance/general-meeting/>

Notification of Annual General Meeting

Notification of the AGM takes place through an announcement in Post- och Inrikes Tidningar and the notice being made available on the company's website. Documents to be presented at the AGM are available from the company's website about four weeks before the meeting.

Dividend proposal

The Board of Directors proposes that a dividend of 6.75 SEK per share be paid for the 2021/22 financial year, comprised of two separate payments of 3.375 SEK each. Due to the company's strong financial position and considering that no dividend was paid for the 2019/20 financial year,

the Board of Directors proposes that an extra dividend of 6.25 SEK per share be distributed as two separate payments of 3.125 SEK each. It is proposed that payment be made in September 2022 and January 2023. The proposed dividend amounts to a total of 853 MSEK, representing 163 per cent of the financial year's profit after tax.

Distribution policy for annual report

This year's annual report is digital. A limited number of physical copies will be available for distributed to those shareholders who request it. The Annual Report is distributed about four weeks prior to the Annual General Meeting.

The Clas Ohlson Annual Report and other financial information are available at about.clasohlson.com.

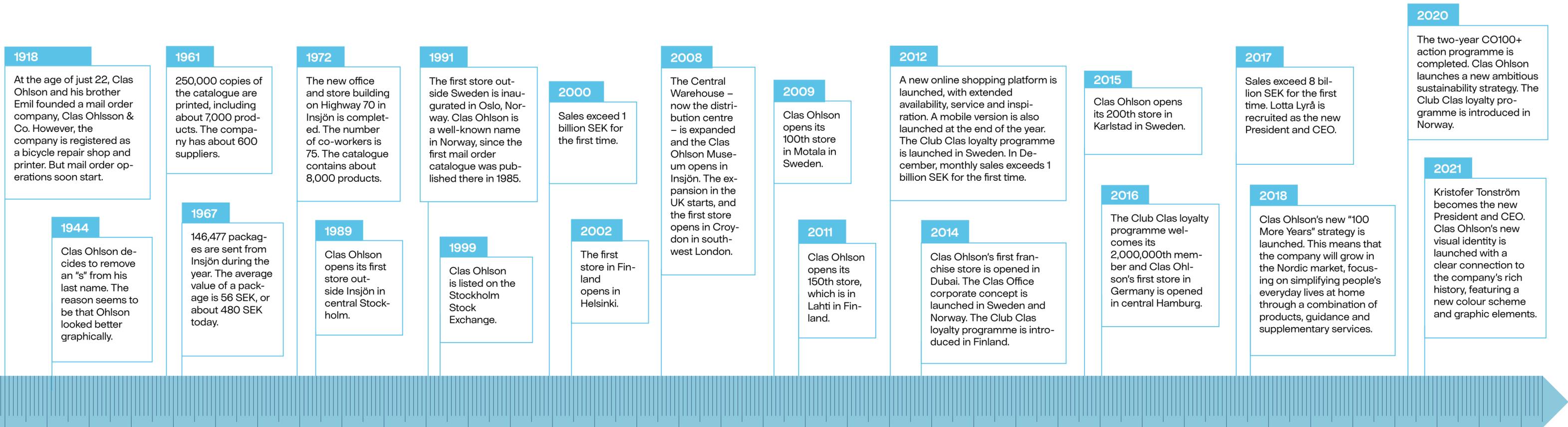
FINANCIAL INFORMATION

Clas Ohlson provides financial information for the 2022/23 financial year as follows:

- Interim report May-July, 7 September 2022
- Interim report August-October, 7 December 2022
- Interim report November-January, 8 March 2023
- Interim report February-April, 8 June 2023



History



1918 At the age of just 22, Clas Ohlson and his brother Emil founded a mail order company, Clas Ohlsson & Co. However, the company is registered as a bicycle repair shop and printer. But mail order operations soon start.	1944 Clas Ohlson decides to remove an "s" from his last name. The reason seems to be that Ohlson looked better graphically.	1961 250,000 copies of the catalogue are printed, including about 7,000 products. The company has about 600 suppliers.	1967 146,477 packages are sent from Insjön during the year. The average value of a package is 56 SEK, or about 480 SEK today.	1972 The new office and store building on Highway 70 in Insjön is completed. The number of co-workers is 75. The catalogue contains about 8,000 products.	1989 Clas Ohlson opens its first store outside Insjön in central Stockholm.	1991 The first store outside Sweden is inaugurated in Oslo, Norway. Clas Ohlson is a well-known name in Norway, since the first mail order catalogue was published there in 1985.	1999 Clas Ohlson is listed on the Stockholm Stock Exchange.	2000 Sales exceed 1 billion SEK for the first time.	2002 The first store in Finland opens in Helsinki.	2008 The Central Warehouse – now the distribution centre – is expanded and the Clas Ohlson Museum opens in Insjön. The expansion in the UK starts, and the first store opens in Croydon in south-west London.	2009 Clas Ohlson opens its 100th store in Motala in Sweden.	2011 Clas Ohlson opens its 150th store, which is in Lahti in Finland.	2012 A new online shopping platform is launched, with extended availability, service and inspiration. A mobile version is also launched at the end of the year. The Club Clas loyalty programme is launched in Sweden. In December, monthly sales exceeds 1 billion SEK for the first time.	2014 Clas Ohlson's first franchise store is opened in Dubai. The Clas Office corporate concept is launched in Sweden and Norway. The Club Clas loyalty programme is introduced in Finland.	2015 Clas Ohlson opens its 200th store in Karlstad in Sweden.	2016 The Club Clas loyalty programme welcomes its 2,000,000th member and Clas Ohlson's first store in Germany is opened in central Hamburg.	2017 Sales exceed 8 billion SEK for the first time. Lotta Lyrå is recruited as the new President and CEO.	2018 Clas Ohlson's new "100 More Years" strategy is launched. This means that the company will grow in the Nordic market, focusing on simplifying people's everyday lives at home through a combination of products, guidance and supplementary services.	2020 The two-year CO100+ action programme is completed. Clas Ohlson launches a new ambitious sustainability strategy. The Club Clas loyalty programme is introduced in Norway.	2021 Kristofer Tonström becomes the new President and CEO. Clas Ohlson's new visual identity is launched with a clear connection to the company's rich history, featuring a new colour scheme and graphic elements.
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1985
Sales of 100 MSEK
 The company's sales exceed 100 MSEK for the first time. During the year, a subsidiary is opened in Norway when mail order sales are established in the country.



1995
New central warehouse
 A new central warehouse in Insjön opens. At its opening, the warehouse encompasses 11,000 square metres with a ceiling height of 9 metres.



2013
Club Clas arrives
 The Club Clas loyalty programme is launched in March. In its first year, the loyalty programme attracts more than one million members.



2018
100th anniversary
 Unique customer offers, a look back at some historic moments and a festival for all of our co-workers are just a few examples of how the event was celebrated.



2021
New visual identity
 The inspiration for the new logo, which is part of the new visual identity, is derived from Clas Ohlson's head office in Insjön, Sweden, where it has been on the facade since 1972.



Amazon

Amazon

Gift Card



Contact details

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