

clas ohlson

year-end report 2019/ 20

Fourth quarter – 1 Feb to 30 April

- Sales in the Nordics decreased by 4% to 1,627 MSEK (1,688). Organic growth was unchanged. Total sales fell by 6% and organic sales declined by 2% to 1,644 MSEK (1,742)
- Online sales increased by 45% to 138 MSEK (96)
- Operating loss, including non-recurring costs and costs linked to the CO100+ action programme, totalled -41 MSEK (-77) Excluding the effect of IFRS 16, operating loss amounted to -61 MSEK.
- Underlying operating loss amounted to -31 MSEK (-52) (excl IFRS 16)
- The operating margin was -2.5% (-4.4)
- Net debt/EBITDA excluding the effect of IFRS 16 (12 months) amounted to 0.0 times (0.5)
- Loss after tax totalled -46 MSEK (-62)
- Earnings per share amounted to -0.73 SEK (-0.98)

Financial year – 1 May to 30 Apr

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

- Online sales increased by 25% to 542 MSEK (432).
- Operating profit, including non-recurring costs and costs linked to the CO100+ action programme, totalled 549 MSEK (94). Excluding the effect of IFRS 16, operating profit amounted to 454 MSEK.
- Underlying operating profit amounted to 581 MSEK (497) (excl. IFRS 16)
- The operating margin was 6.3% (1.1).
- Profit after tax totalled 376 MSEK (72)
- Earnings per share amounted to 5.94 SEK (1.13)
- 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.

Events after the end of the reporting period

- Sales in the Nordics in May decreased by 1% to 626 MSEK (631), organic growth up 5% and total sales decreased by 2% to 630 MSEK (641), organic growth up 4%
- Online sales in May increased by 68% to 61 MSEK (36)



Besides completing the CO100+ programme, we took additional measures during the quarter to tackle the consequences of the corona pandemic.

6.3%

Full-year operating margin

+68%

Sales growth online in May

	3 Months			12 Months		
	Feb 2020 - Apr 2020	Feb 2019 - Apr 2019	Percentage change	May 2019 - Apr 2020	May 2018 - Apr 2019	Percentage change
Sales, MSEK	1 644	1 742	-6	8 758	8 772	0
Operating profit, MSEK	-41	-77	47	549	94	484
Operating profit, excl. IFRS 16, MSEK	-61	-77	21	454	94	383
Underlying operating profit, MSEK	-31	-52	41	581	497	17
Profit after tax, MSEK	-46	-62	25	376	72	425
Gross margin, %	39.9	38.2	1.7 p.e	39.8	39.8	0.0 p.e
Operating margin, %	-2.5	-4.4	1.9 p.e	6.3	1.1	5.2 p.e
Operating margin, excl. IFRS 16, %	-3.7	-4.4	0.7 p.e	5.2	1.1	4.1 p.e
Return on capital employed, %	-	-	-	13.5	4.1	-
Return on equity, %	-	-	-	21.4	3.5	-
Cashflow from operating activities, MSEK	-34.6	-327.0	-	1 283.9	312.0	-
Equity/assets ratio, %	30.5	49.0	-18.5 p.e	30.5	49.0	-18.5 p.e
Equity/assets ratio, excl. IFRS 16, %	51.0	49.0	2.1 p.e	51.0	49.0	2.0 p.e
Net debt/EBITDA ratio	-	-	-	1.8	0.5	-
Net debt/EBITDA excl. IFRS 16 ratio	-	-	-	0.0	0.5	-
Earnings per share before dilution, SEK	-0.73	-0.98	25	5.94	1.13	425

*The 2019/20 financial year comprises the period from 1 May 2019 to 30 April 2020.

This is information that Clas Ohlson AB (publ) is obliged to publish pursuant to the EU Market Abuse Regulation. This information was submitted for publication, through the agency of the contact person set out above, on 3 June 2020 at 7:00 a.m. (CEST).

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Proof of strength in uncertain times

A relevant offering generates growth

The corona pandemic has resulted in major consequences for all people and for society at large. At Clas Ohlson, the safety of our employees and customers is, and remains, our highest priority. At the same time, we are working to adapt to new customer requirements caused by the pandemic. Many people are spending more time at home and we have seen elevated demand for products for both the home office and DIY. Accordingly, we have worked intensely during the quarter to adapt the commercial agenda and most of the operations. This has generated results.

A relevant range combined with our store network, convenient online shopping on our own and other companies' platforms, such as Mathem and Kolonial, and flexible delivery options have created an attractive mix. The outcomes for our sales and profitability have thus been relatively favourable for the first few months of the corona pandemic. In April, we grew organically and online sales increased by a full 61 per cent, corresponding to 10 per cent of sales for the month. Fourth-quarter organic sales in the Nordics were at the same level as in the year-earlier period.

Although the weak NOK had a negative impact, the Norwegian operations have proven the strength of Clas Ohlson's offering and brand. In Sweden, COVID-19 primarily affected sales in the form of a lower footfall in central store locations in the large cities and in stores that normally benefit from cross-border shopping. In Finland, we continued our work on strengthening Clas Ohlson's position in the market but the restrictions imposed to stop the spread of coronavirus had a significantly negative impact on sales for the quarter.

By more effectively controlling inventory we have been able to offset weaker sales and reduce inventory levels by about 200 MSEK compared with 30 April last year. Corona has, to date, had a limited effect on our supply chain and we are confident in the supply of goods as we approach the summer. The gross margin was at 39.9 per cent for the quarter compared with 38.2 per cent in the preceding year.

We are delivering on our promises

The CO100+ action programme ended this quarter. The operating margin (excluding IFRS 16) of 5.2 per cent means that we achieved the target of 4-6 per cent announced when our growth strategy was launched two years ago.

Underlying operating profit for the fourth quarter amounted to -31 MSEK compared with -52 MSEK last year, and for the full-year was 581 MSEK compared with 497 MSEK last year. This shows that both our systematic and goal-oriented cost and growth initiatives under the CO100+ programme and the closure of the store networks in Germany and the UK have yielded the promised results. The initiatives thus have a positive effect on the margin in the short term, and also provide us with a better platform for profitable growth going forward.

According to plan, we have reduced the rolling cost level to between 225 and 250 MSEK. Part of this has gradually been realised, mainly in savings from indirect spend, lower costs of goods for sale and a more efficient organisation. The remaining 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.

Besides completing the CO100+ programme, we took additional measures during the quarter to tackle the consequences of the corona pandemic. In April, about 300 store employees were temporarily laid off, due to shorter opening hours and fewer visitors. This currently affects only a small number of city stores and stores that have



With the clear results of our change process, we are well-prepared for our future journey. In the spirit of our founder Clas Ohlson who sought simplicity and always placed the customer first, we will leave no stone unturned to achieve our goals.

significant cross-border shopping. Furthermore, about 200 office employees have had their working hours reduced until mid-June. The layoffs for this group will not be extended and the assessment is that they will not be resumed after the holiday period. Negotiations are being held with property owners regarding rent relief. We have also put in place a more cost-efficient and agile organisation by simplifying our management structure and reducing the number of administrative positions.

Well-equipped for the journey ahead

The macroeconomic climate and the impact on customer behaviour are the greatest uncertainty factors for our business related to coronavirus. We are also affected by fluctuations in the currency market. Furthermore, we must add that the retail sector is already undergoing extensive change. I believe that after the pandemic we will see a new normal and that, coupled with the underlying structural change in the retail sector, this new normal will require a great deal of flexibility, sensitivity and continued upgrading of the business model. I am also convinced that the companies that offer their customers the opportunity to live more sustainably will have a competitive advantage.

In addition to the clear results of our change process, we have in recent months also received confirmation that our business model is robust and flexible to meet unforeseen external events. In the spirit of our founder Clas Ohlson, who always placed the customer first and sought simplicity, we are now continuing to develop our operations. We are well equipped for the future on which the road ahead is 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. On this journey, we bring with us the strength of our extensive, and now accelerated, work on sustainability. This is how Clas Ohlson will continue to generate customer and shareholder value. Finally, I would particularly like to sincerely thank all of my fantastic Clas Ohlson colleagues whose strength of purpose makes a difference every day!



Lotta Lyrå
President and CEO of Clas Ohlson AB

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.

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

Certain measures will gradually generate results over the two-year period. The remaining earnings effect of about 150-160 MSEK will be realised in the 2020/21 financial year.

Q4 presentation 3 Jun at 9.00 a.m. CEST

The report will be presented at 9:00 a.m. via a webcast teleconference. For more information, visit <https://about.clasohlson.com/q4-1920>

Financial information

Current financial information is available at about.clasohlson.com/en/investors

Calendar

Week 28 July 2020	Annual Report
9 Sep 2020	Three-month Report 2020/21
12 Sep 2020	AGM
2 Dec 2020	Six-month Report 2020/21
10 March 2021	Nine-month Report 2020/21
2 Jun 2021	Year-end Report 2020/21

Financial targets/framework

- Sales will increase organically an average of 5% annually over a five-year period.
- Operating margin will amount to 6-8% within a five-year period.
*During the 2018/19 and 2019/20 financial years, approximately 1-2% of the underlying operating margin are expected to be invested in strategic initiatives in the CO100+ action programme.**
- The dividend is to comprise at least 50% of earnings per share after tax, with consideration for the company's financial position.
Over the first two years, 2018/2019 and 2019/2020, 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 is to fall below two (2) times.*

* To continue to link the earnings trend for the 2019/20 financial year to the established financial targets, operating margin and net debt/EBITDA are also stated excluding the effects of IFRS 16.

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Sales

Distribution of sales

MSEK	3 Months				12 Months			
	Feb 2020 - Apr 2020	Feb 2019 - Apr 2019	Percentage change		May 2019 - Apr 2020	May 2018 - Apr 2019	Percentage change	
			SEK	organic			SEK	organic
Sweden	770	791	-3	-3	3 991	3 853	4	4
Norway	673	689	-2	7	3 590	3 571	1	3
Finland	184	208	-11	-13	1 086	1 064	2	-1
Nordics	1 627	1 688	-4	0	8 666	8 489	2	3
Outside the Nordics	17	54	-69	-69	92	284	-68	-69
Total	1 644	1 742	-6	-2	8 758	8 772	0	0
Of which comprise online	138	96	45	47	542	432	25	26

Distribution of sales increase

Per cent	3 Months		12 Months	
	Feb 2020 - Apr 2020	May 2019 - Apr 2020	Feb 2020 - Apr 2020	May 2019 - Apr 2020
Comparable units in local currency		0		1
Change in store network		-2		-1
Exchange-rate effects		-4		0
Total		-6		0

Fourth quarter

Sales in the Nordics decreased by 4 per cent to 1,627 MSEK (1,688). Organic sales in the Nordics were unchanged year-on-year. Total sales fell by 6 per cent. Organic sales decreased by 2 per cent to 1,644 MSEK (1,742). Sales in comparable units and local currency were unchanged. Online sales increased 45 per cent to 138 MSEK (96). During the quarter, the store network was reduced by two stores (six). At the end of the quarter, the total number of stores was 228, a reduction of a net four stores compared with the year-earlier period (an increase of three in the previous year). For a store overview see page 25.

Financial year

Sales in the Nordics increased by 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 by 1 per cent. Online sales increased by 25 per cent to 542 MSEK (432). The store network was reduced by a net four stores during the financial year (an increase of three in the previous year).

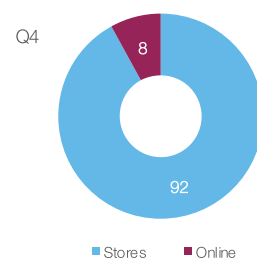
Retail trade development*

	Q4 18/19	Q1 19/20	Q2 19/20	Q3 19/20	Q4 19/20
Sweden					
Retail**	-0.2	3.9	1.0	3.4	0.5
Consumer Confidence	-6.0	-5.7	-1.1	-1.9	-1.4
Norway					
Retail**	0.0	0.7	1.0	-0.1	0.5
Consumer Confidence	13.0	12.8	-3.2	-3.5	-6.5
Finland					
Retail**	-0.1	1.3	1.0	0.6	0.3
Consumer Confidence	15.8	-3.4	-6.2	-4.6	-5.8

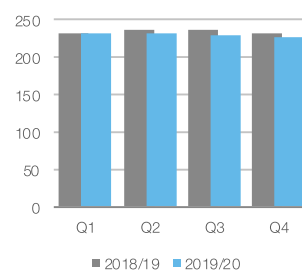
*Source: HUI, Konjunkturinstitutet, Office for National Statistics, Opinion, Statistisk centralen, Statistisk sentralbyrå, Trading Economics.

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

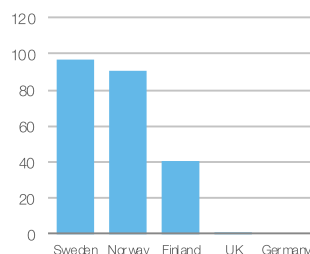
Distribution of sales channel, %



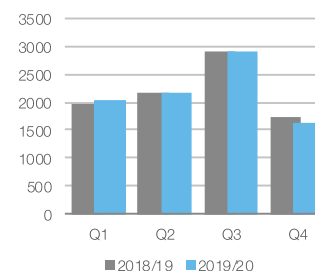
Total number of stores



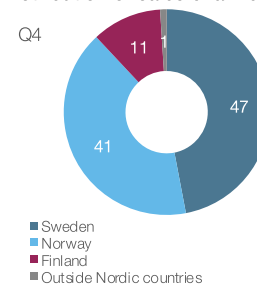
Distribution of number of stores



Sales, MSEK



Distribution of sales channel, %



Results

Consolidated Income Statement **

	3 Months		12 Months	
	Feb 2020 - Apr 2020	Feb 2019 - Apr 2019	May 2019 - Apr 2020	May 2018 - Apr 2019
MSEK				
Sales	1,643.5	1,742.2	8,758.3	8,772.3
Cost of goods sold	-987.8	-1,077.3	-5,268.1	-5,277.5
Gross profit	655.7	664.8	3,490.2	3,494.8
Selling expenses	-646.2	-692.7	-2,720.0	-2,939.0
Administrative expenses	-50.9	-51.0	-220.8	-253.2
Other operating income/expenses*	0.6	2.2	0.0	-208.6
Operating profit	-40.9	-76.6	549.2	94.0

* Closure of store network outside the Nordics.

**IFRS 16 has affected the Income statement from 1 May 2019.

Specification of change in profits

	3 Months		12 Months	
	Feb 2020 - Apr 2020	Feb 2019 - Apr 2019	May 2019 - Apr 2020	May 2018 - Apr 2019
MSEK				
Operating profit corresponding period previous year		-77		94
Profit from sales		-19		50
Change in gross margin		28		-7
Increased administrative expenses, excluding strategy overview and CO100+		-3		6
Non-recurring costs, costs linked to the CO100+ action programme and sCORE		-5		66
Change in expansion costs stores		6		13
Change in depreciation, excl IFRS 16		8		21
Change in other operating income/expenses		2		212
Changed accounting policy, IFRS 16		20		95
Operating profit actual period		-41		549

Fourth quarter

Earnings for the quarter were affected by non-recurring costs and costs linked to the CO100+ action programme of approximately 30 MSEK (25).

The gross margin was 39.9 per cent (38.2). During the quarter, 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, lower campaign intensity and lower sourcing costs. This was partly offset by a weaker sales currency (NOK) and a stronger purchasing currency (USD).

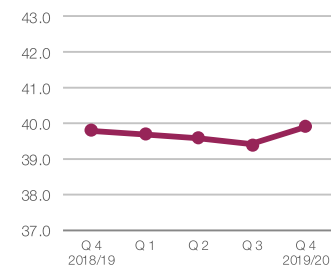
The share of selling expenses declined 0.5 of a percentage point to 39.3 per cent (39.8). Excluding the effect of IFRS 16 of 1.1 percentage points, the share declined by 0.6 of a percentage point. The share of selling expenses was impacted by lower sales for the quarter and higher expenses related to the CO100+ action programme, which was partially offset by lower costs in the UK and Germany.

Operating loss amounted to -41 MSEK (-77). IFRS 16 had a positive effect of 20 MSEK on operating profit, resulting in an operating loss of -61 MSEK excluding this effect. Underlying operating loss amounted to -31 MSEK (-52). The operating margin was -2.5 per cent (-4.4). IFRS 16 had a positive effect on the operating margin of 1.2 percentage points.

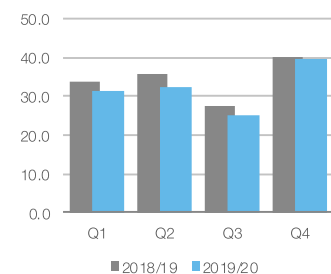
Loss after financial items totalled -58 MSEK (-77). IFRS 16 had a positive impact of 3 MSEK on profit after financial items and a positive impact of 2 MSEK on profit after tax.

Depreciation for the period amounted to 178 MSEK (60), of which 126 MSEK pertained to depreciation of right-of-use assets in accordance with IFRS 16.

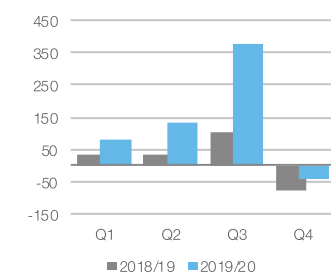
Gross margin, rolling 12 months, %



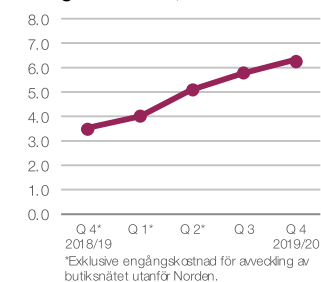
Share of selling expenses, %



Operating profit, MSEK



Operating margin, rolling 12 months, %



Spot exchange rates for key currencies averaged 0.99 for NOK and 9.84 for USD, compared with 1.08 and 9.29, 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 limited period of assessing currency hedges on a case-by-case basis.

Financial year

Earnings 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 (USD).

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.

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. 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 limited period of assessing currency hedges on a case-by-case basis.

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.

Financing and liquidity

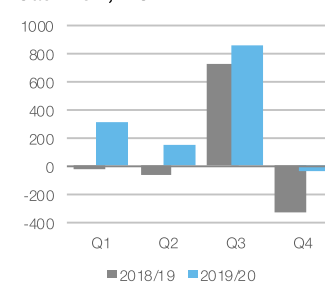
Cash flow from operating activities for the financial year amounted to 1,284 MSEK (312). Cash flow for the period after investing and financing activities was -20 MSEK (-11). Excluding the effect of IFRS 16, cash flow from operating activities amounted to 817 MSEK and cash flow from financing activities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

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

Cash flow, MSEK*



* from operating activities

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.

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).

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

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 period amounted to 196 MSEK (170). Contingent liabilities for the Parent Company amounted to 189 MSEK (237).

Events after the end of the reporting period

Sales in May

In May, sales in the Nordics decreased by 1 per cent to 626 MSEK (631). The organic increase in the Nordics was 5 percent year-on-year. Total sales decreased by 2 percent to 630 MSEK (641). The organic increase was 4 percent. Sales in comparable units and local currency increased by 5 per cent compared with the preceding year. Online sales increased by 68 per cent to 61 MSEK (36).

Compared to the same month last year, there was a net reduction in the store network of four stores (an increase of one in the previous year). The total number of stores at the end of the month was 228. For a store overview see page 25.

Distribution of sales

MSEK	May 2020	May 2019	Percentage change	
			SEK	organic
Sweden	293	299	-2	-2
Norway	269	254	6	21
Finland	64	78	-17	-16
Nordics	626	631	-1	5
Outside the Nordics*	4	10	-58	-56
Total**	630	641	-2	4

*Affected by store optimization in UK and Germany.

**Of which 61 Mkr (36) comprise online sales.

Dividend proposal

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.

Long-term incentive plans

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.

The Annual General Meeting of Clas Ohlson AB on 7 September 2019 authorised the Board of Directors to acquire a maximum of 860,000 shares during the period up until the next Annual General Meeting to secure the company's undertakings in connection with the introduction of a share-related 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 shares was 2,262,553 shares, corresponding to 3 per cent of the total number of registered shares.

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 significant risks and risk management, refer to pages 83-96 of the 2018/19 Annual Report. In addition to the risks described, the uncertainty surrounding the effects of the corona virus and its potential impact on the Group's operations and earnings was also added during the quarter.

Annual General Meeting

Due to the prevailing situation and uncertainty surrounding COVID-19, the Board intends to convene an 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. Speeches of the CEO and the Chairman of the Board will be made available on clasohlson.com.

Audit

This report is unaudited.

Clas Ohlson AB (publ)

Insjön, 3 June 2020

Lotta Lyrå

President and CEO

Financial statements

Consolidated Income Statement**				
	3 Months		12 Months	
	Feb 2020 - Apr 2020	Feb 2019 - Apr 2019	May 2019 - Apr 2020	May 2018 - Apr 2019
MSEK				
Sales	1,643.5	1,742.2	8,758.3	8,772.3
Cost of goods sold	-987.8	-1,077.3	-5,268.1	-5,277.5
Gross profit	655.7	664.8	3,490.2	3,494.8
Selling expenses	-646.2	-692.7	-2,720.0	-2,939.0
Administrative expenses	-50.9	-51.0	-220.8	-253.2
Other operating income/expenses *	0.6	2.2	0.0	-208.6
Operating profit	-40.9	-76.6	549.2	94.0
Financial income	0.0	0.1	0.1	1.1
Financial expenses	-17.6	-0.3	-67.6	-3.3
Profit after financial items	-58.5	-76.9	481.8	91.9
Income tax	12.0	15.1	-105.8	-20.3
Profit for the period	-46.5	-61.8	375.9	71.6

* Closure of store network outside the Nordics.

**IFRS 16 has affected the income statement from 1 May 2019.

Consolidated Comprehensive Income Statement				
	3 Months		12 Months	
	Feb 2020 - Apr 2020	Feb 2019 - Apr 2019	May 2019 - Apr 2020	May 2018 - Apr 2019
MSEK				
Profit for the period	-46.5	-61.8	375.9	71.6
Other comprehensive income, net of tax:				
Items that later can be reversed back to the Consolidated income statement:				
Exchange rate differences	-36.5	15.1	-52.9	1.3
Cash flow hedging	30.7	2.4	34.9	7.0
Total	-5.8	17.5	-18.0	8.3
Items that later can not be reversed back to the Consolidated income statement:				
Revaluation of net pension obligations	0.0	0.0	0.0	0.0
Total	0.0	0.0	0.0	0.0
Total other comprehensive income, net of tax	-5.8	17.5	-18.0	8.3
Total comprehensive income for the period	-52.3	-44.3	357.9	79.9
Profit for the period attributable to:				
Owners of the parent	-46.2	-60.6	376.3	72.7
Non-controlling interests	-0.3	-1.2	-0.4	-1.1
Comprehensive income attributable to:				
Owners of the parent	-52.0	-43.1	358.3	81.0
Non-controlling interests	-0.3	-1.2	-0.4	-1.1

Data per share

	3 Months		12 Months	
	Feb 2020 - Apr 2020	Feb 2019 - Apr 2019	May 2019 - Apr 2020	May 2018 - Apr 2019
Number of shares before dilution	63,337,447	63,217,794	63,273,680	63,217,741
Number of shares after dilution	63,360,841	63,229,963	63,297,575	63,230,062
Number of shares at end of period	63,337,447	63,217,794	63,337,447	63,217,794
Earnings per share before dilution, SEK	-0.73	-0.98	5.94	1.13
Earnings per share after dilution, SEK	-0.73	-0.98	5.94	1.13
Comprehensive income per share, SEK	-0.83	-0.70	5.66	1.26

Consolidated Balance Sheet

MSEK	30 Apr 2020	30 Apr 2019
Assets		
Intangible assets	543.2	476.9
Tangible assets	780.6	911.6
Right-of-use assets	2,059.9	-
Securities held as fixed assets	252.3	225.3
Non-current receivables	75.4	21.5
Inventories	1,811.2	1,987.3
Other receivables	179.8	249.4
Cash and cash equivalents	80.1	105.0
Total assets	5,782.4	3,976.9
Equity and liabilities		
Equity attributable to owners of the parent	1,756.9	1,940.8
Equity attributable to non-controlling interests	6.2	6.6
Total equity	1,763.1	1,947.3
Long-term lease liabilities, interest bearing	1,672.5	-
Long-term liabilities, non-interest bearing	232.1	204.8
Current lease liabilities, interest bearing	523.7	-
Current liabilities, interest bearing	67.2	283.1
Current liabilities, non-interest bearing	1,523.8	1,541.7
Total equity and liabilities	5,782.4	3,976.9

Consolidated Cash Flow

MSEK	3 Months		12 Months	
	Feb 2020 - Apr 2020	Feb 2019 - Apr 2019	May 2019 - Apr 2020	May 2018 - Apr 2019
Operating profit	-40.9	-76.6	549.2	94.0
Adjustment for items not included in cash flow	194.5	-42.8	689.9	332.1
Interest received	0.0	0.1	0.1	1.1
Interest paid	-17.7	-0.3	-67.7	-3.3
Tax paid	-15.7	-40.8	-68.9	-104.5
Cash flow from operating activities before changes in working capital	120.2	-160.5	1,102.7	319.5
Change in working capital	-154.8	-166.5	181.1	-7.6
Cash flow from operating activities	-34.6	-327.0	1,283.9	312.0
Investments in intangible assets	-43.6	-16.8	-143.5	-104.9
Investments in tangible assets	-13.8	-21.1	-60.8	-105.8
Investments in securities held as fixed assets	-27.0	0.0	-27.0	-0.8
Change in current investments	0.1	0.0	0.3	0.1
Cash flow from investing activities	-84.4	-37.9	-231.0	-211.4
Change in current liabilities, interest-bearing	67.2	283.1	-215.9	283.1
Repayment of lease liabilities	-92.0	0.0	-466.8	0.0
Change in longterm debt	-4.5	0.0	-4.5	0.0
Sale of own shares	0.0	0.0	11.0	0.0
Capital contribution from minority	0.0	0.0	0.0	0.5
Change in longterm assets	0.7	0.3	-1.6	-0.6
Dividend to shareholders	0.0	0.0	-395.5	-395.1
Cash flow from financing activities	-28.6	283.4	-1,073.2	-112.0
Cash flow for the period	-147.6	-81.5	-20.3	-11.5
Liquid assets at the start of the period	230.4	184.7	105.0	115.8
Exchange rate difference for liquid assets	-2.7	1.8	-4.6	0.6
Cash and cash equivalents at the end of the period	80.1	105.0	80.1	105.0

Sales by segment

	3 Months		12 Months	
	Feb 2020 - Apr 2020	Feb 2019 - Apr 2019	May 2019 - Apr 2020	May 2018 - Apr 2019
MSEK				
Sweden	769.5	791.4	3,990.6	3,853.4
Norway	672.9	689.1	3,589.9	3,571.4
Finland	184.3	207.5	1,085.9	1,063.9
Outside Nordic countries	16.8	54.1	91.9	283.5
Group functions	472.8	566.8	2,968.3	2,934.4
Sales to other segments	-472.8	-566.8	-2,968.3	-2,934.4
Total	1,643.5	1,742.2	8,758.3	8,772.3

Operating profit by segment

	3 Months		12 Months	
	Feb 2020 - Apr 2020	Feb 2019 - Apr 2019	May 2019 - Apr 2020	May 2018 - Apr 2019
MSEK				
Sweden	31.3	35.7	163.6	158.2
Norway	28.2	34.7	151.2	150.0
Finland	4.8	6.7	33.7	34.1
Outside Nordic countries	0.5	1.6	2.8	8.7
Group functions	-105.7	-155.3	197.9	-257.0
Total	-40.9	-76.6	549.2	94.0

Securities held as fixed assets, valued at fair value*

MSEK	30 Apr 2020	30 Apr 2019
Securities held as fixed assets, valued at fair value at the beginning of the year	225.3	224.5
Acquisition**	27.0	0.8
Revaluation during the year	0.0	0.0
Securities held as fixed assets, valued at fair value at the end of the period	252.3	225.3

*According to level three in the fair value hierarchy.

**In December 2018 shares amounting to 0.8 MSEK was acquired in Mathem. In February 2020 shares amounting to 27MSEK was acquired in Mathem

Change in equity

MSEK	12 Months	
	May 2019 - Apr 2020	May 2018 - Apr 2019
Equity brought forward	1 947.3	2 263.9
Change in accounting policy IFRS 16	-160.6	0,0
<i>Adjusted equity at start of year</i>	1 786.7	2 263.9
Dividend to shareholders	-395.5	-395.1
Capital contribution from minority	0.0	0.5
Change in minority share	0.0	0.7
Sale of own shares	11.0	0.0
Paid-in option premiums:		
Value of employee services	2.9	-2.7
Total comprehensive income	357.9	79.9
<i>Of which, comprehensive income attributable to non-controlling interests</i>	6.2	6.6
Equity carried forward	1 763.1	1 947.3

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	30 Apr 2020	30 Apr 2019
Sell/buy		
NOK/SEK	10.4	-6.1
NOK/USD	37.5	8.5
SEK/USD	0.0	1.1
Total	47.9	3.5

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 30 April 2020 there are positive and negative market values in the currency pairs. Forward contracts with negative market value totalled 0.0 MSEK (6.1), which was recognized in the item Current liabilities, non-interest-bearing. Forward contracts with positive market values amounted to 47.9 MSEK (9.6), which is recognized in the item Other receivables. The company hedge the expected flow in each currency every month, with three to nine-month maturities. A deferred tax liability of 10.2 MSEK (0.8) 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 9.2 MSEK (18.3).

Key ratios

	3 Months		12 Months	
	Feb 2020 - Apr 2020	Feb 2019 - Apr 2019	May 2019 - Apr 2020	May 2018 - Apr 2019
Sales growth, %	-5.7	3.5	-0.2	6.8
Gross margin, %	39.9	38.2	39.8	39.8
Operating margin, %	-2.5	-4.4	6.3	1.1
Operating margin, excl IFRS 16, %	-3.7	-4.4	5.2	1.1
Return on capital employed, %	-	-	13.5	4.1
Return on equity, %	-	-	21.4	3.5
Equity/assets ratio, %	30.5	49.0	30.5	49.0
Equity/assets ratio, excl IFRS 16, %	51.0	49.0	51.0	49.0
Net debt/EBITDA	-	-	1.8	0.5
Net debt/EBITDA, excl IFRS 16	-	-	0.0	0.5
Sales per sq.m in stores, SEK thousand	6.0	6.1	31.9	30.8
Number of stores at period end	228	232	228	232
Number of employees at period end	2,987	3,099	2,987	3,099
Data per share				
Number of shares before dilution	63,337,447	63,217,794	63,273,680	63,217,741
Number of shares after dilution	63,360,841	63,229,963	63,297,575	63,230,062
Number of shares at period end	63,337,447	63,217,794	63,337,447	63,217,794
Earnings per share before dilution, SEK	-0.73	-0.98	5.94	1.13
Earnings per share after dilution, SEK	-0.73	-0.98	5.94	1.13
Comprehensive income per share, SEK	-0.83	-0.70	5.66	1.26
Cash flow per share*, SEK	-0.55	-5.17	20.29	4.93
Cash flow per share excl IFRS 16*, SEK	-1.99	-5.17	12.91	4.93
Equity per share, SEK	27.84	30.80	27.84	30.80
Share price 30 April, SEK	85.55	78.80	85.55	78.80
Dividend per share, SEK	-	-	-	6.25
P/E ratio, ggr	-	-	14	70
Yield, %	-	-	-	7.9
Dividend proportion, %	-	-	-	553

* From the operating activities

Quarterly overview

MSEK	Q4 17/18	Q1 18/19	Q2 18/19	Q3 18/19	Q4 18/19	Q1 19/20	Q2 19/20	Q3 19/20	Q4 19/20
Sales	1,683.1	1,958.1	2,157.1	2,914.8	1,742.2	2,044.0	2,165.4	2,905.4	1,643.5
Cost of goods sold	-1,065.9	-1,203.8	-1,260.1	-1,736.3	-1,077.3	-1,264.3	-1,274.8	-1,741.2	-987.8
Gross profit	617.3	754.3	897.0	1,178.5	664.8	779.7	890.6	1,164.1	655.7
Selling expenses	-668.1	-659.2	-787.2	-799.9	-692.7	-641.5	-700.1	-732.2	-646.2
Administrative expenses	-56.6	-63.0	-76.8	-62.4	-51.0	-58.7	-57.6	-53.6	-50.9
Other operating income/expenses	1.5	-0.2	0.4	-211.1	2.2	-0.1	-0.3	-0.3	0.6
Operating profit	-105.9	32.0	33.4	105.2	-76.6	79.4	132.6	378.0	-40.9
Financial income	0.2	0.3	0.3	0.5	0.1	0.0	0.0	0.1	-0.0
Financial expenses	-0.6	-0.6	-0.8	-1.6	-0.3	-16.7	-16.7	-16.6	-17.6
Profit after financial items	-106.3	31.7	32.9	104.1	-76.9	62.7	116.0	361.5	-58.5
Income tax	20.6	-1.9	-7.9	-25.5	15.1	-13.9	-25.3	-78.6	12.0
Profit for the period	-85.7	29.7	25.0	78.6	-61.8	48.8	90.7	282.9	-46.5
Assets									
Intangible assets	428.2	446.7	454.5	478.4	476.9	472.9	495.2	526.9	543.2
Tangible assets	1,041.3	1,007.5	1,010.8	980.1	911.6	879.1	850.6	820.4	780.6
Right-of-use assets	0.0	0.0	0.0	0.0	0.0	2,008.4	1,936.5	2,126.6	2,059.9
Securities held as fixed assets	224.5	224.5	224.5	225.3	225.3	225.3	225.3	225.3	252.3
Non-current receivables	14.9	14.8	15.7	15.6	21.5	65.1	62.8	60.4	75.4
Inventories	2,038.0	1,936.6	2,345.0	1,983.2	1,987.3	1,954.8	2,257.2	1,820.6	1,811.2
Other receivables	336.9	310.3	349.7	346.2	249.4	180.6	208.4	160.5	179.8
Liquid assets	115.8	97.3	109.9	184.7	105.0	104.6	106.7	230.4	80.1
Total assets	4,199.7	4,037.7	4,510.1	4,213.4	3,976.9	5,891.0	6,142.9	5,971.1	5,782.4
Equity and liabilities									
Equity attributable to owners of the parent	2,263.9	2,293.2	1,925.4	1,984.6	1,940.8	1,821.9	1,527.7	1,804.0	1,756.9
Equity attributable to non-controlling interests	0.0	0.0	7.1	7.4	6.6	6.3	6.5	6.5	6.2
Total equity	2,263.9	2,293.2	1,932.5	1,992.0	1,947.3	1,828.3	1,534.2	1,810.4	1,763.1
Long-term lease liabilities, interest bearing	0.0	0.0	0.0	0.0	0.0	1,669.1	1,596.0	1,722.3	1,672.5
Long-term liabilities, non-interest bearing	227.4	223.6	211.7	211.6	204.8	205.5	203.8	202.2	232.1
Current lease liabilities, interest bearing	0.0	0.0	0.0	0.0	0.0	468.0	456.5	511.7	523.7
Current liabilities, interest bearing	0.0	60.1	596.0	0.0	283.1	118.5	357.3	0.0	67.2
Current liabilities, non-interest bearing	1,708.4	1,460.9	1,770.0	2,009.8	1,541.7	1,601.6	1,995.1	1,724.4	1,523.8
Total equity and liabilities	4,199.7	4,037.7	4,510.2	4,213.4	3,976.9	5,891.0	6,142.9	5,971.1	5,782.4
Key ratios for the period									
Gross margin, %	36.7	38.5	41.6	40.4	38.2	38.1	41.1	40.1	39.9
Operating margin, %	-6.3	1.6	1.6	3.6	-4.4	3.9	6.1	13.0	-2.5
Operating margin, excl. IFRS 16, %	-6.3	1.6	1.6	3.6	-4.4	2.6	4.9	12.2	-3.7
Earnings per share before dilution, SEK	-1.36	0.47	0.40	1.24	-0.98	0.77	1.43	4.47	-0.73
Earnings per share after dilution, SEK	-1.36	0.47	0.40	1.24	-0.98	0.77	1.43	4.47	-0.73
Equity per share, SEK	35.82	36.27	30.57	31.51	30.80	28.92	24.27	28.58	27.84

Parent Company Income Statement

MSEK	Note	3 Months		12 Months	
		Feb 2020 - Apr 2020	Feb 2019 - Apr 2019	May 2019 - Apr 2020	May 2018 - Apr 2019
Sales		1,242.2	1,358.2	6,958.8	6,787.8
Cost of goods sold	1	-887.6	-992.0	-5,085.9	-4,978.5
Gross profit		354.6	366.2	1,872.9	1,809.4
Selling expenses	1	-422.3	-323.1	-1,457.0	-1,433.4
Administrative expenses	1	-30.9	-30.8	-177.0	-207.5
Other operating income/expenses		-0.7	-13.2	-0.5	200.6
Operating profit		-99.2	-1.0	238.6	-32.1
Dividends from group companies		-	279.0	-	282.2
Financial income		0.9	1.3	1.0	2.4
Financial expenses		-1.1	-0.9	-5.5	-5.1
Profit after financial items		-99.3	278.4	234.1	247.4
Appropriations		-10.0	41.2	-10.0	41.2
Profit before tax		-109.4	319.6	224.1	288.7
Income tax		23.7	-10.5	-49.0	-3.1
Profit for the period		-85.7	309.1	175.1	285.6

Parent Company Comprehensive Income Statement

MSEK	3 Months		12 Months	
	Feb 2020 - Apr 2020	Feb 2019 - Apr 2019	May 2019 - Apr 2020	May 2018 - Apr 2019
Profit for the period	-85.7	309.1	175.1	285.6
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	-	-3.7	-0.3	-8.2
Other comprehensive income, net of tax	-	-3.7	-0.3	-8.2
Total comprehensive income	-85.7	305.4	174.8	277.4

Note 1 Depreciations

	3 Months		12 Months	
	Feb 2020 - Apr 2020	Feb 2019 - Apr 2019	May 2019 - Apr 2020	May 2018 - Apr 2019
Depreciations for the period	39.7	41.7	158.1	161.1

Parent Company Balance Sheet

MSEK	30 Apr 2020	30 Apr 2019
Assets		
Intangible assets	543.2	476.9
Tangible assets	582.5	655.4
Financial assets	298.1	268.9
Inventories	1,310.5	1,364.2
Other receivables	113.7	296.1
Liquid assets	23.3	33.4
Total assets	2,871.2	3,095.0
Equity and liabilities		
Equity	558.0	764.8
Untaxed reserves	1,004.5	994.5
Provisions	50.1	49.9
Long-term liabilities, non-interest bearing	0.5	5.0
Current liabilities, interest bearing	67.2	283.1
Current liabilities, non-interest bearing	1,191.0	997.6
Total equity and liabilities	2,871.2	3,095.0

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 the 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 2018/19 Annual Report on page 107.

The same accounting policies and calculation methods are applied as in the latest annual report except that IFRS 16 is 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 2018/19 Annual Report, pages 102-107.

New accounting policies for 2019/20 and onward

As of 1 May 2019, Clas Ohlson began to apply IFRS 16 in its consolidated financial statements. The new standard primarily impacts the lessee's recognition of operating leases and entails that the leases that meet the definition of a lease in accordance with IFRS 16 are to be recognised in the balance sheet as a right-of-use asset instead of being expensed straight-line over the lease term. In addition, a financial liability connected to the lease is recognised.

The main impact of IFRS 16 on the Group's reporting is attributable to the recognition of leases for premises. On the transition date, Clas Ohlson had about 250 leases for the lease of store premises and warehouses. In addition, the company has a small number of cars and other assets that fall under the framework of IFRS 16. The effect in the small number of cases in which the Group is the lessor is not material.

The transition has resulted in extensive preparatory work within the Group, where a project group has been tasked with the assignment of compiling all lease contracts, implementing system solutions, the analysis of contract data and outcomes together with external accounting specialists, and arranging workshops and training courses together with affected parties in the Group.

At the transition date, 1 May 2019, Clas Ohlson decided to apply the modified retrospective approach whereby the lease liability was measured at the present value of future lease payments and the right-of-use asset was measured as if IFRS 16 has been applied since commencement. In accordance with the standard, comparative figures have not been restated. The cumulative effect of the transition was recognised as an adjustment to the opening balance of retained earnings as per 1 May 2019. On transition, Clas Ohlson applies the exemption rules that do not include low-value assets and leases with a term of less than 12 months. The exemptions will be applied in the future.

The lease term is the non-cancellable contract period where consideration is given to the option to extend or terminate the contract and to how reasonably certain it is that this option will be exercised. If it is not reasonably certain that an extension or termination will be exercised, the extension is not included in the calculation of the lease liability.

Clas Ohlson's right-of-use assets comprise almost exclusively leased premises. IFRS 16 is not applied to the Parent Company's financial statements. For a more detailed description of IFRS 16 and the effects on the consolidated financial statements, see the 2018/19 Annual Report, page 102.

Reconciliation of operating lease commitments (MSEK)	
Operating lease commitments at 30 April 2019	2,663
Discounting by applying the Group's incremental borrowing rate (where applicable, the implicit interest rate is used)	-249
Short-term leases that are expensed	-119
Non-lease components	-502
Adjustment regarding extension options or termination clauses	466
Lease liability recognised in 1 May 2019	2,259

Effects on the balance sheet 1 May 2019 (MSEK)	
Right-of-use assets	2,120
Deferred tax assets	46
Prepaid expenses	-77
Equity	-170
Long-term lease liabilities	1,779
Short-term lease liabilities	480

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		12 Months	
	Feb 2020 - Apr 2020	Feb 2019 - Apr 2019	May 2019 - Apr 2020	May 2018 - Apr 2019
Return on equity				
Net profit for the period, MSEK	–	–	375.9	71.6
Average equity, MSEK	–	–	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 book value of equity. Return on equity is also a measure of how investments are used to generate increased income.				
Return on capital employed				
Operating profit, MSEK	–	–	549.2	94.0
Interest income, MSEK	–	–	0.1	1.1
Average capital employed, MSEK	–	–	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.				
Gross margin				
Gross profit, MSEK	655.7	664.8	3 490.2	3 494.8
Sales, MSEK	1 643.5	1 742.2	8 758.3	8 772.3
Gross margin	39.9%	38.2%	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, MSEK				
Sales	1 643.5	1 742.2	8 758.3	8 772.3
Cost of goods sold	-987.8	-1 077.3	-5 268.1	-5 277.5
Gross profit	655.7	664.8	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.				
Equity per share, SEK				
Total equity, MSEK	1 763.1	1 947.3	1 763.1	1 947.3
Number of shares at end of period (millions of share)	63.34	63.22	63.34	63.22
Equity per share	27.84	30.80	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.				
EBITDA, MSEK				
Operating profit	-40.9	-76.6	549.2	94.0
Depreciation	178.2	60.1	687.3	236.9
EBITDA	137.3	-16.6	1 236.5	331.0
Reason for use: Measures the operative financial performance before depreciation.				
EBITDA excl IFRS 16, MSEK				
Operating profit excl IFRS 16	-60.9	-76.6	453.8	94.0
Depreciation excl IFRS 16	52.4	60.1	215.7	236.9
EBITDA excl IFRS 16	-8.5	-16.6	669.5	331.0
Reason for use: Measures the operative financial performance before depreciation.				

	3 Months		12 Months	
	Feb 2020 - Apr 2020	Feb 2019 - Apr 2019	May 2019 - Apr 2020	May 2018 - Apr 2019
Sales growth, MSEK				
Sales actual period	1 643.5	1 742.2	8 758.3	8 772.3
Sales previous period	1 742.2	1 683.1	8 772.3	8 210.7
Sales growth	-5.7%	3.5%	-0.2%	6.8%

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

Average inventory value, MSEK

Average inventory value	-	-	1 968.1	2 049.0
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Reason for use: Shows average inventory value over the past 12 months.

Cash flow from operating activities per share, SEK

Cash flow from operating activities, MSEK	-34.6	-327.0	1,283.9	312.0
Number of shares before the dilution (millions of share)	63.34	63.22	63.27	63.22
Cash flow from operating activities per share	-0.55	-5.17	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, SEK

Cash flow from operating activities excl IFRS 16, MSEK	-126.3	-327.0	817.1	312.0
Number of shares before the dilution (millions of share)	63.34	63.22	63.27	63.22
Cash flow from operating activities per share excl IFRS 16, SEK	-1.99	-5.17	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.

Net debt, MSEK

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, MSEK

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.

Working capital, MSEK

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

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

Operating margin

Operating profit, MSEK	-40.9	-76.6	549.2	94.0
Sales, MSEK	1,643.5	1,742.2	8,758.3	8,772.3
Operating margin	-2.5%	-4.4%	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

Operating profit excl IFRS 16, MSEK	-60.9	-76.6	453.8	94.0
Sales, MSEK	1,643.5	1,742.2	8,758.3	8,772.3
Operating margin excl IFRS 16	-3.7%	-4.4%	5.2%	1.1%

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

	3 Months		12 Months	
	Feb 2020 - Apr 2020	Feb 2019 - Apr 2019	May 2019 - Apr 2020	May 2018 - Apr 2019
Equity/assets ratio				
Total equity, MSEK	1,763.1	1,947.3	1,763.1	1,947.3
Total assets, MSEK	5,782.4	3,976.9	5,782.4	3,976.9
Equity/Assets ratio	30.5%	49.0%	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

Total equity excl IFRS 16, MSEK	1,899.4	1,947.3	1,899.4	1,947.3
Total assets excl IFRS 16, MSEK	3,722.6	3,976.9	3,722.6	3,976.9
Equity/assets ratio excl IFRS 16	51.0%	49.0%	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.

Capital employed, MSEK

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

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

Comprehensive income per share, SEK

Comprehensive income for the period, MSEK	-52.3	-44.3	357.9	79.9
Average number of shares before dilution (millions of share)	63.34	63.22	63.27	63.22
Comprehensive income per share	-0.83	-0.70	5.66	1.26

Reason for use: Measures the comprehensive income in relation to average number of shares before dilution.

Underlying operating profit, MSEK

Operating profit excl IFRS 16	-60.9	-76.6	453.8	94.0
Non-recurring costs and costs for action program CO100+	30.0	25.0	127.3	403.0
Underlying operating profit	-30.9	-51.6	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+

Earnings per share (before and after dilution), SEK*

Net profit for the period, MSEK	-46.5	-61.8	375.9	71.6
Number of shares before dilution (millions of share)	63.34	63.22	63.27	63.22
Number of shares after dilution (millions of share)	63.36	63.23	63.30	63.23
Number of shares before dilution	-0.73	-0.98	5.94	1.13
Number of shares after dilution	-0.73	-0.98	5.94	1.13

*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. At 30 April 2020, the share price was SEK 85.55 and the total market capitalisation amounted to 5,419 MSEK.

Number of shares

The number of registered shares totalled 65,600,000 (5,760,000 Series A shares and 59,840,000 Series B shares), unchanged from the preceding year. On 30 April 2020, the company held 2,262,553 shares (2,382,206) corresponding to 3.4 per cent of the total number of registered shares. At the end of the period, the number of shares outstanding, net after buy-back, was 63,337,447 (63,217,794).

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.

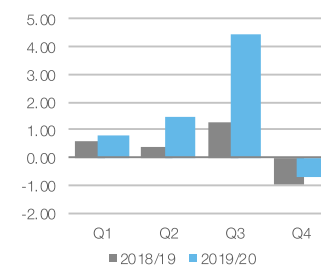
The largest shareholders per 30 April 2020

Owner	CLAS A	CLAS B	Capital	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		4,423,825	6.7%	3.8%
If Skadeförsäkring AB		2,973,238	4.5%	2.5%
JP Morgan Asset Management		1,473,721	2.2%	1.3%
Vanguard		1,120,027	1.7%	1.0%
Svenska Handelsbanken AB for PB		906,500	1.4%	0.8%
Norges Bank		701,364	1.1%	0.6%
Swedbank Robur Fonder		593,400	0.9%	0.5%
SEB Fonder & Liv		516,968	0.8%	0.4%
SHB Fonder & Liv		482,095	0.7%	0.4%
Dimensional Fund Advisors		457,955	0.7%	0.4%
Avanza Pension		405,418	0.6%	0.3%
BlackRock		363,686	0.6%	0.3%
APG Asset management		356,562	0.5%	0.3%
Total top 15	5,760,000	33,883,690	60.4%	77.9%
Other shareholders		25,956,310	39.6%	22.1%
Total	5,760,000	59,840,000	100.0%	100.0%
Shares owned by Clas Ohlson		2,262,553	3.4%	1.9%

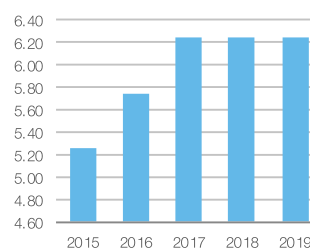
Share data

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

Earnings per share, SEK



Dividend per share, 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.

EBITDA excl IFRS 16

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

Equity per share

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

Non-recurring costs

Cost that is not regularly found in the business.

Share of selling expenses, %

Selling expenses in relation to sales.

Sales growth

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

Average inventory value

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

Cash flow from operating activities

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

Cash flow from operating activities excl IFRS 16

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

operating expenses, interest and depreciation according to IFRS 16.

Cash flow from operating activities per share

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

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.

Organic growth

Sales growth in local currencies, excluding acquisitions.

P/E ratio

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

Working capital

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

Operating margin

Operating profit divided by sales for the period.

Operating margin excl IFRS 16

Operating profit, excl effects on operating expenses according to IFRS 16, divided by sales for the period.

Operating profit

Operating profit comprises profit before financial items and tax.

Operating profit excl IFRS 16

Operating profit comprises profit before financial items and tax excl effects on operating expenses according to IFRS 16.

Equity/assets ratio

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

Equity/assets ratio excl IFRS 16

Equity at the end of the period divided by the balance-sheet total (total assets) excl effects relating to equity and interest-bearing lease assets according to IFRS 16.

Capital employed

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

Comprehensive income per share

Comprehensive income divided by average number of shares before dilution.

Underlying operating profit/loss

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

*Defined in accordance with IFRS.

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).

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.

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.

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.

sCORE

Systems for Clas Ohlson Retail Efficiency, our 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

Update on store network

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 total number of stores at the end of the financial year was 228 (232). The number of contracted forthcoming store openings was two stores on 30 April 2020.

As part of the ongoing review of the store network, the store on Kullagatan in Helsingborg will be closed in the third quarter of this year. The date of the planned opening of the stores in Trondheim and Uddevalla will be determined by developments resulting from COVID-19.

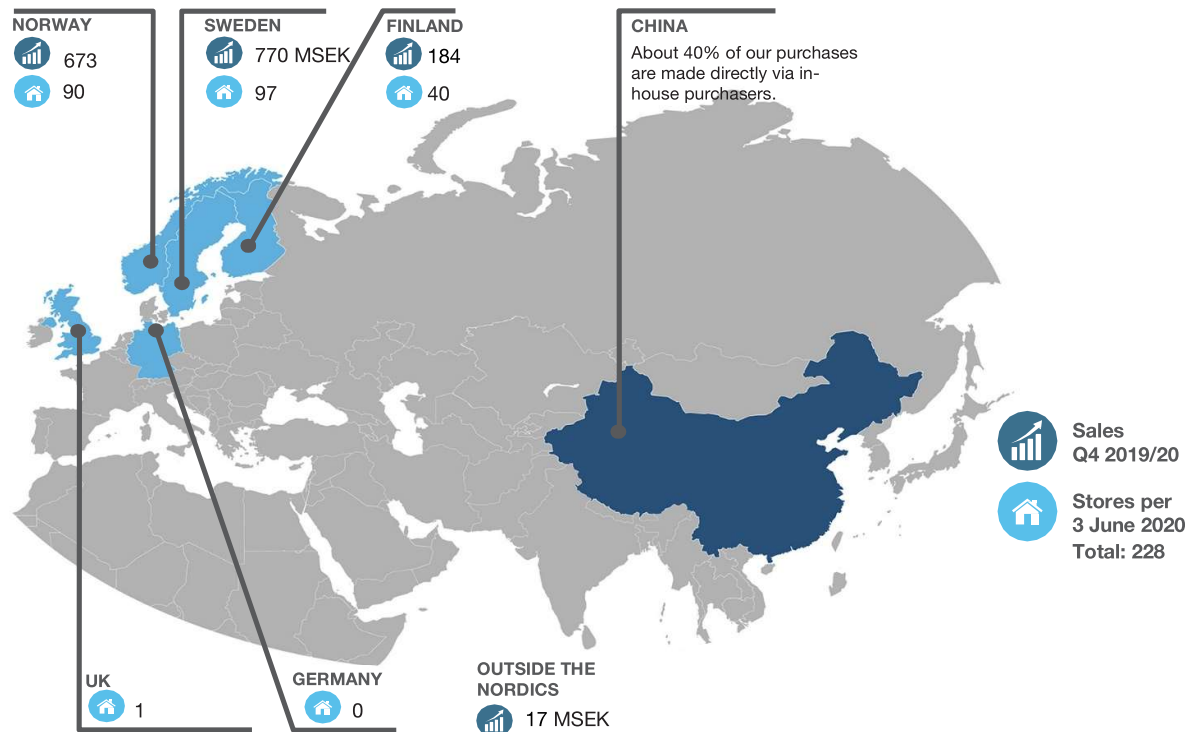
Closed stores

- Finland, Espoo Otaniemi, February 2020
- Sweden, Malmö, Burlöv, March 2020
- Finland, Helsinki, Columbus shopping centre, April 2020

Future store openings

- Norway, Trondheim - Sirkus, scheduled to open in August 2020
- Sweden, Uddevalla - Torp, scheduled to open in October 2020

For more information, refer to the detailed list on the website about.clasohlson.com/en/about-us/stores-markets-sales-channels/our-stores/



clas ohlson in brief

OUR MISSION IS TO help and inspire people to improve their everyday lives by offering smart, simple, practical solutions at attractive prices.

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.

We will grow in the Nordic market, focusing on simplifying people's everyday lives at home through a combination of products, advice and supplementary services. A developed online business model, unique offering, world-class service and simplified, streamlined operations are critical parts of our new growth strategy. Leveraging the strength of our large, loyal customer base, we will now play a greater and more important role in every home.

Read more about us and our passion about simplifying life in every home [at about.clasohlson.com](http://about.clasohlson.com).

Strategic focus areas

- A unique customer offering
- Outstanding customer service
- Smartness and simplicity

Financial targets/framework

- Sales will increase organically an average of 5% 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% of earnings per share after tax, considering the company's financial position

Focus areas Sustainability

- Develop the sustainability aspect of our product offering.
- Develop and market resource-efficient service offerings that promote a circular economy
- Create opportunities to reduce the impact of carbon emissions from online shopping and home deliveries.



www.clasohlson.com

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