

19/20

Annual and Sustainability Report

Give some love
to what you have



clas
ohlson



11



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96

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Clas Ohlson 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 000. Unless otherwise specified, figures in parenthesis pertain to 2018/19. 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 97. The statutory annual report encompasses the Directors' Report and the financial statements on pages 36-84.

This Annual and Sustainability Report has been prepared in Swedish and translated into English. In the event of any discrepancies between the Swedish and the English version, the former shall have precedence.

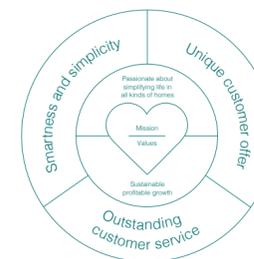
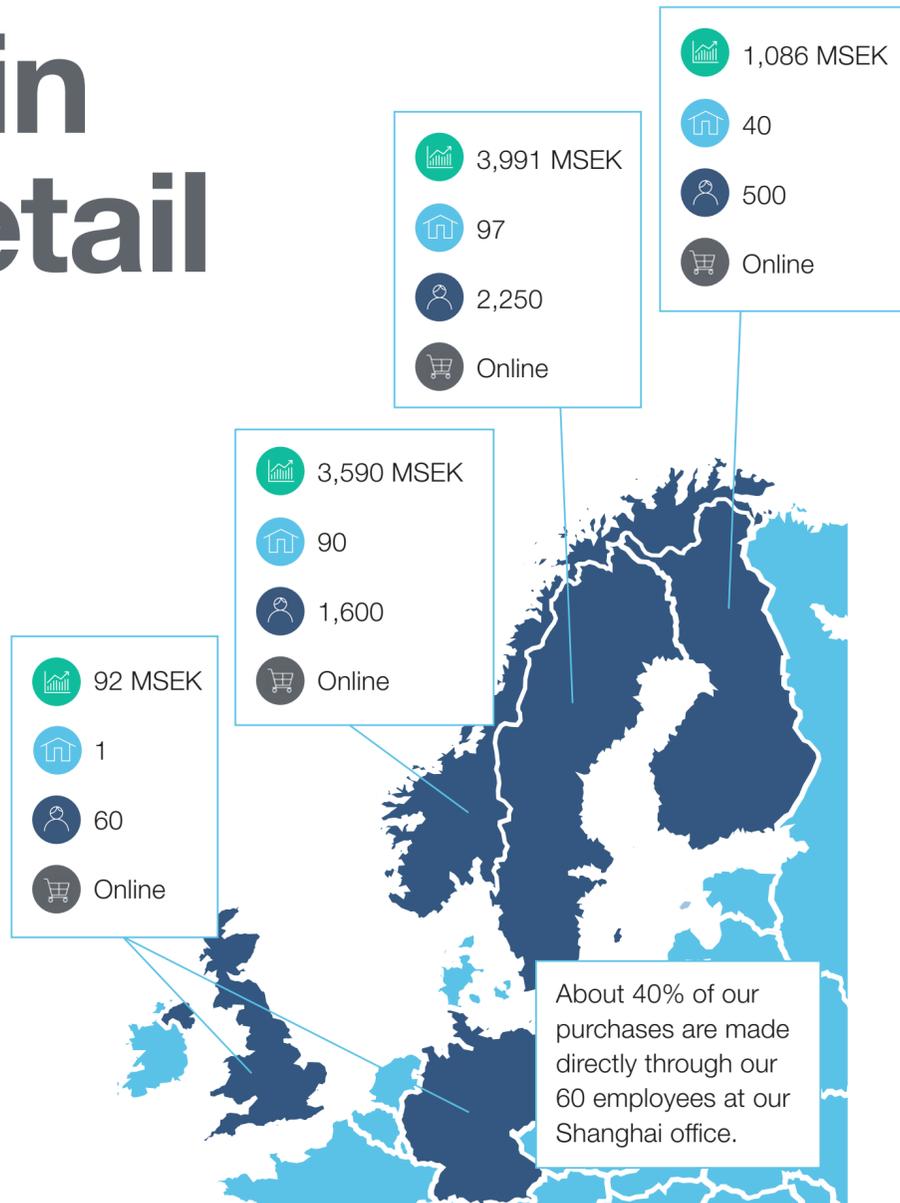
Produced by Clas Ohlson AB in cooperation with Milton.
Photos: Clas Ohlson, Gustav Kaiser, Jan Nordén, Henrik Hansson and Javad Parsa.

CLAS OHLSON IN BRIEF

Unique position in Nordic retail

Clas Ohlson was founded in 1918 as a mail order business based in Insjön, Dalarna, Sweden. Today, we are a retail company with customers in five markets, approximately 4,500 employees, 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 us and our passion about simplifying life in all kinds of home at about.clasohlson.com.



Strategy for sustainable, profitable growth

Leveraging the strength of our relevant offerings and large, loyal customer base, we will play a greater and more important role in every home and grow profitability in the Nordic market. We do this by providing a unique customer offer, outstanding customer service and by conducting operations in a smart and simple manner.

Relevant and affordable products

We offer products that make everyday life easy, with high demands placed on function, price, quality, product safety and sustainability. With around 15,000 products and some 1,000 spare parts, we have everything you need to maintain your home and garden, fix up your home office or just take it easy.



The Clas Ohlson spirit

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

Our mission

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



Sustainable lifestyle in all areas

We help our customers live as sustainably as possible. Our customers and employees must be confident that the products and services that we sell are safe to use, were produced under decent working conditions and transported with as low environmental and climate impact as possible.



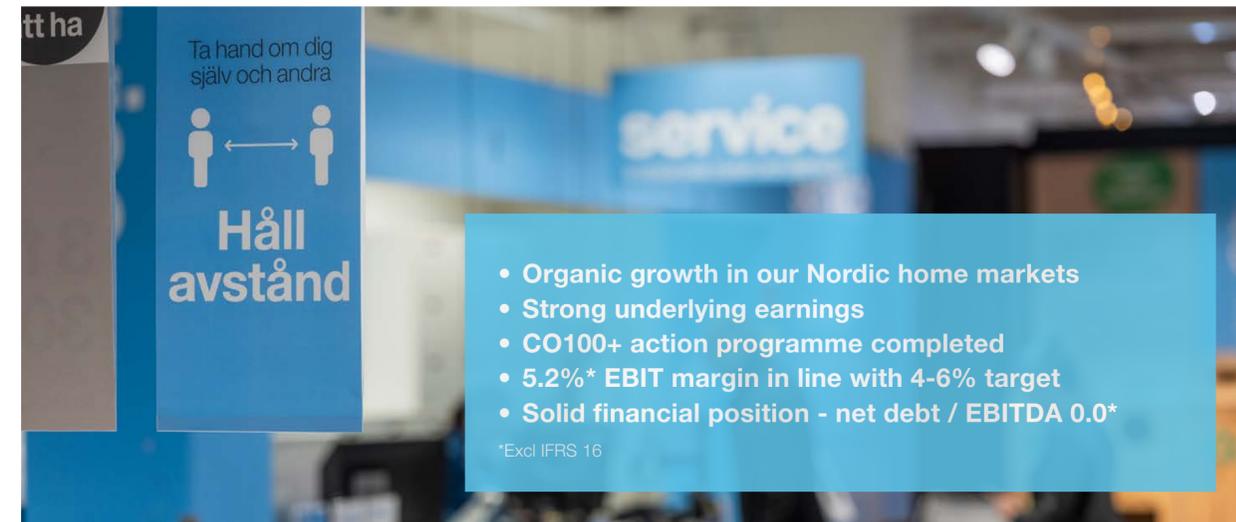
The customer's best interests

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, home or parcel depots. Our customer service centre responds quickly to most questions via phone, chat or e-mail.

An eventful year

Our systematic and goal-conscious work has yielded the results we were after. The initiatives we carried out under the CO100+ action programme have given us a better platform for approaching an uncertain and changing future. We have also continued to make it easier for our customers to live a little more sustainably and contributed to our local society.

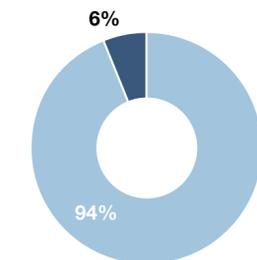
- The organisational review that was announced in February was completed at the end of 2019. Measures taken under the CO100+ action programme affected about 200 positions, primarily at the head office and the distribution centre.
- Clas Ohlson is making additional investments in MatHem, an important part of Clas Ohlson's strategy to establish a unique position in terms of accessibility and convenience for its customers.
- Clas Ohlson's new partnership with Kolonial.no, Norway's largest online food retailer, began at the start of September. From the very start it was positively received by customers, following the same trend we noted for MatHem in Sweden. A pilot project with Wolt in Finland was also launched during the year.
- We work continuously to optimise the store network. During the 2019/20 financial year, the store network was reduced by a net four stores. The number of contracted forthcoming store openings at 30 April was two stores.
- Automated Guided Vehicles (AGV) were implemented as a part of the first step of the distribution centre in Insjön. These vehicles streamline the internal transportation of pallets and goods.
- As a result of the restrictions in various countries to limit the spread of COVID-19, around 300 store employees were temporarily laid off and around 200 office employees had their hours reduced by around 20 per cent from the middle of April 2020 for about two months.
- Macroeconomic trends and their impact on the retail sector as a result of COVID-19 remain uncertain. At this stage, the Board intends to safeguard Clas Ohlson's solid financial position and flexibility and therefore proposes that no dividend be paid for the 2019/20 financial year.



Key ratios

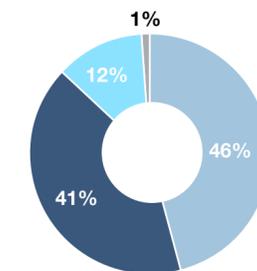
	2019/20	2018/2019
Sales, MSEK	8,758	8,772
Operating profit, MSEK	549	94
Operating profit, excl. IFRS 16, MSEK	454	94
Underlying operating profit, MSEK	581	497
Profit after tax, MSEK	376	72
Gross margin, %	39.8	39.8
Operating margin, %	6.3	1.1
Operating margin, excl. IFRS 16, %	5.2	1.1
Cash flow from operating activities, MSEK	1,284	312
Equity/assets ratio, %	30.5	49.0
Equity/assets ratio, excl. IFRS 16, %	51.0	49.0
Net debt/EBITDA, multiple	1.8	0.5
Net debt/EBITDA, excl. IFRS 16, multiple	0.0	0.5
Earnings per share before dilution, SEK	5.94	1.13

Sales in stores/online



● Online ● Store

Net sales per country



● Sweden ● Finland
● Norway ● Outside the Nordics

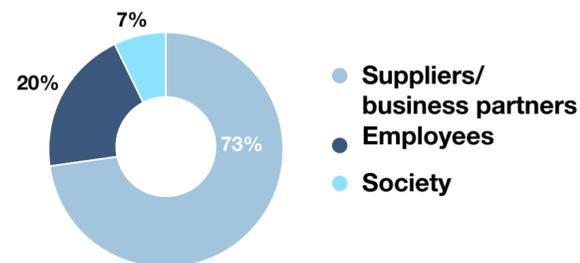
OPERATIONS/SOCIETY

VI ÄR ETT AV SVERIGES MEST JÄMSTÄLLDA BÖRSBOLAG

ALLBRIGHT

Clas Ohlson is one of the best companies on the Stockholm Stock Exchange in terms of gender equality, according to the Allbright foundation.

Economic value by stakeholder group 2019/20



Of the value generated in the 2019/20 financial year, suppliers and partners received a total of 6,158 MSEK. Salaries and other remuneration to employees amounted to 1,686 MSEK. Due to the uncertainty stemming from COVID-19 and macroeconomic trends, the Board proposes that no dividend be paid.

Key ratios

	2019/20	2018/19
Products for a more sustainable lifestyle share of sales	21%	19%
Percentage of suppliers meeting the requirements of the Code of Conduct	98%	98%
Employee attendance	94%	94%
CO ₂ emissions from transportation in relation to sales	1.56 g CO ₂ /SEK	1.63 g CO ₂ /SEK
Percentage of recyclable new packaging	100%	-

Read more about our sustainability targets and outcomes on pages 15-16.



The 2020 Sustainable Brand Index revealed that Clas Ohlson is perceived to be the best at sustainability among companies in the leisure and home electronics sector.



As a part of our partnership with the children's rights organisation World Childhood Foundation, we launched "children's rights plasters." The plasters are sold at Clas Ohlson and all of the sales proceeds go to Childhood's efforts to prevent violence and sexual abuse against children.

Clas Ohlson partnered with 14 companies and organisations (KEEP) to develop a traceability system for electric and electronic products.



During the year, we have more clearly communicated which products support a more sustainable lifestyle.

We have had a strategic partnership with Save the Children for several years to improve the situation for migrant-worker parents and their children in China. Measures were taken quickly in response to the outbreak of COVID-19 to gain insight into coronavirus and its consequences and to help more people communicate through digital tools.



Clas Ohlson is launching a product range for kid's bedrooms, with a focus on sustainable wooden toys. A prominent feature of this campaign is the environment and sustainability, and it includes a new series of FSC labelled wooden toys designed in-house.

In March 2020, Clas Ohlson began a partnership 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 work.



Clas Ohlson began a partnership with PantaPå, where Clas Ohlson customers can recycle the bags they buy in stores in exchange for a rebate coupon to use for select sustainable products.

Strong position to continue our journey of change

Clas Ohlson is continuing to establish a unique position in the Nordic retail market. Despite challenging market conditions and the coronavirus pandemic, we can look back on a financial year with organic sales growth of 3 per cent in the Nordics.

In 2019/20, our total sales were at the same level as the previous year (8,758 MSEK compared with 8,772 MSEK) and operating profit improved to 549 MSEK (94). The operating margin thus amounted to 6.3 per cent and 5.2 excluding IFRS 16, which is in line with the target of 4-6 per cent that we have had for the two years that we have been carrying out the CO100+ action programme.

A dramatic fourth quarter

Before I describe the entire financial year in more detail, I want to comment on the very dramatic conclusion to our financial year brought on by the coronavirus pandemic. The pandemic began as an issue that primarily affected our purchasing operations in China and then hit our sales markets with full force by mid-March. The safety of our people and cus-

“ THOUSANDS OF
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CEO'S STATEMENT



tomers has always been our number one priority. In parallel with establishing new procedures and safety measures, we also started adapting our commercial offering to the prevailing circumstances. We experienced only minor interruptions to our supply chain, while the reduced footfall in our stores had a greater impact. Instead, many customers chose the convenience of online shopping, but the situation still meant that we needed to introduce temporary lay-offs both in stores and in administrative positions for the first time in the company's history.

We remain humble with respect to the long-term consequences of the pandemic. We still do not know how the macroeconomic situation will develop over time and how customer behaviour will be affected in the long term, but I firmly believe that we would have never been able to manage the situation as well as we have if we had not implemented our transformation of the company and created an entirely new way to interact with our customers. When we launched our new strategy just over two years ago, we invested a great deal of time and energy in understanding the everyday problems our customers have at home. We also work more regularly with customer analysis and are more data-driven in our decision-making. This means that we know more about the role we play in our customers' lives and the assortment of products we need to have in order to stay relevant in different situations, for example, when customer needs change quickly, as they did during the coronavirus pandemic. Among other things, we saw extreme peaks in demand for home office products, food storage and arts and craft activities for children – needs which we met very well.

We can summarise that the combination of a product range for all kinds of homes, popular stores in prime locations, online shopping on our own and other companies' platforms, flexible delivery options and a strong service offering generated sales during a very difficult period. This also puts us in a strong position to build on and to create customer value and shareholder value over time.

CO100+ action programme completed

Many of the new alternatives and possibilities we offer our customers were implemented as part of the CO100+ action programme. The program ran from September 2018 to April 2020 and initiatives under the framework of the program included both cost-saving and growth-generating projects – all to realise our strategy and achieve our goals. In brief, our investments created a brand new customer journey, where convenience and accessibility are as important as a relevant and affordable product range. We also strengthened our logistics system and how we plan and present our product range, and added several new skills in automation and AI, for example.

The major upgrade of our online shopping platform that we carried out in autumn 2019 is a prime example of where we can see immediate results of our efforts. We could start "black week" and the Christmas shopping season with a better online customer experience and now have significantly more opportunities to adapt and update the sales channel for future needs. Online sales during the last two years have increased by a total of 84 per cent, which means that we nearly reached our goal of doubling our online sales.

Customers also appreciate the option to shop at Clas Ohlson through other platforms. The partnerships with the online food retailers MatHem in Sweden and Kolonial.no in Norway are developing well. During the spring, sales for MatHem and Kolonial.no increased significantly as a result of the pandemic and this trend



held true for sales of Clas Ohlson's products on these platforms. During the year we could also add Wolt as a partner in Finland. Our pilot project with Amazon in the UK was so successful that we have now chosen to close our UK and German online shopping sites to focus entirely on sales through Amazon in these markets.

Our DIY service, Clas Fix it, remains very popular among customers, but the roll-out planned from the Stockholm region to Gothenburg, Malmö and Lund has been delayed due to the coronavirus pandemic. The expansion will continue when conditions are easier to predict. Instead, we launched a video call version of Clas Fix it ahead of schedule during the spring, which is now available for all Club Clas members nationwide.

Harmonising stores and online shopping

We are continuing to take advantage of our stores as a part of our online shopping logistics chain. We have remodelled stores to serve as mini warehouses for online shopping customers and Click & Collect – the option of picking up products in our stores that were ordered online – continues to grow in popularity. During

CEO'S STATEMENT

the spring, we also introduced the option for customers to pick up their purchases outside the store in order to reduce the spread of coronavirus and improve availability and convenience for our customers.

At the same time, we are expanding on our personal meetings in stores with investments in sales training and to improve the customer experience. A profitable store network, representing 94 per cent of our sales, is essential for our well-being. That is why, as announced previously, we are evaluating all of our individual stores and are in discussions with our landlords to ensure that the terms better match retail conditions today and in the future. This means that we are reviewing profitability and lease terms, as well as whether the store location and size are optimal for the local market. During the year we closed seven stores, moved three and opened three new stores in locations where we believe we have a platform for profitable growth.

A more agile organisation

In addition to a variety of tangible initiatives that can be seen by customers, part of the CO100+ action programme involved transforming our organisation to lower costs and to create an organisation with the right skills mix to meet future customer needs. Since the programme started, we have reduced the office organisation by about 20 per cent. We have also simplified our management structure to create a more agile organisation. The cost savings allow us to invest further. We are currently building a new competence for our digital offering and have already invested in new areas such as AI, customer analysis and product design. At our distribution centres, we have invested in automated guided vehicles and new packing

machines that shorten lead times in deliveries to customers and that improve safety for our employees. These are some of the many different capabilities that will be important as we continue to build the Clas Ohlson of tomorrow.

A sustainable customer journey

Our long history of contributing to society is something that we will nurture to become an even greater strength for the company going forward. We have an ambitious sustainability agenda that spans several areas – a more sustainable everyday life at home for our customers through our products and services is our greatest opportunity to have a positive impact. Our goal is for at least 25 per cent of our sales in 2020/21 to come from our products for a more sustainable lifestyle, and this year we achieved a share of 21 per cent of sales. We also believe that it is important for each product to be used as long as possible and then recycled. During the year, we started charging deposits on plastic bags and we are now expanding our rental product range to include all of our stores. We once again managed to lower our carbon emissions and are now developing a sustainability strategy that will include targets for reducing emissions in line with the Paris Agreement and limiting global warming to 1.5°C.

The journey of change continues

I'm very proud of how we have kept up the pace of change and the work with our strategic agenda despite difficult external conditions. Change has been a keyword in retail for several years and the coronavirus pandemic has further accelerated that rate of change.

With a great deal going on here and now, it is interesting to look back and reflect on what

Clas Ohlson would have done if he had founded the company today. Just the fact that he chose to start a new company in 1918, when the Spanish flu was at its worst, says something about his ability to see opportunity in change. I think we can learn a lot from his courage to test new methods. That is how things have been during the more than 100 years since Clas Ohlson was founded and that is how they will continue to be.

Thousands of motivated co-workers over the years have built Clas Ohlson into what it is today. They created a strong framework with a corporate culture with a genuine focus on the customer and a financial position that enables us to withstand difficult business environments. I would like to extend my sincere thanks to all of these previous employees. I would also like to thank all of our fantastic current colleagues, who develop our range, help customers in our stores or online, ensure fast and flexible deliveries and take new steps to build our service offering every day.

On a personal note, I would like to express my gratitude for the fantastic time I have had at Clas Ohlson before embarking on a new position outside the company in a few months. Until then, I will keep working with the same energy and passion for Clas Ohlson as I have during these years. When I hand over the helm to my successor, I do so with the conviction that the 4,500 co-worker strong team, which constitutes Clas Ohlson today, will continue the journey at an even faster pace, getting to know our customers even better – to ensure Clas Ohlson continues to simplify lives in all kinds of homes for 100 more years.

Lotta Lyrå

President and CEO
Insjön, June 2020



BUSINESS ENVIRONMENT

A partly new business environment

The change of pace in the market is accelerating and the significance of the home is growing.

A year ago, we wrote “the world is changing before our very eyes”. We are now convinced that it is more imperative than ever to have insight into and be able to quickly adapt to the driving forces and trends in our business environment and in our industry. This is crucial for continuing to deliver profitable and sustainable growth. We believe that the changes that we have seen since the spread of the corona pandemic across our sales markets, such as customers spending more time at home and an increase in online shopping, will remain somewhat of the norm even in the future.

More young and old

The population is continuing to age, urban density is increasing and single-person households remain typical in the Nordic countries. The average life expectancy in the Nordics has increased by an average of 1.5 years over the past decade. The proportion of young consumers with a foreign background is rising. Consumers are increasingly concerned with the way in which their modern lifestyle affects their health and well-being and about not overburdening natural resources unnecessarily.

For Clas Ohlson, this means we seek to gain deep understanding of individual customer needs regardless of where they live or the type of home they have. Our offering is to be relevant and accessible and develop according to different customer requirements regardless of if they live in northern Finland or in southern Sweden or however they may live.

The significance of the home

The restrictions and recommendations put in place in the wake of the corona pandemic have led to a situation where it is more normal to spend more time at home. The home has expanded in its functionality, acting as an office, a place to study, and a space for play and stimulation for children.

For Clas Ohlson this means that we are constantly analysing how we can satisfy our customers' various needs with a relevant product range for DIY, home office equipment as well as an attractive offering for leisure and the garden. Our focus on simplifying life in the home and offering smart solutions is our core operation.

Sustainability throughout the chain

Consumption is becoming successively less of an end in itself, as thoughts of sustainability grow and the circular economy advances. This trend is driven by new patterns of consumption and regulations on both a national and an EU level. Reduced use of plastics, lead and other material will continue, at the same time as companies seek new business models to facilitate the transition to a circular economy, where consumers become users, products become functions and waste becomes a resource.

For Clas Ohlson, this means that in order to make it easier for customers to live a little more sustainably, we will phase out all single-use plastic items, improve our packaging and products in the design process and continue to place high demands on quality, materials and chemicals. We also offer tool hire and repairs and spare parts to prolong the life of the products we sell.

Digital and physical meetings

With online retail as a driving force, shopping will become increasingly divided into convenience and needs versus entertainment and leisure. Accordingly, customers will also evaluate their shopping experience according to benefit or stimulation, depending on the situation in which they find themselves. The value of having smart omni-channel solutions was particularly apparent during the spring.

For Clas Ohlson, this means that we add value to the customer journey in the form of inspiration and convenience by optimising the customer experience in various ways, both online and in stores, based on what the customer needs and wants. We are continuing to develop our online shopping platform and our store network. We are developing our strategic partnerships. MatHem, Kolonial.no and Wolt are running home deliveries and Amazon is our partner for online shopping outside of the Nordic countries.

More smart homes

The smart home is still advancing. The products consumers consider to be most attractive are remotely controlled devices for heating and lighting, as well as voice-controlled assistants. The smart home market is expected to grow 80 per cent by 2023.

For Clas Ohlson, this means that we are expanding our range of products for the smart home, since we regard the smart home as part of our natural territory – as part of our long history of offering smart solutions for the home and as part of our strategic focus on simplifying life in the home.

Analysis and AI

Retail companies capable of analysing large amounts of data to then use for relevant decision-making in the business development process have a competitive advantage. The goal is to develop the right offering and enhance efficiency with all customer interactions whether it be online, in-store or in the home.

For Clas Ohlson this means that we not only invest in infrastructure and tools but also in establishing smarter working processes and increasing expertise within data-driven working methods and AI.

Price vs quality

In the retail sector, the low-price chains' market share has grown, while at the same time there is now a trend towards an increase in the consumption value of premium products. Retailers not classified as low-price or premium are pressed in the middle segment.

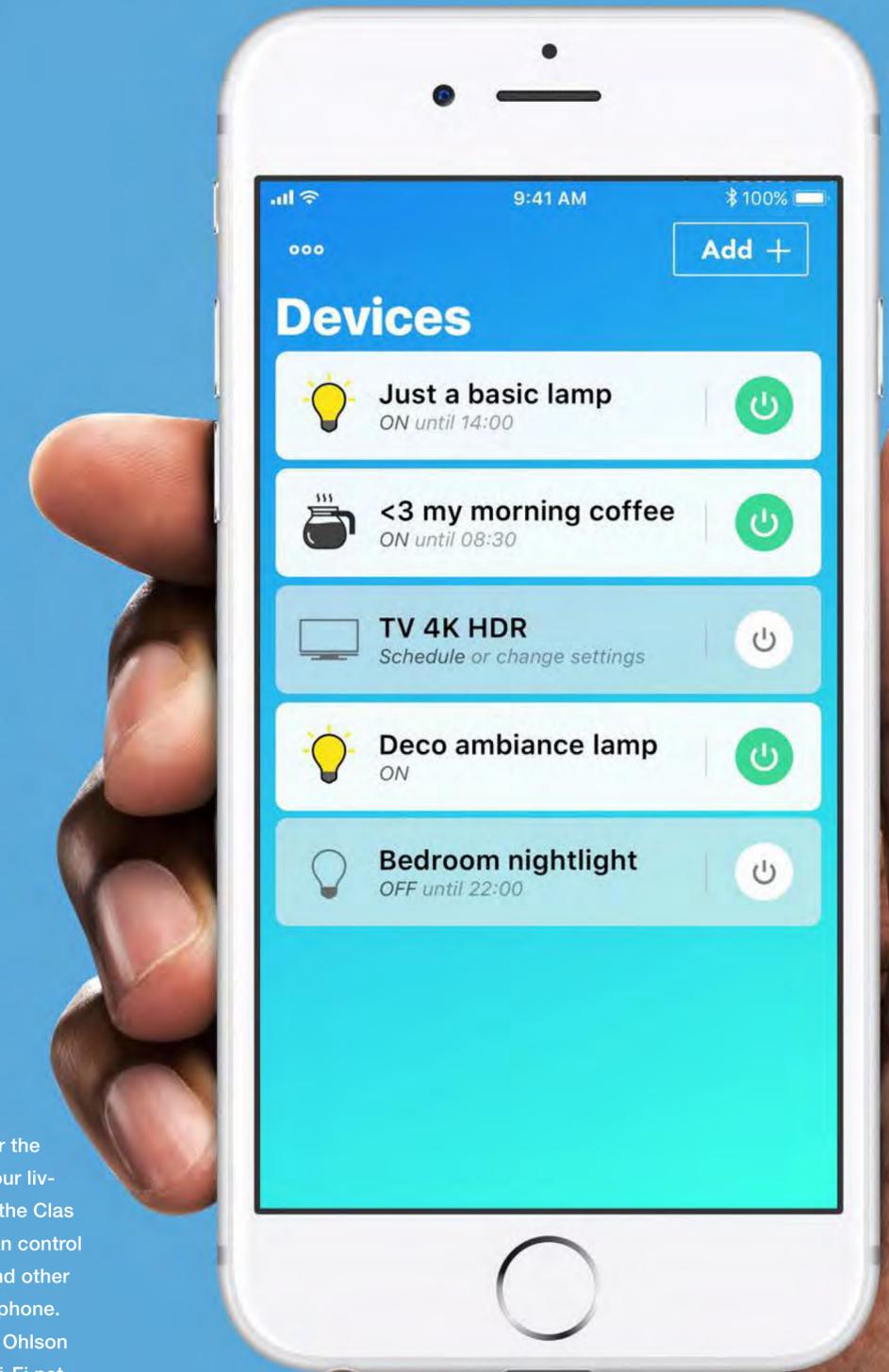
For Clas Ohlson, this means that we are constantly improving efficiency of the entire organisation with smarter and simpler business processes. To meet customer demands for a relevant offering that offers value for money, we are investing in using primary data in advanced analyses and performing thorough quality and sustainability tests. In this way, we can tailor and develop a sustainable offering to various needs in our markets. The strength of the Clas Ohlson brand in our home market and our popular proprietary products that offer great value for money are all competitive advantages.

Talent quest

The ability to attract and retain skilled employees is absolutely vital. Maintaining a reputable image as an employer is an important competitive advantage, particularly when it comes to attracting the digital generation who place high demands on what is the right workplace environment for them.

Based on the clear corporate culture in the spirit of our founder Clas Ohlson, this means that we are working for increased flexibility and diversity and that we become clearer about what we offer our employees. Clas Ohlson aims to be an attractive workplace in which to grow and we support our employees on their journey forward. Our leadership, skills development and belief in our employees equips us for the future and cultivates an organisation prepared to shoulder new challenges.

Set the coffee machine for the morning or the lights in your living room on a timer. With the Clas Ohlson Home app, you can control your lamps, appliances and other devices with your mobile phone. Simply connect your Clas Ohlson Home products to your Wi-Fi network.



STRATEGY

On the right track

Clas Ohlson is on an exciting journey. The path we have chosen to take in the past few years has laid the foundation for us to be able to meet the challenges and opportunities presented to us.



Clas Ohlson spirit important support for change

A strong corporate culture is always important, but perhaps even more important in times of change. Our established objective going forward rests entirely on the unshakeable attitude of our founder Clas Ohlson in which he was constantly searching for new ways to satisfy customers. We are continually working with our internal activities in order to put the behaviour that is at the core of the Clas Ohlson spirit into practice so that we can also pass down our proud legacy. His behaviour is described in five short stories with the below headings.

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 the 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 knew 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 did not only build a strong work place, he and his co-workers also learned what the customer 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 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.

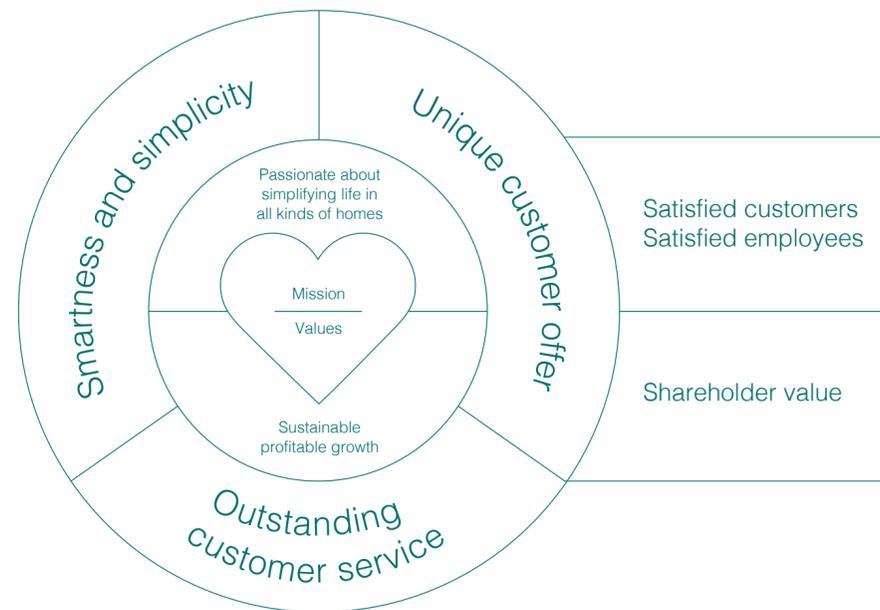
STRATEGIC FRAMEWORK

Strategy for sustainable, profitable growth

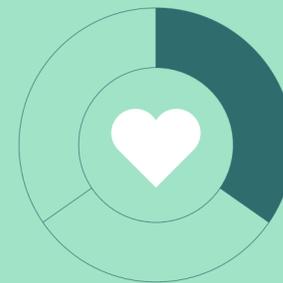
CLAS OHLSON'S AMBITION is to simplify the customer's everyday life in a sustainable manner.

In 2018, we presented our five-year growth strategy Clas Ohlson 100 more years. Under this strategy, we will leverage the strength of our relevant offerings and large, loyal customer base, to play a greater and more important role in every home and grow profitability in the Nordic market. We do this by providing a unique customer offer, outstanding customer service and by conducting operations in a smart and simple manner.

These three strategic areas, together with our sustainability agenda, are intended to contribute to meeting our overall target of being a meaningful and trusted brand and company that is **"passionate about simplifying life in all kinds of homes"** and thus deliver long-term profitable growth. We have realised this strategy in the first two years and completed our change process under the CO100+ action programme (see next page).

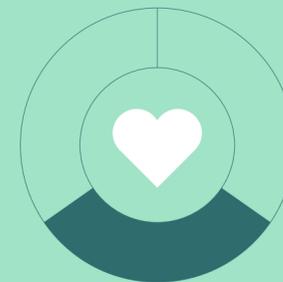


Our three strategic focus areas



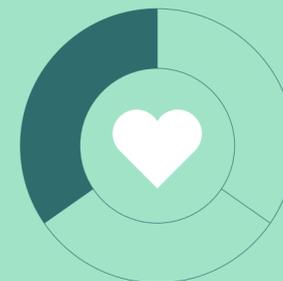
Unique customer offer

With an increasingly focused product offering in which the home is defined as our arena, at the same time as we successively complement our product range of smart services for practical problem-solving in the home environment, we remain relevant for our large and growing customer base. We will also increase the share of proprietary brands and focus intensively on offering sustainable solutions. Read more on pages 19-23.



Outstanding customer service

We are increasing added value by offering even better availability and personalised guidance both in stores and online. The store is the most important hub of our operations. At the same time, we offer simple and convenient solutions for the growing proportion of customers who order products online. Read more on pages 24-28.



Smartness and simplicity

We are simplifying and streamlining our entire operations. This means that we are investing in better systems and streamlining the operations throughout the chain, by focusing on product development, purchasing and distribution. The business system that was implemented throughout the organisation at the beginning of the 2018/19 financial year is an important prerequisite for the efficiency measures we are carrying out to strengthen and optimise the flow of goods across the entire value chain. Read more on pages 29-34.

The CO100+ action programme completed

About 20 projects were carried out in the past two financial years 2018/19 and 2019/20 under the CO100+ action programme to achieve established growth and profitability targets. During this period, 1-2 per cent of the underlying operating margin was invested in activities to drive sales growth and generate cost savings. As part of this work, we both modernised and enhanced the efficiency of our work methods by establishing a solid platform in the business based on both new and existing skills and significantly higher digital expertise. The growth

initiatives that were carried out focused on increasing sales per square metre, increasing sales per customer and doubling online sales every other year. Online sales increased by 84 per cent and sales per square metre and per customer have risen.

Cost-saving measures corresponding to 225-250 MSEK have now been implemented. Certain measures have gradually generated results over the two-year period. The remaining earnings effect of about 150-160 MSEK will be realised in the 2020/21 financial year.

Defined strategy in the CO100+ action programme

An action programme...

During the 2018/19 and 2019/20 financial years, approximately 1-2% of the underlying operating margin has been invested in strategic initiatives in the CO100+ action programme.

...focus on strategic initiatives...

Cost-saving initiatives 200-250 MSEK

- A more efficient organisation
- A more optimised assortment
- Indirect purchasing, sourcing and logistics more systemised

Growth initiatives

- Sales per customer increases
- Sales per square metre increases
- Sales online to double every other year

...to achieve Clas Ohlson's financial targets...



Average annual organic sales growth of 5% during the current five year period



Operating margin of 6-8% within a five year period



CO100+ summary

Lower cost level

- ✓ Cost-saving measures corresponding to 225-250 MSEK have now been implemented
- Goods not for resale, 70-75 MSEK
- Sourcing, 110-120 MSEK
- Implementation of a more effective organisation and logistics, 45-55 MSEK

Growth

- ✓ Sales per customer up
- ✓ Sales per square metre up
- ✓ Online sales +84%

The road ahead

Lower cost level of approximately 225-250 MSEK

Expected P&L-effect equivalent to approximately 150-160 MSEK during 2020/21

Platform in place for profitable growth

TARGETS AND TARGET FULFILMENT

Target: Profitable growth

Clas Ohlson's financial targets include organic growth of 5 per cent. From the 2020/21 financial year, the set target is to reach an operating margin of 6-8 per cent. In addition, net debt in relation to EBITDA is to fall below two (2) times and the dividend is to comprise at least 50 per cent of earnings per share after tax.

1. Growth

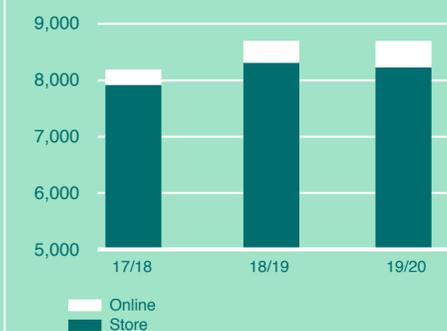
Targets and framework

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

Target fulfilment

Sales in the Nordics increased 2 per cent to 8,666 MSEK (8,489), organic growth up 3 per cent, and total sales and organic growth were unchanged at 8,758 MSEK (8,772). Online sales increased 25 per cent.

Sales, MSEK



2. Profitability

Targets and framework

Operating margin will amount to 6-8 per cent within a five-year period.

During the 2018/19 and 2019/20 financial years, approximately 1-2 per cent of the underlying operating margin is expected to be invested in strategic initiatives in the CO100+ action programme.

The aim for 2018/19-2019/20 has been to deliver an operating margin of 4-6 per cent, excluding the effects of IFRS 16.

Target fulfilment

The operating margin was 6.3 per cent (1.1). IFRS 16 had a positive effect on operating margin of 1.1 percentage points.

Operating margin, %



3. Financial position

Targets and framework

Net debt in relation to EBITDA to fall below two (2) times.

- Investments are being planned as regards financial position, cash flow and strategic activities

Target fulfilment

Excluding IFRS 16, net debt in relation to EBITDA was 0.0 (0.5). Net debt in relation to EBITDA including IFRS 16 amounted to 1.8 (0.5) times.

Net debt/EBITDA ratio



4. Dividend

Targets and framework

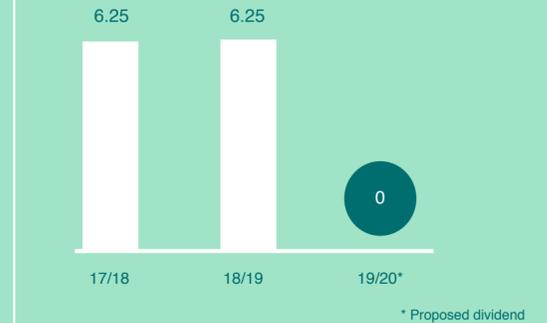
The dividend is to comprise at least 50 per cent of earnings per share after tax, considering the company's financial position.

- Over the years 2018/19 and 2019/20, the ambition is that the dividend will be maintained on a level with the 2016/17 financial year, in absolute terms

Target fulfilment

Macroeconomic trends and their impact on the retail sector as a result of COVID-19 remain uncertain. At this stage, the Board intends to safeguard Clas Ohlson's solid financial position and flexibility and therefore proposes that no dividend be paid for the 2019/20 financial year.

Dividend per share, SEK



TARGETS AND TARGET FULFILMENT

Target: Sustainable everyday life

During the financial year, we have focused on eight target areas meant to clearly reflect and support our strategy of 100 more years. This means that we should act in a responsible way in our everyday lives that, in the long-term, makes it easier for our customers to live their own everyday lives in a sustainable manner.

1. A sustainable offering

Targets and framework

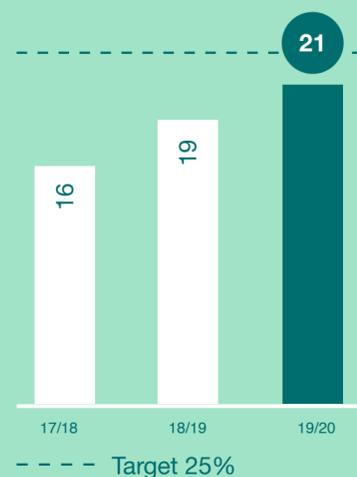
The share of sustainable products will amount to at least 25 per cent of sales in 2020/21.

- The assessment has been made from updated guidelines and a specific model for Clas Ohlson
- Implement plastics strategy
- The ambition to expand the proportion of sustainable electronic products
- Define a strategy for wood and paper

Target fulfilment

The proportion of sustainable products has increased to 21 per cent. We are delivering on our plastics strategy. Work has begun on expanding the proportion of sustainable electronic products. The strategy for wood and paper has been incorporated in the process of formulating a design and product strategy.

Products for a sustainable lifestyle, %



2. A responsible supply chain

Targets and framework

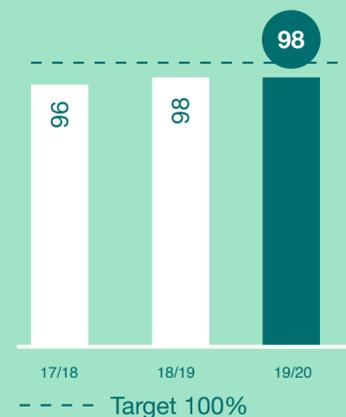
100 per cent of suppliers are to fulfil the requirements of our Code of Conduct as regards working conditions, human rights and environment.

- The ambition to further contribute to long-term improvements for our suppliers
- Define Clas Ohlson's level of responsibility in our supply chain regarding sub-contractors.
- Partnership with KEEP

Target fulfilment

Percentage of suppliers meeting the requirements of our Code of Conduct amounted to 98 per cent. We carried out a pilot programme during the year to prevent deviations from the Code of Conduct. Mapping and initial analyses of sub-contractors has been carried out on battery suppliers.

Proportion of suppliers meeting the requirements of the Code of Conduct with no serious deviations, %



3. A sustainable customer meeting

Targets and framework

Increase the knowledge of sustainability issues among our employees in our stores, inform our customers more clearly.

- Sustainability is integrated into everything we do
- Our employees can guide customers towards sustainable choices and solutions
- Strengthen the communication behind our sustainability activities

Target fulfilment

Sustainability comprises an integrated part of our strategy and we survey employee opinion of our sustainability activities. Internal information on sustainability was updated during the year, and new sustainability training courses have been launched to make it easier for employees to help our customers live more sustainably. We guide the customer towards sustainable products online. We have defined our brand repositioning in line with sustainability and we aim to be one of the leading companies in our segment.

Brand position: The target is to be perceived as a meaningful and trusted brand and company.

The 2020 Sustainable Brand Index revealed that Clas Ohlson is perceived to be the best at sustainability among companies in the leisure and home electronics sector in Sweden and Norway.



4. An attractive & sustainable employer

Targets and framework

Our employees to perceive that we live up to our brand position. 15-20 per cent of our employees are to have a background in another country than the one they currently work in by 2025.

Continued work to

- increase employee attendance
- have an equal distribution of men and women in all groups and at all levels
- be an inclusive organisation, where we respect each other and conduct ourselves in accordance with our culture and values

Target fulfilment

Employee attendance

94%

Total gender equality

45% women
55% men

Manager positions

35% women
65% men

International diversity

8%

TARGETS AND TARGET FULFILMENT



5. Ensure compliance and high business ethics

Targets and framework

Ensure zero tolerance toward corruption and compliance with our standards for business ethics.

- The Code of Conduct and Code of Business Ethics define the requirements and instructions that both employees and partners are expected to follow
- Unannounced audits will be carried out at regular intervals

Target fulfilment

Two reported supplier deviations during the year leading to dismissals from Clas Ohlson. Partnerships discontinued.

Discontinued partnerships as result of deviations

Two

6. Our role in society shall contribute to our target of being a meaningful and trusted brand and company

Targets and framework

Meaningful and trusted brand.

- Our social responsibility is closely linked to our operations and we have a prominent focus on children's rights
- Our strategic partnerships with the World Childhood Foundation and Save the Children, in which training of our suppliers in China and employees in our home markets is an important aspect
- Innovation and entrepreneurship initiatives through the Clas Ohlson Foundation, training for young people and crisis management

Target fulfilment

- In conjunction with the Convention on the Rights of the Child becoming Swedish law, we launched our children's rights plasters
- Around 1,500 employees have completed the "Safe Adults" training course
- Support for the Facilitator Migrant Worker Center in Zhuhai whereby 6,000 children could participate in after-school activities
- 1,500 migrant-worker parents in our supply chain took part in the remote training course on parenting

Meaningful and trusted brand

69%

Proportion of employees who agree that Clas Ohlson works in a trusted manner on sustainability.

7. Reduce CO₂ emissions in our operations

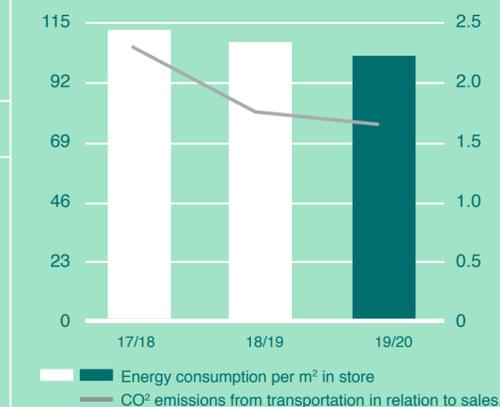
Targets and framework

- Reduced CO₂ emissions from transportation in relation to our sales. Optimisation of the transportation flow. Requirements for partners regarding home deliveries
- 30 per cent energy optimisation by 2030 in our stores, the distribution centre and our offices (base year 2014)

Target fulfilment

Carbon emissions from own operations have reduced 46 per cent
Energy optimisation 19 per cent.
Optimisation of the transportation flow – partnerships with MatHem, Kolonial.no and Wolt.

CO₂ emissions from transportation in relation to our sales and energy consumption per m² in store



8. Efficient, sustainable packaging along our entire value chain

Targets and framework

Efficient packaging chain from the design phase all the way to the stores or direct to customers' homes. In 2019/20, all packaging is to be recyclable.

- Implement plastics strategy
- Model for assessing sustainable products implemented, which also includes packaging
- Reduction of the use of packaging material in collaboration with partners

Target fulfilment

As part of our plastics strategy, 800,000 plastic packages have been removed on products that we purchase directly from our suppliers in Asia.

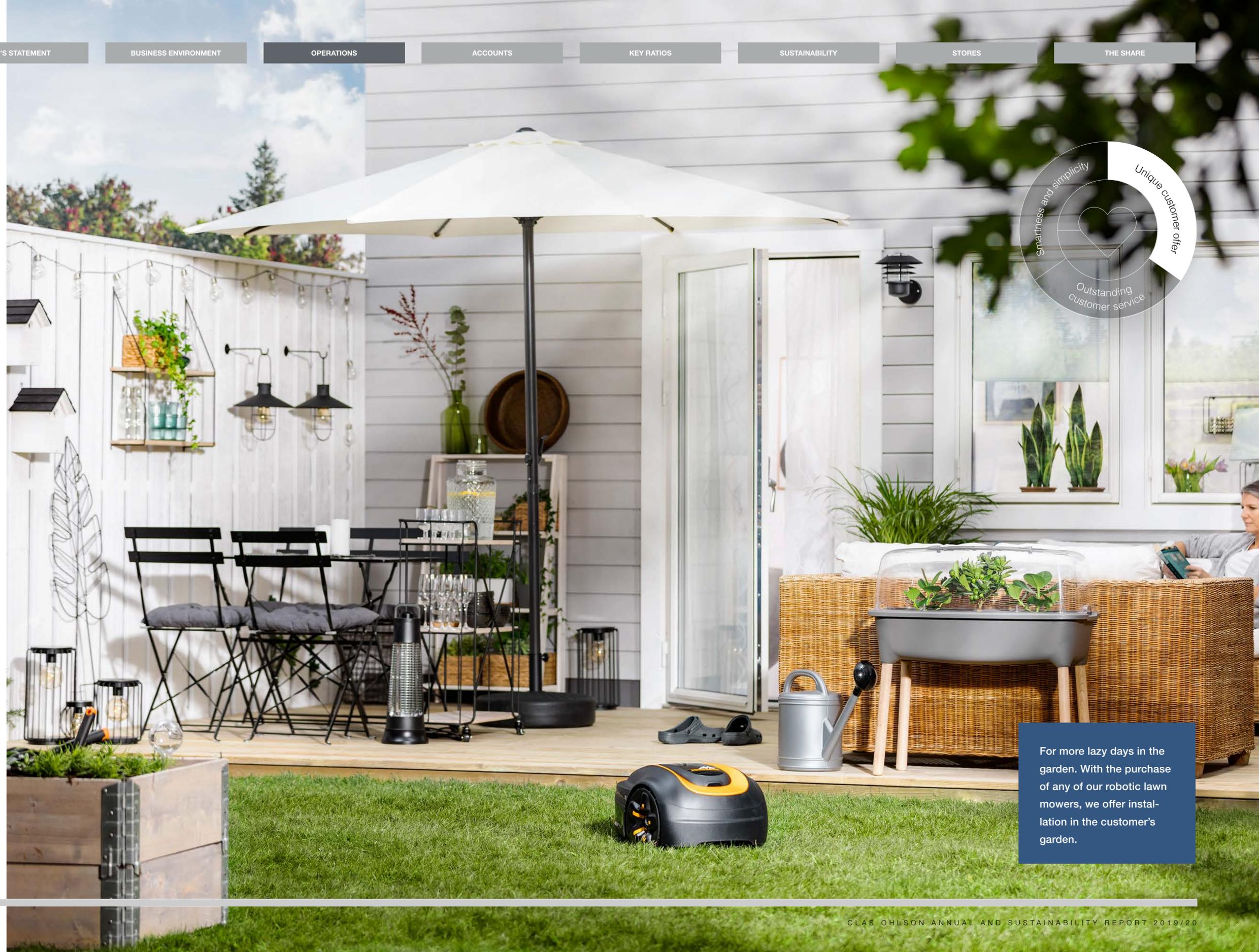
Proportion of recyclable new packaging, %

100%

UNIQUE CUSTOMER OFFER

Unique customer offer

Clas Ohlson offers smart, simple and practical solutions that make everyday life at home a little easier.



For more lazy days in the garden. With the purchase of any of our robotic lawn mowers, we offer installation in the customer's garden.

UNIQUE CUSTOMER OFFER

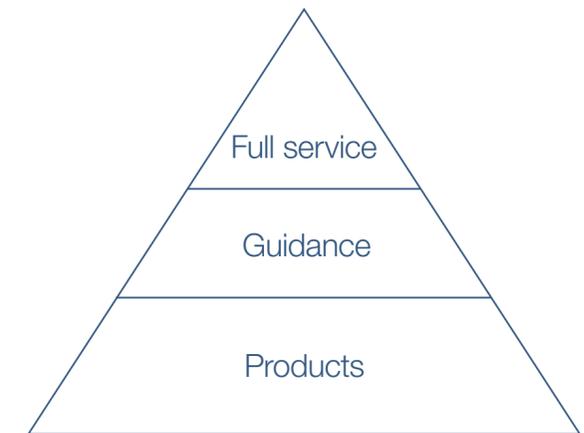
The new product range for kid's bedrooms offers smart and tasteful organising and decorating solutions for little ones at home that also inspire creativity and play for both children and adults. As a complement, Clas Ohlson is also launching a new series of FSC labelled wooden toys designed in-house.



In addition to the prevailing uncertainty surrounding the lasting effects of COVID-19, competition is global. Customer purchasing patterns are changing and industry consolidation is increasing. The first building block of our strategy – a unique customer offer – is to meet people's different needs in the home. Be it smart solutions for the home office, organising your wardrobe or entertaining the kids. We adapt our offering so that each store can meet the needs of its target audience. That's why the stores in Löddeköpinge and Trondheim will have different assortments. At the same time, all of our products are available online.

To help and inspire customers to improve everyday life at home, we have a broad selection of smart and sustainable products. We analyse trends and changes in consumer patterns to continuously adapt and develop our offering to meet customer needs and preferences, and to suit different local markets and locations. In addition to an attractive product range, we provide our customers with good advice and tips through our knowledgeable employees in our stores and in customer service centres. For those customers who would also like us to solve the practical side such as installation, repair or other services for a simpler everyday life, then we can fix that for them as well.

We often talk about our offering as a pyramid, with the product range at the base. Above that base we offer guidance, and up at the top there are supplementary services.



UNIQUE CUSTOMER OFFER

Smart products and services for a more sustainable lifestyle

Clas Ohlson offers products and services that make everyday life easier, with high demands placed on function, price, quality, product safety and sustainability. Enabling a more sustainable everyday life is our greatest opportunity to create a positive sustainable impact. Actively striving to offer more products that contribute to a more sustainable lifestyle is therefore a priority as we develop our product range. This is also something that we know our customers are requesting, and we are convinced that it will have an increasingly significant impact on purchase decisions in the future.

Clas Ohlson has a broad product offering in the categories of Hardware, Electrical, Multimedia, Home and Leisure. The assortment includes both proprietary brands and other well-known brands. In addition, we offer spare parts and accessories that prolong the service life of products. About 12 per cent of last year's product range has been replaced, and our customers see new products every week in our stores and online. It should be easy to find the right product for your needs, but we also want to inspire customers to discover new solutions and a more sustainable lifestyle. We are also working to continually develop our product range under our proprietary brands. In 2020, Clas Ohlson launched a new kid's bedroom range

with toys and storage that inspire and help families keep children's rooms neat and tidy.

In November 2018, Clas Ohlson launched Clas Fix it DIY service in Stockholm. Based in a home store, Clas Fix it receives assignments to visit customers who need help with jobs that are a bit too small for professional handiwork but a little too difficult or daunting for customers to do themselves. They could be small electric or plumbing jobs, or installing a shelf or a robotic lawn mower. The service is booked through an app or in the store and is currently available in Stockholm and Uppsala. Clas Fix it has received a very positive reception from customers and a total of over 7,000 different jobs were carried out in the Stockholm region in 2019. The planned expansion will continue when conditions are easier to predict. In addition to Clas Fix it, Clas Ohlson offers a number of other services such as tool hire, installing robotic lawn mowers and storage solutions.

35%

SHARE OF OUR PROPRIETARY BRANDS AS A PROPORTION OF OUR TOTAL SALES

Clas Ohlson developed its own model for assessing products for a more sustainable lifestyle. Our Smart Plug helps customers manage and cut down energy waste at home through their smartphone.



UNIQUE CUSTOMER OFFER

Before we enter into a partnership with a new supplier in a high-risk country, we conduct an audit to check compliance with our Code of Conduct as regards working conditions, human rights and the environment.



Responsible purchasing

Both we and our customers place strict demands on function and quality, as well as price, and on respect for people and the environment throughout the supply chain. Integrating sustainability and responsible purchasing is a fundamental part of quality assurance in the production and purchasing processes. Products that carry our proprietary brands, or which are unbranded, are bought directly from the manufacturing plants or through agents in Europe and Asia. Clas Ohlson buys products from approximately **670** suppliers in Europe and directly from about **690** manufacturers in Asia via its office in Shanghai. We invest in close, long-term relationships with our suppliers and have built a strong supplier network over time. This enables us to reduce our purchasing costs and allows us to exert more influence over product design, quality and price, but also leads to greater delivery reliability and speed. We continually review our existing purchasing markets and evaluate new ones.

Before we enter into a partnership with a new supplier in a high-risk country, we conduct an audit to check compliance with our Code of Conduct as regards working conditions, human rights and the environment. This applies to all new suppliers. We also conduct an on-site technical review of the supplier's conditions and ability to deliver in line with our quality requirements. We are also on site before each delivery to conduct quality checks in line with an established procedure. We have internal auditors in China who conduct both announced and unannounced audits. The decrease in audits during

the financial year was due to COVID-19 and the factories were closed for some time. During the financial year, 60 of our suppliers were audited externally through Sedex. The Sedex partnership enables increased efficiency and transparency in our supply chain, which allows us to concentrate our resources on high-risk areas.

Training and increased transparency in the supply chain

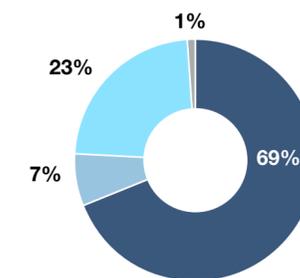
During the year, we continued our training project with Quizrr, a digital tool for training in working conditions as well as health and safety, among our suppliers in China. By using measurability and transparency in the supply chain, we train workers and managers at all levels about their rights and responsibilities. This way we can create opportunities for long-term prof-



OF OUR PRODUCTS ORIGINATE IN ASIA

itability while contributing to positive change and improved working conditions in the supply chain. Due to production changes in connection with COVID-19, we are seeing a marked increase in the number of training courses at our plants. A total of over 4,800 employees have been trained in almost 20,000 courses. Since early 2016, over **10,000** employees have been trained in just over **32,000** courses.

Country of origin



- Asia
- Sweden
- Rest of Europe
- Other

UNIQUE CUSTOMER OFFER

Thorough quality control generates results

Clas Ohlson's assortment includes over 15,000 products. Only one single product has been recalled in eight years. This is largely due to the testing labs in Insjön and Shanghai. Everything that is imported under a proprietary brand passes through quality control and the test lab in Insjön.

Both we and our customers place strict demands on quality. We also strive to offer products that support a more sustainable lifestyle. Sustainability and quality are constant focal points at Clas Ohlson and the product range is an important part of our sustainability agenda.

There are many steps in the process from ensuring that subcontractor plants in China meet our safety, chemical content and quality requirements, to controls in our testing labs and external, third-party labs. The foundation of all testing is to evaluate how the product will be received by customers. Products are tested at Clas Ohlson's testing labs in Shanghai and

Insjön before they reach store shelves. Each product is tested based on its area of use in several mini workshops, divided into product areas. One team of product technicians tests and disassembles each product to inspect its components. We do not place orders until the technicians have deemed the product to be up to standard, and until we have checked that the product fulfils Clas Ohlson's requirements – including applicable legal requirements – and that the supplier complies with our Code of Conduct.

Continuous monitoring is an important part of our quality work and we consistently monitor claims statistics and customer assessments to continue developing and improving the entire product range. We also actively work on the types of chemicals we use, and we have imposed stricter requirements than those set by legislation for products used by children and products that come into contact with skin or food.



Henrik Alfredsson,
head of product quality:
"We take our responsibility seriously – it's not easy being thorough, but it's worth it. We stop all products that aren't up to standard."



Each product is tested based on its area of use in several mini workshops.



KEEP

In cooperation with 14 companies and organisations, we are developing a tracking system for electric and electronic products. Under this framework we developed a battery policy and are continuing to work on a strategy for batteries in our products.

UNIQUE CUSTOMER OFFER



Recycled hotel linen becomes cloth bags

In May 2020, Clas Ohlson launched a sustainable, affordable alternative to plastic bags. These bags are made from hotel linen that would have otherwise gone to landfill. The result is sustainable bags that can carry up to 14 kg and can be washed at 40 degrees Celsius, in addition to saving both the environment and natural resources by reducing the need for new textiles.

THEME plastic and packaging

Plastic is a material with many advantages, including ease of transportation and wide range of use. We are intent on using the right kind of plastic the right way, and on designing products so that plastic can be recycled. Last year, Clas Ohlson adopted a strategy for phasing out plastic, which means that by 2020 we will stop selling single-use plastic items, which is earlier than what the law requires. We have, for example, stopped selling plastic straws and replaced them with metal alternatives. Single-use plastic items will be removed from our workplaces by April 2021, including in staff rooms in stores, distribution centres in Insjön and at our offices.

Smarter, more sustainable packaging

We routinely update the packaging requirements for our suppliers. One of the requirements is that packaging has to be separable and recyclable. We therefore avoid coloured plastics and printing on plastic packaging, since this makes them less recyclable. We also set demands on the choice of materials and design and we strive to balance the amount of packaging material used with the need to protect products during transportation. We are currently developing a design and packaging strategy that intensifies the focus on reparability and separability both in design and in strategy.

Our store employees are affected to a great extent by the packaging that comes into our stores on a daily basis, and they are heavily involved in minimising our impact from packag-

ing. During the year, we particularly concentrated on eliminating unnecessary plastic bags. To make this easier, we created a new digital function that store employees can use to directly give us tips on areas for improvement. The project began in February 2019 and ended in December 2019. Thanks to the tips we collected, we managed to eliminate 800,000 plastic bags after a constructive dialogue with our suppliers.

800,000

**FEWER PLASTIC BAGS
USING TIPS FROM
STORE EMPLOYEES**

Plastic bags in stores

Clas Ohlson plastic bags are made of 100 per cent recycled plastic. During the year, we switched from sugar cane bioplastic to recycled plastic. We have a partnership with PantaPå, which means that our bags can be scanned at a recycling station, and customers then receive a rebate coupon for select sustainable products when they recycle our plastic bags.

Several reusable options are available for customers who prefer to avoid single-use items entirely. The Compact reusable shopping bag is made from recycled PET and in May 2020 we started offering cloth bags made from recycled hotel linen.

UNIQUE CUSTOMER OFFER

Our products and services



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 focus on smaller projects. We have the tools to get the job done, the paint to paint with and everything else needed to renovate and make home repairs. Cocraft, Capere and Clas Ohlson are our proprietary brands in this category. A selection of tools are also available for hire in more and more stores.

Multimedia

Our Multimedia range uses simple and smart solutions to connect networks, music, films, printouts and much more. Large parts of the range are replaced frequently due to new needs and the rapid pace of technological advances, but we also supply products from older generations of technology. Exibel and Clas Ohlson are our proprietary brands in the Multimedia category.



Leisure

The Leisure category contains products for outdoor living, the garden, sports and exercise, travel and games. Carefully selected products contribute to active leisure for children and adults, both outdoor and indoor, all year round. Cocraft and Asaklitt are Clas Ohlson's proprietary brands in this category.



With the special campaign on a kid's bedroom range, Clas Ohlson also launched a new series of FSC labelled wooden toys designed in-house. We can help install perimeter wires in gardens with the purchase of any of our robotic lawn mowers.



Clas Fix it

You can solve your everyday problems quickly, easily and price-worthy with the Clas Fix it DIY service! We can help you with general maintenance, installation and assembly, IT and smart homes, electricity, outdoor and plumbing jobs. Since April 2020, the service has also been available as a video call using a smartphone.

Electrical

Clas Ohlson has many smart, safe and energy-efficient solutions for an electrical-smart home or office. Energy-efficient and trendy designs in armatures and lighting sources. In this category we offer products to transmit, charge, monitor, measure, light, heat, link, install, drive and ventilate. Our proprietary brands in this category are Cotech and Northlight.



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, laundry room and bathroom. Large parts of the range are changed each year to follow prevailing trends. We offer our the proprietary brands Coline and Clas Ohlson in the Home category.

In 2020, Clas Ohlson launched a new kid's bedroom range with inspirational storage that helps families keep children's rooms neat and tidy. The range offers smart and tasteful solutions for helping little ones organise, decorate and play at home.

OUTSTANDING CUSTOMER SERVICE

Outstanding customer service

Giving customers greater accessibility to Clas Ohlson's offering is a central part of our strategy.



A successful partnership with MatHem.se has been in place since 2017, and we have also had a partnership with Kolonial.no, the Norwegian equivalent, since September 2019. Assorted Clas Ohlson products are available from these companies' websites, and sales through these channels in each market are now on par with those in some of our largest physical stores.

OUTSTANDING CUSTOMER SERVICE



We welcomed close to 75 million visitors to our stores in the 2019/20 financial year.

To meet our customers' requirements for convenience and service, we are continuing to develop the combination of stores in prime locations, smart services, online shopping in various platforms and many delivery options. The partnerships with MatHem in Sweden, Kolonial.no in Norway and Wolt in Finland are key components in this. We have established a partnership with Amazon for online shopping outside the Nordic countries.

A personal meeting built on the Clas Ohlson spirit

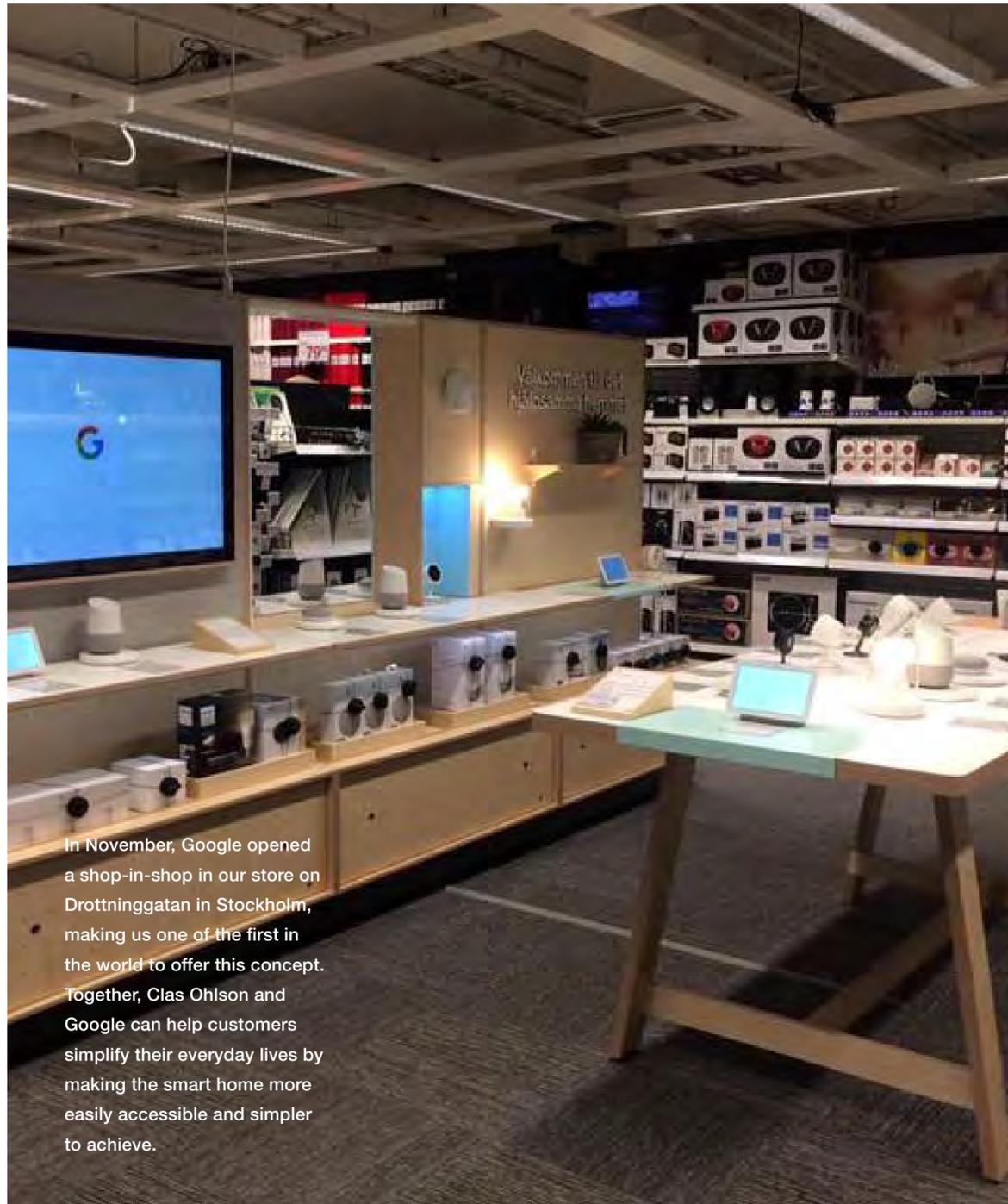
A good customer experience is fundamental to creating satisfied return customers. We want to be proactive, meeting our customers with commitment and knowledge. Clas Ohlson offers accessibility and service through a combination of various sales channels. Our aim is to manage all sales channels as one whole, minimising differences between physical and digital stores. Every part of our service concept is based on the passion and skills of our co-workers and is fundamental to the corporate culture that we call the Clas Ohlson spirit. A spirit that has existed in the company ever since it was founded in 1918. For more information, refer to pages 11 and 30.

2.8

MILLION LOYAL CLUB
CLAS MEMBERS

Club Clas is our loyalty club, with nearly 2.8 million members. Membership comes with club discounts, 3 per cent return in bonus cheques on everything you purchase, open purchase for 365 days, bonus days and club days in many locations as well as the option to have your receipts stored electronically. By studying purchase histories, we are able to present more relevant offers to each individual customer. Stores with many club members have a higher average ticket value and a higher conversion rate. Club Clas is currently available in Sweden and Finland, with plans to make it available in Norway.

OUTSTANDING CUSTOMER SERVICE



In November, Google opened a shop-in-shop in our store on Drottninggatan in Stockholm, making us one of the first in the world to offer this concept. Together, Clas Ohlson and Google can help customers simplify their everyday lives by making the smart home more easily accessible and simpler to achieve.

Accessible and climate-smart store network

The large growth in the industry is now taking place online, but we can see that stores will continue to play an important role going forward. Our store network in the Nordic countries is our most important sales channel and profitable stores are therefore a prerequisite for our goal of sustainable profitable growth. Apart from serving as a key sales channel, the stores provide a customer experience, a service offering and the option of collecting products ordered online using Click & Collect.

Continuous review of locations and format

We need to ensure that our stores are located where our customers want us to be, with the right format and the right balance between cost and income per square metre. As a result, we will adjust the number of stores and their focus more rapidly depending on how purchasing patterns change. Some stores will expand, some will reduce in size, some will close and some new stores will open. During the year we closed seven stores, moved three and opened three in locations where we believe we have a platform for profitable growth. The continuous optimisation of our store network and securing flexible lease terms will remain priorities in future.

It should be easy for customers to find their way around, and we place great importance on product display and navigation to save time for both customers and employees.

Clas Ohlson became the second chain in the world to host Google's shop-in-shop concept when it opened in our Drottninggatan store in Stockholm in November 2019. Together, Clas Ohlson and Google can help customers simplify their everyday lives by making the smart home more easily accessible and simpler to achieve.

With the new shop-in-shop concept, Google and Clas Ohlson aim to demonstrate to customers that it is possible to start simplifying their everyday lives by using smart products without any hassle.

Reduced environmental impact

We strive to reduce the environmental impact of our stores through enhancements to energy efficiency and by increasing the use of renewable energy sources. We place strict requirements on sustainability when we build new stores or renovate older ones. These require-

ments include LED lighting, movement detectors, and PVC-free floors and cabling as well as eco mode for escalators.

46%

Of our stores have energy-efficient LED lighting

100 kWh/sqm

Energy consumption in our stores, which continues to decrease

19%

Energy efficiency, with 2014 as a base year

OUTSTANDING CUSTOMER SERVICE

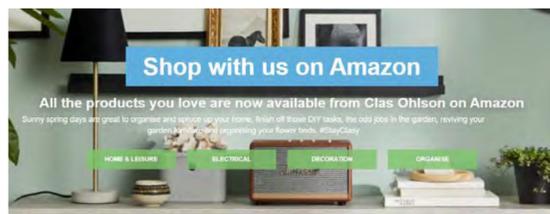
Improved customer experience online

Our e-commerce platform is an increasingly significant sales channel that also boosts visits and sales in our stores. Customer demand is increasing more and more as customers have less time in their everyday lives and less patience. Decisions need to be made quickly and it should be easy to shop with Clas Ohlson. The foundation of this is customer convenience, and this applies to the entire customer journey.

An extensive upgrade of our e-commerce platform was therefore carried out in the 2019/20 financial year. The aim is to improve customer experience by offering a quicker and more convenient shopping experience regardless of

whether it is from a computer, mobile phone or a tablet. The platform has contributed to a heavy increase in traffic. A significant advantage is that it is scalable, allowing for higher cost-efficiency for continually updating the platform as customer purchasing patterns change. Another example of how we have previously improved the online customer experience is by offering flexible payment options and more delivery alternatives.

We have also been working intensively to create the right conditions for rapid and flexible flows of goods such as automating online shopping deliveries at our distribution centre. Read more on page 33.



Following a pilot project in the UK, online shopping outside of the Nordics has been transferred to Amazon's online shopping platform.

ONLY 4

CLICKS ARE NEEDED TO BUY SOMETHING, COMPARED TO 14 TWO YEARS AGO



We are constantly upgrading our website in our endeavour to make the user experience effortless and fun. One example of this is that we have created a new format for our product listings on mobile devices. Both of the formats now come with a "Add to shopping basket" function, allowing the customer to easily add products without needing to be redirected to the product page.

OUTSTANDING CUSTOMER SERVICE

Flexible and convenient delivery alternatives

Regarding delivery alternatives, our customers are demanding more flexible and individually tailored solutions. Customers shopping online can choose to have the products sent to their homes or to a drop-off point, or pick them up at a Clas Ohlson store. Click & Collect as a delivery alternative — where customers can order the products online and pick them up at a store shortly afterwards — has become a popular delivery option.

Customers shopping at a store can also choose to order products from Clas Ohlson's broader product range online while still in the store and have them delivered to the store or to their homes. Home delivery in particular is increasingly in demand. For customers in Sweden's larger cities, MatHem is an alternative. A selection of Clas Ohlson's product range is available for sale at MatHem, and we see great potential for increasing sales volumes of consumables under our own brand via the MatHem platform.

We entered into a partnership with Kolonial.no, the largest online food retailer in Norway, in the autumn of 2019. The partnership, inspired by the success of MatHem, was positively received from the very beginning. Roughly one in ten delivered food bags contains a Clas Ohlson product.

Clas Ohlson and the food-tech company Wolt entered into a partnership in Finland during the

financial year. The partnership makes it possible for customers in central Helsinki to quickly receive Clas Ohlson products delivered right to their door. To begin with, customers in central Helsinki have been able to order selected Clas Ohlson products using Wolt's popular app. The products are then quickly delivered to the customers' homes with the help of Wolt's bicycle delivery service. We have expanded this service to more cities in Finland.

Increased online shopping influences customer expectations of quickly receiving products delivered right to their door, which is why understanding and managing the environmental impact from various sales and distribution channels is becoming increasingly important to us. We place strict demands on our distributors for home deliveries, in order to offer more environmentally friendly options for our customers. Through our partnerships with MatHem, Kolonial.no and Wolt, we can optimise the transportation flow and reduce our emissions.

New meeting places – the home, the mobile phone and the drive-in

Through Clas Fix it, the home has also been opened up as a meeting place in an entirely new way. Here, as in our other channels, we want to provide our customers with reliable outstanding service. More information about Clas Fix it can be found on page 19.

Clas Ohlson presented an updated version of the Clas Fix it service in April 2020. Using video calls, the user is able to receive professional advice directly through their mobile phone. The Clas Fix it service using video calls makes it possible for more people to solve their DIY issues themselves. The video call service is free for all Club Clas members.

In the wake of the accelerated spread of COVID-19 in the Nordics, we introduced a drive-in solution allowing the customer to receive their order straight to their car outside of the store.

Customers order goods with our online shopping service and can have them delivered straight to the car outside one of our stores after two hours. The primary aim is to offer a safe shopping experience for everyone, and be available to customers who for various reasons are unable to visit our stores.

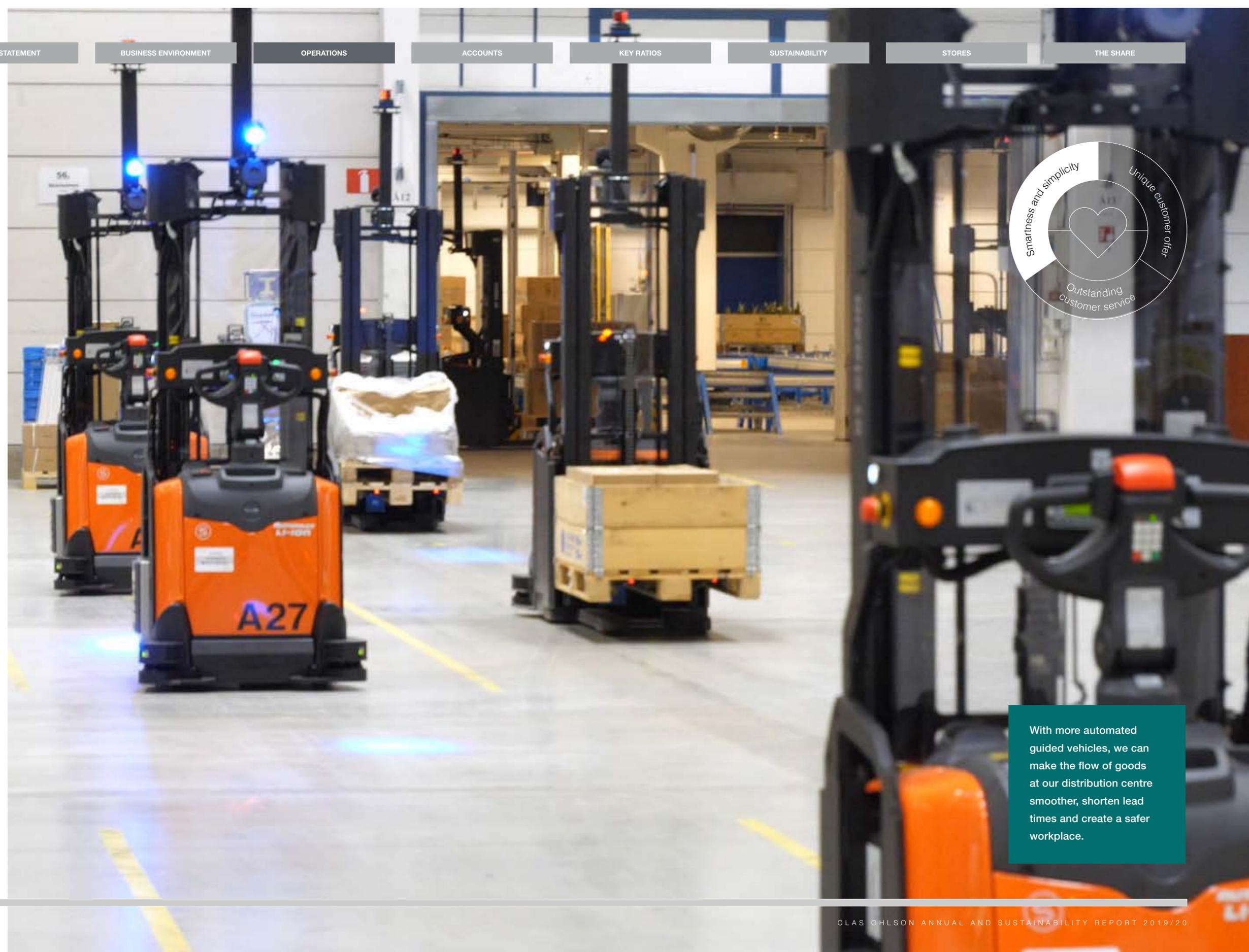
Clas Ohlson now offers the option of ordering products online and then having them delivered straight to the car outside of our stores. This is another new method of delivery for our customers launched in the spring of 2020 in our Nordic markets as a complement to Click & Collect, a service whereby customers can collect their online orders from stores.



SMARTNESS AND SIMPLICITY

Smartness and simplicity

Smartness and simplicity is part of Clas Ohlson's strategy to strengthen Clas Ohlson's long-term position in the market.



With more automated guided vehicles, we can make the flow of goods at our distribution centre smoother, shorten lead times and create a safer workplace.

SMARTNESS AND SIMPLICITY



BRILLIANT AWARDS

— CUSTOMER EXPERIENCE —

BÄSTA KUNDSERVICE - HANDEL
VINNARE 2020

Award-winning customer service

Our Contact Centre in Insjön, Sweden, which has 20 dedicated co-workers who handle approximately 500,000 customer meetings via telephone, e-mail, chat and Facebook on a yearly basis, won first place in the 2020 Brilliant Awards in February 2020 in the category of best customer service in retail.



“Our corporate culture is just as vibrant and clear today as it was when Clas Ohlson himself worked at the company. We constantly see this in the many positive examples demonstrated by our colleagues that we have all agreed on,” says Marita Billström, who is one of the thousands of proud culture ambassadors with her 43 years in the company.

Firmly anchored in a strong corporate culture, we challenge ourselves to continually reassess our working methods and the way that we think. We invest in change, which includes the upskilling and an increasing degree of digital working methods that contribute to more efficiency, simplicity and sustainability throughout the entire supply chain.



**THE YEAR CLAS OHLSON
WAS FOUNDED WITH A
SPIRIT THAT PUTS THE
CUSTOMER FIRST**

With corporate governance based on clear rules and a strong corporate culture, we enhance the efficiency of our processes and integrate ethics, the environment and social issues into our strategic decisions and our way of working.

At the core of our approach and our way of working to continually grow and achieve our goal of being considered a meaningful and trusted brand and company for our employees, our customers and other stakeholders, we have a strong corporate culture in place that we call the Clas Ohlson spirit.

To ensure that this culture, which has been present in the company ever since it was founded in 1918, can be carried forward to new generations, we work actively to clarify and update the description of the Clas Ohlson spirit to reflect today's conditions. All of our employees take part in this process.

An organisation built on the Clas Ohlson spirit

Our success is created by all our unique employees, who see new opportunities and resolve challenges every day. Digitalisation drives change throughout society, and retail is no exception. In order to meet changing customer behaviour, we must work on new ways of attaining a cost level that allows us to continue to grow in an increasingly competitive market.

SMARTNESS AND SIMPLICITY

Employees who want to grow with us

Clas Ohlson is to be an attractive employer that can develop and retain competent and committed employees, while attracting new talent.

When we recruit, we seek employees who want to be a part of Clas Ohlson's culture and who want to grow with us. We offer stimulating opportunities for personal and professional development. We strive for increased diversity and we are sure that a variety of competencies and backgrounds is incredibly important for creating an innovative, creative climate and profitable growth. Having a service mindset, commitment, a business-oriented approach and a willingness for constant improvement are important prerequisites to enjoy working with us.

The right skills through development and recruitment

We operate in a constantly changing business environment and we need to be constantly up-to-date for the tasks ahead. Skills development takes place through tailored, formal training and by facilitating the sharing of the skills that exist in the company. We focus on developing the skills in our products and services, as well as improving our customer interaction in all channels. We use career planning and internal development to ensure that the Clas Ohlson spirit will live on.

There is also a need to add new expertise. We are focusing intensely on ensuring that the positions in our new recruits address areas where we have a gap of skills to be prepared for cur-

rent and future needs. Clas Ohlson has been highly successful in attracting the competences the company needs, and believes that many talented people who have applied to Clas Ohlson are interested in being part of this journey of change. The external image of Clas Ohlson as a good place to work, with a high degree of employee satisfaction, has been of the utmost importance in our recruitment efforts. In the introduction process, all new employees receive a broad understanding of Clas Ohlson's history and corporate culture, our mission and our sustainability agenda.

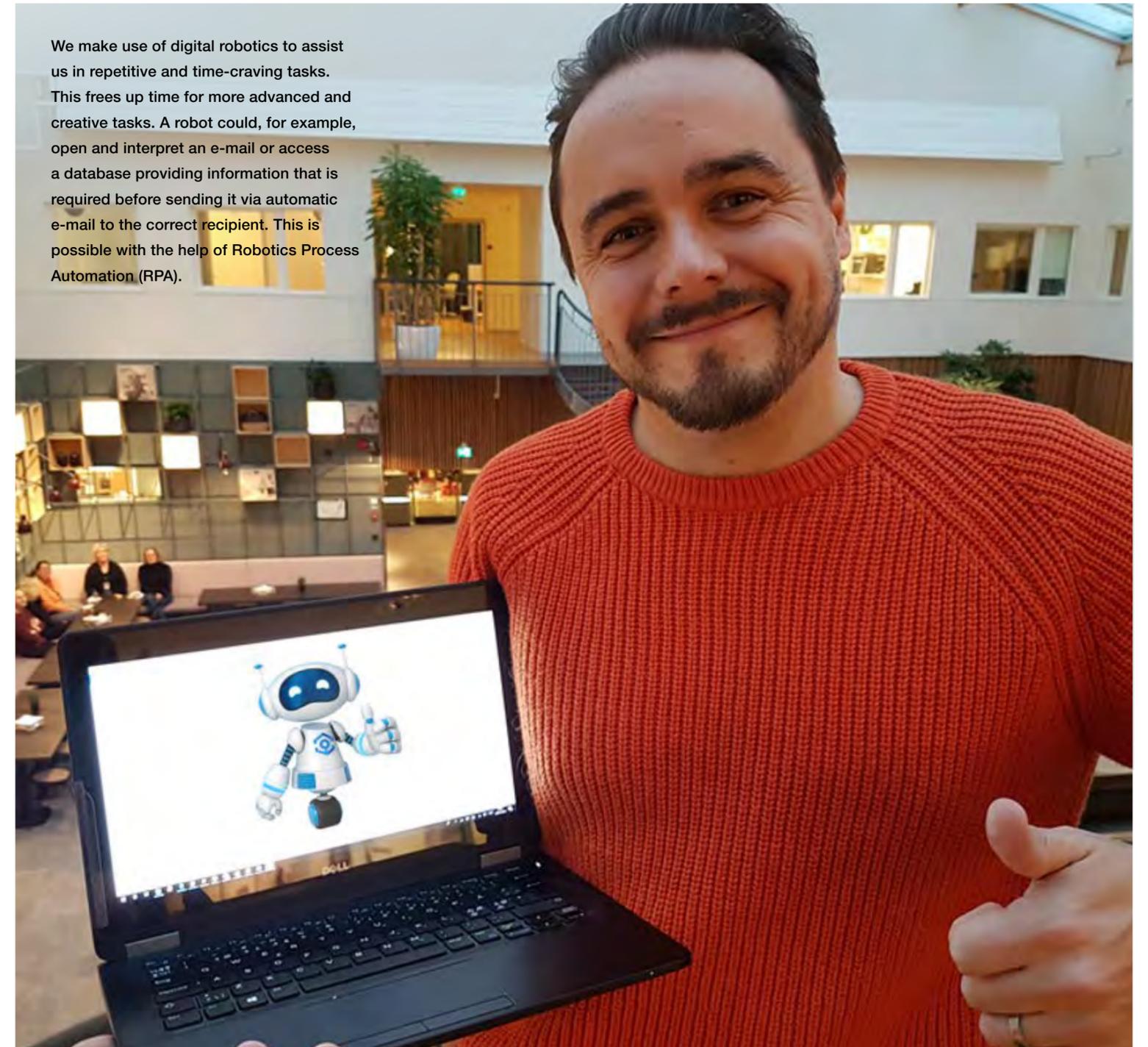
approximately
4,500

**EMPLOYEES
IN FIVE
COUNTRIES**

We endeavour to ensure that every workplace has employees with different backgrounds, skills and experience. Greater diversity boosts creativity and innovation. This helps us to understand and interact with our customers in the best possible way. We have a zero tolerance policy for all forms of discrimination and harassment. All employees have the same rights, opportunities and obligations. The recruitment process for our stores was also updated to include an extensive diversity perspective.

During the year, the proportion of employees with their background in a country other than the one in which they currently work increased to 8 per cent.

We make use of digital robotics to assist us in repetitive and time-craving tasks. This frees up time for more advanced and creative tasks. A robot could, for example, open and interpret an e-mail or access a database providing information that is required before sending it via automatic e-mail to the correct recipient. This is possible with the help of Robotics Process Automation (RPA).



SMARTNESS AND SIMPLICITY



Leading in a complex world

Major organisational changes were carried out including approximately 200 positions, primarily at our head office and the distribution centre, to create a more efficient and flexible organisation with the right skills mix that is better equipped to capitalise on the opportunities offered by digitalisation, automation and the changed behaviour of customers in the retail sector.

Clas Ohlson has also continued to scale back its operations in the areas where we see there is no intrinsic value in performing such duties ourselves. In those cases, we outsource the assignment or enter into a partnership with another company.

At the end of our financial year, conditions changed rapidly as the corona pandemic swept across the Nordic countries and the world at large. National restrictions put in place to curb the spread had a direct impact on Clas Ohlson. Even though all of our stores in the Nordic countries remained open, this was in many cases with reduced opening hours. About 300 store employees were temporarily laid off in April, due to shorter opening hours and fewer visitors. At the start of June, only a small number of city stores and stores that have significant cross-border shopping have been affected. Furthermore, about 200 office employees had their working hours reduced until mid-June. The layoffs for this group were not extended and the assessment is that they not be resumed after the holiday period.

At Clas Ohlson, leadership involves leading the culture and creating trust among our employ-

ees to be themselves and be able to use their strengths in their daily work. The leadership role is now more complex when faced with a time of major change resulting in the need to both reduce costs and upskill. This concerns handling the anxiety that has come about as a result of the risk of redundancy and motivating and creating future confidence. Management applies a well-established forward-looking attitude.

We have continued to work on making leadership development more accessible for our colleagues and have published 40 short training videos that are available through our online-based teaching platform Clasroom. We also continued to rework our internal leadership programme during the year, and the programme that all of our managers are to undergo starting in the spring of 2020. As part of our ongoing change process, we have offered support to our employees in the form of coaching to prevent ill health and create the necessary conditions to manage ongoing changes in a positive manner.

According to the most recent employee survey conducted at the beginning of 2020, we see a positive trend within all areas that we measure. 69 per cent of our employees are committed or highly committed and 75 per cent of our work groups consider themselves to have a manager with good or excellent leadership.

Well-being at work more crucial than ever

Employees 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 employees enjoy physical and mental well-being, and feel a sense of trust, security and belonging. Clas Ohlson works actively and preventively to improve the company's employee attendance, through initiatives such as leadership, work environment and preventive healthcare. Read more on page 15.

The target is that neither men nor women will account for less than 40 per cent of each individual professional category. 35 (32) per cent of managers were women during the financial year.



OF OUR WORK GROUPS BELIEVE THAT THEY HAVE A MANAGER WITH GOOD OR EXCELLENT LEADERSHIP

SMARTNESS AND SIMPLICITY

Smart logistics with high delivery of reliability and lower environmental impact

The distribution centre at Insjön (DC) is the hub of our distribution network. All product deliveries are routed through here for repackaging and 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.

The distribution centre in Insjön - higher automation 24/7

To optimise usage of the distribution centre in Insjön and to ensure rapid deliveries to customers, the distribution centre has been in operation seven days a week since January 2019.

We are making substantial investments to enhance the efficiency of distribution operations. These investments are essential for achieving our ambitions of doubling online sales every other year. Clas Ohlson's customers shop online the most at the weekend, which is why operations at the distribution centre are organised so that products can be packed and start their journey to end customers as quickly as possible. At the same time, delivery reliability is a central part of maintaining a high level of service, which is facilitated by efficient logistics and distribution.

Increased automation of operations in the distribution centre is a high-priority measure. Automated guided vehicles and packing machines increase efficiency, scalability and flexibility to

cope with fast-growing online shopping and ensure the supply chain for our store network. The packing machine is an important element in the transition from manual handling of online orders to quickly managing growing volumes. During the financial year, automated solutions were refined and new solutions implemented. By the end of 2020, we expect to have around 30 automated guided vehicles in operation.

365

**DAYS OF THE
YEAR THAT DC IN
INSJÖN IS FULLY
OPERATIONAL**

Good planning allows for more sustainable transportation

We strive to take responsibility for reducing the use of air freight, increasing deliveries by train and always choosing transport companies that have the same sustainability agenda as Clas Ohlson. For the third year in a row, we have reduced emissions in relation to our net sales. We are very proud of the work that has been carried out in planning our purchasing from Asia given that fewer flights have an immediate effect on costs and carbon emissions.

Emissions from flights have reduced 68 per cent over the last three years. Even though we have reduced our transport emissions as a



Time saver! The new Auto Order system helps make sure that the right product can be found at the right price and in the right time in the way that the customer wants.

SMARTNESS AND SIMPLICITY



Optimising logistics. Our distribution centre operates 24 hours a day, every day of the year to enable quicker delivery to customers.

whole, they have risen in the Nordic countries. As such, we are now tightening requirements on fossil-free transportation for our suppliers. In the next financial year, linehaul from the distribution centre in Insjön, Sweden to the terminals in Sweden and Norway will be fossil free. For more information about our emissions, refer to page 104.

Smart freight consolidation at all stages

During the past year, Clas Ohlson has worked intensively to consolidate shipments from China. All shipments from a supplier who does not fill an entire container are taken to one of the five consolidation terminals in use in China. These shipments are consolidated there with others from our other suppliers. We do this to optimise the fill rate in the containers, but also to be able to use the larger type of container (40ft High Cube container) as much as possible. This container can then be used other goods and by other exporters in Insjön, which means that we can decrease transportation of empty containers back to the harbour in Gothenburg.

Delivering online orders home to customers on the same day or the day after an order is placed in as efficient and sustainable way as possible is facilitated through partnerships with MatHem in Sweden and Kolonial.no in Norway. We have also entered into a partnership with Wolt in Finland, and have established a partnership with Budbee, Postnord and Porterbuddy.

Partnerships like these are examples of how we are finding new ways to help customers and also to make use of existing expertise and in-

frastructure to quickly fulfil our customers' new demands.

Stores with a broader role and a tailored product range

The stores play a central role in Clas Ohlson's entire logistics system. Our five feeder stores are examples of this. Located in Stockholm, Gothenburg, Malmö, Helsinki and Oslo, these stores act as smaller warehouses where we can select and pack goods ready for quick delivery to the customer. With the launch of Click & Collect and drive-in solutions for our customers who shop online, the stores are an important part of our growing online shopping business, which also drives business in our stores before and after online purchases are made.

We now have the right system support in place to customise our offering in accordance with local conditions for each store. Within the frame of our strategic Category Reset initiative, we have methodically and using data evaluated and optimised our product range based on customer requirements and product profitability. After having conducted tests in a smaller number of stores, we began rolling out the initiative in our entire store network during the year. This has resulted in our customer offering becoming more relevant for each channel and the optimisation of the value of inventories for each season.

46%

**LOWER CARBON
EMISSIONS FROM
OUR OPERATIONS**

The distribution centre by the numbers

77,000
square metres

290,000
pallets delivered to stores annually

630,000
items delivered per year

400,000
pallet and storage spaces

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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 2019 to 30 April 2020. 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' daily lives at home. During the year, operations were conducted in Sweden, Norway, Finland, the UK and Germany via stores and online shopping, and via purchase offices in China. Two stores in the UK were closed in the 2019/20 financial year as part of the decision to discontinue the store network outside the Nordics.

The product range includes approximately 15,000 articles that are purchased from a large number of suppliers in some 30 countries. The products are delivered to the distribution centre in Insjön, Sweden, and from there 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 228, of which 97 were in Sweden, 90 in Norway, 40 in Finland and one in the UK. The number of contracted forthcoming store openings amounted to two stores.

Significant events during the financial year

During the financial year, the store network was reduced by a net four stores compared with the year-earlier period (an increase of three) – a reduction of two stores in Finland and two in the UK.

A new partnership with Kolonial.no, Norway's largest online food retailer, began at the start of September. Increasing customer access to Clas Ohlson's offering is a central part of the company's strategy. The partnerships with MatHem in Sweden and Kolonial.no in Norway are key components in this work that is continuously being developed. Clas Ohlson's product range was made available on Amazon in the UK during the financial year. The company is continuing to develop the combination of stores in prime locations, smart services, online shopping in various platforms and many delivery options.

Clas Ohlson invested an additional 27 MSEK in MatHem i Sverige AB during the year, as part of the new share issue to retain the company's rights under the shareholders' agreement. The new share issue that took place totalled about 500 MSEK.

Clas Ohlson took measures in the fourth quarter to tackle the consequences of the corona pandemic. About 300 store employees were temporarily laid off in April, due to shorter opening hours and fewer visitors. In the beginning of June, only a small number of city stores and stores that have significant cross-border shopping were affected. Furthermore, about 200 office employees had their working hours reduced between April and mid-June. The assessment is that the layoffs for this group will not need to be extended or resumed after the holiday period.

The CO100+ action programme completed

About 20 projects were carried out in the past two financial years 2018/19 and 2019/20 under the CO100+ action programme to achieve established growth and profitability targets. During this period, 1-2 per cent of

DIRECTORS' REPORT

the underlying operating margin was invested in activities to drive sales growth and generate cost savings. As part of this work, we both modernised and enhanced the efficiency of our work methods by establishing a solid platform in the business based on both new and existing skills and significantly higher digital expertise.

The growth initiatives that were carried out focused on increasing sales per square metre, increasing sales per customer and doubling online sales every other year. Online sales increased by 84 per cent and sales per square metre and per customer have risen.

Cost-saving measures corresponding to 225-250 MSEK have now been implemented.

- Indirect spend (70-75 MSEK)
- Direct spend (110-120 MSEK)
- Implementation of a more effective organisation and logistics (45-55 MSEK)

Certain measures have gradually generated results over the two-year period. The remaining earnings effect of about 150-160 MSEK will be realised in the 2020/21 financial year. Combined with a continuing focus on online growth and sales per square metre and per customer, this will help us achieve our long-term profitability target of an operating margin of 6-8 per cent.

Sales and profits

Sales in the Nordics increased 2 per cent to 8,666 MSEK (8,489). The organic increase in the Nordics was 3 per cent year-on-year. Total sales and organic growth were unchanged at 8,758 MSEK (8,772). Sales in comparable units and local currency increased 1 per cent.

Online sales increased 25 per cent to 542 MSEK (432).

Sales were distributed as follows:

Sales area (MSEK)				
Countries	2019/20	2018/19	Percentage change	Percentage change, local currency
Sweden	3,991	3,853	4	4
Norway	3,590	3,571	1	3
Finland	1,086	1,064	2	-1
Nordics	8,666	8,489	2	3
Outside the Nordics*	92	284	-68	-69
Total	8,758	8,772	0	0
Of which, online sales	542	432	25	26

*Affected by store closures in the UK and Germany.

Distribution of sales increase

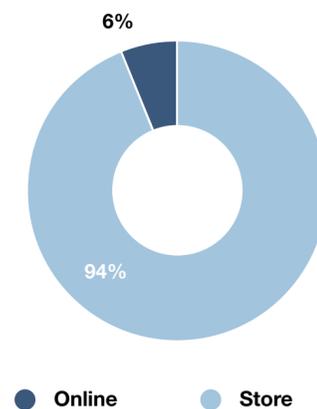
Comparable units in local currency	1%
New stores	-1%
Exchange-rate effects	0%
Total	0%

Earnings for the financial year were affected by non-recurring costs and costs linked to the CO100+ action programme totalling approximately 127 MSEK (405).

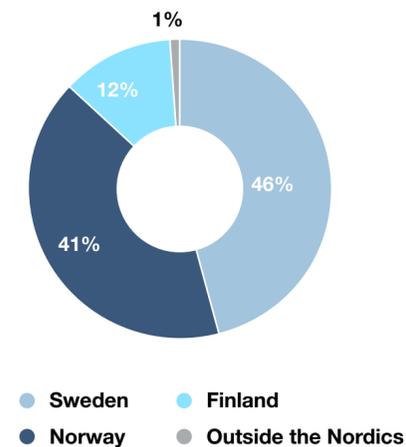
The gross margin was 39.8 per cent (39.8). During the financial year, the gross margin was positively impacted by effects from currency hedging (NOK) from currency forwards and exchange-rate effects related to delays in inventory, an improved product mix and lower sourcing costs. This was offset by a stronger purchasing currency (USD) and a weaker sales currency (NOK).

The share of selling expenses declined 2.4 percentage points to 31.1 per cent (33.5). Excluding the effect of IFRS 16 of 1.0 percentage point, the share declined by 1.4 percentage points. The share of selling expenses was impacted by lower expenses in the UK and Germany.

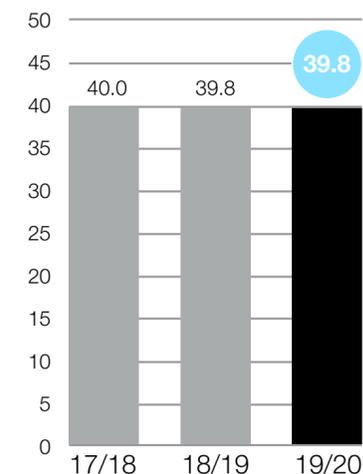
Sales in stores/online



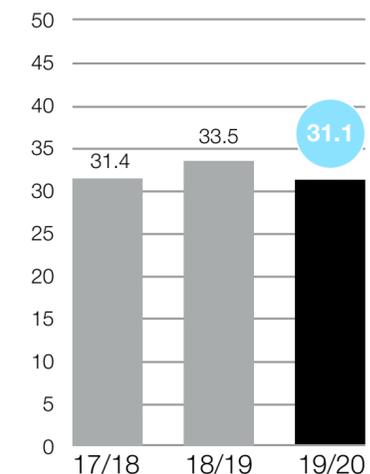
Net sales per country



Gross margin, %



Share of selling expenses, %



DIRECTORS' REPORT

Operating profit amounted to 549 MSEK (94). IFRS 16 had a positive effect of 95 MSEK on operating profit, resulting in operating profit of 454 MSEK excluding this effect. Underlying operating profit amounted to 581 MSEK (497). The operating margin was 6.3 per cent (1.1). IFRS 16 had a positive effect on operating margin of 1.1 percentage points.

Profit after financial items amounted to 482 MSEK (92). IFRS 16 had a positive impact of 31 MSEK on profit after financial items and a positive impact of 24 MSEK on profit after tax. Depreciation for the period amounted to 687 MSEK (237), of which 472 MSEK pertained to depreciation of right-of-use assets in accordance with IFRS 16.

Spot exchange rates for key currencies averaged 1.05 for NOK and 9.60 for USD, compared with 1.08 and

9.03, respectively, in the year-earlier period. Currency hedging was undertaken in USD and NOK. 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 prevailing uncertainty related to corona and other factors have impacted purchasing and sales currencies. Clas Ohlson has now returned to its normal currency hedging policy after a temporary period of assessing currency hedges on a case-by-case basis.

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 coronavirus. Fluctuations in the currency market also have an effect. Furthermore, we must add that the retail sector is already undergoing extensive change. The underlying structural change in the retail sector will require a great deal of flexibility, sensitiv-

ity and continued upgrading of the business model. It is important to be well prepared for the future with the road ahead based on: offering an even more relevant range of products, stores in the right locations, attractive online shopping on our own and other companies' platforms, flexible delivery options and a strong service offering.

Financing and liquidity

Cash flow from operating activities for the financial year amounted to 1,284 MSEK (312). Cash flow for the period after investing and financing activities was -20 MSEK (-11). Excluding the effect of IFRS 16, cash flow from operating activities amounted to 817 MSEK and cash flow from financing activities to -606 MSEK.

The average 12-month value of inventories was 1,968 MSEK (2,049). Over a rolling 12-month period, the

stock turnover rate at the distribution centre was 5.6 times (5.9). At the end of the period, the value of inventories was 1,811 MSEK (1,987). The lower level was mainly due to strict inventory control.

The Group's net debt at the end of the period, meaning interest-bearing liabilities less cash and cash equivalents, amounted to 2,183 MSEK (178). Net debt in relation to EBITDA amounted to 1.8 times. Excluding the effect of IFRS 16, net debt in relation to EBITDA to 0.0 times, which is in accordance with our financial framework (below 2.0 times). Credits granted and loan commitments amounted to 1,000 MSEK, of which 67 MSEK had been utilised at the end of the period. The company's financial position remains strong. The equity/assets ratio was 31 per cent (49). Excluding the effect of IFRS 16, the equity/assets ratio amounted to 51 per cent.

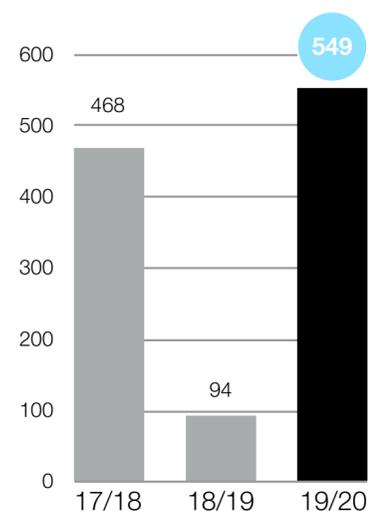
Investments

Investments during the financial year amounted to 231 MSEK (211). Of this amount, investments in new or refurbished stores accounted for 42 MSEK (51). Investments in IT systems for the financial year amounted to 143 MSEK (105). A follow-up investment of 27 MSEK was made in MatHem in the fourth quarter to enable MatHem's expansion and retain Clas Ohlson's rights under the shareholders' agreement.

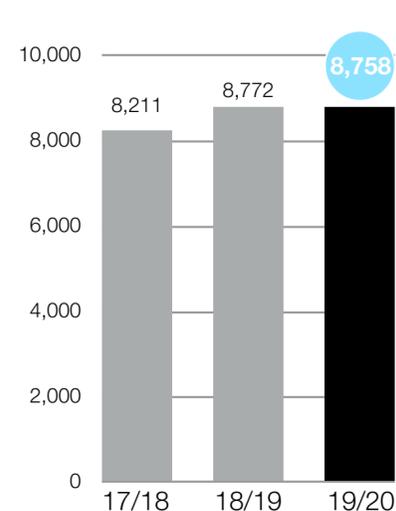
The Share and share capital

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.

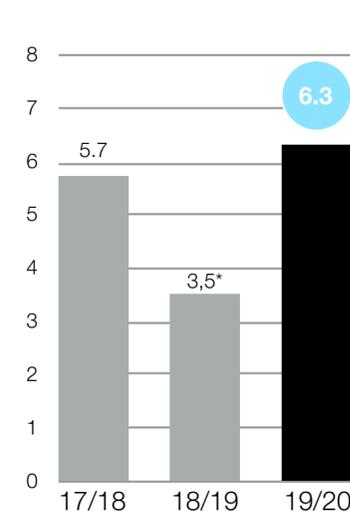
Operating profit, MSEK



Sales, MSEK



Operating margin, %



* Excluding non-recurring cost for the closure of the store network outside the Nordic countries.

DIRECTORS' REPORT

On 30 April 2020, the company had a total of 38,504 shareholders, according to the register of shareholders maintained by Euroclear Sweden, compared with 42,336 on 30 April 2019. The ten largest shareholders at that time held 57 per cent of the capital and 76 per cent of the votes. For a summary, see page 117.

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 76, 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, unchanged compared with the preceding year. At 30 April 2020, the company held 2,262,553 shares (2,382,206) corresponding to 3 per cent (4) of the total number of registered shares. At the end of the period, the number of shares outstanding, net after buyback, was 63,337,447 (63,217,794). The entire LTI 2019 undertaking has been secured by using shares that were bought back to secure previous LTI plans where the need has been recalculated (no buy-back in the preceding year).

Employees

The average number of employees in the Group was approximately 4,500; recalculated to full-time equivalents, this corresponds to an average of 2,987 (3,099). 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. A more detailed description of Clas Ohlson's work on its Code of Conduct is provided on pages 15-16. The company also assumes its social responsibility as regards the rights of children through its partnerships with Save the Children and World Childhood Foundation.

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. With regard to electrical and electronic waste, the company cooperates with the Elkretsen organisation in Sweden, which is the joint company owned by the electrical industry for waste disposal. The company is affiliated to the recycling organisation REPA. In Norway, the company is affiliated to the recycling organisations RENAS, Batteriretur and Grønt Punkt. In Finland, there is equivalent cooperation with Serty, in the UK with Valpak and in Germany with Der Grüne Punkt.

Clas Ohlson's impact on the environment is mainly related to manufacturing of goods, transportation and sales. For this reason, improving transportation efficiency, energy efficiency in stores and helping customers to live more sustainably are focus areas for the entire Group. 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 and business travel). We reduced our GHG emissions under Scope 1 and 2 by slightly more than 46 per cent during the financial year. This year, Clas Ohlson embarked on its journey to quantify other GHG emissions (Scope 3) in its value chain.

Sustainability work covers all areas of activity and is presented on pages 11-34. See also the sustainability report on pages 96-112.

Guidelines for remuneration of senior executives

The following principles were adopted at the most recent

Annual General Meeting (AGM). The principles are proposed to be updated accordingly with changes in ABL. The general principles of remuneration of senior executives 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 executives is to consist of basic salary, variable salary in the form of a short-term incentive based on annual performance objectives, 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 objectives, the total remuneration is to be on par with or around the upper quartile of the competitive market. This means that 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 employee develops his/her 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 salary (Short Term Incentive, STI)

In addition to basic salary, senior executives 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 financial, operative or individual and related to the business plan.

Remuneration from the STI plan 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 50 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 objective of LTI programmes is to generate conditions 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 plans that entitle employees to acquire share are subject to AGM approval. The performance period for LTI 2017, LTI 2018 and LTI 2019 were in effect during the financial year. The performance period for LTI 2017 was concluded after the close of the financial year and LTI 2020 was launched. All incentive plans are share matching and profit-based employee stock option plans.

Pension

Pension agreements will, if possible, be defined-contribu-

DIRECTORS' REPORT

tion and formulated in accordance with levels and practices applicable in the country in which the senior executive is employed.

Other benefits

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

Period of notice and severance pay

Senior executives will be offered terms in accordance with the legislation and practices applicable to the country in which the person concerned is employed. A senior executive 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 will be able to depart from these guidelines if there are special reasons for doing so. In the event of a major deviation, the shareholders will be informed of the reasons for this at the next AGM. For more information about remuneration, see Note 6.

Parent Company

Parent Company sales during the financial year amounted to 6,959 MSEK (6,788) and profit after financial items totalled 234 MSEK (247). Investments for the financial year amounted to 196 MSEK (170). Contingent liabilities for the Parent Company amounted to 189 MSEK (237).

Events after the end of the year

The qualification and performance periods for the LTI 2017 long-term incentive plan ran from 1 May 2017 until 30 April 2020. After the end of the reporting period, a to-

tal of 7,970 shares were allotted on 4 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 2017-2020 were not achieved, meaning that no options were allotted to the participants and, accordingly, the LTI 2017 has been concluded.

In May 2020, the long-term incentive plan LTI 2020 was introduced under the same structure as LTI 2019. Senior executives will purchase shares in LTI 2020 in mid-June. The exercise price for the conditional employee stock options has been set at 99.90 SEK per share, with exercise of the options possible, following the three-year qualification period between June 2023 and April 2027.

On 7 September 2019, the Annual General Meeting of Clas Ohlson AB authorised the Board of Directors to acquire a maximum of 860,000 shares during the period until the next Annual General Meeting to secure the company's commitment in connection with the introduction of a share-based incentive programme, LTI 2020. The total number of shares required to secure the undertaking for LTI 2020 is estimated at 780,000. The entire LTI 2020 undertaking can be secured by using shares that were bought back to secure previous LTI plans where the need has been recalculated.

As per 30 April 2020, the company's holding of Clas Ohlson treasury shares amounted to 2,262,553 shares, corresponding to 3 per cent of the total number of registered shares.

It was communicated on 4 June 2020 that the President and CEO Lotta Lyrå has decided to leave the company. Lotta will remain in her current position until 4 December 2020.

After the end of the financial year, the company signed an agreement for an external credit facility corresponding to 100 MSEK to meet the company's financing requirements. The company's total credit facility thereafter amounts to 1,100 MSEK.

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.

Macroeconomic trends and their impact on the retail sector as a result of COVID-19 remain uncertain. At this stage, the Board intends to safeguard Clas Ohlson's solid financial position and flexibility and therefore proposes that no dividend be paid for the 2019/20 financial year.

Proposed allocation of earnings

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

Profit brought forward	166,310
Net profit for the year	175,085
Total	341,395

The Board and Chief Executive Officer propose:

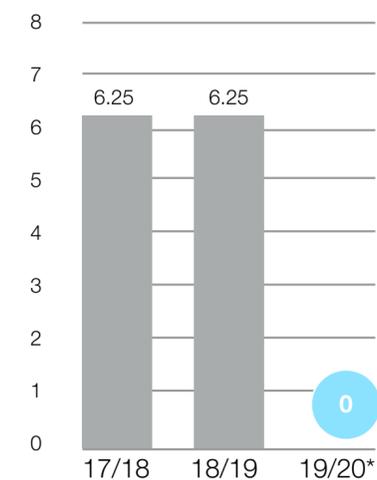
Carried forward to new account	341,395
Total	341,395

Regarding the company's earnings and position in other respects, reference should be made to the following income statements and balance sheets and the accompanying notes to the accounts.

Annual General Meeting

Due to the prevailing situation and uncertainty surrounding COVID-19, the Board intends to convene the Annual General Meeting (AGM) to be held by postal voting, or

electronic voting combined with postal voting in accordance with the Swedish Act on Temporary Exemptions to Facilitate the Execution of General Meetings in Companies and Associations (2020:198). This means that shareholders will be unable to physically attend the Meeting venue and shareholders can vote either by post in advance of the Meeting or by attending the Meeting electronically if the Board decides that the Meeting is to be held electronically combined with postal voting. More information will be provided in the notice of the AGM. As previously announced, the AGM will be held on 12 September 2020. The digital speeches of the CEO and the Chairman of the Board will be made available on about.clasohlson.com.

Dividend per share

* Proposed dividend

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 handled correctly, risks may lead to opportunities and add value to the business.

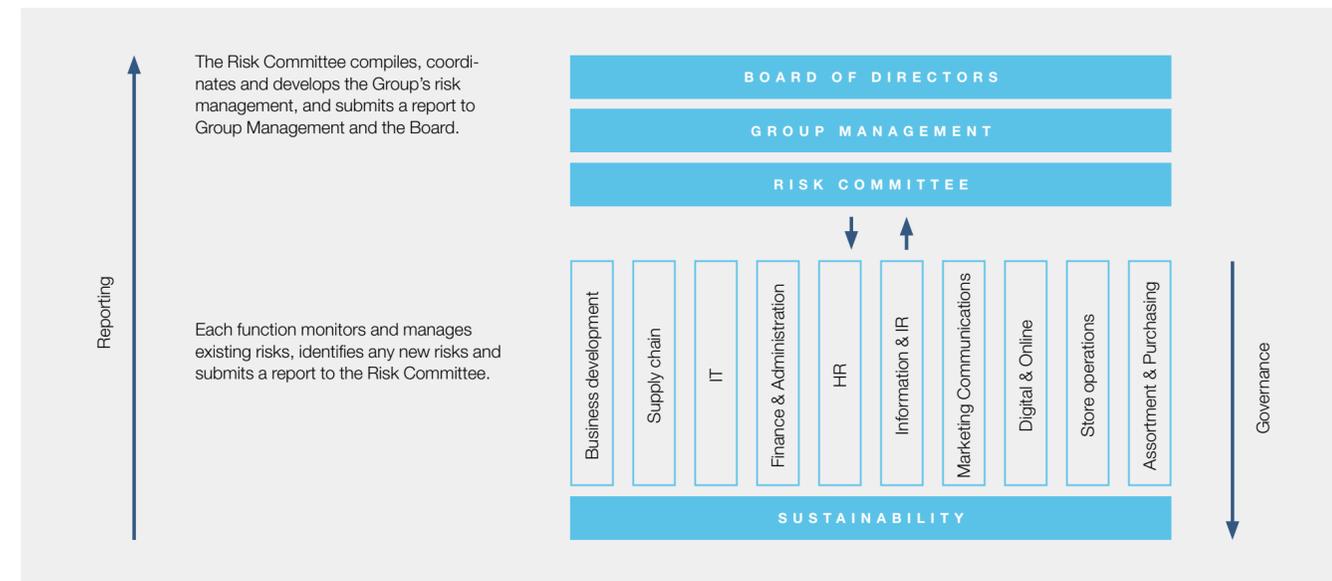
Risk management process

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 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.

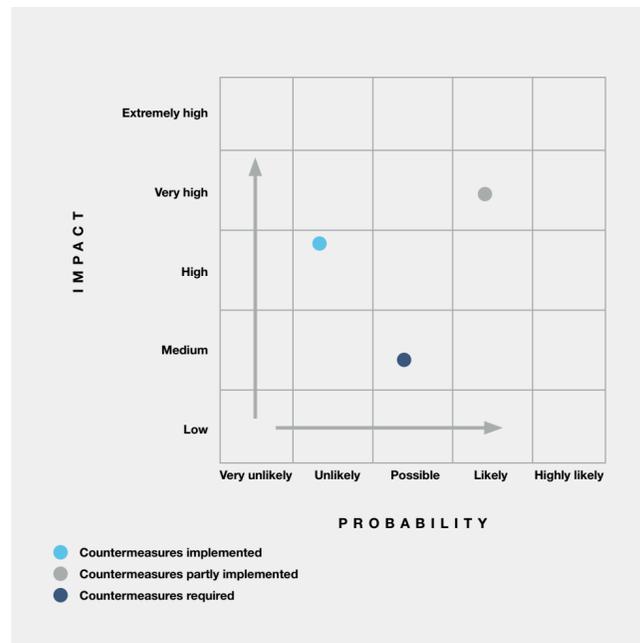
Risk management



RISKS AND UNCERTAINTIES

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. Our operations are impacted by rapid changes, and these efforts remain a high priority as the company continues to grow and develop.

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, global trends such as global risks that the company cannot control: war, disasters, pandemics, etc. and increased competition, shifts in technology and in customers' purchasing habits, market positioning, and 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 employees, 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 usually 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 employees, owners, customers and other stakeholders have in our operations, impact our market position, disrupt production and deliveries, result in unforeseen costs and cause violations of the law. Identifying environmental, social, human rights and anti-corruption risks is an integral part of our 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 spring 2020, Clas Ohlson initiated a review and update of the company's sustainability strategy to reduce sustainability risks and raise the level of ambition, and thereby the company's competitiveness.

Risk management COVID-19

The effects of COVID-19 are being continuously monitored and any impact is managed separately in risk reporting to the Board. The company is keeping itself informed of current regulations in its home markets. Specific procedures were established in the fourth quarter to adapt the operations to the consequences of COVID-19. For example, procedures were established to adjust staffing levels according to needs, such as by applying temporary layoffs. Regular reviews of the management of currency hedging have been introduced.

Sensitivity analysis

Currency	Change, %	Impact on profit before tax, MSEK
NOK	+/- 5	+/- 102
USD	+/- 5	-/+ 70
HKD	+/- 5	-/+ 3
EUR	+/- 5	-/+ 8
GBP	+/- 5	+/- 0

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



USD is our most important purchasing currency. At the beginning of the financial year, on 2 May 2019, the exchange rate for USD was 9.54. Overall, the exchange rate strengthened during the year. It was noted at 9.85 SEK on 30 April 2020, up 3 per cent. The highest exchange rate was 10.44 SEK noted in March 2020, while the lowest exchange rate was 9.27 SEK noted in June 2019.

Monthly average, NOK/SEK



The graph shows the trend for the NOK/SEK currency pair. At the beginning of the financial year, on 2 May 2019, the exchange rate for NOK was 1.09 versus SEK. The NOK weakened against the SEK during the financial year. It was noted at 0.95 SEK on 30 April 2020, down 13 per cent. The highest exchange rate was 1.10 SEK noted in May 2019, while the lowest exchange rate was 0.87 SEK noted in March 2019.

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 traffic 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 our digital platform and on developing our product range and our service offering. We also enter into partnerships with others to develop a relevant, competitive and sustainable customer offering that inspires and helps our customers in their everyday lives.</p>
CUSTOMERS' PURCHASING PATTERNS AND MARKET POSITION	<p>Constantly connected consumers 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>Clas Ohlson continues to focus on integrating and developing various sales channels and delivery options, and on our capacity to interact with customers through digital channels to further improve our availability and service level.</p> <p>Digitalisation provides us 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). We are also working to continually optimise our store network.</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 we conduct operations. We are developing our customer offering, our 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 40 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. We have our own audit teams in China and engage third parties in other countries to conduct inspections and monitor compliance with the requirements of our 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.</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 everyday use, a weak retail market will have a negative impact on sales.</p> <p>The risk that the outbreak of the COVID-19 pandemic in 2020 will lead to an economic downturn, which would affect the company's sales and financial position.</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 and German markets. The Group is also exposed to the pound sterling (GBP) via sales in the UK. The table on page 79 shows how profit is affected by changes in principal currencies, excluding hedging.</p> <p>The COVID-19 pandemic has led to a greater risk of higher market volatility as a result of the trade conflict that escalated during the outbreak.</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 are being continuously monitored. To manage the higher market volatility, regular reviews of the management of hedging have been introduced.</p>
TRANSPORTATION COSTS	Freight shipping prices can vary considerably depending on the global market price, and currency fluctuations.	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.
RAW MATERIAL PRICES	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>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	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.	Clas Ohlson works continuously to find new purchasing markets, both in Europe and Asia.
FINANCING AND LIQUIDITY	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.	The cash flow is continuously controlled and balanced to the set goals through sales, purchasing, costs, capital balance, etc. The dividend for the 2018/19 financial year was split into two equal payments on two separate occasions in September and January.

Sustainability risks

RISK	DESCRIPTION	RISK MANAGEMENT
RAW MATERIALS	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 from Clas Ohlson's operations. The company also risks a damaged reputation regarding its choice of materials that customers perceive to be insufficiently sustainable.	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 try out recycling opportunities, for example, designing products so that more materials can be separated. These measures will be specified in the framework of the ongoing strategy efforts.
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 include electricity consumption when using our products, carbon emissions from transportation, the carbon footprint of energy use in stores, offices, warehouses and premises, carbon from the production of products, and carbon emissions from business travel.</p> <p>Excessively high carbon emissions risk having 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 behaviour as a result of 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 invest 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 (including last mile deliveries).</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>	Active measures are continuously taken to limit 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.
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 lives 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 we cannot safeguard talent, offer employees the right skills development in digital work processes for example, there is also the risk of not being able to attract the right skills in the transformation that the retail sector is undergoing.</p> <p>Limited diversity could mean that we do not reflect or optimise customer interaction. 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 Nordics.</p> <p>New work processes have been implemented and impact most employees. 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.</p> <p>Clas Ohlson has a zero tolerance policy on discrimination. The recruitment process strives to increase diversity. Clas Ohlson has set gender equality and diversity targets and policies.</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 our suppliers. We also work on additional action to promote children's rights both in our supply chain and in our 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 takes responsibility for all employees and sub-contractors working in its operations.</p> <p>The company's starting point is to follow laws, regulations and recommendations. We also have constructive dialogue with employee representatives and safety officers to work on improving health and safety activities according to a long-term plan.</p>

RISK	DESCRIPTION	RISK MANAGEMENT
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>We apply an information security policy that we adopt every year and process personal data in accordance with applicable legislation and our internal guidelines.</p>
ANTI-CORRUPTION		
BRIBERY IN THE SUPPLY CHAIN	<p>There is the risk of corruption, among both suppliers and employees, 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 Code of Business Ethics 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 executives, employees who work with purchasing, high-value contracts, and agents in Asia are trained in business ethics.</p>



Chairman's letter

Two years ago, I wrote in this letter that the Board had assigned the CEO and the rest of the management team the task of gearing up to develop the company going forward.

We wanted to find a way of proactively handling a new business environment and capitalising on the opportunities that presented themselves to Clas Ohlson as consumer behaviour patterns change and the rule book for the industry is rewritten. We launched a new strategy and about 20 important initiatives were defined under the CO100+ action programme that we needed to implement over the next two years to prepare Clas Ohlson for the future.

Looking back, I can conclude that the transformation in the industry was even faster than we predicted, not least as a result of the corona pandemic that has impacted the entire world this year. But I am delighted to say that we also achieved the desired effects from

this change process. In a short space of time, we have transformed and digitalised our business, which meant that we succeeded in keeping pace with our customers and meeting the changes to their demands and expectations. And this was achieved without compromising our profitability or financial stability.

Due to the corona pandemic, safeguarding the company's financial position was a key issue addressed by the Board during the year. Macroeconomic trends resulting from the pandemic remain uncertain, but our financial strength and contingency planning means that we have the scope for action in both the short and long term. This gives the Board a better platform to deliver on our primary task of leveraging the opportunities available to the company, while balancing them with the strategic,

operational, financial and legal risks in accordance with our corporate governance.

In addition, the Board's work has largely centred on the continued change process. This work took place in various committees and in regular meetings where we benefit from our various skills to make Clas Ohlson stronger. I believe that the composition of the Board is highly appropriate, with a fitting mix of people with different experience that will help us to navigate the increasingly complex retail market. Our corporate governance is based on such international norms as the UN Global Compact's ten principles in the areas of human rights, labour, environment and anti-corruption. This is also reflected in our policies, guidelines and how we build relationships with our stakeholders.

The Board works in close dialogue with company management and in my opinion we work very well together, with everyone bringing their tremendous commitment to Clas Ohlson's best. For this, the entire Board and I would like to thank company management and all other employees for their incredible work during the year. I would also like to thank Lotta Lyrå in particular, who announced at the start of June that she will step down as President and CEO of Clas Ohlson. Although Lotta will remain in her role for some time ahead, I would like to take the opportunity here to highlight her significant contributions to Clas Ohlson's transformation and the creation of a new platform for profitable growth.

As we as a company now look ahead, we do so with a unique customer offering, a very strong position in our Nordic home markets and a continued healthy financial position. We have established a culture at the company

that gives us continuity over time, and a strong team in place that has embarked on a journey of change and is now ready to take the next step. This presents us with every opportunity to continue to deliver customer value and shareholder value even in a more uncertain future.

Kenneth Bengtsson

Chairman of the Board
Insjön, June 2020



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 since the initial public offering in 1999, has always been held in Insjön on a Saturday in early September. 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 2020, the company's largest shareholders, each representing at least 10 per cent of the votes, were Helena Ek Tidstrand (16.9 per cent), Johan Tidstrand (12.4 per cent), Peter Haid (11.8 per cent) and, through privately held companies, Mathias Haid and Charlotte Haid Bondergaard (12.6 per cent) and Grischa Haid and Claus-Toni Haid (11.8 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 and 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 second largest shareholder in line 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. The evaluation was

carried out as an external written and interview-based evaluation (Group management and the Board as a whole). In addition to that the CEO was also interviewed. The results of the evaluation were presented verbally and in writing by the Board Chairman Kenneth Bengtsson and the external partner that carried out the evaluation. 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 2020 AGM

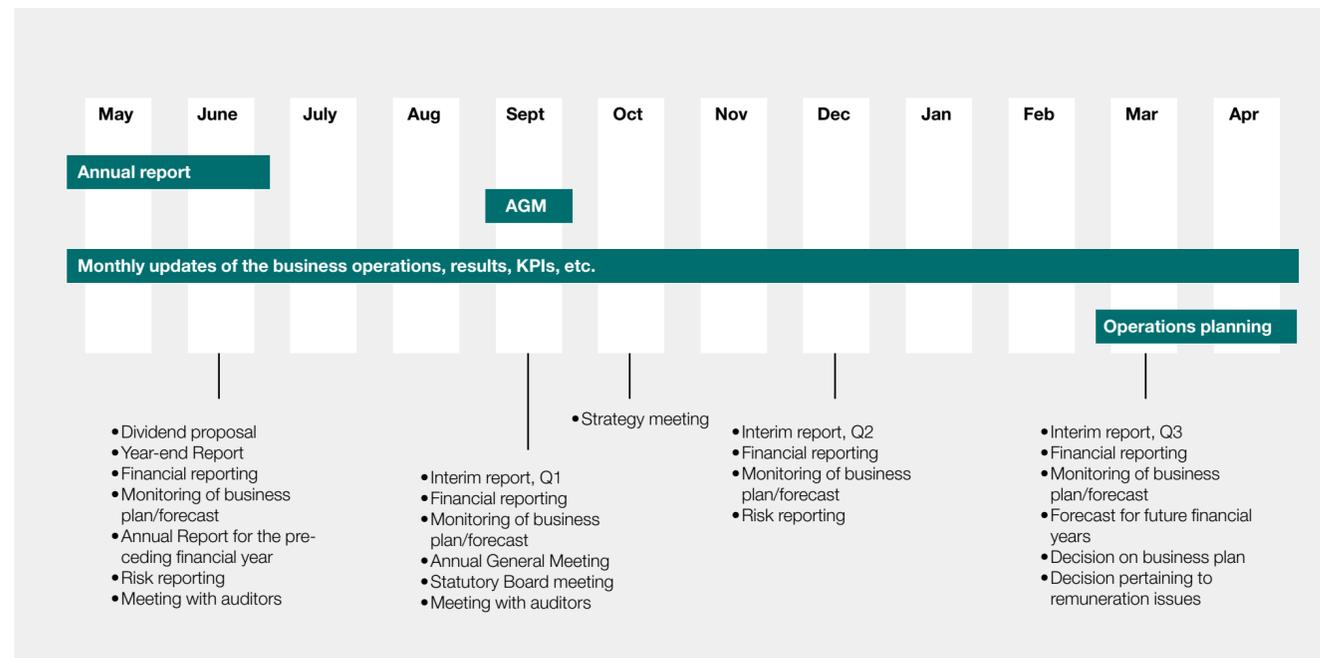
Prior to the AGM held on 12 September 2020, Clas Ohlson's Nomination Committee comprised the following members: Jonas Bergh, Chairman of the Nomination Committee, representing the owner-family Haid, Göran Sundström, representing the owner-family Tidstrand, Ricard Wennerklint, representing If Skadeförsäkring AB, Erik Durhan, representing Nordea Fonder, 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 2019. The Nomination Committee represents slightly more than 71 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 gender balance. Factors including

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The Board's working schedule



the company's diversity policy were considered by the Nomination Committee in its work.

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 three recorded meetings, where the Board's composition was evaluated, considered and discussed. In addition, the Committee was in discussions and remained in informal contact, and a number of meetings were held after the end of the finan-

cial year. Individual interviews were also held with a number of Board members.

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

- Report on the Board's work from the Chairman of the Board
- An external Board evaluation
- 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 8 July 2020.

Composition of the Board and attendance during the financial year ¹

MEMBER ^{2,3}	ELECTED	INDEPENDENT ^{5,6}	BOARD MEET-INGS	AUDIT COM-MITTEE	PEOPLE COM-MITTEE	NOMINATION COMMITTEE
KENNETH BENGTSOON	2013	Yes	17/17 ⁴		4/4 ⁴	3/3
MATHIAS HAID ⁷	2015	Yes ⁵ /No ⁶	15/17		4/4	
GÖRAN NÄSHOLM	2015	Yes	16/17		4/4	
GÖRAN SUNDSTRÖM ⁷	2014	Yes ⁵ /No ⁶	17/17	11/11 ⁴		3/3
ANNE THORSTVEDT SJÖBERG	2017	Yes	16/17			
CHARLOTTE STRÖMBERG	2017	Yes	17/17	10/11		
MARGARETA LEHMANN	2018	Yes	17/17			
HÅKAN LUNDSTEDT	2018	Yes	12/17	8/11		

¹ The trade-union organisations have had four representatives on the Board. For further information on Board members, see page 52-53. The work of the Board and its committees is described on page 49.

² For information on date of birth, work experience, directorships and shareholdings, see page 52-53.

³ Remuneration of Board members is stated in Note 6, see page 73.

⁴ Chairman.

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

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

⁷ Representative or major shareholder. Major shareholder, see page 117.

Auditors

The AGM appoints auditors for the Parent Company each year. The AGM held on 7 September 2019 appointed Deloitte the auditors of the company, with Kent Åkerlund as Auditor in Charge. Kent Åkerlund is an Authorised Public Accountant at Deloitte. Deloitte was elected up to the 2020 AGM.

Payment for the audit engagement in the Group in the past three years totalled 2.3 MSEK, 2.3 MSEK and 2.2 MSEK, respectively. Payment for other assignments in the past three years totalled 0.9 MSEK, 0.4 MSEK and 0.6 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 towards diversity, meaning having an equal distribution of men and women on the Board over

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time. 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 Board members were re-elected at the 2019 AGM.

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 usual Board issues, the company's reports and reporting by the Board committees. Extra meetings were held during the current financial year to discuss and decide on matters arising due to COVID-19 and its effect on the operations and the financial context.

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 17 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 remuneration committee (Clas Ohlson's name for it is 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 twice per year. In addition, the rules of procedure also regulate certain formal matters, such as rules for the notification of meetings and confidentiality.

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 Com-

Risk management



mittee 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 three occasions during the financial year to learn about the focus of the audit and discuss views on the risks faced by the company. The auditors also attended additional 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 procured from the company's auditors. The auditing effort is evaluated annually, after which information is passed to the Nomination Committee on the outcome.

The Audit Committee held 11 meetings during the financial year. Attendance is shown in the table on page

48. 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. Extra meetings were held during the current financial year to discuss and decide on matters arising due to COVID-19 and its effect on the operations and the financial context.

People Committee

In accordance with the Swedish Companies 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 executives. The Code also stipulates that the Board is to establish a

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remuneration committee, which at Clas Ohlson is called People Committee.

The Clas Ohlson Board decided at its statutory meeting in September 2019 that the People Committee was to comprise Kenneth Bengtsson (Chairman), Göran Näsholm and Mathias Haid. The Board has issued instructions for the committee work.

The People Committee submits proposals for guidelines pertaining to basic salary and variable remuneration for senior executives. The process regarding variable remuneration for all staff works in a similar way. The Committee met four times during the financial year. Attendance is shown in the table above. The meetings are recorded and reported at the next Board meeting. The Committee addressed such issues as fixed and variable remuneration, and evaluated and discussed matters relating to the company's long-term incentive plan (LTI). The Committee also prepared a new LTI plan that will be proposed to the 2021 AGM.

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 eleven 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 five wholly owned subsidiaries Clas Ohlson AS in Norway, Clas Ohlson Oy in Finland, Clas Ohlson Ltd in the UK, Clas Ohlson GmbH in Germany and Clas Ohlson Ltd (Shanghai) in China 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. In addition to the wholly owned subsidiaries, Clas Ohlson also has a branch office in Hong Kong.

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 25 and 30.

Remuneration principles

The general principles of remuneration for senior executives 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 executives is to consist of basic salary, variable salary in the form of a short-term incentive based on annual performance objectives, 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 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 3.67 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, 0.8 MSEK was paid to the Chairman

of the Board. No remuneration is paid to members of the Nomination Committee. Read more on page 73, 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 73-76, Note 6.

The 2019 AGM decided on guidelines for remuneration of senior executives pertaining to the 2019/20 financial year, based on the Board's proposal. 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 73-76.

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

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the Board twice annually or if necessary. See also the risk section on pages 41-45.

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 operation and is described under the respective area, on pages 16-21. See also the sustainability report on pages 96-109.

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 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 Organisations 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 agreements 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, right-of-use assets 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. Work is continuously in progress to evaluate the most essential processes in the Group. 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 staff. 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

Group management and the Audit Committee regularly report to the Board on the basis of established procedures. The Board receives regular information from the CEO every month through a monthly report for the Group. This monthly report also contains information on the results and financial positions 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 Group 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 Diaverum, Envirotainer, Ersta diakoni, Lyko, Mio möbler AB and World Childhood Foundation. Board member of Herenco, Synsam and Virtual Stores AB.

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

Own and closely associated holdings*: 67,000 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 since 1998. Member of the Board of Clas Ohlson AS and Clas Ohlson Oy 2002-2005.

Other significant directorships: Board member of Clas Ohlson Foundation.

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

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



Margareta Lehmann

Board member since 2018.
Born in 1958.

Professional experience: President of Health and Medical Solutions at Essity (part of SCA until 2018), has held a number of leading positions within SCA and Mölnlycke, and been a board member of Sanitec.

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

Own and closely associated holdings*: 4,500 series B shares.



Håkan Lundstedt

Board member since 2018.
Born in 1966.

Professional experience: CEO and managing director of Synsam and has previously been the CEO of Mekonomen and Lantmännen, and held a number of senior roles with Orkla.

Other significant directorships: Board member of Venue Retail Group.

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

Own and closely associated holdings*: 0.



Göran Näsholm

Board member since 2015.
Mechanical engineer and Master of Business Administration.
Born in 1955.

Professional experience: CEO of Ahlsell AB 1999-2015. Executive Vice President of Ahlsell AB, Division Manager of Ahlsell AB, President of Jirva AB, Purchasing Director of Calor Celsius AB and various purchasing-related positions at Alfa Laval.

Other significant directorships: Chairman of the Board of Malef Holding AB. Board member of Martin & Servera AB, Momentum Group AB and Pegroco Invest AB.

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

Own and closely associated holdings*: 50,500 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: Chairman of the Board of Castellum AB, vice Chairman of the Board Sofina S.A.. Board member of Kinnevik AB, Lindéngruppen AB, a member of the Swedish Securities Council and Founding Partner of DHS Venture.

Independent in relation to the company, executive 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 2020.

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 executive management.

Own and closely associated holdings*:
2,400 series B shares (own holdings) and 1,600 series B shares via a legal entity.

* Own and closely associated holdings per 30 June 2020.



Anne Thorstvedt Sjöberg

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

Professional experience: Global Vice President Marketing, Consumer Insight & Analytics, Electrolux AB. Previously Global Director, Consumer, Analysis and Business Development at Mondelez International. Several years of international experience in leading positions at companies such as Kraft Foods and Procter & Gamble.

Independent in relation to the company, executive 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.
Born in 1976.

Own and closely associated holdings*:
1,552 series B shares.



Caroline Östning

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

Own and closely associated holdings*:
0.



Freja Aleman

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

Own and closely associated holdings*:
0.



Emma Zetterqvist

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

Own and closely associated holdings*:
0.

Group management



Lotta Lyrå

President and CEO
Employed in 2017.
Born in 1975.

Master of Business Administration,
Stockholm School of Economics

Professional experience: Head of Development and Expansion for the IKEA Group, and other leading positions at IKEA Group. Various positions at Södra Skogsägarna and McKinsey & Co.

Other significant directorships: Board member of the Swedish Trade Federation and MatHem.se.

Own and closely associated holdings*: 21,445 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*: 1,996 series B shares.



Eva Berg

Director of Product Management & Sourcing
Employed in 2010.
Born in 1965.

Swedish School of Textiles Borås,
Köpmannainstitutet Stockholm.

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

Own and closely associated holdings*: 3,607 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*: 10,998 series B shares.

* Own and closely associated holdings per 30 June 2020.

GROUP MANAGEMENT



Tina Englyst

Head of Legal and Sustainability
Employed in 2011.
Born in 1976.

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

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

Other significant directorships:
Board member of Clas Ohlson Foundation.

Own and closely associated holdings*:
7,959 series B shares.



Geir Hoff

Director of New Markets and Expansion
Employed in 1994.
Born in 1972.

Master of Arts, law, political science and
social economics, University of Oslo.

Professional experience: Director of
Country Operations, Country Manager Clas
Ohlson Norway, Marketing Manager Clas
Ohlson Norway and various other positions
at Clas Ohlson Norway.

Own and closely associated holdings*:
7,646 series B shares.



Stine Trygg-Hauger

Country Manager Clas Ohlson Norway
Chief Commercial Officer from 1 August
2020.

Employed in 2009.
Born in 1982.

Marketing & Communications, BI
Norwegian Business School.

Professional experience: Country
Manager Clas Ohlson Norway, Head of
Communications & Customer Interaction
and other positions within marketing and
communications at Clas Ohlson Norway,
Brand Manager at Validus.

Own and closely associated holdings*:
3,362 series B shares.

The former country managers
for Sweden and Finland, Fredrik
Uhrbom and Virpii Viinikainen,
left the company when the man-
agement structure was simplified
on 1 May 2020. Stine Trygg-
Hauger will take over from Åse
Holmberg as Chief Commercial
Officer on 1 August.

It was announced on 4 June
2020 that President and CEO
Lotta Lyrå had decided to leave
the company to take up another
position. Lotta will remain in her
current role until 4 December
2020.

On June 23, 2020, HR Director
Jesper Smith left the company.

* Own and closely associated holdings per 30 June 2020.

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Group

Consolidated income statement

MSEK	Note	190501–200430	180501–190430
	1, 2		
Sales		8,758.3	8,772.3
Cost of goods sold	4, 5, 6	-5,268.1	-5,277.5
Gross profit		3,490.2	3,494.8
Selling expenses	4, 5, 6	-2,720.0	-2,939.0
Administrative expenses	4, 5, 6, 7	-220.8	-253.2
Other operating income	3	25.8	25.1
Other operating expenses	3	-25.9	-233.7
Operating profit		549.2	94.0
<i>Financial items</i>			
Financial income	8	0.1	1.1
Financial expense	8	-67.6	-3.3
Profit before tax		481.8	91.9
Income tax	9	-105.8	-20.3
Profit for the year		375.9	71.6
Number of shares at the end of the period, millions		63.3	63.2
Earnings per share before dilution, SEK	10	5.94	1.13
Earnings per share after dilution, SEK	10	5.94	1.13
Proposed dividend per share, SEK	11	-	6.25

Consolidated statement of comprehensive income

MSEK	190501–200430	180501–190430
Profit for the year	375.9	71.6
Other comprehensive income, net after tax:		
Items that can later be reversed in the consolidated income statement:		
Exchange-rate differences	-52.9	1.3
Cash-flow hedging	34.9	7.0
Items that cannot later be reversed in the consolidated income statement:	0.0	0.0
Remeasurement of defined-benefit pension obligations		
Other comprehensive income, net after tax	-18.0	8.3
Comprehensive income for the year	357.9	79.9

(Of the above profits 376.3 MSEK is attributable to owners of the Parent and -0.4 MSEK is attributable to the minority. Of the above Comprehensive income 358.3 MSEK is attributable to owners of the parent and -0.4 MSEK attributable to the minority.)

Group

Consolidated balance sheet

MSEK	Note	20-04-30	19-04-30
Assets			
<i>Non-current assets</i>			
<i>Intangible assets</i>			
IT and software costs	12	543.2	476.9
Total intangible assets		543.2	476.9
<i>Tangible assets</i>			
Land and buildings		329.8	358.1
Equipment, tools, fixtures and fittings		450.8	553.5
Right-of-use assets	30	2,059.9	0.0
Total tangible assets		2,840.5	911.6
<i>Other financial assets</i>			
Securities held as fixed assets	12	252.3	225.3
Total other financial assets		252.3	225.3
<i>Non-current receivables</i>			
Deferred tax assets	9, 30	71.4	19.4
Other non-current receivables	19	4.0	2.0
Total non-current receivables		75.4	21.5
<i>Current assets</i>			
Inventories	13	1,811.2	1,987.3
Accounts receivable	14	49.9	39.0
Tax assets	9	28.4	53.1
Other receivables	20	6.0	9.6
Prepaid expenses and accrued income	15, 17, 30	95.5	147.8
Cash and cash equivalents	16	80.1	105.0
Total current assets		2,071.0	2,341.7
Total assets		5,782.4	3,976.9

Consolidated balance sheet

MSEK	Note	20-04-30	19-04-30
Equity and liabilities			
<i>Equity</i>			
<i>Capital and reserves attributable to Parent Company shareholders</i>			
Share capital, 65 600 000 shares with a quotient value of 1.25 SEK	18	82.0	82.0
Other contributed capital		90.4	90.4
Other reserves		-54.6	-36.6
Profit brought forward including profit for the year		1,639.0	1,804.9
Equity attributable to non-controlling interests		6.2	6.6
Total equity		1,763.1	1,947.3
<i>Non-current liabilities</i>			
Long-term lease liabilities	20, 30	1,672.5	0.0
Deferred tax liabilities	9	223.2	187.1
Other non-current liabilities		0.5	5.0
Other non-current provisions	22	8.4	12.7
Total non-current liabilities		1,904.6	204.8
<i>Current liabilities</i>			
Current lease liabilities	20, 30	523.7	0.0
Accounts payable	20	551.2	637.3
Tax liability	9	47.5	43.1
Other current liabilities	20	294.1	198.6
Current liabilities, interest-bearing	20	67.2	283.1
Accrued expenses and deferred income	17, 21	543.3	545.7
Other provisions	22	87.7	116.9
Total current liabilities		2,114.8	1,824.8
Total equity and liabilities		5,782.4	3,976.9

Group

Consolidated cash flow statement

MSEK	190501–200430	180501–190430
<i>Operating activities</i>		
Operating profit	549.2	94.0
<i>Adjustment for non-cash items</i>		
– depreciation	687.2	236.9
– loss from sale/disposal of non current assets	31.4	56.5
– other non-cash items	-28.7	38.7
Interest received	0.1	1.1
Interest paid	-67.7	-3.3
Tax paid	-68.9	-104.5
Cash flow from operating activities before changes in working capital	1,102.7	319.5
<i>Cash flow from changes in working capital</i>		
– accounts receivable	-12.7	-5.1
– inventories	110.9	57.7
– other receivables	-6.5	153.7
– accounts payable	-83.4	-244.6
– other current interest-free operating liabilities	172.9	30.7
Cash flow from operating activities	1,283.9	312.0
<i>Investing activities</i>		
Investments in intangible assets	-143.5	-104.9
Investments in tangible assets	-60.8	-105.8
Investments in securities held as fixed assets	-27.0	-0.8
Sale of equipment	0.3	0.1
Cash flow from investing activities	-231.0	-211.4

Consolidated cash flow statement

MSEK	190501–200430	180501–190430
<i>Financing activities</i>		
Change in current liabilities, interest-bearing	-215.9	283.1
Repayment of lease liabilities	-466.8	0.0
Change in longterm debt	-4.5	0.0
Repurchase of own shares	0.0	0.0
Sales of own shares	11.0	0.0
Capital contribution from minority	0.0	0.5
Change in longterm assets	-1.6	-0.6
Dividend to shareholders	-395.5	-395.1
Cash flow from financing activities	-1,073.2	-112.0
Cash flow for the year	-20.3	-11.5
Cash and cash equivalents at the start of the year	105.0	115.8
Exchange-rate differences in cash and cash equivalents	-4.6	0.6
Cash and cash equivalents at the end of the year	80.1	105.0

Group

Consolidated statement of changes in equity (note 18)

MSEK	Share capital	Other contributed capital	Translation difference	Hedging reserve	Profit brought forward	Income attributable to non-controlling interest	Total
Opening balance at 1 May 2018	82.0	90.4	-40.6	-4.3	2,136.4	-	2,263.9
Comprehensive income							
Profit for the year	-	-	-	-	72.7	-1.1	71.6
Other comprehensive income							
Cash-flow hedging after tax	-	-	-	7.0	-	-	7.0
Exchange-rate differences	-	-	1.3	-	-	-	1.3
Remeasurement of defined-benefit pension obligations	-	-	-	-	-	-	-
Total other comprehensive income	-	-	1.3	7.0	-	-	8.3
Total comprehensive income	-	-	1.3	7.0	72.7	-1.1	79.9
Transactions with shareholders							
Change in minority share, attributable to non-controlling interests	-	-	-	-	-	7.1	7.1
Acquisition of minority share, attributable to controlling interests	-	-	-	-	-	-	-
Employee stock options plan: value of employees' service	-	-	-	-	-2.7	-	-2.7
Change in share, attributable to controlling interests C/O Pegital Investment AB	-	-	-	-	-6.4	-	-6.4
Capital contribution from minority	-	-	-	-	-	0.5	0.5
Dividend	-	-	-	-	-395.1	-	-395.1
Total transactions with shareholders	-	-	-	-	-404.2	7.6	-396.6
Closing balance at 30 April 2019	82.0	90.4	-39.3	2.7	1,804.9	6.6	1,947.3

Consolidated statement of changes in equity (note 18)

MSEK	Share capital	Other contributed capital	Translation difference	Hedging reserve	Profit brought forward	Income attributable to non-controlling interest	Total
Opening balance at 1 May 2019	82.0	90.4	-39.3	2.7	1,804.9	6.6	1,947.3
Change in financial reporting standard IFRS 16	-	-	-	-	-160.6	-	-160.6
Opening balance at 1 May 2019 adjusted	82.0	90.4	-39.3	2.7	1,644.3	6.6	1,786.7
Comprehensive income							
Profit for the year	-	-	-	-	376.3	-0.4	375.9
Other comprehensive income							
Cash-flow hedging after tax	-	-	-	34.9	-	-	34.9
Exchange-rate differences	-	-	-52.9	-	-	-	-52.9
Remeasurement of defined-benefit pension obligations	-	-	-	-	-	-	-
Total other comprehensive income	-	-	-52.9	34.9	-	-	-18.0
Total comprehensive income	-	-	-52.9	34.9	376.3	-0.4	357.9
Transactions with shareholders							
Sales of own share	-	-	-	-	11.0	-	11.0
Employee stock options plan: value of employees' service	-	-	-	-	2.9	-	2.9
Change in share, attributable to controlling interests C/O Pegital Investment AB	-	-	-	-	-	-	-
Capital contribution from minority	-	-	-	-	-	-	-
Dividend	-	-	-	-	-395.5	-	-395.5
Total transactions with shareholders	-	-	-	-	-381.6	-	-381.6
Closing balance at 30 April 2020	82.0	90.4	-92.2	37.6	1,639.0	6.2	1,763.1

Parent company

Income statement

MSEK	Note	190501–200430	180501–190430
	1, 2		
Sales	23	6,958.8	6,787.8
Cost of goods sold	4,5,6	-5,085.9	-4,978.5
Gross profit		1,872.9	1,809.4
Selling expenses	4,5,6	-1,457.0	-1,433.4
Administrative expenses	4,5,6,7	-177.0	-207.5
Other operating income	3	25.5	25.1
Other operating expenses	3	-25.9	-225.7
Operating profit		238.6	-32.1
<i>Financial items</i>			
Dividend from subsidiaries		0.0	282.2
Interest income	8	1.0	2.4
Interest expense	8	-5.5	-5.1
Profit after financial items		234.1	247.4
Appropriations	26	-10.0	41.2
Profit before tax		224.1	288.7
Income tax	9	-49.0	-3.1
Profit for the year		175.1	285.6
Proposed dividend per share, SEK	11	-	6.25

Comprehensive income

MSEK	190501–200430	180501–190430
Profit for the year	175.1	285.6
Other comprehensive income, net after tax:		
Items that can later be reversed in the consolidated income statement:		
Profit/loss from hedging of net investments in foreign operations	-0.3	-8.2
Comprehensive income for the year	174.8	277.4

Parent company

Balance sheet

MSEK	Note	20-04-30	19-04-30
Assets			
Non-current assets	12		
<i>Intangible assets</i>			
IT and software costs		543.2	476.9
Total intangible assets		543.2	476.9
<i>Tangible assets</i>			
Land and buildings		329.8	358.1
Equipment, tools, fixtures and fittings		252.7	297.3
Total tangible assets		582.5	655.4
<i>Financial non-current assets</i>			
Deferred tax assets		3.4	3.5
Securities held as fixed assets	12, 25	252.3	225.3
Non-current receivables		3.1	0.8
Participations in Group companies	24	39.3	39.3
Total financial non-current assets		298.1	268.9
Total non-current assets		1,423.8	1,401.2
<i>Current assets</i>			
<i>Inventories</i>			
Merchandise	13	1,310.5	1,364.2
Total inventories		1,310.5	1,364.2
<i>Current receivables</i>			
Accounts receivable	14	23.9	20.6
Tax assets		28.4	52.9
Receivables from Group companies		0.0	139.1
Other receivables		4.7	0.8
Prepaid expenses and accrued income	15	56.7	82.7
Total current receivables		113.7	296.1
Cash and bank balances	27	23.3	33.4
Total current assets		1,447.4	1,693.7
Total assets		2,871.2	3,095.0

Balance sheet

MSEK	Note	20-04-30	19-04-30
Equity and liabilities			
<i>Equity</i>			
<i>Restricted equity</i>			
Share capital, 65 600 000 shares with a quotient value of 1.25		82.0	82.0
Statutory reserve		106.8	106.8
Development fund		27.8	22.4
Total restricted equity		216.6	211.2
<i>Non-restricted equity</i>			
Fair value fund		-5.4	-6.6
Profit brought forward		171.7	274.7
Profit for the year		175.1	285.6
Total non-restricted equity		341.4	553.6
Total equity		558.0	764.8
<i>Liabilities</i>			
<i>Non-current liabilities</i>			
Untaxed reserves	28	1,004.5	994.5
<i>Provisions</i>			
Other provisions	22	50.1	49.9
Total provisions		50.1	49.9
Total non-current liabilities		0.5	5.0
<i>Current liabilities</i>			
Accounts payable	20	531.5	590.0
Liabilities to Group companies		247.9	0.0
Current liabilities, interest-bearing		67.2	283.1
Other current liabilities		62.6	82.7
Accrued expenses and deferred income	21	349.0	324.9
Total current liabilities		1,258.1	1,280.7
Total equity and liabilities		2,871.2	3,095.0

Parent company

Cash flow statement

MSEK	190501–200430	180501–190430
<i>Operating activities</i>		
Operating profit	238.6	-32.1
<i>Adjustment for non-cash item</i>		
– depreciation	158.1	161.1
– loss from sale/disposal of non-current assets	17.6	8.1
– other non-cash items	3.0	-3.5
Interest received	1.0	2.4
Interest paid	-5.5	-5.1
Tax paid	-41.6	-64.0
Cash flow from operating activities before changes in working capital	371.2	66.9
<i>Cash flow from changes in working capital</i>		
– accounts receivable	-3.2	-2.6
– inventories	53.7	-36.6
– other receivables	178.3	116.6
– accounts payable	-58.5	-239.3
– other current interest-free operating liabilities	282.7	-95.3
Cash flow from operating activities	824.3	-190.4
<i>Investing activities</i>		
Investments in intangible assets	-143.5	-104.9
Investments in tangible assets	-26.0	-54.7
Investments in securities held as fixed assets	-27.0	-0.8
Investments in subsidiaries	0.0	-10.0
Sale of equipment	0.3	0.1
Cash flow from investing activities	-196.1	-170.4

Cash flow statement

MSEK	190501–200430	180501–190430
<i>Financing activities</i>		
Change in short term debt interest bearing	-215.9	283.1
Change in other long term receivables	-4.5	-0.8
Change in long term receivables Group companies	-32.9	187.9
Repurchase of own shares	0.0	0.0
Sales of own shares	11.0	0.0
Repayments/Lending from subsidiaries	0.0	0.0
Dividend from subsidiaries	0.0	282.2
Dividend to shareholders	-395.5	-395.1
Cash flow from financing activities	-637.8	357.3
Cash flow for the year	-9.6	-3.4
Cash and cash equivalents at the start of the year	33.4	36.9
Exchange-rate differences in cash and cash equivalents	-0.6	-0.1
Cash and cash equivalents at the end of the year	23.3	33.4

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 2018	82.0	106.8	15.8	680.7	885.3
Dividend	-	-	-	-395.1	-395.1
Employee stock options plan: value of employees' service	-	-	-	-2.7	-2.7
Change of development fund	-	-	6.6	-6.6	-
Other comprehensive income	-	-	-	277.4	277.4
Closing balance at 30 April 2019	82.0	106.8	22.4	553.6	764.8
Opening balance at 1 May 2019	82.0	106.8	22.4	553.6	764.8
Dividend	-	-	-	-395.5	-395.5
Sales of own shares	-	-	-	11.0	11.0
Employee stock options plan: value of employees' service	-	-	-	2.9	2.9
Change of development fund	-	-	5.4	-5.4	-
Other comprehensive income	-	-	-	174.8	174.8
Closing balance at 30 April 2020	82.0	106.8	27.8	341.4	558.0

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.

Intangible assets

For the Group, the estimates and assumptions made in conjunction with impairment testing of intangible assets

not yet utilised were deemed of material significance. This means that if the estimates and assumptions made were to significantly differ from the actual outcome, the effect on the financial statements could be considerable. In connection with the impairment testing of intangible assets, the carrying amount is to be compared with the recoverable amount, which is the highest of the asset's net selling price and value in use. After testing and assessing the value in use, no impairment requirements were deemed to exist regarding the company's investment in intangible assets that have not yet started to be used.

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.

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 31.9 MSEK (49.3) at year-end, of which 8.4 MSEK (12.7) 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 2019/20 and after

A description of new or amended standards and new interpretations that had an impact on the Group's 2019/20 financial statements is provided below.

New accounting standard IFRS 16 Leases

The Group applies IFRS 16 Leases from 1 May 2019. Applying this standard means a change in accounting for leases, since leases that were previously recognised as operating leases (in accordance with IAS 17) are recognised as a right-of-use asset and a lease liability instead. The right-of-use asset reflects the right to use the premises and the lease liability represents an obligation to make lease payments. The effect of the transition to IFRS 16 is presented in Note 35.

No other amendments to IFRS or IFRIC interpretations that came into effect in 2019/20 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. There are no plans to apply future new standards or amendments in advance. 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) and the partially owned C/O P investments AB (owned share 30.5 per cent).

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.

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 reporting currency for the Group. 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 rate prevailing on the balance sheet date 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:

- assets and liabilities for each of the balance sheets translated to the rate on the balance sheet date;
- income and expenses for each of the income statements translated to the average currency rate and
- 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 94 per cent) is made through store sales. Income 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 6 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 program 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. Not all issued bonus cheques are redeemed which is why each sale in the loyalty program is reduced by the fair value 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 income 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. Income 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 recognised 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 and options). The fair value of the service period that entitles employees to allocation of matching shares and options is expensed. The total amount to be expensed is based on the fair value of the allocated matching shares and options:

- including all market-related conditions (e.g. target share price)
- 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 the non-market-based vesting conditions and service conditions. 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 allocation 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 expenses are not recognised as an asset in subsequent periods.

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

Impairment of non-financial assets

Intangible assets with an indeterminable useful life or intangible assets not ready for use, are not depreciated but are tested annually for any impairment requirements. Depreciable assets are assessed to determine any decrease in value resulting from events or changes in circumstances indicating 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.

Non-current assets

Non-current 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 assets. Land is not depreciated. The Group applies component depreciation, which means that deprecia-

tion is based upon the estimated useful life of the components. The following depreciation periods are applied:

Intangible assets	3-10 years
Equipment, tools, fixtures and fittings	5-15 years
Buildings	20-33 years
Land improvements	20 years
Leashold 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

assets, 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 rate method, less any provision for depreciation.

Financial instruments

The Group applies IFRS 9, Financial Instruments. The standard is divided into three parts: classification and measurement, hedge accounting and impairment.

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 as-

sets (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 depreciation. However, the valuation method is not applied to the Group's securities held as non-current assets which are instead measured at fair value through profit or loss.

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 depreciation 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 (sim-

plified 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

Principles applied from 1 May 2019

The Group mainly leases store, office and warehouse premises. From 1 May 2019, 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 yield curves 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. 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.

Principles applied until 30 April 2019

All leases, in which the Group was the lessee were classified as operating leases and were recognised in

the consolidated income statement as an operating expense straight-line over the lease term. In cases in which the Group was the lessor, income was recognised as income in the period to which the leasing pertained. Depreciation was recognised in operating profit.

Current and deferred income tax

Tax expenses for the period include current and deferred tax. Tax is recognised in the 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 per-

tain 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 buy, unredeemed gift cards, estimated future guarantee commitments, bonus points to club members as well as for restructuring of the store network in the UK. For further information 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 reports 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

The amendments in RFR 2 that impacted the Parent Company's financial statements 2019/20 are presented below.

Due to the connection between accounting and taxation, the IFRS 16 rules are not applied in legal entities. For companies choosing to apply the exemption, rules are introduced instead that encompass the principles applied to the accounting of leases for lessees. The amendments in RFR 2 regarding IFRS 16 are to be applied to financial years beginning on or after 1 January 2019. The Parent Company applies the exemption from the application of IFRS 16, meaning that the Parent Company's leases are recognised straight-line over the term, which essentially does not entail any change compared with previous policies.

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 appropriations reserved in the 2018/19 financial year and earlier) and 21.4 per cent (attributable to appropriations reserved in 2019/20) can be regarded as a deferred tax liability and 78.0 per cent and 78.6 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.

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 reports are stated 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 due to its expansion in the Finnish and German 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 2019/20

Currency	Change, %	Impact on profit before tax, MSEK
NOK	+/- 5	+/- 102
USD	+/- 5	-/+ 70
HKD	+/- 5	-/+ 3
EUR	+/- 5	-/+ 8
GBP	+/- 5	+/- 0

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 2020. See also Note 27.

Granted credit limits

Group	2020-04-30	2019-04-30
Overdrafts	450	200
Credit facility	550	550
Total credit limits granted	1,000	750
Appropriated credit lines	67	283
Unspent credit lines	933	467
Available bank balances	80	105
Refinancing reserve	1,013	572

Maturity structure financial liabilities

Group	<3 mos	3-12 mos	1-2 year	3-5 year	>5 year
Other long-term provisions			2.2	4.5	1.8
Liabilities to credit institution		67.2			
Lease liabilities *	181.6	408.2	484.9	999.9	418.4
Other current liabilities	632.3				
Accounts payable	551.2				
Total	1,365.1	475.4	487.1	1,004.3	420.1

* Undiscounted cash flows

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 expense 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 +/- 20.7 MSEK (including IFRS 16) (2.1). The effect on interest income during the same period and under the same conditions for interest-bearing assets amounts to +/- 0.6 MSEK (0.3).

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 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	47.9
Accounts receivable due <1 month	0.1
Accounts receivable due 1-3 months	0.2
Accounts receivable due 3-6 months	0.2
Accounts receivable due 6-12 months	0.2
Accounts receivable due >12 months	1.2
Total	49.9

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 51 per cent exclusive 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	
	2019/20	2018/19	2019/20	2018/19
Other operating income				
Rental income	25.2	24.9	25.2	24.9
Profit on sale or disposal of tangible assets	0.7	0.2	0.2	0.2
Other operating income	0.0	0.0	0.0	0.0
Total	25.9	25.1	25.4	25.1
Other operating expenses				
Leasing expenses	-25.9	-23.7	-25.9	-23.7
Loss on sale or disposal of tangible assets	0.0	0.0	0.0	0.0
Restructuring costs	0.0	-210.0	0.0	-201.9
Total	-25.9	-233.7	-25.9	-225.7

Note 4 Depreciation

Group	2019/20	2018/19
<i>Depreciation broken down by type of asset</i>		
Depreciation on leased assets	471.6	0.0
Intangible assets	61.9	48.7
Land and buildings	28.3	28.7
Equipment, tools, fixtures and fittings	125.5	159.5
Total	687.3	236.9
<i>Depreciation broken down by function</i>		
Cost of goods sold	77.1	82.3
Selling expenses	598.9	147.2
Administrative expenses	11.2	7.4
Total	687.3	236.9
Parent Company		
<i>Depreciation by type of asset</i>		
Intangible assets	61.9	48.7
Land and buildings	28.3	28.7
Equipment, tools, fixtures and fittings	67.9	83.6
Total	158.1	161.1
<i>Depreciation broken down by function</i>		
Cost of goods sold	73.3	82.3
Selling expenses	77.1	71.4
Administrative expenses	7.6	7.4
Total	158.1	161.1

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 as well 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 2,143.9 MSEK (2,070.6) in the Group and 1,367.5 MSEK (1,261.6) in the Parent Company.

Depreciation during the financial year totalled 687.3 MSEK (236.9) in the Group and 158.1 MSEK (161.1) in the Parent Company.

Note 6 Expenses for employee benefits

	2019/20	2018/19
<i>Salaries and other remuneration</i>		
Parent Company	1,018.8	917.4
Subsidiaries	667.0	692.8
Group total	1,685.8	1,610.3

	2019/20		2018/19	
	Social security expenses	of which, pension expenses	Social security expenses	of which, pension expenses
<i>Social security expenses</i>				
Parent Company	348.8	76.7	344.2	67.5
Subsidiaries	109.3	38.9	116.2	39.2
Group total	458.1	115.6	460.4	106.6

Of the Parent Company's pension expenses, 2.5 MSEK (2.3) pertained to the Group's Board and CEO. Of the subsidiaries' pension expenses 0.4 MSEK (2.6) 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 0.0 MSEK (0.0).

The Parent Company only has defined-contribution pension plans (including Alecta) for which the year's expenses was 62.9 MSEK (54.1).

In the Parent Company, the year's expenses for special employer's contribution on pension premiums was 13.8 MSEK (13.5). 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

	2019/20	2018/19
Parent Company		
Salaries and other remuneration	33.8	31.4
– of which, variable remuneration	6.4	4.3
Pension expenses	5.8	5.3
Number of individuals in Group ¹	17	18

Group	2019/20	2018/19
Salaries and other remuneration	38.4	37.7
– of which, variable remuneration	7.2	4.6
Pension expenses	6.2	7.9
Number of individuals in Group ¹	19	20

¹ The composition of the Senior Management includes 11 persons (11).

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 programs are paid to the company's Board.

No director fees were paid in the subsidiaries.

Parent Company	2019/20		2018/19	
	Director fees	Committee fees	Director fees	Committee fees
<i>Board of Directors</i>				
Kenneth Bengtsson, Chairman	0.70	0.13	0.64	0.12
Göran Sundström, member	0.34	0.16	0.32	0.14
Mathias Haid, member	0.34	0.07	0.32	0.06
Göran Näsholm, member	0.34	0.07	0.32	0.06
Charlotte Strömberg, member	0.34	0.09	0.32	0.08
Anne Thorstvedt Sjöberg, member	0.34	0.00	0.32	0.00
Margareta Lehmann, member	0.34	0.00	0.32	0.00
Håkan Lundstedt, member	0.34	0.09	0.32	0.08
Board total	3.08	0.59	2.88	0.54

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 members of senior management is made up of basic salary, variable remuneration and pension contributions. Ten individuals, together with the CEO, comprise senior management during the financial year.

For the composition of senior management at 30 April 2020, see page 54-55.

Group	2019/20			2018/19		
	Basic salary	Vari. remu. STI	Bene-fits LTI ¹	Basic salary	Vari. remu. STI	Bene-fits LTI ¹
<i>Salaries paid to senior management</i>						
Lotta Lyrå, CEO	7.0	1.7	0.6	6.7	1.6	-0.1
Other senior management (10 individuals and 10 individuals in 2018/19)	18.9	3.7	1.2	20.5	3.1	-0.2
Management total	25.9	5.5	1.8	27.1	4.7	-0.3

¹ LTI (Long term incentive program) pertains to reported cost/cost reduction for LTI 2017. LTI 2018 och LTI 2019. See description below of STI (Short term incentive program) and LTI.

Group	2019/20		2018/19	
	Defined contribution	Defined benefit	Defined contribution	Defined benefit
<i>Pension expenses for senior management</i>				
Lotta Lyrå, CEO	2.5	0.0	2.3	0.0
Other senior management (10 individuals and 10 individuals in 2018/19)	3.8	0.0	5.5	0.0
Management total	6.2	0.0	7.9	0.0

Under the contract of employment with the acting 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 Remuneration 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 Remuneration 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 Remuneration 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, is three women and six men. In percentage terms, the distribution is thus 66.7 per cent male and 33.3 per cent female. The distribution in the preceding year was five men and three women. The gender distribution during the financial year among Senior Management of the Group, is five women and six men. In percentage terms, the distribution is thus 54.5 per cent male and 45.5 per cent female. The distribution in the preceding year was seven men and five women.

Further information on decision-making processes in the Group is presented on pages 47-51.

Remuneration principles

The general principles of remuneration for senior executives 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 executives is to consist of basic salary, variable salary in the form of a short-term incentive based on annual performance objectives, 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 variable remuneration may comprise a significant portion of 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 is to comprise 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 his/her 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 executives 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 plan 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 50 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 programs (Long Term Incentive, LTI)

The aim of LTI programs is to create the prerequisites for retaining and recruiting competent employees to the Group. The programs 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 programs that entitle employees to acquire shares are subject to AGM approval. The qualification period for LTI 2017, LTI 2018 and LTI 2019 were in effect during the financial year. The qualification period for LTI 2017 was concluded after the close of the financial year and LTI 2020 was launched. All long-term incentive programs are share matching and profit-based employee stock option plans.

All ongoing long-term incentive programs have been approved by an Annual General Meeting. The current program covers up to 100 senior executives and other individuals deemed to be able to influence Clas Ohlson's development in the long-term.

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 shares. If the employee holds the acquired shares and is still employed by the Group after the end of the qualification 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 programs from LTI 2015 have been changed by dividing the participants into two groups:

1. senior management comprising senior management including the CEO, Group Management and country managers elected by the Board or corresponding

positions, regarded as having considerable potential in their present position to influence Clas Ohlson AB's long-term development (Senior Management).

2. other employees who could develop into members of Senior Management or assume other key positions within the Group and thus influence Clas Ohlson AB's long-term development (Key Individuals).

For senior management, the program is unchanged compared with earlier programs, see the description above. For Key Individuals, LTI 2017, LTI 2018 and LTI 2019 entails that participants receive an allocation 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 program, corresponds to a value of a minimum of 5 per cent and a maximum of 10 per cent (LTI 2019 minimum of 3 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. Up to and including LTI 2014, the price per share when the option was exercised was calculated at 110 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. For subsequent LTI plans, the figure is 100 per cent. The exercise price for LTI 2017, LTI 2018 and LTI 2019 has been set at 148.30 SEK, 93.8 SEK and 77.50 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 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 programs up to and including LTI 2014 depends on the number of series B shares that the employee has acquired within the framework of the plan, 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.

For Key Individuals under LTI 2018 and LTI 2019, the number of employee stock options that may be exercised depends on the number of shares as corresponded by the Key Individual's salary at the start of the program (a minimum of 5 and 3 per cent, respectively, and a maximum of 10 per cent).

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 member of Senior Management 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).

It was not possible to exercise any of the options for LTI 2017, LTI 2018 or LTI 2019 on 30 April 2020. The number that may be exercised after three years is based on the achievement of growth and profit targets in accordance with the above. The sum that is expensed is based on the level of 0 options for LTI 2017, 10 options per share for LTI 2018 and 10 options per share for LTI 2019. The total outcome for all ongoing LTI programs during the financial year (LTI 2017, LTI 2018 and LTI 2019) was a cost reduction of 3.7 MSEK, including social security contributions. Last year the corresponding figure was a total cost of 3.3 MSEK.

In accordance with the below, LTI 2018 och LTI 2019 will include the following number of series B shares and employee stock options for the various participant categories if the Target level is achieved.

Extent of LTI 2018 and LTI 2019 at target level¹

Participants	LTI 2018		
	Matching shares No. of series B-shares ²	No. of employee stock options ²	Target value MSEK ³
CEO and President	4,426	44,260	0.8
Other members of Senior Management	7,420	74,200	1.4
Other participants	0	196,347	2.2
Total	11,846	314,807	4.5

Participants	LTI 2019		
	Matching shares No. of series B-shares ²	No. of employee stock options ²	Target value MSEK ³
CEO and President	2,715	27,150	0.4
Other members of Senior Management	8,993	89,930	1.5
Other participants	0	252,910	2.7
Total	11,708	369,990	4.6

¹ Initially, at the start of the program, the participants acquired 17,014 and 15,581 shares under the frameworks of the LTI 2018 and LTI 2019 respectively. The table shows status as of 30 April 2020.

² The number of shares and employee stock options may be recalculated due to decisions concerning a possible new share issue or split.

³ The target value of the plan is calculated based on the fair value on the date of allotment. The share value on the date of allotment was 75.31 SEK LTI 2018 and 59.77 SEK for LTI 2019 and the fair value of the option was 11.38 and 10.49 SEK. 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 94.06/78.52 SEK, an exercise price of 93.80/77.50 SEK, an expected dividend per share annually, an anticipated lifetime for the options of five years, an interest rate of -0.12 per cent /-0.24 per cent, a volatility of 28 per cent /32 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.

Share awards

The table below outlines the number of granted, forfeited and exercised share awards during this and previous financial year:

Share awards	2019/20			
	LTI 2019	LTI 2018	LTI 2017	LTI 2016
At 1 May		15,711	8,639	2,636
Granted	15,581			
Forfeited	-3,873	-3,865	-669	
Exercised				-2,636
At 30 April	11,708	11,846	7,970	0

Share awards	2018/19			
	LTI 2018	LTI 2017	LTI 2016	LTI 2015
At 1 May		11,916	4,712	9,659
Granted	17,014			
Forfeited	-1,303	-3,277	-2,076	
Exercised				-9,659
At 30 April	15,711	8,639	2,636	0

Number of options to exercise

The table below outlines the number of granted, forfeited and exercised options during this and previous financial year:

Options	2019/20			
	LTI 2016	LTI 2015	LTI 2014	LTI 2013
At 1 May	0	0	176,909	293,162
Granted	0	0	0	0
Forfeited	0	0	-44,732	-176,145
Exercised	0	0	0	-117,017
At 30 April	0	0	132,177	0

Number of options to exercise

Participants	LTI 2016		
	LTI 2016	LTI 2015	LTI 2014
CEO and President	0	0	0
Other members of Group Management	0	0	27,957
Other participants	0	0	104,220
Total	0	0	132,177

LTI 2017 result

The qualification and performance periods for LTI 2017 were valid from 1 May 2017 until 30 April 2020. A total of 7,970 shares were allotted on 4 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 set criteria pertaining to the average sales and profit growth per share for the

period 2017 to 2020 were not achieved, which resulted in no options being allotted to participants and the LTI 2017 was thus concluded. Participants of LTI 2014 were already entitled to exercise 10.9 options per purchased share at an exercise price of 153.60 SEK. The table below outlines the number of awarded matching share and options for LTI 2017.

Participants	Share awards LTI 2017	
	Matching share	Options
CEO and President	4,352	0
Other members of Group Management	2,654	0
Other participants	964	0
Total	7,970	0

Share repurchase for LTI programs

During 2016 and 2017, 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 expenses.

Pensions and other benefits

As a main rule, pension agreements are to be defined-contribution and designed in accordance with the levels and practices that apply in the country in which the senior executive is employed. Other benefits may occur in accordance with the conditions that apply in the country in which the senior executive is employed. However, such benefits may not constitute a large portion of the total remuneration.

Note 7 Remuneration to auditors

Deloitte	Group		Parent Company	
	2019/20	2018/19	2019/20	2018/19
Remuneration for audit engagement	2.3	2.3	1.2	1.4
Remuneration for audit related services	0.5	0.3	0.5	0.2
Tax consultations	0.2	0.1	0.0	0.0
Other	0.3	0.1	0.1	0.0
Total	3.2	2.7	1.8	1.6

Note 8 Financial income and expenses

Financial income is distributed as follows:

Group	2019/20	2018/19
Interest income	0.1	1.1
Group total	0.1	1.1
Parent Company	2019/20	2018/19
Interest income	0.2	1.1
Interest income, subsidiaries	0.9	1.3
Parent Company total	1.0	2.4

Financial expenses are distributed as follows:

Group	2019/20	2018/19
Financial expenses	-3.4	-3.3
Financial expenses leasing	-64.3	0.0
Group total	-67.7	-3.3
Parent Company	2019/20	2018/19
Interest expense	-3.2	-3.2
Interest expense, subsidiaries	-2.2	-1.9
Parent Company total	-5.5	-5.1

Note 9 Income tax

	Group		Parent Company	
	2019/20	2018/19	2019/20	2018/19
<i>Tax on profit for the year</i>				
Income tax on profit for the year	-88.4	-51.3	-48.8	-2.6
	-88.4	-51.3	-48.8	-2.6
<i>Deferred tax</i>				
Deferred tax pertaining to temporary differences	-17.4	31.0	-0.2	-0.5
	-17.4	31.0	-0.2	-0.5
Total recognised tax expense	-105.8	-20.3	-49.0	-3.1
<i>Reconciliation of applicable tax rate and effective rate</i>				
Recognised profit before tax	450.7	91.9	224.1	288.7
Expected tax expense according to the Swedish tax rate (21.4%)	-96.4	-20.2	-48.0	-63.5
<i>Tax effect of:</i>				
Differences in foreign tax rates	-0.9	-0.7	0.0	0.0
Non-deductible/non-recognised	-0.7	-1.2	-0.4	-0.8
Adjustment earlier taxation	-0.6	5.1	0.0	0.0
Tax-free dividend subsidiaries	0.0	0.0	0.0	62.1
Leasing	-6.9	0.0	0.0	0.0
Other	-0.2	-3.4	-0.6	-0.9
Recognised tax expense	-105.8	-20.3	-49.0	-3.1
Effective tax rate. %	22.0	22.1	21.8	1.1
Deferred tax items recognised directly in equity	-10.2	-1.2	0.0	0.0
Deferred tax assets	71.4	19.4	3.4	3.5
Deferred tax liabilities	-223.2	-187.1	0.0	0.0

Group 2019/20	Amount at start of year	Recognised in profit or loss	Recognised in comprehensive income	Exchange rate differences	Change in accounting policy IFRS 16	Amount at the end of year
<i>Change in deferred tax in temporary differences during the year</i>						
Inter-company profit in inventories	22.8	-1.9	0.0	0.0	0.0	20.9
Accruals and deferrals	5.0	0.4	0.0	0.0	0.0	5.4
Pensions	3.4	0.3	0.0	-0.2	0.0	3.5
Accelerated depreciation	-72.1	-2.6	0.0	0.0	0.0	-74.7
Tax allocation reserves	-129.1	-4.4	0.0	0.0	0.0	-133.5
Hedging reserves	0.0	0.0	-10.2	0.0	0.0	-10.2
Provisions DE/UK	2.2	-2.1	0.0	0.0	0.0	0.1
Leasing	0.0	0.0	0.0	0.0	36.5	36.5
Other	0.2	-0.1	0.0	0.0	0.0	0.2
Total	-167.7	-10.3	-10.2	-0.2	36.5	-151.8

The Group does not have any unrecognised deferred tax assets or tax liabilities on temporary differences.

Group 2018/19	Amount at start of year	Recognised in profit or loss	Recognised in comprehensive income	Exchange rate differences	Amount at the end of year
<i>Change in deferred tax in temporary differences during the year</i>					
Inter-company profit in inventories	12.0	10.8	0.0	0.0	22.8
Accruals and deferrals	7.3	-2.3	0.0	0.0	5.0
Pensions	3.4	-0.3	0.0	0.2	3.4
Accelerated depreciation	-82.6	10.6	0.0	0.0	-72.1
Tax allocation reserves	-138.2	9.1	0.0	0.0	-129.1
Hedging reserves	1.2	0.0	-1.2	0.0	0.0
Provisions DE/UK	0.0	2.2	0.0	0.0	2.2
Other	0.2	0.0	0.0	0.0	0.2
Total	-196.7	30.8	-1.2	0.2	-167.7

Note 10 Earnings per share*

Group	2019/20	2018/19
<i>Earnings per share before dilution</i>		
Profit for the year	375.9	71.6
Average number of shares before dilution	63.3	63.2
Earnings per share before dilution	5.94	1.13
<i>Earnings per share after dilution</i>		
Profit for the year	375.9	71.6
Average number of shares before dilution	63.3	63.2
Adjusted for:		
- share savings program	0.0	0.0
Average number of shares after dilution	63.3	63.2
Earnings per share after dilution	5.94	1.13

*number of shares are expressed in millions of share.

Earnings per share before and after dilution

The calculation of earnings per share has been based on profit for the year, totalling 375.9 MSEK (71.6) and on an average number of shares outstanding before and after dilution during both 2019/20 and 2018/19.

Note 11 Dividend per share

The dividends paid in 2019/20 and 2018/19 totalled 395.5 MSEK (6.25 SEK per share) and 395.1 MSEK (6.25 SEK per share). Macroeconomic trends and their impact on retail sector as a result of COVID-19 remain uncertain. At this stage, the Board intends to safeguard Clas Ohlson's solid financial position and flexibility and therefore proposes that no dividend be paid for the 2019/20 financial year. The proposed dividend last year amounted to a total of 410 MSEK, which represented 573 per cent of the operating profit after tax.

Note 12 Non-current assets

	Group		Parent Company	
	2019/20	2018/19	2019/20	2018/19
<i>Intangible assets</i>				
Capitalised IT and software costs				
Opening accumulated acquisition cost	696.5	596.1	696.5	596.1
Acquisitions for the year	143.5	104.9	143.5	104.9
Reclassifications	0.0	0.0	0.0	0.0
Sales and disposals	-19.4	-4.5	-19.4	-4.5
Closing accumulated acquisition cost	820.6	696.5	820.6	696.5
Opening accumulated depreciation cost	-219.5	-167.8	-219.5	-167.8
Depreciation for the year	-61.9	-48.7	-61.9	-48.7
Reclassifications	0.0	-3.3	0.0	-3.3
Sales and disposals	4.0	0.4	4.0	0.4
Closing accumulated depreciation cost	-277.4	-219.5	-277.4	-219.5
Net book value	543.2	476.9	543.2	476.9

	Group		Parent Company	
	2019/20	2018/19	2019/20	2018/19
<i>Tangible assets</i>				
Land and buildings				
Opening accumulated acquisition cost	754.8	754.8	754.8	754.8
Acquisitions for the year	0.0	0.0	0.0	0.0
Reclassifications	0.0	0.0	0.0	0.0
Sales and disposals	0.0	0.0	0.0	0.0
Translation differences	0.0	0.0	0.0	0.0
Closing accumulated acquisition cost	754.8	754.8	754.8	754.8
Opening accumulated depreciation cost	-396.8	-368.1	-396.8	-368.1
Reclassifications	0.0	0.0	0.0	0.0
Sales and disposals	0.0	0.0	0.0	0.0
Depreciation for the year	-28.3	-28.7	-28.3	-28.7
Translation differences	0.0	0.0	0.0	0.0
Closing accumulated depreciation cost	-425.0	-396.8	-425.0	-396.8
Net book value	329.8	358.1	329.8	358.1
Carrying amount, land	6.5	6.5	6.5	6.5

	Group		Parent Company	
	2019/20	2018/19	2019/20	2018/19
<i>Equipment, tools, fixtures and fittings</i>				
Opening accumulated acquisition cost	1,928.4	1,974.6	1,132.1	1,094.1
Acquisitions for the year	60.8	105.8	26.0	54.7
Reclassifications	0.0	0.0	0.0	0.0
Sales and disposals	-153.4	-158.3	-38.8	-16.8
Translation differences	-68.5	6.4	0.0	0.0
Closing accumulated acquisition cost	1,767.3	1,928.4	1,119.2	1,132.1
Opening accumulated depreciation cost	-1,374.9	-1,320.0	-834.8	-767.1
Depreciation for the year	-125.5	-159.4	-67.9	-83.6
Reclassifications	0.0	3.3	0.0	3.3
Sales and disposals	139.2	105.9	36.2	12.7
Translation differences	44.7	-4.7	0.0	0.0
Closing accumulated depreciation cost	-1,316.5	-1,374.9	-866.5	-834.8
Net book value	450.8	553.5	252.7	297.3

	Parent Company	
	2019/20	2018/19
<i>Financial non-current assets</i>		
Opening accumulated acquisition cost	43.6	198.5
Increase/decrease in non-current receivables	2.2	-154.9
Closing accumulated acquisition cost	45.8	43.6

	Group		Parent Company	
	2019/20	2018/19	2019/20	2018/19
<i>Securities held as fixed assets, valued at fair value*</i>				
Securities held as fixed assets, valued at fair value at the beginning of the year	225.3	224.5	225.3	224.5
Acquisition	27.0	0.8	27.0	0.8
Revaluation during the year	0.0	0.0	0.0	0.0
Securities held as fixed assets, valued at fair value at the end of the year	252.3	225.3	252.3	225.3

*According to level three in the fair value hierarchy, see note 20

	Group	
	2019/20	2018/19
<i>IFRS 16 Facilities</i>		
Opening accumulated acquisition cost	0.0	0.0
Effect of changed accounting policy	4,825.1	0.0
Additional right-of-use assets	498.6	0.0
Terminated or renegotiated agreements	-114.8	0.0
Translation differences	-256.4	0.0
Closing accumulated acquisition cost	4,952.6	0.0
Opening accumulated depreciation cost	0.0	0.0
Effect of changed accounting policy	-2,720.1	0.0
Depreciation for the year	-466.5	0.0
Terminated or renegotiated agreements	113.7	0.0
Translation differences	143.8	0.0
Closing accumulated depreciation cost	-2,929.1	0.0
Net book value	2,023.5	0.0

	Group	
	2019/20	2018/19
<i>IFRS 16 Cars</i>		
Opening accumulated acquisition cost	0.0	0.0
Effect of changed accounting policy	3.1	0.0
Additional right-of-use assets	1.4	0.0
Terminated or renegotiated agreements	-0.1	0.0
Translation differences	-0.1	0.0
Closing accumulated acquisition cost	4.3	0.0

Opening accumulated depreciation cost	0.0	0.0
Effect of changed accounting policy	-1.4	0.0
Depreciation for the year	-1.2	0.0
Terminated or renegotiated agreements	0.1	0.0
Translation differences	0.0	0.0
Closing accumulated depreciation cost	-2.5	0.0
Net book value	1.8	0.0

	Group	
	2019/20	2018/19
<i>IFRS 16 Other</i>		
Opening accumulated acquisition cost	0.0	0.0
Effect of changed accounting policy	16.1	0.0
Additional right-of-use assets	25.6	0.0
Terminated or renegotiated agreements	0.0	0.0
Translation differences	0.0	0.0
Closing accumulated acquisition cost	41.7	0.0
Opening accumulated depreciation cost	0.0	0.0
Effect of changed accounting policy	-3.3	0.0
Depreciation for the year	-3.8	0.0
Terminated or renegotiated agreements	0.0	0.0
Translation differences	0.0	0.0
Closing accumulated depreciation cost	-7.1	0.0
Net book value	34.6	0.0

Investment commitments

Contracted investments on the balance sheet date not yet recognised in the financial statements:

	Group		Parent Company	
	2019/20	2018/19	2019/20	2018/19
Equipment, tools, fixtures and fittings	15.5	10.2	12.1	6.4

Note 13 Inventories

	Group		Parent Company	
	2019/20	2018/19	2019/20	2018/19
Merchandise	1,811.2	1,987.3	1,310.5	1,364.2
Total	1,811.2	1,987.3	1,310.5	1,364.2
Cost of goods sold	5,268.1	5,277.5	5,085.9	4,978.5
Of which, obsolescence	-6.1	-8.0	-3.7	-9.3

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	
	2019/20	2018/19	2019/20	2018/19
Accounts receivable	49.9	39.0	23.9	20.6
Total	49.9	39.0	23.9	20.6
Fair value	49.9	39.0	23.9	20.6

Provisions for bad debt has not been accounted for as the historic outcome has not been material.

Note 15 Prepaid expenses and accrued income

	Group		Parent Company	
	2019/20	2018/19	2019/20	2018/19
Prepaid rent	-	67.1	26.9	38.9
Prepaid costs of materials	0.0	0.0	0.0	0.0
Other prepaid expenses	95.5	80.7	29.8	43.8
Total	95.5	147.8	56.7	82.7

Affected by change in accounting principle IFRS 16.

Note 16 Cash and cash equivalents

Group	2019/20		2018/19	
	2019/20	2018/19	2019/20	2018/19
Cash and bank balances	80.1	105.0		
Group total	80.1	105.0		

At the end of the year, utilised overdraft facilities in the Group, which are not included in cash and cash equivalents, totalled 67.2 MSEK (283.0), refer to Note 20.

Total credit limits granted in the Group and in the Parent Company amounts to 1,000 MSEK (750).

Cash and cash equivalents consists of cash placements in Swedish banks, cash on the way and cash in stores.

Provisions for bad debt has not been accounted for as the historic outcome has not been material.

Note 17 Forward contracts

As per the balance sheet date, outstanding cash-flow hedging existed according to the following table.

Currency	Carrying amount and fair value		Nominal amount		Average remaining term in months. ¹	
	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19
Sell/buy						
NOK/SEK	10.4	-6.1	118.3	152.0	2.6	2.3
NOK/USD	37.5	8.5	358.9	414.9	2.5	3.3
SEK/USD	0.0	1.1	0.0	26.6	0.0	5.5
Total	47.9	3.5	477.2	593.5	5.1	3.2

¹Maturity ranges from 13 May - 2 Nov for NOK/SEK, 13 May - 9 Sep for NOK/USD. In the preceding year, the maturity ranges were from 15 May-11 Sep for NOK/SEK, 8 May - 30 Oct for NOK/USD and 16 oct - 16 oct for SEK/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.

Forward contracts with negative market values totalled 0.0 MSEK (6.1), which was recognised in the item accrued expenses and deferred income. Forward contracts with positive market values amounted to 47.9 MSEK (9.6), which was recognised in the item Prepaid expenses and accrued income.

A deferred tax liability of 10.2 MSEK (previous year a deferred tax assets of 1.2) was taken into account and the remaining fair value of 37.6 MSEK (2.7) was recognized in the hedging reserve within equity. The amount for forward contracts NOK/USD of 37.5 MSEK (8.5) is allocated on the currency pair NOK/SEK with 28.2 MSEK (-9.8) and on the currency pair SEK/USD with 9.3 MSEK (18.3).

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	166,310
Profit for the year	175,085
Total	341,395

The Board and Chief Executive Officer propose:

Carried forward to new account ¹	341,395
Total	341,395

¹ Macroeconomic trends and their impact on retail sector as a result of COVID-19 remain uncertain. At this stage, the Board intends to safeguard Clas Ohlson's solid financial position and flexibility and therefore proposes that no dividend be paid for the 2019/20 financial year.

The total number of ordinary shares is 65,600,000 (2018/19: 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 2,262,553 B shares (2,382,206). The number of share-outstanding at the end of the year was 63,337,447 (63,217,794). The averagenumber of shares before and after dilution is reported in Note 10.

The Group's reserves contain translation differences of -92.2 MSEK (-39.3), and hedging reserve of 37.6 MSEK (2.7).

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 the pages 66-67.

Changes in the asset/liability recognised in the balance sheet are:

	2019/20	2018/19
At the start of the year	1.2	1.5
Net Pension Cost	-0.2	-0.3
Employer contribution	0.0	0.0
Exchange-rate differences	-0.2	0.0
Recognised provision for defined benefit obligations	0.9	1.2

Pension obligations:

	2019/20	2018/19
Present value of funded obligations	3.9	4.7
Fair value of plan assets	4.8	6.0
Non-recognised actuarial gains/losses	0.0	0.0
Recognised asset in balance sheet for pension obligations	0.9	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.

	2019/20	2018/19
Group	101.8	93.1
Parent Company	62.9	54.1

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 Alecta. According to a statement from the Swedish Financial Reporting Board, UFR 10 Reporting of ITP 2 pension plans financed through insurance in Alecta, 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 Alecta 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 Alecta amount to 12.4 MSEK (15.2).

The collective funding ratio comprises the market value of Alecta's assets as a percentage of the insurance commitments calculated according to Alecta'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 2019, Alecta's surplus in the form of the collective funding ratio was 148 per cent (142).

Note 20 Financial instruments

2019/20	Level	Carrying amounts					Total
		Received contractual cash-flows	Received contractual cash-flows and sale of financial assets	Other financial assets	Financial liabilities measured at amortized cost		
		Financial assets measured at amortized cost	Financial assets measured at fair value through other comprehensive income	Financial assets measured at fair value through profit or loss			
Financial assets measured at fair value							
Securities held as fixed assets*	3	0.0	0.0	252.3	0.0	252.3	
Financial assets not measured at fair value							
Other long term receivables	2	4.0	0.0	0.0	0.0	4.0	
Accounts receivable	2	49.9	0.0	0.0	0.0	49.9	
Other receivables	2	5.7	0.0	0.0	0.0	5.7	
Cash and cash equivalent	2	80.1	0.0	0.0	0.0	80.1	
Total financial assets		139.8	0.0	252.3	0.0	392.1	
Financial liabilities measured at fair value							
Other liability provisions	2	0.0	0.0	0.0	8.4	8.4	
Long-term lease liability**	-	0.0	0.0	0.0	1 672.5	1 672.5	
Current liabilities, interest-bearing	2	0.0	0.0	0.0	67.2	67.2	
Current lease liability**	-	0.0	0.0	0.0	523.7	523.7	
Other current liabilities	2	0.0	0.0	0.0	632.3	632.3	
Accounts payable	2	0.0	0.0	0.0	551.2	551.2	
Total financial liabilities		0.0	0.0	0.0	3,455.4	3,455.4	

2018/19	Level	Carrying amounts					Total
		Received contractual cash-flows	Received contractual cash-flows and sale of financial assets	Other financial assets	Financial liabilities measured at amortized cost		
		Financial assets measured at amortized cost	Financial assets measured at fair value through other comprehensive income	Financial assets measured at fair value through profit or loss			
Financial assets measured at fair value							
Securities held as fixed assets*	3	0.0	0.0	225.3	0.0	225.3	
Financial assets not measured at fair value							
Other long term receivables	2	2.0	0.0	0.0	0.0	2.0	
Accounts receivable	2	39.0	0.0	0.0	0.0	39.0	
Other receivables	2	2.7	0.0	0.0	0.0	2.7	
Cash and cash equivalent	2	105.0	0.0	0.0	0.0	105.0	
Total financial assets		148.7	0.0	225.3	0.0	374.0	
Financial liabilities measured at fair value							
Other liability provisions	2	0.0	0.0	0.0	12.7	12.7	
Current liabilities, interest-bearing	2	0.0	0.0	0.0	283.1	283.1	
Other current liabilities	2	0.0	0.0	0.0	663.6	663.6	
Accounts payable	2	0.0	0.0	0.0	637.4	637.4	
Total financial liabilities		0.0	0.0	0.0	1,596.8	1,596.8	

For other financial assets and liabilities the carrying amount represents a reasonable approximation of fair value.

* The holding in Mathem Sverige AB was valued based on a transaction between two independent parties, and adjusted by the amount of the holding compared with the observed transaction. The fair value was measured according to level 3 of the fair value hierarchy since the value is based on the value of a transaction in a non-active market.

** Lease liabilities are valued in accordance with IFRS 16

Fair value measured according to the three levels below:

Level 1: Listed prices in an active marketplace.

Level 2: Valuation model mainly based on observable market data for the asset or liability.

Level 3: Valuation model mainly based on own assumptions.

Note 21 Accrued expenses and deferred income

	Group		Parent Company	
	2019/20	2018/19	2019/20	2018/19
Accrued payroll expenses	137.1	129.3	82.6	67.9
Accrued holiday pay expenses	200.1	206.5	120.8	120.3
Accrued social security contributions	122.7	99.7	104.7	83.8
Other items	83.4	110.2	40.9	52.9
Total	543.3	545.7	349.0	324.9

Note 22 Other provisions

Refers to:

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 complaints

Clas Ohlson offers its customers open purchase for 90 days and Club Clas members 365 days. Customers 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 program, 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 program is reduced by the fair amount with respect to future redemption of bonus cheques, considering the current degree of redemption.

Restructuring

During the financial year 2018/19 provision for restructuring cost totalled 210.0 MSEK pertaining to the closure of the store network outside the Nordics.

	Group		Parent Company	
	2019/20	2018/19	2019/20	2018/19
Guarantee commitments				
Opening provisions	12.0	11.3	6.7	6.1
Utilised during the year	-12.0	-11.3	-6.7	-6.1
Allocated during the year	10.8	12.0	5.7	6.7
Total	10.8	12.0	5.7	6.7

	Group		Parent Company	
	2019/20	2018/19	2019/20	2018/19
Open purchase, unredeemed gift cards and bonus points				
Opening provisions	55.5	57.5	43.2	44.6
Utilised during the year	-55.5	-57.5	-43.2	-44.6
Allocated during the year	53.4	55.5	44.4	43.2
Total	53.4	55.5	44.4	43.2

	Group		Parent Company	
	2019/20	2018/19	2019/20	2018/19
Restructuring				
Opening provisions	62.0	17.7	0.0	0.0
Utilised during the year	-31.3	-165.7	0.0	0.0
Allocated during the year	1.1	210.0	0.0	0.0
Total	31.9	62.0	0.0	0.0
Of which long-term provision amounts to	8.4	12.7	0.0	0.0
Total provisions	96.1	129.4	50.1	49.9

Note 23 Inter-Group transactions

Of the Parent Company's invoiced sales, intra-Group sales accounted for 2,968.3 MSEK (2,934.4). Of this sum, 2,357.8 MSEK (2,303.1) related to sales to Clas Ohlson AS in Norway, 601.4 MSEK (609.4) to sales to Clas Ohlson Oy in Finland, 8.8 MSEK (18.4) to sales to Clas Ohlson Ltd in the UK and 0.3 MSEK (3.5) sales to Clas Ohlson GmbH in Germany. No purchases were made from subsidiaries.

Note 24 Participations in Group companies

Parent company	2019/20	2018/19
<i>Accumulated acquisition value</i>		
Opening value	39.3	29.3
Shareholder contribution	0.0	10.0
Total	39.3	39.3

The table below shows Clas Ohlson AB's holding of shares and participations in subsidiaries according to the balance sheet 30/4. All companies are owned 100 percent. The Group has made assessment that Clas Ohlson AB is deemed to have de facto control over C/O P Investment AB and therefore consolidated. C/O P Investment AB is owned 30.5%.

Holding of shares and participations in subsidiaries for Clas Ohlson AB:

Country	Company	Registered office	Registration number	2020-04-30		2019-04-30	
				Number of shares	Value MSEK	Number of shares	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	Sweden	559160-9903	305	10.0	305	10.0
Total					39.3		39.3

Note 25 Securities held as fixed assets

Parent Company	2019/20	2018/19
<i>Accumulated acquisition value</i>		
Opening value	225.3	224.5
Acquisitions for the year	27.0	0.8
Total	252.3	225.3

Holding of securities held as fixed asset for Clas Ohlson AB:

Country	Company	Registered office	Registration number	Number of shares	Percentage of votes	2020-04-30	2019-04-30
						Value MSEK	Value MSEK
Sweden	MatHem i Sverige AB	Stockholm	556775-7264	761,480	8%	252.3	225.3
Total						252.3	225.3

Note 26 Appropriations

Parent Company	2019/20	2018/19
<i>The difference between recognised depreciation and depreciation according to plan:</i>		
– equipment, tools, fixtures and fittings	-39.0	-30.8
– land and buildings	0.0	0.0
<i>Provision for tax allocation reserves</i>		
Provisions for the year	29.0	72.0
Parent Company total	-10.0	41.2

Note 27 Cash and bank balances

Parent Company	2019/20	2018/19
Cash and bank balances	23.3	33.4
Parent Company total	23.3	33.4

Utilised Group overdraft facilities, totalled 67 MSEK (283). Total credit limits granted in the Group and in the Parent Company amounts to 1,000 MSEK (750.0).

Note 28 Untaxed reserves

Parent Company	2019/20	2018/19
<i>Accumulated difference between recognised depreciation and depreciation according to plan:</i>		
– equipment, tools, fixtures and fittings	477.5	438.5
– land and buildings	0.0	0.0
<i>Provision for tax allocation reserve</i>		
Tax 2014	0.0	101.0
Tax 2015	138.0	138.0
Tax 2016	123.0	123.0
Tax 2017	131.0	131.0
Tax 2018	63.0	63.0
Tax 2019	0.0	0.0
Tax 2020	72.0	0.0
Parent Company total	1,004.5	994.5

Note 29 Pledged assets

	Group		Parent Company	
	2019/20	2018/19	2019/20	2018/19
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 contracted 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 67.2 MSEK (283.0) in the year end. Total credit limits granted in the Group and in the Parent Company amounts to 1,000 MSEK (750.0).

Note 30 Leases**Balance sheet:**

	Group
	2019/20
Right-of-use assets	
Facilities	2,023.5
Cars	1.8
Other	34.6
Closing balance at 30 April 2020	2,059.9

For further description of rights-of-use assets, see note 12.

Income statement:

	2019/20
Depreciation of right-of-use assets	-471.6
Interest on the lease liability	-64.3
Variable leasing fees	-12.4
Cost of short-term lease	-12.9
Costs of low value leases, not short-term lease of low value	-16.6
Revenue from sublease of right-of-use assets	25.2
Total result effects attributable to leasing agreements	-552.5

Cash-flow statement:

	2019/20
Interest	-64.3
Amortization	-466.6
Payment of variable, short-term and low value lease fees	-41.8
Revenue from sublease of right-of-use assets	25.2
Total cash flow effects attributable to leasing agreements	-547.5

For information on the maturity structure of the Group's leasing payments, see Note 2 on pages 71-72.

	2019/20
Change in lease liability	
<i>Lease liability recognised in 1 May 2019</i>	2,259.0
New and changed lease agreements	524.6
Amortization	-466.6
Translation differences	-120.7
Lease liability at end of period	2,196.2

Leases of premises

The Group's leases of premises relates to stores, offices and warehouses. The leases normally have a term between three and ten years. The structure of charges in the leases varies between fixed lease payments and leases with a varying degree of variable lease charges. The variable lease charges 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 13 MSEK for 2019/20, which were charged to the income statement for the financial year. Index clauses are included 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 rents out a small number of premises under operating leases.

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 countries 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 Group 2018 and leases in the Parent Company

In 2018/19, the Group leased store, office and warehouse premises that under the applicable rules (IAS 17) were classified as operating leases. The Parent Company leases stores, offices and warehouse premises that in accordance with RFR 2 are classified as operating leases.

	Group		Parent Company
	2018/19	2019/20	2018/19
Leasing costs for the year	770.6	351.8	317.2
Contracted future rents			
Within a year	744.6	294.5	281.2
Between one and four years	1,429.1	411.7	473.6
More than four years	489.4	28.4	63.5
Total lease commitments	2,663.1	734.6	818.3

Parent Company

Contingent liabilities, Parent Company

	2019/20	2018/19
Guarantee in favour of Group companies pertaining to future rental commitments	189.0	236.8

Note 31 Related-party transactions

The number of shareholders in the company totaled 38,504 at end of financial year. The major shareholders are Clas Ohlson's descendants from Haid and Tidstrand families, who hold 37.9 per cent of the capital and 65.3 per cent of the votes. No transactions with related parties took place during the financial year 2019/20 or previous year. Remuneration of the Board and senior management is presented in Note 6 to the Annual Report. For further description, refer to the corporate governance report, pages 47-51.

Note 32 Average numbers of employees

	Group		Parent Company	
	2019/20	2018/19	2019/20	2018/19
Total Sweden	1,790	1,777	1,790	1,777
– of whom, women	(716)	(799)	(716)	(799)
Total Norway	775	797		
– of whom, women	(302)	(311)		
Total Finland	356	352		
– of whom, women	(185)	(172)		
Total China	50	53		
– of whom, women	(25)	(32)		
Total UK	15	81		
– of whom, women	(8)	(44)		
Total Germany	1	39		
– of whom, women	(0)	(19)		
Total	2,987	3,099	1,790	1,777
– of whom, women	(1,236)	(1,377)	(716)	(799)

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.

	2019/20	2018/19
Sales per segment		
Sweden	3,990.6	3,853.4
Norway	3,589.9	3,571.4
Finland	1,085.9	1,063.9
Outside Nordic countries	91.9	283.5
Group-wide	2,968.3	2,934.4
Eliminations of sales to other segments	-2,968.3	-2,934.4
Total	8,758.3	8,772.3
Operating profit per segment		
Sweden	163.6	158.2
Norway	151.2	150.0
Finland	33.7	34.1
Outside Nordic countries	2.8	8.7
Group-wide	197.9	-257.0
Total	549.2	94.0

Assets per segment

Sweden	599.8	932.0
Norway	486.1	621.6
Finland	200.3	194.4
Outside Nordic countries	21.4	42.7
Group-wide	4,394.8	2,081.2
Total	5,702.4	3,872.0

Cash and cash equivalents are not included in the tables above.

Investment and depreciation per segment	Investment		Depreciation	
	2019/20	2018/19	2019/20	2018/19
Sweden	15.5	24.8	36.9	36.9
Norway	13.1	34.3	44.8	52.0
Finland	17.8	14.0	13.5	14.5
Outside Nordic countries	3.2	2.6	-1.2	8.9
Group-wide ¹	181.3	135.8	593.3	124.6
Total	231.0	211.4	687.3	236.9

¹Investments in intangible assets amounted to 143.5 MSEK (104.9). Depreciation attributable to intangible assets amounted to 61.9 MSEK (48.7). Investment in MatHem i Sverige AB amounted to 27.0 MSEK (0.8).

Note 34 Events after the end of the period

End of performance period, Long-term Incentive Plan, LTI 2017

The qualification and performance periods for the LTI 2017 long-term incentive plan ran from 1 May 2017 until 30 April 2020. After the end of the reporting period, a total of 7,970 shares were allotted on 4 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 2017–2020 were not achieved, meaning that no options were allotted to the participants and, accordingly, the LTI 2017 has been concluded.

LTI 2020 and utilisation of authorisation to buy back shares

In May 2020, the long-term incentive plan LTI 2020 was introduced under the same structure as LTI 2019. Senior management will purchase shares in LTI 2020 in mid-June. Exercise of the options is possible, following the three-year qualification period between June 2023 and April 2027.

On 7 September 2019, the Annual General Meeting of Clas Ohlson AB authorised the Board of Directors to acquire a maximum of 860,000 shares during the period until the next Annual General Meeting to secure the company's commitment in connection with the introduction of a share-based incentive programme, LTI 2020. The total number of shares required to secure the undertaking for LTI 2020 is estimated at 780,000. The entire LTI 2020 undertaking can be secured by using shares that were bought back to secure previous LTI plans where the need has been recalculated.

As per 30 April 2020, the company's holding of Clas Ohlson treasury shares amounted to 2,262,553 shares, corresponding to 3 per cent of the total number of registered shares.

It was communicated on 4 June 2020 that the President and CEO Lotta Lyrå has decided to leave the company. Lotta will remain in her current position until 4 December 2020.

External financing

After the end of the financial year, the company signed an agreement for an external credit facility corresponding to 100 MSEK to meet the company's financing requirements. The company's total credit facility thereafter amounts to 1,100 MSEK.

Note 35 Change in accounting principle IFRS 16

Transition approach

The Group has applied the modified retrospective transition method whereby the lease liability is measured at the present value of future lease payments, discounted by applying the Group's incremental borrowing rate and the right-of-use asset is measured as if IFRS 16 has been applied since commencement date. In accordance with the standard, comparative figures are not restated and the cumulative effect of the transition is recognised as an adjustment to the opening balance of retained earnings as per 1 May 2019.

Definition of leasing

The new standard has primarily affected the Group's reporting of operating leases in cases where the Group is a lessee. The majority of the Group's lease agreement is recognised in balance sheet instead of being expensed straight-line over the lease term. Recognition by the lessor remains essentially unchanged under IFRS 16 and has not made any significant difference to the Group. A contract is, or contains, a lease under IFRS 16 if it conveys the right to control the use of an identified asset for a period of time in exchange for a consideration.

Exemption rules applied

The Group has applied the following voluntary exemptions for former operating leases in the transition calculations:

- Leases with a remaining term of a maximum of 12 months from the date of initial application were excluded from the calculation of lease liabilities and right-of-use assets.
- Low-value assets were excluded from the calculation of lease liabilities and right-of-use assets. The leases are expensed straight-line over the lease term.
- Initial direct expenses were excluded from the measurement of right-of-use assets on the date of initial application.
- When the lease term was determined, an assessment was subsequently made as to whether the lease includes an option to terminate or extend the lease.

Effect on the financial statements

On the transition to IFRS 16 on 1 May 2019, right-of-use assets of 2,120 MSEK arose, as did lease liabilities of 2,259 MSEK and a deferred tax asset of 46 MSEK.

Effects on the balance sheet 1 May 2019 (MSEK)	2019/20
Right-of-use assets	2,119.5
Deferred tax assets	45.9
Prepaid expenses	-76.8
Equity	-170.3
Long-term lease liabilities	1,778.8
Short-term lease liabilities	480.2

When measuring the lease liability, the Group discounted right-of-use assets with the incremental borrowing rate as per 1 May 2019. The weighted average interest rate that has been used is about 3.0%.

The table below presents a reconciliation between the operational lease commitments (see Note 30 in the Group's Annual Report 2018/19) and the lease liability as of 1 May 2019.

Reconciliation of operating lease commitments (MSEK)	2019/20
Operating lease commitments at 30 April 2019	2,663.0
Discounting by applying the Group's incremental borrowing rate (where applicable, the implicit interest rate is used)	-249.0
Short-term leases that are expensed	-119.0
Non-lease components	-502.0
Adjustment regarding extension options or termination clauses	466.0
Lease liability recognised in 1 May 2019	2,259.0

Subsequent measurement

All leases are measured after the transition 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.

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 23 June 2020

Kenneth Bengtsson
Chairman of the Board

Mathias Haid

Margareta Lehmann

Göran Näsholm

Charlotte Strömberg

Göran Sundström

Håkan Lundstedt

Anne Thorstvedt Sjöberg

Lotta Lyrå
President and CEO

Caroline Östning
Employee representative (Unionen)

Lasse Zwetsloot
Employee representative (Handels)

Our audit report was submitted on 29 June 2020.

Deloitte AB

Kent Åkerlund
Authorized Public Accountant

The balance sheets and income statements are to be adopted at the Annual General Meeting on 12 September 2020.

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 2019-05-01 - 2020-04-30 except for the corporate governance statement on pages 47-51. The annual accounts and consolidated accounts of the company are included on pages 36-85 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 2020 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 2020 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 47-51. 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 1 811 million as of April 30, 2020. Inventories comprise a substantial part of the group's assets and consists of a large number of articles assorted over 228 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 51, Estimates and assumptions on page 65, group accounting principles for inventory on pages 67 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 as of April 30, 2020 amounts to SEK 8,758.3 million. The company recognizes revenue at the time of sales/delivery to the customer 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, in all material aspects to consumers through own stores with upfront payment. For further information refer to Risk assessment and control activities on page 51 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.
- 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 is found on pages 3-34 and 89-118. 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 Director of Clas Ohlson AB (publ) for the financial year 2019-05-01 - 2020-04-30 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 Director 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 the Managing Director 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.

Auditor's examination of the corporate governance report

The Board of Directors is responsible for that the corporate governance statement on pages 47–51 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 RevU 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 2019-09-07 and has been the company's auditor since 2013-09-07.

Insjön, June 29 2020
Deloitte AB

Kent Åkerlund
Authorized Public Accountant

Quarterly results

	2019/20				2018/19			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
	1 May 2019 -31 Jul 2019	1 Aug 2019 -31 Oct 2019	1 Nov 2019 -31 Jan 2020	1 Feb 2020 -30 Apr 2020	1 May 2018 -31 Jul 2018	1 Aug 2018 -31 Oct 2018	1 Nov 2018 -31 Jan 2019	1 Feb 2019 -30 Apr 2019
MSEK								
Sales	2,044.0	2,165.4	2,905.4	1,643.5	1,958.1	2,157.1	2,914.8	1,742.2
Cost of goods sold	-1,264.3	-1,274.8	-1,741.2	-987.8	-1,203.8	-1,260.1	-1,736.3	-1,077.3
Gross profit	779.7	890.6	1,164.1	655.7	754.3	897.0	1,178.5	664.8
Selling expenses	-641.5	-700.1	-732.2	-646.2	-659.2	-787.2	-799.9	-692.7
Administrative expenses	-58.7	-57.6	-53.6	-50.9	-63.0	-76.8	-62.4	-51.0
Other operation income/expenses	-0.1	-0.3	-0.3	0.6	-0.2	0.4	-211.1	2.2
Operating profit/loss	79.4	132.6	378.1	-40.9	32.0	33.4	105.2	-76.6
Financial income	0.0	0.0	0.1	0.0	0.3	0.3	0.5	0.1
Financial expense	-16.7	-16.7	-16.6	-17.6	-0.6	-0.8	-1.6	-0.3
Profit before tax	62.7	116.0	361.5	-58.5	31.7	32.9	104.1	-76.9
Income tax	-13.9	-25.3	-78.6	12.0	-1.9	-7.9	-25.5	15.1
Profit/loss for the period	48.8	90.7	282.9	-46.5	29.7	25.0	78.6	-61.8
Key ratios for the period								
Gross margin, %	38.1	41.1	40.1	39.9	38.5	41.6	40.4	38.2
Operating margin, %	3.9	6.1	13.0	-2.5	1.6	1.6	3.6	-4.4
Earnings per share before dilution, SEK	0.77	1.43	4.47	-0.73	0.47	0.40	1.24	-0.98
Earnings per share after dilution, SEK	0.77	1.43	4.47	-0.73	0.47	0.40	1.24	-0.98

Comments to the quarterly results

No new store (3) were opened during the first quarter 2019/20 and zero stores were closed (0). Two new stores (6) were opened during the second quarter and two stores were closed (1). In the third quarter no store (1) were opened and two stores were closed (0). One store (1) were opened during the fourth quarter and three stores were closed (7).

Seasonal fluctuations

Clas Ohlson's market and operations are influenced by consumer purchasing behaviour. The company's product range is particularly well suited to Christmas preparations and Christmas shopping, which means that 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.

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.

Average inventory value

Average inventory value is calculated as the total inventories for the most recent 12 months divided by 12.

Capital employed

Balance-sheet total (total assets) less current liabilities and noncurrent liabilities, non-interest-bearing liabilities.

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 costs, 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 divided by the average number of shares before dilution excl effect on operating costs, interest and amortization according to IFRS 16.

Comprehensive income per share

Comprehensive income divided by average number of shares before dilution.

Dividend yield

Dividend per share divided by the year-end share price.

Earnings per share (before and after dilution)*

Profit for the period divided by the number of shares (before and after dilution).

EBITDA

Operating profit/loss before interest, tax, depreciation and amortisation.

EBITDA excl IFRS 16

Operating profit/loss before interest, tax, depreciation and amortisation excl effect on operating costs 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 lease liabilities according to IFRS 16.

Equity per share

Equity divided by the number of shares outstanding at the end of the period.

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.

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.

Non-recurring costs

Cost that is not regularly found in the business.

Operating margin

Operating profit divided by sales for the period.

Operating margin excl IFRS 16

Operating profit, excl effects on operating costs 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 costs according 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.

Payout ratio

Dividend divided by earnings per share before dilution.

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.

Sales growth

Sales in relation to sales during the year-earlier period.

Share of selling expenses, %

Selling expenses in relation to sales.

Underlying operating profit/loss

Operating profit excl effects relating to IFRS 16 adjusted for nonrecurring costs and costs related to the CO100+ action programme.

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.

Working capital

The total of current assets, minus cash and cash equivalents (inventories and current receivables), less current non-interestbearing liabilities.

* Defined in accordance with IFRS.

Average receipt

Average amount per purchase.

Clas Office

Our concept that facilitates purchases for our corporate customers.

Club Clas

Our loyalty program, our loyalty club.

CO100+

An action programme where our strategic initiatives have been defined. The programme contains initiatives to drive sales growth and cost reductions mainly in the following areas: A more optimised product range, enhanced purchasing efficiency, administration, logistics and customer offering.

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.

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.

GDPR

The EU's new General Data Protection Regulation sets requirements covering the handling of personal data and applies in all EU countries from May 2018.

GRI

The Global Reporting Initiative, a global standard for sustainability reporting.

Level of service

Percentage of product range that is available "on the shelf" in our sales channels.

Nasdaq Stockholm

Marketplace for trading with securities, where Clas Ohlson's 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.

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.

Store traffic

Number of visitors.

UN Global Compact

UN international principles regarding human rights, labour standards, the environment and corruption, designed for companies.

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 89-90. The APMs recognised in this annual report may differ from similarly named measures used by other companies.

Average inventory value

	Group	
	2019/20	2018/19
Average inventory value	1,968.1	2,049.0

Capital employed

	Group	
	2019/20	2018/19
Total assets	5,782.4	3,976.9
Long-term non-interest-bearing liabilities	-232.1	-204.8
Current non-interest-bearing liabilities	-1,523.8	-1,541.7
Capital employed	4,026.5	2,230.5

Reason for use: Capital employed measures the company's ability, in addition to cash balances and cash and cash equivalents, to meet the needs of the operations.

Cash flow from operating activities per share

	Group	
	2019/20	2018/19
Cash flow from operating activities	1,283.9	312.0
Number of shares before the dilution	63,274	63,218
Cash flow from operating activities per share	20.29	4.93

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	
	2019/20	2018/19
Cash flow from operating activities excl IFRS 16	817.1	312.0
Number of shares before the dilution	63,274	63,218
Cash flow from operating activities per share excl IFRS 16	12.91	4.93

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.

Comprehensive income per share

	Group	
	2019/20	2018/19
Comprehensive income for the period	357.9	79.9
Average number of shares before dilution	63,274	63,217
Comprehensive income per share	5.66	1.26

Dividend Yield

	Group	
	2019/20	2018/19
Dividend per share	-	6.25
Share price 30 April	85.6	78.8
Dividend Yield	-	7.9 %

Earnings per share (before and after dilution)*

	Group	
	2019/20	2018/19
Profit for the year	375.9	71.6
Number of shares before dilution	63,274	63,218
Number of shares after dilution	63,298	63,230
Number of shares before dilution	5.94	1.13
Number of shares after dilution	5.94	1.13

* Defineras enligt IFRS

EBITDA

	Group	
	2019/20	2018/19
Operating profit	549.2	94.0
Depreciation	687.3	236.9
EBITDA	1,236.5	331.0

Reason for use: Measures the operative financial performance before depreciation

EBITDA excl IFRS 16

	Group	
	2019/20	2018/19
Operating profit excl IFRS 16	453.8	94.0
Depreciation excl IFRS 16	215.7	236.9
EBITDA excl IFRS 16	669.5	331.0

Reason for use: Measures the operative financial performance before depreciation

Equity/assets ratio

	Group	
	2019/20	2018/19
Total equity	1,763.1	1,947.3
Total assets	5,782.4	3,976.9
Equity/assets ratio	30.5 %	49.0 %

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	
	2019/20	2018/19
Total equity excl IFRS 16	1,899.4	1,947.3
Total assets excl IFRS 16	3,722.6	3,976.9
Equity/assets ratio excl IFRS 16	51.0%	49.0%

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 per share

	Group	
	2019/20	2018/19
Total equity	1,763.1	1,947.3
Number of shares at end of period	63.337	63.218
Equity per share	27.84	30.80

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.

Gross margin

	Group	
	2019/20	2018/19
Gross profit	3,490.2	3,494.8
Sales	8,758.3	8,772.3
Gross margin	39.8 %	39.8 %

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	
	2019/20	2018/19
Sales	8,758.3	8,772.3
Cost of goods sold	-5,268.1	-5,277.5
Gross profit	3,490.2	3,494.8

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.

Net debt

	Group	
	2019/20	2018/19
Interest bearing liabilities	2,263.4	283.1
Cash and cash equivalents	80.1	105.0
Total Net debt	2,183.3	178.1

Reason for use: Net debt shows the company's indebtedness over time

Net debt excl IFRS 16

	Group	
	2019/20	2018/19
Interest bearing liabilities excl lease liabilities	67.2	283.1
Cash and cash equivalents	80.1	105.0
Total Net debt excl IFRS 16	-12.9	178.1

Reason for use: Net debt shows the company's indebtedness over time

Operating margin

	Group	
	2019/20	2018/19
Operating profit	549.2	94.0
Sales	8,758.3	8,772.3
Operating margin	6.3 %	1.1 %

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	
	2019/20	2018/19
Operating profit excl IFRS 16	453.8	94.0
Sales	8,758.3	8,772.3
Operating margin excl IFRS 16	5.2%	1.1%

Reason for use: The operating margin shows operating profit as a percentage of net sales and shows operational profitability.

Payout ratio

	Group	
	2019/20	2018/19
Dividend	-	6.25
Earnings per share before dilution	5.94	1.13
Payout ratio	-	553.1 %

Return on capital employed

	Group	
	2019/20	2018/19
Operating profit	549.2	94.0
Interest income	0.1	1.1
Average capital employed	4,056.1	2,345.2
Return on capital employed	13.5 %	4.1 %

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

Return on equity

	Group	
	2019/20	2018/19
Profit for the year	375.9	71.6
Average equity	1,758.0	2,062.1
Return on equity	21.4 %	3.5 %

Reason for use: Return on equity is a measure of profitability in relation to the carrying amount of equity. Return on equity is also a measure of how investments are used to generate increased income.

Sales growth

	Group	
	2019/20	2018/19
Sales actual period	8,758.3	8,772.3
Sales previous period	8,772.3	8,210.7
Sales growth	-0.2 %	6.8 %

Reason for use: The change in sales reflects the company's realised sales growth over time.

Total return

	Group	
	2019/20	2018/19
Share price at the beginning of the year	78.8	96.0
Share price at the end of the year	85.6	78.8
Re-invested dividend	6.25	6.25
Total	13.00	-10.95
Total return	16.50 %	-11.41 %

Underlying operating profit

	Group	
	2019/20	2018/19
Operating profit excl IFRS 16	453.8	94.0
Non-recurring costs and costs for action program CO100+	127.3	403.0
Underlying operating profit	581.1	497.0

Reason for use: Underlying operating profit is intended to show operating profit adjusted for non-recurring expenses and costs associated with action program CO100+

Working capital

	Group	
	2019/20	2018/19
Total current assets	2,071.0	2,341.7
- Cash and cash equivalents	-80.1	-105.0
- Current non-interest bearing liabilities	-1,523.8	-1,541.7
Working capital	467.1	695.0

Reason for use: Working capital is used to measure the company's ability to meet short-term capital requirements



Ten-year summary

MSEK	2019/20	2018/2019	2017/2018	2016/2017	2015/2016	2014/2015	2013/2014	2012/2013	2011/2012	2010/2011
INCOME STATEMENT										
Sales	8,758.3	8,772.3	8,210.7	7,990.1	7,601.6	7,329.8	6,807.7	6,518.9	6,260.0	5,828.0
Operating profit	549.2	94.0	468.3	609.9	506.4	596.0	530.5	430.6	560.6	507.1
Operating profit, excl IFRS 16	453.8	94.0	468.3	609.9	506.4	596.0	530.5	430.6	560.6	507.1
Underlying operating profit	581.1	497.0	538.0	609.9	506.4	596.0	530.5	430.6	560.6	507.1
Profit before tax	481.8	91.9	467.1	608.9	507.6	597.2	530.2	419.9	551.0	499.0
Income tax	-105.8	-20.3	-109.3	-130.2	-128.8	-138.3	-124.8	-88.4	-150.5	-134.6
Profit for the year	375.9	71.6	357.8	478.7	378.8	458.9	405.4	331.5	400.5	364.4
BALANCE SHEET										
Non-current assets	1,323.8	1,388.5	1,469.5	1,404.5	1,397.8	1,399.9	1,424.2	1,461.6	1,515.0	1,469.5
Right-of-use assets	2,059.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-current receivables	327.7	246.8	239.4	18.5	18.1	11.6	8.1	3.2	3.5	10.9
Inventories	1,811.2	1,987.3	2,038.0	1,630.7	1,639.2	1,569.3	1,348.2	1,303.9	1,228.7	1,429.2
Current receivables	179.8	249.4	336.9	220.6	263.4	242.5	229.5	214.9	197.5	176.7
Cash and cash equivalents	80.1	105.0	115.8	625.1	604.3	517.4	358.3	124.6	111.8	132.6
Total assets	5,782.4	3,976.9	4,199.7	3,899.4	3,922.8	3,740.7	3,368.3	3,108.2	3,056.5	3,218.9
Equity attributable to owners of the parent	1,756.9	1,940.8	2,263.9	2,250.7	2,138.8	2,144.5	1,964.9	1,836.5	1,843.8	1,656.8
Equity attributable to non-controlling interests	6.2	6.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Equity	1,763.1	1,947.3	2,263.9	2,250.7	2,138.8	2,144.5	1,964.9	1,836.5	1,843.8	1,656.8
Long-term lease liabilities, interest bearing	1,672.5	0.0	0.0	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	300.0
Non-current liabilities, non-interest-bearing	232.1	204.8	227.4	226.8	195.2	213.3	206.5	185.7	195.7	165.9
Current lease liabilities, interest bearing	523.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Current liabilities, interest-bearing	67.2	283.1	0.0	0.0	0.0	0.0	0.0	0.0	30.0	261.7
Current liabilities, non-interest-bearing	1,523.8	1,541.7	1,708.4	1,421.9	1,588.8	1,382.9	1,196.9	1,086.0	987.0	834.5
Total equity and liabilities	5,782.4	3,976.9	4,199.7	3,899.4	3,922.8	3,740.7	3,368.3	3,108.2	3,056.5	3,218.9
CASH FLOW										
Cash flow from operating activities	1,283.9	312.0	372.8	698.9	704.6	647.3	689.1	517.8	964.9	350.3
Investments	-231.0	-211.4	-497.2	-263.5	-274.1	-192.3	-171.8	-166.5	-206.1	-295.3
Cash flow after investments	1,052.9	100.5	-124.4	435.4	430.5	455.0	517.3	351.3	758.8	55.0
Financing activities	-1,073.2	-112.0	-389.8	-418.0	-335.9	-298.9	-283.6	-334.4	-781.5	-6.0
Cash flow for the year	-20.3	-11.5	-514.2	17.5	94.6	156.1	233.7	16.9	-22.7	49.0

MSEK	2019/20	2018/2019	2017/2018	2016/2017	2015/2016	2014/2015	2013/2014	2012/2013	2011/2012	2010/2011
KEY RATIOS										
Growth in sales, %	-0.2	6.8	2.8	5.1	3.7	7.7	4.4	4.1	7.4	4.9
Gross margin, %	39.8	39.8	40.0	41.2	42.4	42.9	42.6	41.6	42.1	41.6
Operating margin, %	6.3	1.1	5.7	7.6	6.7	8.1	7.8	6.6	9.0	8.7
Operating margin, excl IFRS 16, %	5.2	1.1	5.7	7.6	6.7	8.1	7.8	6.6	9.0	8.7
Return on capital employed, %	13.5	4.1	21.0	28.4	23.6	29.3	28.0	23.2	27.9	24.6
Return on equity, %	21.4	3.5	16.0	22.4	17.6	22.5	21.7	18.3	23.1	22.5
Equity/assets ratio, %	30.5	49.0	53.9	57.7	54.5	57.3	58.3	59.1	60.3	51.5
Equity/assets ratio, excl IFRS 16, %	51.0	49.0	53.9	57.7	54.5	57.3	58.3	59.1	60.3	51.5
Net debt/EBITDA	1.8	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.1	1.1
Net debt/EBITDA, excl IFRS 16	0.0	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.1	1.1
Sales per square metre in store, SEK thousand	31.9	30.8	31	31	30	30	30	31	34	34
Number of stores at year-end	228	232	229	216	205	198	185	174	157	139
Number of full-time equivalent employees	2 987	3 099	2 951	2 835	2 787	2 736	2 629	2 524	2 370	2 219
DATA PER SHARE										
Average number of shares before dilution	63,273,680	63,217,741	63,200,598	63,052,803	63,167,924	63,121,729	63,137,148	63,349,241	63,635,998	63,802,230
Average number of shares after dilution	63,297,575	63,230,062	63,311,743	63,254,614	63,461,923	63,400,934	63,243,692	63,421,154	63,702,052	63,870,584
Number of shares at period end	63,337,447	63,217,794	63,208,135	63,083,438	63,376,420	63,216,061	63,140,994	63,287,808	63,615,000	63,710,000
Earnings per share before dilution, SEK	5.94	1.13	5.66	7.59	6.00	7.27	6.42	5.23	6.29	5.71
Earnings per share after dilution, SEK	5.94	1.13	5.65	7.57	5.97	7.24	6.41	5.23	6.29	5.71
Comprehensive income per share, SEK	5.66	1.26	6.37	8.30	5.07	7.41	6.41	4.68	6.75	4.79
Cash flow per share, SEK	20.29	4.93	5.90	11.08	11.15	10.25	10.91	8.17	15.16	5.49
Cash flow per share excl IFRS 16, SEK	12.91	4.93	5.90	11.08	11.15	10.25	10.91	8.17	15.16	5.49
Equity per share, SEK	27.84	30.8	35.82	35.68	33.75	33.92	31.12	29.02	28.98	26.01
Share price 30 April, SEK	85.55	78.8	96	147	162	143	143	87	99	98
Dividend per share, SEK	-	6.25	6.25	6.25	5.75	5.25	4.75	4.25	4.25	3.75
P/E ratio	14	70	17	19	27	20	22	17	16	17
Dividend Yield, %	-	7.9	6.5	4.3	3.5	3.7	3.3	4.9	4.3	3.8

Comments*

Sales

Sales in the Nordics increased by 2 per cent to 8,666 MSEK (8,489), organic growth up 3 per cent, and total sales and organic growth were unchanged at 8,758 MSEK (8,772).

Number of stores

During the financial year, three new stores (11) opened, one in Sweden and two in Finland. During the fiscal year, seven stores (8) have been closed, four in Finland, two in UK and one in Sweden. The number of stores at the end of the period was 228, of which 97 in Sweden, 90 in Norway, 40 in Finland and one in the UK.

Gross Margin

The gross margin was 39.8 per cent (39.8). During the financial year, the gross margin was positively impacted by effects from currency hedging (NOK) from currency forwards and exchange-rate effects related to delays in inventory, an improved product mix and lower sourcing costs. This was offset by a stronger purchasing currency (USD) and a weaker sales currency (NOK).

Operating profit

Operating profit amounted to MSEK 549 (94). IFRS 16 had a positive effect of 95 MSEK on operating profit, resulting in operating profit of 454 MSEK excluding this effect. Earnings were affected by non-recurring costs and costs linked to the CO100+ action programme totalling approximately 127 MSEK (405). Underlying operating profit amounted to 581 MSEK (497).

Operating margin

The operating margin was 6.3 per cent (1.1). IFRS 16 had a positive effect on operating margin of 1.1 percentage points.

Cash flow

Cash flow from operating activities for the financial year amounted to 1,284 MSEK (312). Cash flow for the period after investing and financing activities was -20 MSEK (-11). Excluding the effect of IFRS 16, cash flow from operating activities amounted to 817.1 MSEK and cash flow from financing activities to -606.4 MSEK. The cash dividend paid to Clas Ohlson's shareholders during the financial year totalled 395 MSEK (395).

Return

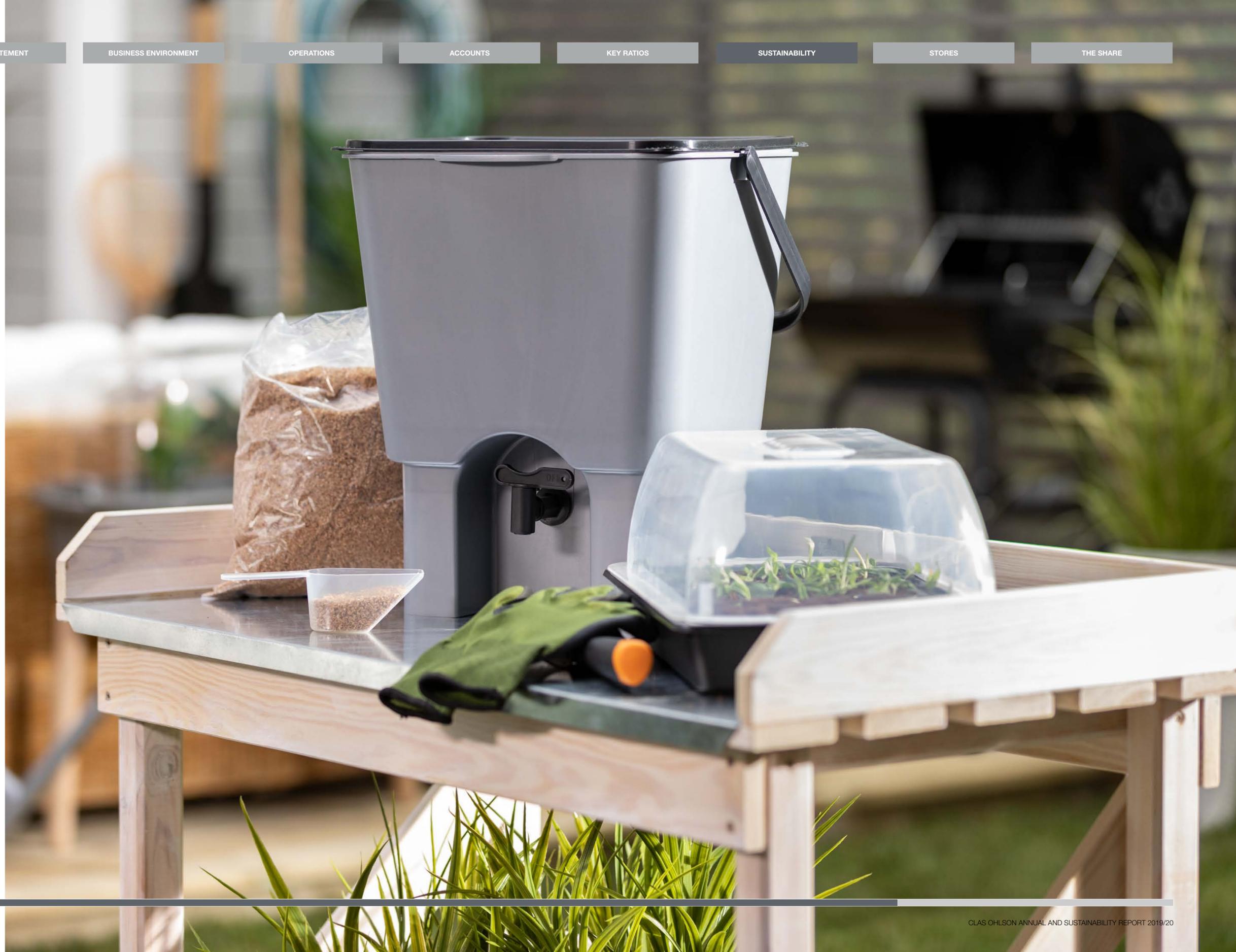
The return on capital employed amounted to 13.5 per cent (4.1) and the return on equity was 21.4 per cent (3.5).

* Refers to the financial year 2019/20.



Sustainability report 2019/20

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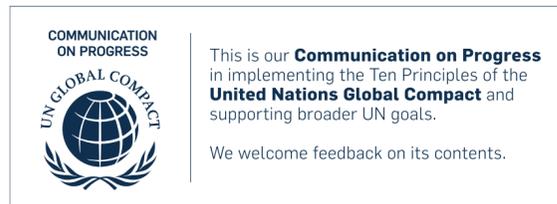


Information about the sustainability report

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 table below shows where the requirements for sustainability information are presented in this Annual and Sustainability Report.



Area	Description	Page reference
General	Business model	12-16
Environment	Policy and environmental issues Risks and risk management in environmental issues Targets and results related to environmental issues	98, 103-106 41-45 16, 104-105
Social conditions	Policy and social issues Risks and risk management in social issues Targets and results related to social issues	98 41-45 15-16
Employees	Policy and personnel issues Risks and risk management in personnel issues Targets and results related to personnel issues	98 41-45 15-16
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Anti-corruption	Anti-corruption policy Risks and risk management in anti-corruption Targets and results related to anti-corruption	98, 107 41-45 15-16



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 2019-05-01 to 2020-04-30 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 ex-

amination 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, 29 June 2020, Deloitte AB

Kent Åkerlund
Authorised Public Accountant

Governance for a more sustainable lifestyle

We integrate key sustainability issues into our strategy, business model and governance. Sustainability issues are a basic part of our operations and are not something that we manage separately. Every employee and function works with sustainability as a natural feature of all our day-to-day activities and in strategic work.

Our strategy, 100 more years, entails that we will be a meaningful and trusted brand and company, and we can only achieve this if we genuinely drive sustainability in all of our channels and dimensions. It is the responsibility of each function to drive and pursue this work based on our values, our Code of Conduct and our sustainability targets. All employees are also informed continuously about our sustainability agenda, have access to training (digitally and in seminars), and were involved to varying degrees in different initiatives 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 employees. During the year, we launched new

sustainability training courses tailored to each season so that employees in our stores can feel secure in helping our customers to live a more sustainable lifestyle.

The overall strategy for our sustainability targets and level of ambition is decided annually by the Board of Directors. 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

Policies

- *Clas Ohlson's Code of Conduct*
- *Clas Ohlson's Code of Business Ethics*
- Diversity policy
- IT policy
- Security policy
- Information policy
- Insider policy

Forum, which holds monthly meetings. The Board of Directors is updated regularly regarding sustainability work being conducted in the company and the sustainability risks are reported not less than twice a year within the framework of risk reviews.

Our owners, partners and our customers also set demands for our sustainability work.

Our reporting, such as in our annual Sustainability Report, GRI reporting and that to CDP, also comprises an important part of the governance of our sustainability activities.



International initiatives/framework for sustainable development

- Agenda 2030 and Sustainable Development Goals
- Global Compact
- 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

We help people help

Clas Ohlson demonstrated its commitment in different ways during the initial phases of the outbreak of the corona pandemic. For example, we supported the mass manufacture of visor holders for healthcare personnel that was initiated and organised in a Facebook group for 3D printer enthusiasts. We cut the price of filament by 30 per cent in the non-commercial initiative that took place with no marketing whatsoever from Clas Ohlson. The discount was only communicated in the Facebook group after an employee responded to an inquiry. We also produced visor holders in our own 3D printers at our customer service centre that were donated to the healthcare services.

Materiality analysis

The materiality analysis constitutes the basis for our way of working on sustainability and how we report our social and environmental impact.

The materiality analysis contributes to identifying the issues that are most relevant for delivering long-term value creation to our most important stakeholders. It 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.

The materiality analysis was updated in spring 2018 to identify the areas with the greatest relevance based on our new strategy framework

100 more years. Last year, we reworked the targets for 2020 into a format that corresponds to the strategy.

A review of the results of the materiality analysis was carried out under the framework of the sustainability strategy efforts performed in spring 2020 that will be launched in the 2020/21 financial year. Stakeholder dialogues were also held with institutional investors. Furthermore, the materiality analysis was updated based on a customer perspective.

Transparent dialogue for development

A meaningful and trusted brand and company that delivers sustainable profitable growth must be aware of and capitalise on stakeholder requirements and expectations. We maintain a close dialogue with our customers, employees, suppliers, owners and various players in society to understand their view of our operations and the future, which helps us set our strategy.

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 stores and through our customer service centre. The 2.8 million members of our Club Clas loyalty club also provide valuable information and important insight into how we can improve our offering. Our regular customer survey shows that we have very high customer satisfaction in all markets and that customers are very likely to recommend us to their friends and acquaintances. Our customers want relevant, innovative products and services with superior environmental performance. We also see that availability is increasingly critical to making a purchase. This applies to both the physical stores and online.

EMPLOYEES

Approximately 4,500 co-workers in five countries strive to provide our customers the very best service and the best offering. Committed and goal-oriented employees are fundamental to our growth and development, as are leadership, diversity, skills development, flexibility and a focus on health and well-being. We carry out a survey every other year and ask employees about their opinion of Clas Ohlson, our strengths and areas for improvement. The most recent employee survey, carried out at the start of 2020, showed a healthy work climate and good leadership. About 75 per cent of employees 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 the



company now has about 38,500 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 shareholders and investor meetings, and at Capital Markets Days. Meetings with our major long-term shareholders usually take place in connection with interim reporting. Important information about shareholder value is obtained via the Nomination Committee and the Board. Shareholders value long-term sustainable and profitable growth as one of the most important issues.

SUPPLIERS

We have close and trusting working relationships with about 670 suppliers in Europe and 690 manufacturers in Asia. A strong supplier network is a prerequisite for an affordable, innovative and sustainable offering. We are constantly moving towards products under our proprietary brands and suppliers expect a long-term partnership and scope in return for meeting the robust requirements that we im-

pose. 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

We influence, and are influenced by players in society at global, national and local levels that encourage companies to assume a broader responsibility. The UN 17 Sustainable Development Goals were launched in 2015 and give businesses a more prominent role in solving the challenges faced by society. This increases expectations that we understand our impact along the value chain, manage it accordingly, and comply with the UN Global Compact's ten principles in the areas of human rights, labour, environment and anti-corruption. Clas Ohlson expects to assume increased responsibility for the company's indirect impact and to make use of innovation to promote more sustainable development.

A positive force in society

Sustainability is a prerequisite for our business model, our brand and existence as a company, and thus is an integral part of being a trusted company.

By acting as a positive force in the communities in which we operate, we improve the confidence that our owners, employees, customers, and other local stakeholders have in us. We focus our social responsibilities on initiatives that are close to operations, including the rights of children and support for the UN Children's Rights and Business Principles. Our social responsibility is and should be linked to our operations – that is when it is the most effective and credible. This focus on children's rights is also directly connected to our playing field –

the home – and all children's rights to a secure home and childhood. Viewing the impact that we have from the perspective of future generations promotes our long-term agenda.

The company also acts through the Clas Ohlson Foundation, and the initiatives carried out have also focused on children's rights, such as supporting Junior Achievement Sweden (innovations and entrepreneurship for young people), a partnership with Insjön school and emergency support for children in need.



"I have never done this type of activity with my parents before. They are often busy with their work and don't often have time to play with me. I had great fun that morning because my mum was with me. I also like charades but the words were too easy for me. Next time you should make it more difficult (laughs)!" – Girl, 11.



During the year, we initiated a smartwatch programme to make remote direct communication easier for children and their migrant worker parents. More than 400 watches were given to parents at our suppliers' factories, which benefited 600 children.

Promoting parenthood for migrant workers in China

We have worked together with Save the Children since 2012. The aim of the most recent three-year training programme was to promote the parenthood of migrant workers and the rights of their children at Clas Ohlson's suppliers in China. Some examples of the activities that took place as part of three-year training programme that was concluded during the financial year are:

- Support for the Facilitator Migrant Worker Center in Zhuhai whereby 6,000 children could participate in after-school activities.
- 1,500 migrant-worker parents in our supply chain took part in the remote training course on parenting, which indirectly helped more than 2,000 children.
- 3,000 factory workers were given access to a platform on which they received practical tips for balancing being a parent and work.

The training course on parenting was held by employees at our China office during the year. A parent day was also arranged for parents and their children at three factories, which was attended by ten employees from our office and their children. 50 children were given the opportunity to spend time with their parents.

Clas Ohlson and Save the Children initiated a new, three-year partnership that has now been adjusted to better address the new challenges caused by the corona crisis. Focus was thus directed to the digital side and supporting families and children with the challenges arising from corona.

Plasters that heal more than wounds

A three-year collaboration was initiated with the World Childhood Foundation in Sweden, Norway and Finland in 2019. The collaboration aims to train Clas Ohlson's employees to become "Safe adults" – children's rights ambassadors who will have the knowledge and means for how, as an adult, to create safety for children, and to take action against violence and sexual abuse of children. 1,500 completed the training course during the year, including employees within Clas Fix it.

The collaboration also include children's rights plasters that are sold in all of our stores with all profits going to the World Childhood Foundation. The writing on plaster represents an article of the Convention on the Rights of the Child and is written so that it can be understood by small children, for example, "No one is allowed to hurt me." The packaging also includes a folder that helps the person putting on the plaster to explain about children's rights.



After selling about 1,100 packets of Childhood plasters at his cash register, Elvis Stanchev immediately set a new target of 2,000 packets. Elvis's drive and untiring commitment to vulnerable children is an inspiration to us all.

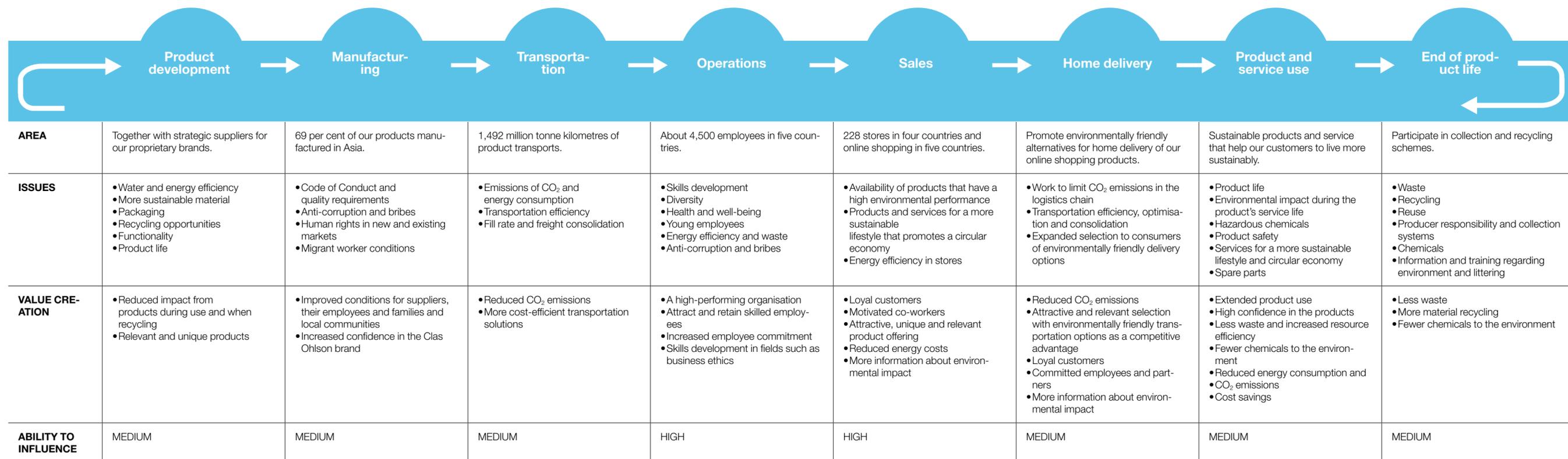
Our value chain

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 consideration

One of our prioritised sustainability areas is reducing our emissions. We are facing challenges in our times that we have never previously seen.

We must all relate to the challenging conditions facing our planet. Climate change and the loss of biodiversity in particular have become increasingly urgent – these issues are now something that we as a company take very seriously so that we can minimise the potentially negative impact of our business. We are now developing a sustainability strategy that will be launched in 2020/21 that will include targets for reducing emissions in line with the Paris Agreement and limiting global warming to 1.5°C.

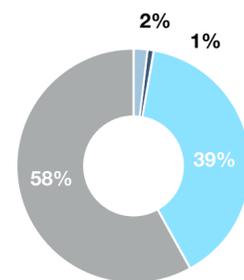
Lower emissions during the year

We have reported our annual emissions according to the Greenhouse Gas (GHG) Protocols standard to the CDP (Carbon Disclosure Project) since 2015. We report our emissions every year to better understand where such emissions take place and take action to reduce them.

Our emissions are divided into three scopes: Scope 1 is direct GHG emissions from our own operations, Scope 2 is indirect emissions that result from the generation of purchased energy in our stores, distribution centre and offices, and Scope 3 is other indirect GHG emissions from business travel, all incoming and outgoing trans-

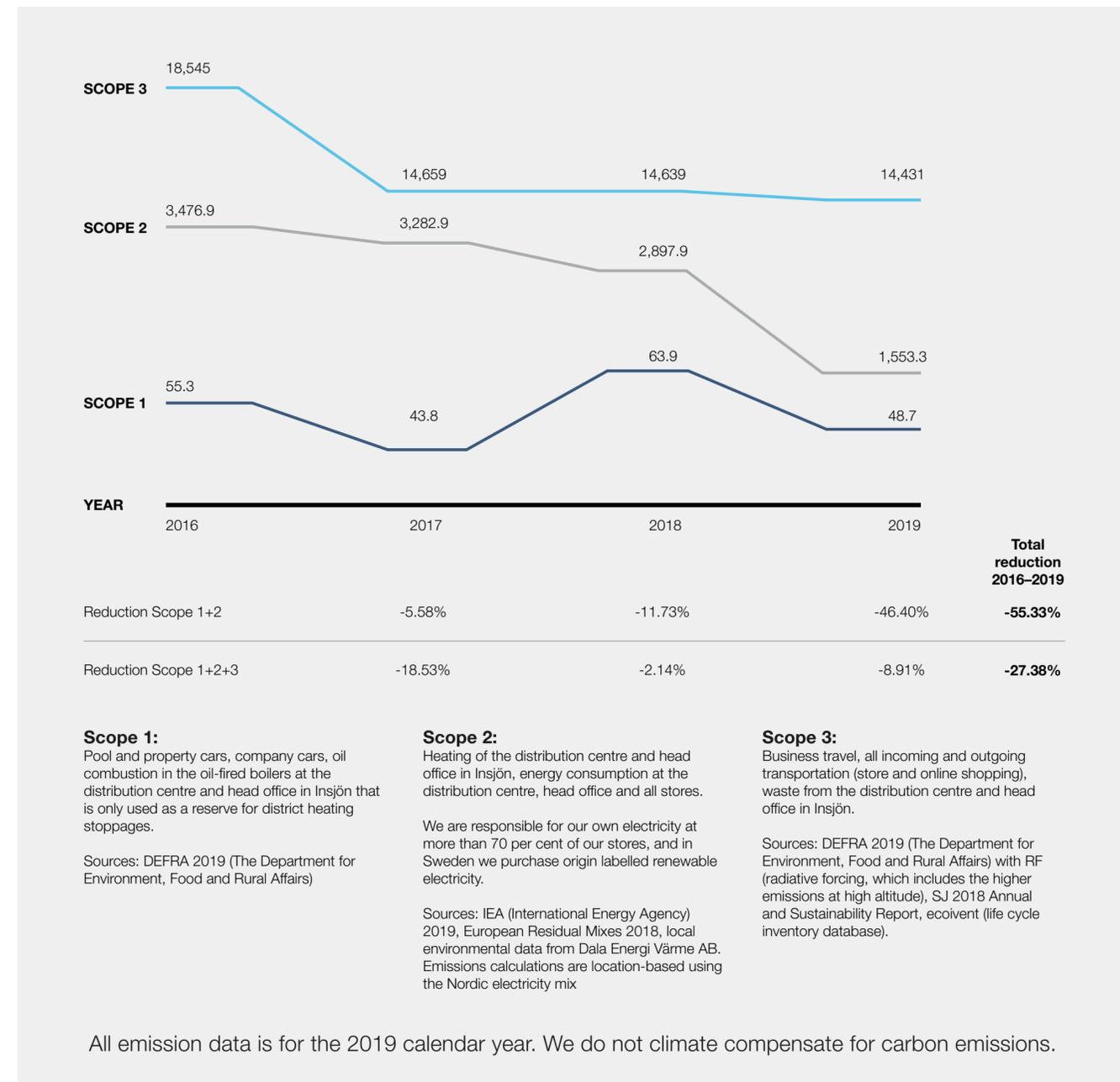
Scope 3 carbon emissions

Specification 2019



- Business travel
- Waste (DC, head office)
- Outgoing transportation (distribution to stores and via online shopping)
- Incoming transportation (Europe, Asia)

Carbon emissions 2016–2019, tCO₂e



portation and waste from the distribution centre and head office.

We reduced our GHG emissions under Scope 1 and 2 by slightly more than 46 per cent during the year.

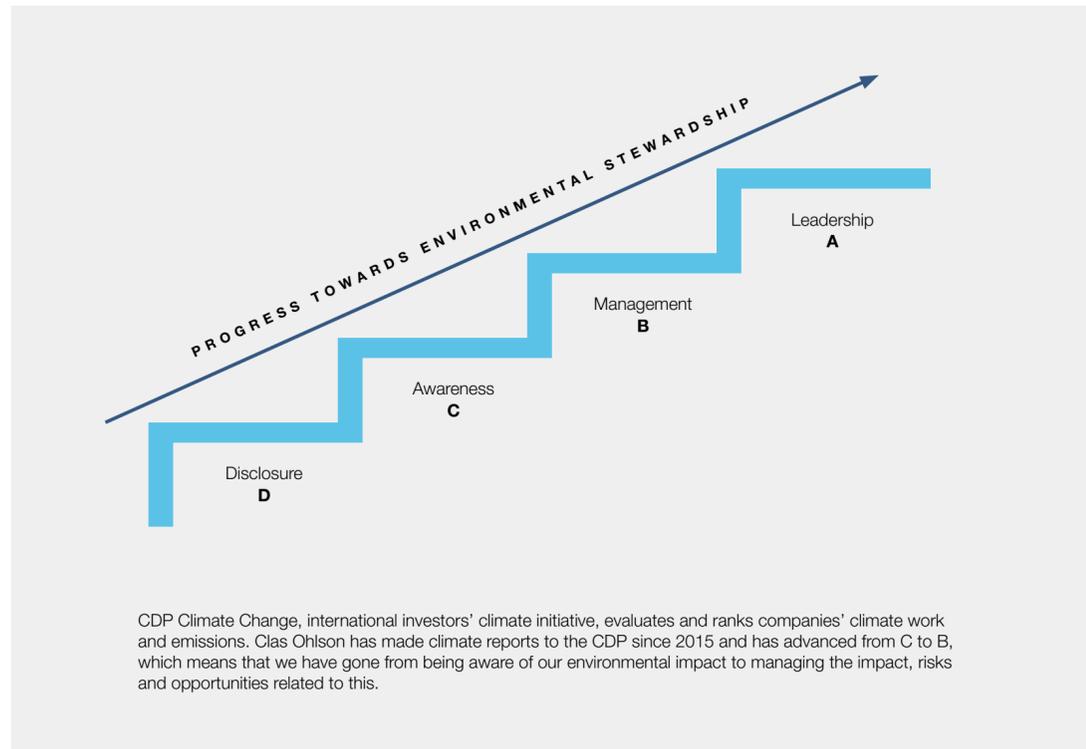
We work actively on having energy-efficient properties and we have reduced our emissions even though the distribution centre has been operational seven days a week since January 2019. The reduction of Scope 1 GHG emissions was due to fewer district heating stop-pages compared with the preceding year and lower use of company and pool cars.

The reduction of Scope 2 GHG emissions was due to the closure of stores in Germany and the UK, but we also increased energy efficiency by 3.5 percentage points to 19 per cent. Low-energy LED lighting in stores improved from 39 to 46 per cent. Emissions were also reduced because our supplier's emission factor for district heating was lowered. For transportation under Scope 3, we succeeded in reducing our emissions in absolute terms by optimising and enhancing efficiency, increasing the share of fossil-free transportation and reducing air freight.

Sustainable value chain

This year, Clas Ohlson embarked on its journey to quantify other GHG emissions (Scope 3) in its value chain, for example, emissions from production and use of our products. It is crucial to include Scope 3 GHG emissions to gain an understanding of Clas Ohlson's total climate footprint.

Score of B in CDP ranking



We received external help to quantify our emissions and the initial analysis showed that emissions from materials in our products are the largest source of emissions, and they are significantly higher than our Scope 1, Scope 2 and transportation emissions. Significant emissions are also generated from use and waste management of sold products. Clas Ohlson's emissions from the value chain are estimated to be 5-10 times higher than reported Scope 1, Scope 2 and transportation emissions.

The next step for Clas Ohlson is to quantify its current footprint in greater detail and to develop strategies for reducing emissions across the entire value chain. We know that this journey will be long, and we have already started to take important steps to further strengthen our position in sustainable development in the industry.



Sustainable products

To promote an even more sustainable assortment, we have developed an assessment model to continuously make improvements and that we can apply to all product categories.

The criteria for sustainable products were updated last year. They are based on regulatory compliance, product development, quality assurance and product information. The basic requirements for all of our products are high and we carefully check the function and safety of products, and apply well-established procedures as regards the contents. All of our suppliers always undergo both a CSR and technical evaluation for our own products. This means that we know that our product range maintains a high level of quality, and thus we can focus on finding improvements to sustainability above and beyond the basic requirements.

Today, we approve four different eco-labels (Oeko-Tex, FSC, the Nordic Swan and EU Ecolabel). Since these cannot be applied to all types of products in our large range, we have developed a model to make better choices and promote a more sustainable range. The model can be summarised by saying that a more sustainable product is to save resources (for example, a cleaner production process, better choice of materials or components, saving resources

when in use or better recyclability). Our specialists analyse every single product.

The assessment model is relative and focuses on continual improvement. This means our model can be used for all types of product, and is built on a comparison with the age in which we live. Our starting point is that the level of knowledge in sustainability and technology is continually improving, which means that products need to be re-assessed after a certain period of time.

Products for a more sustainable lifestyle must meet our general requirements and show improvement in at least one of the following criteria:

- **Materials**
Renewable, recycled more resource-efficient
- **Chemicals**
Reduce, substitute, enhanced process
- **Energy and water**
In production, during transport
- **Use, reuse, recycling and waste**
Function, service life, repair, repairable when recycled

The model will be adapted when the sustainability strategy is launched in 2020/21.

We created an online landing page for sustainable products during the year, where customers can find selected seasonal products.

During the year, we also started to develop criteria for products with inferior sustainability performance in our range. Certain products are being phased out since their service lives are too short. We are adjusting materials and technology in products to extend their service lives and separability to make them more sustainable. We have decided that all consumables will have sustainable alternatives by 2021/22.



Ethical business

Our Code of Conduct, our Code of Business Ethics and our core values describe Clas Ohlson's commitment to maintain high ethical norms when active in the market in general and when doing business. We place demands on each individual employee and strategic partner to maintain the same high level regarding a zero tolerance of corruption and conflicts of interest, while ensuring observance of competition laws. We have zero tolerance of corruption and bribery in all markets in which we operate, in both the Nordics and Asia. The Code of Business Ethics also includes our focus on children's rights, for example, it describes how we are expected to act if on a business trip we suspect abuse of children.

Our Code of Business Ethics and our Code of Conduct, which are adopted annually by the Board of Directors, are included in all purchase agreements and we strive to include them in all major contracts. We are clear that violations of the Code of Business Ethics could lead to consequences under labour law and criminal law, or lead to the termination of the partnership.

Clas Ohlson has an external whistle-blower service, WhistleB, for reporting suspected de-

viations from the Code of Business Ethics and Code of Conduct. No cases were reported during the year. We implemented the Netclean software in our IT systems during the financial year to stop images of child abuse being shared and stored via our IT systems.

Our largest risk of corruption is in the purchasing process, when signing major agreements and 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 employees who work with purchasing and high-value contracts and for our agents in Asia.

Digital training and information, including the Code of Business Ethics, are available to all employees on the intranet.

Two violations were reported during the year. Our CSR auditor was subject to a bribery attempt, which was refused. The auditor reported the incident and the partnership with the supplier was terminated.



Controlling the supply chain

We have internal auditors in China who conduct both announced and unannounced audits. A total of 148 audits were conducted during the financial year, compared with 229 in the preceding year. One in five audits is unannounced and 43 of the 148 audits were for new suppliers. The reason for the lower number of audits was COVID-19 since the factories were closed for a long period of time.

We have been affiliated with Sedex since 2017, a partnership for increased transparency regarding responsible purchasing that has now been integrated into our supplier programme.

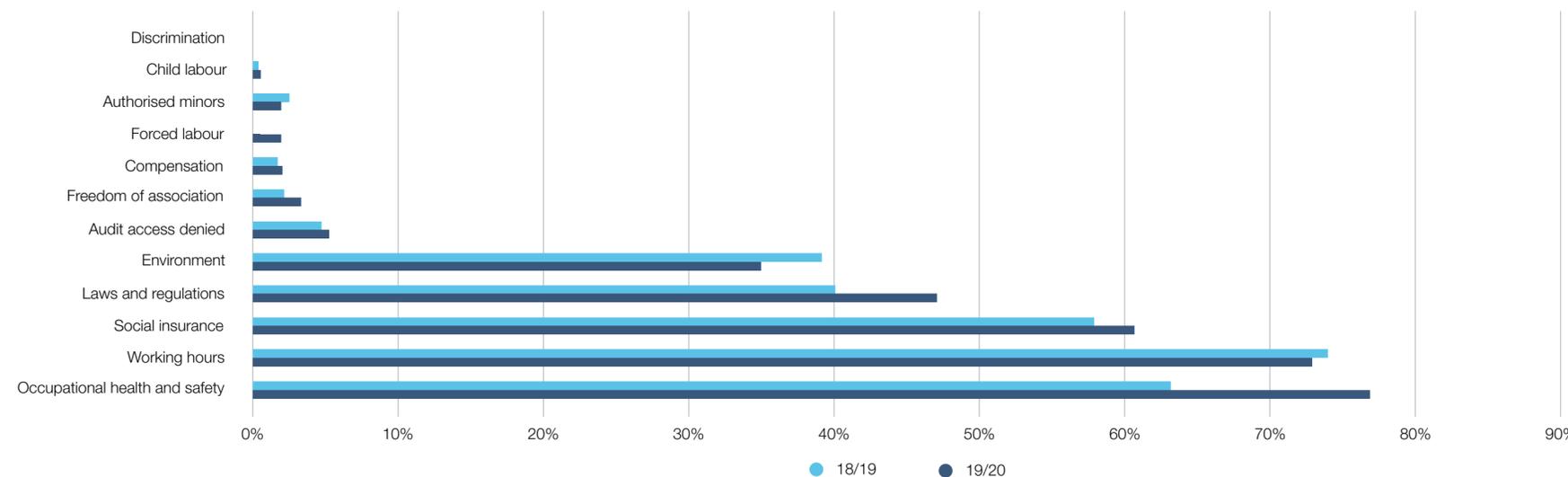
During the financial year, 60 of our suppliers were audited externally through Sedex, meaning that other members of Sedex make purchases from these suppliers. The Sedex partnership enables increased efficiency and transparency in our supply chain, which allows us to concentrate our resources on high-risk areas.

Suppliers are re-audited every 24 months. One challenge we continue to work on is achieving lasting change in the supply chain.

We carried out a pilot programme during the year to prevent deviations from the Code of

Conduct. We can help our suppliers in the long term by analysing the causes of audit outcomes and deviations and providing training. The results of the pilot showed that 4-5 times more audit deviations have been corrected (77 per cent compared with 15 per cent in a normal follow-up of audit results). The results also showed that suppliers initiated specific action plans with clear budgets, allocations of responsibilities in the organisation and developed well-defined processes to continue in their work. This work method will be implemented with more suppliers next year.

Deviations from the Code of Conduct when audited, %



Clas Ohlson's contributions to the SDGs

As part of the UN SDGs, the world has united around eliminating extreme poverty, decreasing inequalities, solving the climate crisis, and promoting peace and justice. We can make this vision a reality through shared efforts in all sectors of society. Clas Ohlson will do its part by working strategically on its most important sustainability issues.

In 2018/19, we mapped the SDGs based on our areas of activity. The SDGs have been discussed among both Group Management and the Board of Directors, and we have linked our sustainability targets to several of the SDGs. Goal 12 was identified as the most important in our materiality analysis.

We are revising our sustainability strategy and it is scheduled to be launched in the 2020/21 financial year. In it, we will more closely integrate the most significant SDGs in our strategic targets.

The table shows how our sustainability initiatives support the SDGs we focused on during the year.

SDG	Targets	Clas Ohlson's contribution to the SDG
4. Quality education 	4.7 Education for sustainable development and global citizenship.	Education opens up a world of opportunities that make it possible for each and every one of us to promote a sustainable society. Using the QuizRR training tool, workers are educated in their rights and obligations. Together with CCR CSR, we engage our suppliers in educating migrant workers in parenthood, as well as in their and their children's rights and well-being. Read more on pages 101-102. In partnership with the World Childhood Foundation, we inform and train our employees in identifying and preventing children from being subjected to violence and sexual abuse. Children's rights plasters are sold in stores and contain a simple message about children's rights. The packaging includes a folder that helps the person putting on the plaster to explain about children's rights. Read more on page 8.
5. Gender equality 	5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making.	Equality between women and men is a precondition for peaceful, sustainable development. Read about our work on diversity and equality issues, and gender distribution targets in all groups and at all levels, on pages 31-32.
7. Affordable and clean energy 	7.2 Increase substantially the share of renewable energy in the global energy mix.	Access to sustainable, reliable and renewable energy and clean fuels is a precondition for meeting several of the challenges the world faces today. Read about energy efficiency in our stores on pages 135-135, and about emissions from transportation on pages 33-34.
8. Decent work and economic growth 	8.4 Improve global resource efficiency in consumption and production. 8.5 Achieve full and productive employment and decent work for all women and men, and equal pay for work of equal value. 8.7 Eradicate forced labour, end human trafficking and eliminate the worst forms of child labour. 8.8 Protect labour rights and promote safe and secure working environments for all workers.	By protecting labour rights and promoting a safe working environments for all workers, we create the conditions for sustainable economic growth. Read about our work on educating workers in China using the QuizRR training tool on page 20. Read about our work on audits at plants in high-risk countries, and our partnership with Sedex, on pages 20.
10. Reduced inequalities 	10.3 Ensure equal opportunity and eliminate discrimination.	An equitable society is built on the principle of equal rights and opportunities for everyone regardless, for example, of gender, ethnicity, religion, disability, age or other situation. Diversity enables creativity and innovation, which helps us interact with our customers in the best way possible. Read more about our diversity initiatives on pages 34-35.

SDG	Targets	Clas Ohlson's contribution to the SDG
12. Responsible consumption and production 	12.2 Achieve sustainable management and efficient use of natural resources. 12.4 Environmentally sound management of chemicals and all wastes. 12.5 Substantially reduce waste generation. 12.8 Ensure people everywhere have the relevant information for sustainable development and lifestyles.	Current levels of production and consumption of products promotes a drastic overuse of resources, and our total climate footprint today is significantly greater than the planet's capacity. We have a long-term goal of creating a resource-efficient value chain, and we want to help our customers live more sustainably. Read about our sustainability targets, which include solutions for a sustainable lifestyle, expanded services and sustainable packaging on pages 15-16. Read about our work on chemicals and our model for assessing sustainable products on pages 21 and 106.
13. Climate action 	13.3 Improve education and human and institutional capacity on climate change mitigation.	Climate change is a fact, and we must act now. By creating awareness concerning the climate and finding innovative, circular solutions to how this can be managed, we can make a difference. Read about our new targets regarding sustainable products and services that promoted a circular economy on pages 15-16.
14. Life below water 	14.1 Reduce marine pollution of all kinds.	Eight million tonnes of plastic end up in the oceans every year, and we need to help to reduce marine pollution. Read more about our plastics strategy on pages 16 and 22.
16. Peace, justice and strong institutions 	16.2 End abuse, exploitation, trafficking and all forms of violence against children. 16.5 Substantially reduce corruption and bribery in all their forms.	Lasting success cannot be achieved in a context of conflict and violence. We previously partnered with Epcat to ensure that our internal policies and processes maintain a high level of ethics in this area. We continue to work actively on spreading knowledge internally about these policies and missives. We installed Netclean, a tool to stop images of sexual abuse of children, on all the computers in the Group. Read about our partnership with the World Childhood Foundation, which works to stop violence against and sexual abuse of children, on page 102.
17. Partnerships for the goals 	17.16 Enhance the global partnership for sustainable development.	Today, the world is more connected than ever before, and through partnerships with other players we can truly make a difference. Read more about our partnerships with the Save the Children Fund, QuizRR, the World Childhood Foundation and Sedex on pages 20, 101-102.

The SDGs are available from sustainabledevelopment.un.org/sdgs.

GRI Standards Index

For the tenth 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 2019/20 financial year. Carbon emissions in this report refer to the 2019 calendar year. Comparative figures due to the closure of the store network outside the Nordics started in 2018 have not been restated.

2016 Standard Disclosures

GRI	Disclosure	Reference
102-1	Name of the organisation	Directors' Report, p. 36
102-2	Activities, brands, products and services	About Clas Ohlson, p. 3, Customer offering p. 23 Directors' Report, p. 36
102-3	Location of headquarters	Directors' Report, p. 36
102-4	Location of operations	Directors' Report, p. 36
102-5	Ownership and legal form	Directors' Report, p. 36, The share, p.p. 115-117
102-6	Markets served	About Clas Ohlson, p. 3, Directors' Report, p. 36
102-7	Scale of the organisation	Directors' Report, p. 36 ff
102-8	Information on employees and other workers	Targets and target fulfilment, p. 15, Smart and simple, p.p. 30-32
102-9	Supply chain	Our value chain, p. 103
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.p. 41-45
102-12	External initiatives	Governance for a more sustainable lifestyle, p. 98, <i>about.clasohlson.com</i> .
102-13	Membership of associations	<i>about.clasohlson.com</i>

Strategy

102-14	Statement from senior decision-maker	CEO's statement, p. 6
102-15	Key impacts, risks and opportunities	Risks and uncertainties, p.p. 41-45

Ethics and integrity

102-16	Values, principles, standards and norms of behaviour	Governance for a more sustainable lifestyle, p. 98, Ethical business, p. 107
102-17	Mechanisms for advice and concerns about ethics	Governance for a more sustainable lifestyle, p. 98, Ethical business, p. 107

GRI	Disclosure	Reference
Governance		
102-18	Governance structure	Corporate governance, p.p. 47-51, Governance for a more sustainable lifestyle, p. 98
102-20	Executive-level responsibility for economic, environmental and social topics	Governance for a more sustainable lifestyle, p. 98
102-27	Collective knowledge of highest governance body	Board, p.p. 52-53, 88-89; Group management, p.p. 54-55
102-29	Identifying and managing economic, environmental and social impacts	Risks and uncertainties, p.p. 41-45
102-30	Effectiveness of risk management processes	Risks and uncertainties, p.p. 41-45
102-31	Review of economic, environmental and social topics	Materiality analysis, p. 99, Our value chain, p. 103

Stakeholder engagement

102-40	List of stakeholder groups	Transparent dialogue for development, p. 100
102-41	Collective bargaining agreements	On average, 97.5 per cent of Clas Ohlson's employees are covered by collective agreements
102-42	Identifying and selecting stakeholders	Transparent dialogue for development, p. 100
102-43	Approach to stakeholder engagement	Transparent dialogue for development, p. 100
102-44	Key topics and concerns raised	Materiality analysis, p. 99, Transparent dialogue for development, p. 100

Reporting practice

102-45	Entities included in the consolidated financial statements	Directors' Report, p. 50, Note 24, p. 81
102-46	Defining report content and topic Boundaries	Materiality analysis, p. 99
102-47	List of material topics	Materiality analysis, p. 99, Our value chain, p. 103
102-48	Restatements of information	No material changes
102-49	Changes in reporting	GRI index, introduction, p. 110
102-50	Reporting period	GRI index, introduction, p. 110
102-51	Date of most recent report	The 2018/19 Annual and Sustainability Report was published on 1 July 2019
102-52	Reporting cycle	GRI index, introduction, p. 110
102-53	Contact point for questions regarding the report	Tina Englyst, Head of Legal and Sustainability, contact details, p. 119
102-54	Claims of reporting in accordance with the GRI Standards	GRI index, introduction, p. 110
102-55	GRI content index	GRI index, p.p. 110-112
102-56	External assurance	The GRI report is not externally assured. Auditor's report on the statutory sustainability report, p. 97

GRI	Disclosure	Reference
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Material topics

Financial standards

Economic impact

103-1-3	Explanation of the material topic and its boundary, the management approach and its components, evaluation of the management approach	Corporate governance, p. 51, Auditor's report, p.p. 86-88
201-1	Direct economic value generated and distributed	The year in brief, Economic value by stakeholder group, p. 5
203-2	Significant indirect economic impacts	The year in brief, Economic value by stakeholder group, p. 5
205-2	Communication and training about anti-corruption policies and procedures	Governance for a more sustainable lifestyle, p. 98, Ethical business, p. 107

Environmental standards

Materials

103-1-3	Explanation of the material topic and its boundary, the management approach and its components, evaluation of the management approach	Targets and target fulfilment, p. 16, A unique customer offering, p. 22
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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.

Energy

103-1-3	Explanation of the material topic and its boundary, the management approach and its components, evaluation of the management approach	Targets and target fulfilment, p. 16 <i>about.clasohlson.com</i>
302-1	Energy consumption within the organisation	Targets and target fulfilment, p. 16, Outstanding customer service, p. 26
302-2	Energy consumption outside of the organisation	Smart and simple, p.p. 33-34

Emissions

103-1-3	Explanation of the material topic and its boundary, the management approach and its components, evaluation of the management approach	Targets and target fulfilment, p. 16, Smart and simple, p.p. 33-34, Climate consideration, p.p. 104-105
305-1	Direct (Scope 1) GHG emissions	Climate consideration, p.p. 104-105
305-2	Energy indirect (Scope 2) GHG emissions	Climate consideration, p.p. 104-105

GRI	Disclosure	Reference
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Effluents and waste

103-1-3	Explanation of the material topic and its boundary, the management approach and its components, evaluation of the management approach	Targets and target fulfilment, p. 16, Our value chain, p. 103
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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.

Supplier environmental assessment

103-1-3	Explanation of the material topic and its boundary, the management approach and its components, evaluation of the management approach	A unique customer offering, p. 20, Controlling the supply chain, p. 108
308-1	New suppliers that were screened using environmental criteria	A unique customer offering, p. 20, Controlling the supply chain, p. 108
308-2	Negative environmental impacts in the supply chain and actions taken	A unique customer offering, p. 20, Controlling the supply chain, p. 108

Social standards

Occupational health and safety

103-1-3	Explanation of the material topic and its boundary, the management approach and its components, evaluation of the management approach	Targets and target fulfilment (employee attendance), p. 15*, Smart and simple, p.p. 31-32 <i>about.clasohlson.com</i>
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*Clas Ohlson has defined its own indicator for this topic.

Diversity and equal opportunity

103-1-3	Explanation of the material topic and its boundary, the management approach and its components, evaluation of the management approach	Targets and target fulfilment, p. 15, Smart and simple, p. 31, <i>about.clasohlson.com</i> .
405-1	Diversity of governance bodies and employees	Targets and target fulfilment, p. 15, Corporate governance, p. 48

Non-discrimination

103-1-3	Explanation of the material topic and its boundary, the management approach and its components, evaluation of the management approach	Smart and simple, p. 31, Governance for a more sustainable lifestyle, p. 98 <i>about.clasohlson.com</i> .
406-1	Incidents of discrimination and corrective actions taken	No cases during the financial year.

GRI	Disclosure	Reference
Freedom of association and collective bargaining		
103-1-3	Explanation of the material topic and its boundary, the management approach and its components, evaluation of the management approach	Targets and target fulfilment, p. 15. A unique customer offering, p.p. 20-2, <i>about.clasohlson.com</i> , Controlling the supply chain, p. 108
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Controlling the supply chain, p. 108*
408-1	Operations and suppliers at significant risk for incidents of child labour	Controlling the supply chain, p. 108*
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	Controlling the supply chain, p. 108*
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Controlling the supply chain, p. 108**
414-1	New suppliers that were screened using social criteria	A unique customer offering, p. 20, Controlling the supply chain, p. 108
414-2	Negative social impacts in the supply chain and actions taken	Controlling the supply chain, p. 108

* 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.

Customer health and safety

103-1-3	Explanation of the material topic and its boundary, the management approach and its components, evaluation of the management approach	Targets and target fulfilment, p.p. 15-16 <i>about.clasohlson.com</i> , A unique customer offering, p.p. 19-21
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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.

Customer privacy

103-1-3	Explanation of the material topic and its boundary, the management approach and its components, evaluation of the management approach	Risks and uncertainties, p.p. 41-45
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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

Store	Opening date	Store	Opening date
A Alingsås, Vimpeln	27-Mar-14	Stockholm, Barkarby Gate	27-Nov-14
B Borlänge, Norra Backa	26-Sep-13	Stockholm, Bromma Blocks	23-Sep-10
Borås, Knalleland	24-Oct-02	Stockholm, Drottninggatan	21-Oct-10
E Eskilstuna, Cityhuset	30-May-02	Stockholm, Farsta Centrum	18-Nov-99
F Falun, Falan Gallerian	05-Feb-09	Stockholm, Fältöversten Köpcentrum	11-Sep-19
G Gothenburg, Backaplan	19-Apr-18	Stockholm, Gallerian	30-Jun-89
Gothenburg, Bäckebol Köpcenter	10-Apr-03	Stockholm, Hanninge Centrum	10-Dec-04
Gothenburg, Frölunda Torg	23-Oct-09	Stockholm, Hornstull	27-Oct-16
Gothenburg, Mölndal Galleria	27-Sep-18	Stockholm, Kista Galleria	05-Dec-02
Gothenburg, Nordstan	01-Jun-92	Stockholm, Kungens Kurva	24-Apr-14
Gothenburg, Partille Allum	09-Apr-06	Stockholm, Liljeholmstorget Galleria	15-Oct-10
Gothenburg, Sisjö Shopping	19-Apr-12	Stockholm, Mall of Scandinavia	12-Nov-15
Gävle, Gallerian Nian	27-Nov-03	Stockholm, Märsta Centrum	26-Apr-18
H Halmstad, City	08-Mar-01	Stockholm, Nacka Forum	29-Mar-07
Halmstad, Flygstaden	16-Jun-11	Stockholm, Ringen Centrum	18-Oct-18
Helsingborg, Kullagatan	04-Jun-09	Stockholm, Sickla Köpkvarter	06-Dec-07
Helsingborg, Väla Centrum	12-Jun-03	Stockholm, Skärholmen Centrum	07-Dec-00
Hudiksvall, Fyren Gallerian	23-Apr-09	Stockholm, Sollentuna Centrum	31-May-07
I Insjön, Hjultorget	27-Jun-18	Stockholm, Solna Centrum	07-Apr-05
J Jönköping, Asecos (A6) Center	22-May-03	Stockholm, Sveavägen 52	25-Oct-18
Jönköping, City	09-Dec-10	Stockholm, Tyresö Centrum	03-May-18
K Kalmar, Baronen Köpcenter	24-Nov-05	Stockholm, Täby Centrum	25-Oct-01
Kalmar, Hansa City Modehuset	14-Mar-13	Stockholm, Vällingby Centrum	15-Nov-07
Karlskrona, Lyckeby Shopping Center	27-Jun-14	Stockholm, Värmdö Köpcentrum	17-Jun-15
Karlstad, Bergvik Köpcenter	20-Aug-15	Stockholm, Väsby Centrum	27-Apr-07
Karlstad, Mitt i City Gallerian	21-Sep-06	Strömstad, Nordby Shoppingcenter	29-May-09
Kiruna, Österleden	11-Nov-10	Sundsvall, Birsta	30-Apr-08
Kristianstad, C4	22-Nov-18	Sundsvall, In-Gallerian	10-Jun-99
Kristianstad, Galleria Boulevard	18-Apr-07	Södertälje, Lunagallerian	29-Apr-10
Kungsbacka, Kungsmässan	13-Mar-08	Trelleborg, Valengallerian	25-Apr-07
Kungälv, Kongahälla Center	28-Mar-19	Trollhättan, Överby Köpcenter, Södra	28-Jun-12
L Lidköping, Änghagens Handelsplats	25-Apr-12	Uddevalle, City Gallerian	19-Oct-06
Linköping, Ählenshuset	10-Jun-04	Umeå, Avion Shopping	17-Mar-16
Ljungby, Ljungbyporten	14-Jun-18	Umeå, MVG Gallerian	13-Apr-00
Luleå, Smedjan Gallerian	21-Mar-02	Uppsala, Gränbystaden	25-Aug-11
Luleå, Storheden	16-Feb-12	Uppsala, S:t Per Gallerian	16-Nov-00
Lund, Nova Lund	07-Nov-13	V Valbo, Valbo Köpcentrum	23-Feb-12
Löddeköpinge, Galleria Center Syd	26-Nov-15	Varberg, Gallerian Varberg	28-Sep-17
M Malmö, Emporia	25-Oct-12	Visby, Österväg	17-Apr-08
Malmö, Mobilia	26-Sep-13	Västervik, Ljungheden	06-Dec-12
Malmö, Triangeln	03-Dec-93	Västerås, Erikslund Shopping Center	22-Sep-11
Motala, Bråstorp Family Shopping	29-Jan-09	Västerås, Kvarteret Igor	22-Nov-01
Norrköping, Galleria Domino	02-May-96	Växjö, Grand Samarkand	06-May-04
Norrköping, Mirum Gallerian	10-Dec-09	Ä Ängelholm, Brännborn Center	23-Mar-17
N Norrtälje, Flygfyrn	14-Jun-12	Ö Örebro, Krämaren	27-Nov-97
Nyköping, Gallerian Nyckeln	05-Oct-06	Örebro, Marieberg Galleria	26-Mar-09
P Piteå, Gallerian Piteå	20-Sep-07	Örnsköldsvik, Galleria Magasinet	12-Apr-07
S Skellefteå, Citykompaniet	17-Mar-05	Östersund, Mittpunkten	28-Apr-05
Skövde, Elins Esplanad	27-Nov-08		

NORWAY

Store	Opening date	Store	Opening date
A Alta, Amfi	17-Nov-11	Oslo, Alna Senter	27-Sep-06
Arendal, Altii	28-Nov-07	Oslo, Bogstadveien	27-Oct-11
Asker, Trekanten	16-Oct-08	Oslo, Bryn Senter	26-Aug-10
Askim, Askim Torget	11-Oct-17	Oslo, CC Vest	11-Sep-14
B Bergen, Galleriet	30-Nov-17	Oslo, City	11-Nov-05
Bergen, Lagunen	06-Mar-03	Oslo, Lambertseter Senter	12-Oct-10
Bergen, Sartor Storsenter	16-Feb-06	Oslo, Storo Storsenter	19-Jun-08
Bergen, Storsenter	22-Apr-99	Oslo, Stovner Senter	06-Oct-16
Bergen, Vestkanten Storsenter	22-Nov-12	Oslo, Torggata	26-Aug-91
Bergen, Åsane Horisont	30-Sep-04	P Porsgrunn, Down Town	27-Apr-06
Bodø, City Nord	07-Jun-11	R Rykkinn, Senter	15-Mar-18
Bodø, Koch Kjøpesenter	01-Feb-18	S Sandefjord, Hegnasletta	10-Sep-15
Bryne, M44	05-Nov-09	Sandnes, Kvadrat	23-Sep-98
D Drammen, Buskerud	08-Sep-11	Sandnes, Maxi	26-May-16
Drammen, Gulsbogen	18-Sep-08	Sandvika, Storsenter	10-Jan-02
E Elverum, Kremmertorget	22-Mar-12	Sarpsborg, Storbyen	08-Jun-06
F Farsund, Amfi	01-Jun-17	Ski, Storsenter	16-Oct-03
Finnsnes, Amfi	09-Jun-16	Skien, Herkules	18-Oct-07
Fredrikstad, Dikeveien	25-Nov-10	Slependsen, Senter	18-Sep-14
Fredrikstad, Torvbyen	01-Dec-05	Sogndal, Amfi Sogningen	06-Jun-13
Førde, Altii	22-Nov-12	Sortland, Handelparken	24-May-18
G Gjøvik, CC Kjøpesenter	10-Mar-06	Stathelle, Altii Brotorvet	23-Nov-17
H Halden, Walkers Gate 12	12-Mar-15	Stavanger, Kilden	25-Oct-07
Hamar, CC Stadion	11-Nov-14	Stavanger, Madla	08-Nov-07
Harstad, Kanebogen	06-Apr-17	Stavanger, Mediegården	11-Nov-10
Harstad, Sjøokanten	24-Feb-11	Steinkjer, Amfi	15-Oct-09
Haugesund, Oasen	03-Oct-02	Stjørdal, Torgkvartalet	02-Nov-17
Horten, Sjosiden	09-Jun-11	Stord, Heiane Storsenter	20-Jun-13
Husnes, Storsenter	08-Mar-18	Strømmen, Storsenter	21-Oct-99
Honefoss, Kuben	19-Feb-09	Svolvær, Altii	08-Dec-16
J Jessheim, Storsenter	05-Nov-08	T Tromsø, Jekta	12-Jun-08
K Kongsberg, Stortorvet	03-Jun-10	Trondheim, City Lade	12-Oct-17
Kongsvinger, Kongssenteret	24-May-12	Trondheim, City Syd	08-May-03
Kristiansand, Sandens	06-Nov-08	Trondheim, Solsiden	19-Oct-00
Kristiansand, Sørlandssenteret	19-Nov-98	Trondheim, Torg	17-Feb-11
Kristiansund, Altii Futura	24-Mar-11	Tønsberg, Farmandstredet	21-Sep-01
L Larvik, Nordbyen	23-Apr-09	V Vestby, Storsenter	14-Mar-13
Leira, Amfi	26-Oct-17	Vinstra, Vinstragata 93	16-Feb-17
Levanger, Magneten Kjøpesenter	05-Jun-14	Vinterbro, Senter	26-Mar-15
Lillehammer, Strandtorget	18-Nov-10	Voss, Handelshus	16-Jun-16
Lillestrøm, Torv	23-Mar-17	Å Ålesund, Amfi Moa	22-Jan-04
Lørenskog, Triaden	30-Nov-06	Ø Orsta, Altii	04-Oct-12
M Mandal, Altii	20-Nov-14		
Mo I Rana, Søndre Gate 2	07-Jun-12		
Molde, Storsenter	22-Oct-09		
Moss, Amfi	12-Oct-06		
N Narvik, Storsenter	04-Dec-08		
O Orkanger, Amfi	30-Oct-14		

FINLAND

Store	Opening date
E Espoo, Ainoa	16-Mar-17
Espoo, Iso Omena	14-Oct-15
Espoo, Pikkulaiva	08-Nov-12
Espoo, Sello	14-Sep-05
H Helsinki, Itis	06-Nov-03
Helsinki, Kaari	17-Oct-13
Helsinki, Kaivotalo	03-Nov-16
Helsinki, Kampen	02-Mar-06
Helsinki, Mall Of Tripla	17-Oct-19
Helsinki, Redi	20-Sep-18
Hyvinkää, Willa	18-Oct-12
Hämeenlinna, Goodman	30-Oct-14
J Joensuu, Iso Myy	06-Nov-08
Jyväskylä, Seppä Shopping Centr	30-Apr-20
Jyväskylä, Sokkari	10-Nov-16
K Kempele, Zeppelin	03-Aug-17
Kokkola, Kallentori	27-Sep-07
Kotka, Pasaati	23-May-13
Kouvola, Veturi	13-Sep-12
Kuopio, Haapaniemenkatu	24-Feb-05
Kuopio, Matkus Shopping Center	01-Nov-12
L Lahti, Karisma	03-Nov-11
Lahti, Syke	31-May-12
Lappeenranta, IsoKristiina	01-Nov-07
Lempäälä, Ideapark	29-Nov-07
M Mariehamn, Mxinge Center	16-May-13
Mikkeli, Akseli	16-Jun-11
O Oulo, Valkea	25-Nov-10
P Pori, Puuvilla	30-Oct-14
Porvoo, Lundi	21-Apr-20
R Raisio, Mylly	04-Nov-15
Rovaniemi, Rinteenkulma	23-Oct-08
S Seinäjoki, Ideapark	14-Nov-19
T Tampere, Hämeenkatu	18-Mar-04
Tampere, Ratina	19-Apr-18
Turku, Hansa	03-Mar-05
Turku, Skanssi	25-Oct-12
V Vaasa, Rewell Center	14-Oct-04
Vantaa, Jumbo	27-Oct-05
Vantaa, Myymanni	29-Nov-11

OUTSIDE THE NORDICS

Store	Opening date
UK	
R Reading	19 Nov 2009

* Store portfolio on 30 April 2020

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

Outside the Nordics: www.amazon.com/uk

History

1918

At the age of just 22, Clas Ohlson and his brother Emil founded a mail order company, Clas Ohlsson & Co. The company was registered as a bicycle repair shop and printer, but mail order operations soon started.

1944

Clas Ohlson removed an "s" from his last name because he thought it graphically looked better.

1961

250,000 copies of the catalogue were printed, including about 7,000 products. The company had about 600 suppliers.

1967

146,477 packages were sent from Insjön during the year. The average value of a package was 56 SEK, or about 480 SEK today.

1972

The new office and store building on Highway 70 in Insjön was completed. The number of employees was 75. The catalogue contained about 8,000 products.

1989

Clas Ohlson opened its first store outside Insjön in central Stockholm.

1991

The first store outside Sweden was 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 was listed on the Stockholm Stock Exchange.

2000

Sales exceeded 1 billion SEK for the first time.

2002

The first store in Finland opened in Helsinki.

2008

The Central Warehouse – now the distribution centre – was expanded and the Clas Ohlson Museum opened in Insjön. The expansion in the UK started, and the first store opened in Croydon in southwest London.

2009

Clas Ohlson opened its 100th store in Motala in Sweden.

2011

Clas Ohlson opened its 150th store, which was in Lahti in Finland.

2012

A new online shopping platform was launched, with extended availability, service and inspiration. A mobile version was also launched at the end of the year. The Club Clas loyalty programme was launched in Sweden. In December, monthly sales exceeded SEK 1 billion for the first time.

2014

Clas Ohlson's first franchise store was opened in Dubai. The Clas Office corporate concept was launched in Sweden and Norway. The Club Clas loyalty programme was introduced in Finland.

2015

Clas Ohlson opened its 200th store in Karlstad in Sweden. There are now 87 stores in Sweden.

2016

The Club Clas loyalty programme welcomed its 2,000,000th member and Clas Ohlson's first store in Germany was opened in central Hamburg. The company has 4,700 employees.

2017

Sales exceeded 8 billion SEK for the first time. Lotta Lyrå was recruited as the new President and CEO.

2018

Clas Ohlson new strategy 100 more years was launched, meaning that the company would grow on the Nordic market, focusing on simplifying people's everyday lives at home through a combination of products, advice and supplementary services.

2020

The two-year CO100+ action programme was completed.



1985

Sales of 100 MSEK

The company's sales exceeded 100 MSEK for the first time. During the year, a subsidiary was opened in Norway when mail order sales were established in the country.



1995

New central warehouse

A new central warehouse in Insjön opened. At its opening, the warehouse encompassed 11,000 square metres with a ceiling height of 9 metres.



2013

Club Clas arrives

Club Clas was launched in March and in its first year, the loyalty club attracted 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 first 100 years as a company were celebrated.

The Clas Ohlson share

Clas Ohlson's series B share has been listed on Nasdaq Stockholm since 1999. The share is included in the Consumer Services sector index. The share reported a 8.6 per cent increase during the financial year. Clas Ohlson's total market capitalisation amounted to 5.6 billion SEK (5.2) calculated on the most recent share price of SEK 85.55 on 30 April 2020.

Share trend

The Clas Ohlson share increased 8.6 per cent to 85.55 SEK (78.80) compared with the year-earlier period, while the SIX General Index declined 3 per cent. The total return for the share, including re-invested dividends, amounted to 16.5 per cent.

The highest price paid was 116.5 SEK, recorded in December 2019, while the lowest price paid was 62.45 SEK, recorded in March 2020.

Share turnover

During the 2019/20 financial year, 49,690,980 Clas Ohlson shares were traded, representing a turnover rate of 76 per cent.

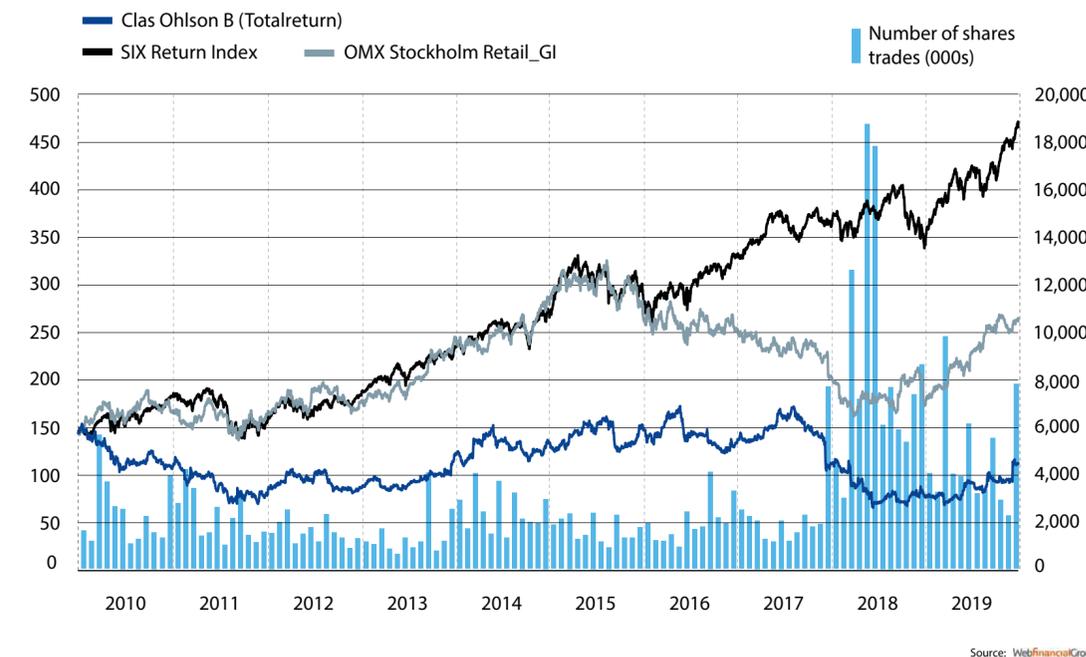
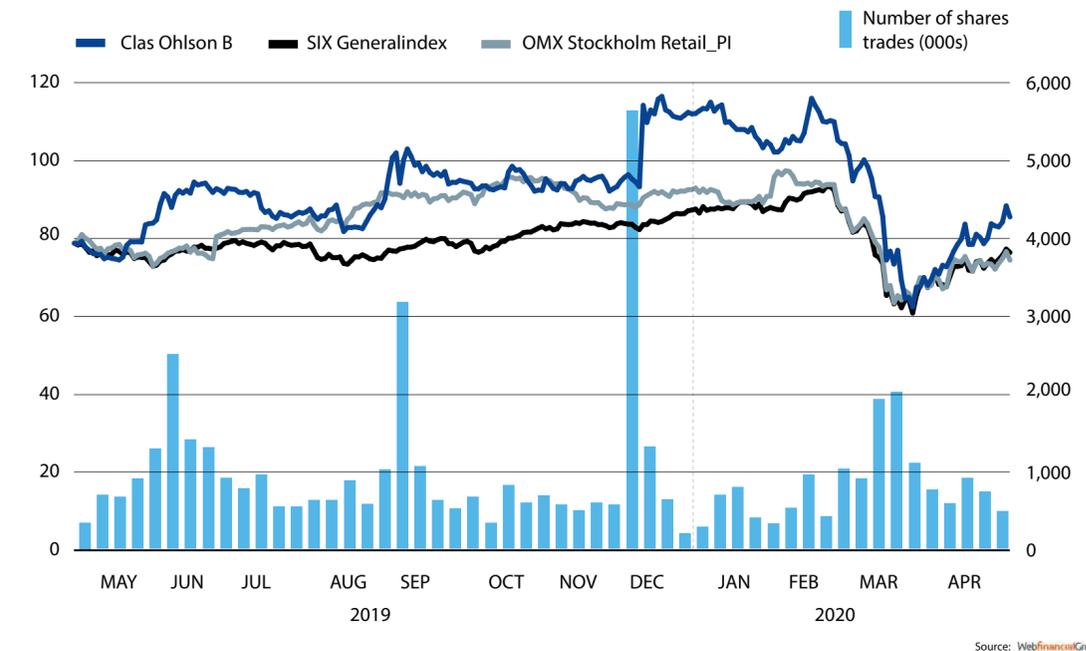
Share capital

The share capital of 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 SEK. 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 2,262,553 (2,382,206) 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 63,337,447 (63,217,794).

The Clas Ohlson share price and turnover trend 2019/20



The entire LTI 2019 undertaking has been secured by using shares that were bought back to secure previous LTI plans where the need has been recalculated (buy-back of 21 MSEK in the preceding year).

Shareholding structure

On 30 April 2020, the company had a total of 38,504 shareholders (42,336). Non-Swedish owners accounted for 39 per cent (32) of the capital and 33 per cent (33) of the votes.

The Swedish ownership is dominated by private individuals, owning 49 per cent (47) of the capital, while institutions own 12 per cent (21).

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.

Macroeconomic trends and their impact on the retail sector as a result of COVID-19 remain uncertain. At this stage, the Board intends to safeguard Clas Ohlson's solid financial position and flexibility and therefore proposes that no dividend be paid for the 2019/20 financial year.

Data per share¹

	2019/20	2018/19 ⁵	2017/18	2016/17	2015/16 ²
Average number of shares before dilution, million	63.3	63.2	63.2	63.1	63.2
Earnings per share before dilution, SEK	5.94	1.13	5.66	7.59	6.00
Comprehensive income per share, SEK	5.66	1.26	6.37	8.30	5.07
Cash flow per share excl. IFRS 16, SEK ³	12.91	4.93	5.90	11.08	11.15
Equity per share, SEK	27.84	30.8	35.82	35.68	33.75
Share price at 30 April, SEK	86	79	96	147	162
Dividend per share, SEK	-	6.25	6.25	6.25	5.75
P/E ratio, multiple	14	70	17	19	27
Dividend yield, %	-	7.9	6.5	4.3	3.5
Payout ratio, %	- ⁴	553	110	82	96
Total return, %	16	-11	-30	-6	17

¹ See key ratio definitions on pages 89-90.

² Excluding a non-recurring cost of 107 MSEK.

³ From operating activities.

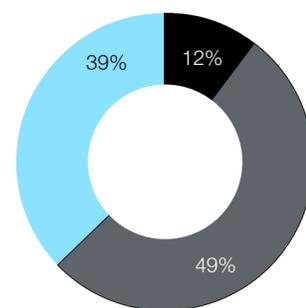
⁴ Proposed dividend.

⁵ Including non-recurring cost of 210 MSEK for the closure of the store network outside the Nordics.

Share data

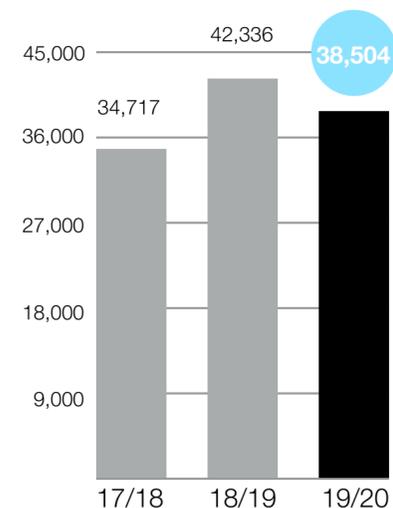
Listing: Nasdaq Mid Cap
 Ticker: Clas B
 Industry: Consumer Service
 ISIN code: SE0000584948

Shareholder categories, %

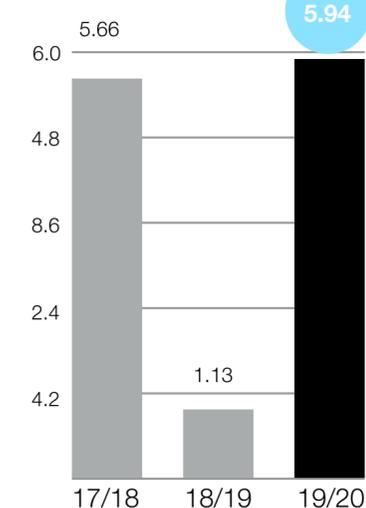


■ Swedish institutions
 ■ Swedish private shareholders
 ■ Non-Swedish shareholders

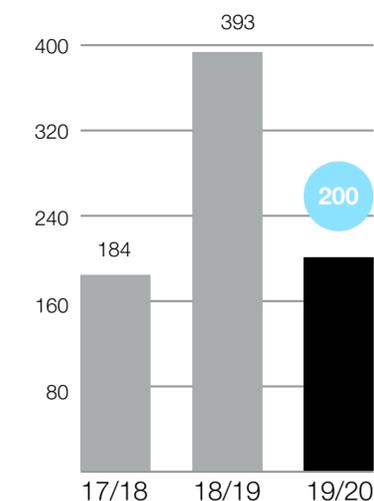
No. of shareholders



Earnings per share, SEK



Average daily trading, thousands





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	3,023,880	12,029,103	22.9	36.0
Tidstrand family	2,736,120	7,079,828	15.0	29.3
Nordea Fonder	0	4,423,825	6.7	3.8
If Skadeförsäkring AB	0	2,973,238	4.5	2.5
JP Morgan Asset Management	0	1,473,721	2.2	1.3
Vanguard	0	1,120,027	1.7	1.0
Svenska Handelsbanken AB for PB	0	906,500	1.4	0.8
Norges Bank	0	701,364	1.1	0.6
Swedbank Robur Fonder	0	593,400	0.9	0.5
SEB Fonder & Liv	0	516,968	0.8	0.4
SHB Fonder & Liv	0	482,095	0.7	0.4
Dimensional Fund Advisors	0	457,955	0.7	0.4
Avanza Pension	0	405,418	0.6	0.3
BlackRock	0	363,686	0.6	0.3
APG Asset management	0	356,562	0.5	0.3
Total 15 largest	5,760,000	33,883,690	60.4	77.9
Other	0	25,956,310	39.6	22.1
Total	5,760,000	59,840,000	100.0	100.0
Shares owned by Clas Ohlson	0	2,262,553	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	3,744,080	26,662,389	49.4	60.2
Swedish institutions	0	7,811,328	11.9	6.7
Non-Swedish shareholders	2,015,920	25,366,283	38.7	33.2
Total	5,760,000	59,840,000	100.0	100.0

Shareholding structure¹

Size interval	Number of shares	Percentage	Number of shareholders
1-500	3,564,808	5.4	32,302
501-1000	3,036,216	4.6	3,756
1,001-5,000	4,452,262	6.8	2,084
5,001-10,000	1,407,337	2.1	191
10,001-20,000	1,111,010	1.7	79
20,001-	47,354,739	72.2	92
Anonymous shareholding	4,673,628	7.1	
Total	65,600,000	100.0	38,504

¹ On 30 April 2020

² All series A shares were held by descendants of Clas Ohlson

Information to shareholders

Annual General Meeting

Due to the prevailing situation and uncertainty surrounding COVID-19, the Board intends to convene and Annual General Meeting (AGM) to be held by postal voting, or electronic voting combined with postal voting in accordance with the Swedish Act on Temporary Exemptions to Facilitate the Execution of General Meetings in Companies and Associations (2020:198). This means that shareholders will be unable to physically attend the Meeting venue and shareholders can vote either by post in advance of the Meeting or by attending the Meeting electronically if the Board decides that the Meeting is to be held electronically combined with postal voting. More information will be provided in the notice of the AGM. As previously announced, the AGM will be held on 12 September 2020. The digital speeches of the CEO and the Chairman of the Board will be made available on about.clasohlson.com.

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

Macroeconomic trends and their impact on the retail sector as a result of COVID-19 remain uncertain. At this stage, the Board intends to safeguard Clas Ohlson's solid financial position and flexibility and therefore proposes that no dividend be paid for the 2019/20 financial year.

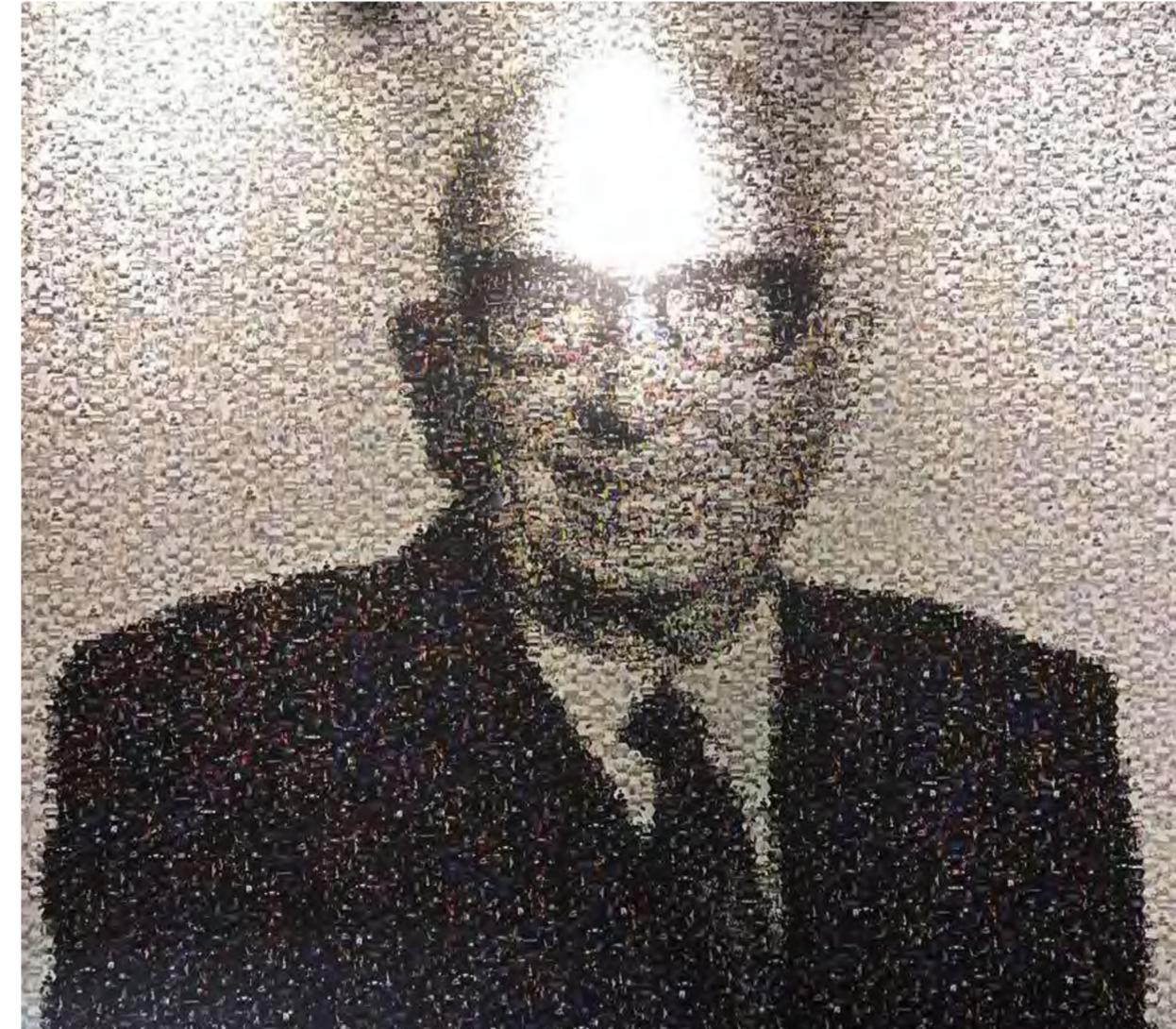
Distribution policy for annual report

This year's annual report is digital. A limited number of physical copies will be available for distribution to those shareholders who request it. Distribution will take place about four weeks prior to the AGM. The Clas Ohlson Annual Report and other financial information are available at about.clasohlson.com.

FINANCIAL INFORMATION

Clas Ohlson provides financial information for the 2020/21 financial year as follows:

- Interim report May-July, 9 September 2020
- Interim report August-October, 2 December 2020
- Interim report November-January, 10 March 2021
- Interim report February-April, 2 June 2021



Our founder was brave, inquisitive and was bold in challenging conventions. Pictures that was taken of our co-workers at the 100th anniversary celebration has been turned into this portrait of Clas Ohlson. It is now these co-workers who are building and developing the Clas Ohlson of the future. The portrait now hangs at our offices in Insjön and Stockholm.



**clas
ohlson**

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