

### Second quarter – 1 August to 31 October 2018

- Sales increased by 8% to 2,157 MSEK (1,999), organic sales up 4% and up 1% in comparable units.
- Online initiative yields results – sales growth totalled 43%
- Operating profit, including non-recurring items and costs linked to CO100+ action programme, totalled 33 MSEK (125)
- Underlying operating profit amounted to 124 MSEK (140)
- Profit after tax totalled 25 MSEK (96)
- Earnings per share amounted to 0.40 SEK (1.52)

### Six months – 1 May to 31 October 2018

- Sales increased by 9% to 4,115 MSEK (3,782), organic sales up 5% and up 2% in comparable units.
- Operating profit, including non-recurring items and costs linked to CO100+ action programme, totalled 65 MSEK (225)
- Underlying operating profit amounted to 186 MSEK (240)
- Profit after tax totalled 55 MSEK (173)
- Earnings per share amounted to 0.87 SEK (2.74)

### Events after the end of the reporting period

- Sales in November increased by 10% to 979 MSEK (889).
- The Board has decided on a new direction for Clas Ohlson's market presence that going forward will focus on online shopping. Consequently, the store network in the UK and Germany will be closed.
- As previously communicated, operating margin for the current and next full-year is estimated to be about 4-6%. For the full-year an additional a non-recurring cost of maximum 210 MSEK will be reported for the closure of the store network outside the Nordics. A positive effect on earnings of approx. 75 MSEK will arise when the retail network has been closed.



The range of Clas Ohlson products offered via MatHem.se was broadened in the autumn. The first joint campaign will be run before Christmas.

**+8%**  
sales

**+43%**  
Online sales

	3 Months			6 Months			12 Months	
	Aug 2018 - Oct 2018	Aug 2017 - Oct 2017	Percentage change	May 2018 - Oct 2018	May 2017 - Oct 2017	Percentage change	Nov 2017 - Oct 2018	May 2017 - Apr 2018
Sales, MSEK	2,157	1,999	8	4,115	3,782	9	8,544	8,211
Operating profit, MSEK	33	125	-73	65	225	-71	309	468
Underlying operating profit, MSEK	124	140	-11	186	240	-22	474	513
Profit before tax, MSEK	33	124	-74	65	224	-71	307	467
Profit after tax, MSEK	25	96	-74	55	173	-68	240	358
Gross margin, %	41.6	41.2	0.4 p.p	40.1	40.9	-0.8 p.p	39.7	40.0
Operating margin, %	1.6	6.2	-4.7 p.p	1.6	5.9	-4.4 p.p	3.6	5.7
Return on capital employed, %	-	-	-	-	-	-	13.3	21.0
Return on equity, %	-	-	-	-	-	-	10.8	16.0
Cashflow from operating activities, MSEK	-61.0	93.1	-	-89.1	186.6	-	97.2	372.8
Equity/assets ratio, %	42.8	50.0	-7.1 p.p	42.8	50.0	-7.1 p.p	42.8	53.9
Net debt/EBITDA ratio	-	-	-	-	-	-	0.9	0.0
Earnings per share before dilution, SEK	0.40	1.52	-74	0.87	2.74	-68	3.79	5.66

The 2018/19 financial year comprises the period from 1 May 2018 to 30 April 2019.

This information is such that Clas Ohlson AB (publ) is obliged to publish pursuant to the EU Market Abuse Regulation and the Swedish Securities Market Act. This information was submitted for publication, through the agency of the contact person set out above, on 5 December 2018 at 07:00 a.m. (CET).

Contact person: Elisabet Johansson  
Interim Director of IR  
Tel +46 722 211 650 or ir@clasohlson.se

## Increased focus on profitable growth in the Nordics and online. Closure of store network outside the Nordics

The market climate for retail remains challenging with a fast rate of change. Based on our solid financial position, we are following our plan of building on Clas Ohlson's strengths and can proceed with our change work at a swift pace. A sign that we are on the right track is that organic growth is in line with our target of 5 per cent and online growth was a full 51 per cent for the first six months of the financial year. The gross margin also strengthened in the second quarter. This also shows that our aggressive commercial ventures have generated results, that optimising our product range is bearing fruit in terms of higher sales and that the profitability of our campaigns is improving. Underlying operating profit for the quarter amounted to 124 MSEK (140).

We strengthened our online shopping platform in the quarter by broadening the range and expanding digital capabilities and delivery capacity to customers' homes. We are thus prepared to manage the increase we expect in the forthcoming Christmas shopping period and established an e-commerce platform for future growth. Our reinforced online capacity provides us with eight more online shopping days for Christmas compared with last year. These measures fall within the announced interval of 1-2 percentage points of the operating margin for strategic investments. Operating profit amounted to 33 MSEK (125). This level reflects the market climate, our high rate of change and that identified cost savings have not yet generated effects, which is according to plan.

### New direction for Clas Ohlson's market presence

The Nordic region is our home market and our operations in Sweden and Norway enjoy a uniquely strong position and have performed positively in terms of both growth and earnings. We see opportunities for further improving profitability in Finland.

In light of the shift in the retail sector and in line with our previously announced strategy, the Board has decided on a completely new direction for our operations outside the Nordics. The aim is to establish a scalable business model that improves long-term profitable growth at a lower financial risk exposure.

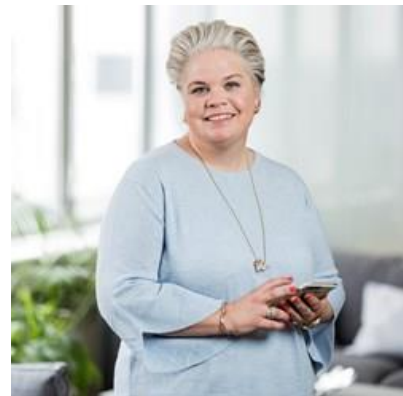
After ten years, the business in the UK is continuing to incur significant losses despite measures in recent years to optimise the store network. The evaluation of the pilot of four stores in Germany has revealed that the operations will be unable to deliver on plan and therefore the right conditions are not in place to achieve profitability.

Against this background, the store network in the UK and Germany will be discontinued and in line with the new direction our presence in these markets will be concentrated to online shopping. This direction will allow us to develop a scalable business model for the UK and Germany initially, and then later in other markets.

The Board's decision on a new direction for Clas Ohlson's market presence and to close the store network outside the Nordic region will have a positive effect on operating profit of approximately 75 MSEK per year when the closure has been completed. The closure of the store network in the UK and Germany will affect approximately 150 employees and the total settlement cost is estimated at maximum 210 MSEK. The planning of the closures of the relevant stores will be made following careful consideration of the lease terms for each store so as to optimise total discontinuation costs. The estimated discontinuation costs will be reported in the nine-month report.

### Full focus on implementation of CO100+

The CO100+ action programme is progressing according to plan. As part of developing the customer offering and enhancing the efficiency of the operations, we



” A sign that we are on the right track is that organic growth is in line with our target of 5 per cent and online growth was a full 51 per cent for the first six months of the financial year.

implemented a number of measures for generating tangible customer value and improving efficiency during the quarter.

#### Increased efficiency and lower cost base

The efficiency-enhancing measures equivalent to approximately 200-250 MSEK identified to date in such central areas as purchasing and administration will successively generate effects during the two-year period of 2018/19-2019/20 and have a full effect from the full-year 2020/21. Important steps in primarily purchasing were taken during the quarter, with more extensive supplier renegotiations on both direct and indirect purchases.

#### Cost-efficient solutions that make it easier our customers

We expanded our product range via MatHem's platform in the autumn. This was positively received. We have also created a cost-efficient warehouse and logistics solution whereby three Clas Ohlson stores in Stockholm, Gothenburg and Malmö pick and deliver items directly to MatHem's central warehouse to be transported to the homes of the end customers.

Our Click & Collect solution received a very positive reception. Approximately 30 per cent of Swedish online customers choose this delivery option. We now offer about 100 products through our partnership with Amazon.uk to customers in the UK. Tests of new concepts such as Lab store and Concept store are continuing. Our new "Clas Fix it" – where we offer help with home DIY services – was launched in certain Stockholm areas.

#### A more optimised product range

To create a more optimised product mix, an action plan was drawn up in the summer for products equivalent to 50 per cent of our sales. The in-store tests performed show that we can reduce the number of products and still considerably increase sales in many categories. The implementation of the range strategy throughout the entire store network will begin in January.

### Right path for higher customer and shareholder value

I continue to strengthen my conviction that we are on the right path. Our customers value our offering, services, products and store concept. We are also becoming more agile at analysing, evaluating and adapting the store network and format, online shopping platform and market presence. The new direction for the operations outside the Nordics is another important step towards long-term profitable growth. Combined with a solid financial position, it provides a basis for delivering customer and shareholder value now and in the future.



Lotta Lyrå  
President and CEO of Clas Ohlson AB

Financial information	Calendar	
Current financial information is available at <a href="http://about.clasohlson.com/en/investors">about.clasohlson.com/en/investors</a> .	13 Mar 2019	Nine-month Report 2018/19
	5 Jun 2019	Year-end Report 2018/19
<b>Press and analyst conference</b>	4 Sep 2019	Three-month Report 2019/20
The report will be presented on Wednesday, 5 December at 8:30 a.m. in Clas Ohlson's store at Sveavägen 52 in Stockholm. The presentation can also be followed live via webcast and teleconference.	7 Sep 2019	AGM
This interim report has been prepared in Swedish and translated into English. In the event of any discrepancies between the Swedish and the translation, the former shall have precedence		

#### Financial targets/framework\*

- Sales will increase organically an average of 5 per cent annually over a five-year period.
- Operating margin will amount to 6–8% within a five-year period.
- *For the first two years, we expect to invest approximately 1–2% of the underlying operating margin in strategic initiatives now being implemented in the CO 100+ action programme*
- The dividend is to comprise at least 50 per cent of earnings per share after tax, considering the company's financial position
- *Over the first two years, the ambition is that the dividend will be maintained on a level with the 2016/17 financial year, in absolute terms*
- Net debt in relation to EBITDA to fall below two (2) times

\*set by the Board and communicated on the CMD 3 May 2018

Contents	
Financial statements	11
Key ratios	16
Quarterly overview	17
Accounting policies	19
Alternative performance measures	20
The share	22
Key ratio definitions	23
Glossary	24
Store overview	25
Clas Ohlson in brief	26

## Sales

### Distribution of sales

MSEK	3 Months				6 Months			
	Aug 2018 - Oct 2018	Aug 2017 - Oct 2017	Percentage change		May 2018 - Oct 2018	May 2017 - Oct 2017	Percentage change	
			SEK	local currency			SEK	local currency
Sweden	933	898	4	4	1,798	1,715	5	5
Norway	891	794	12	5	1,692	1,503	13	6
Finland	265	243	9	0	488	443	10	2
Outside Nordic countries	69	64	7	-2	137	121	13	5
<b>Total*</b>	<b>2,157</b>	<b>1,999</b>	<b>8</b>	<b>4</b>	<b>4,115</b>	<b>3,782</b>	<b>9</b>	<b>5</b>
*Of which comprise online sales.	95	67	43	38	189	125	51	46

### Distribution of sales increase

Per cent	3 Months		6 Months	
	Aug 2018 - Oct 2018		May 2018 - Oct 2018	
Comparable units in local currency	1		2	
New stores	3		3	
Exchange-rate effects	4		4	
<b>Total</b>	<b>8</b>		<b>9</b>	

### Second quarter

Sales for the second quarter increased by 8 per cent to 2,157 MSEK (1,999). Organic sales increased by 4 per cent compared with the second quarter in the preceding year. Sales in comparable units and local currency increased by 1 per cent. Online sales for the second quarter increased by 43 per cent to 95 MSEK (67). During the quarter, the store network was expanded by 5 stores (5). At the end of the quarter, the total number of stores was 237, representing a net increase of 14 stores compared with the year-earlier period (15).

### Six months

Sales increased by 9 per cent to 4,115 MSEK (3,782). Organic sales increased by 5 per cent compared with the preceding year. Sales in comparable units and local currency increased by 2 per cent. Online sales increased by 51 per cent to 189 MSEK (125). During the first six months of the financial year, the net store network was expanded by 8 stores (7).

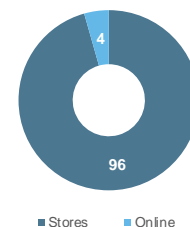
### Retail trade development<sup>1</sup>

	Q2 17/18	Q3 17/18	Q4 17/18	Q1 18/19	Q2 18/19
<b>Sweden</b>					
Retail*	2.6	2.8	4.3	2.0	2.2
Consumer Confidence	2.9	7.5	1.7	-1.3	2.0
<b>Norway</b>					
Retail*	1.2	3.5	2.5	2.4	2.7
Consumer Confidence	11.6	10.3	9.2	19.6	6.6
<b>Finland</b>					
Retail*	0.0	3.6	-3.1	3.0	2.4
Consumer Confidence	23.4	23.7	24.6	23.3	19.5

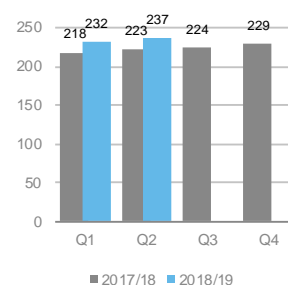
\* Increase in % compared with the same quarter in the preceding year, measured at current prices.

<sup>1</sup> Source: HUI, Konjunkturinstitutet, Office for National Statistics, Opinion, Statistikcentralen, Statistisk centralbyrå, Trading Economics

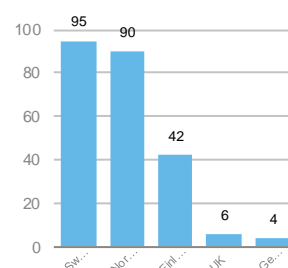
### Distribution per sales channel, %



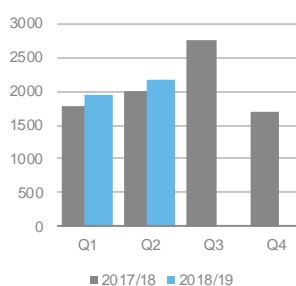
### Total number of stores



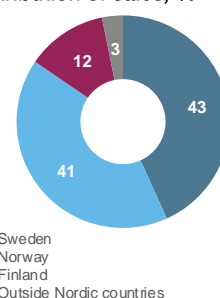
### Distribution of number of stores



### Sales, MSEK



### Distribution of sales, %



## Results

Consolidated Income Statement						
MSEK	3 Months		6 Months		12 Months	
	Aug 2018 - Oct 2018	Aug 2017 - Oct 2017	May 2018 - Oct 2018	May 2017 - Oct 2017	Nov 2017 - Oct 2018	May 2017 - Apr 2018
Sales	2,157.1	1,999.1	4,115.3	3,781.6	8,544.4	8,210.7
Cost of goods sold	-1,260.1	-1,175.7	-2,463.9	-2,235.6	-5,154.9	-4,926.6
<b>Gross profit</b>	<b>897.0</b>	<b>823.3</b>	<b>1,651.4</b>	<b>1,546.0</b>	<b>3,389.5</b>	<b>3,284.1</b>
Selling expenses	-787.2	-632.3	-1,446.4	-1,204.9	-2,821.2	-2,579.7
Administrative expenses	-76.8	-65.9	-139.8	-115.7	-261.1	-237.1
Other operating income/expenses	0.4	-0.2	0.3	-0.4	1.6	1.0
<b>Operating profit</b>	<b>33.4</b>	<b>124.9</b>	<b>65.4</b>	<b>225.0</b>	<b>308.7</b>	<b>466.3</b>

Specification of change in profits		
MSEK	3 Months	6 Months
	Aug 2018 - Oct 2018	May 2018 - Oct 2018
Operating profit corresponding period previous year	124.9	225.0
Profit from sales	-13.5	-8.4
Change in gross margin	8.5	-31.0
Increased administrative expenses, excluding strategy overview	-9.2	-12.4
Non-recurring costs, costs linked to the CO100+ action programme	-75.7	-105.7
Change in expansion costs stores	-	2.1
Change in depreciation	-2.0	-4.6
Change in other operating income/expense	0.4	0.4
<b>Operating profit actual period</b>	<b>33.4</b>	<b>65.4</b>

### Second quarter

Earnings for the quarter were affected by non-recurring costs, costs linked to the CO100+ action programme and implementation of the sCORE business system totalling about 90 MSEK (15).

The gross margin was 41.6 per cent (41.2). The gross margin was positively impacted in the quarter by a stronger sales currency (NOK), weaker purchasing currency (USD) and price effects as well as improved profitability of our campaigns. This was largely offset by negative currency hedging effects (NOK), comprising both currency forwards and exchange-rate effects related to delays in inventory and higher supply chain costs.

The share of selling expenses increased by 4.9 percentage points to 36.5 per cent (31.6). In addition to costs related to the action programme, the share was affected by commercial initiatives and the build-up of both capacity and capabilities ahead of the important third quarter and beyond.

As previously communicated, administrative expenses increased approximately 10 MSEK as a result of the strategic review, which are included in the approximately 90 MSEK (15) described at the start of this section.

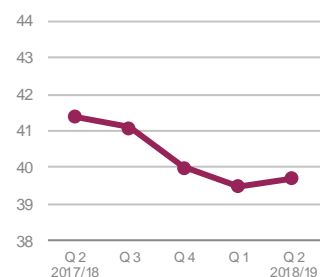
Operating profit amounted to 33 MSEK (125). Operating profit was affected by costs totalling approximately 90 MSEK (15) as described at the start of this section. Underlying operating profit amounted to 124 MSEK (140). The operating margin was 1.6 per cent (6.2).

Profit after financial items totalled 33 MSEK (124).

Depreciation for the period amounted to 59 MSEK (57).

Spot exchange rates for key currencies averaged 1.09 for NOK and 9.02 for USD, compared with 1.02 and 8.12, 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 every month, with six-month maturities.

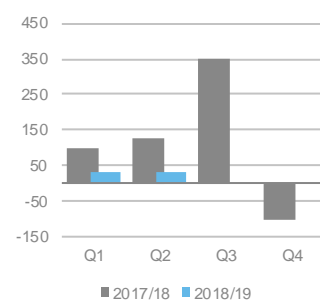
Gross margin, rolling 12 months, %



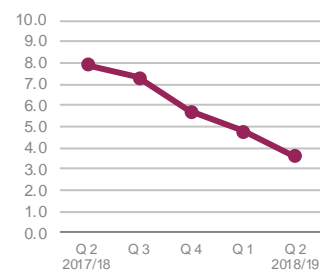
Share of selling expenses, %



Operating profit, MSEK



Operating margin, rolling 12 months, %



## Six months

Earnings were affected by non-recurring costs, costs linked to the CO100+ action programme and implementation of the sCORE business system totalling about 120 MSEK (15).

The gross margin was 40.1 per cent (40.9). Compared with the year-earlier period, the gross margin was impacted by negative currency hedging effects (NOK), comprising both currency forwards and exchange-rate effects related to delays in inventory, increased commercial investments and higher sourcing costs. This was somewhat offset by a strong sales currency (NOK) and weaker purchasing currency (USD).

The share of selling expenses increased by 3.2 percentage points to 35.1 per cent (31.9). In addition to costs related to the action programme, the share was affected by commercial initiatives and the build-up of both capacity and capabilities ahead of the important third quarter and beyond.

As previously communicated, administrative expenses increased approximately 20 MSEK as a result of the strategic review, which are included in the approximately 120 MSEK (15) described at the start of this section.

Operating profit amounted to 65 MSEK (225). Operating profit was affected by costs totalling approximately 120 MSEK (15) as described at the start of this section. Underlying operating profit amounted to 186 MSEK (240). The operating margin was 1.6 per cent (5.9).

Profit after financial items totalled 65 MSEK (224).

Depreciation for the period amounted to 118 MSEK (113).

Spot exchange rates for key currencies averaged 1.09 for NOK and 8.91 for USD, compared with 1.02 and 8.36, 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 every month, with six-month maturities.

## Investments

Operating profit during the six-month period amounted to 117 MSEK (125). Of this amount, investments in new or refurbished stores accounted for 32 MSEK (50). Other investments were primarily IT and replacement investments. Investments in IT systems for the six-month period amounted to 52 MSEK (54).

## Financing and liquidity

Cash flow from operating activities during the six-month period totalled -89 MSEK (187). Cash flow for the period, after investing and financing activities, was -5 MSEK (-329).

The average 12-month value of inventories was 2,012 MSEK (1,740). Over a rolling 12-month period, the stock turnover rate at the distribution centre was 5.8 times (6.8).

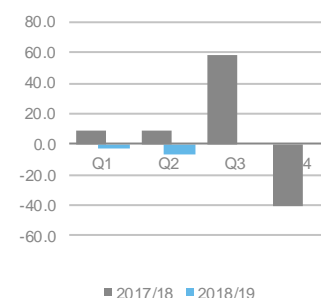
At the end of the period, the value of inventories was 2,345 MSEK (2,068). The value of inventories was impacted by the underlying sales increase and an expanded online product range that both require higher capacity. The inventory build-up also reflects the preparations made ahead of the important third quarter that includes Black Friday and the Christmas shopping period. Compared with the preceding year, 14 stores, net, were also added.

The Group's net debt at the end of the period, meaning interest-bearing liabilities less cash and cash equivalents, amounted to 486 MSEK (net cash holdings last year 296). Credits granted and loan commitments amounted to 750 MSEK, of which 596 MSEK had been utilised at the end of the period. Dividend paid to Clas Ohlson's shareholders in September 2018 totalled 395 MSEK (395). The company's financial position remains strong. The equity/assets ratio was 43 per cent (50).

## Employees

The average number of employees in the Group was approximately 5,000; recalculated to full-time equivalents, this corresponds to an average of 3,061 (2,872). The increase was mainly related to new stores.

Cash flow, MSEK\*



\* from operating activities

## Parent Company

Parent Company sales in the six-month period amounted to 3,261 MSEK (3,154) and profit after financial items amounted to 25 MSEK (181). Investments for the period amounted 84 MSEK (78). Contingent liabilities for the Parent Company amounted to 271 MSEK (248).

## Events after the end of the reporting period

New direction for Clas Ohlson's market presence

The Board has decided on a new direction for the company's international market presence. The decision means that the store network in the UK and Germany will be discontinued and that Clas Ohlson's presence in these markets, in line with the new direction, will be concentrated on e-commerce. The decision will affect approximately 150 employees and the total discontinuation cost is estimated at maximum 210 MSEK, calculated at current exchange rates. The decision will have a positive effect on operating profit of approximately 75 MSEK per year after the store network has been discontinued. For more information, see page 2.

Sales in November

Sales in November increased by 10 per cent to 979 MSEK (889). Organic sales increased by 8 per cent compared with the preceding year. Sales in comparable units and local currency increased by 6 per cent. Online sales increased by 63 per cent to 61 MSEK (37).

Compared with the same month of the preceding year, the store portfolio was expanded net by 11 stores (15). At the end of the period, the total number of stores was 238.



Clas Ohlson opened a new store in the C4 Shopping centre, a large retail centre in Kristianstad, on 22 November.

## Distribution of sales

MSEK	Nov 2018	Nov 2017	Percentage change	
			SEK	local currency
Sweden	435	394	10	10
Norway	395	356	11	6
Finland	118	112	5	1
Outside Nordic countries	31	27	17	11
<b>Total*</b>	<b>979</b>	<b>889</b>	<b>10</b>	<b>8</b>

\*Of wich 61 Mkr (37) comprise online sales.

In the first seven months of the financial year (May-November), total sales increased by 9 per cent to 5 094 MSEK (4,671). Organic sales increased by 6 per cent compared with the preceding year. Sales in comparable units and local currency increased by 2 per cent. Online sales increased by 54 per cent to 249 MSEK (162).

## Update on store expansion

During the 2018/19 financial year, openings are planned for 10-15 new stores, net. The number of forthcoming, contracted store openings amounted to four stores. See the summary on page 25.

As part of optimising the UK store network, initiated during the 2016/17 financial year, the Croydon store was closed at the end of August 2018.

## Risks and uncertainties

To develop an attractive and relevant customer offering and to ensure our competitiveness, we must understand how our business environment is changing. The operations that Clas Ohlson carries on entail risks that could negatively impact the Group to varying extents. These risks are divided into strategic, operational and financial risks.

When managed correctly, risks may lead to opportunities and add value to the business. We work continuously to update the Group's risk situation 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. This work contributes to the strategic and operational management of the company.

Risks of a strategic character primarily comprise risks associated with changes in the business environment and increased competition, shifts in technology and in customers' purchasing habits, market positioning, and product range and offering as well as growth. Operational risks are mainly risks associated with purchasing and products, sustainability, IT systems, logistics, key employees, leases, shrinkage and regulatory risks, while risks of a financial nature consist primarily of risks associated with changes in the economy, currency exposure, transport costs, raw material prices and salary inflation.

For a detailed description of the Group's risks and risk management, refer to pages 74–77 of the 2017/18 Annual Report. Apart from the risks described in the Annual Report, no other significant risks have arisen.



## Assurance

The six-month report provides a fair review of the Parent Company's and the Group's operations, position and earnings and describes the material risks and uncertainties facing the Parent Company and the companies included in the Group.

Insjön, 5 December 2018

Lotta Lyrå  
President and CEO

Kenneth Bengtsson  
Chairman of the Board

Mathias Haid

Margareta Lehmann

Håkan Lundstedt

Göran Näsholm

Charlotte Strömberg

Göran Sundström

Anne Thorstvedt Sjöberg

Lasse Zwetsloot  
Employee representative  
Handels

Caroline Östning  
Employee representative  
Unionen

## Review report

### Introduction

We have reviewed the interim report for Clas Ohlson AB (publ) for the period 1 May 2018 – 31 October 2018. The Board of Directors and the President are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

### Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and is substantially less in scope than an audit conducted in accordance with ISA and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not, in all material respects, prepared for the Group in accordance with IAS 34 and the Annual Accounts Act, and for the Parent Company in accordance with the Annual Accounts Act.

Insjön, 5 December 2018

Deloitte AB

Kent Åkerlund  
Authorized Public Accountant

# Financial statements

Consolidated Income Statement						
MSEK	3 Months		6 Months		12 Months	
	Aug 2018 - Oct 2018	Aug 2017 - Oct 2017	May 2018 - Oct 2018	May 2017 - Oct 2017	Nov 2017 - Oct 2018	May 2017 - Apr 2018
Sales	2,157.1	1,999.1	4,115.3	3,781.6	8,544.4	8,210.7
Cost of goods sold	-1,260.1	-1,175.7	-2,463.9	-2,235.6	-5,154.9	-4,926.6
<b>Gross profit</b>	<b>897.0</b>	<b>823.3</b>	<b>1,651.4</b>	<b>1,546.0</b>	<b>3,389.5</b>	<b>3,284.1</b>
Selling expenses	-787.2	-632.3	-1,446.4	-1,204.9	-2,821.2	-2,579.7
Administrative expenses	-76.8	-65.9	-139.8	-115.7	-261.1	-237.1
Other operating income/expenses	0.4	-0.2	0.3	-0.4	1.6	1.0
<b>Operating profit</b>	<b>33.4</b>	<b>124.9</b>	<b>65.4</b>	<b>225.0</b>	<b>308.7</b>	<b>468.3</b>
Financial income	0.3	0.1	0.6	0.2	1.1	0.7
Financial expense	-0.8	-0.5	-1.4	-0.8	-2.5	-1.9
<b>Profit after financial items</b>	<b>32.9</b>	<b>124.5</b>	<b>64.6</b>	<b>224.4</b>	<b>307.3</b>	<b>467.1</b>
Income tax *	-7.9	-28.7	-9.9	-51.3	-67.9	-109.3
<b>Profit for the period</b>	<b>25.0</b>	<b>95.8</b>	<b>54.8</b>	<b>173.1</b>	<b>239.4</b>	<b>357.8</b>

\* Deferred tax has been recalculated with 5.1 MSEK due to changed tax rate in Sweden.

Consolidated Comprehensive Income Statement						
MSEK	3 Months		6 Months		12 Months	
	Aug 2018 - Oct 2018	Aug 2017 - Oct 2017	May 2018 - Oct 2018	May 2017 - Oct 2017	Nov 2017 - Oct 2018	May 2017 - Apr 2018
Profit for the period	25.0	95.8	54.8	173.1	239.4	357.8
Other comprehensive income, net of tax: Items that later can be reversed back to the Consolidated income statement:						
Exchange rate differences	10.6	4.5	-4.7	-4.5	54.1	54.3
Cash flow hedging	-0.9	22.0	13.9	-6.1	10.7	-9.3
<b>Total</b>	<b>9.7</b>	<b>26.5</b>	<b>9.2</b>	<b>-10.7</b>	<b>64.8</b>	<b>45.0</b>
Items that later can not be reversed back to the Consolidated income statement:						
Reevaluation of net pension obligations	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Total other comprehensive income, net of tax</b>	<b>9.7</b>	<b>26.5</b>	<b>9.2</b>	<b>-10.7</b>	<b>64.8</b>	<b>45.0</b>
<b>Total comprehensive income for the period</b>	<b>34.8</b>	<b>122.2</b>	<b>64.0</b>	<b>162.5</b>	<b>304.3</b>	<b>402.8</b>
<b>Profit for the period attributable to:</b>						
Owners of the parent	25.3	95.8	55.0	173.1	239.7	357.8
Non-controlling interests	-0.2	0.0	-0.2	0.0	-0.2	0.0
<b>Comprehensive income attributable to:</b>						
Owners of the parent	35.0	122.2	64.2	162.5	304.5	402.8
Non-controlling interests	-0.2	0.0	-0.2	0.0	-0.2	0.0

## Data per share

	3 Months		6 Months		12 Months	
	Aug 2018 - Oct 2018	Aug 2017 - Oct 2017	May 2018 - Oct 2018	May 2017 - Oct 2017	Nov 2017 - Oct 2018	May 2017 - Apr 2018
Number of shares before dilution	63,217,794	63,200,863	63,217,689	63,194,651	63,212,212	63,200,598
Number of shares after dilution	63,223,648	63,379,786	63,223,653	63,379,577	63,219,560	63,311,743
Number of shares at end of period	63,217,794	63,202,135	63,217,794	63,202,135	63,217,794	63,208,135
Earnings per share before dilution, SEK	0.40	1.52	0.87	2.74	3.79	5.66
Earnings per share after dilution, SEK	0.40	1.51	0.87	2.73	3.79	5.65
Comprehensive income per share, SEK	0.55	1.93	1.01	2.57	4.81	6.37

## Consolidated Balance Sheet

MSEK	31 Oct 2018	31 Oct 2017	30 Apr 2018
<b>Assets</b>			
Intangible assets	454.5	376.4	428.2
Tangible assets	1,010.8	1,037.7	1,041.3
Securities held as fixed assets	224.5	0.0	224.5
Non-current receivables	15.7	18.5	14.9
Inventories	2,345.0	2,067.8	2,038.0
Other receivables	349.7	257.8	336.9
Liquid assets	109.9	295.8	115.8
<b>Total assets</b>	<b>4,510.1</b>	<b>4,054.1</b>	<b>4,199.7</b>
<b>Equity and liabilities</b>			
Equity attributable to owners of the parent	1,925.4	2,026.3	2,263.9
Equity attributable to non-controlling interests	7.1	0.0	0.0
Total equity	1,932.5	2,026.3	2,263.9
Long-term liabilities, Non-interest-bearing	211.7	236.0	227.4
Current liabilities, interest-bearing	596.0	0.0	0.0
Current liabilities, Non interest-bearing	1,770.0	1,791.9	1,708.4
<b>Total equity and liabilities</b>	<b>4,510.1</b>	<b>4,054.1</b>	<b>4,199.7</b>

## Consolidated Cash Flow

MSEK	3 Months		6 Months		12 Months	
	Aug 2018 - Oct 2018	Aug 2017 - Oct 2017	May 2018 - Oct 2018	May 2017 - Oct 2017	Nov 2017 - Oct 2018	May 2017 - Apr 2018
Operating profit	33.4	124.9	65.4	225.0	308.7	468.3
Adjustment for items not included in cash flow	56.2	50.7	111.4	116.9	203.1	208.6
Interest received	0.3	0.1	0.6	0.2	1.1	0.7
Interest paid	-0.8	-0.5	-1.4	-0.8	-2.5	-1.9
Tax paid	-21.5	-25.6	-54.2	-55.1	-130.9	-131.8
<b>Cash flow from operating activities before changes in working capital</b>	<b>67.7</b>	<b>149.6</b>	<b>121.8</b>	<b>286.2</b>	<b>379.6</b>	<b>543.9</b>
Change in working capital	-128.7	-56.4	-210.9	-99.6	-282.4	-171.0
<b>Cash flow from operating activities</b>	<b>-61.0</b>	<b>93.1</b>	<b>-89.1</b>	<b>186.6</b>	<b>97.2</b>	<b>372.8</b>
Investments in intangible assets	-19.0	-24.8	-51.9	-54.4	-121.4	-124.0
Investments in tangible assets	-48.9	-47.4	-64.9	-70.5	-143.2	-148.8
Investments in securities held as fixed assets	0,0	0,0	0,0	0,0	-224.5	-224.5
Change in current investments	0,0	0,0	0.1	0.1	0.1	0.1
<b>Cash flow from investing activities</b>	<b>-67.9</b>	<b>-72.2</b>	<b>-116.7</b>	<b>-124.9</b>	<b>-489.1</b>	<b>-497.2</b>
Change in current liabilities, interest-bearing	535.9	0,0	596.0	0,0	596.0	0,0
Repurchase of own shares	0,0	0,0	0,0	-20.9	0,0	-20.9
Sale of own shares	0,0	0.5	0,0	25.6	0.6	26.1
	0.5	0,0	0.5	0,0	0.5	0,0
	-0.8	0,0	-0.8	0,0	-0.8	0,0
Dividend to shareholders	-395.1	-395.0	-395.1	-395.0	-395.1	-395.0
<b>Cash flow from financing activities</b>	<b>140.5</b>	<b>-394.5</b>	<b>200.6</b>	<b>-390.3</b>	<b>201.1</b>	<b>-389.8</b>
<b>Cash flow for the period</b>	<b>11.6</b>	<b>-373.5</b>	<b>-5.3</b>	<b>-328.6</b>	<b>-190.8</b>	<b>-514.2</b>
Liquid assets at the start of the period	97.3	668.4	115.8	625.1	295.8	625.1
Exchange rate difference for liquid assets	1.0	1.0	-0.7	-0.6	4.8	4.9
<b>Liquid assets at the end of the period</b>	<b>109.9</b>	<b>295.8</b>	<b>109.9</b>	<b>295.8</b>	<b>109.9</b>	<b>115.8</b>

## Sales by segment

MSEK	3 Months		6 Months	
	Aug 2018 - Oct 2018	Aug 2017 - Oct 2017	May 2018 - Oct 2018	May 2017 - Oct 2017
Sweden	932.8	898.0	1,798.2	1,714.6
Norway	890.7	794.3	1,692.4	1,503.2
Finland	265.1	242.7	487.5	442.7
Outside Nordic countries	68.6	64.0	137.2	121.2
Group functions	847.6	823.5	1,463.2	1,437.5
Sales to other segments	-847.6	-823.5	-1,463.2	-1,437.5
<b>Total</b>	<b>2,157.1</b>	<b>1,999.1</b>	<b>4,115.3</b>	<b>3,781.6</b>

## Operating profit by segment

	3 Months		6 Months	
	Aug 2018 - Oct 2018	Aug 2017 - Oct 2017	May 2018 - Oct 2018	May 2017 - Oct 2017
<b>MSEK</b>				
Sweden	38.5	36.8	74.0	70.3
Norway	37.6	33.5	71.4	63.3
Finland	8.4	7.7	15.6	14.0
Outside Nordic countries	2.1	1.9	4.2	3.6
Group functions	-53.2	45.0	-99.8	73.8
<b>Total</b>	<b>33.4</b>	<b>124.9</b>	<b>65.4</b>	<b>225.0</b>

### Securities held as fixed assets, valued at fair value\*

MSEK	31 Oct 2018	31 Oct 2017
Securities held as fixed assets, valued at fair value at the beginning of the year	224.5	0,0
Acquisition	0,0	0,0
Revaluation during the year	0,0	0,0
<b>Securities held as fixed assets, valued at fair value at the end of the period</b>	<b>224.5</b>	<b>0,0</b>

\*According to level three in the fair value hierarchy

### Change in equity

MSEK	6 Months	
	May 2018 - Oct 2018	May 2017 - Oct 2017
Equity brought forward	2,263.9	2,250.7
Divident to shareholders	-395.1	-395.0
Repurchase of own shares	0,0	-20.9
Sale of own shares	0,0	25.6
Paid-in option premiums:		
Value of employee services	-0.4	3.4
Total comprehensive income	64.0	162.5
<i>Comprehensive income attributable to non-controlling interests</i>	7.1	-
<b>Equity carried forward</b>	<b>1,932.5</b>	<b>2,026.3</b>

### Forward contracts

As per balance-sheet date, outstanding cash-flow hedging existed according to the following table per currency pair (carrying amount and fair value)

MSEK	31 Oct 2018	31 Oct 2017
<b>Sell/buy</b>		
NOK/SEK	-3.0	-1.2
NOK/USD	15.3	-0.2
SEK/USD	0,0	0,0
<b>Total</b>	<b>12.3</b>	<b>-1.4</b>

Forward contracts belong to the derivate category, which is used for hedging purposes. All derivatives are measured at fair value, established by using forward contract prices on balance-sheet date, meaning, level 2 in the fair value hierarchy according to IFRS 13. As per 31 October 2018 there are both positive and negative market values in the currency pairs. Forward contracts with negative market value totalled 3.2 MSEK (7.2), which was recognized in the item Current liabilities, non-interest-bearing. Forward contracts with positive market values amounted to 15.5 MSEK (5.8), which is recognized in the item Other receivables. The company hedge the expected flow in each currency every month, with six-month maturities. A deferred tax liability of 2.7 MSEK (previous year a deferred tax asset 0.3) was taken into account and the reamaining fair value of 9.6 MSEK (-1.1) was recognized in the hedging reserve within equity. The amount for forward contracts NOK/USD of 15.3 MSEK (-0.2) is allocated on the currency pair NOK/SEK with -1.7 MSEK (0.6) and on the currency pair SEK/USD with 17.1 MSEK (-0.8).

## Key ratios

	3 Months		6 Months		12 Months	
	Aug 2018 - Oct 2018	Aug 2017 - Oct 2017	May 2018 - Oct 2018	May 2017 - Oct 2017	Nov 2017 - Oct 2018	May 2017 - Apr 2018
Sales growth, %	7.9	2.2	8.8	1.7	6.1	2.8
Gross margin, %	41.6	41.2	40.1	40.9	39.7	40.0
Operating margin, %	1.6	6.2	1.6	5.9	3.6	5.7
Return on capital employed, %	-	-	-	-	13.3	21.0
Return on equity, %	-	-	-	-	10.8	16.0
Cashflow from operating activities, MSEK	-61.0	93.1	-89.1	186.6	97.2	372.8
Equity/assets ratio, %	42.8	50.0	42.8	50.0	42.8	53.9
Net debt/EBITDA	-	-	-	-	0.9	-
Sales per sq.m in stores, SEK thousand	7.8	7.9	14.8	14.9	31.4	30.8
Number of stores at period end	237	223	237	223	237	229
Number of employees at period end	3,061	2,872	3,061	2,872	3,061	2,951
<b>Data per share</b>						
Number of shares before dilution	63,217,794	63,200,863	63,217,689	63,194,651	63,212,212	63,200,598
Number of shares after dilution	63,223,648	63,379,786	63,223,653	63,379,577	63,219,560	63,311,743
Number of shares at period end	63,217,794	63,202,135	63,217,794	63,202,135	63,217,794	63,208,135
Earnings per share before dilution, SEK	0.40	1.52	0.87	2.74	3.79	5.66
Earnings per share after dilution, SEK	0.40	1.51	0.87	2.73	3.79	5.65
Comprehensive income per share, SEK	0.55	1.93	1.01	2.57	4.81	6.37
Cash flow per share*, SEK	-0.96	1.47	-1.41	2.95	1.54	5.90
Equity per share, SEK	30.57	32.06	30.57	32.06	30.57	35.82

\* From the operating activities



## Quarterly overview

MSEK	Q2 16/17	Q3 16/17	Q4 16/17	Q1 17/18	Q2 17/18	Q3 17/18	Q4 17/18	Q1 18/19	Q2 18/19
Sales	1,956.6	2,695.2	1,574.8	1,782.6	1,999.1	2,745.9	1,683.1	1,958.1	2,157.1
Cost of goods sold	-1,144.1	-1,567.3	-912.7	-1,059.9	-1,175.7	-1,625.1	-1,065.9	-1,203.8	-1,260.1
<b>Gross profit</b>	<b>812.5</b>	<b>1,127.9</b>	<b>662.2</b>	<b>722.7</b>	<b>823.3</b>	<b>1,120.8</b>	<b>617.3</b>	<b>754.4</b>	<b>897.0</b>
Selling expenses	-634.4	-684.7	-603.2	-572.6	-632.3	-706.8	-668.1	-659.2	-787.2
Administrative expenses	-49.4	-51.3	-43.0	-49.8	-65.9	-64.7	-56.6	-63.0	-76.8
Other operating income/expenses	-1.8	-1.9	1.5	-0.2	-0.2	-0.2	1.5	-0.2	0.4
<b>Operating profit</b>	<b>127.0</b>	<b>390.0</b>	<b>17.5</b>	<b>100.1</b>	<b>124.9</b>	<b>349.2</b>	<b>-105.9</b>	<b>32.0</b>	<b>33.4</b>
Financial income	0.1	0.0	0.4	0.1	0.1	0.3	0.2	0.3	0.3
Financial expense	-0.5	-0.5	-0.5	-0.3	-0.5	-0.5	-0.6	-0.6	-0.8
<b>Profit after financial items</b>	<b>126.5</b>	<b>389.5</b>	<b>17.4</b>	<b>99.9</b>	<b>124.5</b>	<b>349.0</b>	<b>-106.3</b>	<b>31.7</b>	<b>32.9</b>
Income tax	-30.2	-84.6	2.2	-22.5	-28.7	-78.6	20.6	-1.9	-7.9
<b>Profit for the period</b>	<b>96.4</b>	<b>305.0</b>	<b>19.5</b>	<b>77.4</b>	<b>95.8</b>	<b>270.4</b>	<b>-85.7</b>	<b>29.7</b>	<b>25.0</b>
<b>Assets</b>									
Intangible assets	297.6	321.3	340.2	360.8	376.4	401.4	428.2	446.7	454.5
Tangible assets	1,101.8	1,075.8	1,064.3	1,036.3	1,037.7	1,029.2	1,041.3	1,007.5	1,010.8
Securities held as fixed assets	0.0	0.0	0.0	0.0	0.0	224.0	224.5	224.5	224.5
Non-current receivables	18.6	18.4	18.5	18.5	18.5	18.5	14.9	14.8	15.7
Inventories	1,988.8	1,616.6	1,630.7	1,695.6	2,067.8	1,880.3	2,038.0	1,936.6	2,345.0
Other receivables	269.0	213.3	220.6	230.4	257.8	222.6	336.9	310.3	349.7
Liquid assets	220.2	753.3	625.1	668.4	295.8	584.0	115.8	97.3	109.9
<b>Total assets</b>	<b>3,896.0</b>	<b>3,998.8</b>	<b>3,899.4</b>	<b>4,010.1</b>	<b>4,054.1</b>	<b>4,360.0</b>	<b>4,199.7</b>	<b>4,037.7</b>	<b>4,510.1</b>
<b>Equity and liabilities</b>									
Equity attributable to owners of the parent	1,921.0	2,218.9	2,250.7	2,297.7	2,026.3	2,285.3	2,263.9	2,293.2	1,925.4
<i>Innehav utan bestämmande inflytande</i>	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	7.1
Totalt eget kapital	1,921.0	2,218.9	2,250.7	2,297.7	2,026.3	2,285.3	2,263.9	2,293.2	1,932.5
Long-term liabilities, Non-interest-bearing	174.4	214.3	226.8	233.4	236.0	231.2	227.4	223.6	211.7
Current liabilities, Interest-bearing	120.3	0,0	0,0	0,0	0,0	0,0	0,0	60.1	596.0
Current liabilities, Non interest-bearing	1,680.3	1,565.5	1,421.9	1,479.0	1,791.9	1,843.4	1,708.4	1,460.9	1,770.0
<b>Total equity and liabilities</b>	<b>3,896.0</b>	<b>3,998.8</b>	<b>3,899.4</b>	<b>4,010.1</b>	<b>4,054.1</b>	<b>4,360.0</b>	<b>4,199.7</b>	<b>4,037.7</b>	<b>4,510.1</b>
<b>Key ratios for the period</b>									
Gross margin, %	41.5	41.8	42.0	40.5	41.2	40.8	36.7	38.5	41.6
Operating margin, %	6.5	14.5	1.1	5.6	6.2	12.7	-6.3	1.6	1.6
Earnings per share before dilution, SEK	1.53	4.84	0.31	1.22	1.52	4.28	-1.36	0.47	0.40
Earnings per share after dilution, SEK	1.53	4.83	0.31	1.22	1.51	4.27	-1.36	0.47	0.40
Equity per share, SEK	30.51	35.22	35.68	36.36	32.06	36.16	35.82	36.27	30.57

### 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.

## Parent Company Income Statement

MSEK	Note	3 Months		6 Months		12 Months	
		Aug 2018 - Oct 2018	Aug 2017 - Oct 2017	May 2018 - Oct 2018	May 2017 - Oct 2017	Nov 2017 - Oct 2018	May 2017 - Apr 2018
Sales		1,780.4	1,723.0	3,261.4	3,154.4	6,551.1	6,444.1
Cost of goods sold	1	-1,309.2	-1,261.3	-2,416.7	-2,302.7	-4,931.6	-4,817.6
<b>Gross profit</b>		<b>471.2</b>	<b>461.7</b>	<b>844.7</b>	<b>851.7</b>	<b>1,619.5</b>	<b>1,626.5</b>
Selling expenses	1	-381.6	-295.7	-697.3	-573.3	-1,369.6	-1,244.9
Administrative expenses	1	-67.3	-57.7	-123.5	-100.7	-218.6	-195.8
Other operating income/expenses		-0.1	0.1	-0.4	0.2	1.1	1.0
<b>Operating profit</b>		<b>22.2</b>	<b>108.3</b>	<b>23.5</b>	<b>177.8</b>	<b>32.5</b>	<b>186.8</b>
Dividends from group companies		-	3.9	3.2	3.9	112.0	112.7
Financial income		0.3	0.1	0.6	0.2	1.6	1.3
Financial expense		-1.2	-0.7	-1.9	-1.2	-3.5	-2.7
<b>Profit after financial items</b>		<b>21.4</b>	<b>111.6</b>	<b>25.4</b>	<b>180.8</b>	<b>142.7</b>	<b>298.0</b>
Appropriations		0,0	0,0	0,0	0,0	12.8	12.8
<b>Profit before tax</b>		<b>21.4</b>	<b>111.6</b>	<b>25.4</b>	<b>180.8</b>	<b>155.5</b>	<b>310.8</b>
Income tax		-4.0	-24.2	-4.9	-39.9	-10.7	-45.7
<b>Profit for the period</b>		<b>17.4</b>	<b>87.3</b>	<b>20.6</b>	<b>140.8</b>	<b>144.8</b>	<b>265.1</b>

## Parent Company Comprehensive Income Statement

MSEK	3 Months		6 Months		12 Months	
	Aug 2018 - Oct 2018	Aug 2017 - Oct 2017	May 2018 - Oct 2018	May 2017 - Oct 2017	Nov 2017 - Oct 2018	May 2017 - Apr 2018
Profit for the period	17.4	87.3	20.6	140.8	144.8	265.1
Other comprehensive income, net of tax:						
Items that later can be reversed back to the Consolidated income statement:						
Income from hedge of net investment in foreign operations	1.7	3.8	-3.0	-1.0	9.4	11.3
<b>Other comprehensive income, net of tax</b>	<b>1.7</b>	<b>3.8</b>	<b>-3.0</b>	<b>-1.0</b>	<b>9.4</b>	<b>11.3</b>
<b>Total comprehensive income</b>	<b>19.1</b>	<b>91.1</b>	<b>17.6</b>	<b>139.8</b>	<b>154.2</b>	<b>276.4</b>

### Note 1 Depreciations

	3 Months		6 Months		12 Months	
	Aug 2018 - Oct 2018	Aug 2017 - Oct 2017	May 2018 - Oct 2018	May 2017 - Oct 2017	Nov 2017 - Oct 2018	May 2017 - Apr 2018
Depreciations for the period	39.2	38.3	78.7	76.6	153.6	151.5

## Parent Company Balance Sheet

MSEK	31 Oct 2018	31 Oct 2017	30 Apr 2018
<b>Assets</b>			
Intangible assets	454.5	376.4	428.2
Tangible assets	691.6	740.4	713.8
Financial assets	368.4	185.9	423.0
Inventories	1,574.6	1,345.6	1,327.6
Other receivables	353.0	340.1	348.5
Liquid assets	38.0	230.7	36.9
<b>Total assets</b>	<b>3,480.1</b>	<b>3,219.1</b>	<b>3,278.1</b>
<b>Equity and liabilities</b>			
Equity	507.4	751.3	885.3
Untaxed reserves	1,035.7	1,048.5	1,035.7
Provisions	47.2	46.5	50.7
Long-term liabilities, Non-interest-bearing	5.0	5.0	5.0
Current liabilities, interest-bearing	596.0	0.0	0.0
Current liabilities, Non interest-bearing	1,288.8	1,367.7	1,301.4
<b>Total equity and liabilities</b>	<b>3,480.1</b>	<b>3,219.1</b>	<b>3,278.1</b>

## Accounting policies

Clas Ohlson applies the International Financial Reporting Standards (IFRS) adopted by the EU. This interim report has been prepared in accordance with the Swedish Annual Accounts Act, IAS 34 Interim Financial Reporting and RFR 1 Supplementary Accounting Rules for Groups. Disclosures in accordance with IAS 34 Interim Financial Reporting are provided in both notes and elsewhere in this interim report.

The Parent Company's financial statements have been prepared in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's Recommendation RFR 2. The same accounting policies are applied as for the Group, except in those cases described under the section headed "Parent Company accounting policies" in the 2017/18 Annual Report on page 101. The same accounting policies and calculation methods are applied as in the latest annual report except that IFRS 9 and 15 are now applied.

For a more detailed description of the accounting policies applied to the Group and Parent Company in this interim report, refer to the 2017/18 Annual Report, pages 98–102.

### New accounting policies for 2018/19 and onward

IFRS 9 Financial Instruments: Recognition and Measurement. The standard entered force on 1 January 2018 (financial year 2018/19 for Clas Ohlson) and at that point replaced IAS 39 Financial instruments: Recognition and Measurement. The standard is divided into three parts: classification and measurement, hedge accounting and impairment.

IFRS 15 Revenue from Contracts with Customers, the new revenue standard, entered force on 1 January 2018 or later, and where Clas Ohlson is concerned replaced both IAS 18 Revenue and IFRIC 13 Customer Loyalty Programmes. The majority – approximately 96 per cent – of all Clas Ohlson's sales are store sales. Recognition in accordance with current principles regarding store sales corresponds well with the principles in IFRS 15, which is based on revenue being recognised when control over a commodity transfers to the customer. Variable payments attributable to store sales, such as discounts and price reductions, are not impacted by the introduction of the new standard. Regarding the remaining 4 per cent of revenue relating to online shopping, the introduction of the new standard will not impact recognition of revenue concerning these portions.

IFRS 16 Leases, the new lease standard entering force on 1 January 2019 or later, with 2018/19 as the comparison year, will impact Clas Ohlson. The new standard differs materially from the current IAS 17. It applies to all leases, as well as to subletting. A linear operating cost is replaced with a "front-heavy" cost profile for each individual lease. Portfolios with a spread of maturities are impacted less. One project has been established and an analysis of how the reports will be impacted, in terms of amounts, will continue through 2018 and going forward. The transition method has not yet been selected.

## 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 page 23. The APMs recognised in this quarterly report may differ from similarly named measures used by other companies.

	3 Months		6 Months		12 Months	
	Aug 2018 - Oct 2018	Aug 2017 - Oct 2017	May 2018 - Oct 2018	May 2017 - Oct 2017	Nov 2017 - Oct 2018	May 2017 - Apr 2018
<b>Return on equity</b>						
Net profit for the period	-	-	-	-	239.4	357.8
Average equity	-	-	-	-	2,211.1	2,230.7
<b>Return on equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10.8%</b>	<b>16.0%</b>

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

<b>Return on capital employed</b>						
Operating profit	-	-	-	-	308.7	468.3
Interest income	-	-	-	-	1.1	0.7
Average capital employed	-	-	-	-	2,328.3	2,230.7
<b>Return on capital employed</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13.3%</b>	<b>21.0%</b>

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.

<b>Gross margin</b>						
Gross profit	897.0	823.3	1,651.4	1,546.0	3,389.5	3,284.1
Sales	2,157.1	1,999.1	4,115.3	3,781.6	8,544.4	8,210.7
<b>Gross margin</b>	<b>41.6%</b>	<b>41.2%</b>	<b>40.1%</b>	<b>40.9%</b>	<b>39.7%</b>	<b>40.0%</b>

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.

<b>Gross profit, MSEK</b>						
Sales	2,157.1	1,999.1	4,115.3	3,781.6	8,544.4	8,210.7
Cost of goods sold	-1,260.1	-1,175.7	-2,463.9	-2,235.6	-5,154.9	-4,926.6
<b>Gross profit</b>	<b>897.0</b>	<b>823.3</b>	<b>1,651.4</b>	<b>1,546.0</b>	<b>3,389.5</b>	<b>3,284.1</b>

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.

<b>Equity per share, SEK</b>						
Total equity	1,932.5	2,026.3	1,932.5	2,026.3	1,932.5	2,263.9
Number of shares at end of period (millions of share)	63.22	63.20	63.22	63.20	63.22	63.21
<b>Equity per share</b>	<b>30.57</b>	<b>32.06</b>	<b>30.57</b>	<b>32.06</b>	<b>30.57</b>	<b>35.82</b>

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.

<b>Sales growth</b>						
Sales actual period	2,157.1	1,999.1	4,115.3	3,781.6	8,544.4	8,210.7
Sales previous period	1,999.1	1,956.6	3,781.6	3,720.0	8,051.6	7,990.1
<b>Sales growth</b>	<b>7.9%</b>	<b>2.2%</b>	<b>8.8%</b>	<b>1.7%</b>	<b>6.1%</b>	<b>2.8%</b>

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

	3 Months		12 Months			
	Aug 2018 - Oct 2018	Aug 2017 - Oct 2017		Nov 2017 - Oct 2018	May 2017 - Apr 2018	
<b>Average inventory value, MSEK</b>						
Average inventory value	-	-	-	-	2,011.7	1,869.0

**Cash flow from operating activities per share, SEK**

Cash flow from operating activities	-61.0	93.1	-89.1	186.6	97.2	372.8
Number of shares before the dilution (millions of share)	63.22	63.20	63.22	63.19	63.21	63.20
<b>Cash flow from operating activities per share</b>	<b>-0.96</b>	<b>1.47</b>	<b>-1.41</b>	<b>2.95</b>	<b>1.54</b>	<b>5.90</b>

Reason for use: Cash flow from operating activities per share measures the cash flow that the company generates per share before capital investments and cash flows attributable to the company's financing.

**Net debt, Mkr**

Interest-bearing-liabilities	-	-	-	-	596.0	-
liquid assets	-	-	-	-	109.9	115.8
<b>Total Net debt</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>486.1</b>	<b>-115.8</b>

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

**Working capital, MSEK**

Total current assets	2,804.6	2,621.5	2,804.6	2,621.5	2,804.6	2,490.7
-Cash and cash equivalents	-109.9	-295.8	-109.9	-295.8	-109.9	-115.8
-Current non-interest-bearing liabilities	-1,770.0	-1,791.9	-1,770.0	-1,791.9	-1,770.0	-1,708.4
<b>Working capital</b>	<b>924.8</b>	<b>533.8</b>	<b>924.8</b>	<b>533.8</b>	<b>924.8</b>	<b>666.5</b>

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

**Operating margin**

Operating profit	33.4	124.9	65.4	225.0	308.7	468.3
Sales	2,157.1	1,999.1	4,115.3	3,781.6	8,544.4	8,210.7
<b>Operating margin</b>	<b>1.6%</b>	<b>6.2%</b>	<b>1.6%</b>	<b>5.9%</b>	<b>3.6%</b>	<b>5.7%</b>

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

**Equity/assets ratio**

Total equity	1,932.5	2,026.3	1,932.5	2,026.3	1,932.5	2,263.9
Total assets	4,510.1	4,054.1	4,510.1	4,054.1	4,510.1	4,199.7
<b>Equity/Assets ratio</b>	<b>42.8%</b>	<b>50.0%</b>	<b>42.8%</b>	<b>50.0%</b>	<b>42.8%</b>	<b>53.9%</b>

Reason for use: A high equity/assets ratio provides the financial scope and independence required for conducting the operations and managing variations in the need for working capital and for capitalising on business opportunities.

**Capital employed, MSEK**

Total assets	4,510.1	4,054.1	4,510.1	4,054.1	4,510.1	4,199.7
Long-term non-interest-bearing liabilities	-211.7	-236.0	-211.7	-236.0	-211.7	-227.4
Current non-interest-bearing liabilities	-1,770.0	-1,791.9	-1,770.0	-1,791.9	-1,770.0	-1,708.4
<b>Capital employed</b>	<b>2,528.5</b>	<b>2,026.3</b>	<b>2,528.5</b>	<b>2,026.3</b>	<b>2,528.5</b>	<b>2,263.9</b>

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.

**Comprehensive income per share, SEK**

Comprehensive income for the period	34.8	122.1	64.0	162.5	304.3	402.8
Average number of shares before dilution (millions of share)	63.22	63.20	63.22	63.19	63.21	63.20
<b>Comprehensive income per share</b>	<b>0.55</b>	<b>1.93</b>	<b>1.01</b>	<b>2.57</b>	<b>4.81</b>	<b>6.37</b>

**Underlying operating profit, MSEK**

Operating profit	33.4	124.9	65.4	225.0	308.7	468.3
Non-recurring costs and costs for action program CO100+	90.7	15.0	120.7	15.0	165.7	45.0
<b>Underlying operating profit</b>	<b>124.1</b>	<b>139.9</b>	<b>186.1</b>	<b>240.0</b>	<b>474.4</b>	<b>513.3</b>

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

	3 Months		6 Months		12 Months	
	Aug 2018 - Oct 2018	Aug 2017 - Oct 2017	May 2018 - Oct 2018	May 2017 - Oct 2017	Nov 2017 - Oct 2018	May 2017 - Apr 2018
<b>Earnings per share (before and after dilution), SEK*</b>						
Net profit for the period	25.3	95.8	55.0	173.1	239.7	357.8
Number of shares before dilution (millions of share)	63.22	63.20	63.22	63.19	63.21	63.20
Number of shares after dilution (millions of share)	63.22	63.38	63.22	63.38	63.22	63.31
<b>Number of shares before dilution</b>	<b>0.40</b>	<b>1.52</b>	<b>0.87</b>	<b>2.74</b>	<b>3.79</b>	<b>5.66</b>
<b>Number of shares after dilution</b>	<b>0.40</b>	<b>1.51</b>	<b>0.87</b>	<b>2.73</b>	<b>3.79</b>	<b>5.65</b>

\*Defined in accordance with IFRS

## The share

Clas Ohlson Series B shares have been listed on Nasdaq Stockholm since 1999 and are included in the Consumer Services sector index. The price paid on 31 October 2018 was 77 SEK per share.

### Number of shares

The number of registered shares totalled 65,600,000, unchanged from the preceding year. On 31 October 2018, the company held 2,382,206 shares (2,397,865) corresponding to 4 per cent (4) of the total number of registered shares. At the end of the period, the number of shares outstanding, net after buy-back, was 63,217,794 (63,202,135).

### Dividend policy

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

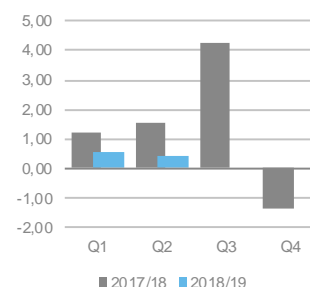
#### The largest shareholders 31 October 2018

Owner	Number of A-shares	Number of B-shares	Equity, %	Votes, %
Helena Tidstrand	1,368,060	6,179,828	12	17
Björn Haid	1,007,960	4,756,334	9	13
Johan Tidstrand	1,368,060	900,000	3	12
Peter Haid	1,007,960	3,785,243	7	12
Claus-Toni Haid	1,007,960	3,475,916	7	12
Nordea	0	4,026,792	6	3
If Skadeförsäkring AB	0	3,114,337	5	3
Swedbank Robur	0	2,133,654	3	2
Avanza	0	1,119,895	2	1
Handelsbanken AB	0	1,006,500	2	1
Other shareholders	0	29,341,501	44	24
<b>Total</b>	<b>5,760,000</b>	<b>59,840,000</b>	<b>100</b>	<b>100</b>

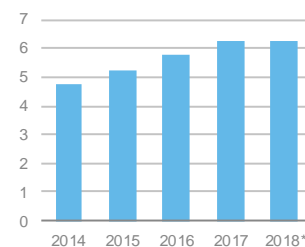
#### Share data

Listing	Nasdaq Stockholm Mid Cap
Ticker	Clas B
Industry	Consumer Services
ISIN code	SE0000584948

#### Earnings per share, SEK



#### Dividend per share, SEK



\* Proposed dividend 6.25 SEK

## Key ratio definitions

Clas Ohlson uses certain financial measures in this interim report that are not defined in accordance with IFRS. Clas Ohlson believes that these key ratios are relevant to users of the financial report as a supplement for assessing Clas Ohlson's performance. These financial measures are not always comparable with the measures used by other companies since not all companies calculate such financial measures in the same way. Accordingly, these financial measures are not to be regarded as a replacement for measures defined according to IFRS. The measures not defined according to IFRS are presented below, unless otherwise stated.

### Return on equity

Net profit for the period expressed as a percentage of average equity. Average equity is calculated as the total equity for the most recent 12 months divided by 12.

### Return on capital employed

Operating profit plus financial income expressed as a percentage of average capital employed. Average capital employed is calculated as the total capital employed for the most recent 12 months divided by 12.

### Gross margin

Gross profit divided by sales for the period.

### Gross profit

Gross profit is calculated as the total of sales less cost of goods sold.

### Dividend yield

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

### EBITDA

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

### Equity per share

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

### Non-recurring costs

Cost that is not regularly found in the business.

### Sales growth

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

### Average inventory value

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

### Cash flow from operating activities

Operating profit adjusted for items not included in cash flow, interest, paid tax and change in working capital.

### Cash flow from operating activities per share

Cash flow from operating activities divided by the average number of shares before dilution.

### Net debt

Interest-bearing liabilities less cash and cash equivalents.

### Net debt/EBITDA

Net debt divided by EBITDA for the last 12 months.

### P/E ratio

Share price at year-end divided by earnings per share before dilution.

### Working capital

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

### Operating margin

Operating profit divided by sales for the period.

### Operating profit

Operating profit comprises profit before financial items and tax.

### Equity/assets ratio

Equity at the end of the period divided by the balance-sheet total (total assets).

### Capital employed

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

### Comprehensive income per share

Comprehensive income divided by average number of shares before dilution.

### Underlying operating profit/loss

Operating profit adjusted for non-recurring costs and costs related to the CO100+ action programme.

### Payout ratio

Dividend divided by earnings per share before dilution.

### Earnings per share (before and after dilution)\*

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

\*Defined in accordance with IFRS.

# Glossary

## 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.

## Franchise

Concept whereby we “rent” our brand to an external player, who operates a store under our name.

## Sales per square metre

Store sales in relation to the effective retail space. For new stores, a conversion has been made in relation to how long the store has been open.

## GRI

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

## Comparable units

Units that have been in operation during the current period and the entire year-earlier period.

## Conversion rate

The percentage of visitors who make a purchase.

## Nasdaq Stockholm

Marketplace for trading with securities, where Clas Ohlson's Series B share is listed.

## Omni-channel

A shopping experience where customers perceive a seamless interaction between physical stores, the online store and telephone sales.

## Organic growth

Sales growth in local currencies, excluding acquisitions.

## Products for a more sustainable lifestyle

Products with a positive, or significantly lower, environmental impact throughout their life cycle than a standard product.

## sCORE

Systems for Clas Ohlson Retail Efficiency, our project for the introduction of a new business system.

## Average receipt

Average amount per purchase.

## Store traffic

Number of visitors.

## Code of Conduct

The standards we set for ourselves, and the suppliers of our products and services, regarding working conditions, workplace health and safety and the environment.



## Store overview

### New stores in second quarter – 1 August to 31 October 2018

- Espoo Otaniemi, Finland, opened 30 August 2018
- Helsinki Hakaniemi, Finland, opened 18 September 2018
- Helsinki REDI, Finland, opened 20 September 2018
- Mölndal, Sweden, opened 27 September 2018
- Ringen Stockholm, Sweden, opened 18 October 2018
- Sveavägen Stockholm, Sweden, opened 25 October 2018

### New stores after the end of the period

- Kristianstad, Sweden, 22 November 2018

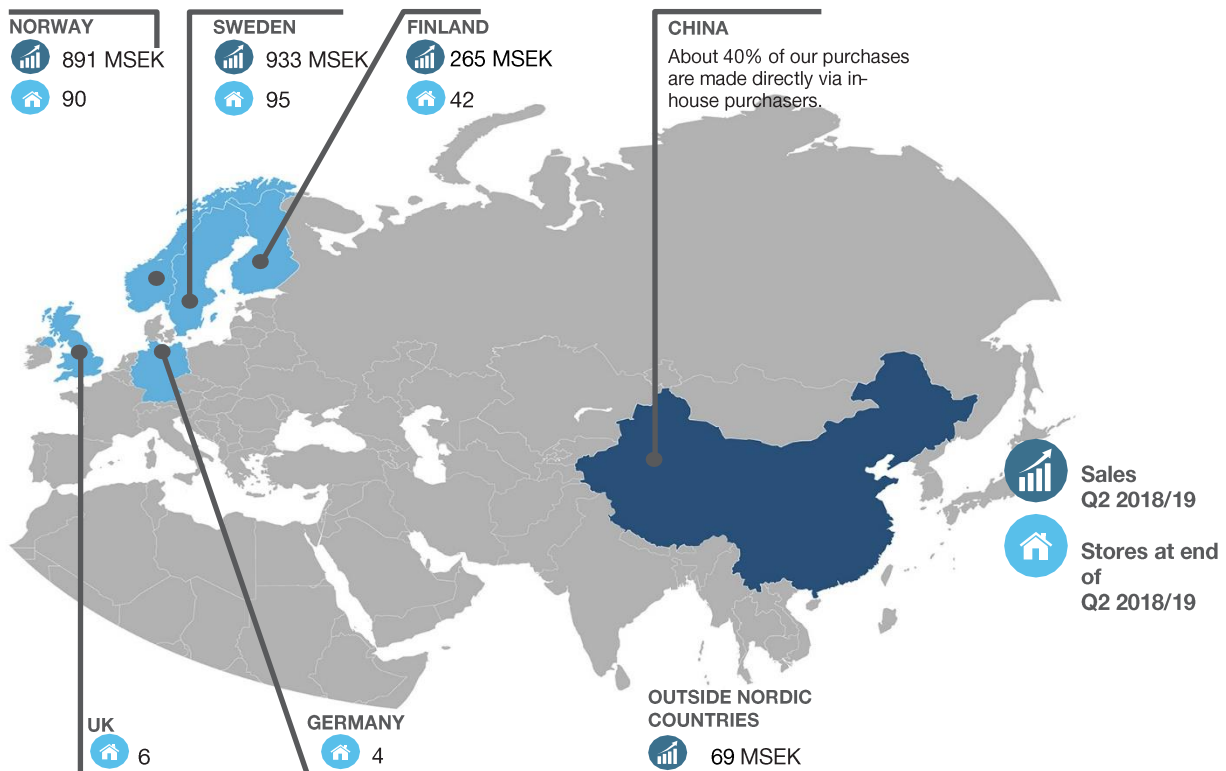
### Future store openings

- Kungälv, Sweden, scheduled to open in March 2019
- Turku, Finland, scheduled to open in May 2019
- Helsinki, Finland, scheduled to open in autumn of 2019
- Seinäjoki Ideapark, Finland, scheduled to open in November 2019



Clas Ohlson's Lab Store at Sveavägen 52 in Stockholm was opened on 25 October. The store has a unique range that will also include products and services tested together with customers before they are launched in the standard range. A service centre is also available for customers to book Clas Fix it services, develop photos, have their knives sharpened or receive DIY advice.

For more information, refer to the detailed list on the website [about.clasohlson.com](http://about.clasohlson.com)





**THIS YEAR MARKS 100 YEARS** since Clas Ohlson was founded. Much has changed since then, but our idea of helping customers solve everyday practical problems is just as relevant now as it was then.

When Clas Ohlson founded his mail order company in 1918 in Insjön in Dalarna, he did so with the conviction that there were many more people like him – people living in the countryside who were interested in technology and new innovation but did not have access to the range of products available in the large towns and cities.

The first catalogue was a success and the company has continued to grow together with its customers over the years. And everything that initially could only be ordered by catalogue has been available in one of our stores since the end of the 1980s and via online shopping since the mid-1990s.

Clas Ohlson has grown to have more than 5,000 employees in six markets and generate sales of just over 8 billion SEK. Our share is listed on Nasdaq Stockholm.

Read more about our history at [clasohlson100.com](http://clasohlson100.com) or where we are today at [about.clasohlson.com](http://about.clasohlson.com).



## Our mission

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

## Financial objectives

- Sales will increase organically an average of 5 per cent annually over a five-year period.
- Operating margin will amount to 6-8% within a five-year period
- Net debt in relation to EBITDA to fall below two (2) times
- The dividend is to comprise at least 50 per cent of earnings per share after tax, with consideration for the company's financial position. This is our dividend policy.

## Sustainability targets

- The proportion of products for a more sustainable lifestyle will represent at least 25 per cent of sales by 2020
- CO<sub>2</sub> emissions will gradually reduce relative to our sales
- 98% of suppliers are to comply with the requirements of our Code of Conduct



*We're turning 100*

In March, we kicked off the 100th anniversary celebration in our stores with great customer offerings and the premiere of the anniversary catalogue.

## Operations

Clas Ohlson works to help and inspire people to improve their everyday life 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. Operations are conducted in Sweden, Norway, Finland, the UK and Germany via stores and online shopping.

[www.clasohlson.com](http://www.clasohlson.com)

Clas Ohlson AB | SE-793 85 Insjön, Sweden | Telephone +46 (0)247-444 00 | Corp. Reg. No. 556035-8672